

BULGARIAN ECONOMY

Monthly Report

2/2018

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, productivity and incomes
- » Inflation
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- » Financial sector
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Highlights

The Bulgarian economy expanded by 3.6% for the whole 2017, as **GDP growth** decelerated to 3% yoy in Q4 2017 from 3.8% yoy in the previous quarter. Economic activity in the country was driven by domestic demand, while net export contributed negatively. On the supply side, **gross value added** increased by 3.3% yoy in the last quarter and by 3.7% for the whole 2017.

All indicators from the **short-term business statistics** performed strongly in the beginning of the year, as they followed an upward development in January 2018. Both the **business climate and the consumer confidence indicators** reported improvement in February.

In Q4 2017 **employment** growth remained high at 2.4% yoy broadly supported by all economic sectors. **Registered unemployment** went down to 7% in February.

Labour productivity growth in real terms decelerated further to 0.7% yoy in Q4 2017, while **compensation per employee** growth continued on the increase, up by 9% yoy, which resulted in higher **unit labour costs**.

HICP inflation posted a 0.2% increase in February over the previous month, largely on the account of higher prices of market services. The **annual inflation rate** accelerated to 1.5% yoy.

In 2017 the **current account** surplus decreased by 22.7% yoy to reached 3.9% of GDP, mainly due to deterioration in the **balance of goods**. The excess of assets over liabilities on the **financial account** was significantly higher than last year and reached 4.9% of GDP in 2017. **Foreign direct investment** stood at 2.7% of GDP, up by 30.9% yoy.

The annual growth of **credit to the private sector** remained flat as compared to end-2017 at 4.8% yoy in January. Both the **weighted average interest rate on new credits** to non-financial corporations and the **weighted average interest rate on new time deposits** increased, up by 24 bps and 4 bps, respectively.

According to preliminary data on a cash basis, the **budget surplus on the consolidated fiscal program** accounted for BGN 1.2 bn (1.1% of projected GDP) as of end-January 2018. The positive fiscal outcome resulted from higher revenues over expenditure on the national budget (1.2% of GDP), while the EU funds account recorded a minor deficit (0.1% of GDP).



GROSS DOMESTIC PRODUCT

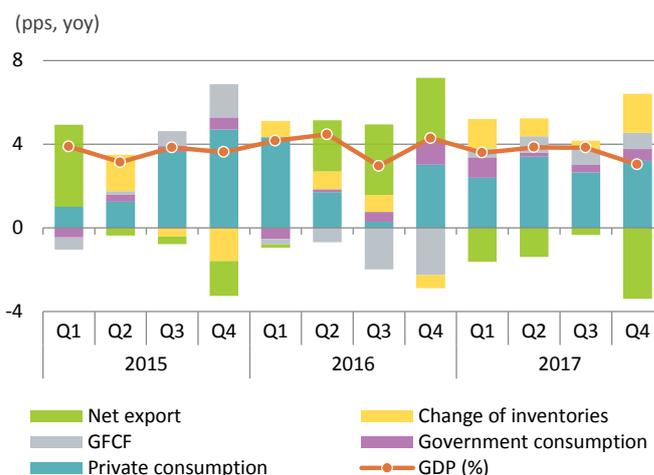
The Bulgarian economy expanded by 3.6% for the whole 2017, as GDP growth decelerated to 3% yoy in Q4 2017 from 3.8% yoy in the previous quarter. Domestic demand added 6.4 pps to the Q4 growth (fig. 1), while net export had a negative contribution (-3.4 pps). The latter widened compared to Q3 due to export growth deceleration, while import gathered speed. Private consumption increased by 5.1% compared to 4.6% in Q3. The higher consumption growth was in line with the observed consumer confidence improvement, while households' real gross disposable income increased at slower pace compared to Q3 (fig. 2). At the same time, public consumption growth strengthened and reached 3.5%. Gross fixed capital formation increased by 4.1% with positive contribution from investment in both construction and machinery and equipment.

On the supply side, GVA was 3.7% for the whole 2017, as GVA increased by 3.3% yoy in Q4 compared to 3% yoy in Q3 (fig. 3). The acceleration was due to the value added growth in agriculture (2.9%) and the higher growth in services, mainly in real estate activities and information and communication. The growth of value added in manufacturing and construction decelerated to 2.4% and 2.1%, respectively. These developments were well in line with the of the short-term indicators dynamics in Q4.

SHORT-TERM BUSINESS STATISTICS

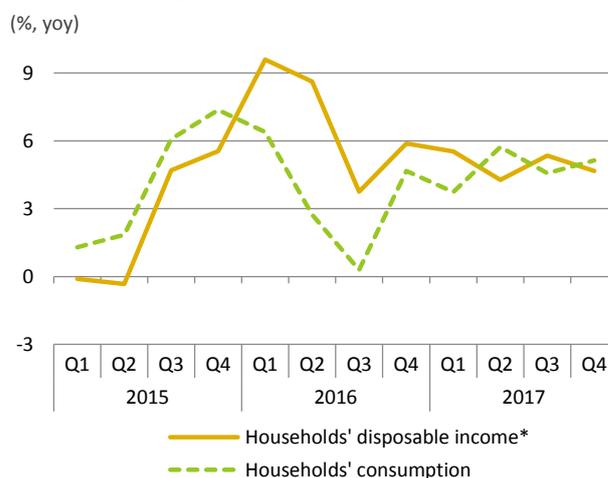
Industrial turnover increased by 9.6% yoy in January (fig. 4) supported by both foreign and domestic industrial sales, up by 11.8% and 8.3%, respectively. Major contribution for the reported increase in foreign turnover had *manufacture of basic metals and fabricated metal products, except machinery and equipment*, while the growth of domestic sales was driven by *manufacture of basic metals and fabricated metal products, except machinery and equipment, manufacture of other non-metallic mineral products and manufacture of food products*.

Fig.1: Contributions to GDP growth



Source: NSI

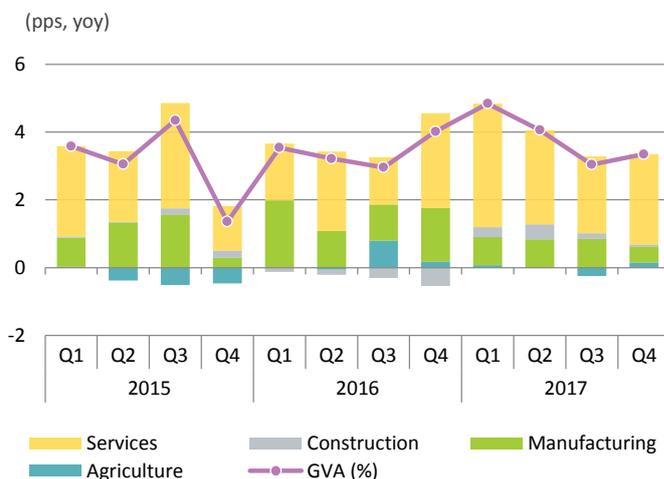
Fig.2: Consumption and income



* Households disposable income is the sum of compensation of employees, mixed income, received transfers (old-age pensions, social transfers, remittances) minus social security contributions and income taxes payable by employees. The disposable income in constant prices is acquired from that in current deflated with the households' consumption deflator.

Source: NSI, MF

Fig.3: Contributions to GVA growth



Source: NSI

Industrial production also followed an upward trend and increased by 5.1% yoy in January. Manufacturing industries which supported the growth of industrial turnover had also major contribution for the reported increase in industrial production.

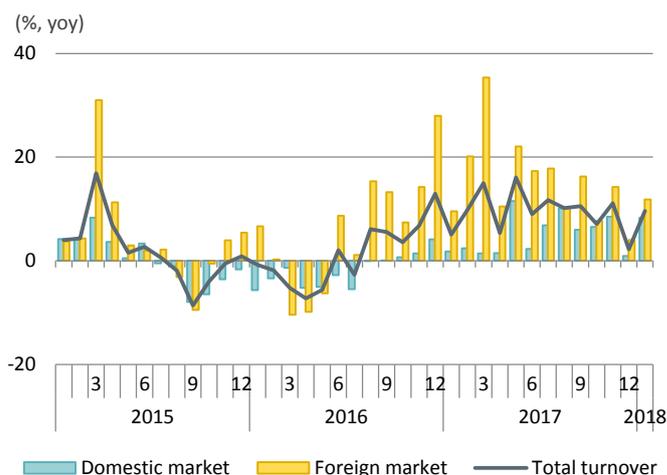
After the 7.9% yoy decline in December, the **construction production index** reported a strong increase in January, up by 26.8% yoy (fig. 5). Both *building construction* and *civil engineering* contributed to the positive development, up by 34.6% and 17.7%, respectively.

Retail trade also had a favourable development and the index increased by 5% yoy in January. *Retail sales of computers, peripheral units and software* posted the largest increase, up 7.1%, followed by *retail sales of medical and orthopaedic goods and cosmetics*, up by 6.7% yoy. Only *retail trade of textiles, clothing, footwear and leather goods* reported a decline, down by 10.8% yoy.

In February, the **overall business climate indicator** increased due to better assessments in construction and services (fig. 6 and 7). The expectations for the construction activity were optimistic and those for the demand in services were favourable. The number of respondents from services who report problems with insufficient demand decreased. In retail trade, the expectations for the sales and orders placed with suppliers improved, despite the declared decrease in the volume of sales over the past 3 months. The expectations in industry were more reserved as there was a decrease in the production assurance with orders.

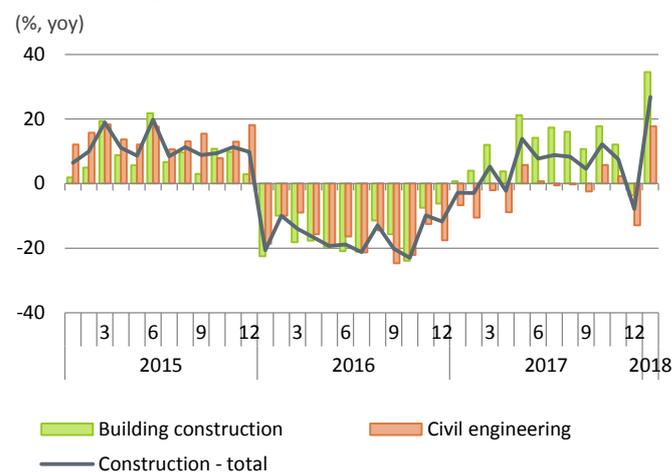
The **consumer confidence indicator** increased by 1.3 points in February due to improved expectations both for the financial situation of households and the general economic situation in the country (fig. 8). There was also an increase in the number of consumers who assess the economic situation in the country as favourable for savings.

Fig.4: Industrial turnover by components



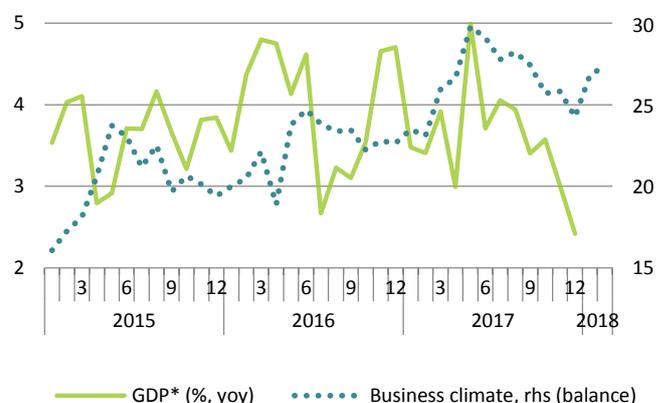
Source: NSI

Fig. 5: Construction production index



Source: NSI

Fig. 6: Business climate and GDP



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

Source: NSI, MF

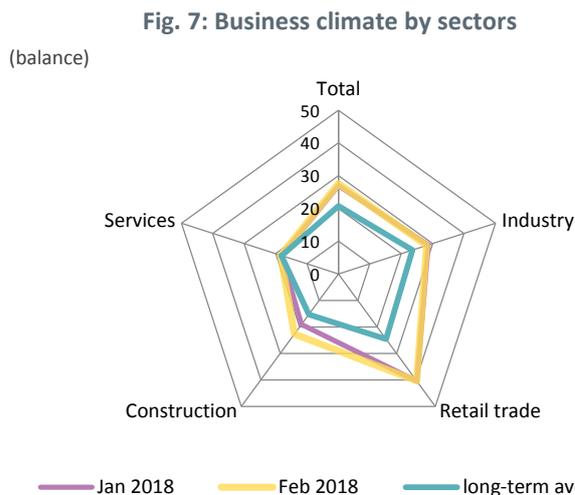
LABOUR MARKET, PRODUCTIVITY AND INCOMES

In Q4 2017 **employment** growth remained high at 2.4% yoy (ESA 2010) broadly supported by all economic sectors (fig. 9). Despite the influence of agriculture receded compared to Q3, the 8.3% increase in employed explained over 55% of the overall employment growth. The positive dynamics in industry accelerated to 1% yoy largely on the account of manufacturing (0.7%) and the substantial increase in employed in construction (2%). The contribution of services sector also expanded in Q4 with employment up by 1.4% yoy.

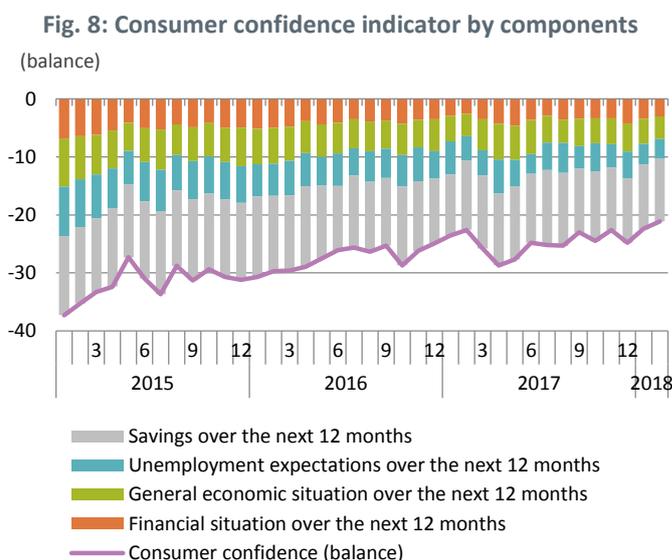
For the whole 2017, employment growth reached 1.8% mainly led by developments in agriculture. Industrial employment increase improved on a year earlier, up by 0.9%, strongly influenced by the construction, which evidenced the slowest recovery since the economic crisis. Along with the stronger economic activity in the services sector, the pace of job creation slowed down and resulted in employment growth of 0.7%, from 2.2% in 2016.

In February, the **registered unemployment** went down to 7% after a seasonal increase in January (fig. 10). Thus its decrease over a year earlier widened to 1.2 pps. The unemployment inflow stood at 20.9 thousand, reporting its lowest level since August 2008. The outflow of unemployment went up to 27.6 thousand people among whom the number of those who started working accounted for about 66%. The largest part of the latter found jobs on the primary labour market, which testified the revival in the demand of seasonal employment.

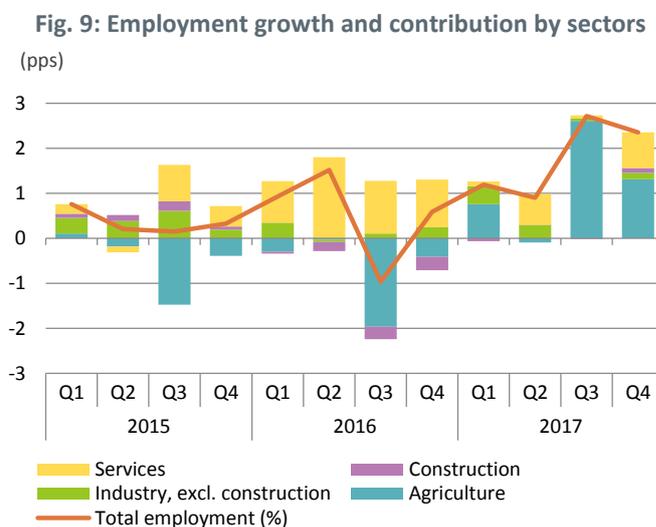
Along with the upward employment dynamics real **labour productivity** (fig. 11) decelerated further to 0.7% yoy in Q4 2017, moderating for a second quarter in row to its lowest level since 2014. It largely reflected the decline reported in agriculture (down by 4.9%), while job creation in industry and services sector resulted in a productivity slowdown (up by 1.4% and 2.3%, respectively). On the positive side, there were stronger productivity increases in *real estate* (10%), *informational activities* (4.3%) and *financial and insur-*



Source: NSI



Source: Eurostat



Source: NSI

ance activities (3.9%) accompanied by considerable labour demand.

In Q4 2017, the **compensation per employee** growth continued on the increase (fig. 12), up by 9% yoy in nominal terms. It was primarily due to a base effect in the predominant part of the services sector activities which posted either significant slowdown in the compensation per employee growth rates or even a decrease at the end of the previous year. Moreover, the increase in industry also remained strong at a double-digit rate (15.1%) with contribution from both manufacturing and construction.

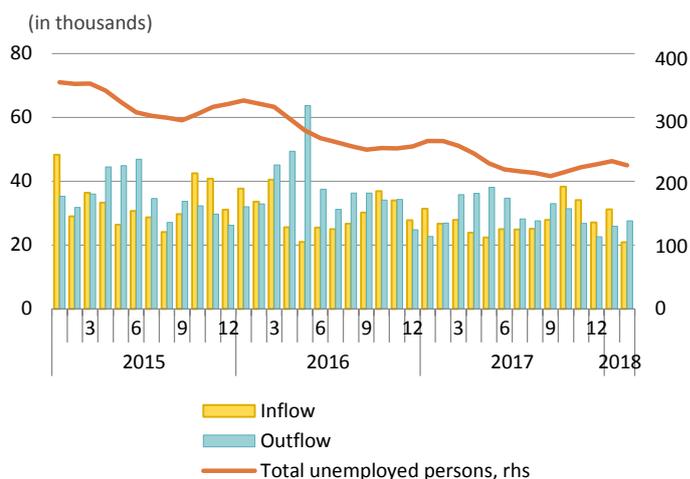
Compensation per employee and productivity developments in Q4 2017 resulted in a significant increase in **nominal unit labour costs (NULC)**, up by 8.3% yoy. Construction and agriculture had the leading contribution to the overall NULC growth, while the indicator remained relatively lower in services (4.3%).

INFLATION

HICP inflation posted a 0.2% increase in February over the previous month, largely on the account of higher prices of market services, up by 0.7%¹ mom. Prices of wireless phone services and internet access provision rose by 4.2% and 5.1% mom, respectively, and largely accounted for the reported change, followed by those of package holidays, up by 3% mom, and rates for motor vehicle insurance, up by 6.2%. Meanwhile, international airfares continued on the decrease, this time down by 5.1% mom on average. Prices of cigarettes increased by 1.4% during the month with the new excise duties entering into force as of the beginning of 2018. Prices of transport fuels also posted a minor increase, up 0.3% mom, despite the reported decrease in prices of crude oil during the month both in dollar and euro terms (fig. 13), and was probably due to the depletion of the effect of higher international prices for this commodity in the previous

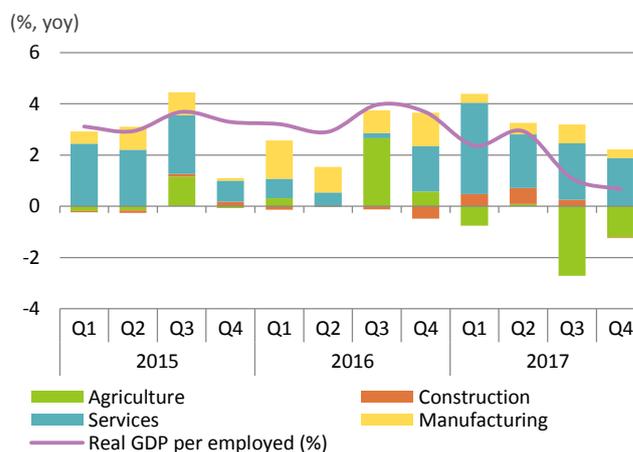
¹ Excluding administered prices' changes.

Fig. 10: Inflow, outflow and registered unemployed



Source: EA

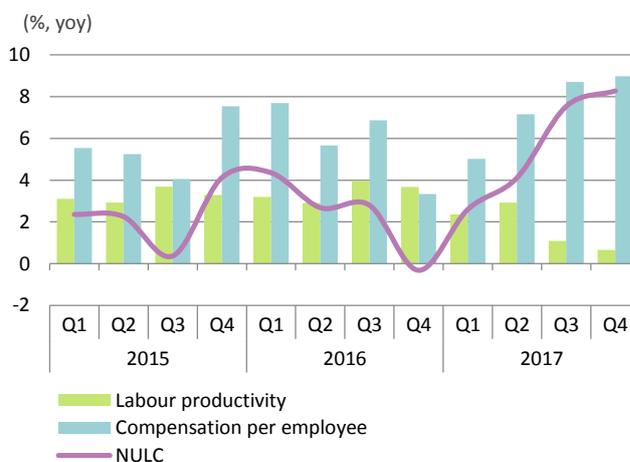
Fig. 11: Contributions to real productivity growth by sectors*



* GVA in services is not corrected for the imputed rent.

Source: NSI, MF

Fig. 12: Labour productivity, compensation per employee and NULC growth



Source: NSI, MF

months. Administered prices rose by a marginal 0.1% mom², with hikes for legal services, up by 1.6% mom. For a second consecutive month, only prices for consumer goods posted a decrease during the month again largely on the account of lower prices for clothing and footwear, down by 2.3% on average.

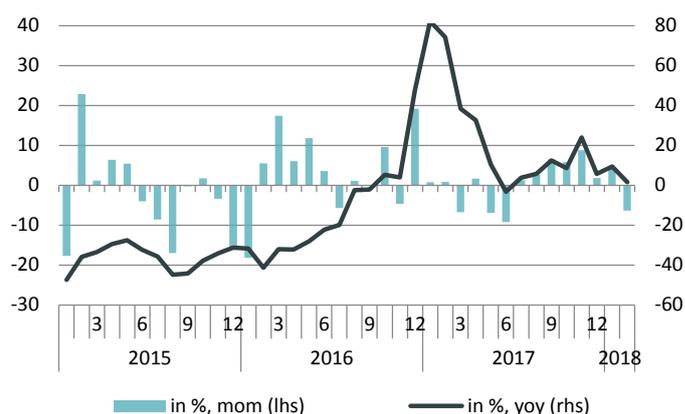
The **annual inflation rate** stepped up to 1.5% yoy in February (fig. 14) mostly owing to the accelerated increase in services prices. Thus core inflation³ gained further momentum at 1.4% yoy.

EXTERNAL SECTOR

In 2017, the **current account** surplus decreased by 22.7% yoy and reached 3.9% of GDP compared with 5.3% of GDP in 2016 (fig. 15). During the year, there was a significant deterioration in the **balance of goods** as imports grew by 15.7% yoy surpassing the increase in exports (11.8%). Trade deficit increased to 4% of GDP compared with 2% of GDP a year earlier.

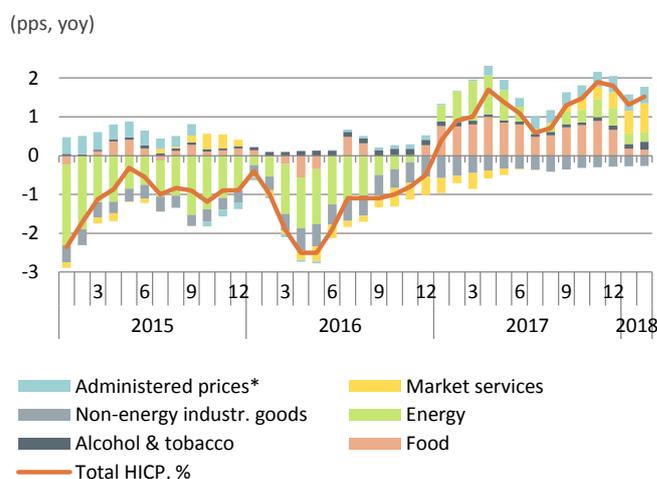
The surplus of **services** decreased from 6.4% of GDP in 2016 to 5.9% of GDP in 2017, thus contributing to the contraction of the current account surplus. In 2017 the import of transport services and the payments related to trips of Bulgarians abroad increased by 16.5% and 21.8% respectively. According to NSI data the number of foreigners visiting Bulgaria also increased by 9.4% yoy, as leisure trips grew by 7.5% yoy, business trips – by 9.9% yoy and visits with other purposes (incl. transit) - by 11.5% yoy. Due to the rapidly growing expenses of Bulgarians traveling abroad, the surplus on the Travel article remained almost unchanged and failed to contribute to the improvement of the balance of services. **Primary income balance** had positive contribution to CA balance on the back of lower payments on investment income to non-residents. **Secondary income** surplus stood at 3.1% of GDP compared with 3.3% of GDP in 2016.

Fig. 13: International prices of Brent in euro



Source: World bank, MF

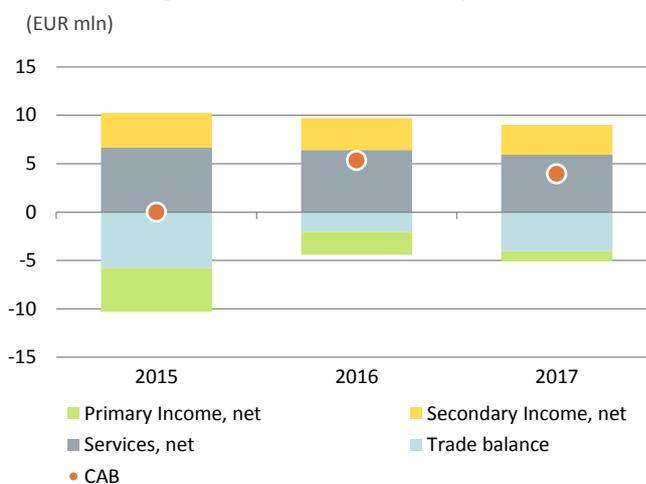
Fig. 14: Contributions by main HICP components



* 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. 15: Current account components



Source: BNB

² The index of administered prices is calculated as a weighted average of all elementary aggregate groups.

³ The total index excluding energy and unprocessed food.

The **capital account surplus** halved compared with the previous year. **Foreign direct investment** in Bulgaria reached 2.7% of GDP, increasing by 30.9% yoy.

The excess of assets over liabilities on the **financial account** was significantly higher than last year and reached 4.9% of GDP in 2017. The main reason was the increase in **portfolio investment** assets by almost EUR 1 bn and the fall of liabilities on the same account.

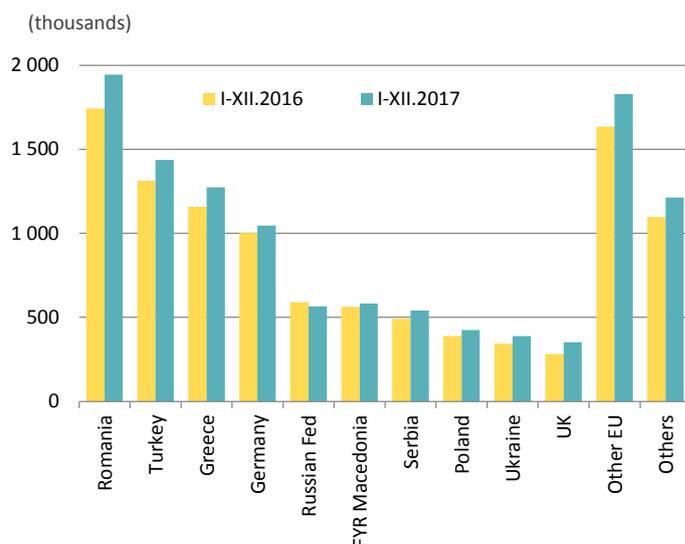
Gross external debt reached 64.6% of GDP at end-2017, being down by almost EUR 1.5 bn. The level of FDI related debt declined by 1.7 pps, while the debt of the banking sector remained almost unchanged as a ratio to GDP. Total external private debt decreased by 2% yoy, as non-banking companies repaid part of their long-term loans. General government external debt decreased by 16.1% yoy to 11.3% of GDP. Due to an increase in gross external assets, *Net external debt* ended the year at a negative value at 3.8% of GDP, i.e. the stock of assets held abroad surpassed the liabilities to non-residents.

FINANCIAL SECTOR

International reserves went down by 0.2% mom in February to reach EUR 22.2 bn. Bank reserves dropped by 1.3% compared to a month earlier and largely explained the decrease. Currency in circulation contributed negatively as well, down by 0.4% mom. Only the Government deposit went up by 1.2% compared to end-January. Following these developments, the drop in international reserves accelerated to 6.9% from 3.7% as of end-January. Bank reserves and the Government deposit remained the main drivers (down by 19.8% and 17% yoy respectively), whereas currency in circulation grew by 9.6% yoy.

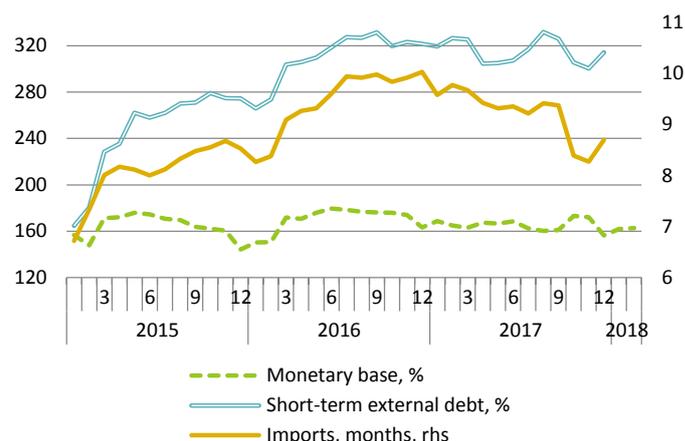
The annual growth of **credit to the private sector** remained flat as compared to end-2017 at 4.8% yoy in January (fig. 20). Its growth was driven largely by households' credit dynamics which slightly accelerated

Fig. 16: Foreign visits in Bulgaria by country



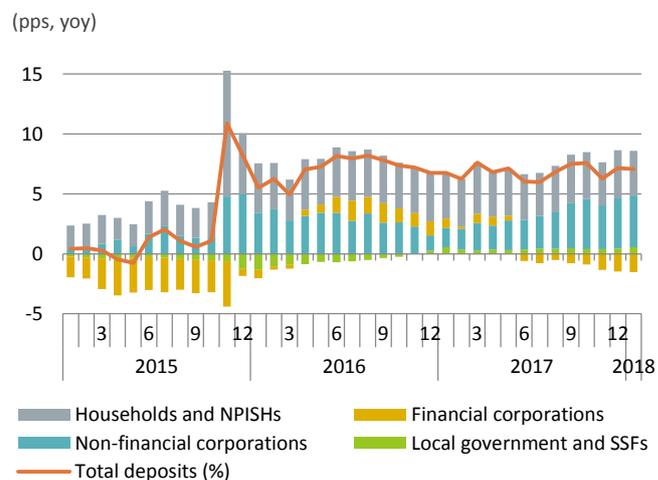
Source: NSI

Fig. 17: Coverage with FX Reserves



Source: BNB, MF

Fig. 18: Contributions to annual growth of total deposits by institutional sectors



Source: BNB

at 6.1% yoy vs. 6% yoy at the end of 2017. Mortgages accelerated to a larger extent, up by 8.2% yoy vs. 7.4% a month earlier. Similar dynamics was also observed in consumer loans which gained speed at 6.5% yoy coming from 5.8% yoy in the previous month. Corporate loans increased by 1.6% yoy vs. 1.7% yoy at the end of 2017. Bad and restructured credits continued to decrease to BGN 6.35 bn in January, down by 18.7% yoy. Their share in total credits to non-financial corporations and households reached 12.5% - lowest value since July 2010.

Weighted average interest rate on new credits to non-financial corporations increased by 24 bps in January, while their volume was by 11% more compared to the same period of the previous year (table 1). The increase was driven mainly by the EUR denominated corporate loans new business, while those in BGN and USD decreased by 32 bps and 70 bps, respectively compared to December 2017. The average price of consumer loans decreased by 73 bps, while mortgages kept their weighted price from end-2017.

Weighted average interest rate on new time deposits in January increased by 4 bps due to the higher price of attracted corporate funds in this segment, up by 13 bps. On the opposite, the weighted price of new households' time deposits decreased by 3 bps mom. In terms of currency structure, the return in January was higher in all denominations: BGN, EUR and USD, up by 1 bps, 7 bps and 5 bps, respectively. The total monthly volume of new time deposits in January reached BGN 1.45 bn which was by 30.8% higher compared to a year earlier (table 3).

FISCAL DEVELOPMENTS

According to preliminary data on a cash basis, the **budget surplus on the consolidated fiscal program** accounted for BGN 1.2 bn (1.1% of projected GDP) as of end-January 2018. The positive fiscal outcome resulted from higher revenues over expenditure on the national budget (1.2% of GDP), while the EU funds account recorded a minor deficit (0.1% of GDP).

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

	January 2017	December 2017	January 2018
Non-financial companies	4.37	3.58	3.82
Consumer credits	8.41	8.78	8.06
Mortgages	4.41	3.69	3.69

Source: BNB, MF

Fig. 19: Share of deposits and claims on private sector in FX (% of total)



Source: BNB, MF

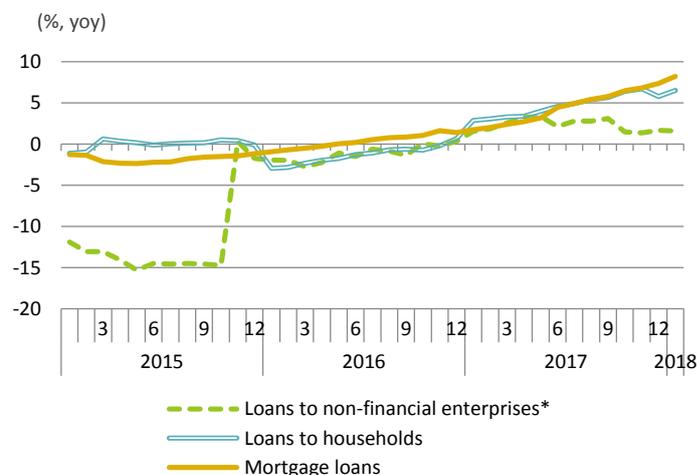
Table 2: Annual Percentage Rate of Charge on new loans to households

	January 2017	December 2017	January 2018
Consumer credits	10.40	11.54	10.30
Mortgages	4.87	4.04	4.08

* 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

Fig. 20: 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

Total revenues and grants (fig. 21) amounted to BGN 3.7 bn, up by 11% compared to January 2018. The growth was entirely due to higher tax and non-tax receipts. The biggest contribution to tax receipts' upsurge had indirect taxes, up by 11.5% yoy. The latter was mainly owing to higher VAT receipts and excise duties, up by 12.1% and 8.8% yoy, respectively. Revenues from direct taxes were also significantly higher, up by 43.6% yoy. Non-tax revenues went up as well, up by 13.4% compared to the same period of the previous year. By contrast, grants decreased considerably, down by 91.8% yoy.

Total government spending (fig. 22) posted a 3.6% yoy increase and accounted for BGN 2.5 bn. The latter came largely on the account of higher personnel spending (up 25.1% yoy), social expenses (up 3.2%) and the Bulgarian contribution to the EU budget (up by 17.8 yoy), while subsidies and current maintenance went down (by 40.1% and 11.3% yoy, respectively). Investment costs (including contingency reserve) came 11.1% higher than its previous year level.

The fiscal reserve amounted to BGN 11.2 bn (11.3% of projected GDP) in January, of which BGN 9.8 bn in bank deposits and BGN 1.3 bn EU funds receivables on certified expenses. The fiscal reserve decreased compared to the same period of previous year, down by 19.2%.

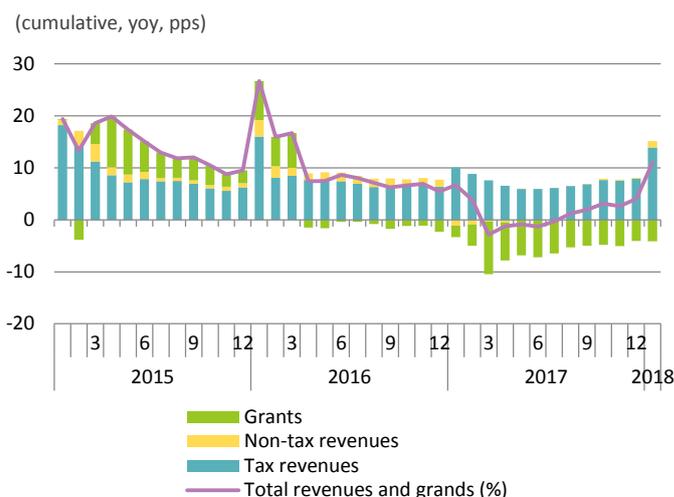
General government debt, incl. guaranteed debt, decreased to BGN 24.5 bn or 23.2% of projected GDP at the end of January, being 27.4% of GDP a year earlier. Domestic debt stepped down to 5.3% of projected GDP from 6.4% of GDP in January 2017. The external debt-to-GDP-level also moved down from 19.3% to 15.9%. Government guaranteed debt was 1.9% of GDP, being 1.7% of GDP a year earlier.

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

	January 2017	December 2017	January 2018
BGN	0.40	0.23	0.23
EUR	0.36	0.21	0.28
USD	0.54	0.36	0.42

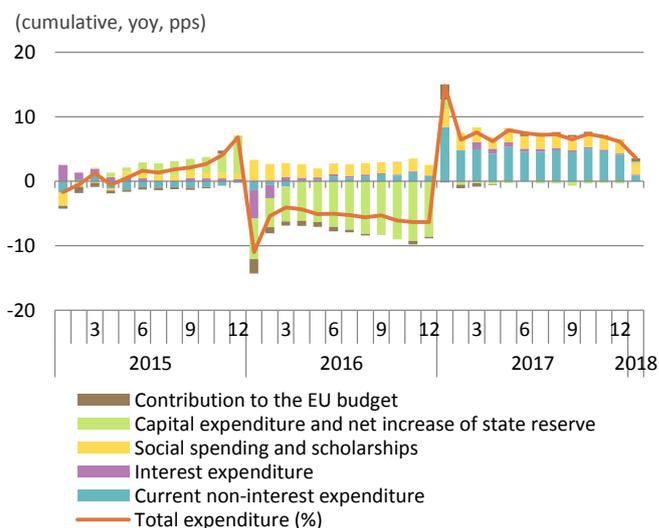
Source: BNB, MF

Fig. 21: Contribution to the growth of total revenues and grants



Source: MF

Fig. 22: Contribution to the growth of total expenditure



Source: MF



KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2015	2016	2017	Q1'17	Q2'17	Q3'17	Q4'17	08'17	09'17	10'17	11'17	12'17	01'18	02'18
— GDP¹															
Gross Domestic Product	% , yoy	3.6	3.9	3.6	3.6	3.9	3.8	3.0	-	-	-	-	-	-	-
Consumption	% , yoy	3.8	3.3	4.5	4.2	4.7	4.2	4.8	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	2.7	-6.6	3.8	2.4	4.0	4.2	4.1	-	-	-	-	-	-	-
Export	% , yoy	5.7	8.1	4.0	6.1	3.6	4.6	2.1	-	-	-	-	-	-	-
Import	% , yoy	5.4	4.5	7.2	9.1	6.2	5.4	8.2	-	-	-	-	-	-	-
Agriculture	% , yoy	-6.8	5.3	-0.1	-0.1	0.0	-1.5	2.9	-	-	-	-	-	-	-
Industry	% , yoy	4.2	4.0	3.4	3.7	4.1	3.5	2.3	-	-	-	-	-	-	-
Services	% , yoy	3.3	3.1	4.2	5.4	4.3	3.6	3.7	-	-	-	-	-	-	-
Adjustments	% , yoy	7.5	7.2	2.4	-4.0	2.7	9.0	1.1	-	-	-	-	-	-	-
— Short-term business statistics²															
Industrial production	% , yoy	2.9	2.7	3.4	3.9	4.9	3.5	1.6	4.1	1.8	4.3	1.9	-1.1	5.1	-
Industrial turnover	% , yoy	1.7	1.1	9.3	10.0	10.1	10.8	6.7	10.2	10.5	7.1	11.1	2.2	9.6	-
Retail trade turnover	% , yoy	11.8	6.1	3.7	4.8	3.4	2.6	4.0	3.3	2.2	3.9	4.0	4.0	5.0	-
Construction output	% , yoy	11.2	-16.7	4.6	0.1	6.4	7.3	4.2	8.3	4.6	12.2	7.6	-7.9	26.8	-
Total business climate	balance	20.3	22.5	26.6	24.3	28.7	28.0	25.4	28.4	27.6	25.8	26.0	24.4	27.0	27.5
Industry	balance	22.9	23.5	26.9	26.5	27.7	27.8	25.7	26.4	28.3	25.5	26.7	24.8	28.6	28.1
Retail trade	balance	27.6	33.6	37.9	32.1	39.4	40.6	39.5	43.3	39.8	38.7	39.7	40.1	40.5	40.4
Construction	balance	15.2	17.9	24.6	19.0	29.1	27.9	22.2	28.6	26.8	25.2	22.5	19.0	19.1	22.7
Services	balance	12.7	13.8	16.7	17.4	19.6	15.8	13.8	17.3	14.8	14.2	14.1	13.2	18.1	18.4
— Labour market															
Participation rate (15+)	level	54.1	53.3	55.4	53.7	55.8	56.5	55.5	-	-	-	-	-	-	-
Employment rate (15+)	level	49.1	49.3	51.9	50.0	52.2	53.2	52.3	-	-	-	-	-	-	-
Employment (SNA)	% , yoy	0.4	0.5	1.8	1.2	0.9	2.7	2.4	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	9.1	7.6	6.2	6.9	6.3	5.8	5.6	-	-	-	-	-	-	-
Unemployment rate (EA)	level	10.1	8.7	7.2	8.1	7.2	6.6	6.9	6.7	6.5	6.7	6.9	7.1	7.2	7.0
Nominal wage	% , yoy	6.8	8.0	11.8	9.1	9.9	10.2	10.6	9.2	11.5	10.4	10.7	11.0	-	-
Real wage ³	% , yoy	8.0	9.5	10.5	8.3	8.4	9.2	8.8	8.4	10.1	8.8	8.6	9.0	-	-
Labour productivity (GDP per employed)	% , yoy	3.3	3.4	1.7	2.4	2.9	1.1	0.7	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	0.1	0.1	4.5	3.1	1.6	5.8	7.3	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	2.3	2.3	5.7	2.6	4.1	7.5	8.3	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	% , yoy	-0.1	-0.8	2.1	1.7	2.3	1.6	2.7	1.4	2.1	2.5	3.0	2.8	1.8	2.0
Harmonized index of consumer prices (HICP)	% , yoy	-1.1	-1.3	1.2	0.8	1.4	0.9	1.7	0.7	1.3	1.5	1.9	1.8	1.3	1.5
PPI, domestic market	% , yoy	-1.6	-2.9	4.2	2.3	3.4	5.7	5.5	5.9	6.0	5.5	5.8	5.1	5.6	4.4
PPI, non-domestic market	% , yoy	-2.4	-3.5	6.0	9.6	5.6	4.8	4.6	5.5	5.3	5.8	5.6	2.3	2.1	-0.5
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	32 200	33 953	-	8 838	17 483	26 152	35 316	23 285	26 151	29 167	31 903	35 315	3 706	-
Total expenses	mIn BGN	34 685	32 481	-	7 781	15 737	23 732	34 471	21 133	23 731	26 673	29 518	34 470	2 544	-
Contribution to EU budget	mIn BGN	946	859	-	214	488	677	888	607	677	746	816	888	84	-
Cash deficit (-) / surplus (+)	mIn BGN	-2 485	1 473	-	1 058	1 746	2 420	846	2 151	2 421	2 493	2 386	845	1 162	-
	% of GDP	-2.8	1.6	-	1.1	1.8	2.5	0.9	2.2	2.5	2.5	2.4	0.9	1.1	-
Government debt (incl. guaranteed debt)	mIn BGN	23 300	27 424	25 531	26 886	27 212	25 479	25 531	25 457	25 479	25 539	25 518	25 531	24 461	-
	% of GDP	26.3	29.1	25.6	27.3	27.6	25.6	25.6	25.8	25.8	25.9	25.9	25.9	23.2	-
Fiscal reserve	mIn BGN	7 873	12 883	10 289	12 574	13 174	11 867	10 289	11 632	11 867	12 013	11 916	10 289	11 186	-
	% , yoy	9.1	63.6	-20.1	6.0	-6.8	-16.9	-20.1	-19.8	-16.9	-15.9	-16.8	-20.1	-19.2	-

		Annual data			Quarterly data				Monthly data						
		2015	2016	2017	Q1'17	Q2'17	Q3'17	Q4'17	08'17	09'17	10'17	11'17	12'17	01'18	02'18
— Financial sector															
BNB International reserves	mln EUR	20 285	23 899	23 662	24 044	23 970	24 551	23 662	24 444	24 551	22 230	22 198	23 662	22 264	22 215
Monetary base coverage	%	144.3	163.4	156.4	163.0	168.4	161.2	156.4	160.3	161.2	173.2	172.0	156.4	161.8	162.7
Coverage of import with FX reserves	months	8.5	10.0	8.7	9.7	9.4	9.4	8.7	9.4	9.4	8.4	8.3	8.7	-	-
Coverage of short-term external debt	%	257.5	298.1	314.1	302.6	307.1	326.0	314.1	331.7	326.0	305.5	300.4	314.1	-	-
Money M1 (Narrow money)	%, yoy	15.6	13.5	16.9	17.7	15.2	16.3	16.9	16.2	16.3	16.2	15.0	16.9	16.9	-
Money M3 (Broad money)	%, yoy	8.8	7.6	7.7	8.5	7.0	8.2	7.7	7.7	8.2	8.2	7.0	7.7	7.7	-
Deposits	%, yoy	8.2	6.7	7.2	7.6	6.0	7.5	7.2	6.8	7.5	7.6	6.3	7.2	7.1	-
Credit to private sector	%, yoy	-1.2	1.5	4.8	3.8	4.2	4.9	4.8	4.6	4.9	4.2	4.2	4.8	4.8	-
Credit to non-financial enterprises	%, yoy	-1.7	0.3	1.7	2.5	2.1	3.1	1.7	2.8	3.1	1.5	1.3	1.7	1.6	-
Credit to households	%, yoy	-1.3	2.0	6.0	4.7	6.0	5.9	6.0	5.7	5.9	6.3	6.4	6.0	6.1	-
Interest rate on credits ⁴	%	7.0	5.8	4.3	5.1	4.7	4.4	4.2	4.4	4.4	3.9	4.3	4.3	4.5	-
Interest rate on deposits ⁵	%	1.3	0.8	0.2	0.4	0.3	0.3	0.2	0.2	0.3	0.3	0.2	0.2	0.3	-
Exchange rate BGN/USD	eop	1.79	1.86	1.63	1.83	1.71	1.66	1.63	1.65	1.66	1.68	1.65	1.63	1.57	1.60
	per. av.	1.76	1.77	1.74	1.84	1.78	1.67	1.66	1.66	1.64	1.66	1.67	1.65	1.60	1.58
— Gross External Debt (GED)															
Gross external debt	% of GDP	73.6	70.7	64.6	66.5	66.8	65.1	64.6	65.0	65.1	64.1	64.1	64.6	-	-
Short-term external debt	% of GED	22.2	21.8	23.1	22.0	23.2	23.0	23.1	22.5	23.0	22.5	22.8	23.1	-	-
Intercompany lending	% of GED	38.1	36.3	37.1	36.5	35.8	36.8	37.1	36.9	36.8	36.6	36.7	37.1	-	-
— Balance of payments⁶															
Current account	mln EUR	-17	2 561	1 980	-168	497	2 209	-558	729	411	76	-226	-408	-	-
<i>Current account (moving average)</i>	% of GDP	0.0	5.3	3.9	4.4	3.8	4.8	3.9	4.9	4.8	5.0	4.2	3.9	-	-
Trade balance	mln EUR	-2 622	-984	-2 041	-602	-409	-154	-877	-202	2	-97	-305	-475	-	-
<i>Trade balance (moving average)</i>	% of GDP	-5.8	-2.0	-4.0	-2.5	-2.8	-3.1	-4.0	-2.9	-3.1	-3.0	-3.4	-4.0	-	-
Export, f.o.b.	mln EUR	21 919	23 104	25 818	5 945	6 424	6 632	6 817	2 134	2 223	2 448	2 265	2 105	-	-
	%, yoy	4.2	5.4	11.8	16.3	14.4	9.0	8.3	7.7	8.4	15.7	5.5	3.6	-	-
Import, f.o.b.	mln EUR	24 542	24 088	27 859	6 547	6 832	6 785	7 694	2 336	2 221	2 545	2 569	2 580	-	-
	%, yoy	3.1	-1.8	15.7	20.6	16.6	10.7	15.4	10.7	12.7	12.6	15.6	18.0	-	-
Capital account	mln EUR	1 422	990	524	113	79	144	189	47	17	40	52	97	-	-
Financial account	mln EUR	-738	840	2 480	-546	237	1 356	1 432	101	235	2 482	-147	-903	-	-
Net Foreign Direct Investments	mln EUR	-2 329	-340	-626	-231	-216	-76	-104	-154	76	9	-131	19	-	-
Net Portfolio Investments	mln EUR	44	2 198	886	-29	348	-193	761	12	163	517	22	222	-	-
Other Investments – net	mln EUR	-4 603	1 861	946	78	301	255	312	-59	109	1 467	-25	-1 130	-	-
Change in BNB reserve assets	mln EUR	3 730	3 467	-99	77	96	597	-869	681	126	-2 339	-3	1 473	-	-

Notes:

Ratios to GDP are calculated using GDP data as follows: for 2015 - BGN 88 571.3 mln, for 2016 – BGN 94 129.9 mln, for 2017 – BGN 98 631.1 and MF projections for 2018 - BGN 105 609.2 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 March 16, 2018. 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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