



REPUBLIC OF BULGARIA  
Ministry of Finance

ISSN 2367-5020



July-August/2015

# BULGARIAN ECONOMY

## Monthly Report

September/2015

October/2015

November/2015

December/2015

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ISSN 2367-5020

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## Highlights

**Bulgarian GDP growth accelerated to 2.2% yoy s.a. in Q2 2015** on the account of higher domestic demand. Households' consumption was supported by real wage growth. Government expenditures also increased, while gross fixed capital formation decelerated somewhat. All economic sectors except construction had positive contribution to the growth of GVA, up by 1.8% yoy s.a.

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**Short-term business statistics** showed somewhat mixed performance, as the increase of industrial production and turnover decelerated; retail sales also followed downward dynamics, while the construction production index initially returned to growth in June and decreased subsequently. In July the **business climate indicator** also fell due to deterioration of expectations in all sectors but increased again in August.

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The positive **employment developments** weakened in the second quarter of 2015, as the overall employment number in Q2 2015 went up by 0.2% yoy. **The unemployment rate (LFS)**, on the other hand, went below 10% for the first time since mid-2010 and stood at 9.9%, down 1.5 pps on a year earlier.

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The annual rate of increase of labor incomes accelerated further in Q2 2015. The **average wage** in the country stepped up by 7.6% yoy in nominal terms, up by 8.2% yoy in real terms. **Labor productivity** expanded by 2.2% yoy in real terms in the second quarter, thus the growth of **unit labor cost (ULC)** slowed further down, up by a marginal 0.1% yoy.

**Consumer prices** registered marginal positive changes in July and August, up by 0.2% and 0.1% mom, respectively, largely on the account of seasonal factors. The negative annual inflation rate widened somewhat to -1% yoy in July and decelerated subsequently to -0.8% yoy in August.

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In January-June, **the current account balance** reached 0.8% of projected GDP (EUR 324 mln) compared with a deficit of 0.4% in H1 2014. The **financial account balance** in the period came in negative at 3.5% of projected GDP (EUR 1 512 mln) as the decline in total foreign assets surpassed the decline in liabilities. **Inward foreign investment** came at 1.8% of GDP.

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**Gross external debt** (GED) amounted to EUR 38.33 bn as of end-June (89.7% of projected GDP against 94.7% as of end-2014).

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**Consolidated budget balance** was positive at BGN 789.4 mln on cash basis at the end of July, amounting to 0.9% of projected GDP. The balance improved significantly, as the annual increase in total revenues and grants exceeded total expenditure growth. ●

# Recent economic developments

## GROSS DOMESTIC PRODUCT

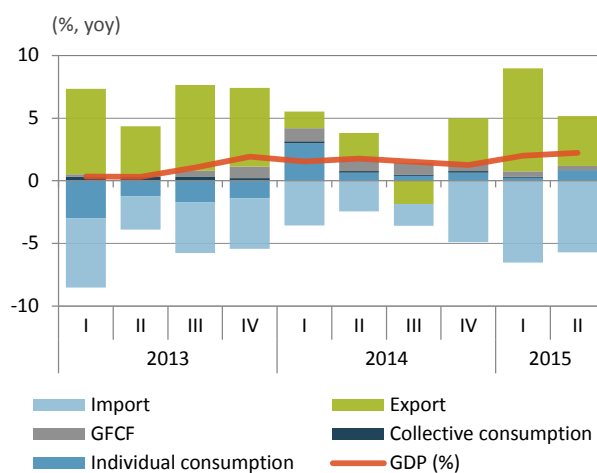
**GDP growth accelerated to 2.2% yoy s.a. in Q2 2015** on the account of higher domestic demand. Households' consumption growth reached 1.5% supported by real wage growth. Government expenditures also increased, up by 2.1% and 0.3% for individual and collective consumption respectively. The growth of fixed investments decelerated to 1.5%. According to data on expenditures for fixed assets acquisition, there was a decrease registered in industry, while services reported higher investments, mainly in public administration, education, and health. Growth of export also decelerated reaching 6.1% yoy, whereas import went up by 8.5%.

All economic sectors except construction had positive contribution to the growth of **GVA, up by 1.8% yoy s.a.** The expansion in manufacturing reached 3.2%. The other activities with major contribution to the economic performance were *real estate activities* (up by 6.2%); *trade; transportation; accommodation* (up by 1.2%); *professional, scientific and administrative activities* (up by 5.3%).

## SHORT-TERM BUSINESS STATISTICS

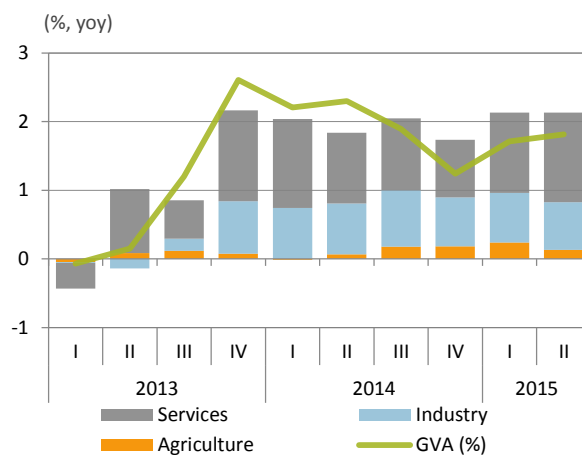
**Industrial turnover<sup>1</sup>** accelerated its growth to 2.8% yoy in June supported by strong domestic sales, up 3.2%, but its rate of increase slowed down to 0.9% yoy in July as domestic industrial turnover reported 0.2% decline. *Energy products* continued to be a major drag on growth. Foreign turnover in-

Fig. 1: Contributions to GDP growth



Source: NSI

Fig. 2: Contributions to GVA growth



Source: NSI

<sup>1</sup> 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.

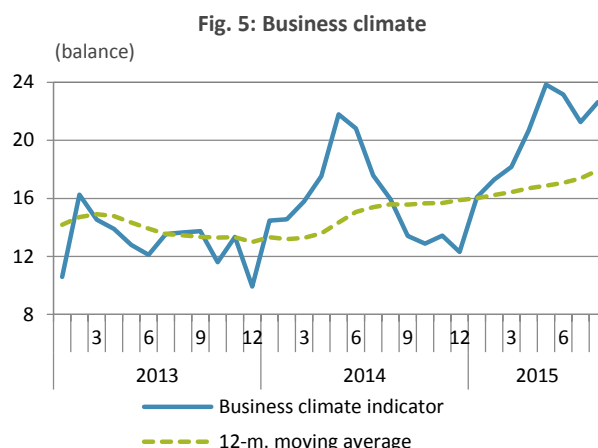
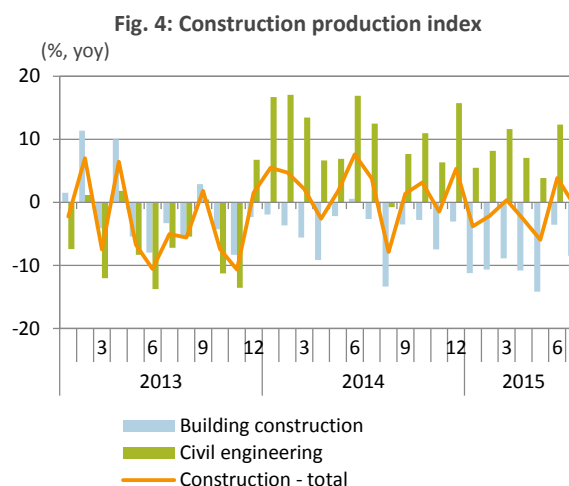
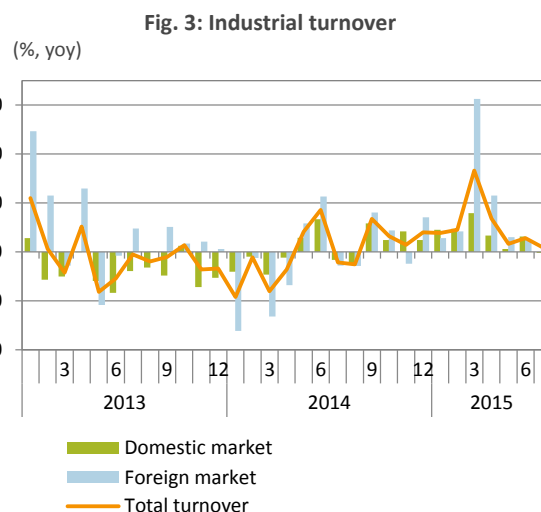
creased by 2.4% yoy in both June and July. *Manufacture of motor vehicles, trailers and semi-trailers, mainly manufacture of parts and accessories for motor vehicles* continued to report stable growth and had one of the highest positive contributions for the increase in both months. *Manufacture of rubber, plastic products and other non-metallic mineral products* also supported the registered growth in June while *manufacture of chemical products* and *manufacture of basic metals* were leading for the increase in July.

The growth of **industrial production** slowed down to 3.4% yoy in July compared to an annual increase of 7.3% in June. The observed downward trend was mainly due to the development in *manufacturing* as *manufacture of food products* and *manufacture of basic metals* which have one of the highest shares in industrial production, reported weak performance in July. At the same time, *manufacture of chemical products* contributed the most for the reported growth.

**Retail sales** also followed downward dynamics and increased by only 0.3% yoy in July compared to a growth of 3% in June. *Retail sales of food, beverages and tobacco* posted the largest decrease of 4.9% compared to the same period of the previous year, followed by *retail sales of textiles, clothing, footwear and leather goods*, down 4.6%. *Retail sales of audio and video equipment* and *retail sales of medical and orthopedic goods* posted the largest increase, up 12.7% and 11.3%, respectively.

**Construction production index** returned to growth in June, up 3.8% yoy, due to the strong performance of *civil engineering*, up by 12.3%, while the slump in *building construction* slowed down to 3.6% yoy. Although the observed recovery was also supported by an increase of *building permits* in Q2 2015, the construction index decreased again in July, down 0.3% yoy. The growth of *civil engineering* slowed down to 9%, while the decrease of *building construction* deepened to 8.4% yoy.

In July the **business climate indicator** fell due to deterioration of expectations in all sectors but the indicator increased again in August. The assessment of the present business situation of enterprises improved in all sectors but respondent were still



reserved about the future. In both months an increase in domestic orders was reported in industry, while in retail there was growth in sales. In July the survey reported an increase in demand for services, which narrowed in August. The construction activity in both months improved.

### LABOUR MARKET AND INCOMES

The positive **employment developments** weakened in the second quarter of 2015. The overall employment number in Q2 went up by 0.2% yoy (ESA 2010) driven particularly by the industrial sector. Jobs in manufacturing continued increasing and employment grew by 1.9% sustained by industrial production and export expansion. Construction also had positive impact on the overall employment due mainly to the higher activity in the civil construction. On the contrary, agriculture and services' sectors reported decrease in employed numbers compared to the same period of the previous year and held back the employment progress. Self-employment in agriculture went down on the account of poor results in gross value added, while the decrease in services was driven largely by the *trade, transport and hotels and restaurants* subsector, the latter being explained by the drop in the number of employees in hotels and restaurants, according to the survey on enterprises.

The **unemployment rate** (LFS) went below 10% for the first time since mid-2010 and stood at 9.9% as of Q2 2015, down 1.5 pps on a year earlier. The downward trend was supported mainly by the positive employment developments; however, more than 1/3 of the decrease in the unemployed was due to the continuing labor force contraction. Together with the negative demographic factors, the retirement age freeze from the last two years also contributed for the labor force contraction in yoy terms. According to NSSI data, the number of new pensioners increased by 15.6% yoy in the first half of 2015. For the record, their increase in 2014 stood above 22%, while in 2013 there was a downward trend in line with the rise in the retirement age.

Fig. 6: Employment dynamics and contribution by sectors

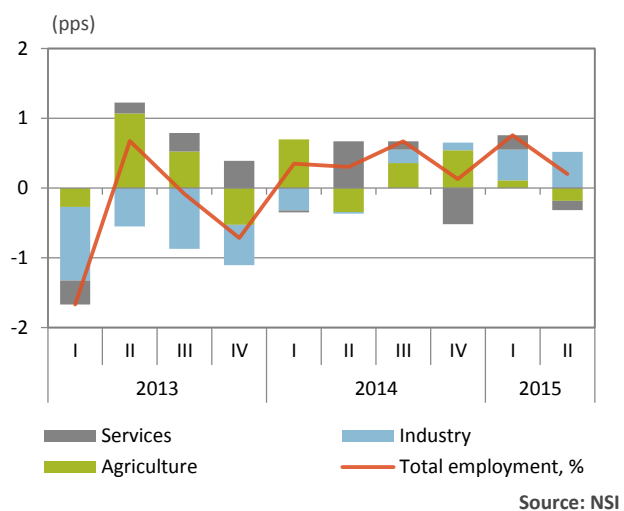
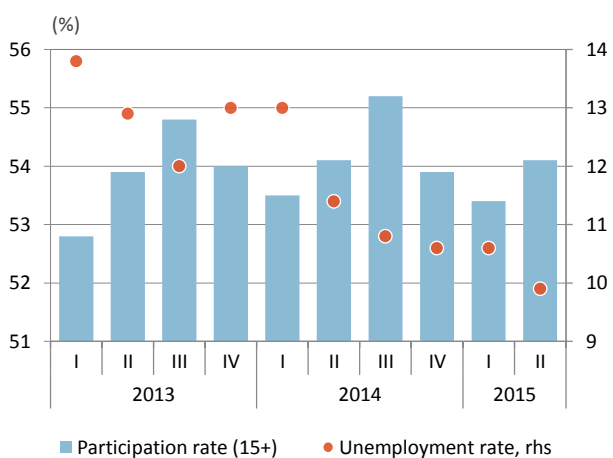


Fig. 7: Unemployment and participation rates



**Registered unemployment rate** continued decreasing during the summer months and according to preliminary EA figures it came to 9.3% as of the end of August.

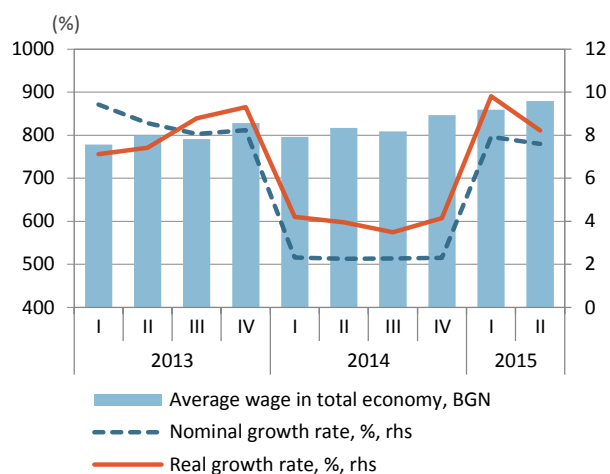
The rate of increase of labor incomes accelerated further in Q2 2015 compared to a year earlier. The country's **average wage** stepped up by 7.6% yoy in nominal terms, while the HICP deflated real wage growth reached 8.2% yoy. Recent developments were mainly driven by the growth of private sector wages, up by 9.2% yoy, which was higher than the 3.5% increase in public sector wages. The upward trend of wage dynamics in Q2 was supported by activities in the services' sector, i.e. *administrative* (up 16.5%), *professional* (up 12.7%) and *informational activities* (up 11.7%), and *trade* (up 9.3%). The largest wage growth in manufacturing was registered in activities, which had a major contribution for the increase in foreign industrial turnover index.

**Labor productivity** expanded by 2.2% yoy in real terms in Q2 2015, up from 1.8% in the same quarter of 2014, and its growth rate remained close compared to the previous quarter dynamics (2.3% yoy). Positive contribution to the overall productivity dynamics had services (up by 2.3% yoy), followed by industry (up by 1%), while productivity in agriculture stepped down by 0.9% yoy. Due to the recent upward productivity trend, the growth of **unit labor cost (ULC)** slowed further down, up by a marginal 0.1% yoy in real terms. In the period under consideration, real ULC in services decreased by 1.4% yoy, while labor costs in manufacturing increased by a lower rate, up 1.9% yoy. Following the GVA price deflator increase, nominal ULC stepped up by 3.1% yoy.

## INFLATION DYNAMICS

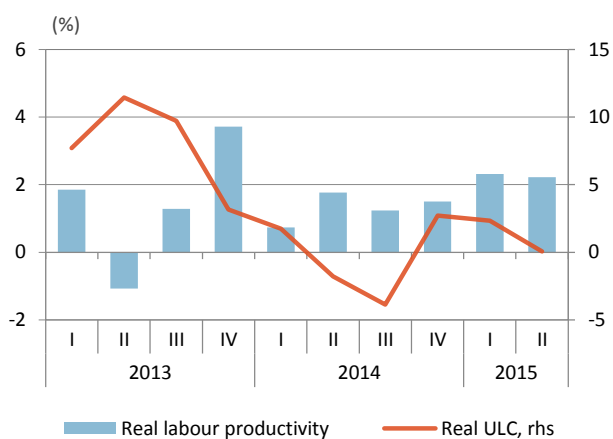
**Consumer prices** registered marginal positive changes in July and August, up by 0.2% and 0.1% mom, respectively. The reported increase in the headline index in July was largely due to the increase in services prices, up 2.1% mom, on the account of higher prices of accommodation in resorts and package holidays, up by 15.5% and 13.4% mom respectively, as

Fig. 8: Average wage developments



Source: NSI

Fig. 9: Labor productivity and real unit labor cost developments in total economy



Source: NSI, MF

well as international airfares, up by 9.4% mom. Their positive contribution has been partially compensated by the 3.4% decrease in prices of unprocessed food.

As for price developments in August, the positive contribution from the 0.6% increase in food prices (+0.14 pps), almost fully due to higher prices of fresh vegetables and fruits, has been largely offset by the decrease in energy prices, down by 1.3% (-0.12 pps). The observed supply glut on the international oil market and the currency devaluation in China kept crude oil prices subdued in the second half of the month which, together with the strengthening of the euro against the US dollar, largely accounted for the registered drop in domestic fuels prices, down by an average of 1.4% mom. Prices of international airfares continued on the increase, up by another 10.6% mom in August, and largely accounted for the increase in prices of services during the month. Their positive contribution, however, has been also compensated to a large extent by the lower prices of clothing and footwear, down by 2.1%.

The negative annual inflation rate widened somewhat to -1% in July and decelerated afterwards to -0.8% in August.

### EXTERNAL SECTOR

In January-June, the **current account balance** reached 0.8% of projected GDP (EUR 324 mln) compared with a deficit of 0.4% in H1 2014. CAB dynamics in May followed the trend from the first months of 2015, when export of goods and services growth outpaced the increase in imports and EU transfers gave additional impetus to the CA balance. In June, however, the decline in services export became more pronounced with declines in all sub-articles and two-digit decrease in travel, transport and other services. Since BOP statistics represent nominal values, the drop in transport is not necessarily linked with lower services provision, but could reflect the substantial decline in oil prices. Lower travel receipts were associated with the lower number of foreign visitors in the country (EU citizens, Russians and Ukrainians), although there was an increase in prices of accommodation and restaurants.

Fig. 10: HICP and contributions by main components

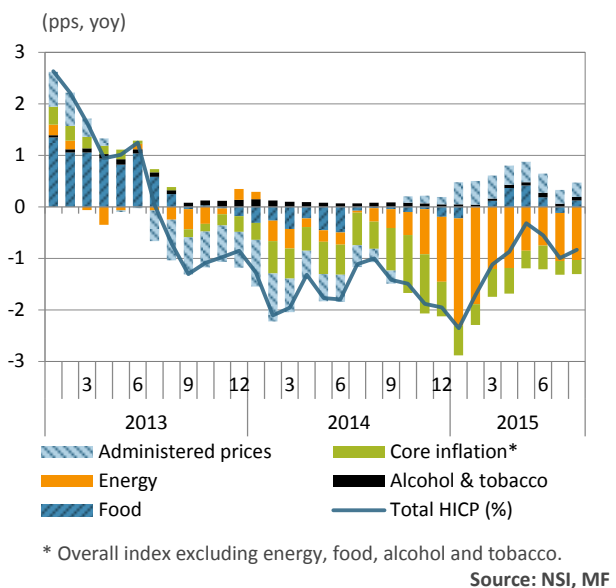
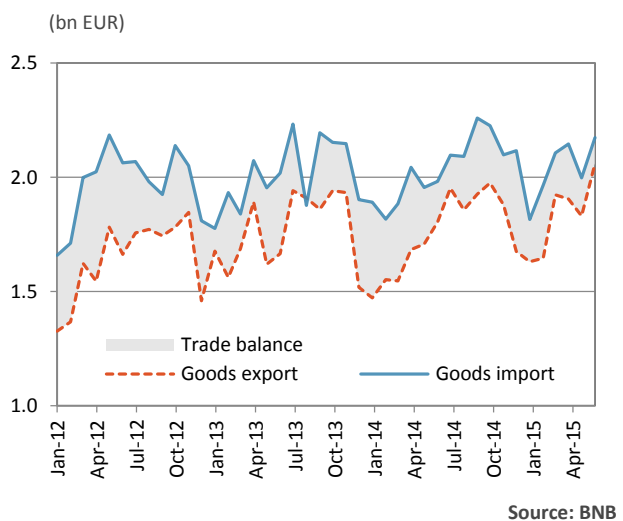


Fig. 11: Merchandise trade dynamics





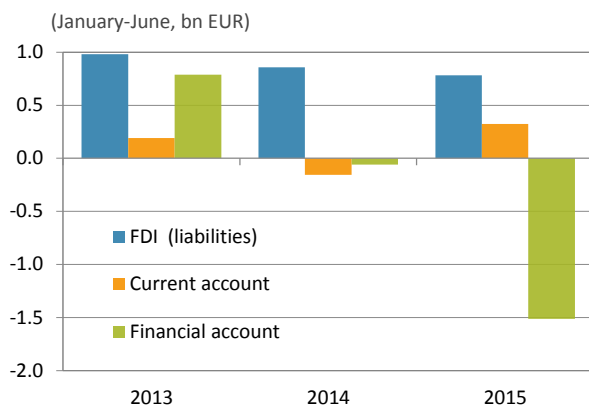
The **financial account balance** in H1 came in negative at 3.5% of projected GDP (EUR 1 512 mln) as the decline in total foreign assets surpassed the decline in liabilities in the first six months of the year. Inward foreign investment came at 1.8% of GDP. Financial account balance stood at EUR 56.6 mln and EUR 78.7 mln, in May and June respectively.

**Gross External debt (GED)** amounted to EUR 38.33 bn as of end-June, decreasing to 89.7% of projected GDP. The dynamics in GED positions was substantial in May. Commercial banks were reducing their external debt and disbursed significant portion of their short-term loans. That led to EUR 982.5 mln mom reduction of their external debt. The decline was partially compensated by a new EUR 482.6 mln debt issued by other sectors (mainly short-term loans) and a rise of intercompany lending, up by EUR 200 mln mom. Eventually, GED declined by EUR 379.7 mln compared to the previous month to EUR 38.43 bn as of end-May or 89.9% of projected GDP. In June, the change in the GED positions was small. Banks' external debt inched up by EUR 76.3 mln mom and hit 9.7% of GDP, while the external debt of other sectors declined by EUR 88.6 mln to 28.3% of GDP as some long-term loans were paid back. Intercompany lending stayed practically unchanged over the month. The share of short-term external debt declined to 20.7% of total GED as of end-June against 21.8% in April.

### FINANCIAL SECTOR

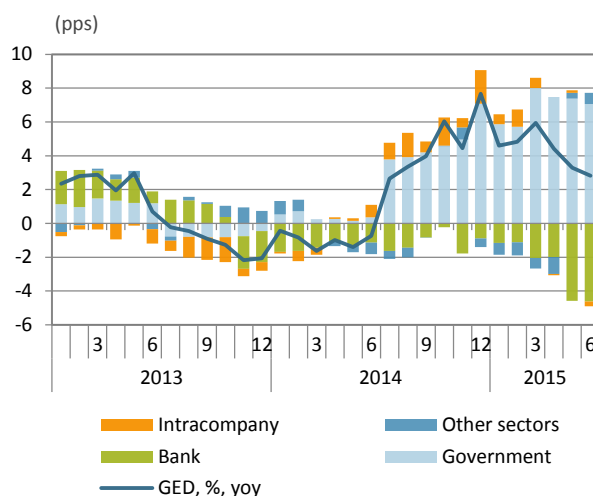
**International reserves** recorded a 2.1% monthly growth in July, followed by a 1.7% mom increase in August to EUR 20 bn. Notes in circulation and bank reserves were responsible for the growth of reserves in both months after expanding by 3.8% and 5% mom in July, and by 1.8% and 3.1% respectively in August. Despite the upward monthly dynamics, the annual growth rate of international reserves slowed down from 34.2% at the end of June to 29.7% as of end-July and then recovered slightly to 30.3% in August. Behind these dynamics stood the base effect from the EUR 1.5 bn Eurobond issue in July 2014 which increased the Government deposit in the BNB. The monetary base coverage declined subsequently to

Fig. 12: FDI, Current and Financial Account



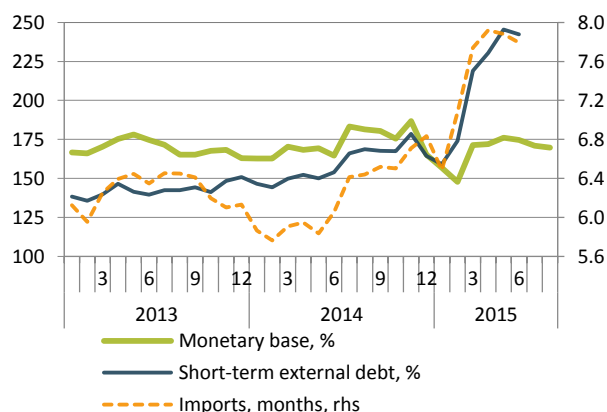
Source: BNB

Fig. 13: Contributions to GED growth



Source: BNB

Fig. 14: Coverage with FX Reserves



Source: BNB, MF

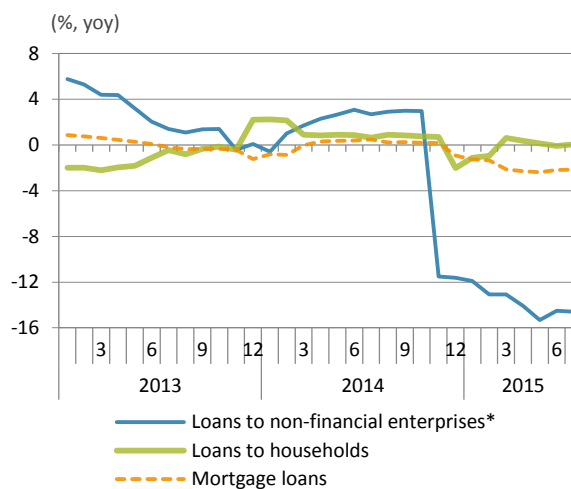
170.8% in July and 169.6% in August, coming from 174.6% at the end of June. The level of international reserves as of end-June was enough to cover 7.8 months of imports or 242.4% of the short-term external debt.

The annual growth of **money supply** accelerated to 2.5% in June, coming from 1% as of end-May, and then increased again in July, up 3.5%. It could be attributed mainly to dynamics of deposits with agreed maturity, as their decrease narrowed to just 2.5% yoy in June (from 7.4% as of end-May) after which they grew by 0.4% yoy in July. Liquid aggregate M1 slowed down during the period from 14.4% at the end of May to 11.4% at the end of July. Total deposits returned on positive territory in June and grew by 1.4% yoy after a 0.8% slump at the end of May. In July they accelerated further to 2% yoy. The positive developments came behind a 0.5% and a 1.3% mom increases respectively in June and July, both led exclusively by the growth of deposits of non-financial corporations. Households' deposits recorded only marginal increases in June and July on a monthly basis, but their contribution to the annual growth of total deposits increased due to the base effect from deposit withdrawals a year earlier.

**Credit to the private sector** in June moved to positive territory and increased by 1% mom, while it decreased by 0.1% mom in July. Corporate credit dynamics in June and July was similar. The monthly growth of loans to NFCs shifted to a decrease of 0.3% in July, while a month earlier it peaked up to its highest level from the beginning of the year of 1.4% mom. Consumer credit grew marginally by 0.2% mom in July, while in June its monthly growth stood close to zero. Mortgage deals' monthly growth in June returned to positive territory as well, but it grew only marginally by 0.2%. In July their outstanding amount shrank with 0.1% mom. Bad and restructured loans shrank by 4.9% yoy in June and 5.4% in July. Their share in total credits for firms and households decreased more distinctly in June to 18.7% coming from 19.1% in May and in July reached 18.6% - their lowest level from the beginning of the year.

**Weighted average interest rates on credits** to non-financial

Fig. 15: Credit growth



\* The reported break in the data series in November 2014 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

corporations dynamics was diverse, as in June they went down slightly by 7 bps over May to 6.2%, while in July rose up with 84 bps on a monthly basis. The monthly volume of new corporate loans increased significantly in these two months with 77% and 30% mom in June and July, respectively. On a monthly basis the price of new mortgages continued their pronounced trend of decreasing shrinking with 18 bps in June and 17 bps in July. Consumer credits' price registered a slight monthly decrease in June down by 10 bps, while in July it increased with 18 bps.

**Table 1: Weighted average interest rate on new credits to households and non-financial companies, in %**

	July 2014	June 2015	July 2015
<b>Non-financial companies</b>	5.91	6.21	7.04
<b>Consumer credits</b>	11.06	10.26	10.43
<b>Mortgages</b>	6.59	5.85	5.69

Source: BNB, MF

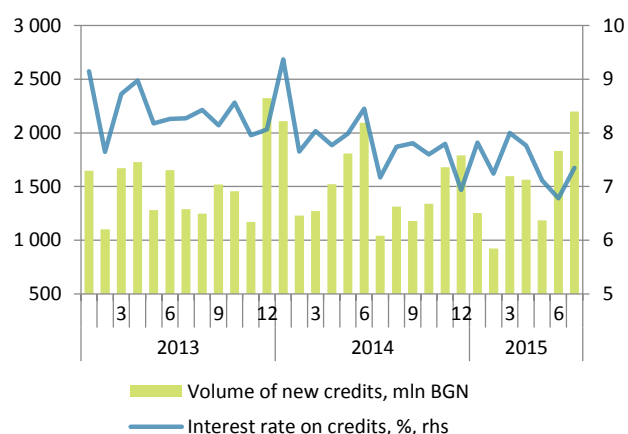
**Weighted average interest rates on time deposits** in BGN, EUR and USD continued slightly to decline in June and July, while the volume of new time deposits in all three currencies slightly increased on a monthly basis. The average rate on USD denominated time deposits in June, decreased the most over end-May down by 5 bps, while in July the biggest drop was on BGN denominated deposits down by 10 bps. The return on EUR and USD denominated deposits in July dropped by 7 bps and 1 bps, respectively. The monthly volume of new deposits increased consequently in both months, as in June the monthly increase was even more pronounced with 15.1% vs. 13.7% in July. The monthly volume of new time deposits in July reached BGN 1.9 bn. which was by 19.6% less in annual terms.

**Table 2: Weighted average interest rate on new time deposits of households and non-financial companies, in %**

	July 2014	June 2015	July 2015
<b>BGN</b>	2.74	1.38	1.28
<b>EUR</b>	2.27	1.18	1.12
<b>USD</b>	1.67	0.77	0.76

Source: BNB, MF

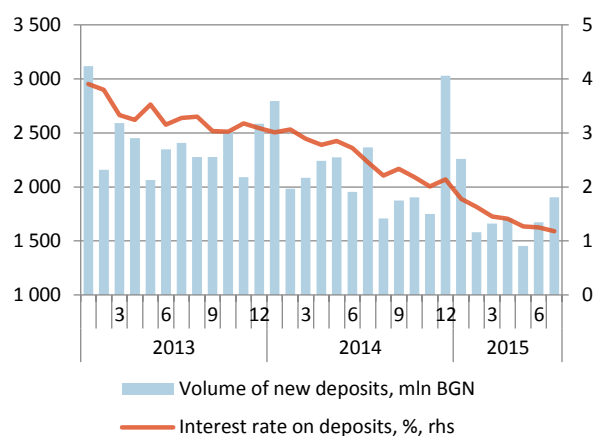
**Fig. 16: Interest rate\* and volume of new credits (households and companies)**



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

Source: BNB, MF

**Fig. 17: Interest rate\* and volume of new time deposits (households and companies)**



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

Source: BNB, MF

## FISCAL DEVELOPMENTS

**Consolidated budget balance** was positive at BGN 789.4 mln on a cash basis at the end of July, amounting to 0.9% of projected GDP. Total revenue and grants accounted for 62.7% of the annual budgetary plan, while total expenditure equaled 55.5% at end-July. The balance improved significantly compared to the deficit of 1.4% of GDP registered in January-July 2014, as the annual increase in total revenues and grants exceeded total expenditure growth for the period under consideration.

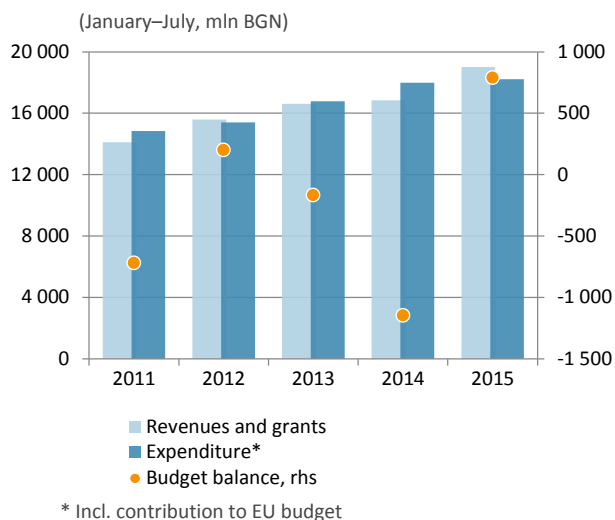
**Total revenues and grants** increased by 12.9% yoy in January-July 2015. Tax receipts grew by 9.4% yoy, being higher compared to the same period last year in all main tax categories. Revenues from direct taxes increased by 5.3% yoy, indirect taxes were up by 11.6%, and receipts from social and health insurance contributions grew by 9.3% yoy. Total tax revenue on the consolidated budget amounted to 60.1% of the annual plan, non-tax receipts stood at 69.5%, and grants - at 75.5%. Non-tax revenue grew by 4.5% yoy during the period. Grants were 1.6 times higher than the same period of the previous year.

**Total expenditure**, including the contribution to the EU budget, came higher by 1.3% for the first seven months of 2015 compared to a year earlier. It was due mainly to the increase of capital expenditure and social payments, up by 15.3% and 2.1% respectively. Expenditure on maintenance and subsidies decreased, by 6.2% and 4.4% yoy.

**Fiscal reserve** accounted for BGN 11.2 bn at the end of July, including BGN 10.7 bn deposits in BNB and banks, and BGN 0.5 bn receivables under the EU funds for certified expenditure, advance payments, etc.

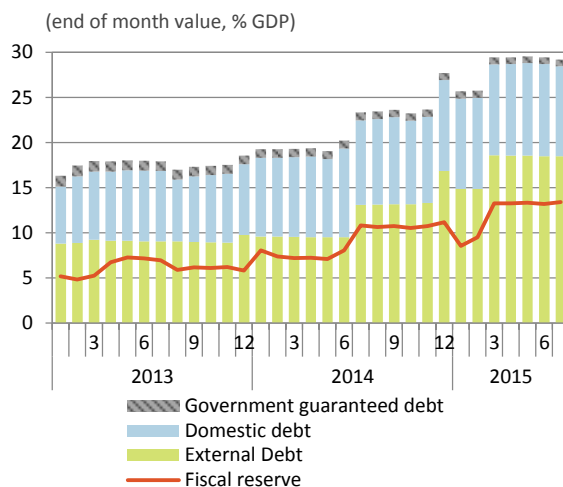
**Government debt** at the end of July amounted to 28.4% of projected GDP. Government guaranteed debt was 0.7% of GDP. ●

Fig. 18: Consolidated budget



Source: BNB, MF

Fig. 19: GG debt and fiscal reserve



Source: MF

# Key Economic Indicators

		Annual data			Quarterly data				Monthly data						
		2012	2013	2014	Q3'14	Q4'14	Q1'15	Q2'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	Jul'15	Aug'15
<b>— GDP</b>															
Gross Domestic Product <sup>1</sup>	% , yoy	0.5	1.1	1.7	1.5	1.3	2.0	2.2	-	-	-	-	-	-	-
Consumption	% , yoy	2.9	-1.3	2.4	0.8	1.4	1.1	1.5	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	2.0	-0.1	2.8	4.4	3.3	2.1	1.5	-	-	-	-	-	-	-
Export	% , yoy	0.8	9.2	2.2	-2.8	5.4	12.9	6.1	-	-	-	-	-	-	-
Import	% , yoy	4.5	4.9	3.8	2.6	7.5	9.7	8.5	-	-	-	-	-	-	-
Agriculture	% , yoy	-7.3	3.3	5.2	3.7	3.9	5.1	2.8	-	-	-	-	-	-	-
Industry	% , yoy	1.6	-0.1	2.0	2.8	2.5	2.5	2.4	-	-	-	-	-	-	-
Services	% , yoy	-0.8	1.6	1.2	1.6	1.3	1.8	2.0	-	-	-	-	-	-	-
Adjustments	% , yoy	6.9	0.3	2.1	2.5	3.7	6.0	4.0	-	-	-	-	-	-	-
<b>— Short-term business statistics</b>															
Industrial production	% , yoy	-0.4	-0.1	1.8	-0.5	0.4	2.1	4.3	2.5	4.1	1.7	3.9	7.3	3.4	-
Industrial turnover	% , yoy	2.3	-1.0	0.0	0.5	2.9	8.2	3.7	4.5	16.6	6.8	1.6	2.8	0.9	-
Retail trade turnover	% , yoy	5.3	3.8	4.4	4.4	4.0	3.1	1.7	4.2	0.9	0.7	1.3	3.0	0.3	-
Construction output	% , yoy	-0.8	-3.7	1.8	-1.0	2.2	-1.8	-1.5	-2.1	0.4	-2.7	-5.9	3.8	-0.3	-
Total business climate	balance	14.3	13.0	15.9	15.6	12.9	17.2	22.6	17.3	18.2	20.7	23.8	23.1	21.3	22.6
Industry	balance	21.3	15.6	18.2	18.5	15.5	22.3	25.0	22.3	24.6	25.1	24.9	25.1	22.2	24.3
Retail trade	balance	16.4	19.7	24.0	22.7	22.2	20.8	29.1	21.9	20.9	26.2	31.9	29.2	28.6	31.6
Construction	balance	0.3	2.0	7.3	9.7	4.8	9.8	18.0	11.6	8.0	16.4	18.9	18.6	19.2	19.1
Services	balance	12.2	12.2	11.7	8.9	6.4	10.7	15.6	8.2	12.6	10.5	18.6	17.7	14.1	13.9
<b>— Labor market</b>															
Participation rate (15+)	level	53.1	53.9	54.1	55.2	53.9	53.4	54.1	-	-	-	-	-	-	-
Employment rate (15+)	level	46.6	46.9	48.2	49.3	48.2	47.7	48.7	-	-	-	-	-	-	-
Employment (LFS)	% , yoy	-2.5	-0.4	0.4	0.7	0.1	0.8	0.2	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	12.3	12.9	11.4	10.8	10.6	10.6	9.9	-	-	-	-	-	-	-
Unemployment rate (Employment agency)	level	11.1	11.3	11.2	10.5	10.7	11.0	10.1	11.0	11.0	10.7	10.1	9.6	9.4	9.3
Nominal wage	% , yoy	6.6	6.0	6.8	2.3	2.3	7.9	7.6	7.6	8.5	7.6	7.0	8.2	-	-
Real wage <sup>2</sup>	% , yoy	4.1	5.6	8.5	3.5	4.1	9.8	8.2	9.4	9.7	8.5	7.3	8.8	-	-
Labor productivity (GDP per employed)	% , yoy	3.1	1.5	1.3	1.2	1.5	2.3	2.2	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	2.9	8.0	-0.5	-3.9	2.7	2.3	0.1	-	-	-	-	-	-	-
<b>— Prices</b>															
National index of consumer prices (CPI)	% , yoy	3.0	0.9	-1.4	-0.8	-0.6	-0.5	0.6	-0.5	0.1	0.5	0.9	0.4	-0.2	0.0
Harmonized index of consumer prices (HICP)	% , yoy	2.4	0.4	-1.6	-1.2	-1.8	-1.7	-0.6	-1.7	-1.1	-0.9	-0.3	-0.6	-1.0	-0.8
Domestic producer prices	% , yoy	5.4	-1.3	-0.9	-0.8	0.0	-1.1	-0.4	-1.2	-0.4	-0.6	-0.4	-0.3	-0.7	-
<b>— Consolidated fiscal program (cumulative)</b>															
Revenues and grants	mIn BGN	27 470	28 981	29 409	21 556	29 409	7 795	-	4 762	7 796	11 330	13 819	16 303	19 020	-
Total expenses	mIn BGN	27 828	30 430	32 482	23 035	32 482	7 539	-	4 867	7 539	10 263	12 727	15 413	18 230	-
Contribution to EU budget	mIn BGN	809	934	955	700	955	302	-	226	302	376	451	505	540	-
Cash deficit (-) / surplus (+)	mIn BGN	-358	-1 448	-3 073	-1 479	-3 073	256	-	-106	257	1 067	1 091	890	789	-
	% of GDP	-0.4	-1.8	-3.7	-1.8	-3.7	0.3	-	-0.1	0.3	1.3	1.3	1.1	0.9	-
Government debt (incl. guaranteed debt)	mIn BGN	14 683	14 893	22 753	19 409	22 753	24 606	-	21 503	24 607	24 609	24 699	24 584	24 383	-
	% of GDP	18.3	18.6	27.7	23.6	27.7	29.4	-	25.7	29.4	29.4	29.6	29.4	29.2	-

		Annual data			Quarterly data				Monthly data						
		2012	2013	2014	Q3'14	Q4'14	Q1'15	Q2'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	Jul'15	Aug'15
Fiscal reserve <sup>3</sup>	mIn BGN	6 081	4 681	9 170	8 824	9 170	11 088	-	7 940	11 088	11 073	11 133	11 032	11 189	-
	%, yoy	21.6	-23.0	95.9	77.7	95.9	87.8	-	31.0	87.8	86.0	90.8	67.2	25.9	-
<b>— Financial sector</b>															
BNB International reserves	mIn EUR	15 552	14 426	16 534	15 564	16 534	18 963	19 224	17 180	18 963	19 467	19 380	19 224	19 633	19 974
Monetary base coverage	%	174.9	162.9	165.1	180.4	165.1	171.3	174.6	147.8	171.3	172.1	176.1	174.6	170.8	169.6
Coverage of import with FX reserves	months	6.7	6.1	6.4	6.5	6.8	7.7	7.8	7.1	7.7	7.9	7.9	7.8	-	-
Coverage of short-term external debt	%	150.2	150.9	166.0	167.6	164.3	219.0	242.4	174.0	219.0	230.5	245.5	242.4	-	-
Money M1 (Narrow money)	%, yoy	9.5	17.5	15.1	18.7	15.1	15.3	11.5	15.1	15.3	13.8	14.4	11.5	11.4	-
Money M3 (Broad money)	%, yoy	8.4	8.9	1.1	7.2	1.1	1.9	2.5	2.0	1.9	1.1	1.0	2.5	3.5	-
Deposits	%, yoy	8.4	9.4	-0.5	6.6	-0.5	0.3	1.4	0.5	0.3	-0.5	-0.8	1.4	2.0	-
Credit to private sector	%, yoy	3.0	0.2	-8.2	2.6	-8.2	-8.9	-9.8	-9.0	-8.9	-9.4	-10.4	-9.8	-10.0	-
Credit to non-financial enterprises	%, yoy	5.0	0.1	-11.6	3.0	-11.6	-13.1	-14.5	-13.1	-13.1	-14.1	-15.3	-14.5	-14.6	-
Credit to households	%, yoy	-1.0	-0.2	-1.6	0.1	-1.6	-1.8	-1.8	-2.0	-1.8	-1.7	-1.9	-1.8	-1.7	-
Interest rate on short-term loans	%	7.6	7.9	7.4	7.1	7.0	8.5	6.8	9.4	9.5	7.8	8.6	6.8	5.9	-
Interest rate on time deposits	%	4.3	3.5	2.7	2.5	2.3	1.8	1.4	1.7	1.6	1.6	1.4	1.4	1.3	-
Exchange rate BGN/USD	eop	1.48	1.42	1.61	1.55	1.61	1.82	1.75	1.74	1.82	1.74	1.78	1.75	1.78	1.74
	per. av.	1.52	1.47	1.47	1.48	1.57	1.81	1.74	1.72	1.81	1.81	1.76	1.74	1.78	1.76
<b>— Gross External Debt (GED)</b>															
Gross external debt	% of GDP	92.2	90.0	94.7	92.2	94.7	92.1	89.7	90.8	92.1	90.8	89.9	89.7	-	-
Short-term external debt	% of GED	27.5	25.9	25.3	24.0	25.3	22.0	20.7	25.4	22.0	21.8	20.5	20.7	-	-
Intercompany lending	% of GED	41.4	41.8	40.7	41.6	40.7	40.4	41.8	41.0	40.4	40.8	41.8	41.8	-	-
<b>— Balance of payments<sup>4</sup></b>															
Current account	mIn EUR	-108	765	359	1 097	-581	263	61	-148	466	-108	43	126	-	-
<i>Current account (moving average)</i>	% of GDP	-0.3	1.9	0.9	1.1	0.9	1.8	2.0	1.5	1.8	2.2	2.4	2.0	-	-
Trade balance	mIn EUR	-3 947	-2 891	-3 429	-710	-910	-689	-522	-319	-184	-241	-167	-113	-	-
<i>Trade balance (moving average)</i>	% of GDP	-9.6	-7.0	-8.2	-8.0	-8.2	-7.3	-6.6	-7.7	-7.4	-7.1	-6.9	-6.7	-	-
Export, f.o.b.	mIn EUR	19 668	21 208	21 031	5 737	5 530	5 199	5 797	1 646	1 923	1 905	1 831	2 061	-	-
	%, yoy	3.2	7.8	-0.8	0.5	2.5	13.8	11.6	6.1	24.3	13.2	7.2	14.2	-	-
Import, f.o.b.	mIn EUR	23 615	24 099	24 461	6 447	6 440	5 888	6 319	1 965	2 107	2 146	1 998	2 174	-	-
	%, yoy	8.8	2.0	1.5	2.3	3.8	5.3	5.7	8.1	11.8	5.0	2.2	9.7	-	-
Capital account	mIn EUR	546	469	992	203	465	286	429	56	221	318	45	66	-	-
Financial account	mIn EUR	-1 164	1 422	-1 845	-656	-1 130	-1 379	-132	-1 419	-974	-268	57	79	-	-
Net Foreign Direct Investments	mIn EUR	-859	-1 129	-824	-169	-361	-435	-292	-106	-33	-112	-37	-144	-	-
Net Portfolio Investments	mIn EUR	2 016	1 161	1 871	1 241	553	1 378	-1 134	62	1 819	-353	-699	-83	-	-
Other Investments – net	mIn EUR	-350	700	2 056	1 219	838	-2 805	-749	-1 579	-1 936	-240	-753	243	-	-
Change in BNB reserve assets	mIn EUR	2 121	-532	1 810	1 182	864	2 121	481	1 565	1 721	570	-40	-50	-	-

## Notes:

1. Reference year 2010, seasonally and working days adjusted data;
2. HICP deflated;
3. Change in the structure of fiscal reserve as of 2014;
4. Data under BPM6.