

# BULGARIAN ECONOMY

## Monthly Report

6/2017

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

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### Main topics:

- » Short-term Business Statistics
- » Labour Market
- » Inflation
- » External Sector
- » Financial Sector
- » Fiscal Developments
- » Tabl. Key Economic Indicators

## Highlights

**Short-term business statistics** reported strong performance in May. Industrial production and sales, and retail trade accelerated; and the construction output returned to growth. Meanwhile, the **consumer confidence** continued to increase in June as the expectations regarding the financial situation of households improved. Only the **business climate indicator** declined, after being on the increase for three months in a row. However, the **economic climate tracer** remained in the expansion area, suggesting acceleration of economic activity in the country.

**Registered unemployment** decreased further to 6.8% at end-June, down by 0.3 pps over the previous month, as the unemployment outflow remained higher than the inflow.

**Consumer prices** declined by 0.2% mom in June mainly on the account of lower food and energy prices. The

**annual inflation rate** decelerated further to 1.1% yoy, as the contribution of higher energy prices narrowed substantially, while core inflation turned positive at 0.2% yoy.

The **current account balance** turned into a deficit of 0.25% of projected GDP in January-April, as the trade deficit almost doubled and the surplus on the services balance declined. The **financial account deficit** narrowed to 0.1% of projected GDP, while the capital account surplus declined substantially due to lower transfers of EU funds.

**Credit to the private sector** continued to accelerate in May, up by 4.7% yoy, with positive contribution from both the corporate and households' credit. The decline in **bad and restructured credits** gained further speed; thus, their share in total credits to non-financial corporations and households reached 15.2%.

**Weighted average interest rate on credits** to non-financial corporations reached a new historical minimum, down by 23 bps in May. The average price of mortgages and consumer loans decreased as well. Meanwhile, the **weighted average interest rate on time deposits** went slightly up by 4 bps. The monthly volumes of both new corporate loans and new time deposits came lower on a year earlier.

For five months in a row, **the consolidated fiscal balance** stood positive, reaching BGN 1.7 bn (1.7% of projected GDP) at end-May. The positive fiscal outcome resulted from higher revenues over expenditures on the national budget, while EU funds account was negative. ■



## SHORT-TERM BUSINESS STATISTICS

The growth of **industrial turnover**<sup>1</sup> accelerated to 15.7% yoy in May supported by the upward trend in both foreign and domestic industrial sales (fig. 1). Foreign turnover rose by 21.5% yoy, while domestic turnover posted an increase of 11.4% yoy. The favourable dynamics spread to most of the sectors with *manufacture of basic metals* being the major contributor for the reported growth.

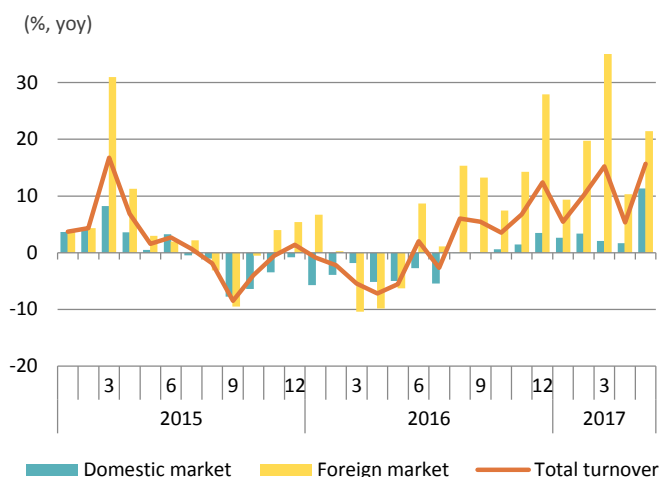
**Industrial production** also reported strong performance and increased by 11.2% yoy in May affected by the positive development of *manufacture of basic metals and fabricated metal products, except machinery and equipment*. Meanwhile, *electricity, gas, steam and air conditioning supply* continued to be a drag on growth for a third consecutive month.

**Construction production index** returned to growth in May, up by 14% yoy (fig. 2). Both *building construction* and *civil engineering* contributed for the reported increase, up by 21.2% and 5.9%, respectively.

The growth of **retail trade** also accelerated to 6.3% yoy in May. *Other retail sales in non-specialised stores* posted the largest increase, up by 20.6% yoy, followed by sales of *textile, clothing, footwear and leather goods*, up by 20.1%. Only *retail trade of automotive fuel* continued to decrease, down by 12.5%.

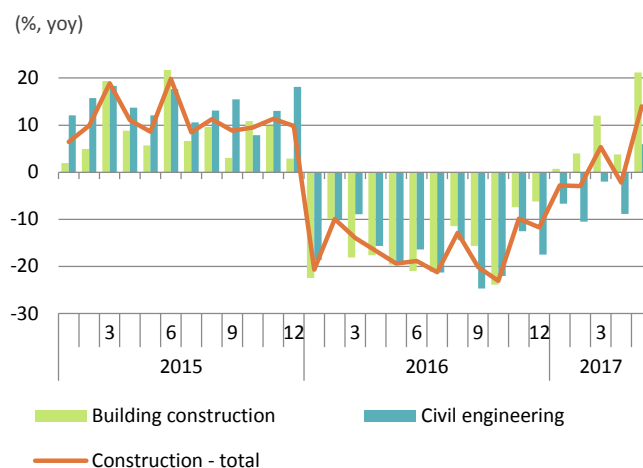
After three months on the increase, **the overall business climate indicator** declined by 0.7 points in June as the expectations in industry and services shifted from 'better' towards preserving 'the same' (fig. 3). Despite the higher demand in the last three months, the expectations for the demand of services in the next months were more reserved. An increase of the assurance with orders was registered in industry, while it registered a decrease in construction. The expectations for sales in retail trade over the next three months were unfavourable.

Fig. 1: Industrial turnover by components



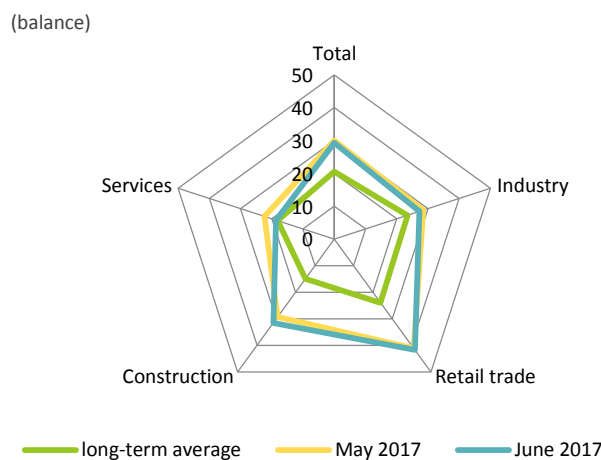
Source: NSI

Fig. 2: Construction production index



Source: NSI

Fig. 3: Business climate by sectors



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.

In June **the consumer confidence indicator** increased by 2.9 points compared to May (fig. 4). The expectations regarding the financial situation of households improved. The survey registered a more favourable assessment of the present situation to make major purchases of durable goods.

The **economic climate tracer**<sup>2</sup> in the country was in the expansion area (fig. 5), suggesting acceleration of the economic growth. Four of the sectoral climate tracers, namely industry, construction, services and consumers, were in the expansion quadrant, while the retail trade tracer was in the downswing quadrant.



### LABOUR MARKET

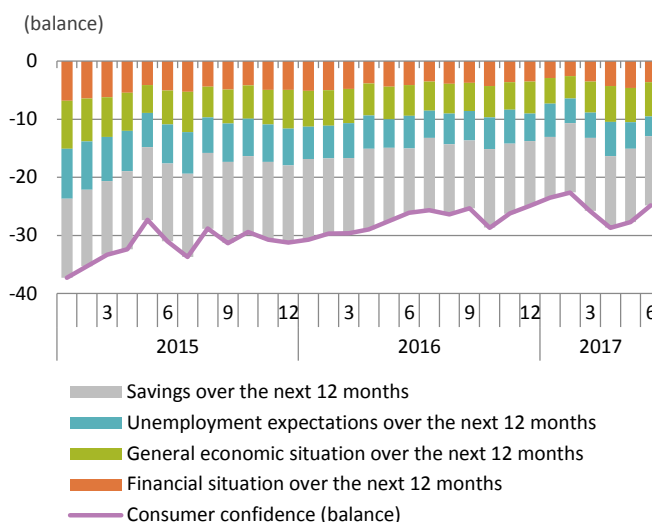
**Registered unemployment** decreased further to 6.8% as at end-June, down by 0.3 pps compared to May (fig. 6). It was 1.5 pps lower than a year earlier. Persons who started working on the primary labour market declined by 8.6% mom; nevertheless, the private sector added the bulk of new jobs. The latter accounted for 83% of those who found jobs in June, as the highest demand of labour came primarily from manufacturing, trade and hotels and restaurants. The overall activity under the implemented labour market programs and measures also narrowed to 3 K jobs (1.8 K less than in May). Although the number of people who started working decreased by 13.3% mom, the unemployment outflow remained higher than the inflow, and the registered unemployed stepped down to 224 K during the month.



### INFLATION

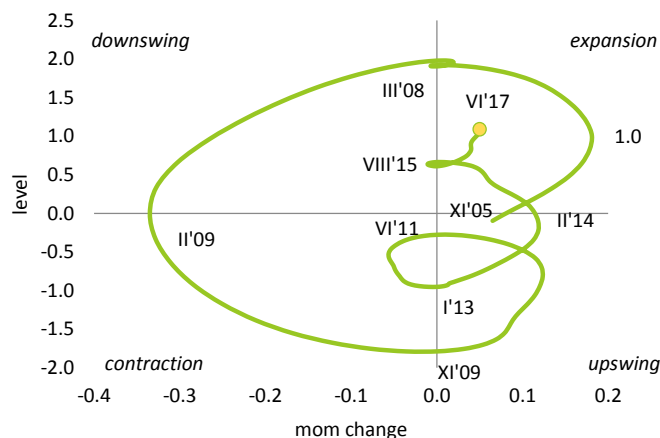
**Consumer prices** declined by 0.2% mom in June mainly on the account of lower prices for food and energy. Transport fuel prices decreased during the month, down by 2.8% mom, in line with develop-

Fig. 4: Consumer confidence indicator by components



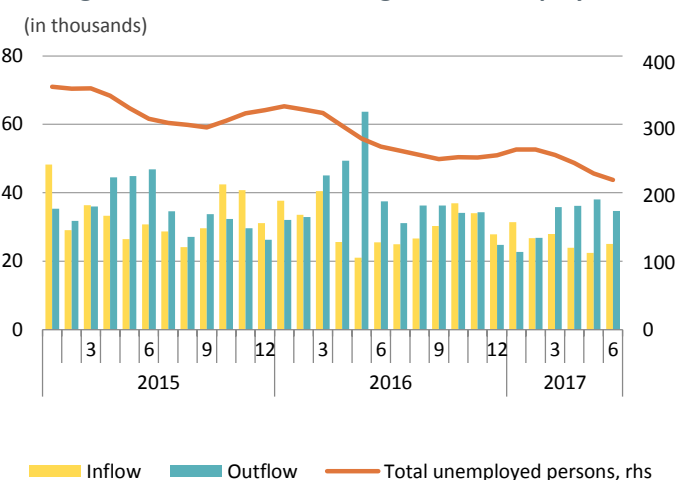
Source: Eurostat

Fig. 5: Climate tracer



Source: Eurostat, MF

Fig. 6: Inflow, outflow and registered unemployed



Source: EA

<sup>2</sup> Developments in the survey data over the second quarter are illustrated by the evolution of the climate tracer. For more information please refer to Gayer, C (2010) "Report: The Economic Climate Tracer – A tool to visualise the cyclical stance of the economy using survey data" and Gayer, C, J. Genet (2006) "Using Factor Models to Construct Composite Indicators from BCS Data"

ments on international crude oil market. The reported decline in Brent prices in euro accounted for 9.3% over the previous month (fig. 7), their dynamics in yoy terms decelerated significantly and even moved to negative territory (-3.3% yoy in June).

As usual, prices of fresh vegetables and fruits drop during the summer, down by 10.9% and 3.4% mom, respectively. Thus, unprocessed food had the largest negative contribution (-0.25 pps) for the monthly change in the headline rate. Meanwhile, meat prices continued to go up for a third month in a row, up by 1.4% mom. Processed food prices also kept on the increase, up by 0.6% mom on average, with more noticeable increases for bread and cereals (1.1%), oils and fats (1%), coffee and tea (1.7%) and non-alcoholic beverages (1%).

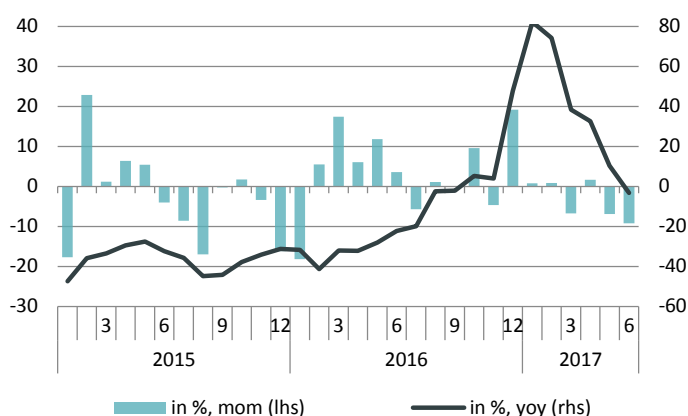
Prices of services<sup>3</sup> went up by 0.9% mom in June as in the beginning of the summer tourist season, prices of accommodation in resorts and package holidays abroad went up by 13.6% and 5.3% mom, respectively. Meanwhile, prices of domestic vacations declined by 2.2%.

The **annual inflation rate** decelerated further to 1.1% yoy in June, as the contribution of higher energy prices narrowed substantially (fig. 8), following developments on world crude oil markets, explained above. On the other hand, core inflation<sup>4</sup>, which has been negative since February 2016, turned positive at 0.2% yoy.

## EXTERNAL SECTOR

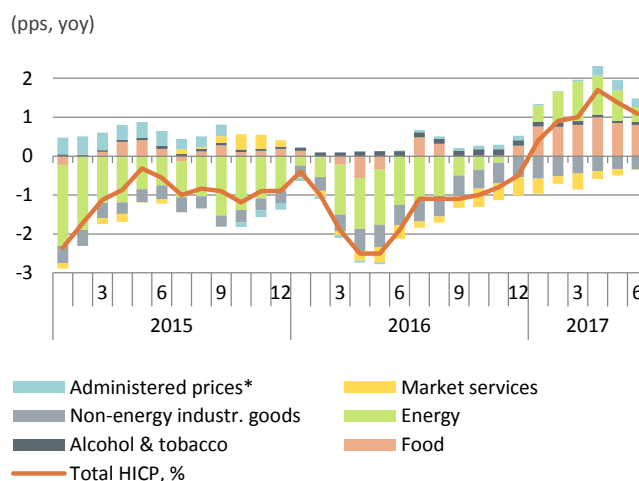
The *trade deficit* almost doubled in January-April compared to the same period of the previous year as it reached EUR 994 mln. Its increase was due to the growth of import, which reached 20.9% yoy and exceeded the growth of export by 5.7 pps. In April alone, import of goods grew by 20.2%, while export rose by 13.3% yoy. As in March, the high import

Fig. 7: International prices of Brent in euro



Source: World bank, MF

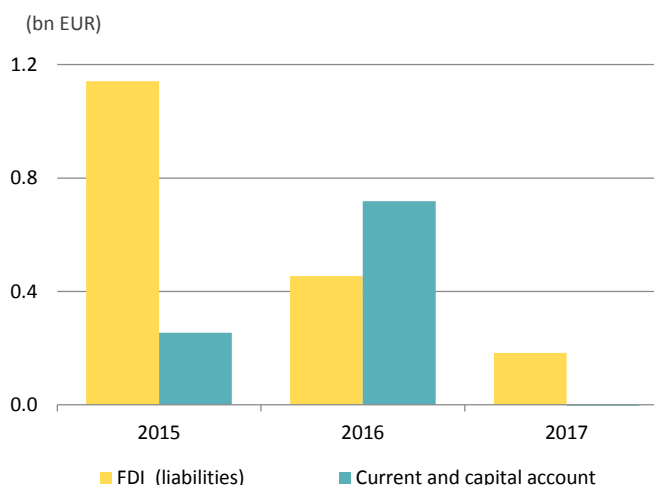
Fig. 8: Contributions by main HICP components



\* The index of administered prices is calculated as a weighted average of all elementary aggregate groups (goods and services) the prices of which are set or influenced to a significant extent by the government.

Source: Eurostat, MF

Fig. 9: FDI, Current and Capital Account (January–April)



Source: BNB

<sup>3</sup> Excluding administered price changes.

<sup>4</sup> The total index excluding energy and unprocessed food, also referred to as underlying inflation.

growth was mostly due to rising fuel prices. The surplus of services balance declined by 11.3% yoy in EUR terms which led to its decline as a ratio to projected GDP to 0.9% in the first four months of the year, being 1.0% of GDP for the same period of 2016. The primary income deficit accumulated since the beginning of the year improved as it reached 0.3% of projected GDP compared with 0.9% in 2016.

The **current account balance** turned into a deficit of 0.25% of projected GDP, being at a surplus of 0.3% of GDP in January-April 2016.

Due to lower transfers of EU funds in the first four months of the year there was a substantial decline in the **capital account surplus** of 1 pps as compared to the same period of the previous year.

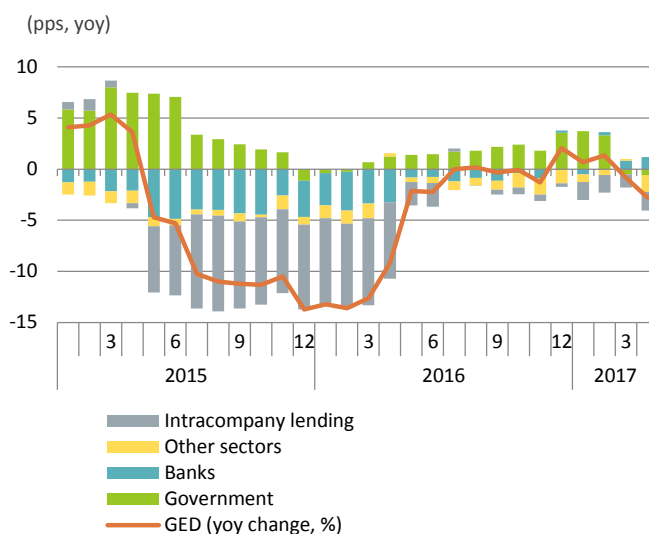
In April, the **financial account deficit** narrowed to 0.1% of projected GDP, being 1.5% of GDP in the same month of 2016. The improvement in the financial account was due to lower newly granted loans to the non-banking sector in the country.

The **gross external debt** decreased to EUR 34.1 bn (68.7% of projected GDP) in April compared with EUR 35.1 bn (74.1% of GDP) twelve months ago (fig. 10). At the same time GED slightly increased by 0.2% compared to the previous month due to the growth of short-term debt of the banking sector. Net external debt also decreased on a year earlier to 3.8% of projected GDP.

## FINANCIAL SECTOR

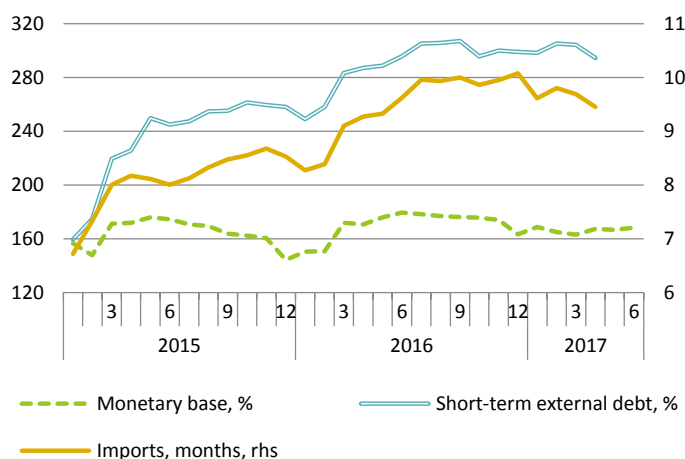
**International reserves** slightly increased in June, up by 1.3% mom, and amounted to EUR 24 bn. Positive drivers for the monthly change came from notes in circulation with a 2.1% mom growth and other depositors' account, up by 78.3% mom. Bank reserves slightly shrank, down by 1.8% mom. The annual growth of the official reserves slowed down its pace to 6.8% vs. 8.8% yoy as of end-May. The biggest positive contribution came from bank reserves and notes in circulation, up

Fig. 10: Gross external debt by institutional sectors



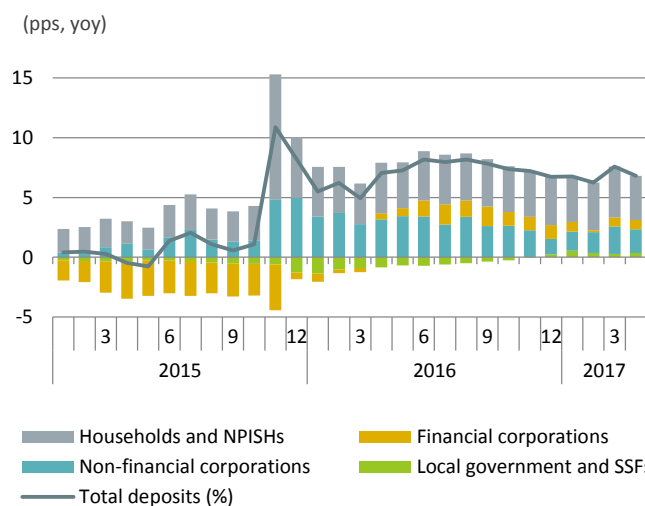
Source: BNB

Fig. 11: Coverage with FX Reserves



Source: BNB, MF

Fig. 12: Contributions to annual growth of total deposits by institutional sectors



Source: BNB

by 15.7% and 12.3% yoy, respectively (fig. 11).

**Credit to the private sector** continued to accelerate in May and increased by 4.7% yoy (fig. 14). Positive contributions came both from corporate and households' credit which grew by 3.3% yoy and 5.8% yoy, respectively. Regarding the corporate segment, regular loans kept the upward trend, while bad and restructured loans continued to decrease. Consumer loans and mortgages accelerated their annual growth, as well, and increased by 4% and 3.2% yoy, respectively, at the end of May. The decline in **bad and restructured credits** continued and reached 10.3% yoy in May. Their share in total credits to non-financial corporations and households was 15.2% vs. 15.3% a month earlier.

**Weighted average interest rate on credits** to non-financial corporations reached a new historical minimum, down by 23 bps in May (table 1). In terms of currency structure and maturity, the biggest decrease was in EUR and BGN denominated corporate loans in the segment of over 1 and up to 5 years. The monthly volume of new corporate loans came lower, down by 19.4% yoy. The average price of mortgages continued to decrease, down by 11 bps compared to April, the price of consumer loans decreased as well, down by 71 bps.

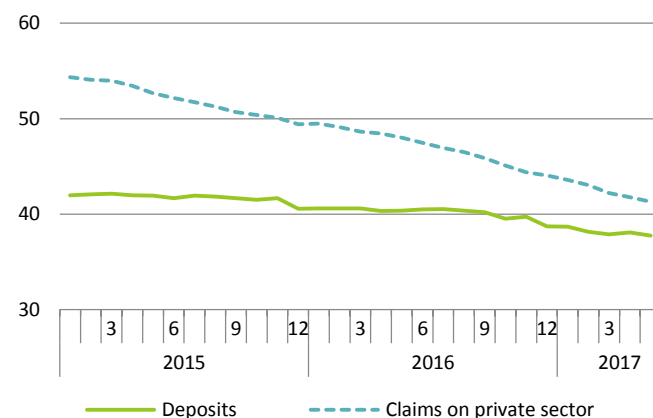
**Weighted average interest rate on time deposits** went up by 4 bps mom in May due to a slight increase of the average rate on households' deposits, while the average rate on deposits from non-financial corporations' went down by 3 bps. Euro and USD denominated time deposits' price decreased, down by 1 and 19 bps respectively. The total monthly volume of new time deposits reached BGN 1.13 bn which was by 11.9% lower compared to May 2016 (table 3).



## FISCAL DEVELOPMENTS

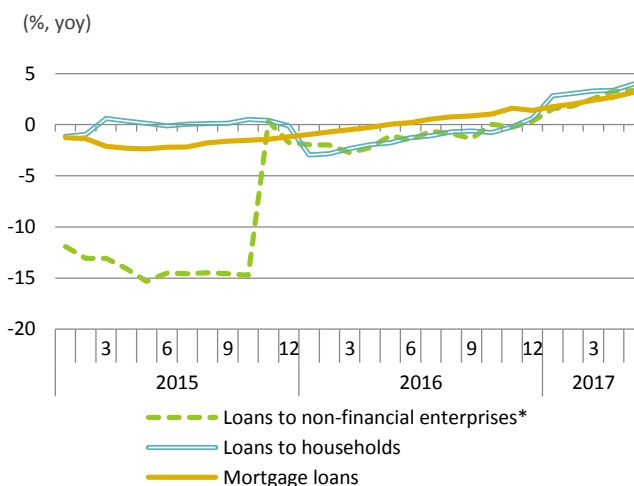
For five months in a row, **the balance on the consolidated fiscal program** was positive, reaching BGN 1.7 bn (1.7% of projected GDP) at end-May. The positive

**Fig. 13: Share of deposits and claims on private sector in FX**  
(% of total)



Source: BNB, MF

**Fig. 14: Credit growth**  
(%, yoy)



\* The double-digit decline, which persisted until 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 %**

	May 2016	April 2017	May 2017
Non-financial companies	4.51	3.87	3.64
Consumer credits	9.92	9.19	8.02
Mortgages	5.11	4.10	3.99

Source: BNB, MF

**Table 2: Annual Percentage Rate of Charge on new loans to households**

	May 2016	April 2017	May 2017
Consumer credits	10.89	10.06	9.37
Mortgages	5.56	4.58	4.44

\* 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.

Source: BNB, MF



fiscal outcome resulted from higher revenues over expenditures on the national budget, while EU funds account was negative.

**Tax revenues increased, whereas total revenues and grants** amounted to BGN 14.7 bn, down by 0.9% compared to May 2016. The drop was entirely due to the considerable drop in grants (fig. 15). By contrast, total tax revenues increased by 7.7% yoy. Social and health insurance contributions, up by 14.3% yoy, had the biggest contribution to the tax receipts' upsurge. Indirect tax revenues also increased, up by 3.9% yoy. The former was a result of higher VAT receipts, up 6.4% yoy, while excise duties went down by 1.3%. Direct tax revenues increased by 9% yoy.

**Total government spending** posted a 7.9% yoy increase and amounted to BGN 13 bn (fig. 16). The latter came mainly on the account of higher subsidies costs (up 41.5% yoy), social expenditures and scholarships (up 4.4% yoy), maintenance (up 8.5% yoy), wages and salaries (up 6.5% yoy) and increased expenses on social and health insurance contributions (up 21% yoy). A drop of 5.8% was reported by capital spending (including the net increase of state reserve) compared to May 2016.

**The fiscal reserve** amounted to BGN 12.8 bn (13.2% of projected GDP) in May, of which BGN 12.15 bn in bank deposits and BGN 0.67 bn EU funds receivables on certified expenses. Compared to the same period of the previous year, the fiscal reserve decreased by 4.7%.

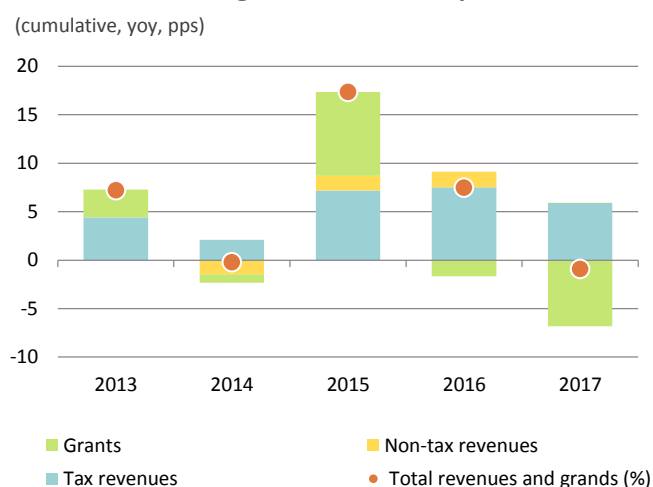
**General government debt**, incl. guaranteed debt, totalled BGN 27 bn (27.8% of projected GDP) as at end-May, being 28.8% of GDP a year earlier. Domestic debt decreased by 10 pps to 6.5% of projected GDP. The external debt-to-GDP ratio decreased as well – from 20.8% to 19.5%. Government guaranteed debt was 1.9% of projected GDP, being 0.6% of GDP at end-May 2016. ■

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

	May 2016	April 2017	May 2017
BGN	0.89	0.32	0.41
EUR	0.72	0.33	0.32
USD	0.67	0.49	0.30

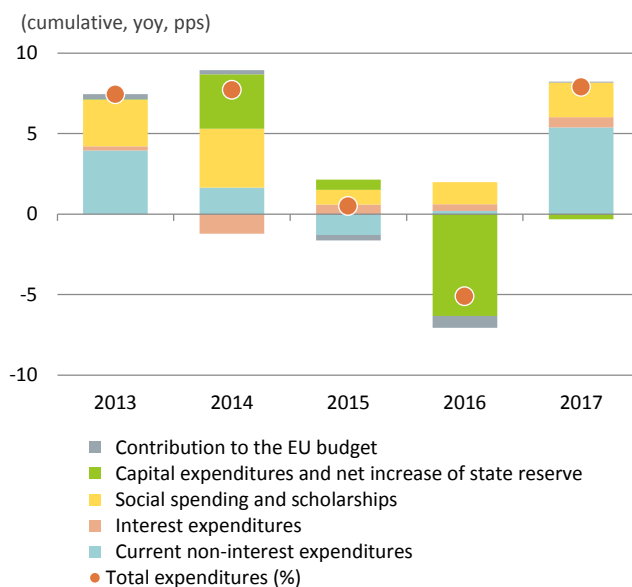
Source: BNB, MF

**Fig. 15: Contribution to the growth of total revenues and grants as at end-May**



Source: MF

**Fig. 16: Contribution to the growth of total expenditures as at end-May**



Source: MF



## KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q2'16	Q3'16	Q4'16	Q1'17	12'16	01'17	02'17	03'17	04'17	05'17	06'17
<b>— GDP<sup>1</sup></b>															
Gross Domestic Product	% , yoy	1.3	3.6	3.4	3.5	3.2	3.5	3.9	-	-	-	-	-	-	-
Consumption	% , yoy	2.2	3.8	1.8	0.8	1.6	3.8	6.8	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	3.4	2.7	-4.0	-0.3	-6.9	-7.4	1.3	-	-	-	-	-	-	-
Export	% , yoy	3.1	5.7	5.7	4.6	7.9	6.4	5.8	-	-	-	-	-	-	-
Import	% , yoy	5.2	5.4	2.8	2.8	4.6	2.8	10.1	-	-	-	-	-	-	-
Agriculture	% , yoy	4.8	-6.8	4.3	-0.7	7.1	6.3	0.1	-	-	-	-	-	-	-
Industry	% , yoy	0.3	4.2	2.0	0.0	1.6	2.5	2.9	-	-	-	-	-	-	-
Services	% , yoy	1.7	3.3	3.1	3.7	2.3	3.8	5.5	-	-	-	-	-	-	-
Adjustments	% , yoy	0.1	7.5	7.2	10.2	7.6	4.1	-1.9	-	-	-	-	-	-	-
<b>— Short-term business statistics<sup>2</sup></b>															
Industrial production	% , yoy	1.8	2.9	2.7	1.0	2.9	4.1	3.9	5.8	1.9	3.2	6.5	0.6	11.2	-
Industrial turnover	% , yoy	0.0	1.7	1.0	-3.6	2.8	7.6	10.3	12.4	5.5	10.2	15.2	5.4	15.7	-
Retail trade turnover	% , yoy	10.2	11.8	3.9	5.7	3.7	3.6	4.7	3.5	4.5	3.2	6.3	1.3	6.3	-
Construction output	% , yoy	7.0	11.2	-16.7	-18.3	-18.1	-15.3	0.1	-11.7	-2.8	-3.0	5.3	-2.2	14.0	-
Total business climate	balance	15.9	20.3	22.5	22.5	23.7	22.7	24.3	22.8	23.6	23.2	26.1	26.8	30.0	29.3
Industry	balance	18.2	22.9	23.5	21.8	24.6	23.1	26.5	25.3	26.2	25.5	27.6	27.2	28.5	27.3
Retail trade	balance	24.0	27.6	33.6	34.8	36.5	34.6	32.1	32.2	32.2	30.9	33.3	35.4	41.0	41.7
Construction	balance	7.3	15.2	17.9	19.0	19.8	17.8	19.0	17.2	16.0	16.5	24.5	26.4	29.3	31.5
Services	balance	11.7	12.7	13.8	15.4	12.8	14.7	17.4	13.7	17.2	17.7	17.4	17.7	22.4	18.7
<b>— Labour market</b>															
Participation rate (15+)	level	54.1	54.1	53.3	53.8	53.6	52.7	53.7	-	-	-	-	-	-	-
Employment rate (15+)	level	48.0	49.1	49.3	49.5	49.9	49.2	50.0	-	-	-	-	-	-	-
Employment (SNA)	% , yoy	0.4	0.4	0.5	1.5	-1.0	0.6	0.0	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	11.4	9.1	7.6	8.0	7.0	6.7	6.9	-	-	-	-	-	-	-
Unemployment rate (EA)	level	11.2	10.1	8.7	8.8	8.0	7.9	8.1	8.0	8.2	8.2	8.0	7.6	7.1	6.8
Nominal wage	% , yoy	6.0	6.8	9.5	7.6	7.7	8.2	9.1	8.0	8.5	9.2	9.9	-	-	-
Real wage <sup>3</sup>	% , yoy	7.7	8.0	11.0	10.2	8.9	9.1	8.3	8.5	8.1	8.2	8.8	-	-	-
Labour productivity (GDP per employed)	% , yoy	1.0	3.3	2.9	2.0	4.2	2.9	2.6	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	4.1	0.1	-0.9	2.8	-3.0	-3.1	4.2	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	4.6	2.3	0.2	1.0	-0.3	-2.0	4.9	-	-	-	-	-	-	-
<b>— Prices</b>															
National consumer price index (CPI)	% , yoy	-1.4	-0.1	-0.8	-1.9	-0.3	-0.3	1.7	0.1	1.4	1.7	1.9	2.6	2.3	-
Harmonized index of consumer prices (HICP)	% , yoy	-1.6	-1.1	-1.3	-2.3	-1.1	-0.8	0.8	-0.5	0.4	0.9	1.0	1.7	1.4	-
PPI, domestic market	% , yoy	-0.9	-1.6	-2.9	-4.3	-3.0	-0.5	2.3	0.6	1.9	2.9	2.1	3.9	-	-
PPI, non-domestic market	% , yoy	-1.8	-2.4	-3.5	-6.7	-3.1	2.8	9.6	6.5	9.1	11.9	8.0	8.4	-	-
<b>— Consolidated fiscal program (cumulative)</b>															
Revenues and grants	mIn BGN	29 409	32 200	33 953	17 709	25 652	33 956	8 838	33 953	3 339	5 732	8 837	12 017	14 716	-
Total expenses	mIn BGN	32 482	34 685	32 481	14 639	22 290	32 491	7 781	32 481	2 455	4 900	7 779	10 426	13 033	-
Contribution to EU budget	mIn BGN	955	946	859	397	612	859	214	859	71	154	214	286	364	-
Cash deficit (-) / surplus (+)	mIn BGN	-3 073	-2 485	1 473	3 071	3 363	1 465	1 058	1 473	884	832	1 058	1 591	1 683	-
	% of GDP	-3.7	-2.8	1.6	3.3	3.6	1.6	1.1	1.6	0.9	0.9	1.1	1.6	1.7	-
Government debt (incl. guaranteed debt)	mIn BGN	22 753	23 300	27 424	26 683	26 417	27 424	26 886	27 424	27 041	26 739	26 886	26 911	27 028	-
	% of GDP	27.2	26.3	29.6	28.8	28.5	29.6	27.7	29.6	27.8	27.5	27.7	27.7	27.8	-
Fiscal reserve	mIn BGN	9 170	7 873	12 883	14 132	14 287	12 883	12 574	12 883	13 842	13 583	12 574	13 168	12 820	-
	% , yoy	95.9	9.1	63.6	28.1	41.8	63.6	6.0	63.6	50.6	53.3	6.0	6.9	-4.7	-



		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q2'16	Q3'16	Q4'16	Q1'17	12'16	01'17	02'17	03'17	04'17	05'17	06'17
<b>— Financial sector</b>															
BNB International reserves	mIn EUR	16 534	20 285	23 899	22 442	23 494	23 899	24 044	23 899	23 128	23 849	24 044	23 634	23 666	23 970
Monetary base coverage	%	165.1	144.3	163.4	179.6	176.2	163.4	163.0	163.4	168.9	165.1	163.0	167.5	166.6	168.4
Coverage of import with FX reserves	months	7.1	8.5	10.0	9.6	10.0	10.1	9.7	10.1	9.6	9.8	9.7	9.5	-	-
Coverage of short-term external debt	%	166.0	257.5	298.1	295.8	307.2	299.2	302.6	299.2	298.5	305.4	304.5	294.7	-	-
Money M1 (Narrow money)	%, yoy	15.1	15.6	13.5	15.0	14.6	13.5	17.7	13.5	14.3	14.7	17.7	16.0	16.5	-
Money M3 (Broad money)	%, yoy	1.1	8.8	7.6	8.9	8.7	7.6	8.5	7.6	7.6	7.3	8.5	7.6	8.0	-
Deposits	%, yoy	-0.5	8.2	6.7	8.2	7.8	6.7	7.6	6.7	6.8	6.2	7.6	6.8	7.1	-
Credit to private sector	%, yoy	-8.2	-1.2	1.5	-0.6	-0.1	1.5	3.8	1.5	3.1	3.4	3.8	4.3	4.7	-
Credit to non-financial enterprises	%, yoy	-11.6	-1.7	0.3	-1.5	-1.4	0.3	2.5	0.3	1.6	1.8	2.5	3.3	3.3	-
Credit to households	%, yoy	-1.6	-1.3	2.0	-0.7	0.5	2.0	4.7	2.0	4.1	4.5	4.7	5.2	5.8	-
Interest rate on credits <sup>4</sup>	%	7.9	7.0	5.8	5.8	5.5	5.4	5.3	4.9	5.2	5.4	5.3	5.0	4.9	-
Interest rate on deposits <sup>5</sup>	%	2.6	1.3	0.8	0.8	0.7	0.6	0.5	0.6	0.5	0.4	0.5	0.3	0.4	-
Exchange rate BGN/USD	eop	1.61	1.79	1.86	1.76	1.75	1.86	1.83	1.86	1.82	1.85	1.83	1.79	1.74	1.71
	per. av.	1.47	1.76	1.77	1.74	1.75	1.81	1.84	1.86	1.84	1.84	1.83	1.82	1.77	1.74
<b>— Gross External Debt (GED)</b>															
Gross external debt	% of GDP	92.0	75.0	73.1	73.1	71.9	73.1	68.8	73.1	68.1	68.2	68.5	68.7	-	-
Short-term external debt	% of GED	25.3	23.1	23.1	21.9	22.4	23.1	23.2	23.1	22.9	23.0	23.2	23.5	-	-
Intercompany lending	% of GED	40.3	37.2	36.1	36.9	36.8	36.1	35.9	36.1	35.5	35.9	35.8	35.7	-	-
<b>— Balance of payments<sup>6</sup></b>															
Current account	mIn EUR	35	-61	1 989	626	1 509	-365	60	-370	-19	270	-279	-97	-	-
<i>Current account (moving average)</i>	% of GDP	0.1	-0.1	4.2	2.1	3.1	4.2	3.7	4.2	3.9	4.5	3.7	3.6	-	-
Trade balance	mIn EUR	-2 777	-2 622	-1 845	-480	-322	-687	-654	-261	-192	-129	-383	-290	-	-
<i>Trade balance (moving average)</i>	% of GDP	-6.5	-5.8	-3.9	-4.9	-4.6	-3.9	-4.3	-3.9	-4.3	-4.3	-4.6	-4.9	-	-
Export, f.o.b.	mIn EUR	21 026	21 919	22 556	5 453	5 908	6 062	6 040	1 946	1 819	1 981	2 143	2 011	-	-
	%, yoy	-0.9	4.2	2.9	-4.6	5.9	12.6	17.7	15.3	10.1	17.8	19.2	13.3	-	-
Import, f.o.b.	mIn EUR	23 803	18 678	24 400	5 933	6 230	6 749	6 693	2 207	2 012	2 110	2 526	2 300	-	-
	%, yoy	-1.4	-21.5	30.6	-4.8	2.9	5.6	22.0	8.3	21.9	16.0	25.1	20.2	-	-
Capital account	mIn EUR	960	1 422	1 067	250	182	73	153	23	78	2	32	9	-	-
Financial account	mIn EUR	-2 090	-1 076	-764	-214	192	-182	767	-535	1 064	-473	-50	-58	-	-
Net Foreign Direct Investments	mIn EUR	-882	-2 388	-764	-493	-162	331	124	275	58	-230	151	-13	-	-
Net Portfolio Investments	mIn EUR	1 871	44	2 198	-141	539	632	-28	291	147	-216	40	144	-	-
Other Investments – net	mIn EUR	2 170	-4 510	1 523	1 000	-378	479	-92	420	462	-94	-359	618	-	-
Change in BNB reserve assets	mIn EUR	1 807	3 730	3 467	904	1 061	576	77	451	-773	612	238	-379	-	-

## Notes:

Ratios to GDP are calculated using GDP data as follows: for 2014 – BGN 83 634.3 mln, for 2015 – BGN 88 571.3 mln, for 2016 – BGN 92 634.7 mln and MF projections for 2017 – BGN 97 155.7 mln;

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

This issue of the Monthly Report on Bulgarian Economy is based on materials and statistical data received up to July 14, 2017. 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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Economic and Financial Policy Directorate

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