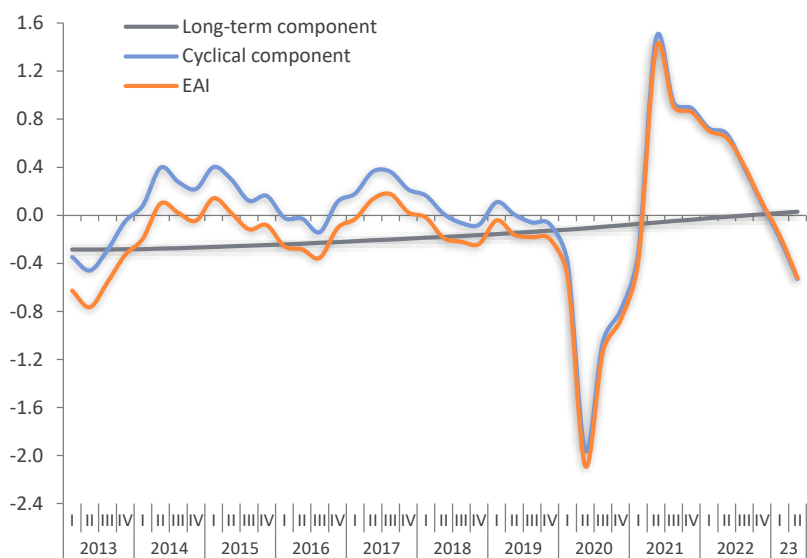


ECONOMIC ACTIVITY INDICATOR IN BULGARIA

1 EAI BY COMPONENTS*



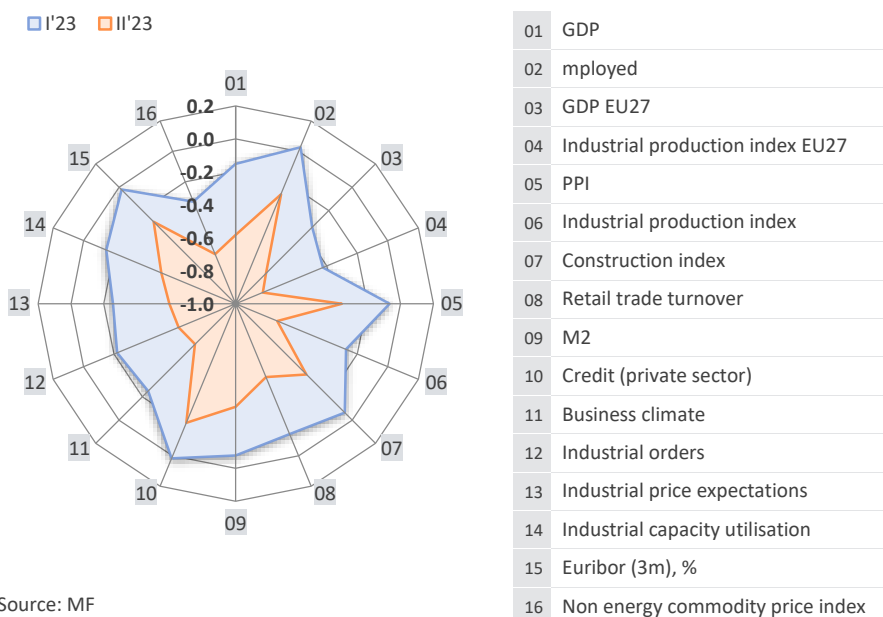
* Preliminary estimate of EAI by components in Q2'23

Source: MF

EAI decreased further in Q2

The Economic Activity Indicator¹ (EAI) continued to decrease in the second quarter of 2023 and remained in negative territory for a second quarter in a row, down to -0.52 from -0.17 in the previous quarter. The preliminary estimate of the composite indicator reflected the deeper decline of the cyclical position of the economy.

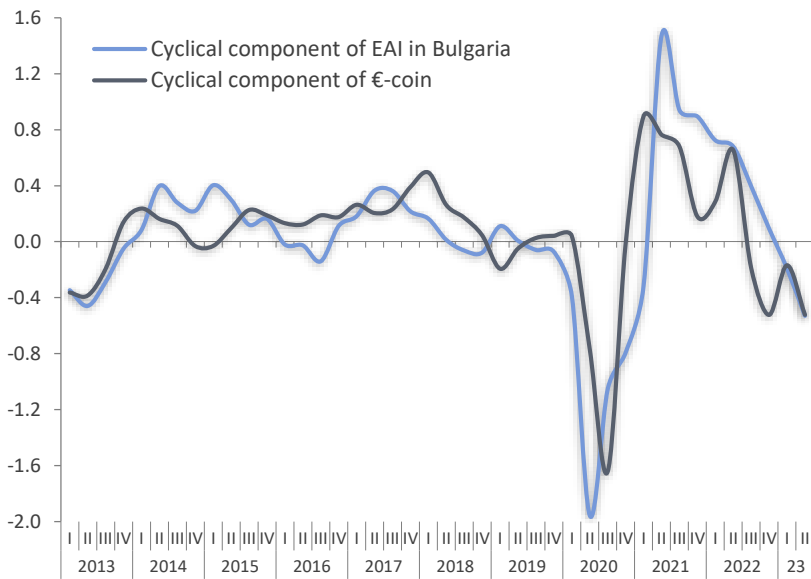
2 DECOMPOSITION OF EAI VARIABLES



Source: MF

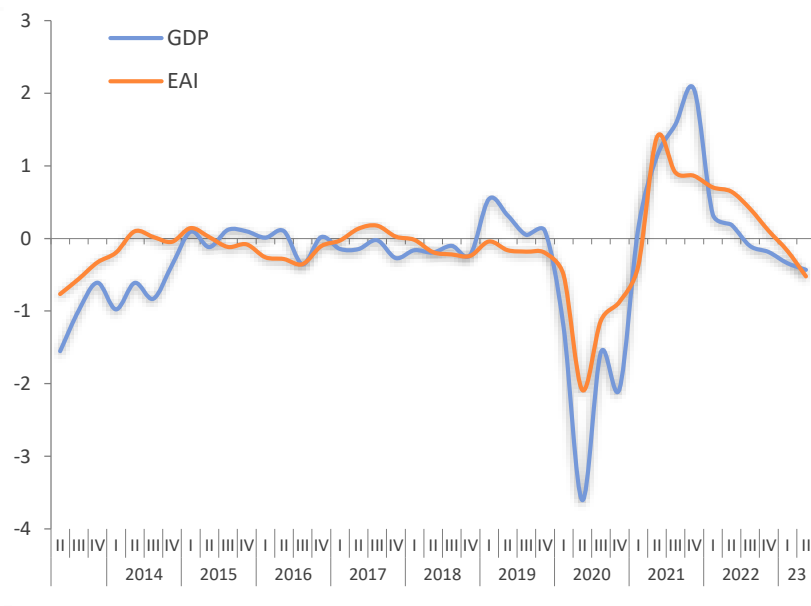
The contributions of all variables making up the EAI were negative but the largest deterioration on a quarter earlier came from the weakened external environment, measured through real GDP growth and industrial production index in EU27. Among the internally-driven indicators the strongest negative impact made the country's industrial production index and business climate assessment.

3 ESTIMATED CYCLICAL FLUCTUATIONS IN THE EURO AREA AND BULGARIA



Source: MF, CEPR

4 EAI AND GDP*



* Preliminary estimates for EAI and GDP in Q2'23. To achieve better compatibility, real GDP growth data has been standardized by subtracting the mean and dividing by the standard deviation of the series.

Source: MF

Over Q2'2023, the estimated cyclical position of the composite indicator in the euro area was in negative territory as well. €-coin² fell further into negative territory, particularly in May and June. Weak demand conditions and the deterioration in the qualitative indicators for industrial activities continue to act as a drag on the €-coin indicator. This development confirmed the phase of underlying weakness in euro-area activity under way since autumn 2022.

The negative preliminary estimate for EAI indicates that the growth rate of real GDP in Q2'2023 is expected to decelerate as compared to the annual rate of increase in the previous quarter.

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 Hordrick-Prescott filter.