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May/2014

BULGARIAN ECONOMY

Monthly Report

June/2014

July/2014

August/2014

September/2014

October/2014

November/2014

December/2014

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Highlights

Bulgarian economy expanded by 1.2% yoy s.a. in Q1 2014 largely on the back of domestic demand. There has been a change in the composition of GDP growth as net export was the main growth driver until 2013. The recovery of domestic demand resulted in higher import, while the export growth decelerated. On the supply side, **GVA increased by 2% yoy s.a.**, as the growth in manufacturing accelerated. Services also had a positive contribution, while the value added in construction remained almost unchanged.

Short-term business statistics showed some mixed performance in the beginning of Q2. The industrial output gained further momentum in April, the industrial turnover and retail sales growth slowed somewhat, and the construction production growth turned negative. The business climate indicator, on the other hand, continued on the increase for a fifth consecutive month and reached its highest levels since November 2008.

Employment further increased in Q1 2014, up 0.3% yoy, driven largely by the positive employment dynamics in agriculture. At the same time, **the unemployment rate** decreased for the first time since the outburst of the crisis. It remained at its Q4 2013 level of 13% (LFS), down by 0.8 pps yoy.

The average wage growth slowed down to 2.3% yoy in the first quarter largely on the account of

developments in the private sector and services in particular, while the HICP deflated real wage increased by 4.2% yoy. Despite the significant slowdown, wages grew faster than **labor productivity**, up 1.1% yoy. Nevertheless, **nominal ULC** growth reported a strong slowdown for the whole economy and even decreased in manufacturing, pointing toward a successful adjustment of labor cost in the sector.

Registered unemployment went down to 11.8% in April. **Consumer prices** posted a minor increase, up 0.2% mom, mostly on the account of seasonal movements in foods and clothing and footwear. Meanwhile, the negative annual rate of inflation narrowed further to 1.3% yoy.

Trade deficit almost doubled to 2% of GDP in Q1, while the surplus on *Services* narrowed to 0.2% of GDP. However, these dynamics were unable to offset the better *Income* and *Transfers* balances, thus the **current account** improved to a deficit of 0.2% of GDP, being negative by 1% of GDP in Q1 2013. The **financial account** came in negative at EUR 517 mln (1.3% of GDP) down from a EUR 808.8 mln (2% of GDP) deficit a year earlier.

Consolidated budget deficit amounted to BGN 864.5 mln (1.1% of GDP) on a cash basis at the end of April, up by 0.7 pps compared to a year earlier. ●

Recent economic developments

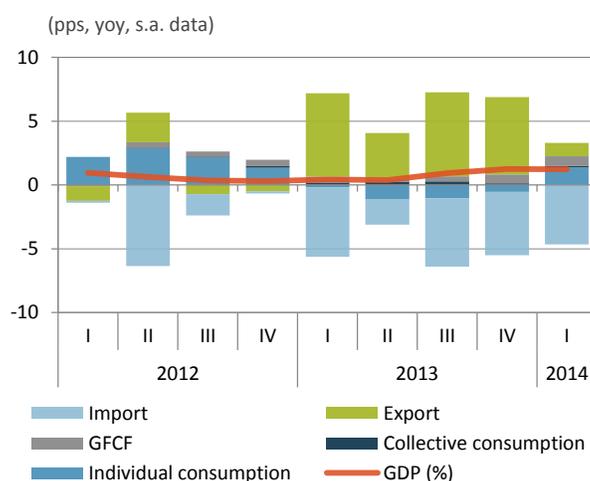
GROSS DOMESTIC PRODUCT

Bulgarian economy expanded by 1.2% yoy s.a. in Q1 2014

largely on the back of domestic demand. There has been a change in the composition of GDP growth as net export was the main growth driver until 2013. Recent positive dynamics on the labor market and the ongoing strengthening of consumer confidence led to an increase in households' expenditures, up by 4.8% yoy. Government consumption also expanded, up by 3.5% and 1.6% for individual and collective consumption, respectively, while the growth of fixed investments accelerated to 3.4%. The latter was supported by the increase in public capital expenditures, as well as the observed improvement in the business sentiment in the country. The recovery of domestic demand resulted in higher import, up 6.3%, while the export growth decelerated to 1.5%. However, the high base in Q1 2013 should be considered when looking at the export performance.

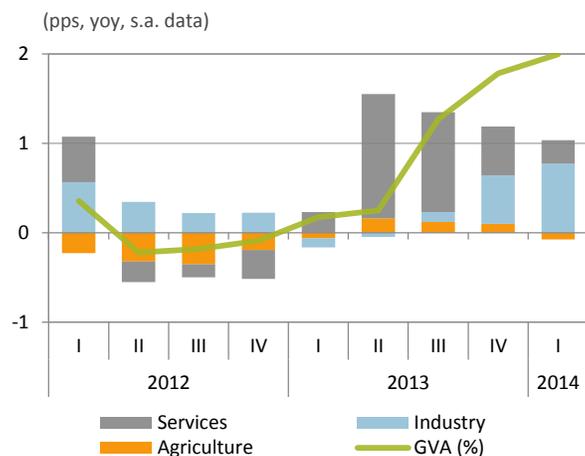
On the supply side, **GVA increased by 2% yoy s.a.** The growth in manufacturing accelerated to 3.4%, while the value added in construction remained almost unchanged compared to Q1 2013, despite the recovery in civil engineering and the 4.1% yoy increase in the overall construction index in Q1. Services sector also had a positive contribution for the expansion of economic activity with a sustained growth in *information and communication, professional and administrative activities, public administration; education; health*. Positive developments were also observed in *real estate activities*. The agricultural sector, which performed rather well in 2013, posted a 1.4% decrease in value added in the beginning of 2014.

Fig. 1: Contributions to GDP growth



Source: NSI

Fig. 2: Contributions to GVA growth



Source: NSI

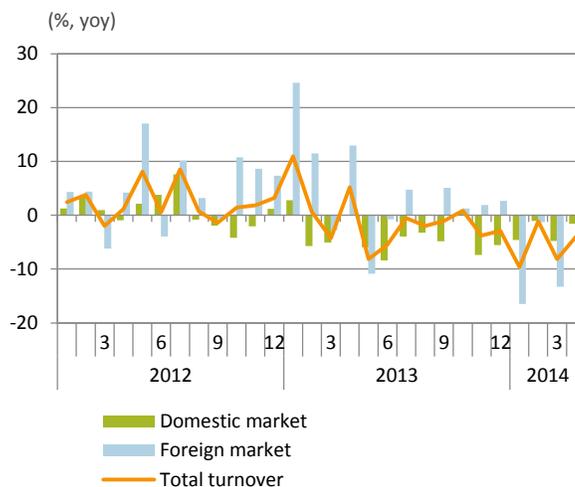
SHORT-TERM BUSINESS STATISTICS

The slump in **industrial turnover**¹ accelerated to 8.1% in March and slowed down to 4% in April compared to a year earlier. The observed dynamics were driven by both foreign and domestic market sales, though foreign turnover had stronger negative contribution in both months. Foreign market sales decreased by 13.3% yoy in March largely on the account of the slumps in *energy products* and *manufacture of basic metals and fabricated metal products, except machinery and equipment*. The decline in *energy products*, however, slowed down in April and was the major reason for the decelerating decrease in foreign turnover, down 7.1% yoy, while *manufacture of basic metals and fabricated metal products, except machinery and equipment*, had the largest negative contribution.

The decrease in domestic sales reached 4.8% yoy in March as *electricity, gas, steam and air conditioning supply* contributed the most for the reported decline, followed by *manufacture of food products*. *Electricity, gas, steam and air conditioning supply* returned to growth in April for the first time since end-2012 and reported the strongest positive contribution. As a result, the decline in domestic turnover slowed down to 1.6% compared to a year earlier.

Industrial production continued on the increase as its growth reached 2% and 6.1% yoy in March and April, respectively. *Manufacture of basic metals and manufacture of motor vehicles, trailers and semi-trailers*, and *manufacture of parts and accessories for motor vehicles* in particular, had the major contribution for the growth reported in March, while its acceleration in April was supported by the increase in *electricity, gas, steam and air conditioning supply* as well as by the improvement in *manufacture of fabricated metal products, except machinery and equipment* and *manufacture of machinery and equipment*.

Fig. 3: Industrial turnover



Source: NSI

¹ According to NSI methodology, the *industrial turnover index* reflects changes in both volume of sales and prices, while for the *industrial production index* compilation, the value of enterprises' production is deflated by the producer price index in order to isolate the price fluctuations.

Retail sales increased by 5.1% and 1.6% yoy in March and April, respectively. As in previous months, *retail sales of computers, peripheral units and software* posted the largest increase in both months, up 18.8% and 12.1%, respectively. At the same time, *other retail sales in non-specialized store* and *retail sales of textiles, clothing, footwear and leather goods* moved to negative territory in April, down by 7.1% and 4.5% yoy, while the decline in *retail sales of automotive fuels* accelerated to 11.3% yoy from the 3.6% yoy decrease in March.

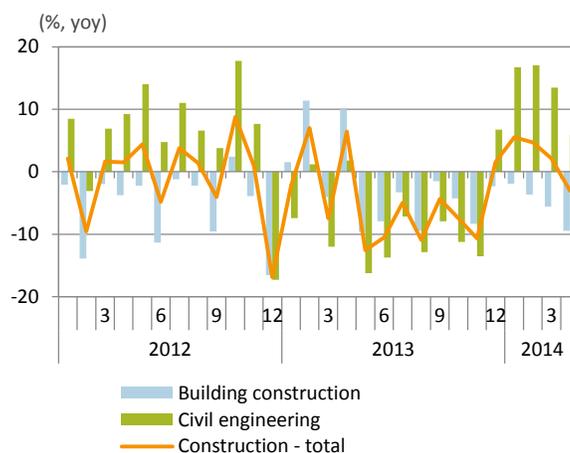
The growth in **construction production index** slowed down to 2.1% yoy in March and reported a decline of 3% in April after being positive for four consecutive months. On one hand, the observed downward trend was due to the lower growth in *civil engineering*, up 13.5% and 6% in March and April, respectively. On the other hand, the decline in *building construction* widened further in each of the two months, down by 5.6% and 9.5% yoy respectively.

The **business climate indicator** increased for a fifth consecutive month in May, reaching thus its highest level since November 2008. The improvement was due to more favorable assessment of the present business situation of enterprises in all sectors of the economy. The number of respondents who report problems with insufficient demand decreased for a second month in a row. Both domestic and export orders in industry increased. Sales in retail trade went up; the same applies to assurance with orders in construction where entrepreneurs reported growth in building construction.

LABOR MARKET AND WAGES

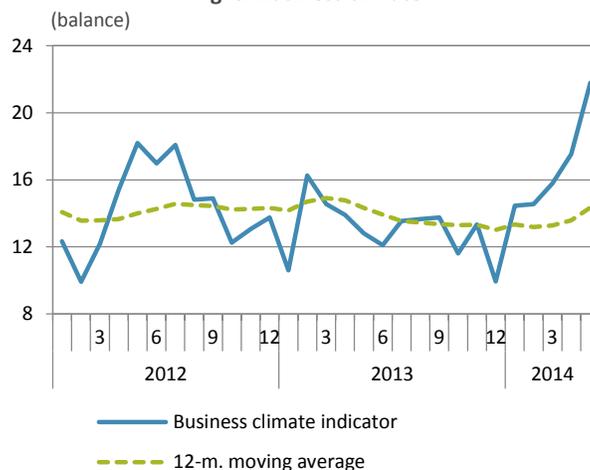
After having stabilized in 2013, employment further increased in the beginning of 2014. **The number of employed** (SNA) went up by 0.3% yoy in Q1 driven largely by the positive employment dynamics in *agriculture*, up 4.1%. Services had practically no contribution, as the reported 1.1% increase of employment in *trade, transport and hotels and restaurants*

Fig. 4: Construction production index



Source: NSI

Fig. 5: Business climate



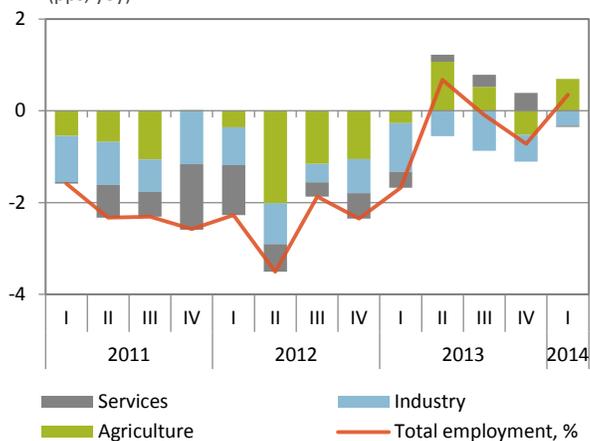
Source: NSI

was offset by the registered 4.3% decrease in *professional activities, research, administrative and subsidiary activities*. The latter was among the main drivers behind the employment stabilization during 2013, however, developments since the beginning of 2014 could have been influenced by the smaller number (in yoy terms) of persons included in subsidized employment programs, financed with budget resources. The recovery of employment in *trade, transport and hotels and restaurants* was due particularly to trade, as the increase in retail sales since mid-2013 has led to employment creation. Industrial employment continued decreasing due to developments in both construction and manufacturing, nevertheless, employees in manufacturing almost stabilized at their level as of Q1 2013.²

The **unemployment rate** decreased in the first quarter of the year for the first time since the crisis. It remained at its Q4 2013 level of 13% (LFS), down by 0.8 pps compared to the corresponding quarter a year earlier, when a 10-year peak was recorded. Contrary to 2013, when the increased labor force participation was a factor for keeping the level of unemployment high, the higher participation and motivation for job finding since the beginning of 2014 has translated into unemployment decrease, reflecting the enhanced opportunities for employment creation.

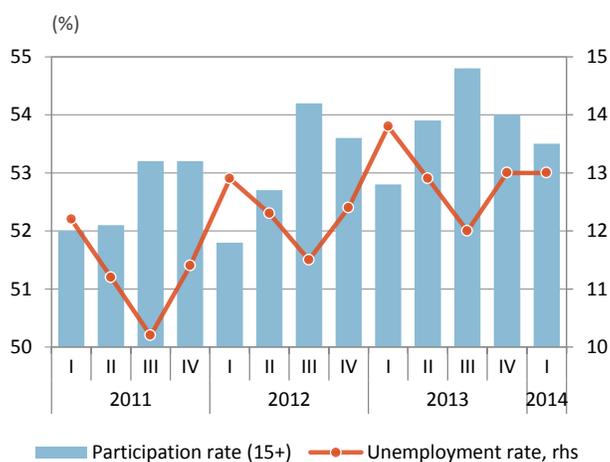
Registered unemployment went down to 11.8% in April, being about 12.2% during the first three months of 2014. The recent positive developments were supported by the primary labor market revival and ALMM implementation. The number of persons who started working in April increased by 34.5% compared to March due particularly to the active labor market projects under the OP HRD, while primary labor market demand has led to higher number of persons who got jobs there. The number of persons who found employment without the intervention of the employment offices also increased for a second month in a row.

Fig. 6: Employment dynamics and contribution by sectors
(pps, yoy)



Source: NSI

Fig. 7: Participation and Unemployment Rates



Source: NSI

² According to the *Survey on enterprises*.

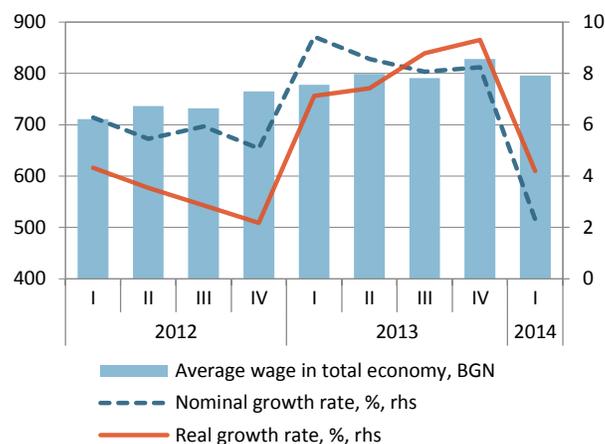
Along with the employment recovery, **the average wage growth** slowed down to 2.3% yoy, while the HICP real wage increased by 4.2% yoy. Recent wage dynamics was mainly influenced by developments in the private sector wages, up 0.5% yoy, while the wage growth in the public sector stood at 7% yoy. There has been a downward trend in income dynamics in almost all economic activities, especially the service sector. Some activities there even reported a decrease in wages, particularly in trade, informational activities, real estate and professional and administrative activities.

The improved employment dynamics resulted in a slowdown of **labor productivity** growth rate to 1.1% yoy, down from 2.6% yoy in Q1 2013. Recent developments reflected mainly the 6% yoy decrease of productivity in agriculture and the slowdown in productivity growth in services to 1.2% yoy. On the positive side, the trend was strong in industry, up by 4.2% yoy being 3.4% yoy a year earlier. Regarding cost competitiveness, recent wage, production and price dynamics affected unit labor cost dynamics in the following ways. On one hand, despite the observed significant slowdown, wages grew faster than labor productivity. Following lower sales' prices gross value added at current prices decreased, contributing to **real ULC growth** of 4.9% yoy. On the other hand, GVA in real terms continued increasing, thus **nominal ULC growth** reported a strong slowdown to 1.4% yoy. The observed trend was pronounced the most in manufacturing, given that real ULC there increased by 5.3% yoy, while nominal ULC even decreased by 1.1% yoy. The latter pointed towards successful adjustment of labor cost of the enterprises in this sector, which is directly exposed to external competition.

INFLATION DYNAMICS

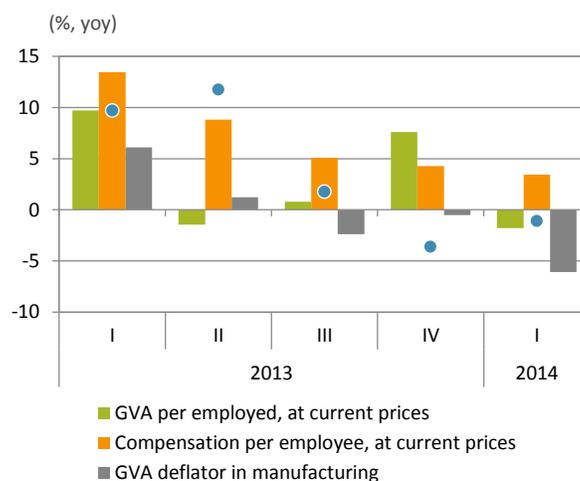
Consumer prices posted a minor increase in April, up 0.2% mom, while the negative annual rate of inflation narrowed further to 1.3% yoy. Non-energy industrial goods had the largest positive contribution (+0.1 pps) for the monthly change in the headline rate, almost entirely on the back of the 5%

Fig. 8: Average wage growth



Source: NSI

Fig. 9: Decomposition of ULC in manufacturing



Source: EA

increase in prices of clothing and footwear. Prices of market services went up by 0.2% and added another 0.05 pps. The latter, however, was largely due to a hike in airfares for both domestic and international flights. Food prices also rose, up 0.3% mom, due to adjustments of seasonal goods, while prices of processed food continued on the decrease. Energy and administered prices both posted a marginal increase compared to the previous month, up 0.1%.

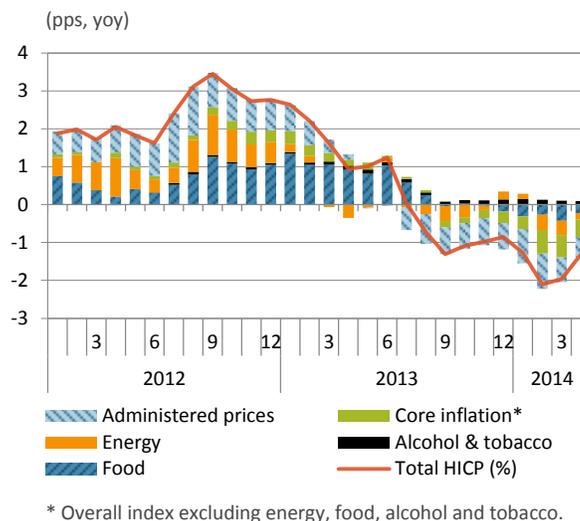
EXTERNAL SECTOR

Merchandise export declined by 6.9% yoy in Q1 2014, as exports to non-EU countries plummeted by 16.8% due to lower nominal export of petroleum products and raw materials. Import edged up by 0.3% yoy after the slight increase in EU import, predominantly consumer and investment goods, offset the drop in non-EU trade resulting from the mineral fuels drop. There was negative price effect on both import and export as prices of the main traded commodities like copper, oil and petroleum products, maize and wheat kept declining. **The trade deficit** almost doubled to EUR 825.6 mln (2% of GDP).

The *services surplus* narrowed by 17% yoy to EUR 70.6 mln (0.2% of GDP) on the account of lower export of computer and IT services and higher import of communication services. Regarding travel services, the surplus decreased by 6.4% yoy to EUR 83.5 mln as the reported 6.4% surge in travel expenses outpaced the 2.8% increase in travel receipts. *Net income* had a positive contribution to CA dynamics as a result of lower payments on foreign investments. The deficit lowered to EUR 55 mln (0.1% of GDP) from EUR 352.7 mln (0.9% of GDP) in Q1 2013. The surplus on *current transfers* doubled to EUR 727.9 mln (1.8% of GDP) reflecting higher EU funds transfers.

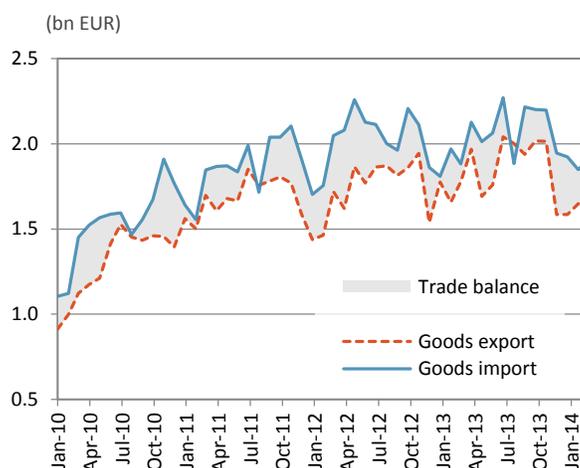
The deterioration in trade and services balances could not offset the better income and transfers balance, thus the **current account** improved to a deficit of 0.2% of GDP, being negative by 1% of GDP in Q1 2013.

Fig. 10: HICP and contributions by main components



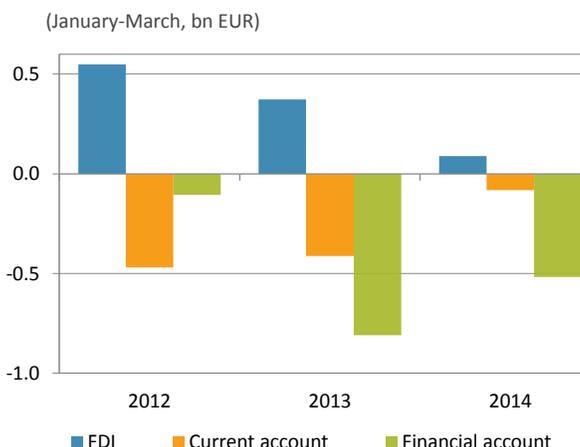
Source: NSI, MF

Fig. 11: Merchandise trade dynamics



Source: BNB

Fig. 12: FDI, Current and Financial Account



Source: BNB

The financial account came in negative at EUR 517 mln (1.3% of GDP) compared with a deficit of EUR 808.8 mln (2% of GDP) a year earlier. The deficit reflected mainly financial transactions of the banking sector which totaled EUR 650 mln and led to an increase in foreign assets and decrease in foreign liabilities. Foreign direct investment inflow reached EUR 88.9 mln (0.2% of GDP) largely being equity capital. Trade, construction and real estate attracted most of it.

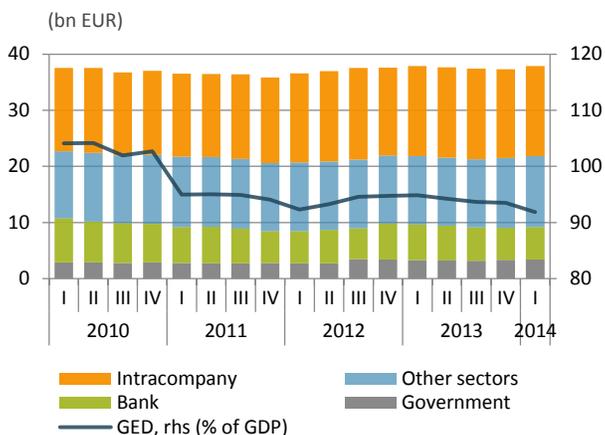
Gross external debt increased to EUR 37.9 bn (91.8% of GDP) as at the end of March.

FINANCIAL SECTOR

International reserves narrowed by 1.7% mom to EUR 13.8 bn at the end of May. Notes in circulation and Government deposit contributed to the decrease after dropping by 2.4% and 4.8%, respectively. Bank reserves also added to these developments, down 2.3% over the previous month. International reserves accelerated their annual rate of decrease, down 6.9% yoy compared to 5.4% decline in April. The monetary base coverage improved slightly from 168.2% to 169.3%. The level of reserves at the end of March was enough to cover 5.9 months of imports or 142.7% of the short-term external debt.

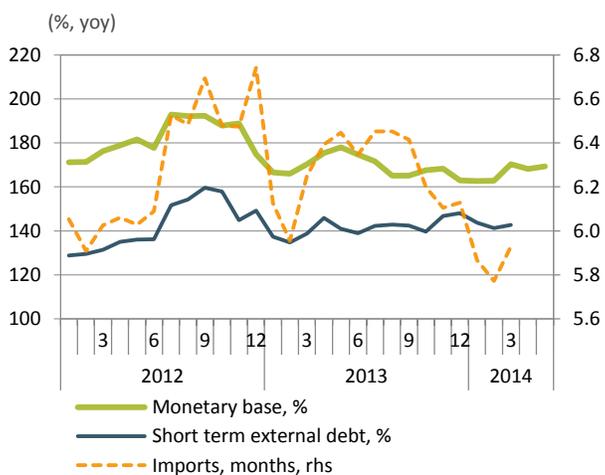
Money supply growth remained broadly unchanged at 8.3% yoy at the end of April. Liquid monetary aggregate grew slower compared to a year earlier on the back of a slowdown of overnight deposits (18.2 vs. 19.9% as of end-March). Deposits, redeemable at notice, decelerated as well, from 45.1% to 43%. However, it was compensated by deposits with agreed maturity, which limited their negative growth from 7.3% to 6.5% yoy. Broad money showed almost no change on a month earlier, as the 2.5% growth of money outside MFI and the 1.8% increase of the deposits, redeemable at notice, were fully offset by the drop of overnight deposits and deposits with agreed maturity, down by 1.1% and 0.8% respectively. Total deposits slowed down marginally to 8.1% yoy from 8.2% in March. The latter came on the back of a slower increase of

Fig. 13: Gross external debt by institutional sector



Source: BNB

Fig. 14: Coverage with FX Reserves



Source: BNB, MF

deposits of non-financial enterprises and a faster decrease of deposits of financial corporations which were not fully compensated by the higher growth rate of households' deposits.

Credit to the private sector continued to recover. Its growth rate reached 1.6% yoy at the end of April coming from 1.4% in March. Credits for non-financial enterprises largely accounted for these developments as they accelerated their growth to 2.3% yoy from 1.7% a month earlier. Mortgages went up by 0.3%, posting their first positive growth rate since June 2013, while consumer credits slowed down marginally to 0.8% from 0.9% in March. **Bad and restructured loans** went down by 1.5% yoy at the end of April and thus their share in total credits to firms and households declined by 21 bps to 17.8%.

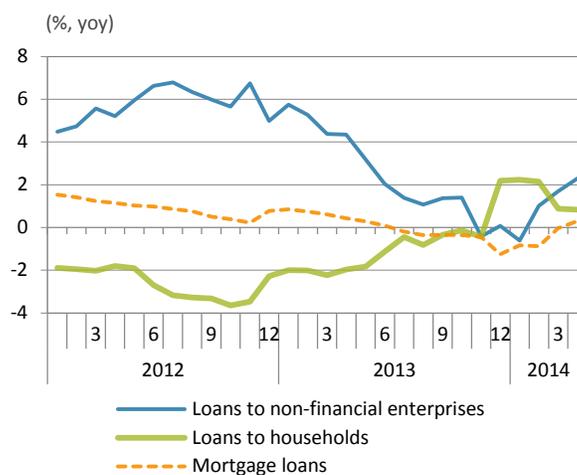
Weighted average interest rates on both corporate and households' credits declined in April. The average price of loans to firms was by 22 bps lower, however, the monthly volume of new credits narrowed by 10.7% compared to the same month of 2013. Rates on consumer credits and mortgages went down by 19 and 11 bps, respectively. The latter did not lead to higher monthly credit flows, as they both came lower compared to April 2013, down by 16% and 11.2% respectively. **Weighted average rates on deposits** continued on the decrease for the three major currencies. The average return rate for local currency deposits went down by 11 bps, the rate on EUR deposits – down by 1 bps and the rate on USD deposits – down by 31 bps over March. The monthly volume of new deposits came 8.5% lower compared to the corresponding month of the previous year.

FISCAL DEVELOPMENTS

Consolidated budget deficit amounted to BGN 864.5 mln (1.1% of GDP) on a cash basis at the end of April, up by 0.7 pps compared to a year earlier.

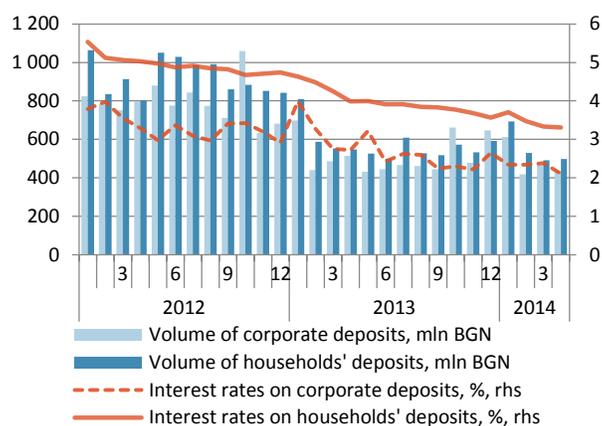
According to monthly reports, **total revenues and grants** for the first four months grew 1.8% yoy mainly due to the 1.7%

Fig. 15: Credit growth



Source: BNB, MF

Fig. 16: Interest rates and volumes of time deposits in BGN up to 1Y



Source: BNB, MF

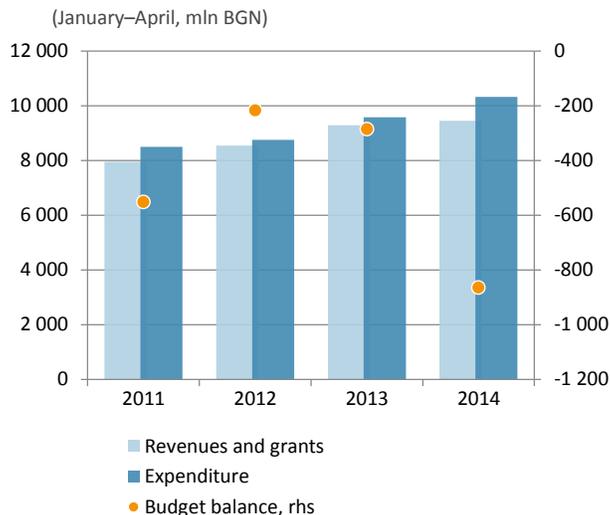
increase in tax revenues and accounted for 30.5% of the annual plan. The slowdown of revenues growth was due to the drop of indirect tax receipts, down by 2.3% yoy, and the uptick in direct taxes, up 0.2% yoy. VAT proceeds, which are the most important component of tax revenues, came 5.2% lower due to a base effect from the sizable non-refunded VAT in the first months of the previous year, while excise and custom duties increased. Corporate income tax decreased as well, while PIT contributed positively to dynamics of direct tax receipts. Social and health insurance contributions recorded a 7.4% growth for January-April 2014 compared to the corresponding period of 2013. Non-tax revenues increased by 0.9% yoy and reached 39.2% of the annual forecast. The annual BNB installment, as a part of non-tax revenues, was received in April and amounted to BGN 62.3 mln, down 41.1% yoy.

Total expenditure, including the contribution to the EU budget, accounted for 31.7% of the full-year plan, up 7.8% compared to January-April 2013. The increase came largely on the back of higher social payments, up by 9%, due to the base effect of the increase in pensions as of April 1, 2013, the 50.6% yoy growth in capital expenditure and the 28% surge in subsidies. Expenses on wages and salaries and social and health insurance contributions were also up, while interest payments and maintenance decreased.

Fiscal reserve³ amounted to BGN 6 bn at the end of April. It consisted of BGN 5.1 bn in reserve deposits and BGN 847.7 mln of EU funds receivables for certified expenditure, advance payments, etc.

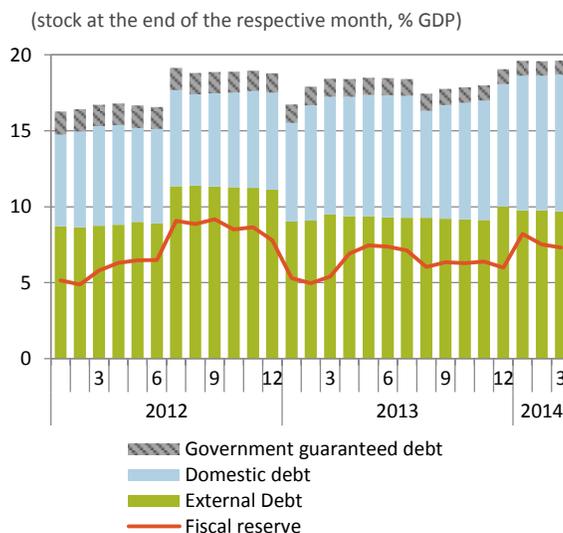
Government debt accounted for 18.8% of GDP, including domestic debt at 9.1% of GDP and external debt at 9.7% of GDP. Government guaranteed debt stood at 0.9% of GDP. ●

Fig. 17: Consolidated budget



Source: MF

Fig. 18: GG debt and fiscal reserve



Source: MF

³ According to §1, p. 41 from the Additional provisions of the Public finance Law.

Key Economic Indicators

		Annual data			Quarterly data				Monthly data						
		2011	2012	2013	Q2'13	Q3'13	Q4'13	Q1'14	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14
— GDP															
Gross Domestic Product ¹	% , yoy	1.8	0.6	0.9	0.4	0.9	1.2	1.2							
Consumption	% , yoy	1.5	2.9	-1.4	-1.2	-1.0	-0.6	3.0							
Gross fixed capital formation	% , yoy	-6.5	4.0	-0.3	1.0	1.8	3.1	3.4							
Export	% , yoy	12.3	-0.4	8.9	5.5	10.3	9.3	1.5							
Import	% , yoy	8.8	3.3	5.7	2.7	7.4	6.9	6.3							
Agriculture	% , yoy	-1.1	-7.2	3.4	3.0	2.3	1.9	-1.4							
Industry	% , yoy	5.8	1.6	-0.2	-0.2	0.4	1.8	2.7							
Services	% , yoy	0.7	0.0	1.5	2.1	1.7	0.8	0.4							
Adjustments	% , yoy	0.2	3.9	-0.4	-0.9	-0.7	-1.7	-4.4							
— Short-term business statistics															
Industrial production	% , yoy	5.8	-0.4	-0.1	-4.8	0.4	2.7	3.4	2.3	1.1	2.3	5.9	2.0	6.1	
Industrial turnover	% , yoy	17.2	2.3	-1.0	-2.9	-1.2	-2.0	-6.4	-3.8	-2.9	-9.6	-1.1	-8.1	-4.0	
Retail trade turnover	% , yoy	0.6	5.3	2.9	1.9	6.1	6.6	7.1	6.7	5.4	7.4	9.2	5.1	1.6	
Construction output	% , yoy	-12.8	-0.8	-5.3	-5.9	-6.9	-6.2	4.1	-10.7	1.5	5.5	4.7	2.1	-3.0	
Total business climate	balance	14.2	14.3	13.0	12.9	13.6	11.6	14.9	13.3	9.9	14.5	14.6	15.8	17.5	21.8
Industry	balance	22.4	21.3	15.6	14.3	15.2	12.5	17.8	15.0	11.8	17.2	18.7	17.4	18.8	23.0
Retail trade	balance	17.3	16.4	19.7	18.1	21.6	22.0	22.2	22.8	19.9	21.3	19.2	26.2	27.0	29.5
Construction	balance	2.8	0.3	2.0	5.0	2.7	-1.0	1.7	1.9	-7.2	-0.6	2.1	3.6	10.4	12.6
Services	balance	5.9	12.2	12.2	13.0	13.7	12.2	15.2	12.0	13.4	17.1	14.1	14.4	12.6	20.8
— Labor market															
Participation rate (15+)	level	52.5	53.1	53.9	53.9	54.8	54.0	53.5							
Employment rate (15+)	level	46.6	46.6	46.9	47.0	47.9	47.0	46.5							
Employment (LFS)	% , yoy	-2.2	-2.5	-0.4	0.7	-0.1	-0.7	0.3							
Unemployment rate (LFS)	level	11.3	12.3	12.9	12.9	12.0	13.0	13.0							
Unemployment rate (Employment agency)	level	10.1	11.1	11.3	11.1	10.8	11.5	12.2	11.5	11.8	12.2	12.2	12.2	11.8	
Nominal wage	% , yoy	5.8	6.6	10.5	8.6	8.1	8.2	2.3	8.2	7.6	2.7	1.8	2.1		
Real wage ²	% , yoy	2.4	4.1	10.0	7.4	8.8	9.3	4.2	9.3	8.6	4.1	4.0	4.2		
Labor productivity (GDP per employed)	% , yoy	4.1	3.2	1.3	-0.8	1.1	2.3	1.1							
Real ULC (GDP)	% , yoy	-2.2	1.3	6.1	8.4	7.8	2.4	4.9							
— Prices															
National index of consumer prices (CPI)	% , yoy	4.2	3.0	0.9	2.2	-0.6	-1.5	-2.4	-1.5	-1.6	-2.2	-2.6	-2.3	-1.6	
Harmonized index of consumer prices (HICP)	% , yoy	3.4	2.4	0.4	1.1	-0.7	-1.0	-1.8	-1.0	-0.9	-1.4	-2.1	-2.0	-1.3	
Domestic producer prices	% , yoy	8.6	5.4	-1.3	-0.7	-2.8	-3.6	-2.0	-4.0	-2.8	-2.0	-2.5	-1.6	-0.9	
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	25 378	27 470	28 981	14 166	21 307	28 981		26 311	28 981	2 071	4 203	6 575	9 454	
Total expenses	mIn BGN	26 867	27 828	30 430	14 172	21 668	30 430		26 883	30 430	2 444	4 891	7 449	10 318	
Contribution to EU budget	mIn BGN	779	809	934	533	747	934		833	934	87	274	349	422	
Cash deficit (-) / surplus (+)	mIn BGN	-1 488	-358	-1 448	-7	-360	-1 448		-572	-1 448	-373	-688	-874	-864	
	% of GDP	-2.0	-0.5	-1.9	0.0	-0.5	-1.9		-0.7	-1.9	-0.5	-0.9	-1.1	-1.1	
Government debt (incl. guaranteed debt)	mIn BGN	12 826	14 683	14 893	14 428	13 886	14 893		14 066	14 894	15 823	15 806	15 836	15 898	
	% of GDP	17.0	18.8	19.1	18.5	17.8	19.1		18.0	19.1	19.6	19.6	19.6	19.7	

		Annual data			Quarterly data				Monthly data						
		2011	2012	2013	Q2'13	Q3'13	Q4'13	Q1'14	Nov'13	Dec'13	Jan'14	Feb'14	Mar'14	Apr'14	May'14
Fiscal reserve ³	mIn BGN	4 999	6 081	4 681	5 754	4 965	4 681		4 989	4 681	6 625	6 061	5 904	5 955	
	%, yoy	-16.9	21.6	-23.0	13.7	-30.8	-23.0		-26.2	-23.0	59.9	56.6	40.0	10.2	
— Financial sector															
BNB International reserves	mIn EUR	13 349	15 552	14 426	14 590	14 937	14 426	13 960	14 289	14 426	13 870	13 589	13 960	14 062	13 819
Monetary base coverage	%	175.1	174.9	162.9	174.7	165.1	162.9	170.4	168.3	162.9	162.7	162.8	170.4	168.2	169.3
Coverage of import with FX reserves	months	6.2	6.7	6.2	6.3	6.4	6.1	5.9	6.1	6.1	5.9	5.8	5.9		
Coverage of short-term external debt	%	133.8	146.7	148.7	138.9	142.4	148.0	142.7	146.7	148.0	143.7	141.2	142.7		
Money M1 (Narrow money)	%, yoy	14.4	9.5	17.5	17.1	16.7	17.5	16.1	20.6	17.5	22.4	17.7	16.1	15.0	
Money M3 (Broad money)	%, yoy	12.2	8.4	8.9	7.7	8.1	8.9	8.3	9.6	8.9	10.1	9.2	8.3	8.3	
Deposits	%, yoy	13.2	8.4	9.4	7.8	8.3	9.4	8.2	9.9	9.4	10.4	9.1	8.2	8.1	
Credit to private sector	%, yoy	3.3	3.0	0.2	0.8	0.5	0.2	1.4	-0.6	0.2	-0.4	0.7	1.4	1.6	
Credit to non-financial enterprises	%, yoy	5.7	5.0	0.1	2.0	1.4	0.1	1.7	-0.4	0.1	-0.6	1.0	1.7	2.3	
Credit to households	%, yoy	-0.4	-1.0	-0.2	-0.9	-0.6	-0.2	0.3	-0.8	-0.2	-0.2	0.0	0.3	0.2	
Interest rate on short-term loans	%	7.2	7.6	7.9	8.5	7.3	8.1	7.8	7.0	8.9	9.8	6.5	7.1	8.2	
Interest rate on time deposits	%	4.8	4.3	3.5	3.5	3.4	3.2	3.2	3.3	3.3	3.3	3.2	3.1	3.0	
Exchange rate BGN/USD	eop	1.51	1.48	1.42	1.50	1.45	1.42	1.42	1.44	1.42	1.45	1.42	1.42	1.41	1.44
	per. av.	1.41	1.52	1.47	1.50	1.48	1.44	1.43	1.45	1.43	1.44	1.43	1.41	1.42	1.43
— Gross External Debt (GED)															
Gross external debt	% of GDP	94.3	95.2	93.5	94.3	93.7	93.5	91.8	93.8	93.5	90.7	91.3	91.8		
Short-term external debt	% of GED	27.9	27.6	26.1	27.9	28.0	26.1	25.8	26.0	26.1	25.8	25.5	25.8		
Intercompany lending	% of GED	42.8	41.7	42.5	42.7	43.1	42.5	42.3	43.5	42.5	42.6	42.6	42.3		
— Balance of payments															
Current account	mIn EUR	33	-334	751	541	1 073	-451	-83	-59	-354	-277	-128	323		
<i>Current account (moving average)</i>	% of GDP	0.1	-0.8	1.9	1.4	1.8	1.9	2.7	1.7	1.9	1.4	2.1	2.6		
Trade balance	mIn EUR	-2 156	-3 460	-2 353	-787	-390	-728	-826	-182	-360	-338	-201	-286		
<i>Trade balance (moving average)</i>	% of GDP	-5.6	-8.7	-5.9	-6.5	-6.2	-5.9	-6.9	-5.8	-5.9	-6.4	-6.2	-6.6		
Export, f.o.b.	mIn EUR	20 264	20 770	22 228	5 418	5 980	5 617	4 853	2 016	1 585	1 585	1 648	1 621		
	%, yoy	30.2	2.5	7.0	3.1	7.8	5.1	-6.9	3.7	3.0	-10.8	-0.6	-8.8		
Import, f.o.b.	mIn EUR	22 420	24 230	24 582	-6 205	-6 370	-6 345	-5 679	-2 198	-1 945	-1 923	-1 849	-1 907		
	%, yoy	22.3	8.1	1.4	-4.0	4.8	2.7	0.3	4.0	4.5	6.2	-6.1	1.3		
Capital account	mIn EUR	504	541	466	124	166	159	155	86	22	-3	112	46		
Financial account	mIn EUR	-886	1 466	-1 466	-196	-282	-179	-517	-138	500	-437	-192	112		
Net Foreign Direct Investments	mIn EUR	1 213	802	957	219	413	-30	66	253	-315	61	15	-9		
Net Portfolio Investments	mIn EUR	-357	-898	-128	-206	-126	780	-168	942	-98	11	-192	13		
Other Investments – net	mIn EUR	-1 676	1 596	-2 175	-118	-558	-920	-412	-1 330	913	-508	-13	109		
Change in BNB reserve assets	mIn EUR	-159	-2 161	599	-527	-269	351	553	85	-197	627	325	-399		

Notes:

1. Reference year 2005, seasonally and working day adjusted data;
2. HICP deflated;
3. Change in the structure of fiscal reserve as of 2014.