

# BULGARIAN ECONOMY

## Monthly Report

12/2017

Ministry of Finance of the Republic of Bulgaria • Economic and Financial Policy Directorate

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### Main topics:

- » Short-term Business Statistics
- » Labour Market
- » Inflation
- » External Sector
- » Financial sector
- » Fiscal Developments
- » Tabl. Key Economic Indicators

## Highlights

**Short-term business statistics** showed some mixed performance in November. Industrial turnover accelerated, while retail sales, industrial production and construction production index slowed down. At the same time, both survey indicators on consumer confidence and overall business climate declined in December.

**Registered unemployment** stood at 7.1% in December, down by 0.9 pps yoy, as the overall number of registered unemployed declined significantly on a year earlier.

**Consumer prices** posted a 0.6% mom increase in December, as measured by the HICP, driven by higher prices of market services. Thus, the **annual average inflation rate in 2017** stood at 1.2%, while the end-of-period inflation rate was 1.8% yoy.

In January-October 2017, the **current account** reached EUR 2.7 bn (5.3% of projected GDP). Since the beginning of the year, the total excess of assets over the liabilities in the **financial account** reached 6.6% of projected GDP.

The annual growth rate of **credit to the private sector** remained unchanged in November at 4.2% yoy. **Weighted average interest rate on credits** to non-financial corporations climbed by 46 bps, while **weighted average interest rate on time deposits** went down by 3 bps.

**The surplus on the consolidated fiscal program** as at end-November accounted for BGN 2.4 bn (2.4% of GDP). The positive fiscal outcome resulted from higher revenues over expenditure on the national budget at the amount of 2.6% of GDP, while EU funds account was on a minor deficit (0.2%). ■



## SHORT-TERM BUSINESS STATISTICS

**Industrial turnover** (fig. 1) increased by 10.9% yoy in November supported by positive developments of both foreign and domestic industrial sales, up by 14.1% and 8.3% yoy, respectively. *Manufacture of basic metals* and *manufacture of chemical products* had major contribution to the reported growth of foreign turnover, while *electricity, gas, steam and air conditioning supply* and *manufacture of fabricated metal products, except machinery and equipment*, supported the increase of domestic sales.

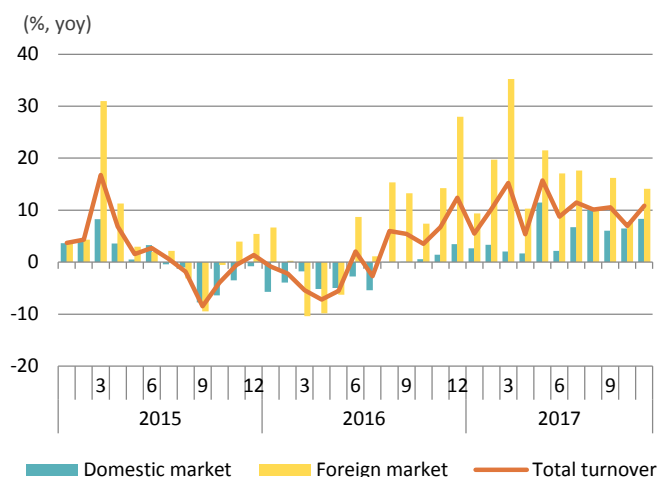
Meanwhile, the growth of **industrial production** decelerated to 1.7% yoy in November (from 4.4% yoy in October). The slowdown was due to lower contribution of mining and manufacturing industries and *manufacture of fabricated metal products, except machinery and equipment*, in particular.

The growth of **construction production index** slowed down to 7.9% yoy in November compared to an annual increase of 12.2% in October (fig. 2). Both *building construction* and *civil engineering* contributed to the reported trend. *Building construction* increased by 12.3% yoy (17.7% yoy in October), while the production in *civil engineering* rose by 2.8% yoy (5.8 yoy in October).

**Retail trade** increased by 4.1% yoy in November. *Retail sales in non-specialized stores* posted the largest increase of 16.7%, followed by *retail sales of audio and video equipment*, up by 10.7%. Retail sales of automotive fuels continued to decline, down by 13.2% yoy.

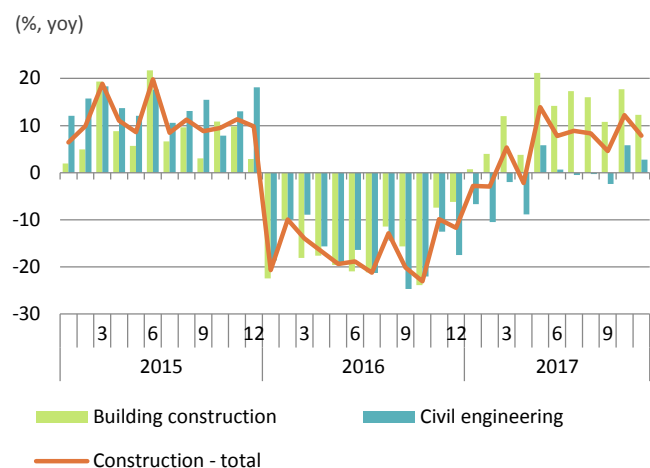
In December, the **overall business climate indicator** declined by 1.6 points due to worsened assessments in all sectors except for retail trade (fig. 3 and 4). Expectations in all sectors were more reserved compared to November. There was a higher number of respondents in industry who reported problems with insufficient demand. Meanwhile, demand in services was weaker. In construction, lower activity and decline in orders were reported.

Fig.1: Industrial turnover by components



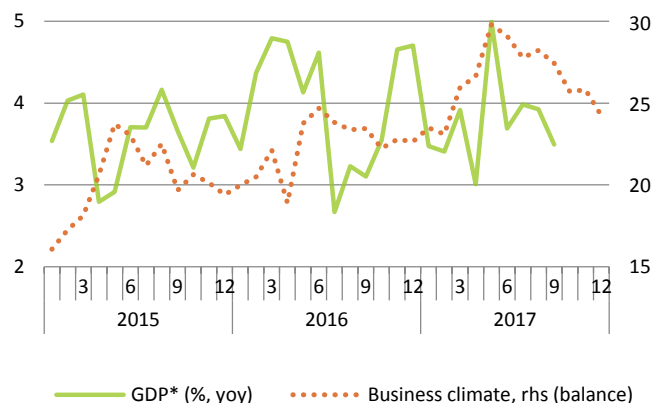
Source: NSI

Fig. 2: Construction production index



Source: NSI

Fig. 3: Business climate and GDP



\* Monthly GDP data is obtained using Chow-Lin methodology for temporal disaggregation

Source: NSI, MF

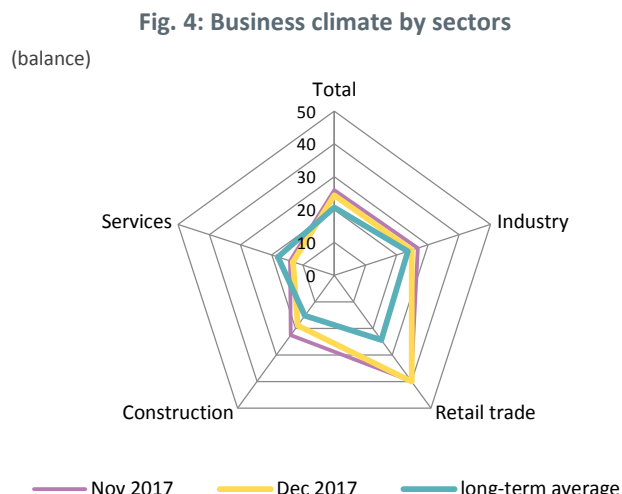
In December, the **consumer confidence indicator** decreased by 2.2 points due to worsened expectations for both the financial situation of households and the general economic situation in the country (fig. 5). The number of respondents who assessed the economic situation in the country as favourable for savings or major purchases decreased.

The **economic climate tracer**<sup>1</sup> in the country was in the expansion area in the fourth quarter (fig. 6), suggesting acceleration of the economic growth. All sectoral climate tracers were in the expansion quadrant with those in industry and services moving closer to the border with the downswing quadrant.

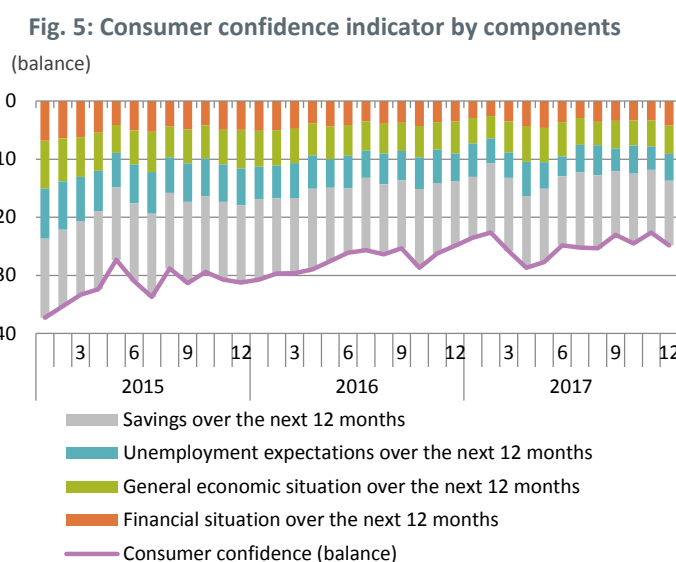


## LABOUR MARKET

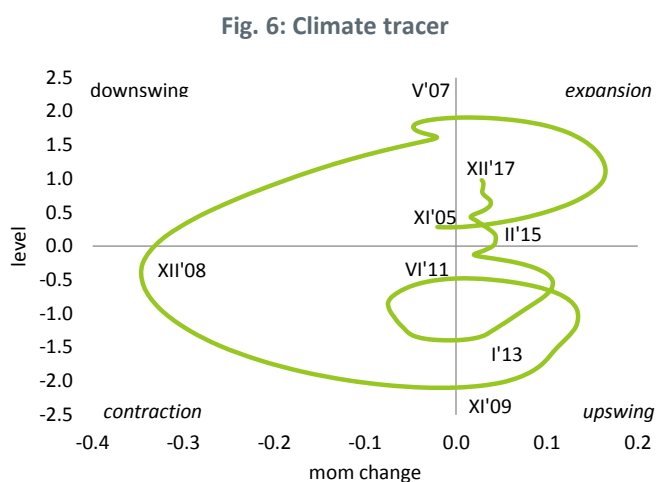
**Registered unemployment** went marginally up to 7.1% in December but remained 0.9 pps lower compared to the end of 2016. This was in line with the employers' expectations on the employment developments three months earlier, the latter having weakened in all sectors included in the business climate surveys (fig. 7). The unemployment outflow in December decreased for a third month in a row on the account of the lower number of people who found job. The latter reached its year-low of 12.7 thousand mainly influenced by the seasonally weak demand of labour on the primary labour market. Regardless of the recent developments, the overall unemployed of 232.1 thousand was 11.1% lower compared to December 2016, while the annual average unemployment rate of 7.2% registered its record low in the last nine years.



Source: NSI



Source: Eurostat



Source: Eurostat, MF

<sup>1</sup> The climate tracer illustrates developments in the survey data over the respective quarter. For more information, please refer to Gayer, C (2010) "Report: The Economic Climate Tracer – A tool to visualise the cyclical stance of the economy using survey data" and Gayer, C, J. Genet (2006) "Using Factor Models to Construct Composite Indicators from BCS Data"



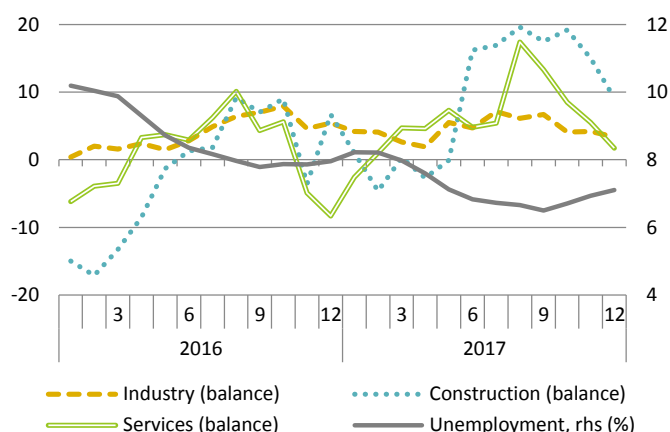
## INFLATION

The **monthly inflation** rate as measured by the HICP was 0.6% in December largely on the account of market services, whose prices went up by 2.7%<sup>2</sup> mom. Among them, the highest increases were reported by international airfares – up by 32.4%, accommodation in resorts – up by 17.2%, and package holidays – up by 7.6%, which together contributed by 0.75 pps for the monthly increase in the headline rate. Prices of transport fuels also went up during the month by 1.4% over November, as crude oil prices continued to increase on the international market, though at a slower rate compared to the previous months (fig. 8). As for administered prices, water supply and sewerage collection and purification reported higher prices, up by 1.3% and 2.2%.

The **annual inflation rate** slightly decelerated to 1.8% at the end of the year (fig. 9). All main HICP components except for non-energy industrial goods reported a price increase compared to December 2016 (table 1). Food and non-alcoholic beverages had the largest positive contribution to the end-of-period inflation rate, as prices of processed food and milk, milk products and eggs as well as fats and oils in particular, reported accelerated increases during the year. Prices of energy and market services also went up, though the latter only accelerated during the last quarter of the year. Among administered prices more significant hikes were registered in heating energy (23.1%), central gas supply (19.2%), sewerage collection (8.9%) and water supply (5.8%). Only prices of non-energy industrial goods continued to report decrease, which came mostly on the account of lower prices of second-hand cars and to a lesser extent on other durable goods – most of which imported.

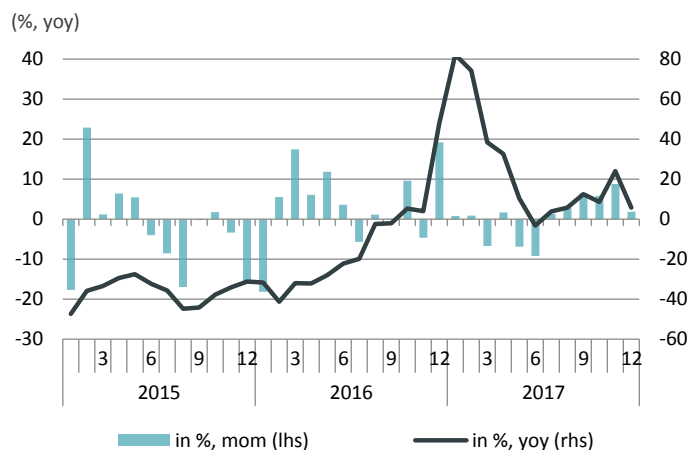
The **annual average inflation rate in 2017** stood at 1.2%, after being negative in 2014-2016.

**Fig. 7: Employment expectations by industries (3 months earlier) and registered unemployment rate**



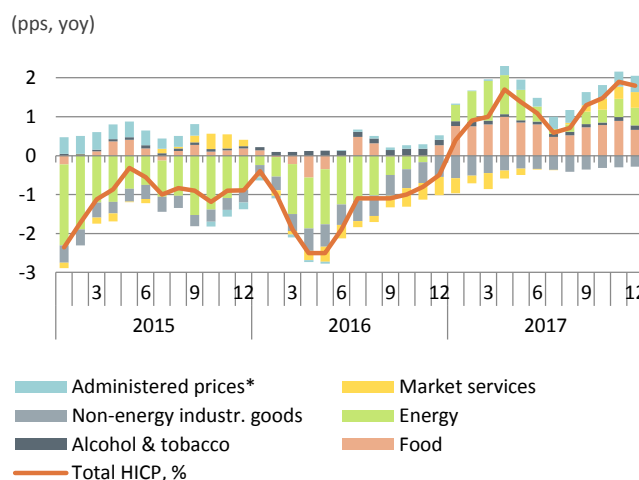
Source: NSI, EA

**Fig. 8: International prices of Brent in euro**



Source: World bank, MF

**Fig. 9: Contributions by main HICP components**



\* The index of administered prices is calculated as a weighted average of all elementary aggregate groups (goods and services) the prices of which are set or influenced to a significant extent by the government.

Source: Eurostat, MF

<sup>2</sup> Excluding administered prices' changes.

**Table 1: Annual rate of change and contributions by main HICP components to the end-of-period inflation rate in 2017**

Groupings	% change	Contrib. (pps)
<b>Total HICP</b>	<b>1.8</b>	
<b>HICP excl. administered prices</b>	<b>1.6</b>	<b>1.32</b>
Food and non-alcoholic beverages	3.1	0.66
Alcohol and tobacco	1.4	0.11
Energy	6.9	0.45
Non-energy industrial goods	-1.3	-0.28
Services	1.6	0.41
<b>Administered prices<sup>3</sup></b>	<b>2.6</b>	<b>0.42</b>
<i>Core inflation<sup>4</sup></i>	1.0	0.83



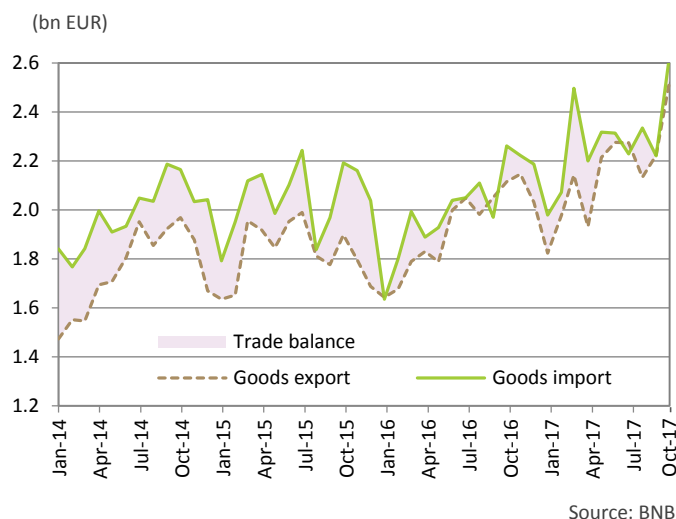
## EXTERNAL SECTOR

In January-October, the **current account** surplus increased by 0.4% yoy in nominal terms reaching EUR 2.7 bn (5.3% of projected GDP compared with 5.6% of GDP in 2016).

In October, the export of goods increased by 13.6% compared to the previous month but was outpaced by the rise of import (18.5% mom), resulting in deterioration of the *trade balance* (fig. 10). During the month, the deficit on goods stood at EUR 106.3 mln. The export of services decreased by 32.3% in October compared to the previous month as transportation and travel services mainly accounted for the negative dynamics. The drop was not offset by the increase in other services offered to foreigners, up by 23.5% yoy. *Services surplus* decreased by 51.1% during the month and reached EUR 181.1 mln.

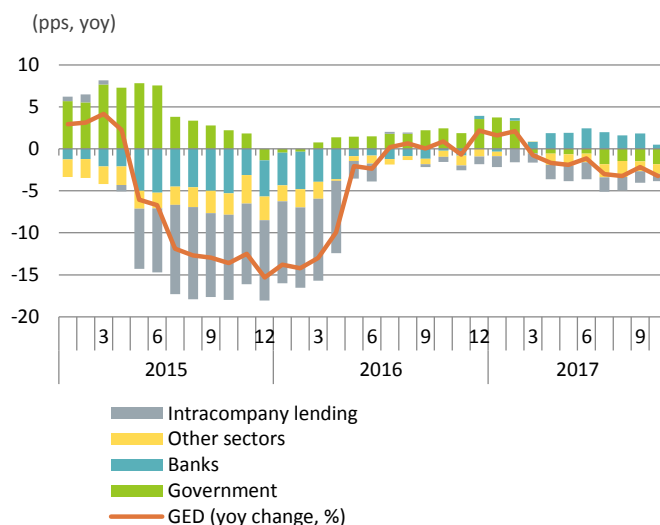
The *primary income balance* turned into surplus of EUR 27.6 mln in October as payments on investment income to non-residents halved compared to the previous month. At the same time, the surplus on *secondary income* slightly decreased mainly due to lower EU transfers to the General government.

**Fig. 10: Foreign trade**



Source: BNB

**Fig. 11: Contributions to GED growth**



Source: BNB

<sup>3</sup> The index of administered prices is calculated as a weighted average of all elementary aggregate groups.

<sup>4</sup> The total index excluding energy and unprocessed food.

There was a significant movement in the **financial account** in October. The main reason behind it was probably the increase in the negative interest rate on the excess reserves of the banks held in BNB. As a result, financial institutions increased their assets abroad in currency and deposits by EUR 1.6 bn and long-term debt securities by EUR 535 mln. Since the beginning of the year, the total excess of assets over the liabilities in the financial account reached 6.6% of projected GDP.

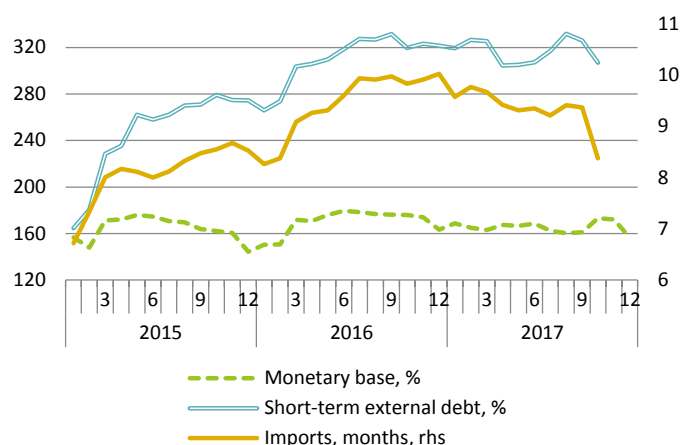
**Gross external debt** amounted to EUR 32.5 bn as at end-October, declining both on monthly and annual basis (fig. 11). The indebtedness equaled 63.8% of GDP, of which government debt - 11.6% of GDP, banks - 7.9%, non-banking private sector - 20.6% and intercompany lending - 23.8%. **Net external debt** declined by EUR 166 mln over September. The decline reflected strong increase of commercial banks foreign assets, as well as deposits abroad of non-financial sector.

## FINANCIAL SECTOR

**International reserves** expanded by 6.6% mom in December and reached EUR 23.7 bn. The main driver for this was the 34.5% mom increase in bank reserves probably due to banks fulfilling minimum reserve requirements at the end of the year. It is possible that part of the increase could be linked to higher provisioning requirements, as well, in the context of the new IFRS 9 rules, which comes into force at the beginning of 2018. The Government deposit with the BNB declined by 13.8% due to transfers to first level spending units during the month. Despite the significant monthly growth, international reserves dropped by 1% yoy. Negative contribution came from bank reserves and the Government deposit (down by 3.8% and 12.2% yoy respectively), which was not offset by the 11% annual growth of currency in circulation.

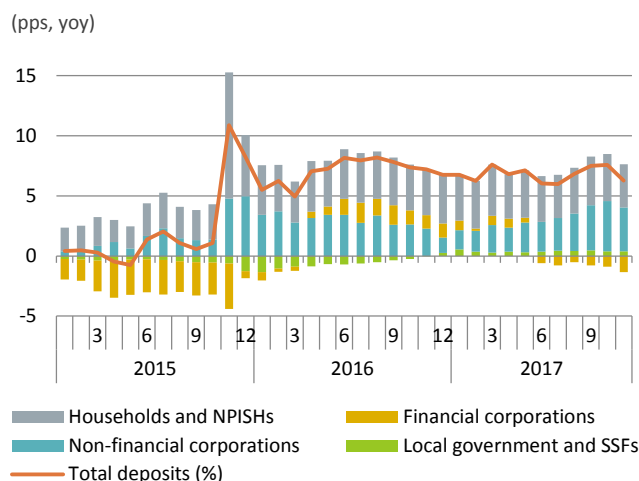
The annual growth rate of **credit to the private sector** remained unchanged at 4.2% in November (fig. 15). The increase in corporate loans continued to slow down to 1.3% yoy from 1.5% yoy a month earlier. At

Fig. 12: Coverage with FX Reserves



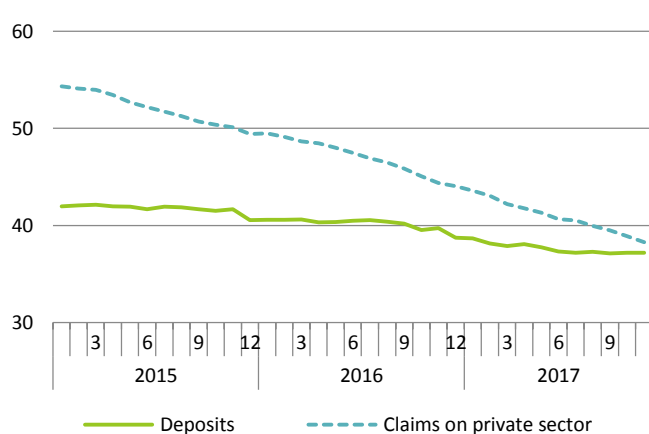
Source: BNB, MF

Fig. 13: Contributions to annual growth of total deposits by institutional sectors



Source: BNB

Fig. 14: Share of deposits and claims on private sector in FX



Source: BNB, MF



the same time, loans to households accelerated again to 6.4% yoy vs. 6.3% yoy in October. Mortgages and consumer loans gained speed to 6.8% yoy and 6.7% yoy respectively, while “other credits” rose by 24% yoy vs. 30% yoy a month earlier. Bad and restructured credits continued to decelerate in November, down by 14.6% yoy, while their share in total credits to non-financial corporations and households at the end of November was 13.6% vs. 16.4% a year earlier.

**Weighted average interest rate on credits** to non-financial corporations climbed by 46 bps in November (table 2). The increase was supported by higher rates on credits in all denominations. The monthly volume of new corporate loans was 21.5% lower compared to a month earlier. The average price of consumer loans increased as well, up by 11 bps, while mortgages became cheaper by 7 bps compared to October.

**Weighted average interest rate on time deposits** went down by 3 bps in November as the return on EUR and USD denominated deposits declined by 10 and 8 bps, respectively. By type of holder, the contribution came from corporate time deposits. Their weighted average rate came down by 4 bps, while the one on households’ deposits was 1 bp lower (table 4). The total monthly volume of new time deposits in November reached BGN 1 bn, down by 6.6% compared to a year earlier.



## FISCAL DEVELOPMENTS

**The surplus on the consolidated fiscal program** as at the end of November accounted for BGN 2.4 bn (2.4% of GDP). The positive fiscal outcome resulted from higher revenues over expenditure on the national budget at the amount of 2.6% of GDP, while EU funds account was on a minor deficit (0.2%).

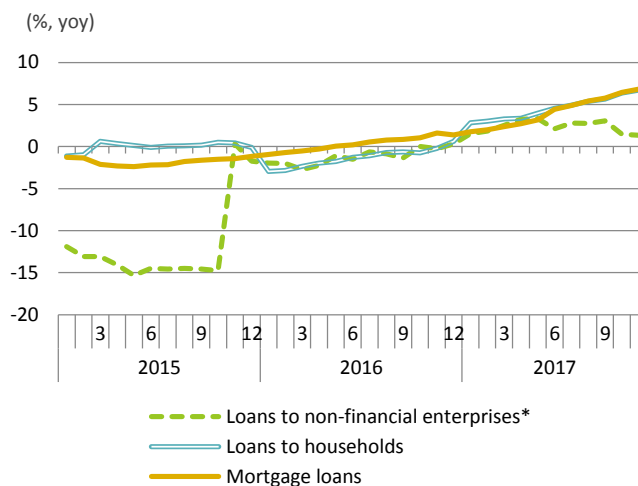
**Total revenues and grants** amounted to BGN 31.9 bn, up by 2.6% compared to November 2016. The drop in grants that started in April 2016 persisted in November 2017 as well (down by 55.8% yoy in cumulative terms), but the overall positive development of tax revenues offset the negative contribution of EU

**Table 2: Weighted average interest rate on new credits to households and non-financial companies, in %**

	November 2016	October 2017	November 2017
<b>Non-financial companies</b>	4.38	2.92	3.38
<b>Consumer credits</b>	8.71	7.99	8.09
<b>Mortgages</b>	4.61	3.89	3.82

Source: BNB, MF

**Fig. 15: Credit growth**



\* The double-digit decline, which persisted until October 2015 was due to the statistical effect of the exclusion of Corporate Commercial bank (CCB) as a reporting agent from the monetary statistics data of the sector "Other monetary financial institutions".

Source: BNB, MF

**Table 3: Annual Percentage Rate of Charge on new loans to households**

	November 2016	October 2017	November 2017
<b>Consumer credits</b>	10.95	10.30	10.45
<b>Mortgages</b>	5.04	4.32	4.22

\* Annual Percentage Rate of Charge on New Business on Loans to Households Sector by Original Maturity. APRC for consumer credits and mortgages are weighted by currency and maturity.

Source: BNB, MF

**Table 4: Weighted average interest rate on new time deposits of households and non-financial companies, in %**

	November 2016	October 2017	November 2017
<b>BGN</b>	0.49	0.21	0.22
<b>EUR</b>	0.41	0.30	0.20
<b>USD</b>	0.42	0.44	0.36

Source: BNB, MF

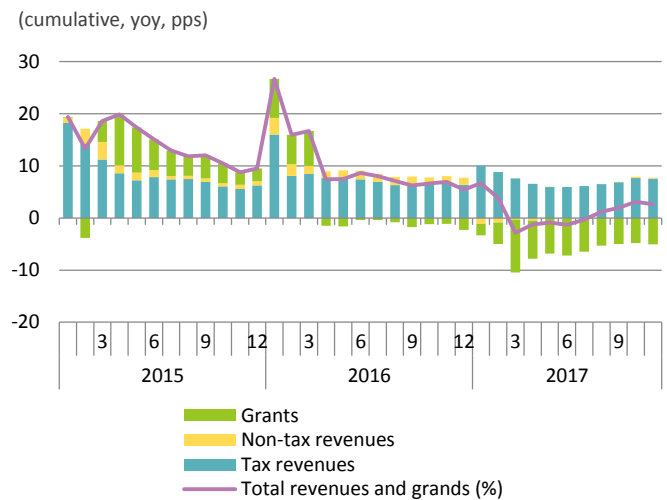
total tax revenues increased by 9.6% yoy, mainly as a result of higher social and health insurance contributions and indirect tax revenues, up by 14.4% and 6.8% yoy respectively. The former was a result of higher VAT receipts and excises, up by 8.3% and 4% yoy, respectively. Direct tax revenues also increased considerably – up by 11.1% compared to November 2016 (fig. 16).

**Total government spending** posted a 6.9% yoy increase and amounted to BGN 29.5 bn. The growth came mainly on the account of higher personnel payments (up by 25.5% yoy), social expenditures and scholarships (up by 4.3% yoy) and subsidies (up by 24.4% yoy). A drop of 13.2% was reported by current maintenance. Capital spending (including the net increase of state reserve) also remained lower (3.3%) than its previous year level (fig. 17).

**The fiscal reserve** amounted to BGN 11.9 bn (12% of projected GDP) in November, of which BGN 11.3 bn in bank deposits and BGN 0.6 bn EU funds receivables on certified expenses. The fiscal reserve decreased by 16.8% yoy.

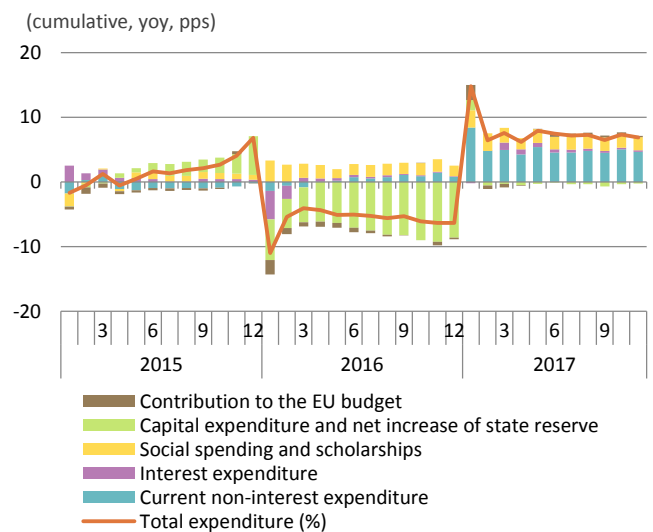
**Total government debt**, incl. guaranteed debt, remained almost unchanged from its level in the previous month at BGN 25.5 bn (25.6% of projected GDP), being 28.4% of GDP a year earlier. Domestic and external debt stood at 6.7% and 16.9% of GDP respectively, down from 7.3% and 20.6% of GDP in the previous year. Government guaranteed debt-to-GDP ratio was 2% at end-October, being 0.6% a year earlier.

**Fig. 16: Contribution to the growth of total revenues and grants**



Source: MF

**Fig. 17: Contribution to the growth of total expenditures**



Source: MF





## KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2015	2016	2017	Q1'17	Q2'17	Q3'17	Q4'17	06'17	07'17	08'17	09'17	10'17	11'17	12'17
<b>— GDP<sup>1</sup></b>															
Gross Domestic Product	% , yoy	3.6	3.9	-	3.6	3.9	3.8	-	-	-	-	-	-	-	-
Consumption	% , yoy	3.8	3.3	-	4.2	4.7	4.2	-	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	2.7	-6.6	-	2.4	4.0	4.2	-	-	-	-	-	-	-	-
Export	% , yoy	5.7	8.1	-	6.1	3.6	4.6	-	-	-	-	-	-	-	-
Import	% , yoy	5.4	4.5	-	9.1	6.2	5.4	-	-	-	-	-	-	-	-
Agriculture	% , yoy	-6.8	5.3	-	-0.1	0.0	-1.5	-	-	-	-	-	-	-	-
Industry	% , yoy	4.2	4.0	-	3.7	4.1	3.5	-	-	-	-	-	-	-	-
Services	% , yoy	3.3	3.1	-	5.4	4.3	3.6	-	-	-	-	-	-	-	-
Adjustments	% , yoy	7.5	7.2	-	-4.0	2.7	9.0	-	-	-	-	-	-	-	-
<b>— Short-term business statistics<sup>2</sup></b>															
Industrial production	% , yoy	2.9	2.7	-	3.9	4.8	3.5	-	3.3	4.6	4.1	1.9	4.4	1.7	-
Industrial turnover	% , yoy	1.7	1.0	-	10.3	9.9	10.7	-	8.8	11.5	10.1	10.5	7.0	10.9	-
Retail trade turnover	% , yoy	11.8	3.9	-	4.7	3.4	2.5	-	2.7	2.3	3.2	2.0	3.8	4.1	-
Construction output	% , yoy	11.2	-16.7	-	0.1	6.4	7.3	-	7.8	8.9	8.3	4.6	12.2	7.9	-
Total business climate	balance	20.3	22.5	26.6	24.3	28.7	28.0	25.4	29.3	27.9	28.4	27.6	25.8	26.0	24.4
Industry	balance	22.9	23.5	26.9	26.5	27.7	27.8	25.7	27.3	28.6	26.4	28.3	25.5	26.7	24.8
Retail trade	balance	27.6	33.6	37.9	32.1	39.4	40.6	39.5	41.7	38.8	43.3	39.8	38.7	39.7	40.1
Construction	balance	15.2	17.9	24.6	19.0	29.1	27.9	22.2	31.5	28.3	28.6	26.8	25.2	22.5	19.0
Services	balance	12.7	13.8	16.7	17.4	19.6	15.8	13.8	18.7	15.4	17.3	14.8	14.2	14.1	13.2
<b>— Labour market</b>															
Participation rate (15+)	level	54.1	53.3	-	53.7	55.8	56.5	-	-	-	-	-	-	-	-
Employment rate (15+)	level	49.1	49.3	-	50.0	52.2	53.2	-	-	-	-	-	-	-	-
Employment (SNA)	% , yoy	0.4	0.5	-	1.2	0.9	2.7	-	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	9.1	7.6	-	6.9	6.3	5.8	-	-	-	-	-	-	-	-
Unemployment rate (EA)	level	10.1	8.7	7.2	8.1	7.2	6.6	6.9	6.8	6.7	6.7	6.5	6.7	6.9	7.1
Nominal wage	% , yoy	6.8	8.0	-	9.1	9.9	10.1	-	9.7	9.7	9.2	11.5	-	-	-
Real wage <sup>3</sup>	% , yoy	8.0	9.5	-	8.3	8.4	9.2	-	8.5	9.1	8.4	10.1	-	-	-
Labour productivity (GDP per employed)	% , yoy	3.3	3.4	-	2.4	2.9	1.1	-	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	0.1	0.1	-	3.1	1.6	5.8	-	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	2.3	2.3	-	2.6	4.1	7.5	-	-	-	-	-	-	-	-
<b>— Prices</b>															
National consumer price index (CPI)	% , yoy	-0.1	-0.8	2.1	1.7	2.3	1.6	2.7	1.9	1.3	1.4	2.1	2.5	3.0	2.8
Harmonized index of consumer prices (HICP)	% , yoy	-1.1	-1.3	1.2	0.8	1.4	0.9	1.7	1.1	0.6	0.7	1.3	1.5	1.9	1.8
PPI, domestic market	% , yoy	-1.6	-2.9	-	2.3	3.4	5.7	-	2.7	5.3	5.9	6.0	5.5	5.8	-
PPI, non-domestic market	% , yoy	-2.4	-3.5	-	9.6	5.6	4.8	-	3.7	3.5	5.5	5.3	5.8	5.6	-
<b>— Consolidated fiscal program (cumulative)</b>															
Revenues and grants	mIn BGN	32 200	33 953	-	8 838	17 483	26 152	-	17 482	20 478	23 285	26 151	29 167	31 903	-
Total expenses	mIn BGN	34 685	32 481	-	7 781	15 737	23 732	-	15 735	18 506	21 133	23 731	26 673	29 518	-
Contribution to EU budget	mIn BGN	946	859	-	214	488	677	-	488	560	607	677	746	816	-
Cash deficit (-) / surplus (+)	mIn BGN	-2 485	1 473	-	1 058	1 746	2 420	-	1 747	1 972	2 151	2 421	2 493	2 386	-
	% of GDP	-2.8	1.6	-	1.1	1.8	2.4	-	1.8	2.0	2.2	2.4	2.5	2.4	-
Government debt (incl. guaranteed debt)	mIn BGN	23 300	27 424	-	26 886	27 212	25 479	-	27 212	25 492	25 457	25 479	25 539	25 518	-
	% of GDP	26.3	29.1	-	27.0	27.3	25.6	-	27.3	25.6	25.6	25.6	25.6	25.6	-
Fiscal reserve	mIn BGN	7 873	12 883	-	12 574	13 174	11 867	-	13 174	11 698	11 632	11 867	12 013	11 916	-
	% , yoy	9.1	63.6	-	6.0	-6.8	-16.9	-	-6.8	-19.3	-19.8	-16.9	-15.9	-16.8	-

		Annual data			Quarterly data				Monthly data						
		2015	2016	2017	Q1'17	Q2'17	Q3'17	Q4'17	06'17	07'17	08'17	09'17	10'17	11'17	12'17
<b>— Financial sector</b>															
BNB International reserves	mIn EUR	20 285	23 899	23 662	24 044	23 970	24 551	23 662	23 970	23 729	24 444	24 551	22 230	22 198	23 662
Monetary base coverage	%	144.3	163.4	156.4	163.0	168.4	161.2	156.4	168.4	162.4	160.3	161.2	173.2	172.0	156.4
Coverage of import with FX reserves	months	8.5	10.0	-	9.7	9.4	9.4	-	9.4	9.2	9.4	9.4	8.4	-	-
Coverage of short-term external debt	%	257.5	298.1	-	302.6	307.1	326.0	-	307.1	316.8	331.7	326.0	306.8	-	-
Money M1 (Narrow money)	%, yoy	15.6	13.5	-	17.7	15.2	16.3	-	15.2	14.6	16.2	16.3	16.2	15.0	-
Money M3 (Broad money)	%, yoy	8.8	7.6	-	8.5	7.0	8.2	-	7.0	6.9	7.7	8.2	8.2	7.0	-
Deposits	%, yoy	8.2	6.7	-	7.6	6.0	7.5	-	6.0	6.0	6.8	7.5	7.6	6.3	-
Credit to private sector	%, yoy	-1.2	1.5	-	3.8	4.2	4.9	-	4.2	4.5	4.6	4.9	4.2	4.2	-
Credit to non-financial enterprises	%, yoy	-1.7	0.3	-	2.5	2.1	3.1	-	2.1	2.8	2.8	3.1	1.5	1.3	-
Credit to households	%, yoy	-1.3	2.0	-	4.7	6.0	5.9	-	6.0	5.5	5.7	5.9	6.3	6.4	-
Interest rate on credits <sup>4</sup>	%	7.0	5.8	-	5.3	4.7	4.4	-	4.6	4.3	4.4	4.4	3.9	4.3	-
Interest rate on deposits <sup>5</sup>	%	1.3	0.8	-	0.5	0.4	0.4	-	0.3	0.2	0.2	0.3	0.3	0.2	-
Exchange rate BGN/USD	eop	1.79	1.86	1.63	1.83	1.71	1.66	1.63	1.71	1.67	1.65	1.66	1.68	1.65	1.63
	per. av.	1.76	1.77	1.74	1.84	1.74	1.64	1.66	1.74	1.70	1.66	1.64	1.66	1.67	1.65
<b>— Gross External Debt (GED)</b>															
Gross external debt	% of GDP	75.0	73.1	-	65.8	66.1	64.6	-	66.1	64.7	64.3	64.4	63.8	-	-
Short-term external debt	% of GED	23.1	23.1	-	22.0	23.2	22.8	-	23.2	22.7	22.5	23.0	22.3	-	-
Intercompany lending	% of GED	37.2	36.1	-	36.5	35.8	36.6	-	35.8	36.6	36.9	36.8	37.3	-	-
<b>— Balance of payments<sup>6</sup></b>															
Current account	mIn EUR	-61	1 989	-	-74	502	2 162	-	429	1 068	729	411	146	-	-
<i>Current account (moving average)</i>	% of GDP	-0.1	4.2	-	4.5	4.0	4.9	-	3.8	4.5	4.8	4.8	5.0	-	-
Trade balance	mIn EUR	-2 622	-1 845	-	-714	-522	-234	-	-38	46	-202	2	-106	-	-
<i>Trade balance (moving average)</i>	% of GDP	-5.8	-3.9	-	-2.7	-3.3	-3.6	-	-2.8	-2.7	-2.9	-3.0	-2.9	-	-
Export, f.o.b.	mIn EUR	21 919	22 556	-	5 948	6 427	6 718	-	2 276	2 275	2 134	2 223	2 526	-	-
	%, yoy	4.2	2.9	-	16.4	14.4	10.5	-	13.9	11.0	7.7	8.4	19.4	-	-
Import, f.o.b.	mIn EUR	18 678	24 400	-	6 662	6 949	6 952	-	2 314	2 229	2 336	2 221	2 633	-	-
	%, yoy	-21.5	30.6	-	22.7	18.6	13.4	-	13.5	8.7	10.7	12.7	16.4	-	-
Capital account	mIn EUR	1 422	1 067	-	113	79	134	-	38	80	47	17	40	-	-
Financial account	mIn EUR	-1 076	-764	-	-542	-23	1 254	-	-259	1 020	101	235	2 334	-	-
Net Foreign Direct Investments	mIn EUR	-2 388	-764	-	-192	-162	-215	-	-173	2	-154	76	-78	-	-
Net Portfolio Investments	mIn EUR	44	2 198	-	-29	348	-187	-	109	-369	12	163	506	-	-
Other Investments – net	mIn EUR	-4 510	1 523	-	46	-11	238	-	-363	205	-59	109	1 461	-	-
Change in BNB reserve assets	mIn EUR	3 730	3 467	-	77	96	597	-	381	-209	681	126	-2 339	-	-

## Notes:

Ratios to GDP are calculated using GDP data as follows: for 2014 - BGN 83 634.3 mln, for 2015 - BGN 88 571.3 mln, for 2016 – BGN 94 129.9 mln and MF projections for 2017 - BGN 99 623.9 mln;

1. Growth rates derived from chain-linked (2010) level series, not seasonally adjusted data;

2. Not seasonally adjusted data;

3. HICP deflated;

4. Weighted average interest rate on new credits to households, NPISHs and non-financial companies by type, currency and maturity;

5. Weighted average interest rate on new time deposits of households, NPISHs and non-financial companies by type, currency and maturity;

6. Analytical presentation (BPM6).

This issue of the Monthly Report on Bulgarian Economy is based on materials and statistical data received up to January 15, 2018. Contents of the Monthly Report may be quoted or reproduced without further permission; however, due acknowledgment is requested. The estimates and projections published in this issue should not be regarded as advice or recommendation.

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