

BULGARIAN ECONOMY

Monthly Report

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

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Main topics:

- » Gross Domestic Product
- » Short-term Business Statistics
- » Labour Market and Incomes
- » Inflation
- » External Sector
- » Financial Sector
- » Fiscal Developments
- » Table: Key Economic Indicators

Highlights

GDP growth reached 3.2% yoy (not seas. adj.) in Q3 2016 driven by both domestic demand and net export. On the supply side, **gross value added** increased by 2.5% yoy, as all sectors contributed positively during the observed period.

Short-term business statistics showed some deterioration in October. Industrial production and turnover lost speed, the slump in the construction production index widened, while retail sales accelerated only marginally. Nevertheless, the **consumer confidence indicator** increased in November on the back of better expectations, the overall **business climate indicator** also improved, up by 0.6 points.

Employment declined by 1% yoy in Q3 2016 largely due to the unfavourable dynamics in agriculture. The **registered unemployment** increased marginally to 7.9% in October due to discontinued seasonal activities.

Real labour productivity growth accelerated to 4.2% yoy in Q3 2016 driven by the strong increase in agriculture. Industry also posted improvement. **Compensation per employee** rose by 3.9% yoy in nominal terms, which resulted in a drop in the overall **ULC**, down by 3% and 0.3% in real and nominal terms, respectively.

Consumer prices (HICP) decreased by another 0.1% mom in November largely on the account of lower prices of services. The negative annual inflation rate decelerated further to -0.8% yoy driven by the narrowing negative contribution of energy prices.

Current account balance came in positive by EUR 366.7 mln in September, thus the accumulated surplus for January-September reached EUR 2 133 mln (4.6% of projected GDP).

The consolidated budget balance on cash basis remained positive in October with a surplus of BGN 3.4 bn (3.7% of projected GDP). The excess of receipts over spending was largely on the account of lower expenditure and better revenues performance. ■



GROSS DOMESTIC PRODUCT

Bulgarian **GDP growth reached 3.2%¹ yoy in Q3 2016** (fig. 1) with still positive contributions from both domestic demand (+0.9 pps) and net export (+2.3 pps). Export growth accelerated further, up 7.9% yoy. Subsequently, demand from export oriented industries led to an increase in import, up by 4.6%. Private consumption went up by 1.6% in line with some strengthening in the consumer confidence during this period. At the same time, the decline in public consumption reversed and it posted an increase of 1.4%. Fixed investments went down by 6.9%, on the back of lower public capital expenditures. For a third consecutive quarter, the increase in inventories had a significant contribution to the economic growth (+1.1 pps).

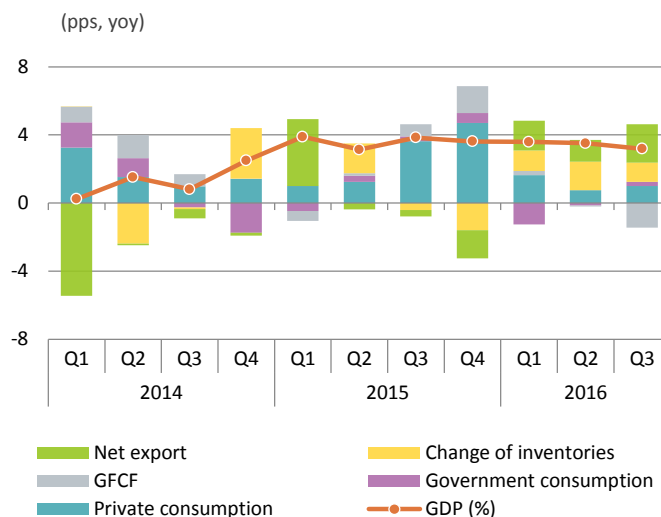
On the supply side, **gross value added (GVA)** increased by 2.5% yoy in Q3, as all sectors contributed positively during the observed period (fig. 2). The value added in agriculture increased by 7.1%, while in manufacturing it went up by 2.1% in line with the improved business climate in the sector and the accelerated increase in industrial production. In services, *trade; transportation; accommodation* (+0.6 pps) and *real estate activities* (+0.6 pps) were among the activities which steered the growth in GVA.



SHORT-TERM BUSINESS STATISTICS

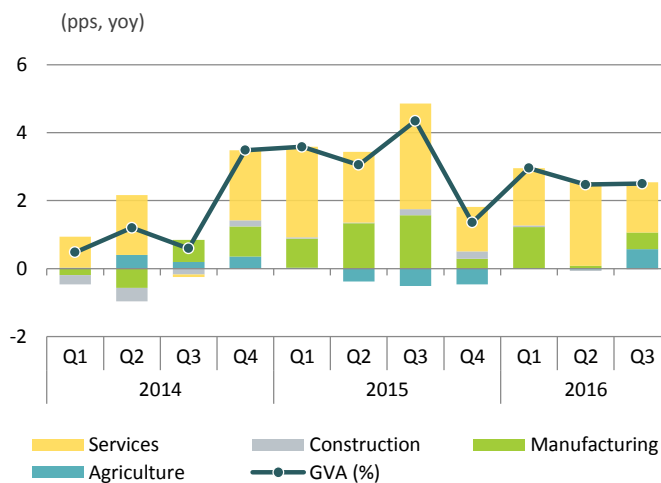
The growth of **industrial turnover²** slowed to 3.5% yoy in October from an annual increase of 5.5% in September due to weaker performance of foreign industrial sales (fig. 3). Foreign turnover rose by 7.1% yoy with major contribution coming from *manufac-*

Fig. 1: Contributions to GDP growth



Source: NSI

Fig. 2: Contributions to GVA



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.

ture of basic metals and manufacture of chemical products. At the same time, the decline in manufacture of fabricated metal products, except machinery and equipment, shaped the slowdown in foreign industrial sales. On the contrary, the growth of domestic sales accelerated slightly to 0.8% yoy underpinned by the increase in electricity, gas, steam and air conditioning supply.

The growth of industrial production also decelerated to 1.4% yoy in October affected by the development in foreign industrial sales. At the same time, energy products followed an upward dynamics and contributed the most for the reported increase.

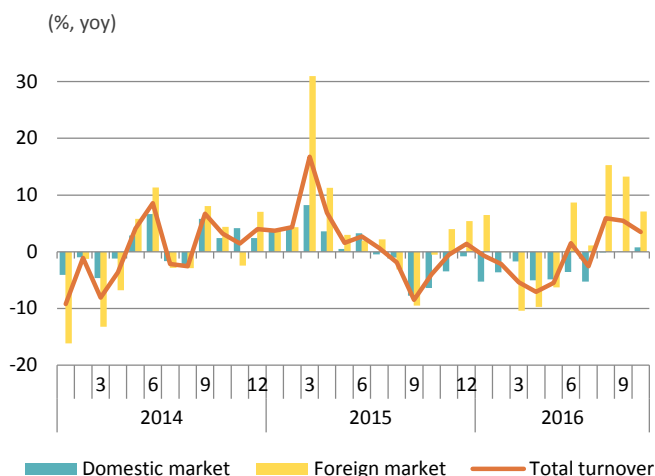
The slump in the construction production index widened to 16.6% yoy in October (fig. 4). The decline in building construction deepened to 17.6%, while the decrease in civil engineering slowed to 15.4% yoy.

The growth of retail sales reached 2% yoy in October. Retail trade of textiles, clothing, footwear and leather goods followed by retail sales of food, beverages and tobacco and sales of computers, peripheral units and software posted an increase of 10%, 9.2% and 1.4%, respectively, while the remaining sectors reported a decline.

After the slight decrease in October, the consumer confidence indicator increased in November on the back of better expectations (fig. 5). The assessments of the current economic situation in the country and the financial situation of households also improved. The survey registered more positive consumers' attitude as regards their intentions for making major purchases over the next 12 months.

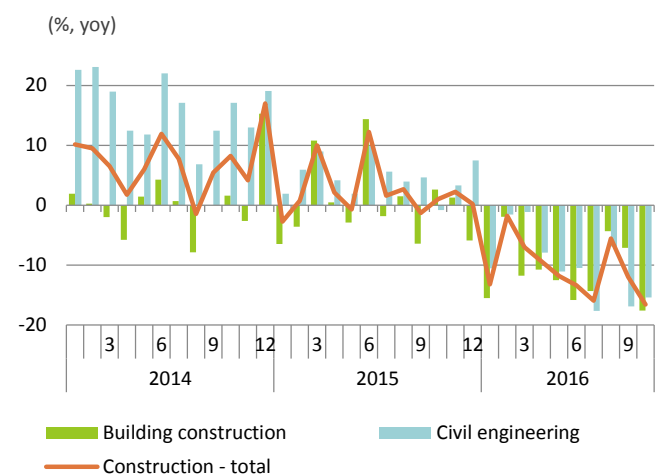
The overall business climate indicator increased by 0.6 points in November (fig. 6 and 7). The improvement in industry and retail trade compensated for the worsening in construction, where the number of the respondents who experience problems with insuffi-

Fig.3: Industrial turnover by components



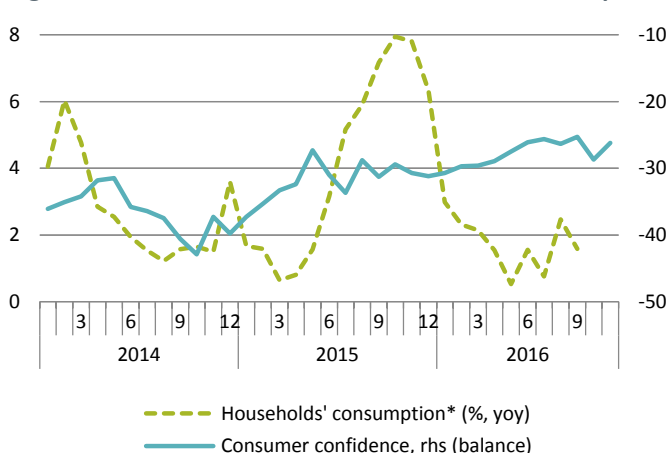
Source: NSI

Fig. 4: Construction production index



Source: NSI

Fig. 5: Consumer confidence and households' consumption



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

Source: Eurostat, NSI, MF

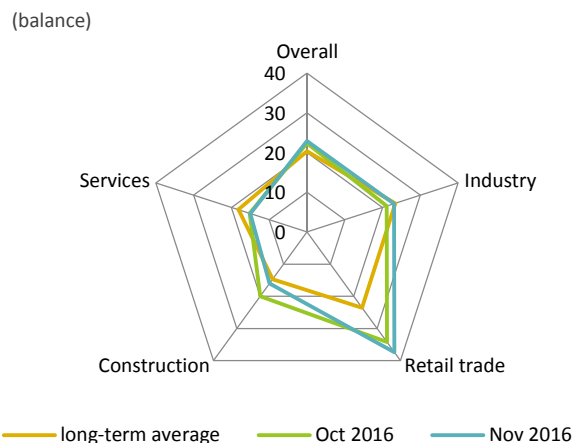
cient demand increased. The expectations about the future production activity in industry and about the demand in services were more favourable, while the sales expectations in retail trade came out to be reserved.

LABOUR MARKET AND INCOMES

Employment declined by 1% yoy (ESA 2010) in Q3 2016 after the 1.5% increase in the previous quarter (fig. 8). It was largely due to the unfavourable developments in agriculture, while employment dynamics in industry and services kept almost unchanged from Q2. Despite that GVA in agriculture posted its most significant increase for the last two years, up by 7.1% yoy in Q3, the number of employed dropped by 9.6% on the back of self-employed. Industrial employment continued decreasing at a slower pace, due to the improvement in manufacturing³ employment, up by 0.5% yoy. The latter was in line with the positive results of the production index, particularly in export-oriented industries, which boosted hired employment in manufacturing. At the same time, the persistently weak economic activity in both civil engineering and building construction predetermined the further decrease in the employed in construction. Most of the services subsectors reported some slowdown in GVA resulting in slower job creation. However, the overall employment growth in services remained high at 2.2% yoy and comparable with the average growth in Q1 and Q2, with a positive contribution from all the subsectors, except for *public administration, education and health care*.

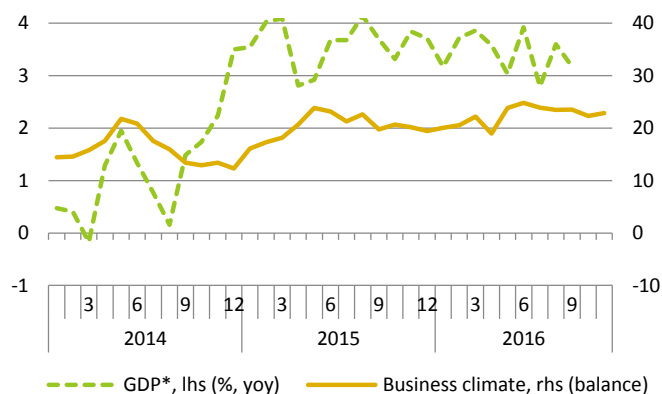
The registered unemployment increased marginally to 7.9% in October due to discontinued seasonal ac-

Fig. 6: Business climate by sectors



Source: NSI, MF

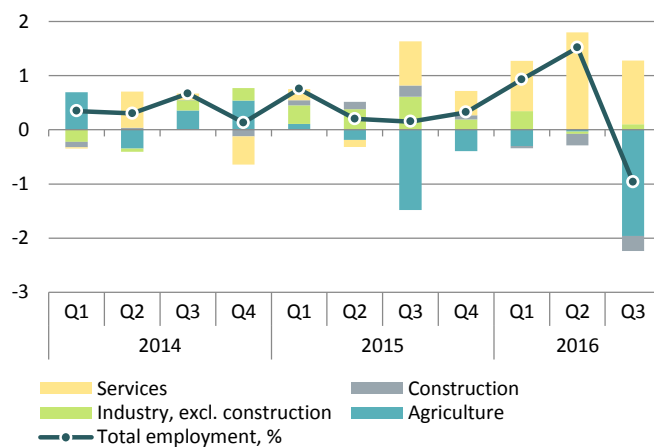
Fig. 7: Business climate and GDP



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

Source: NSI, MF

Fig. 8: Employment growth and contribution by sectors (pps)



Source: NSI

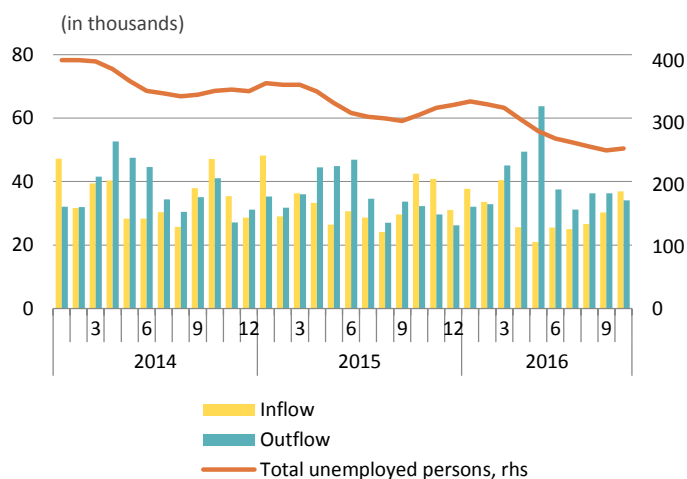
³ Industry, excl. construction.

tivities (fig. 9). The unemployment inflow went up by 22.1% over September, as most of the newly registered came from seasonal occupations in tourism, trade, manufacturing, construction and agriculture. On the contrary, the outflow of unemployed decreased by 5.9% over the previous month particularly due to the lower number of persons who started working in October. The latter was influenced by the usually weak demand on the primary labour market during this time of the year, also linked to the lower demand for workers in education following the start of the new school year in September. Nevertheless, recent developments did not affect the further yoy decrease in the unemployment.

Real labour productivity growth accelerated from 2% yoy in Q2 to 4.2% yoy in Q3 2016 driven by the strong increase in agriculture, up by 18.5% yoy (fig. 10). Productivity developments in industry also improved, up by 2.3% yoy. The contribution of the services sector remained lower as compared to the previous quarter, as the slowdown in gross value added resulted in negative productivity rates in some services subsectors.

Meanwhile, labour incomes have been increasing at a moderate pace since the beginning of the year, thus contributing positively to the overall cost competitiveness of enterprises. The nominal growth rate of **compensation per employee** came at 3.9% yoy mainly due to industry (12.1% yoy). The substantial increase in the latter was in line with the reported nominal productivity developments in this sector and real **unit labour costs (RULC)** decelerated significantly to 0.3% yoy in Q3, from their 9.7% yoy increase in Q2. Following the higher labour demand, compensation per employee in services increased by a marginal 0.8% yoy which resulted in RULC drop of 1.4% yoy. Considering all these developments, the overall ULC decreased by 3% yoy in real terms and by 0.3% yoy in nominal terms.

Fig. 9: Inflow, outflow and total number of unemployed people



Source: EA

Fig. 10: Labour productivity and real unit labour costs in total economy



Source: NSI



INFLATION

Consumer prices as measured by the HICP index decreased by another 0.1% mom in November largely on the account of lower prices of services, down by 0.2%. For a third consecutive month, the latter have been under the influence of increased competition among (low cost) airline companies operating on the local market. As a result, international airfares in the country have been on the decline lately, this time down by 7.1% mom. Prices of non-energy industrial goods also went down by 0.2% particularly due to still falling prices of consumer durables.

The **negative annual inflation rate** decelerated further to -0.8% yoy as of November driven by the narrowing negative contribution of energy prices (fig. 11). Core inflation⁴ remained unchanged at -0.6% yoy.

The **major commodity price indices** continued to recover (fig. 12). Even though the increase in Brent prices in November narrowed somewhat to 4% yoy in euro terms, non-energy commodity price gathered speed, up by 7.6% yoy as metal prices soared by 22.9% yoy in euros.

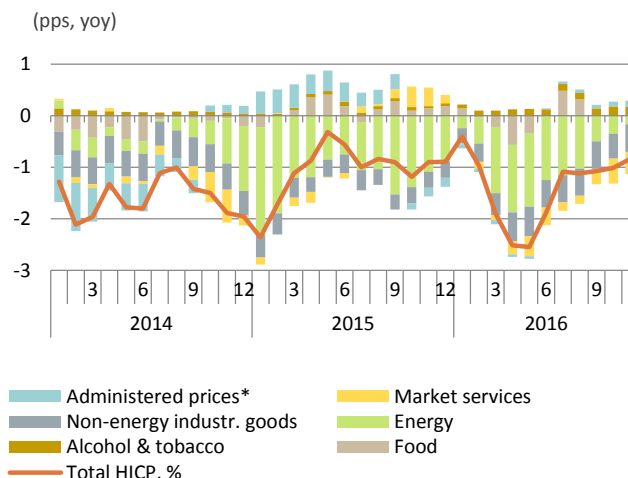


EXTERNAL SECTOR

The **current account balance** came in positive by EUR 366.7 mln in September, thus the accumulated surplus for January-September reached EUR 2 133 mln (4.6% of projected GDP, fig. 13).

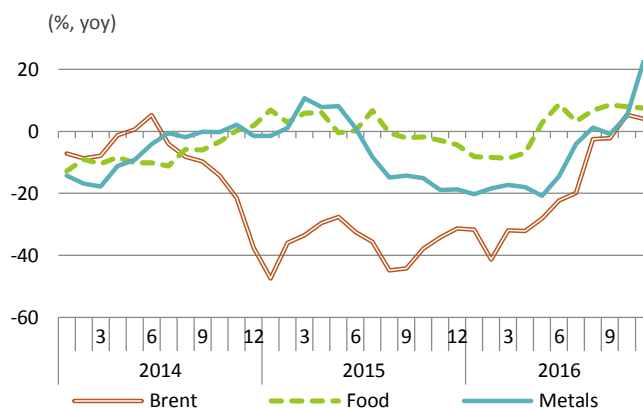
Export of goods gathered speed, up by 16.9% yoy in September, as their pace of increase accelerated from 6.1% yoy in August. Export to both EU and non-EU

Fig. 11: HICP and contributions by main components



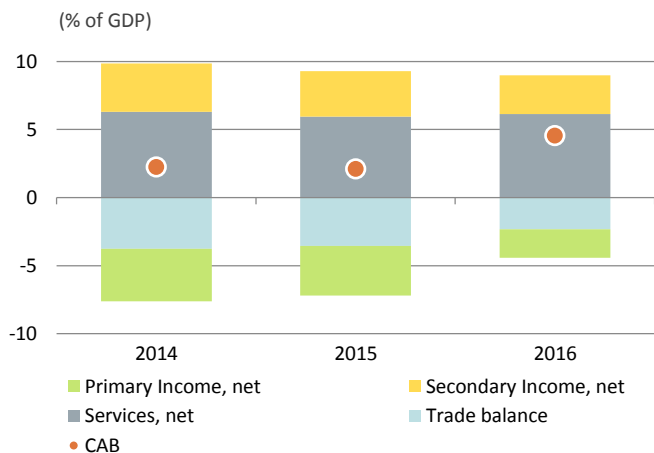
Source: NSI, MF

Fig. 12: International prices of major commodities in euro



Source: World Bank, MF

Fig. 13: Current account components, January-September



Source: BNB

⁴ The total index excluding energy and unprocessed food

countries rose, and the higher volume of trade was coupled with a yoy increase in prices. Import of goods growth in September was much lower, up by 3.9% yoy, whereas **trade balance** turned positive at EUR 30.6 mln.

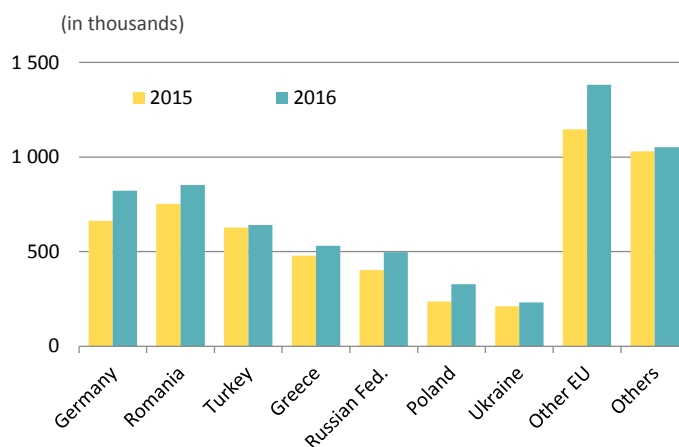
Services surplus was comparable with the one a year earlier. Travel services accounted for the largest share in the surplus. During the summer tourist season (June-September), travel services surplus reached EUR 1.6 bn (3.5% of projected GDP). Services export increased by 16.7% yoy in the period, while the number of visitors in Bulgaria rose by 14.2% yoy (fig. 14). Meanwhile, import of travel services was up by 21.1%, as the number of Bulgarians traveling abroad increased by 14.5% yoy.

Gross external debt stood at EUR 34.4 bn (73.4% of projected GDP) as at end-September, declining both on monthly and annual basis. The downward dynamics was driven by lower indebtedness of the private sector. Net external debt dropped to 5.5% of GDP, down from 5.9% at end-August and from 15% at end-December 2015.

FINANCIAL SECTOR

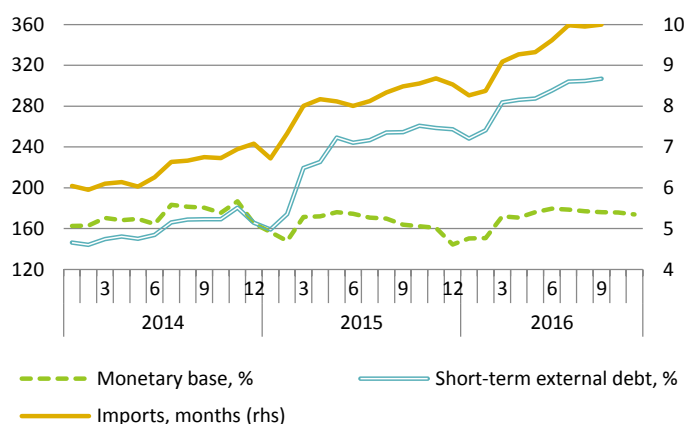
International reserves increased by 1% mom in November to reach EUR 23.5 bn. This came on the back of the increase in bank reserves' and liabilities to other depositors', up by 3.5% and 3.1% mom, respectively. The annual growth rate of reserves continued to decelerate, down to 13.4% from 14.4% yoy a month earlier. The Government deposit remained the main driver of the annual increase, and slightly accelerated its growth to 41.4% coming from 38.4% yoy in October. Bank reserves continued to have negative contribution for a second consecutive month and their negative growth deepened to 2.1% vs. 0.7% yoy in October. Currency in circulation kept unchanged over the previous month at 12.2% (fig. 15).

Fig. 14: Foreign visits in Bulgaria by country in June-September



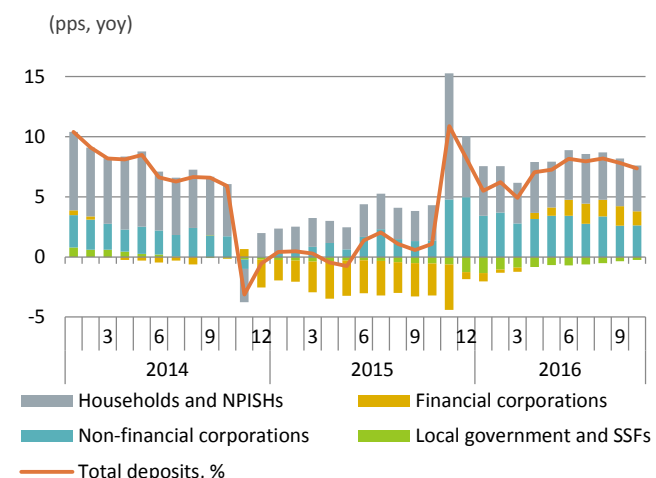
Source: BNB

Fig. 15: Coverage with FX Reserves



Source: BNB, MF

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



Source: BNB

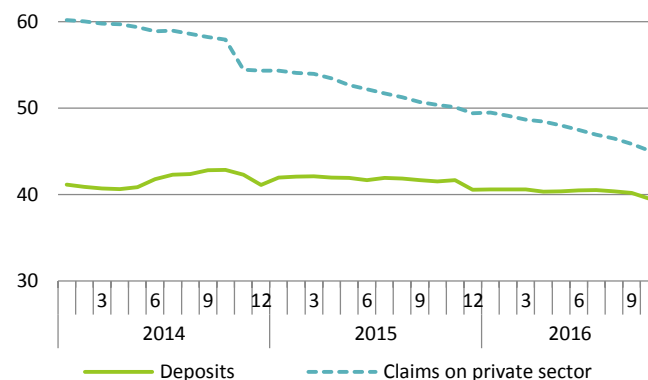
Credit to the private sector reversed and posted an increase, up by 1.1% yoy in October, on the account of higher growth of credit to households, up by 0.9% (fig. 18). At the same time, credit to non-financial corporations also came out of the negative territory to stay close to zero. The largest improvement was reported by regular loans, up by 5.1% yoy, and the segments with maturity over 5 years and up to 1 year, in particular, which had the major contribution. Meanwhile, the decrease in consumer credits widened marginally to 0.8% yoy from 0.6% in September.

Bad and restructured credits declined by 9.9% yoy in October vs. 9.5% yoy a month earlier. Their share in total credits to non-financial corporations and households narrowed to 16.6%.

Weighted average interest rate on credits to non-financial corporations increased by 93 bps in October (table 1) due to the higher rates on loans in EUR and those in national currency, while those in USD decreased by 118 bps mom. The monthly volume of new corporate loans came higher by 25.5% over the same period of the previous year. At the same time, the weighted average price of mortgages continued to decline, down by 12 bps. The largest decline was reported by the EUR segment with maturity over 1 and up to 5 years, down by 52 bps.

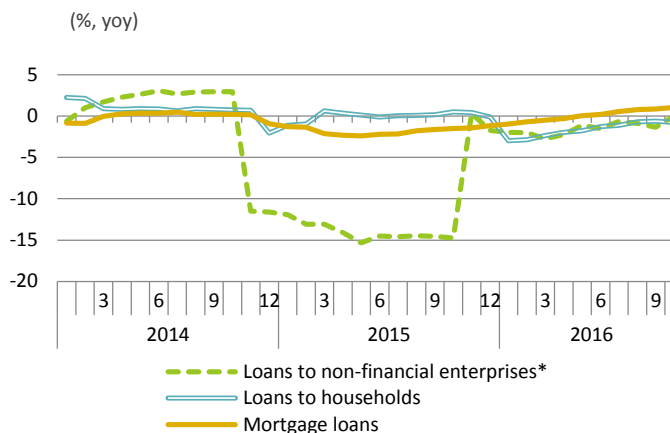
Weighted average interest rates on time deposits in all currencies continued to decrease in October. The rate on deposits in local currency decreased by 6 bps, and on USD and EUR denominated ones - by 3 and 16 bps, respectively. The total monthly volume of new time deposits reached BGN 1.13 bn, down by 26.4% compared to a year earlier (table 2).

Fig. 17: Share of deposits and claims on private sector in FX
(% of total)



Source: BNB

Fig. 18: Credit growth
(%, yoy)



* 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

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

	Oct 2015	Sept 2016	Oct 2016
Non-financial companies	6.63	4.62	5.55
Consumer credits	10.34	10.14	10.27
Mortgages	5.67	4.81	4.69

Source: BNB, MF

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

	Oct 2015	Sept 2016	Oct 2016
BGN	1.24	0.68	0.61
EUR	1.13	0.65	0.49
USD	0.61	0.44	0.42

Source: BNB, MF



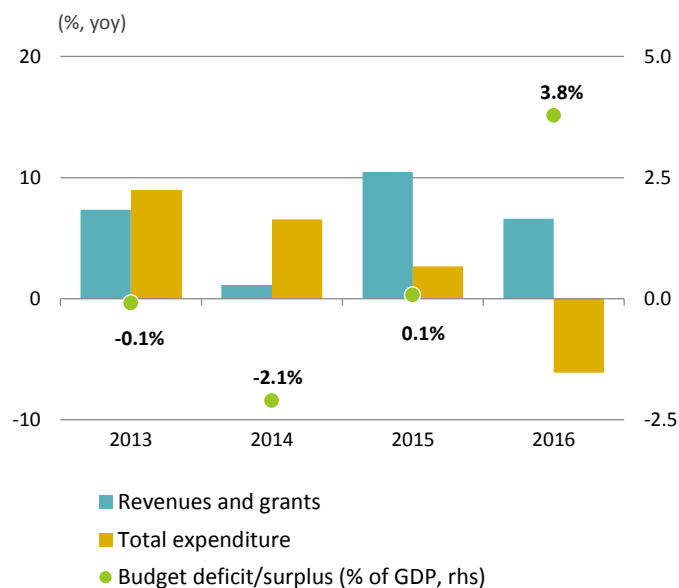
FISCAL DEVELOPMENTS

The consolidated budget balance on cash basis remained positive in October with a surplus of BGN 3.4 bn (3.7% of projected GDP). A year earlier, the net lending was BGN 63.9 mln (0.1% of GDP). Both the National budget position and the EU funds accounts reported positive with a surplus of 2.1% and 1.6% of the projected GDP, respectively. The excess of receipts over spending was a result of lower expenditure and better revenues performance (fig. 19).

Revenues and grants totalled BGN 28.3 bn (85.7% of the annual plan) in October, up by 6.6% yoy. The increase was driven by higher tax and non-tax proceeds, while grants came 11.2% lower reflecting the start of the new programming period. Nevertheless, two months before the end of the financial year, the amount of EU funds received totalled 97.3% of their full year forecast. Tax proceeds, including revenue from social security and health insurance contributions, totalled BGN 22.3 bn (78.9% of the annual plan), up by 8.3% yoy. Non-tax receipts posted a double digit growth, up by 11.4% yoy, and reached 78.2% of the annual estimate.

GG spending, including the Bulgarian contribution to the EU budget, shrank by 6.1% yoy to the amount of BGN 24.9 bn (71.4% of the annual plan). The decrease was mainly due to lower capital expenditures. The latter was owing to the initial stage of project implementation from the new programming period (2014-2020).

Fig. 19: Revenues and expenditure growth rates and budget balance as at end-October



Source: MF

The fiscal reserve accounted for BGN 14.3 bn at the end of September (15.6% of projected GDP).

Government debt, incl. guaranteed debt, dropped slightly over the previous month to BGN 26.4 bn (28.8% of projected GDP) at the end of September. Domestic debt stood at 7.3% of projected GDP, external debt - at 20.9% of GDP, while guaranteed debt remained at 0.6% of GDP.



KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2013	2014	2015	Q4'15	Q1'16	Q2'16	Q3'16	05'16	06'16	07'16	08'16	09'16	10'16	11'16
— GDP¹															
Gross Domestic Product	% , yoy	0.9	1.3	3.6	3.6	3.6	3.5	3.2	-	-	-	-	-	-	-
Consumption	% , yoy	-1.9	2.2	3.8	6.7	0.6	0.8	1.6	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	0.3	3.4	2.7	7.4	1.4	-0.3	-6.9	-	-	-	-	-	-	-
Export	% , yoy	9.6	3.1	5.7	2.1	3.0	4.6	7.9	-	-	-	-	-	-	-
Import	% , yoy	4.3	5.2	5.4	4.6	0.9	2.8	4.6	-	-	-	-	-	-	-
Agriculture	% , yoy	3.3	4.8	-6.8	-13.4	0.5	-0.7	7.1	-	-	-	-	-	-	-
Industry	% , yoy	2.0	0.3	4.2	2.1	4.4	0.0	1.6	-	-	-	-	-	-	-
Services	% , yoy	-0.5	1.7	3.3	1.8	2.5	3.7	2.3	-	-	-	-	-	-	-
Adjustments	% , yoy	3.6	0.1	7.5	19.6	7.5	10.2	7.6	-	-	-	-	-	-	-
— Short-term business statistics²															
Industrial production	% , yoy	-0.1	1.8	2.9	2.3	2.9	1.1	2.7	-2.1	4.0	-0.5	5.4	3.4	1.4	-
Industrial turnover	% , yoy	-1.0	0.0	1.7	-1.1	-2.8	-3.7	2.8	-5.5	1.5	-2.6	5.9	5.5	3.5	-
Retail trade turnover	% , yoy	3.8	10.2	1.0	0.7	3.7	4.8	3.1	3.1	5.5	1.8	5.5	1.9	2.0	-
Construction output	% , yoy	-3.7	7.0	2.4	1.2	-7.3	-11.6	-11.2	-11.8	-13.4	-15.9	-5.6	-12.0	-16.6	-
Total business climate	balance	13.0	15.9	20.3	20.1	20.9	22.5	23.7	23.9	24.8	23.9	23.5	23.6	22.3	22.9
Industry	balance	15.6	18.2	22.9	22.4	24.6	21.8	24.6	22.9	23.7	23.8	24.5	25.5	21.1	23.0
Retail trade	balance	19.7	24.0	27.6	30.3	28.3	34.8	36.5	36.9	37.8	37.6	35.7	36.3	34.2	37.4
Construction	balance	2.0	7.3	15.2	14.8	15.0	19.0	19.8	21.8	20.0	21.3	18.3	19.7	20.0	16.0
Services	balance	12.2	11.7	12.7	10.5	12.4	15.4	12.8	14.9	18.8	13.1	14.4	10.8	15.2	15.0
— Labour market															
Participation rate (15+)	level	53.9	54.1	54.1	53.9	53.1	53.8	53.6	-	-	-	-	-	-	-
Employment rate (15+)	level	46.9	48.0	49.1	49.7	48.5	49.5	49.9	-	-	-	-	-	-	-
Employment (LFS)	% , yoy	-0.4	0.4	0.4	0.3	0.9	1.5	-1.0	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	12.9	11.4	9.1	7.9	8.6	8.0	7.0	-	-	-	-	-	-	-
Unemployment rate (EA)	level	11.3	11.2	10.1	9.8	10.0	8.8	8.0	8.7	8.4	8.2	8.0	7.8	7.9	-
Nominal wage	% , yoy	6.0	6.0	8.8	8.0	7.3	7.6	7.7	7.9	7.8	7.7	7.6	7.8	-	-
Real wage ³	% , yoy	5.6	7.7	9.9	9.1	8.5	10.2	8.9	10.7	9.9	8.9	8.8	9.0	-	-
Labour productivity (GDP per employed)	% , yoy	1.3	1.0	3.3	3.3	2.6	2.0	4.2	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	8.2	4.1	0.1	2.8	0.0	2.8	-3.0	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	7.4	4.6	2.3	4.1	2.4	1.0	-0.3	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	% , yoy	0.9	-1.4	-0.1	-0.5	-0.7	-1.9	-0.3	-2.0	-1.3	-0.2	-0.3	-0.6	-0.6	-0.5
Harmonized index of consumer prices (HICP)	% , yoy	0.4	-1.6	-1.1	-1.0	-1.1	-2.3	-1.1	-2.5	-1.9	-1.1	-1.1	-1.1	-1.0	-0.8
PPI, domestic market	% , yoy	-1.3	-0.9	-1.7	-3.6	-3.7	-4.3	-3.0	-4.5	-4.2	-3.8	-2.7	-2.4	-1.4	-
PPI, non-domestic market	% , yoy	-2.1	-1.8	-2.4	-5.0	-6.6	-6.7	-3.1	-7.8	-5.0	-5.2	-2.7	-1.3	0.5	-
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	28 981	29 409	32 200	32 200	9 097	17 709	-	14 852	17 709	20 549	23 015	25 650	28 290	-
Total expenses	mIn BGN	30 430	32 482	34 685	34 685	7 234	14 638	-	12 079	14 638	17 270	19 698	22 288	24 855	-
Contribution to EU budget	mIn BGN	934	955	946	946	254	397	-	357	397	467	536	612	688	-
Cash deficit (-) / surplus (+)	mIn BGN	-1 448	-3 073	-2 485	-2 485	1 862	3 071	-	2 774	3 071	3 279	3 317	3 362	3 435	-
	% of GDP	-1.8	-3.7	-2.8	-2.8	2.1	3.5	-	3.0	3.4	3.6	3.6	3.7	3.7	-
Government debt (incl. guaranteed debt)	mIn BGN	14 893	22 753	23 300	23 300	26 675	26 683	-	26 709	26 683	26 704	26 688	26 417	26 395	-
	% of GDP	18.1	27.2	26.3	26.3	30.0	30.0	-	29.1	29.1	29.1	29.1	28.8	28.8	-

		Annual data			Quarterly data				Monthly data						
		2013	2014	2015	Q4'15	Q1'16	Q2'16	Q3'16	05'16	06'16	07'16	08'16	09'16	10'16	11'16
Fiscal reserve ⁴	mIn BGN	4 681	9 170	7 873	7 873	11 866	14 132	-	13 445	14 132	14 504	14 497	14 287	14 283	-
	%, yoy	-23.0	95.9	9.1	9.1	7.0	28.1	-	20.8	28.1	29.6	30.7	41.8	39.6	-
— Financial sector															
BNB International reserves	mIn EUR	14 426	16 534	20 285	20 285	21 360	22 442	23 494	21 749	22 442	23 104	23 308	23 494	23 224	23 465
Monetary base coverage	%	162.9	165.1	144.3	144.3	171.9	179.6	176.2	176.0	179.6	178.4	176.9	176.2	175.9	174.0
Coverage of import with FX reserves	months	6.1	6.4	8.1	8.6	8.6	9.4	0.0	9.3	9.6	10.0	10.0	10.0	-	-
Coverage of short-term external debt	%	150.9	166.0	256.6	257.3	283.5	295.0	0.0	287.5	295.3	304.2	304.6	306.9	-	-
Money M1 (Narrow money)	%, yoy	17.5	15.1	15.6	15.6	10.1	15.0	14.6	14.2	15.0	14.8	14.5	14.6	13.8	-
Money M3 (Broad money)	%, yoy	8.9	1.1	8.8	8.8	6.0	8.9	8.7	8.1	8.9	8.6	8.9	8.7	8.1	-
Deposits	%, yoy	9.4	-0.5	8.2	8.2	4.9	8.2	7.8	7.3	8.2	8.0	8.2	7.8	7.4	-
Credit to private sector	%, yoy	0.2	-8.2	-1.2	-1.2	-2.1	-0.6	-0.1	-0.9	-0.6	0.0	0.1	-0.1	1.1	-
Credit to non-financial enterprises	%, yoy	0.1	-11.6	-1.7	-1.7	-2.7	-1.5	-1.4	-1.1	-1.5	-0.6	-0.9	-1.4	0.0	-
Credit to households	%, yoy	-0.2	-1.6	-1.3	-1.3	-1.5	-0.7	0.5	-1.0	-0.7	-0.4	0.1	0.5	0.9	-
Interest rate on credits ⁵	%	8.4	7.9	7.0	6.2	6.5	5.8	5.5	5.7	5.4	5.7	5.4	5.4	6.0	-
Interest rate on deposits ⁶	%	3.3	2.6	1.3	1.1	1.0	0.8	0.7	0.8	0.7	0.7	0.7	0.6	0.6	-
Exchange rate BGN/USD	eop	1.42	1.61	1.79	1.79	1.72	1.76	1.75	1.75	1.76	1.76	1.76	1.75	1.79	1.84
	per. av.	1.47	1.47	1.76	1.79	1.77	1.74	1.75	1.73	1.74	1.77	1.74	1.74	1.77	1.81
— Gross External Debt (GED)															
Gross external debt	% of GDP	87.9	92.0	75.3	75.3	74.2	74.4	73.4	74.9	74.4	74.2	73.9	73.4	-	-
Short-term external debt	% of GED	25.9	25.3	23.1	23.1	21.7	21.8	22.3	21.6	21.8	21.8	22.1	22.3	-	-
Intercompany lending	% of GED	41.8	40.3	37.1	37.1	36.7	36.7	36.8	36.6	36.7	36.8	36.7	36.8	-	-
— Balance of payments⁷															
Current account	mIn EUR	536	35	172	-782	267	513	1 353	0	647	438	548	367	-	-
<i>Current account (moving average)</i>	% of GDP	1.3	0.1	0.4	0.4	0.7	2.3	2.9	1.1	2.2	2.2	2.4	2.9	-	-
Trade balance	mIn EUR	-2 933	-2 777	-2 622	-1 011	-351	-464	-272	-205	-119	-83	-220	31	-	-
<i>Trade balance (moving average)</i>	% of GDP	-7.0	-6.5	-5.8	-5.5	-5.1	-5.0	-4.5	-5.0	-4.9	-4.5	-5.0	-4.5	-	-
Export, f.o.b.	mIn EUR	21 218	21 026	21 919	5 382	5 132	5 449	5 993	1 736	1 939	1 993	1 922	2 077	-	-
	%, yoy	7.8	-0.9	4.2	-2.4	-2.1	-4.7	7.4	-5.9	-0.7	0.2	6.1	16.9	-	-
Import, f.o.b.	mIn EUR	24 150	23 803	18 678	6 392	5 484	5 914	6 265	1 941	2 058	2 076	2 142	2 047	-	-
	%, yoy	2.0	-1.4	-21.5	2.4	-6.5	-5.1	3.5	-2.3	-2.1	-7.5	16.5	3.9	-	-
Capital account	mIn EUR	469	960	1 422	391	561	247	178	86	141	122	6	50	-	-
Financial account	mIn EUR	1 419	-2 090	-583	354	-96	-211	-113	237	175	-273	687	-527	-	-
Net Foreign Direct Investments	mIn EUR	-1 243	-882	-1 596	-30	-395	-211	-321	-166	-186	-166	-161	6	-	-
Net Portfolio Investments	mIn EUR	1 161	1 871	40	179	1 175	-126	544	-1	-58	-41	958	-372	-	-
Other Investments – net	mIn EUR	703	2 170	-4 418	-766	486	534	-704	80	-128	-30	-324	-350	-	-
Change in BNB reserve assets	mIn EUR	-532	1 807	3 730	148	927	904	1 061	119	541	661	235	165	-	-

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 December 14, 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.

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