

BULGARIAN ECONOMY

Monthly Report

5/2016

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

ISSN 2367-5020

Main topics:

- » Gross Domestic Product
- » Short-term Business Statistic
- » Labour Market and Incomes
- » Inflation
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Highlights

Bulgarian **GDP growth reached 3% yoy (nsa data) in Q1 2016** with positive contributions from both domestic demand and net export. The latter was dominated by the increase in export to EU, while private consumption went up due to the improvement in consumer confidence and the real increase in wages. Fixed investments also increased. On the supply side, services had the major contribution to the economic growth with **gross value added** up by 3% yoy.

Short-term business statistics showed some mixed performance in the beginning of the second quarter as the downward trend in industrial turnover persisted, industrial production growth slowed and the slump in construction output deepened. Only retail sales reported larger increase. Meanwhile, both survey indicators on **consumer confidence** and **business climate** improved in May.

Employment growth gained momentum in Q1 2016, as the overall employment number went up by 0.9% yoy supported by job creation in manufacturing and services. **Registered unemployment** went down to 9.3% in April.

These positive employment dynamics were accompanied by a continuing increase in **real labour productivity**, up 2.1% yoy in Q1 2016. On the other hand, both the higher compensation per employee and the positive GDP deflator contributed to the **unit labour cost** increase, up by 6.7% yoy and 4.1% yoy in nominal and real terms, respectively.

Consumer prices remained almost unchanged in May as compared to their April level. Thus, the negative annual inflation rate remained at -2.5% yoy, while the deflation rate accumulated for the first five months of the year stood at -1.5%.

CAB posted a EUR 185.1 mln surplus for the first three months of 2016. Although this was an improvement compared to a year earlier, its March performance was below the 2015 level.

The **gross external debt** (GED) stood at EUR 34.8 bn (76.3% of projected GDP) as at end-March. The indebtedness increased over the previous month following the Eurobond issue in March. Nevertheless, all other sectors reported improvement.

Consolidated fiscal surplus on a cash basis amounted to BGN 2.35 bn (2.6% of proj. GDP) as at end-April. As a ratio to GDP, the budget position improved by 1.4 pps on a year earlier on the account of higher revenues and lower expenditure compared to the first four months of 2015.

GROSS DOMESTIC PRODUCT

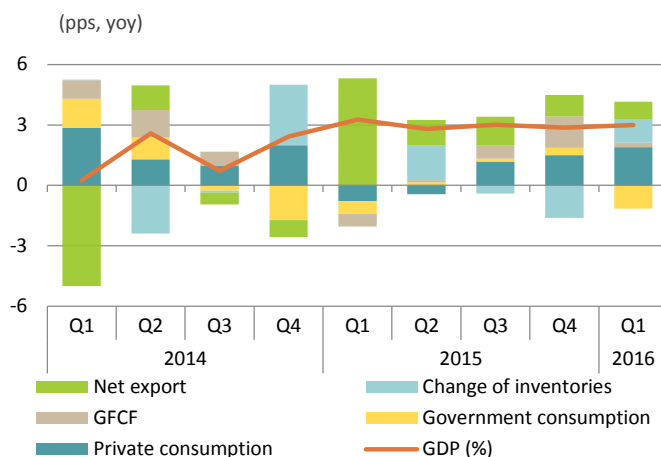
GDP growth reached 3% yoy in Q1 2016¹ (Fig. 1) with positive contributions from both domestic demand (2.1 pps) and net export (0.9 pps). The latter was dominated by the increase in export to EU and even though total export growth decelerated compared to Q4 2015, it still surpassed the increase in import. Private consumption went up by 2.9% yoy due to some improvement in the consumer confidence and the real increase in wages. Meanwhile, public consumption decreased by 6.3% reflecting the consolidation measures of the Government and the decrease in expenditure for maintenance and subsidies for the first three months of the year. Fixed investments were up by 1.4% on the back of higher expenditure for machinery and equipment and other buildings and structures.

On the supply side, **gross value added** (GVA) also increased by 3% yoy (Fig. 2). Services had the major contribution to the economic growth with all the activities in the sector on the increase. The value added in *trade; transportation; accommodation* went up by 4.5% on the back of higher private consumption. Manufacturing sector expanded by 5.4%, while the value added in construction decreased by 6.6% with slump in the activity both in *building construction* and *civil engineering*.

SHORT-TERM BUSINESS STATISTICS

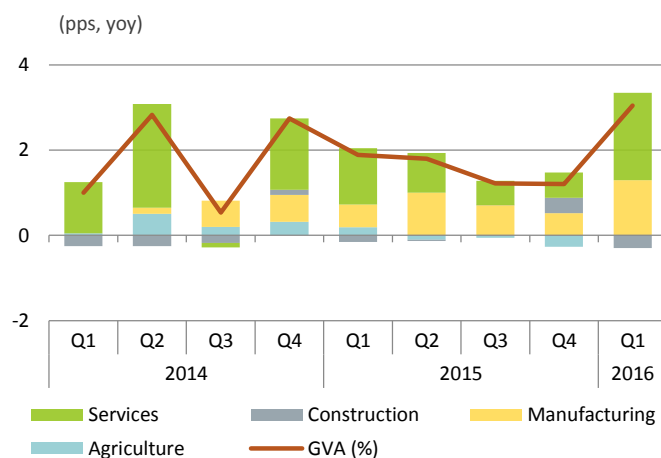
The downward trend in **industrial turnover**² that has been observed since the beginning of the year persisted in April, thus the index decreased by 7.2% yoy (Fig. 3). Whilst the decline in foreign industrial sales

Fig. 1: Contributions to GDP growth



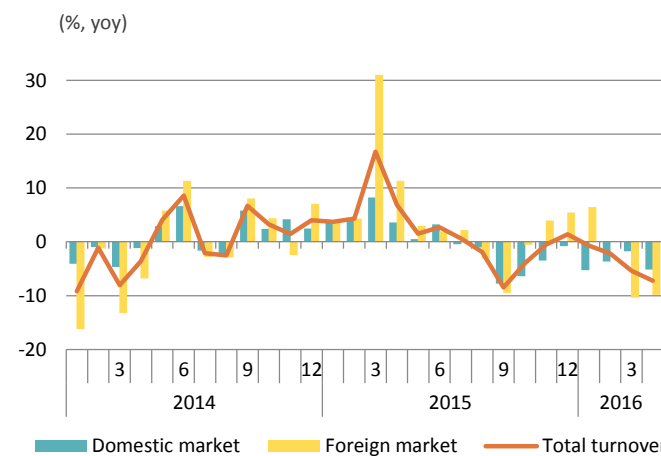
Source: NSI

Fig. 2: Contributions to GVA



Source: NSI

Fig. 3: Industrial turnover by components



Source: NSI

¹ Quarterly GDP growth rates are derived from chain-linked (2010) level series, not seasonally adjusted data.

² 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.

narrowed slightly to 9.8% yoy (from 10.4% yoy in March), the slump in domestic turnover deepened to 5.2% yoy (from 1.7% yoy in the previous month) outlining the dynamics of the headline indicator. Similar to previous months, *electricity, gas, steam and air conditioning supply* had the major contribution for the reported decrease in domestic sales. At the same time, manufacture of basic metals continued to be a major drag on foreign turnover growth.

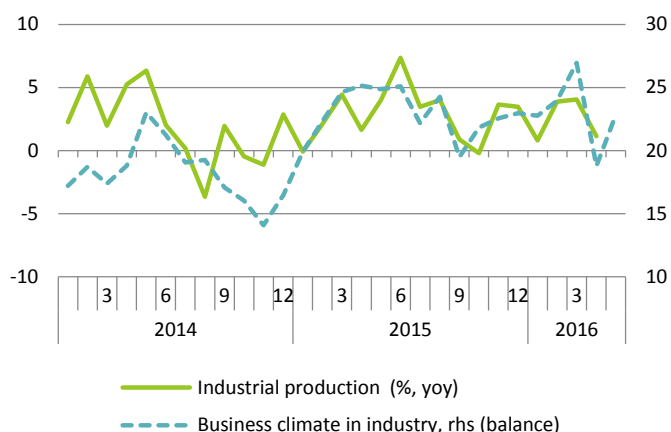
Industrial production growth slowed to 1.1% yoy in April from 4.1% yoy in March (Fig. 4). Various sectors reported weaker performance with *manufacture of food products, manufacture of rubber and plastics products, and manufacture of basic metals* being the most important for the overall development. Meanwhile, *manufacture of fabricated metal products, except machinery and equipment*, contributed the most for the reported growth for second consecutive month. After some worsening in April, the business climate indicator in industry improved in May, and expectations about the production activity over the next three months were optimistic.

The slump in the **construction production index** deepened to 9.4% yoy in April due to the steeper decline in civil engineering, down 7.7% yoy (Fig. 5). The decrease in building construction narrowed somewhat to 10.8% yoy. According to May business surveys, assessments and expectations of construction entrepreneurs about the business situation of the enterprises were more favourable.

Retail sales increased by 5.7% compared to April 2015. Once again, *retail sales of textiles, clothing, footwear and leather goods* reported the highest increase, up 22.4%, followed by *retail sales of food, beverages and tobacco*, up 13.1%. The May business surveys reported an increase in sales and improved expectations for the next months.

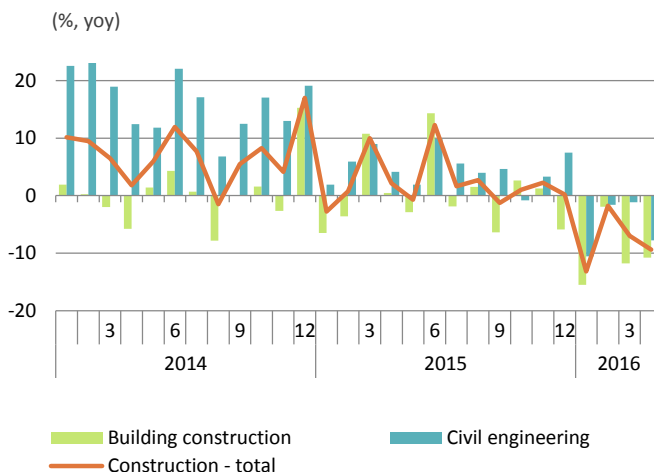
The **consumer confidence indicator** increased by 1.4 pps mom in May (Fig. 6) with improvement in consumers' attitude towards their foreseen expenditures for major purchases.

Fig. 4: Industrial production and sentiments



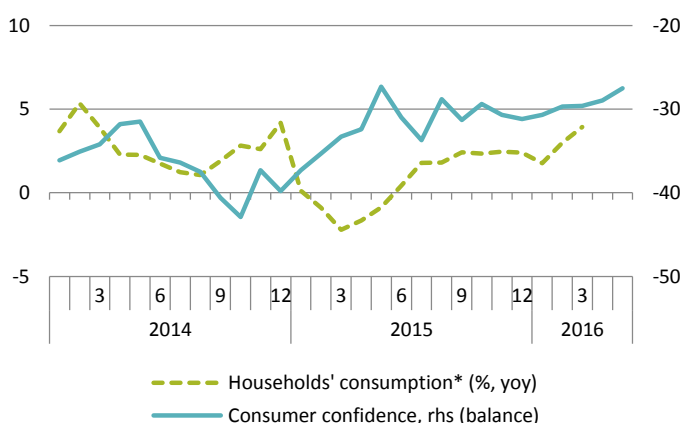
Source: NSI

Fig. 5: Construction production index



Source: NSI

Fig. 6: Consumer confidence and household consumption



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

Source: NSI

The business climate in services improved in May, with more favourable expectations regarding the demand in the next three months. As a result of optimistic assessments in all economic sectors, the **overall business climate** indicator increased by 4.9 pps compared to April (Fig. 7).

LABOUR MARKET AND INCOMES

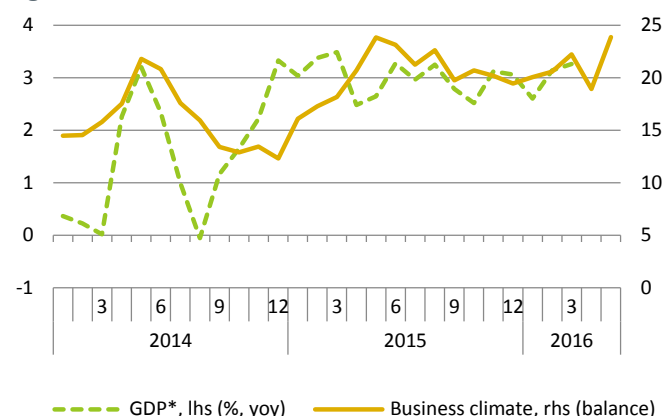
Employment growth (ESA 2010) gained momentum in Q1 2016 supported by job creation in *manufacturing* and *services* (Fig. 8 and 9). The overall employment number went up by 0.9% yoy, after the subdued growth since Q2 2015, ranging 0.2-0.3%. Economic activity in services strengthened in the beginning of 2016 backed by the positive employment developments in all subsectors, except for *public administration, education and health care*. Industrial employment growth was driven by *manufacturing* mainly on the back of export-oriented activities. Positive employment developments both in *manufacturing* and *services* were in line with the favourable expectations of employers which materialized in a further decrease in the unemployment rate.

Registered unemployment went down to 9.3% in April, as the downward trend was due to both the lower unemployment inflow and the revival of seasonal activities.

Positive employment dynamics were accompanied by a continuing increase in **real labour productivity**, up 2.1% yoy in Q1 2016. Current productivity developments mainly reflected a decrease in *construction*, down 5.8% yoy, and a slowdown in *services*, up 1.2% yoy. Nevertheless, productivity growth in *manufacturing*, as well as *trade, transport and hotels and restaurants* remained strong, up by 3.6% and 2.6% yoy, respectively.

Recent dynamics of wages, value added and prices resulted in **unit labour cost** increase, up by 6.7% and 4.1% yoy in nominal and real terms, respectively. Higher compensation per employee and GDP deflator

Fig. 7: Business climate and GDP



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

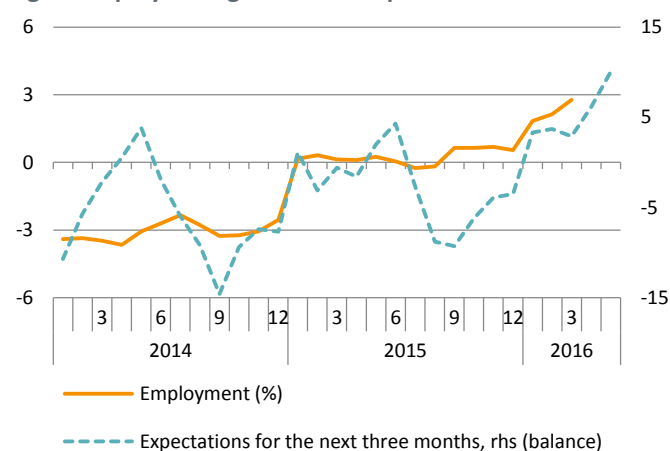
Source: NSI, MF

Fig. 8: Employment growth and expectations in manufacturing industry



Source: NSI

Fig. 9: Employment growth and expectations in services



Source: NSI

had the major positive contribution (Fig. 10); furthermore, the impact of the latter was more pronounced in *services*. *Construction* and *agriculture* reported the highest growth rates of real unit labour cost (RULC), while its increase in manufacturing, up 4.3% yoy, remained close to the country's average. RULC in services grew 2.4% yoy with a negative contribution from *trade, transport and hotels and restaurants*, down 2.2% yoy. Among export-oriented industries in manufacturing, the production index grew rather in line with gross wages, which was particularly evident in *manufacture of rubber, plastic and other non-metallic mineral products, manufacture of fabricated metal products, manufacture of other transport equipment, and manufacture of textile and wearing apparel*.

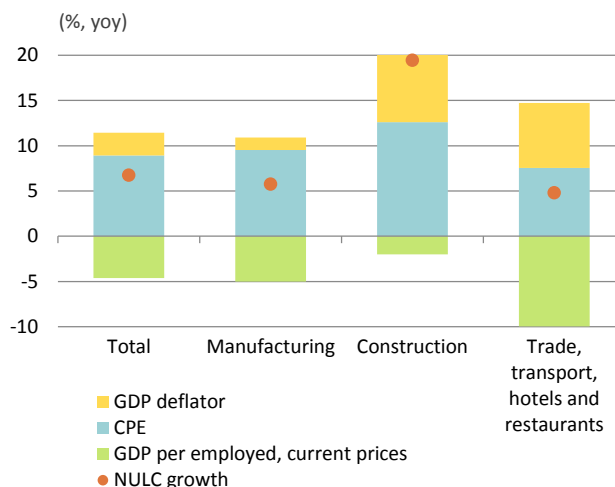
INFLATION

Consumer prices remained almost unchanged in May as compared to their level in April. Thus, the negative annual inflation rate remained at -2.5% yoy, while the deflation rate accumulated for the first five months of the year stood at -1.5%.

Energy prices began to increase as Brent prices followed an upward trend during the month and, subsequently, domestic fuel prices went up by 2.5% mom on average. Food prices also rose slightly, almost entirely on the account of seasonally higher prices of fruits and potatoes, as well as soft drinks. On the other hand, prices of market services decreased by 0.5% mom on average and almost offset the positive contribution of the two aforementioned components. It came on the back of the roaming tariffs' cut for the whole EU, as well as the lower international airfares and prices for accommodation in resorts.

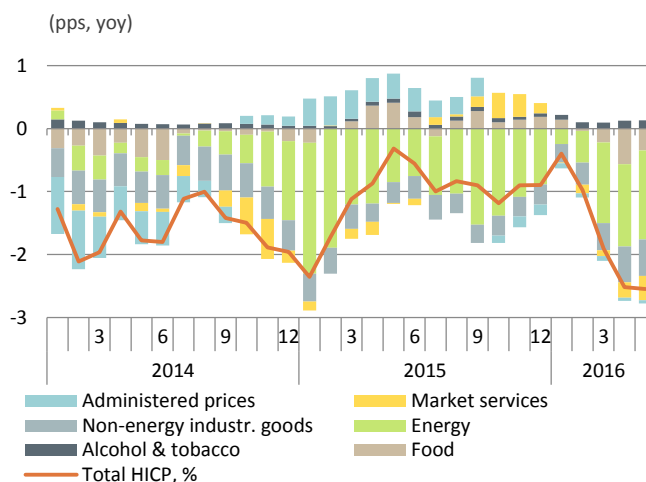
Regulated prices reported a minor increase, up 0.1% mom, as there have been hike in prices of water supply and sewerage collection, up by 0.3% and 1.5% mom, respectively, and a minimal increase in prices of medicines, up 0.1% mom.

Fig. 10: Decomposition of nominal unit labour cost by economic activities in Q1'2016



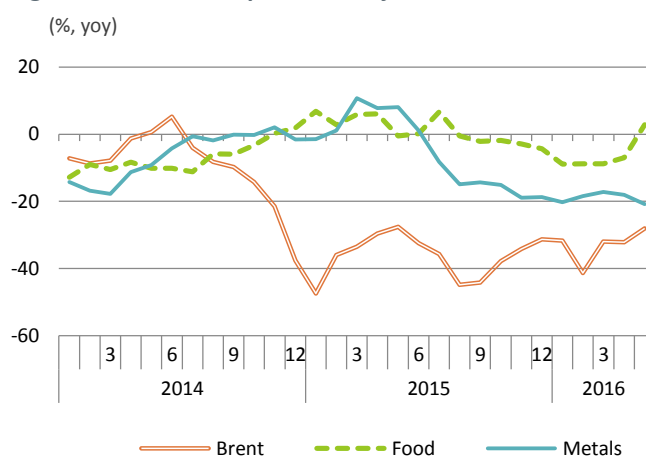
Source: NSI

Fig. 11: HICP and contributions by main components



Source: NSI, MF

Fig. 12: International prices of major commodities in euro



Source: World Bank, MF

As already mentioned above, the **negative annual inflation rate** remained unchanged at -2.5% yoy with the largest negative contribution coming from lower prices of energy, followed by consumer durables (Fig. 11).

Brent prices continued rising in May, up by another 11.8% mom in EUR terms, while food prices went up by 4.9% mom. Considered on a year earlier, **oil and almost all major non-energy commodity indices** remained lower compared to their level in May 2015, except for food prices, which reported 2.8% increase in EUR terms (Fig. 12).

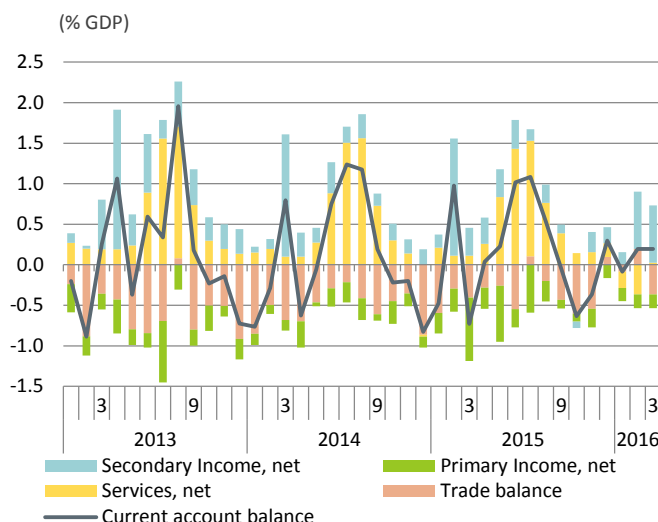
EXTERNAL SECTOR

The **current account surplus** stood at EUR 185.1 mln (0.4% of projected GDP, Fig. 13) in Q1 2016. Although this was an improvement compared to a year earlier, its March performance was below the 2015 level. Export of goods declined by 2.9% yoy during the month due to a broad-based decline in prices along with a decline in exported quantities of cereals, fertilizers, wood materials and non-mineral chemicals to non-EU countries. The services sector was also following a downward path with export decreasing in yoy terms for the first three months of 2016, down 23.4% in accumulated terms compared to its level in Q1 2015. Some improvement was recorded under *primary income* balance, as investment income paid to non-resident was lower on a year earlier. *Secondary income* surplus narrowed to 1% of GDP in the first quarter being 1.7% of GDP a year ago, following 0.8 pps lower transfers to General government.

The **financial account balance** pointed to a slight excess in the increase of liabilities over assets in Q1 2016, equal to 0.1% of projected GDP. The liabilities inflows resulted mainly from the issue of government Eurobonds in March, while the increase in assets was in the form of deposits in foreign banks or currency.

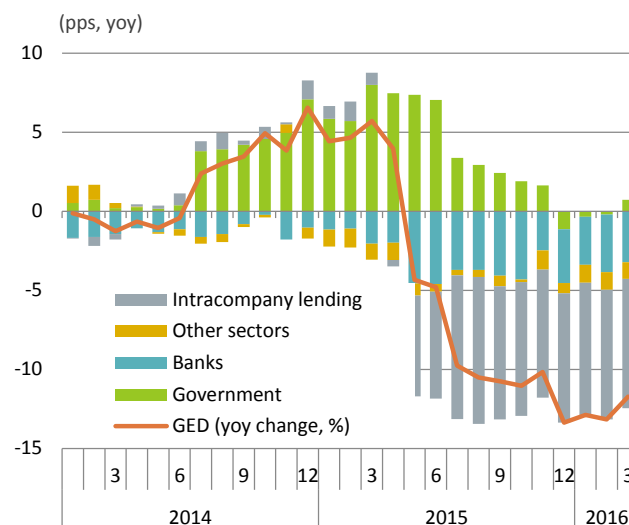
Gross external debt stood at EUR 34.8 bn (76.3% of projected GDP) as at end-March (Fig. 14). The indebt-

Fig. 13: Current account components



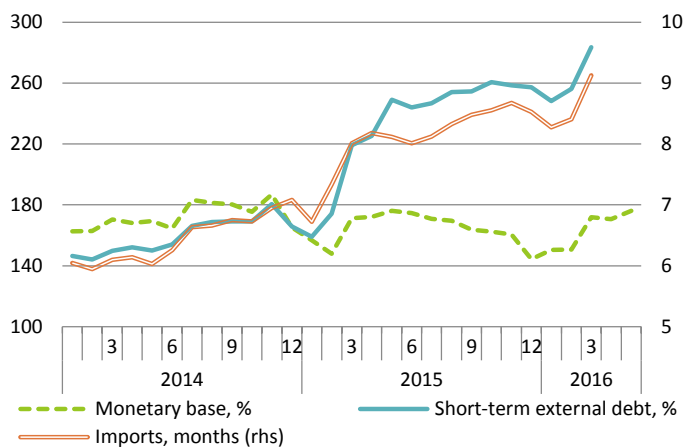
Source: BNB

Fig. 14: Gross external debt by institutional sector



Source: BNB

Fig. 15: Coverage with FX Reserves



Source: BNB, MF

edness increased over the previous month following the Eurobond issue in March.

Net debt narrowed to EUR 5.3 bn (11.6% of proj. GDP) down from 15.4% at end-2015 and 32.2% at end-2014.

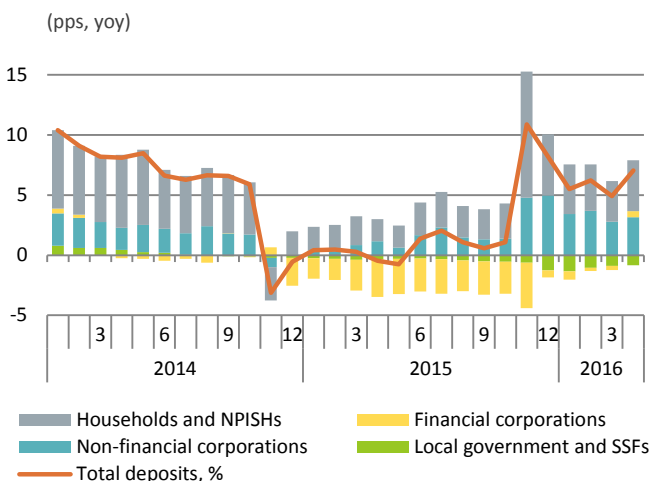
FINANCIAL SECTOR

International reserves went up by 0.5% mom in May to EUR 21.75 bn (Fig. 15). The increase came from the Government deposit with the BNB, which grew by 5.6% mom and reflected the positive contribution from the reopened 10.5Y BGN-denominated government securities of the face value of BGN 100 mln. Liabilities to other depositors also had positive contribution, up by 32.9% mom. The monetary base components – notes in circulation and bank reserves, both decreased, down by 0.3% and 4.7% mom, respectively. The annual growth rate of international reserves stood at 12.2% as of end-May.

Credit to the private sector stepped up by 0.3% mom in April, thus its negative annual growth slowed down to 1.6% (Fig. 18). Credit to non-financial corporations decreased by 2.2% yoy, compared to a drop of 2.7% yoy a month earlier. Regular loans increased by 0.4% yoy, basically due to *loans with maturity up to 1 year* which stepped up by 5.7% yoy. Bad and restructured credits kept contributing to the decrease in corporate credit, down by 6.8% yoy. Credits to households shrank by 1.4% yoy, after growing 0.3% mom. Mortgage loans increased marginally, thus their annual decline narrowed to 0.3%. The decline in **bad and restructured credits** accelerated further to 8.7% yoy, hence their share in total credits to non-financial corporations and households declined by 0.1 pp to 17.6%.

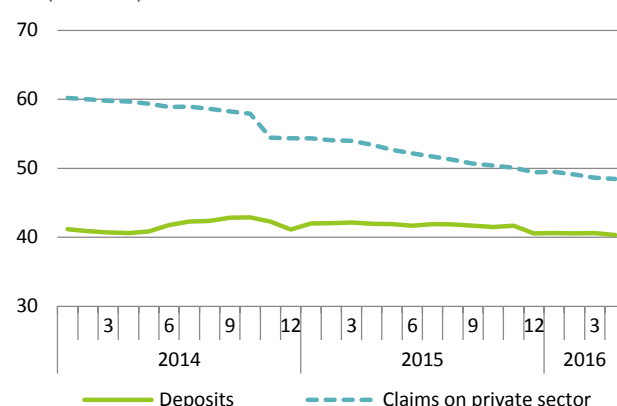
The weighted average interest rate on credits to non-financial corporations increased by 35 bps in April (Table 1). The monthly volume of new corporate loans stepped up by 25.3% compared to the same month of 2015. The price of new mortgages continued to decrease, down by 8 bps mom, while the price of consumer credits increased by 9 bps mom.

Fig. 16: Contribution to annual growth of total deposits by institutional sectors



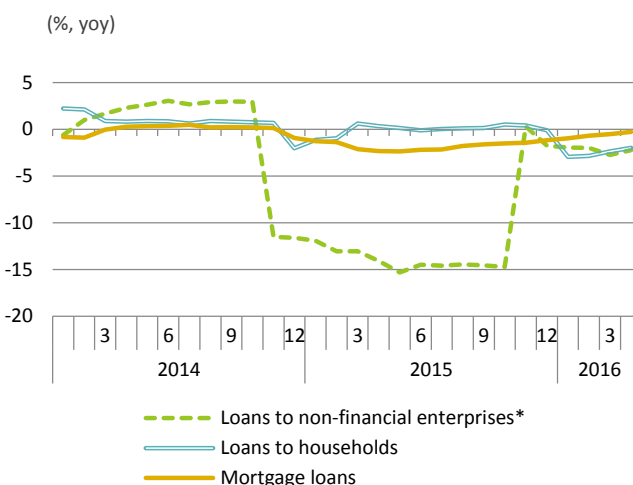
Source: BNB

Fig. 17: Share of deposits and claims on private sector in FX



Source: BNB

Fig. 18: Credit growth



* The decline between November 2014 and 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

The weighted average interest rate on time deposits in all currencies stepped slightly up in April (Table 3). The largest increase has been reported by USD-denominated time deposits' rate, up by 12 bps. Those denominated in EUR and local currency increased less, up by 7 and 6 bps, respectively. The monthly volume of new time deposits reached BGN 1.31 bn, which was by 23.6% lower compared to the same period of the previous year.



FISCAL DEVELOPMENTS

Consolidated fiscal balance on a cash basis as at end-April was positive to the amount of BGN 2.35 bn (2.6% of proj. GDP) and was formed by a surplus both under the national budget (BGN 1.39 bn) and under the EU funds account (BGN 0.96 bn). In January-April 2015 the CFP surplus amounted to BGN 1.07 bn (1.2% of GDP). Higher revenues and lower expenditure over the same period of 2015 remained as the major factors behind the higher surplus on a year earlier (Fig. 19).

Total revenues and grants rose by 7.4% yoy due to higher tax and non-tax revenues. Revenues from direct taxes went up by 9.3%, indirect taxes – up by 11.4% and social security and health insurance contributions – up by 4.5%. Non-tax revenues were higher by 9.3% compared to January-April 2015. Total expenditure (including Bulgarian contribution to the EU budget) came 4.3% lower compared to the same period of the previous year.

Fiscal reserve stood at BGN 12.3 bn as at 30.4.2016, including BGN 11.4 bn deposits in BNB and banks and BGN 0.9 bn receivables under the EU Funds for certified expenditure, advance payments, etc.

Government debt decreased by 0.1% mom in April amounting to EUR 13.34 bn (29.2% of proj. GDP). Domestic debt stood at EUR 3.49 bn and external debt – at EUR 9.85 bn. The **government guaranteed debt** reached EUR 291.9 mln (0.6% of proj. GDP).

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

	April 2015	March 2016	April 2016
Non-financial companies	7.39	5.52	5.87
Consumer credits	10.42	9.74	9.83
Mortgages	6.14	5.29	5.21

Table 2: Annual Percentage Rate of Charge (APRC)*

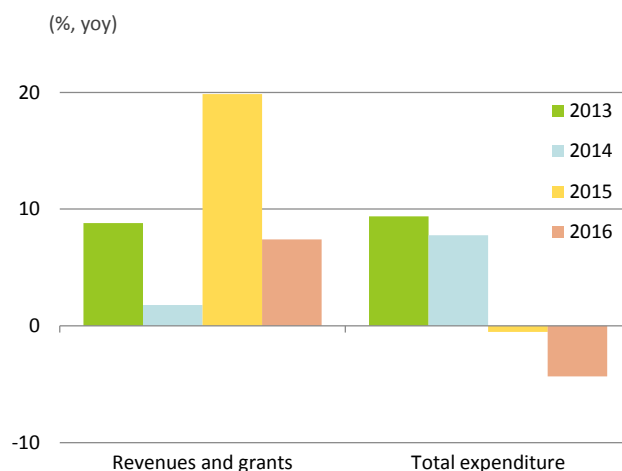
	April 2015	March 2016	April 2016
Consumer credits	11.35	10.72	10.77
Mortgages	6.73	5.79	5.68

* 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.

Table 3: Weighted average interest rate on new time deposits of house-holds and non-financial companies, in %

	April 2015	March 2016	April 2016
BGN	1.56	1.00	1.06
EUR	1.34	0.67	0.73
USD	0.85	0.43	0.55

Fig. 19: Revenues and expenditure growth rates in April of the respective year



Source: MF



KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2013	2014	2015	Q2'15	Q3'15	Q4'15	Q1'16	11'15	12'15	01'16	02'16	03'16	04'16	05'16
— GDP¹															
Gross Domestic Product	% , yoy	1.3	1.5	3.0	2.8	3.0	2.9	3.0	-	-	-	-	-	-	-
Consumption	% , yoy	-0.7	2.2	0.7	-0.4	1.8	2.4	0.9	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	0.3	3.4	2.5	0.6	3.2	7.2	1.4	-	-	-	-	-	-	-
Export	% , yoy	9.2	-0.1	7.6	6.9	4.3	6.4	3.5	-	-	-	-	-	-	-
Import	% , yoy	4.9	1.5	4.4	4.9	2.3	4.3	2.4	-	-	-	-	-	-	-
Agriculture	% , yoy	3.2	5.2	-1.4	-2.2	1.2	-8.3	0.5	-	-	-	-	-	-	-
Industry	% , yoy	0.2	0.9	2.8	3.4	2.6	3.6	3.5	-	-	-	-	-	-	-
Services	% , yoy	1.3	1.9	1.2	1.4	0.9	0.8	3.0	-	-	-	-	-	-	-
Adjustments	% , yoy	2.5	0.0	12.7	9.4	14.5	14.4	2.7	-	-	-	-	-	-	-
— Short-term business statistics²															
Industrial production	% , yoy	-0.1	1.8	2.9	4.3	2.8	2.3	2.9	3.7	3.5	0.8	3.9	4.1	1.1	-
Industrial turnover	% , yoy	-1.0	0.0	1.7	3.7	-3.2	-1.1	-2.8	-0.5	1.4	-0.7	-2.2	-5.4	-7.2	-
Retail trade turnover	% , yoy	3.8	10.2	1.0	1.3	-1.0	0.7	3.7	0.9	1.4	0.6	4.0	6.4	5.7	-
Construction output	% , yoy	-3.7	7.0	2.4	4.6	1.0	1.2	-7.3	2.2	0.2	-13.2	-1.8	-7.0	-9.4	-
Total business climate	balance	13.0	15.9	20.3	22.6	21.2	20.1	20.9	20.2	19.5	20.1	20.6	22.2	18.9	23.9
Industry	balance	15.6	18.2	22.9	25.0	22.0	22.4	24.6	22.6	23.0	22.8	24.0	26.9	18.8	22.9
Retail trade	balance	19.7	24.0	27.6	29.1	30.1	30.3	28.3	30.2	29.5	26.1	28.9	29.9	29.6	36.9
Construction	balance	2.0	7.3	15.2	18.0	18.0	14.8	15.0	14.7	13.5	16.5	13.0	15.4	15.1	21.8
Services	balance	12.2	11.7	12.7	15.6	14.0	10.5	12.4	10.9	8.3	12.2	13.1	11.8	12.5	14.9
— Labour market															
Participation rate (15+)	level	53.9	54.1	54.1	54.1	54.9	53.9	53.1	-	-	-	-	-	-	-
Employment rate (15+)	level	46.9	48.0	49.1	48.7	50.3	49.7	48.5	-	-	-	-	-	-	-
Employment (LFS)	% , yoy	-0.4	0.4	0.4	0.2	0.2	0.3	0.9	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	12.9	11.4	9.1	9.9	8.3	7.9	8.6	-	-	-	-	-	-	-
Unemployment rate (EA)	level	11.3	11.2	10.1	10.1	9.3	9.8	10.0	9.9	10.0	10.2	10.0	9.9	9.3	-
Nominal wage	% , yoy	6.0	6.0	8.8	7.6	8.0	8.0	8.4	8.6	8.3	8.2	8.9	7.9	-	-
Real wage ³	% , yoy	5.6	7.7	9.9	8.2	9.0	9.1	9.6	9.7	9.3	8.6	10.0	10.0	-	-
Labour productivity (GDP per employed)	% , yoy	1.7	1.2	2.6	2.6	2.9	2.5	2.1	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	7.8	3.9	-1.1	-4.9	-0.9	2.7	4.1	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	7.0	4.4	-0.7	-1.1	-2.5	1.1	6.7	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	% , yoy	0.9	-1.4	-0.1	0.6	0.0	-0.5	-0.7	-0.4	-0.4	0.0	-0.5	-1.5	-2.2	-2.0
Harmonized index of consumer prices (HICP)	% , yoy	0.4	-1.6	-1.1	-0.6	-0.9	-1.0	-1.1	-0.9	-0.9	-0.4	-1.0	-1.9	-2.5	-2.5
PPI, domestic market	% , yoy	-1.3	-0.9	-1.7	-0.4	-1.5	-3.6	-3.7	-3.8	-3.2	-2.9	-4.0	-4.1	-4.1	-
PPI, non-domestic market	% , yoy	-2.1	-1.8	-2.4	0.7	-3.9	-5.0	-6.6	-5.0	-4.4	-4.1	-7.4	-8.1	-7.3	-
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	28 981	29 409	32 200	16 304	24 162	32 200	9 097	29 076	32 205	3 130	5 519	9 097	12 170	-
Total expenses	mIn BGN	30 430	32 482	34 685	15 414	23 530	34 685	7 234	29 483	34 678	2 139	4 604	7 233	9 819	-
Contribution to EU budget	mIn BGN	934	955	946	505	624	946	254	936	946	22	180	254	295	-
Cash deficit (-) / surplus (+)	mIn BGN	-1 448	-3 073	-2 484	890	633	-2 484	1 862	-406	-2 473	992	915	1 864	2 351	-
	% of GDP	-1.8	-3.7	-2.9	1.0	0.7	-2.9	2.1	-0.5	-2.9	1.1	1.0	2.1	2.6	-
Government debt (incl. guaranteed debt)	mIn BGN	14 893	22 753	23 300	24 584	23 494	23 300	26 675	23 955	23 301	23 267	23 281	26 675	26 665	-
	% of GDP	18.2	27.2	27.0	28.6	27.3	27.0	29.9	27.7	27.0	26.1	26.1	29.9	29.9	-

		Annual data			Quarterly data				Monthly data						
		2013	2014	2015	Q2'15	Q3'15	Q4'15	Q1'16	11'15	12'15	01'16	02'16	03'16	04'16	05'16
Fiscal reserve ⁴	mIn BGN	4 681	9 170	7 873	11 032	10 074	7 873	11 866	9 897	7 873	9 190	8 862	11 866	12 320	-
	%, yoy	-23.0	95.9	9.1	67.2	14.2	9.1	13.3	12.2	-14.1	28.9	11.6	7.0	11.3	-
— Financial sector															
BNB International reserves	mIn EUR	14 426	16 534	20 285	19 224	20 133	20 285	21 360	20 297	20 683	20 285	19 568	19 748	21 360	21 632
Monetary base coverage	%	162.9	165.1	144.3	174.6	163.7	144.3	171.9	162.3	160.6	144.3	150.5	150.7	171.9	170.7
Coverage of import with FX reserves	months	6.1	6.4	8.1	8.1	8.3	8.6	-	8.6	8.7	8.5	8.3	8.4	-	-
Coverage of short-term external debt	%	150.9	166.0	256.6	244.0	254.5	256.6	-	260.7	258.5	257.3	248.4	254.6	-	-
Money M1 (Narrow money)	%, yoy	17.5	15.1	15.6	11.5	9.4	15.6	10.1	10.3	12.0	15.6	11.4	11.8	10.1	-
Money M3 (Broad money)	%, yoy	8.9	1.1	8.8	2.5	2.1	8.8	6.0	2.7	11.2	8.8	6.6	7.1	6.0	-
Deposits	%, yoy	9.4	-0.5	8.2	1.4	0.6	8.2	4.9	1.1	10.9	8.2	5.5	6.2	4.9	-
Credit to private sector	%, yoy	0.2	-8.2	-1.2	-9.8	-10.0	-1.2	-2.1	-10.1	0.2	-1.2	-1.4	-1.4	-2.1	-
Credit to non-financial enterprises	%, yoy	0.1	-11.6	-1.7	-14.5	-14.6	-1.7	-2.7	-14.7	0.3	-1.7	-2.0	-2.0	-2.7	-
Credit to households	%, yoy	-0.2	-1.6	-1.3	-1.8	-1.4	-1.3	-1.5	-1.2	-1.0	-1.3	-1.8	-1.7	-1.5	-
Interest rate on credits ⁵	%	8.4	7.9	7.0	7.2	7.0	6.2	6.5	7.1	5.9	5.7	6.8	6.3	6.4	-
Interest rate on deposits ⁶	%	3.3	2.6	1.3	1.3	1.2	1.1	1.0	1.1	1.1	1.2	1.0	1.1	0.8	-
Exchange rate BGN/USD	eop	1.42	1.61	1.79	1.75	1.75	1.79	1.72	1.78	1.85	1.79	1.79	1.80	1.72	1.72
	per. av.	1.47	1.47	1.76	1.77	1.76	1.79	1.77	1.74	1.82	1.80	1.80	1.76	1.76	1.73
— Gross External Debt (GED)															
Gross external debt	% of GDP	88.1	92.5	77.2	80.6	77.8	77.2	76.3	78.4	77.2	74.2	74.0	76.3	-	-
Short-term external debt	% of GED	25.9	25.3	23.1	22.1	23.0	23.1	21.6	23.1	23.1	23.3	22.8	21.6	-	-
Intercompany lending	% of GED	41.8	40.3	37.1	38.3	37.0	37.1	36.7	36.9	37.1	37.4	37.9	36.7	-	-
— Balance of payments⁷															
Current account	mIn EUR	1 005	1 324	2 027	235	1 464	-74	185	-125	48	136	-40	89	-	-
<i>Current account (moving average)</i>	% of GDP	2.4	3.1	4.6	4.1	4.5	4.6	1.5	4.0	4.6	1.9	2.2	1.5	-	-
Trade balance	mIn EUR	-2 933	-2 777	-1 917	-420	-283	-697	-216	-266	-240	43	-92	-167	-	-
<i>Trade balance (moving average)</i>	% of GDP	-7.0	-6.5	-4.3	-5.0	-4.4	-4.3	-3.6	-4.6	-4.3	-3.8	-3.5	-3.5	-	-
Export, f.o.b.	mIn EUR	21 218	21 026	22 184	5 693	5 681	5 589	5 222	1 863	1 756	1 651	1 684	1 886	-	-
	%, yoy	7.8	-0.9	5.5	9.3	-0.9	1.3	0.0	-0.9	5.2	1.4	2.0	-2.9	-	-
Import, f.o.b.	mIn EUR	24 150	23 803	18 362	6 112	5 965	6 286	5 437	2 128	1 996	1 608	1 776	2 053	-	-
	%, yoy	2.0	-1.4	-22.9	4.7	-4.9	0.7	-5.2	4.6	-2.3	-8.2	-7.2	-0.9	-	-
Capital account	mIn EUR	469	960	1 418	440	301	387	548	157	209	106	72	370	-	-
Financial account	mIn EUR	1 419	-2 087	-939	189	143	115	-23	-333	541	1 009	183	-1 215	-	-
Net Foreign Direct Investments	mIn EUR	-1 243	-877	-1 516	-405	-572	21	-351	-26	133	-87	-174	-91	-	-
Net Portfolio Investments	mIn EUR	1 161	1 871	-13	-1 059	-470	138	1 166	16	158	37	33	1 096	-	-
Other Investments – net	mIn EUR	703	2 175	-4 534	-927	73	-952	596	-126	-349	641	-50	4	-	-
Change in BNB reserve assets	mIn EUR	-532	1 807	3 730	481	980	148	927	386	-318	-790	15	1 702	-	-

Notes: 1. Growth rates derived from chain-linked (2010) level series, not seasonally adjusted data; 2. Not seasonally adjusted data; 3. HICP deflated; 4. Change in the structure of fiscal reserve as of 2014; 5. Weighted average interest rate on new credits to households, NPISHs and non-financial companies by type, currency and maturity; 6. Weighted average interest rate on new time deposits of households, NPISHs and non-financial companies by type, currency and maturity; 7. Analytical presentation (BPM6).

This issue of the Monthly Report on Bulgarian Economy is based on materials and statistical data received up to June 13, 2016. 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.

ISSN 2367-5020

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Economic and Financial Policy Directorate

102, Rakovski Str., 1000 Sofia, Bulgaria
<http://www.minfin.bg/en/page/542>
e-mail: secretary.evp@minfin.bg