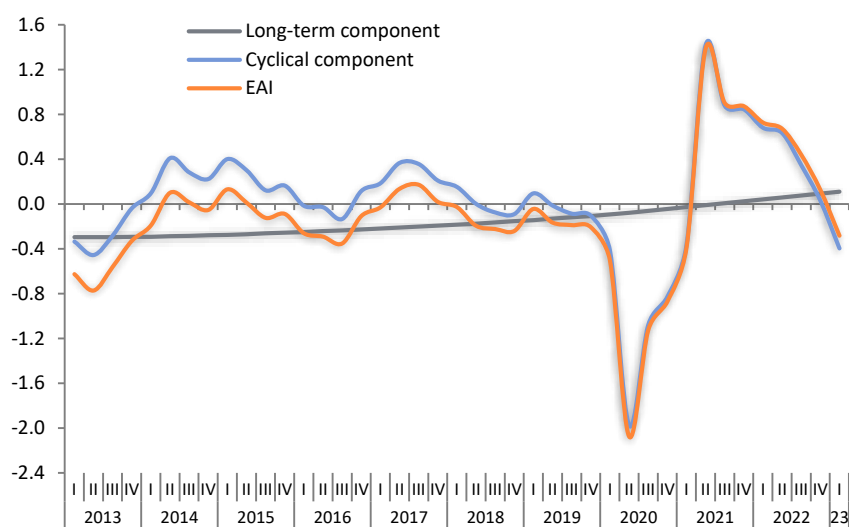


ECONOMIC ACTIVITY INDICATOR IN BULGARIA

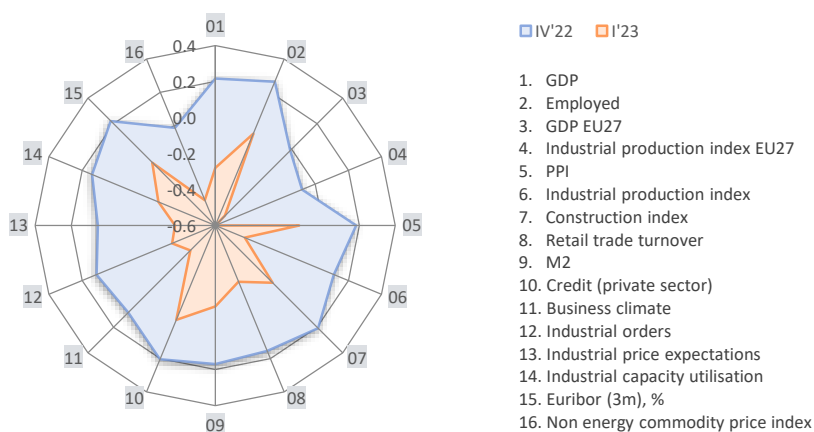
1 EAI BY COMPONENTS*



Source: MF

* Preliminary estimate of EAI by components in Q1'23

2 DECOMPOSITION OF EAI VARIABLES



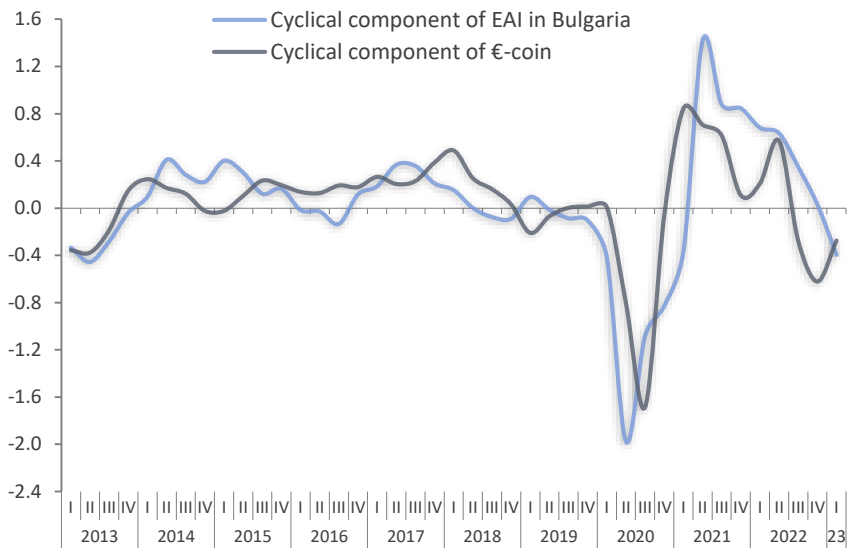
Source: MF

EAI fell again in Q1

The Economic Activity Indicator¹ (EAI) continued to decrease in the first quarter of 2023 and turned into negative territory, down to -0.28 from 0.13 in the previous quarter. The preliminary estimate of the composite indicator also indicated a decline of the cyclical position of the economy.

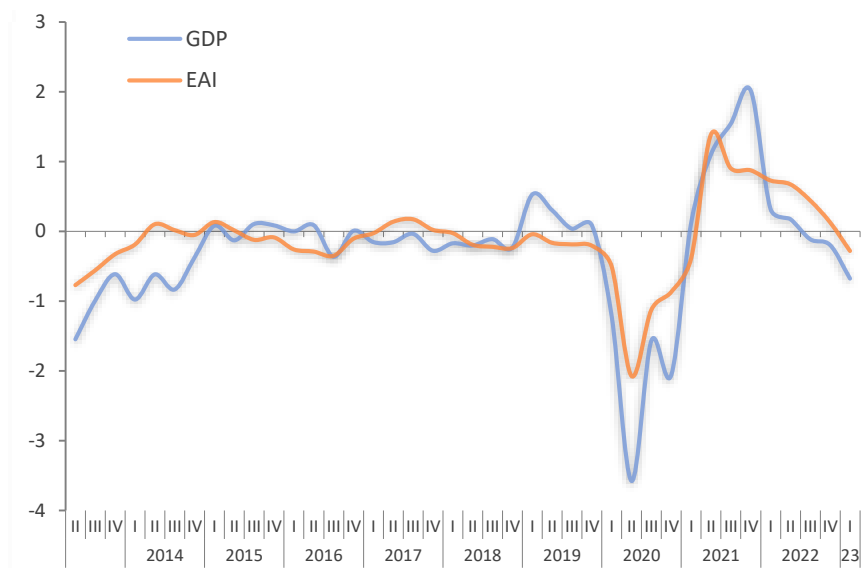
All variables making up the EAI declined on a quarter earlier. The current reading of the composite indicator reflected the weakened industrial position as well as the related variables such as external demand, country's business climate assessment and capacity utilization. The internally-driven indicators presented with financial sector, turnover in retail trade, construction production and employed, had almost neutral and overall negligible impact on EAI.

3 ESTIMATED CYCLICAL FLUCTUATIONS IN THE EURO AREA AND BULGARIA



Source: MF, CEPR

4 EAI AND GDP*



Source: MF

* Preliminary estimates for EAI and GDP in Q1'23. To achieve better compatibility, real GDP growth data has been standardized by subtracting the mean and dividing by the standard deviation of the series.

Over Q1'2023, the estimated cyclical position of the composite indicator in the euro area was in negative territory as well. €-coin² has been negative since September 2022 but picked up somewhat in Q1. The latter reflected the improvement in qualitative business indicators in the beginning of the year, nevertheless the overall economic situation in the euro area remained subdued due to weak demand conditions and the deterioration in the qualitative indicators for industrial activities, as well as the increases in market interest rates.

The negative preliminary estimate for EAI indicates that the growth rate of real GDP in Q1'2023 is expected to decelerate as compared to the reported rates of increase in 2022.

¹ A new version of the EAI has been released in 2/2021, which incorporates some revisions to the database. The historical series according to the methodology are also available starting from 2001 onwards. For more detailed information see "Rationale and Methodology of the EAI".

² For more detailed data and methodological notes on €-coin, monthly estimates of the economic activity in the euro area visit <http://eurocoin.cepr.org/>. Data have been averaged to make the comparison with the quarterly EAI possible. In addition, since €-coin excludes only short-term (seasonal) fluctuations in euro area business activity, it was also necessary to eliminate the long-term trend in the time series, using the Hodrick-Prescott filter.