

BULGARIAN ECONOMY

Monthly Report

9/2017

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 mixed performance in August, as industrial turnover decelerated, while industrial production and retail trade accelerated and the construction output growth remained flat. Meanwhile, the **consumer confidence** increased in September backed by expectations for a decrease in the unemployment. Only the **business climate indicator** declined, but the economic climate tracer remained in the expansion area, suggesting acceleration in the economic activity in the country.

The registered unemployment went down by 0.2 pps mom to 6.5% in September, reflecting the higher number of people who started working.

Consumer prices, as measured by the HICP, declined by 0.2% mom in September. The mom decrease in prices of services largely accounted for the decline in the headline rate. The **annual inflation rate** accelerated to 1.3% yoy, as the contribution of higher energy and food prices increased. Core inflation also gathered speed, up 0.5% yoy.

The **current account surplus** in January-July stood at EUR 1 568.4 mln (3.1% of projected GDP). The trade deficit remained higher on a year earlier, but the surplus on the services balance improved. There was a significant asset growth in July and a fall in liabilities on the **financial account**, which resulted in a positive balance of EUR 368.1 mln (0.7% of projected GDP) for the first seven months.

Credit to the private sector marginally speeded up to 4.6% yoy in August. **Weighted average interest rate on credits** to non-financial corporations continued on the downward trend, down by 22 bps, while the **weighted average interest rate on time deposits** remained at their level at the end of July.

For the first eight months of 2017, **the balance on the consolidated fiscal program** was positive, reaching BGN 2.2 bn (2.2% of projected GDP) at the end of August. The positive fiscal outcome resulted from higher revenues over expenditure on both the national budget and the EU funds account. ■



SHORT-TERM BUSINESS STATISTICS

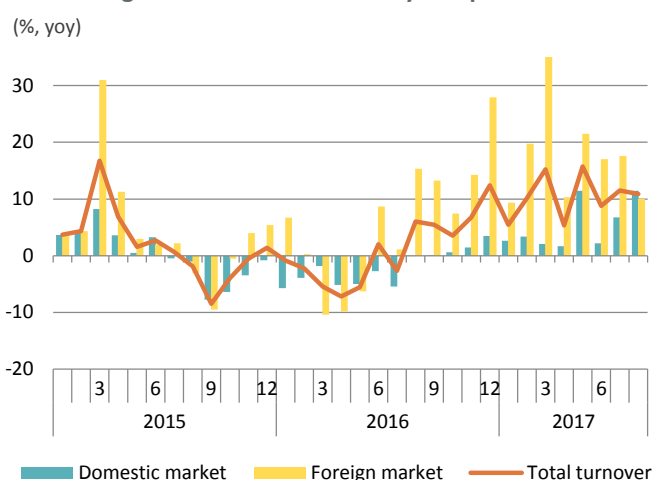
The growth of **industrial turnover**¹ slowed down to 10.9% yoy in August from 11.5% yoy in July, due to weaker performance of foreign industrial sales (fig. 1). The later was driven mainly by the developments in *manufacture of fabricated metal products, except machinery and equipment*, followed by the decline in *manufacture of food products*. Foreign turnover increased by 10% yoy compared to an annual growth of 17.6% in July with *manufacture of basic metals* and *manufacture of chemical products* being the major contributors for the reported growth. Meanwhile, the increase in domestic turnover accelerated to 11.5% yoy (6.8% yoy in July) supported by *manufacture of basic metals and fabricated metal products, except machinery and equipment*, *manufacture of machinery and equipment*, *electricity, gas, steam and air conditioning supply* and *mining of metal ores*.

Industrial production increased by 4.9% yoy in August (4.6 % yoy in July) as the growth was more broadly based among the sectors compared to the previous month. *Manufacture of basic metals* and *manufacture of machinery and equipment* had major contribution to the reported increase.

In August, the growth reported by the **construction production index** stayed flat at 8.9% yoy as in previous month (fig. 2). *Building construction* remained the main driver of the construction activity, up by 16.8% yoy, while *civil engineering* increased by 0.1% yoy.

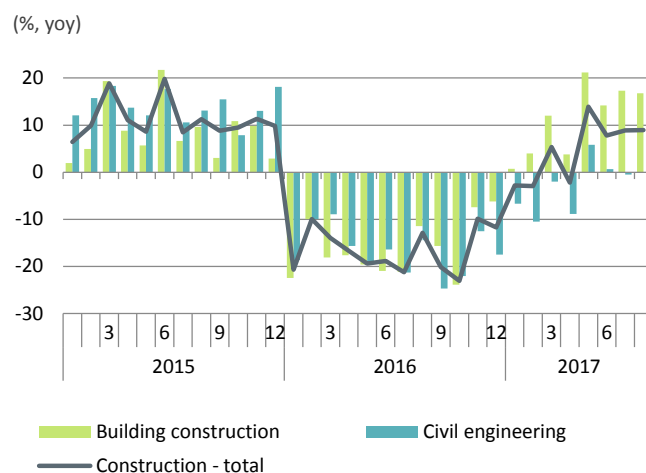
The growth of **retail trade** reached 3.2% in August compared to the same period of the previous year. *Retail sales in non-specialized stores* and *retail sales of computers, peripheral units and software* posted the largest increase, up by 15% and 12.5% respectively, while *retail sales of automotive fuels* continued to report a decline, down by 11.3% yoy.

Fig. 1: Industrial turnover by components



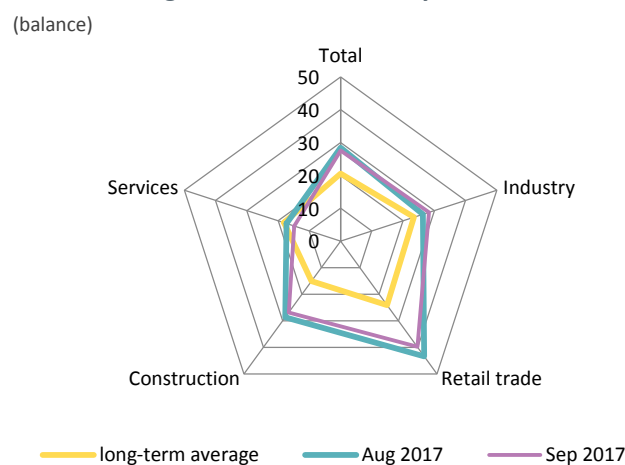
Source: NSI

Fig. 2: Construction production index



Source: NSI

Fig. 3: Business climate by sectors



Source: NSI

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

In September, **the overall business climate indicator** declined by 0.8 points due to worsened assessments in all sectors with the exception of industry (fig. 3 and 4). The replies in services and retail sales contained more unfavourable expectations regarding the demand and volume of sales in the next months. The expectations in construction were also reserved despite the increase in new orders in the last month. The production activity in industry improved and expectations were favourable.

The **consumer confidence indicator** increased by 2.3 points in September after slight decreases in July and August, down by 0.4 and 0.1 pts respectively (fig. 5). The improvement was due to expectations for a decrease in the unemployment and the higher number of consumers who assess the economic situation in the country as favourable for savings.

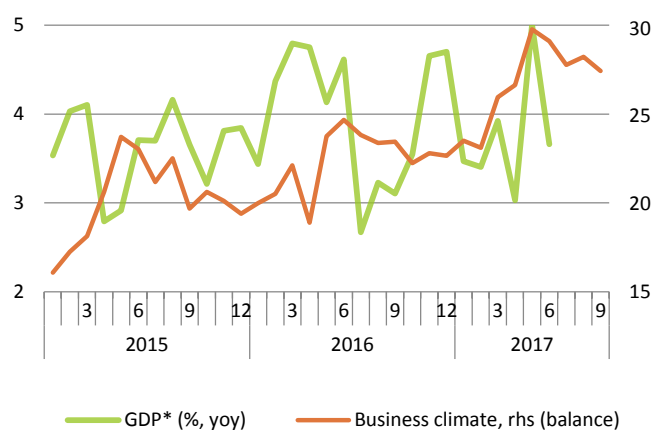
The **economic climate tracer**² in the country was in the expansion area (fig. 6), suggesting acceleration of the economic growth. All sectoral climate tracers were in the expansion quadrant.



LABOUR MARKET

The registered unemployment went down by 0.2 pps mom to 6.5% in September (fig. 7). Its level was comparable with the unemployment rates at the end of 2008 and the beginning of 2009 when the influence of the economic crisis on the labour market had not yet materialized. The downward trend in unemployment reflected the higher unemployment outflow mainly due to the increased number of people who started working. The latter went up to 22.8 thousand in September. It was largely on the account of the higher labour demand on the primary labour market where 14.3 thousand persons found jobs, or 27.8% more than in August. The number of people who started working in programmes and measures under the EPA also increased over the previous month, up to 3.7

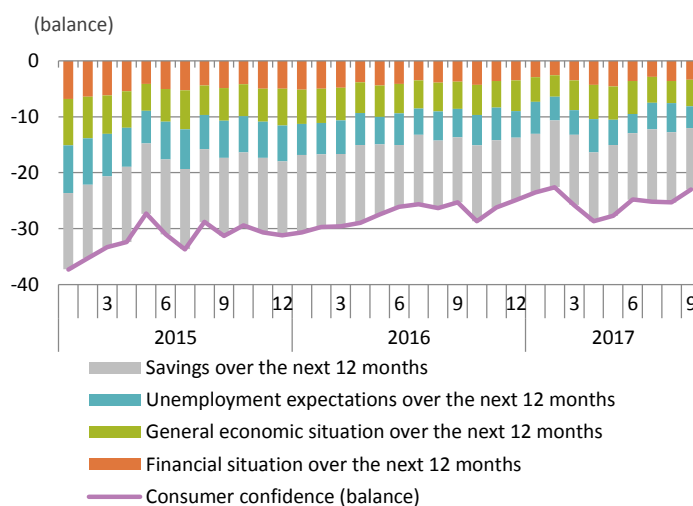
Fig. 4: Business climate and GDP



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

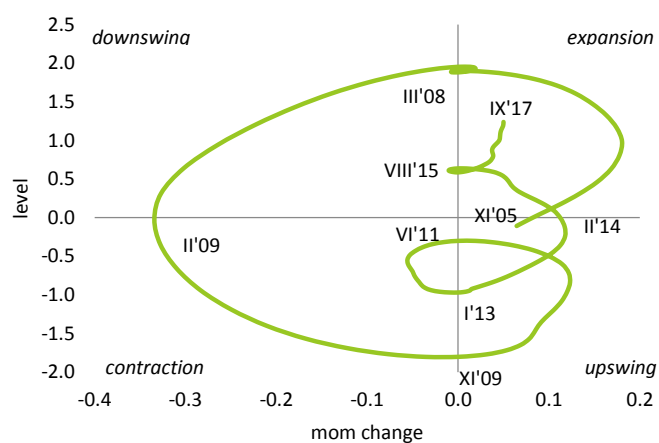
Source: NSI, MF

Fig. 5: Consumer confidence indicator by components



Source: Eurostat

Fig. 6: Climate tracer



Source: Eurostat, MF

² Developments in the survey data over the third 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"

thousand, recording the second highest level since May.



INFLATION

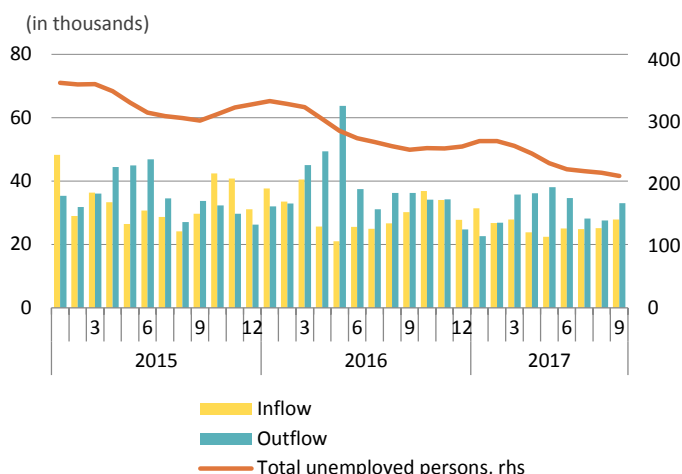
The HICP index reported **0.2% mom decline in September**, as prices of services³ decreased by 2.4% over the previous month. The latter was largely driven by seasonal price developments in 3 major services components, namely passenger transport by air, down by 5.9% mom, package holidays, down by 15.2% mom, and accommodation in resorts, down by 18.7% mom, which together contributed by -0.58 pps to the monthly change in the headline rate. On the other hand, prices of catering services kept on the increase, up by 0.3% mom. Transport fuel prices went up by 2.5% mom following international crude oil price dynamics. Food prices stepped up by 0.9% on average. Prices of fresh vegetables and potatoes largely accounted for their increase, however, the upward trend observed in prices of milk, cheese, butter and eggs accelerated during the month.

Administered prices also increased by 0.2% mom after the hikes in prices for water supply - up by 0.9%, sewerage and water purification services - up by 1%, tertiary education – up by 1.7%, and kinder garden fees – up by 0.7%.

The annual inflation rate accelerated to 1.3% yoy as the positive contribution from higher prices of food and energy increased (fig. 8). Core inflation⁴ also gathered speed, up 0.5% yoy.

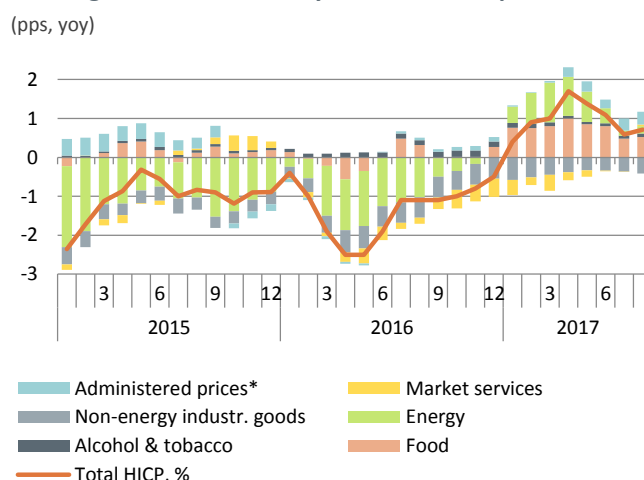
After the substantial slowdown in the Brent price dynamics in yoy terms (fig. 9), it gathered speed in the last three months to 12.5% in euro terms in September; while food prices reported decline, down by 8.3% yoy.

Fig. 7: Inflow, outflow and registered unemployed



Source: EA

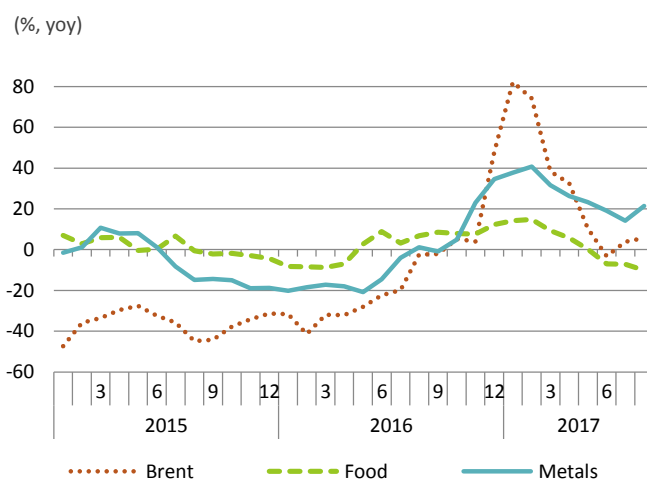
Fig. 8: Contributions by main HICP components



* 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: International prices of major commodities in euro



Source: World bank, MF

³ Excluding administered prices' changes

⁴ The total index excluding energy and unprocessed food



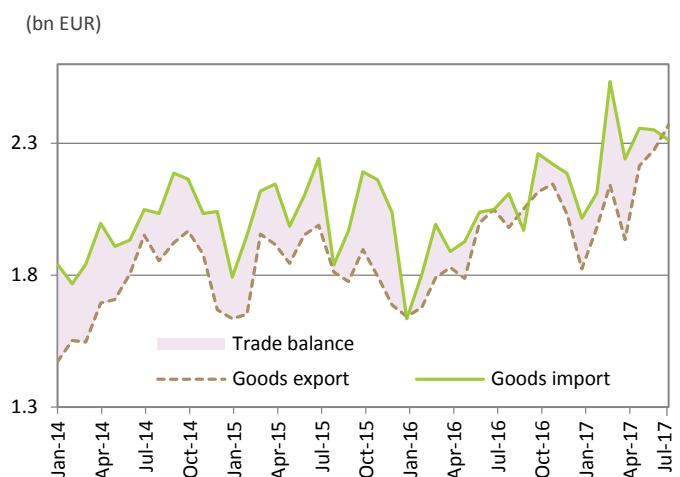
EXTERNAL SECTOR

In July, trade of goods recorded a surplus for the first time in the last ten months, and the balance reached EUR 58.5 mln. The positive dynamics was driven by both the higher export, up by 4.1% mom, and the decrease in import, down by 1.6% mom. However, *the trade deficit* accumulated for the first seven months remained higher by 1.1 pps over the same period of 2016 when it was 1.2% of GDP. As regards *services*, the export of manufacturing services on physical inputs owned by others, insurance and pension services and other business services decreased during the period, which led to a drop in total export of services by 1.9% compared to a year earlier. The export of transport and travel services increased by 5.1% and 10.7% yoy, respectively. According to the NSI data, foreigners' visits in Bulgaria increased by 15.2% compared to January-July 2016. Growth was evenly distributed among visitors of EU Member States and other European countries. The import of services decreased by 11.4% over the period, which resulted in an increase of the *services balance surplus* from 3.4% of GDP in 2016 to 3.7% of GDP in 2017. In July, the surplus of the *secondary income* improved significantly compared to the previous month due to higher EU transfers to General government. The **current account surplus** in January-July stood at EUR 1 568.4 mln (3.1% of projected GDP compared to 3.5% of GDP in the same period of 2016).

There was a significant asset growth in July and a fall in liabilities on the **financial account**, which resulted in a positive balance of EUR 368.1 mln (0.7% of projected GDP). Its dynamics were driven by a decline in *portfolio investment* liabilities and an increase in *other investments* assets (currency and deposits).

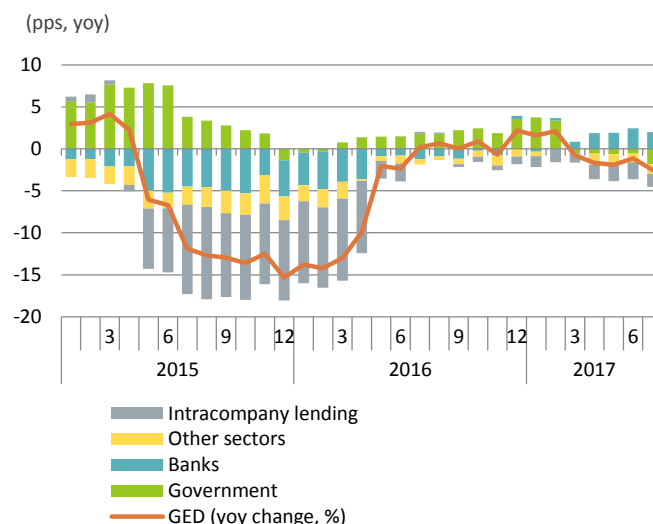
Gross external debt (GED) totaled EUR 33.1 bn as at the end of July (65% of projected GDP down from 70.1% at the end of July 2016). Short-term debt amounted to 22.6% of total GED. Net external debt declined by EUR 1.9 bn compared to the end of 2016. The decline reflected the strong increase in foreign assets of commercial banks as well as deposits abroad of the non-financial sector.

Fig. 10: Foreign trade dynamics



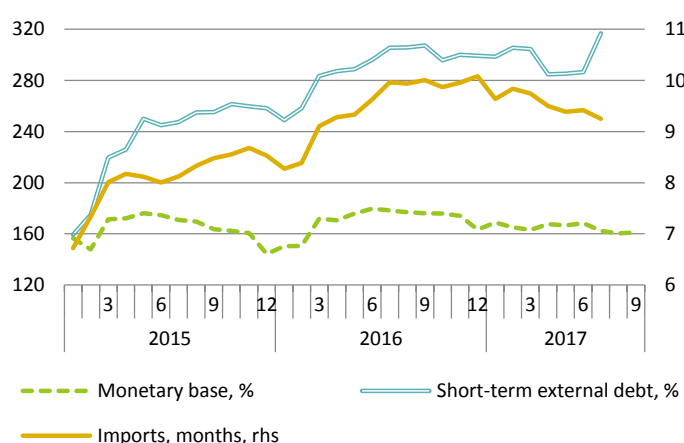
Source: BNB

Fig. 11: Gross external debt by institutional sectors



Source: BNB

Fig. 12: Coverage with FX Reserves



Source: BNB, MF



FINANCIAL SECTOR

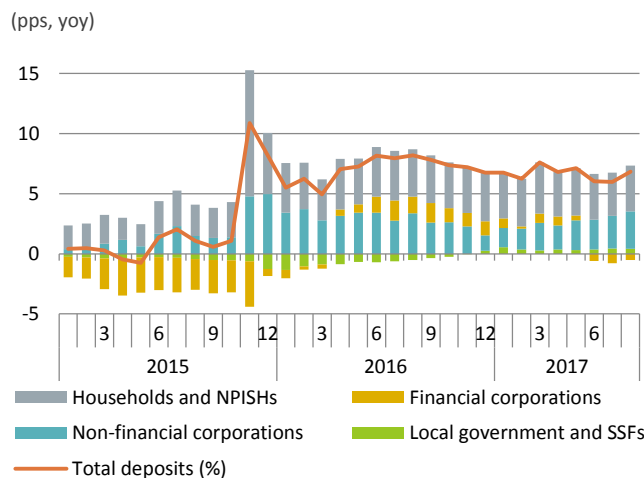
International reserves slightly increased in September, up by 0.4% mom and amounted to EUR 24.6 bn. Positive drivers for the monthly change came mainly from liabilities to Government and to government budget institutions with a 2.5% mom growth. The government deposit with the BNB was positively influenced by a new issue of 7.5-year BGN-denominated government securities of BGN 85 mln. Notes in circulation also had a positive contribution to the monthly developments of the reserves, up by 1.1% mom. Bank reserves slightly dropped by 1.3% mom. The annual growth of the official reserves slowed down slightly to 4.5% vs. 4.9% yoy as at end-August. The biggest positive contribution came from bank reserves and notes in circulation, up by 15.8% and 12.7% yoy, respectively (fig. 12).

Credit to the private sector marginally speeded up to 4.6% yoy in August from 4.5% at the end of July. Corporate credit kept its pace of growth at 2.8% yoy as it was in July, while households accelerated to 5.7% yoy again on the back of mortgages and consumer loans which both increased by 5.4% yoy. **Bad and restructured credits** declined by 10.9% yoy, while their share in total credits to non-financial corporations and households was 14.4% vs. 14.5% in July.

Weighted average interest rate on credits to non-financial corporations continued on the downward trend, down by 22 bps in August (table 1). In terms of maturity, corporate loans in BGN registered the biggest decrease in the segment over 5 years, while the decrease for those in EUR and USD were in the segment over 1 and up to 5 years. The monthly volume of new corporate loans came lower, down by 25.3% yoy. The average price of mortgages slightly increased, up by 3 bps compared to July, while the price of consumer loans decreased by 2 bps.

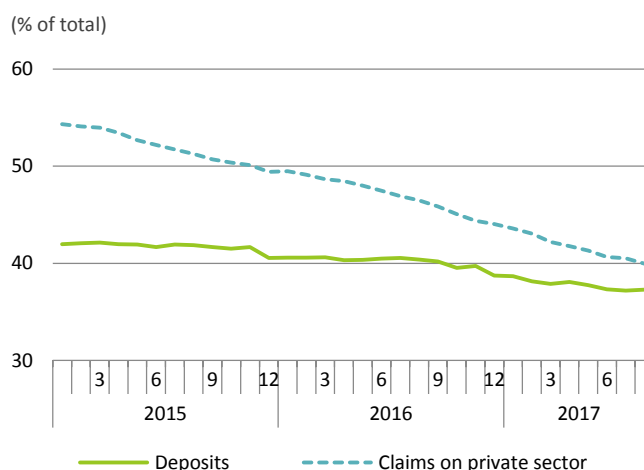
Weighted average interest rate on time deposits remained at the same level as at the end of July. The average rate on households' deposits went down by 1 bp, while those from non-financial corporations increased by 2 bps. Euro and USD denominated time

Fig. 13: Contributions to annual growth of total deposits by institutional sectors



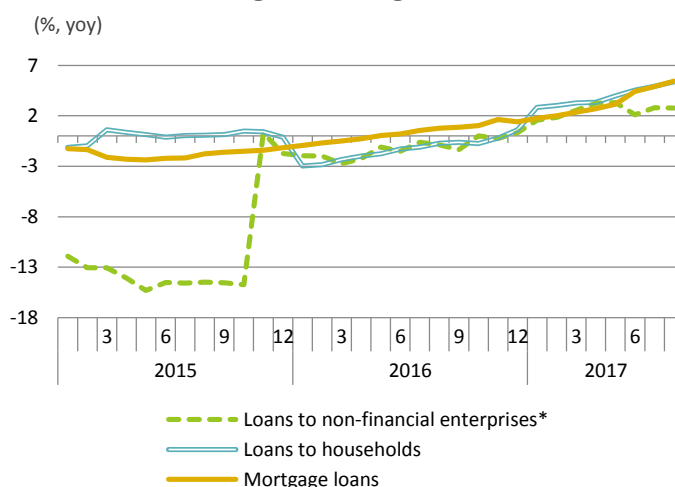
Source: BNB

Fig. 14: Share of deposits and claims on private sector in FX



Source: BNB, MF

Fig. 15: Credit growth



* 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

deposits' price dropped by 1 and 6 bps respectively, while those in local currency went up by 2 bps. The total monthly volume of new time deposits reached BGN 1.24 bn, down by 21.4% compared to August 2016 (table 3).



FISCAL DEVELOPMENTS

For the first eight months of 2017, **the balance on the consolidated fiscal program** was positive, reaching BGN 2.2 bn (2.2% of projected GDP) at the end of August. The positive fiscal outcome resulted from higher revenues over expenditure on both the national budget and the EU funds account.

Total revenues and grants amounted to BGN 23.3 bn, up by 1.2% compared to August 2016 (fig. 16). The drop in grants that started in April 2016 persisted in August 2017 as well (down 55.1% yoy in cumulative terms), but the better performance of tax revenues offset the negative contribution of EU funds. Total tax revenues increased by 8.4% yoy, mainly as a result of higher social and health insurance contributions and indirect tax revenues, up by 14.3% and 5.5% yoy respectively. The former was a result of higher VAT receipts and excises, up by 7.6% and 1.7% yoy, respectively. Direct tax revenues posted an 8.4% increase compared to August 2016.

Total government spending posted a 7.3% yoy increase and amounted to BGN 21.1 bn. The growth came mainly on the account of higher personnel payments (up 25% yoy), social expenditures and scholarships (up 4.4% yoy) and subsidies (up 27.2% yoy). A significant drop of 13.3% was reported by current maintenance. Capital spending (including the net increase of state reserve) also remained 5.1% lower than its previous year level (fig. 17).

The fiscal reserve amounted to BGN 11.6 bn (11.7% of projected GDP) in August, of which BGN 11.1 bn in bank deposits and BGN 0.5 bn EU funds receivables on certified expenses. The fiscal reserve decreased by 19.8% yoy.

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

	August 2016	July 2017	August 2017
Non-financial companies	4.30	3.57	3.35
Consumer credits	8.85	8.08	8.06
Mortgages	4.94	3.91	3.94

Source: BNB, MF

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

	August 2016	July 2017	August 2017
Consumer credits	10.86	10.26	10.16
Mortgages	5.42	4.33	4.37

* 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.

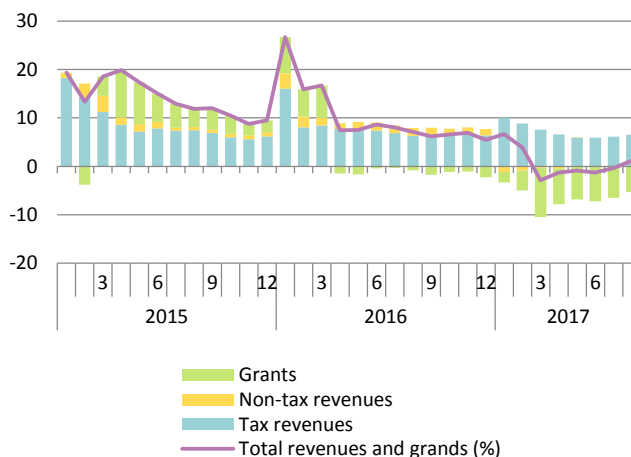
Source: BNB, MF

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

	August 2016	July 2017	August 2017
BGN	0.78	0.32	0.34
EUR	0.67	0.32	0.31
USD	0.62	0.51	0.45

Source: BNB, MF

Fig. 16: Contribution to the growth of total revenues (cumulative, yoy, pps)

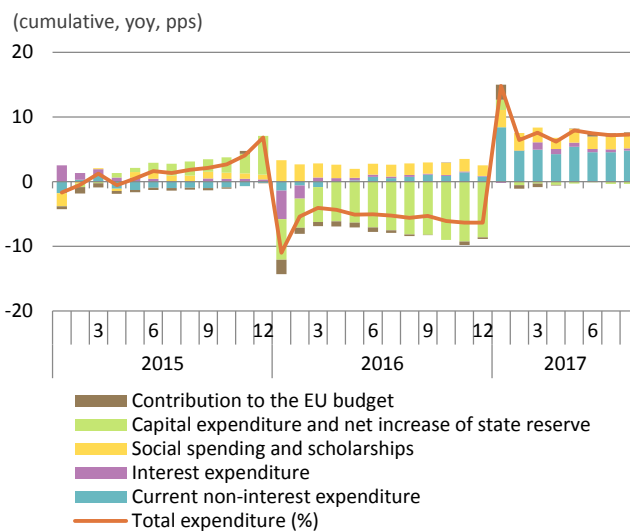


Source: MF

General government debt, incl. guaranteed debt, remained almost unchanged from its level in the previous month at BGN 25.5 bn (25.6% of projected GDP), being 28.8% of GDP a year earlier. Domestic and external debt stood at 6.5% and 17.1% of GDP respectively, down from 7.5% and 20.7% of GDP in the previous year. Government guaranteed debt-to-GDP ratio was 2% at the end of August, being 0.6% a year earlier.



Fig. 17: Contribution to the growth of total expenditure



Source: MF



KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q3'16	Q4'16	Q1'17	Q2'17	03'17	04'17	05'17	06'17	07'17	08'17	09'17
— GDP¹															
Gross Domestic Product	% , yoy	1.3	3.6	3.9	3.0	4.3	3.6	3.9	-	-	-	-	-	-	-
Consumption	% , yoy	2.2	3.8	3.3	0.9	5.1	4.2	4.7	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	3.4	2.7	-6.6	-9.5	-10.0	2.4	4.0	-	-	-	-	-	-	-
Export	% , yoy	3.1	5.7	8.1	10.7	10.6	6.1	3.6	-	-	-	-	-	-	-
Import	% , yoy	5.2	5.4	4.5	5.9	4.9	9.1	6.2	-	-	-	-	-	-	-
Agriculture	% , yoy	4.8	-6.8	5.3	10.0	5.4	-0.1	0.0	-	-	-	-	-	-	-
Industry	% , yoy	0.3	4.2	4.0	2.6	4.6	3.7	4.1	-	-	-	-	-	-	-
Services	% , yoy	1.7	3.3	3.1	2.2	3.9	5.4	4.3	-	-	-	-	-	-	-
Adjustments	% , yoy	0.1	7.5	7.2	2.9	6.0	-4.0	2.7	-	-	-	-	-	-	-
— Short-term business statistics²															
Industrial production	% , yoy	1.8	2.9	2.7	2.9	4.1	3.9	4.8	6.5	0.6	11.1	3.3	4.6	4.9	-
Industrial turnover	% , yoy	0.0	1.7	1.0	2.8	7.6	10.3	9.9	15.2	5.4	15.7	8.8	11.5	10.9	-
Retail trade turnover	% , yoy	10.2	11.8	3.9	3.7	3.6	4.7	3.4	6.3	1.3	6.3	2.7	2.3	3.2	-
Construction output	% , yoy	7.0	11.2	-16.7	-18.1	-15.3	0.1	6.4	5.3	-2.2	13.9	7.8	8.9	8.9	-
Total business climate	balance	15.9	20.3	22.5	23.7	22.7	24.3	28.7	26.1	26.8	30.0	29.3	27.9	28.4	27.6
Industry	balance	18.2	22.9	23.5	24.6	23.1	26.5	27.7	27.6	27.2	28.5	27.3	28.6	26.4	28.3
Retail trade	balance	24.0	27.6	33.6	36.5	34.6	32.1	39.4	33.3	35.4	41.0	41.7	38.8	43.3	39.8
Construction	balance	7.3	15.2	17.9	19.8	17.8	19.0	29.1	24.5	26.4	29.3	31.5	28.3	28.6	26.8
Services	balance	11.7	12.7	13.8	12.8	14.7	17.4	19.6	17.4	17.7	22.4	18.7	15.4	17.3	14.8
— Labour market															
Participation rate (15+)	level	54.1	54.1	53.3	53.6	52.7	53.7	55.8	-	-	-	-	-	-	-
Employment rate (15+)	level	48.0	49.1	49.3	49.9	49.2	50.0	52.2	-	-	-	-	-	-	-
Employment (SNA)	% , yoy	0.4	0.4	0.5	-1.0	0.6	1.2	0.9	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	11.4	9.1	7.6	7.0	6.7	6.9	6.3	-	-	-	-	-	-	-
Unemployment rate (EA)	level	11.2	10.1	8.7	8.0	7.9	8.1	7.2	8.0	7.6	7.1	6.8	6.7	6.7	6.5
Nominal wage	% , yoy	6.0	6.8	9.5	7.7	8.2	9.1	9.9	9.9	10.2	9.9	9.7	-	-	-
Real wage ³	% , yoy	7.7	8.0	11.0	8.9	9.1	8.3	8.4	8.8	8.4	8.3	8.5	-	-	-
Labour productivity (GDP per employed)	% , yoy	1.0	3.3	2.9	4.2	2.9	2.6	3.2	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	4.1	0.1	-0.9	-3.0	-3.1	4.2	2.4	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	4.6	2.3	0.2	-0.3	-2.0	4.9	6.5	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	% , yoy	-1.4	-0.1	-0.8	-0.3	-0.3	1.7	2.3	1.9	2.6	2.3	1.9	1.3	1.4	2.1
Harmonized index of consumer prices (HICP)	% , yoy	-1.6	-1.1	-1.3	-1.1	-0.8	0.2	1.5	1.0	1.7	1.4	1.1	0.6	0.7	1.3
PPI, domestic market	% , yoy	-0.9	-1.6	-2.9	-3.0	-0.5	2.3	3.4	2.1	3.9	3.5	2.7	5.3	5.9	-
PPI, non-domestic market	% , yoy	-1.8	-2.4	-3.5	-3.1	2.8	9.6	5.6	8.0	8.4	4.6	3.7	3.5	5.5	-
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	29 409	32 200	33 953	25 652	33 956	8 838	17 483	8 837	12 017	14 716	17 482	20 478	23 285	-
Total expenses	mIn BGN	32 482	34 685	32 481	22 290	32 491	7 781	15 737	7 779	10 426	13 033	15 735	18 506	21 133	-
Contribution to EU budget	mIn BGN	955	946	859	612	859	214	488	214	286	364	488	560	607	-
Cash deficit (-) / surplus (+)	mIn BGN	-3 073	-2 485	1 473	3 363	1 465	1 058	1 746	1 058	1 591	1 683	1 747	1 972	2 151	-
	% of GDP	-3.7	-2.8	1.6	3.6	1.6	1.1	1.8	1.1	1.6	1.7	1.8	2.0	2.2	-
Government debt (incl. guaranteed debt)	mIn BGN	22 753	23 300	27 424	26 417	27 424	26 886	27 212	26 886	26 911	27 028	27 212	25 492	25 457	-
	% of GDP	27.2	26.3	29.1	28.5	29.6	27.7	28.0	27.0	27.0	27.1	27.3	25.6	25.6	-
Fiscal reserve	mIn BGN	9 170	7 873	12 883	14 287	12 883	12 574	13 174	12 574	13 168	12 820	13 174	11 698	11 632	-
	% , yoy	95.9	9.1	63.6	41.8	63.6	6.0	-6.8	6.0	6.9	-4.7	-6.8	-19.3	-19.8	-

		Annual data			Quarterly data				Monthly data						
		2014	2015	2016	Q3'16	Q4'16	Q1'17	Q2'17	03'17	04'17	05'17	06'17	07'17	08'17	09'17
— Financial sector															
BNB International reserves	mIn EUR	16 534	20 285	23 899	23 494	23 899	24 044	23 970	24 044	23 634	23 666	23 970	23 729	24 444	24 551
Monetary base coverage	%	165.1	144.3	163.4	176.2	163.4	163.0	168.4	163.0	167.5	166.6	168.4	162.4	160.3	161.2
Coverage of import with FX reserves	months	7.1	8.5	10.0	10.0	10.1	9.7	9.4	9.7	9.5	9.4	9.4	9.2	-	-
Coverage of short-term external debt	%	166.0	257.5	298.1	307.2	299.2	302.6	286.4	304.5	284.7	285.1	286.4	316.7	-	-
Money M1 (Narrow money)	%, yoy	15.1	15.6	13.5	14.6	13.5	17.7	15.2	17.7	16.4	16.9	15.2	14.6	15.9	-
Money M3 (Broad money)	%, yoy	1.1	8.8	7.6	8.7	7.6	8.5	7.0	8.5	7.6	8.0	7.0	6.9	7.7	-
Deposits	%, yoy	-0.5	8.2	6.7	7.8	6.7	7.6	6.0	7.6	6.8	7.1	6.0	6.0	6.8	-
Credit to private sector	%, yoy	-8.2	-1.2	1.5	-0.1	1.5	3.8	4.2	3.8	4.3	4.7	4.2	4.5	4.6	-
Credit to non-financial enterprises	%, yoy	-11.6	-1.7	0.3	-1.4	0.3	2.5	2.1	2.5	3.3	3.3	2.1	2.8	2.8	-
Credit to households	%, yoy	-1.6	-1.3	2.0	0.5	2.0	4.7	6.0	4.7	5.2	5.8	6.0	5.5	5.7	-
Interest rate on credits ⁴	%	7.9	7.0	5.8	5.5	5.4	5.3	4.6	5.1	4.8	4.7	4.6	4.3	4.4	-
Interest rate on deposits ⁵	%	2.6	1.3	0.8	0.7	0.6	0.5	0.4	0.5	0.3	0.4	0.4	0.3	0.3	-
Exchange rate BGN/USD	eop	1.61	1.79	1.86	1.75	1.86	1.83	1.71	1.83	1.79	1.74	1.71	1.67	1.65	1.66
	per. av.	1.47	1.76	1.77	1.75	1.81	1.84	1.74	1.83	1.82	1.77	1.74	1.70	1.66	1.64
— Gross External Debt (GED)															
Gross external debt	% of GDP	92.0	75.0	73.1	70.2	70.1	65.8	66.2	65.8	66.3	66.1	66.1	65.0	-	-
Short-term external debt	% of GED	25.3	23.1	23.1	21.0	21.7	21.8	23.1	22.0	23.0	23.0	23.2	22.6	-	-
Intercompany lending	% of GED	40.3	37.2	36.1	37.2	36.8	36.4	35.9	36.5	35.7	36.0	35.8	36.6	-	-
— Balance of payments⁶															
Current account	mIn EUR	35	-61	1 989	1 697	-112	-74	502	-295	-111	182	432	1 141	-	-
<i>Current account (moving average)</i>	% of GDP	0.1	-0.1	4.2	3.8	5.4	4.7	4.1	4.8	4.6	4.9	4.2	5.1	-	-
Trade balance	mIn EUR	-2 777	-2 622	-1 845	-49	-376	-714	-522	-392	-306	-142	-74	58	-	-
<i>Trade balance (moving average)</i>	% of GDP	-6.5	-5.8	-3.9	-3.4	-2.1	-2.8	-3.3	-2.9	-3.4	-3.4	-3.4	-3.3	-	-
Export, f.o.b.	mIn EUR	21 026	21 919	22 556	6 081	6 294	5 948	6 427	2 143	1 935	2 216	2 277	2 371	-	-
	%, yoy	-0.9	4.2	2.9	9.0	16.9	16.4	14.4	19.7	5.7	23.9	13.9	15.7	-	-
Import, f.o.b.	mIn EUR	23 803	18 678	24 400	6 130	6 670	6 662	6 949	2 534	2 241	2 357	2 351	2 313	-	-
	%, yoy	-1.4	-21.5	30.6	1.3	4.3	22.7	18.6	27.1	18.6	22.3	15.3	12.8	-	-
Capital account	mIn EUR	960	1 422	1 067	183	75	113	79	32	8	33	38	76	-	-
Financial account	mIn EUR	-2 090	-1 076	-764	503	423	-542	-23	-465	138	183	-344	934	-	-
Net Foreign Direct Investments	mIn EUR	-882	-2 388	-764	-106	502	-192	-162	92	64	-72	-155	36	-	-
Net Portfolio Investments	mIn EUR	1 871	44	2 198	539	632	-29	348	40	183	56	109	-369	-	-
Other Investments – net	mIn EUR	2 170	-4 510	1 523	-754	1 078	46	-11	-193	404	52	-466	370	-	-
Change in BNB reserve assets	mIn EUR	1 807	3 730	3 467	1 061	576	77	96	238	-379	94	381	-209	-	-

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 94 129.9 mln and MF projections for 2017 - BGN 99 623.9 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 October 13, 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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