

# BULGARIAN ECONOMY

## Monthly Report

10/2018

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 and Wages
- » Inflation
- » External Sector
- » Financial Sector
- » Fiscal Developments
- » Table:Key Economic Indicators

## Highlights

According to NSI flash estimates, **GDP increased by 3% yoy s.a. in Q3 2018**. The growth was driven by an increase in final consumption and gross fixed capital formation, up by 6.9% and 6.2%, respectively. Meanwhile, export decreased by 3.2% while the increase of import reached 5.1%.

**Short-term business statistics** reported weaker performance in September, as both industrial and construction production decreased on a year earlier, while growth in retail sales decelerated. At the same time industrial turnover speeded up, supported by domestic and foreign market sales. The **business climate indicator** decreased in October due to worsened expectations for the business situation in industry, retail and services, but remained above its long-term average.

The **unemployment rate** went further down to 5% in Q3, the lowest value since end-2008. The growth in **nominal** and **real wage** decelerated to 7.6% and 3.9% yoy, respectively. In October, the **registered unemployment** edged up on a month earlier to 5.9%, but decreased by 0.8 pps over the same month of 2017.

**Consumer prices**, as measured by the HICP, increased by 0.2% mom in October, driven by higher prices of energy and of non-energy industrial goods. Annual inflation remained unchanged at 3.6%, while the slower increase in prices of services held back core inflation and it edged down to 2.5%.

The positive **current account** value in August added up to the accumulated surplus and in January-August it reached 3.6% of projected GDP. **Gross external debt-to-GDP** ratio stood at 61.1% at the end of the month.

**Credit to the private sector** grew by 7.4% yoy in September. **Weighted average interest rate on credit** to non-financial corporations went up by 53 bps, while the price of consumer loans and mortgages decreased on a month earlier. **Weighted average interest rate on time deposits** also decreased mom.

For the nine months of 2018, **the balance on the consolidated fiscal program** was positive, reaching BGN 2.7 bn (2.5% of projected GDP) at end-September. The surplus resulted from higher revenue over expenditure on the national budget. ■

## SHORT-TERM BUSINESS STATISTICS

**Industrial turnover** growth accelerated to 3.8% yoy in September, up from 2.4% yoy in August, as both domestic and foreign industrial sales followed an upward trend (fig. 1). Domestic turnover kept leading the overall increase, up by 4.9% yoy. Major contribution for the latter growth came from *manufacture of food products, beverages and tobacco*, supported by higher producer prices on domestic market. In September the growth of foreign turnover reached 3.3% yoy driven by an increase in *manufacture of chemical products* and *manufacture of basic metals*.

**Industrial production** decreased by 2.3% yoy in September compared to growth of 1.7% yoy in August. The unfavourable dynamics of *manufacture of basic metals and fabricated metal products, except machinery and equipment* which is primarily oriented toward foreign markets was the major drag on production growth.

**Construction production index** also followed a downward trend and the index decreased by 6.1% yoy (fig. 2). Both *building construction* and *civil engineering* contributed to the decrease, down by 7.4% and 4.4%, respectively.

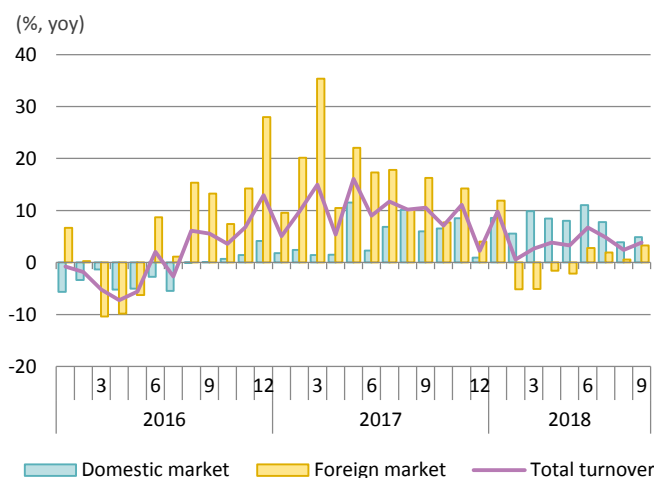
**Retail trade** growth reached 3.6% yoy in September, down from 5.2% yoy in August. *Retail trade of medical and orthopaedic goods* and *sales of food, beverages and tobacco* continued to have the highest growth of 12% and 7.2%, respectively. At the same time, *retail trade of automotive fuel* and *trade of computers, peripheral units and software* followed a downward trend and posted a decline of 5% and 2.3%.

In October, the **overall business climate indicator** decreased by 1.9 points (fig. 3). The assessments in industry, retail trade and services worsened mainly due to more unfavourable expectations about the business situation of the enterprises over the next six months. The indicator in construction increased as a result of better assessment of the present business situation, but entrepreneurs' expectations about assurance with new orders worsened.

## LABOUR MARKET AND WAGES

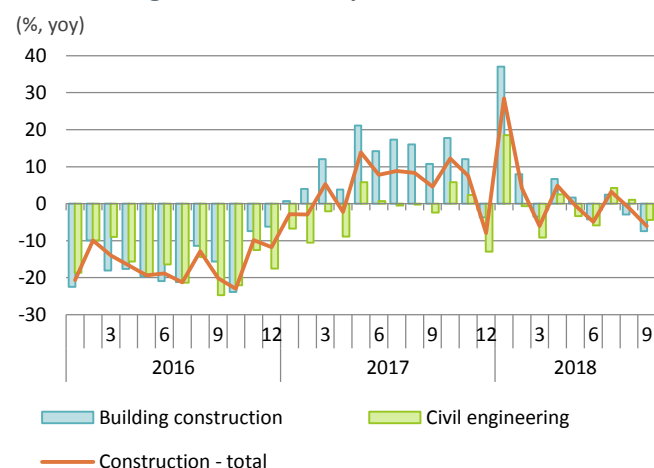
In Q3, labour market dynamics continued to weaken. The unemployment rate decreased further, down by 0.8 pps yoy, and reached 5% (LFS) - the lowest value since end-2008 (fig. 4). The decline however did not reflect an increase in the employed, as employment

Fig. 1: Industrial turnover by components



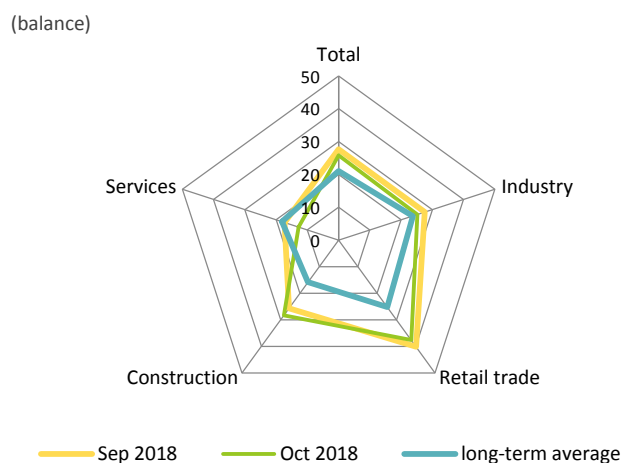
Source: NSI

Fig. 2: Construction production index



Source: NSI

Fig. 3: Business climate by sectors



Source: NSI

also went down by 0.6% (for the age group 15+, LFS), but was rather due to a decrease in labour force. The latter was driven by a decline of the economically active working-age population mainly in the younger age group between 15 and 34, but also in the age group of 35-44. Influenced by the lower labour force participation in these age cohorts, the overall participation rate went down by 0.3 pps yoy to 72.5%, but still remained at one of the historically highest levels.

The decline of the unemployment in Q3 was accompanied by a further decrease in the long-term unemployment rate to 3.1%. However, the share of long-term unemployed (with unemployment spells of over a year) in all unemployed increased to 62.6%. A continuing fall was also registered within the group of discouraged, whose number reached 82.3 thousand and remained far below the pre-crisis level.

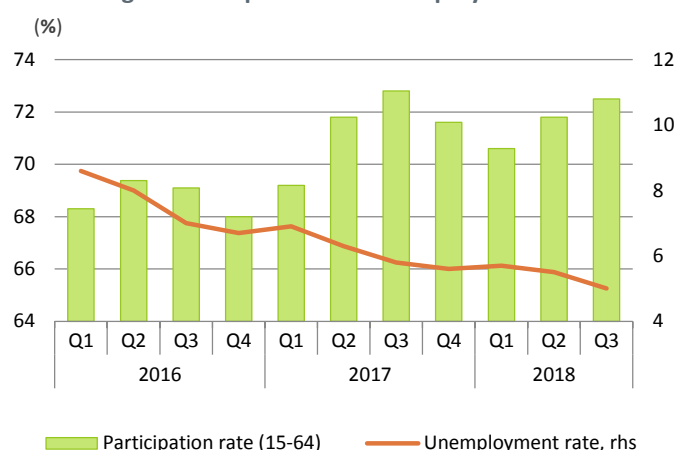
In October, the **registered unemployment** reached 5.9%, which was an increase of 0.3 pps compared with September, but a decrease of 0.8 pps over the same month of 2017 (fig. 5). Due to seasonal factors the unemployment inflow increased to 36.9 thousand and surpassed the outflow of 27.2 thousand. At the same time, the outflow of unemployment reported a slight increase over the previous month, as the number of people who started working went up by 2.5% to 18.7 thousand. The latter was largely driven by the enlarged scope of people who found jobs under active labour market programmes and measures, while demand of labour on the primary labour market decelerated, which was usual for this period of the year.

The **number of employees** remained unchanged on a year earlier in Q3, compared with an average growth of 1.2% yoy in H1. Services and agriculture had the strongest negative contribution, while the number of employees in manufacturing edged down by 0.1%. On the positive side, the highest increase was registered in *construction* and in the high productive branches such as *information and communication* (up by 5% and 4.9% yoy, respectively).

Employees' dynamics were accompanied by a deceleration in wage growth to 7.6% yoy in Q3. With rising inflation rate, the growth in HICP deflated **real wage** also decelerated to 3.9% yoy, down from 5.7% in Q2 and 9.7% a year earlier.

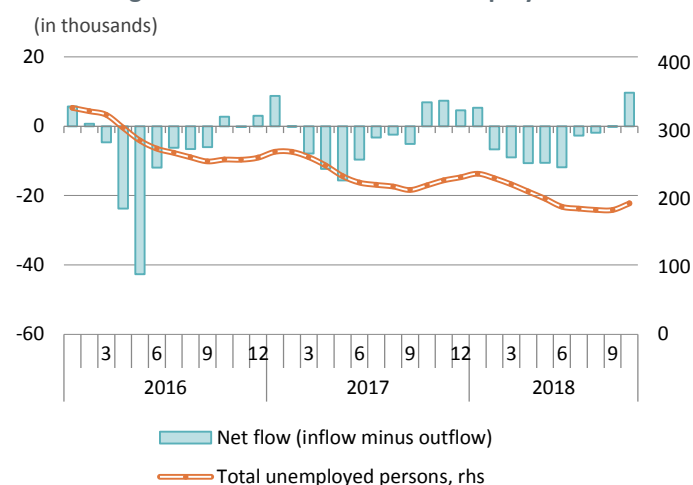
A significant wage slowdown was registered in *Hotels and restaurants* (down from 8.3% in Q2 to 3.6% yoy in Q3), while the average wage in *real estate* continued decreasing, although at a slower pace (from -11.4% in Q2 to -6.4%). The wage growth in *manufacturing* remained strong, but also slowed down, reaching 8.7%

Fig. 4: Participation and unemployment rates



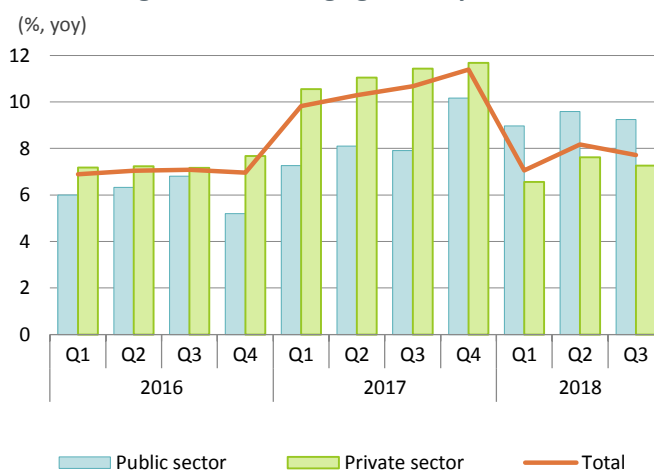
Source: NSI

Fig. 5: Net flow and stock of unemployment



Source: EA

Fig. 6: Nominal wage growth by sectors



Source: NSI, MF

in Q3. In contrast, *construction* and *information and communication* reported the strongest increase, up by 18.9% and 14.1%, respectively, in line with the upward employees' dynamics. A breakdown by sector (fig. 6) showed that the deceleration in the average wage growth in Q3 was due to the private sector (slow down to 7.3% yoy). Public sector wages continued to grow strongly, up by 9.2% yoy, supported by wage increases in priority activities, such as education.

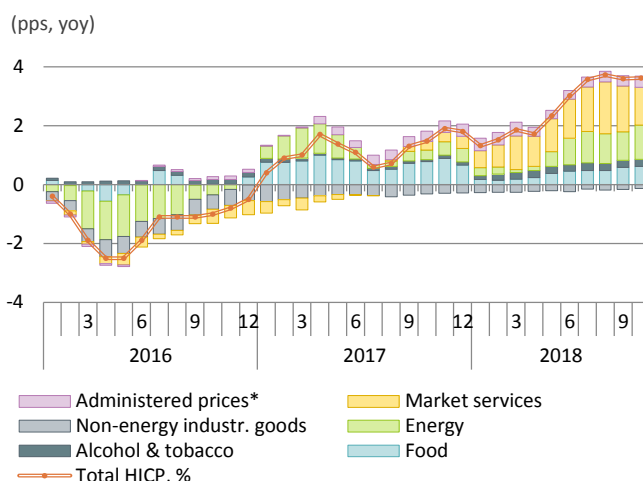
## INFLATION

**Consumer prices**, as measured by the **HICP**, increased by 0.2% mom in October, driven by higher price of energy and of non-energy industrial goods and despite a decrease in market services prices. Monthly price increase in shoes (8.6%) and clothing (7%) brought the average price of non-energy industrial goods up by 1.3%. The surge in crude oil price in August and September continued to influence the domestic transport fuels price and it rose by 3.3% mom in October. Administered prices also had a positive contribution, as the Energy and Water Regulatory Commission set higher prices for central heating and central supply of gas as of October, up by 3% and 8.4% mom, respectively. A 31.9% drop in international airfares and a 6.3% decrease in prices of accommodation services led to a 1.8% decline in the average price of market services, leaving it as the only major HICP component with a negative contribution.

In October **annual inflation** remained unchanged from a month earlier at 3.6% (fig. 7). Inflation in energy goods picked up to 15.2% yoy backed by the monthly price increase. Meanwhile, the growth in market services' prices decelerated to 5.2% yoy from 6.3% a month earlier. The lower increase in prices of services held back core inflation<sup>1</sup> and it reached 2.5%, down from 2.6% in September.

Annual growth rate of Brent crude oil price in BGN terms decelerated in October, down to 43% yoy (fig. 8). International non-energy commodity prices decreased on a year earlier, as food and metals became cheaper by 0.3% and 2.6%, respectively.

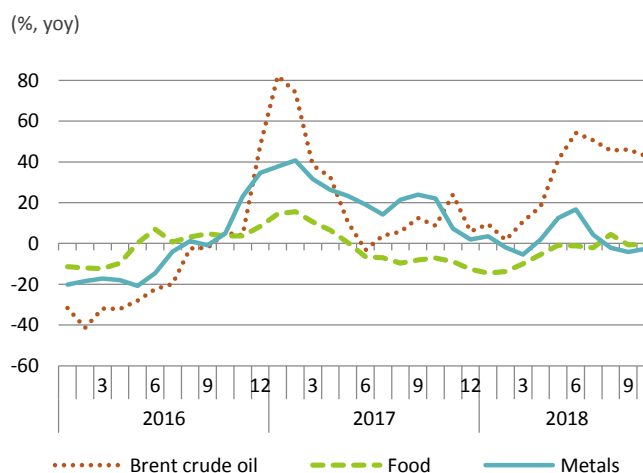
Fig. 7: Contributions by main HICP components



\* 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.

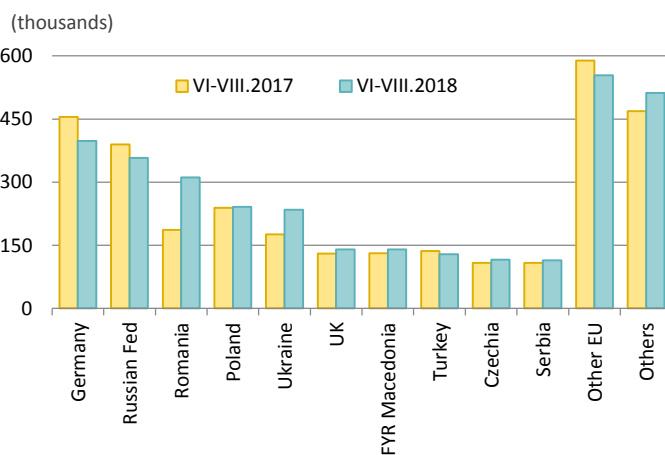
Source: NSI, MF

Fig. 8: International prices of major commodity groups, in euro



Source: World bank, MF

Fig. 9: Foreign tourist visits in Bulgaria by country



Source: NSI

<sup>1</sup> Total HICP excluding energy and unprocessed food

## EXTERNAL SECTOR

**Current account** surplus improved further in August, reaching EUR 1.1 bn. The increase on a month earlier, up by 14.9%, was due to better balance on trade with goods and services. Although export of goods decreased by 1.9% mom, the pace of decline of import was higher, down by 8.4% mom. Thus the trade deficit in the month narrowed to EUR 52.6 mln, compared with EUR 228 mln in July. Services surplus also improved in August, up by 15.5% mom, driven by export growth in travel (6.5% mom) and transport services (4.5%), while import decreased by 12.6% mom, due to lower import of transport services (down by 26.6%).

Travel receipts have the main contribution for the export increase in the current year. According to NSI data, the number of tourists visiting Bulgaria during the high summer season (June-August) increased by 4.1% yoy on a year earlier. There was a sizable increase in tourists from Romania (up by 66.8%), Ukraine (33.2%), Norway (31.7%), Israel (15.8%) and Greece (15.5%). At the same time the number of visits from Denmark, Belgium, Germany and the Russian Federation decreased by 35.1%, 32.6%, 12.5% and 8.2%, respectively. As a result of the described dynamics, the Romanian tourists moved up as the second largest EU group after Germany and third overall after the Russian Federation. Total visits of EU tourists increased by 3.1%, while those from non-EU countries - by 5.4%. (fig. 9)

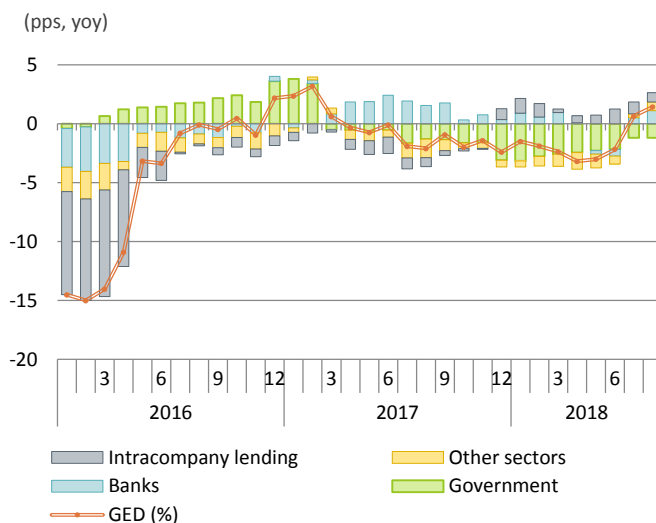
The positive current account value in August added up to the accumulated surplus and in January-August it reached 3.6% of projected GDP (EUR 2 bn). However, the balance remained below the last year's level, as trade deficit has been widening since the beginning of the year, offsetting the improvement of services and incomes balance.

**Gross external debt** stood at EUR 33.8 bn at end-August, which equals 61.1% of projected GDP. The debt level increased by EUR 111.6 mln on a month earlier mainly due to higher external indebtedness of the Banking sector (fig. 10). As regards maturity structure, short term debt stood at 14.7% of projected GDP, while long term debt equalled 46.5%.

## FINANCIAL SECTOR

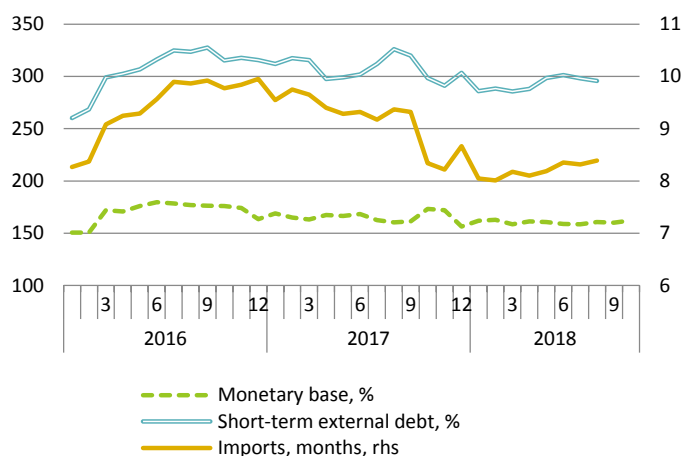
**International reserves** amounted to EUR 24.5 bn at end-October, slightly decreasing on a month earlier by 1.6%. The decline came from currency in circulation, bank reserves and Government deposit, which were

Fig. 10: Contributions to GED growth



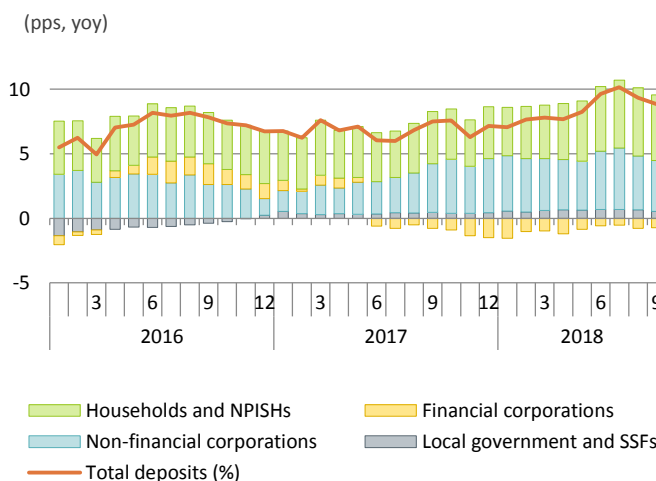
Source: BNB

Fig. 11: Coverage with FX Reserves



Source: BNB, MF

Fig. 12: Contribution by sectors to the growth of total deposits, included in M3



Source: BNB

down by 1.1%, 5.2% and 1.0% mom, respectively. Compared with the same period a year ago BNB reserves grew by 8.5%. Positive contribution came from liabilities to other depositors (up by 33.2% yoy), bank reserves (up by 23.9% yoy), and currency in circulation (up by 10.5% yoy)/fig. 11/.

**Credit to the private sector** grew at a slightly lower pace in September, up by 7.4% yoy from 7.6% in August (fig. 13). Both credit to non-financial corporations and credit to households accounted for the slow-down. Corporate loans growth was 4.0% yoy, down from 4.2% a month earlier, while households' loans grew by 9.7% vs 10.2% yoy at end-August. Growth of consumer loans remained unchanged from a month ago, mortgages speeded up by 0.3pps to 9.9%, while other credit kept a negative trend, down by 16.9% yoy. The latter downward dynamics is due to the Energy Efficiency of Multi-Family Residential Buildings National Programme, as the size of payments made by the government on already extended loans under the program significantly surpassed the volume of new ones. **Bad and restructured loans** decreased by 5.5% yoy and their share in total credit to non-financial corporations and households lowered to 12.2% compared with 13.7% for the same period of the previous year.

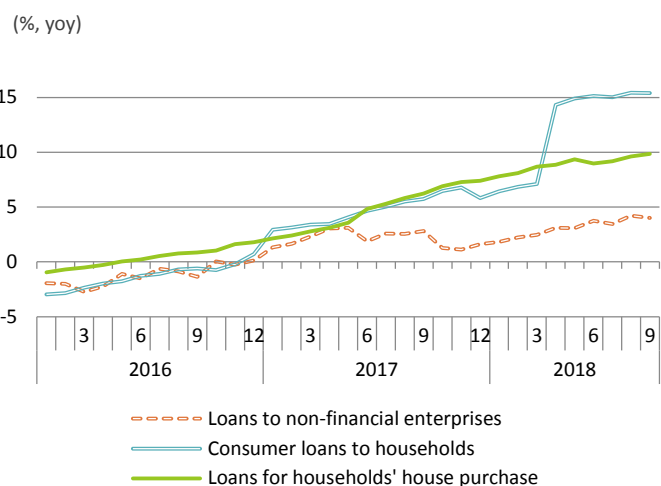
**Weighted interest rate on new credit to non-financial corporations** (table 1) increased by 53 bps in September, supported by all currency segments and partly offsetting the decrease in August. The total volume of new corporate loans lowered by 17.5% on a month earlier, but rose by 15.9% compared with the same month of the previous year. The average price of consumer loans and new mortgages moved down by 9 and 7 bps, respectively, compared with end-August.

**Weighted interest rate on new time deposits** in September went down by 5 bps on a month ago. The decrease came from EUR and USD denominated segments (table 2). The interest rate on time households' and non-financial corporations' deposits decreased by 1 and 16 bps, respectively. The total volume of new time deposits reached BGN 985 mln, down by 8.2% compared with September 2017.

## FISCAL SECTOR

According to preliminary monthly data on a cash basis **the balance on the consolidated fiscal program** remained positive for a ninth consecutive month in 2018, reaching BGN 2.7 bn (2.5% of projected GDP, up from 2.4% of GDP a year earlier) at end-September. The positive fiscal outcome resulted from higher reve-

Fig. 13: Credit growth



Source: BNB, MF

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

	September 2017	August 2018	September 2018
Non-financial companies	3.87	2.87	3.40
Consumer loans	8.02	8.85	8.76
Mortgages	3.91	3.47	3.40

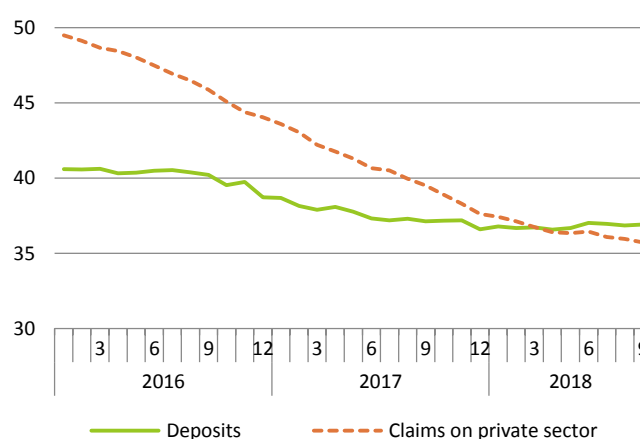
Source: BNB, MF

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

	September 2017	August 2018	September 2018
BGN	0.24	0.16	0.16
EUR	0.36	0.20	0.17
USD	0.33	0.65	0.46

Source: BNB, MF

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



Source: BNB, MF

nue over expenditure on the national budget, while the EU funds account was negative.

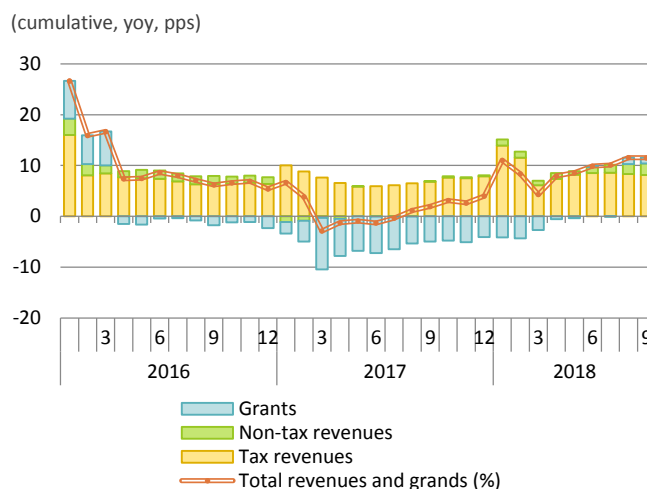
**Total revenue** (including grants) amounted to BGN 29.2 bn, up by 11.5% on a year earlier (fig. 15). The increase was mainly due to higher tax revenue (up by 9.8% yoy), including social and health insurance contributions (up by 13.4% yoy) and indirect taxes (up 7.3% yoy). Among the latter, proceeds from VAT, excise and custom duties also increased, up by 8.2%, 5.1% and 24.4% yoy, respectively. Direct tax revenue posted an increase of 11.1% compared with January-September 2017, while non-tax revenue and grants rose by 18.3% and 27.3% yoy, respectively.

**Total government spending** remained lower than revenue, being BGN 26.5 bn at end-September (up by 11.7% yoy). The growth came largely on account of higher current non-interest expenditure, including wage bill (up 11.4% yoy), current maintenance (8.1%) and subsidies (22.5%). Significant contributions had also capital expenditure (up by 55.7% yoy) and increased social payments (6.7% yoy) /fig. 16/.

The **fiscal reserve** amounted to BGN 11.2 bn (10.4% of projected GDP) at end-September, of which BGN 11 bn in bank deposits and BGN 0.2 bn – EU funds receivables on certified expenses. The fiscal reserve decreased by 5.5% yoy.

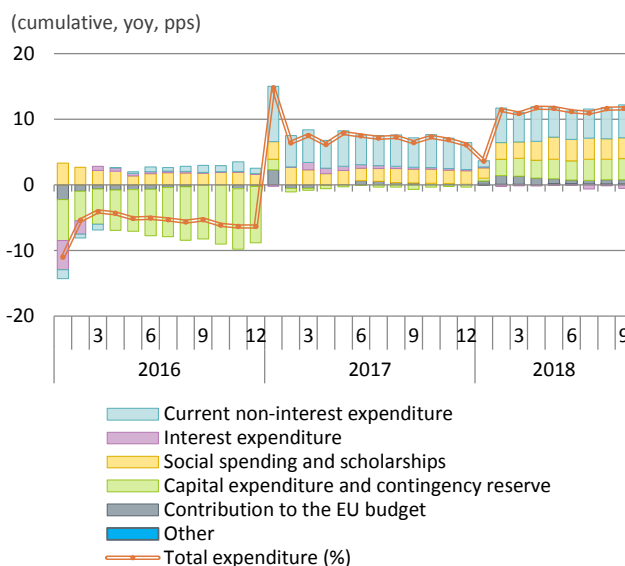
**General government debt**, incl. guaranteed debt, declined to BGN 24.2 bn (22.3% of projected GDP, down from 25.2% of GDP a year ago). Domestic and external debt stood at 5.2% and 15.4% of projected GDP, respectively, compared with 6.5% and 16.8% of GDP a year earlier. Government guaranteed debt-to-GDP ratio also decreased at end-September, down to 1.7% from 2% twelve months earlier.

**Fig. 14: Contribution to the growth of total revenues and grants**



Source: MF

**Fig. 15: Contribution to the growth of total expenditure**



Source: MF



## KEY ECONOMIC INDICATORS

		Annual data			Quarterly data				Monthly data						
		2015	2016	2017	Q4'17	Q1'18	Q2'18	Q3'18	04'18	05'18	06'18	07'18	08'18	09'18	10'18
<b>— GDP<sup>1</sup></b>															
Gross Domestic Product	% , yoy	3.5	3.9	3.8	3.4	3.5	3.2	-	-	-	-	-	-	-	-
Consumption	% , yoy	3.8	3.3	4.3	4.7	6.1	7.7	-	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	2.7	-6.6	3.2	5.6	10.9	7.0	-	-	-	-	-	-	-	-
Export	% , yoy	5.7	8.1	5.8	3.9	1.1	-2.3	-	-	-	-	-	-	-	-
Import	% , yoy	5.4	4.5	7.5	8.6	4.6	4.9	-	-	-	-	-	-	-	-
Agriculture	% , yoy	-6.8	5.3	8.9	10.1	-0.6	-2.0	-	-	-	-	-	-	-	-
Industry	% , yoy	3.5	4.0	4.1	1.6	2.6	0.4	-	-	-	-	-	-	-	-
Services	% , yoy	3.4	3.1	3.9	4.4	3.6	4.3	-	-	-	-	-	-	-	-
Adjustments	% , yoy	7.5	7.2	1.5	0.0	4.7	5.7	-	-	-	-	-	-	-	-
<b>— Short-term business statistics<sup>2</sup></b>															
Industrial production	% , yoy	2.9	2.7	3.4	1.6	1.6	1.2	0.8	0.8	0.5	2.1	2.4	1.7	-2.3	-
Industrial turnover	% , yoy	1.7	1.1	9.3	6.7	4.3	4.7	3.8	3.8	3.3	6.8	4.8	2.4	3.8	-
Retail trade turnover	% , yoy	11.8	6.1	3.7	4.0	3.5	5.7	4.9	4.9	6.2	6.0	4.8	5.2	3.6	-
Construction output	% , yoy	11.2	-16.7	4.6	4.2	7.1	-0.5	4.8	4.8	-0.5	-5.0	3.2	-1.2	-6.1	-
Total business climate	balance	20.3	22.5	26.6	25.4	27.6	32.1	31.0	31.0	33.1	32.2	32.1	29.2	27.7	25.8
Industry	balance	22.9	23.5	26.9	25.7	28.3	30.4	28.9	28.9	30.3	31.8	29.6	27.7	27.6	25.2
Retail trade	balance	27.6	33.6	37.9	39.5	41.5	43.3	44.1	44.1	42.5	43.3	44.0	40.0	40.1	37.6
Construction	balance	15.2	17.9	24.6	22.2	21.9	33.3	29.0	29.0	37.1	33.7	35.3	31.5	25.7	28.3
Services	balance	12.7	13.8	16.7	13.8	17.8	23.2	24.1	24.1	25.0	20.5	21.8	19.0	17.3	12.8
<b>— Labour market</b>															
Participation rate (15+)	level	54.1	53.3	55.4	55.5	54.6	55.5	-	-	-	-	-	-	-	-
Employment rate (15+)	level	49.1	49.3	51.9	52.3	51.5	52.5	-	-	-	-	-	-	-	-
Employment (SNA)	% , yoy	0.4	0.5	1.8	2.4	1.2	0.2	-	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	9.1	7.6	6.2	5.6	5.7	5.5	-	-	-	-	-	-	-	-
Unemployment rate (EA)	level	10.1	8.7	7.2	6.9	7.0	6.1	6.4	6.4	6.1	5.7	5.7	5.6	5.6	5.9
Nominal wage	% , yoy	6.8	8.0	11.8	11.4	7.1	8.2	8.0	8.0	7.2	9.0	7.8	8.6	6.7	-
Real wage <sup>3</sup>	% , yoy	8.0	9.5	10.5	9.5	5.4	5.7	6.2	6.2	4.8	5.8	4.1	4.7	3.0	-
Labour productivity (GDP per employed)	% , yoy	3.1	3.4	2.0	1.0	2.3	3.1	-	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	0.2	0.1	4.8	7.1	0.5	-1.2	-	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	2.5	2.3	8.4	10.9	3.3	2.3	-	-	-	-	-	-	-	-
<b>— Prices</b>															
National consumer price index (CPI)	% , yoy	-0.1	-0.8	2.1	2.7	2.0	2.2	2.0	2.0	2.6	3.2	3.5	3.5	3.6	3.7
Harmonized index of consumer prices (HICP)	% , yoy	-1.1	-1.3	1.2	1.7	1.6	2.4	1.7	1.7	2.3	3.0	3.6	3.7	3.6	3.6
PPI, domestic market	% , yoy	-1.6	-2.9	4.2	5.5	4.9	4.8	3.8	3.8	4.8	5.7	3.4	3.1	3.1	-
PPI, non-domestic market	% , yoy	-2.4	-3.5	6.0	4.6	0.6	5.7	1.6	1.6	7.1	8.3	6.8	5.0	4.5	-
<b>— Consolidated fiscal program (cumulative)</b>															
Revenues and grants	mIn BGN	32 200	33 959	35 317	35 316	9 220	19 210	12 971	12 971	15 978	19 210	22 547	25 976	29 162	-
Total expenditure	mIn BGN	34 685	32 491	34 471	34 471	8 628	17 497	11 652	11 652	14 557	17 496	20 533	23 588	26 498	-
Contribution to EU budget	mIn BGN	946	859	888	888	308	576	390	390	457	576	654	738	823	-
Cash deficit (-) / surplus (+)	mIn BGN	-2 485	1 468	846	846	592	1 713	1 319	1 319	1 422	1 714	2 015	2 388	2 665	-
	% of GDP	-2.8	1.6	0.8	0.8	0.5	1.6	1.2	1.2	1.3	1.6	1.9	2.2	-	-
Government debt (incl. guaranteed debt)	mIn BGN	23 300	27 424	25 531	25 531	24 429	24 250	24 389	24 389	24 344	24 250	24 242	24 219	-	-
	% of GDP	26.3	29.1	25.9	25.3	22.6	22.4	22.6	22.6	22.5	22.4	22.4	22.4	-	-
Fiscal reserve	mIn BGN	7 873	12 883	10 289	10 289	10 149	10 831	10 749	10 749	10 413	10 831	10 803	10 860	-	-
	% of GDP	8.9	13.7	10.4	10.2	9.4	10.0	9.9	9.9	9.6	10.0	10.0	10.0	-	-



		Annual data			Quarterly data				Monthly data						
		2015	2016	2017	Q4'17	Q1'18	Q2'18	Q3'18	04'18	05'18	06'18	07'18	08'18	09'18	10'18
<b>— Financial sector</b>															
BNB International reserves	mln EUR	20 285	23 899	23 662	23 662	22 606	23 510	22 518	22 518	22 825	23 510	23 731	23 960	24 540	24 137
Monetary base coverage	%	144.3	163.4	156.4	156.4	158.6	158.7	161.4	161.4	160.6	158.7	158.6	160.7	160.1	162.2
Coverage of import with FX reserves	months	8.5	10.0	8.7	8.7	8.2	8.4	8.1	8.1	8.2	8.4	8.3	8.4	-	-
Coverage of short-term external debt	%	267.5	315.7	304.6	304.6	287.0	301.1	288.1	288.1	298.4	301.1	298.2	295.6	-	-
Money M1 (Narrow money)	%, yoy	15.6	13.5	16.9	16.9	17.2	15.8	15.7	15.7	15.6	15.8	15.7	14.0	13.5	-
Money M3 (Broad money)	%, yoy	8.8	7.6	7.7	7.7	8.4	10.0	8.2	8.2	8.8	10.0	10.4	9.6	9.2	-
Deposits	%, yoy	8.2	6.7	7.2	7.2	7.8	9.6	7.7	7.7	8.3	9.6	10.2	9.3	8.8	-
Credit to private sector	%, yoy	-1.2	1.5	4.8	4.8	5.6	6.7	6.6	6.6	6.6	6.7	7.1	7.6	7.4	-
Credit to non-financial enterprises	%, yoy	-1.7	0.3	1.7	1.7	2.5	3.8	3.1	3.1	3.1	3.8	3.4	4.2	4.0	-
Credit to households	%, yoy	-1.3	2.0	6.0	6.0	6.3	9.2	9.1	9.1	8.9	9.2	10.0	10.2	9.7	-
Interest rate on credit <sup>4</sup>	%	7.0	5.8	4.3	4.3	4.6	4.7	4.6	4.6	4.9	4.7	4.9	4.4	4.6	-
Interest rate on deposits <sup>5</sup>	%	1.3	0.8	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.2	-
APRC <sup>6</sup> , consumer loans	%	11.5	11.0	10.2	10.8	10.0	10.3	10.7	10.7	10.0	10.2	10.9	11.1	10.9	-
APRC <sup>6</sup> , mortgages	%	6.4	5.5	4.4	4.2	4.1	3.9	3.9	3.9	3.8	4.0	3.9	4.0	3.8	-
Exchange rate BGN/USD	eop	1.79	1.86	1.63	1.63	1.59	1.68	1.62	1.62	1.67	1.68	1.67	1.68	1.69	1.73
	per. av.	1.76	1.77	1.74	1.66	1.59	1.64	1.59	1.59	1.66	1.67	1.67	1.69	1.68	1.70
<b>— Gross External Debt (GED)</b>															
Gross external debt	% of GDP	74.0	71.1	64.6	64.6	60.2	60.5	60.1	60.1	60.1	60.5	60.9	61.1	-	-
Short-term external debt	% of GED	22.6	22.1	23.4	23.4	23.8	23.3	23.5	23.5	23.0	23.3	23.6	24.0	-	-
Intercompany lending	% of GED	37.8	36.2	38.1	38.1	38.0	38.4	37.8	37.8	38.3	38.4	37.9	37.7	-	-
<b>— Balance of payments<sup>7</sup></b>															
Current account	mln EUR	-15	1 244	3 368	-229	-130	116	-112	-112	-11	238	924	1 062	-	-
<i>Current account (moving average)</i>	% of GDP	0.0	2.6	6.5	6.5	5.7	4.5	5.3	5.3	4.8	4.3	3.8	4.2	-	-
Trade balance	mln EUR	-2 622	-984	-766	-572	-804	-853	-261	-261	-286	-306	-228	-53	-	-
<i>Trade balance (moving average)</i>	% of GDP	-5.8	-2.0	-1.5	-1.5	-2.5	-3.8	-2.5	-2.5	-3.0	-3.6	-4.3	-4.3	-	-
Export, f.o.b.	mln EUR	21 919	23 104	26 950	7 032	6 119	6 505	2 074	2 074	2 142	2 290	2 414	2 367	-	-
	%, yoy	4.2	5.4	16.6	11.7	-2.3	-2.0	3.9	3.9	-6.1	-3.0	0.9	4.4	-	-
Import, f.o.b.	mln EUR	18 678	24 088	27 716	7 604	6 923	7 358	2 335	2 335	2 427	2 596	2 642	2 420	-	-
	%, yoy	-21.5	29.0	15.1	14.0	6.2	8.1	6.8	6.8	4.9	12.5	18.4	3.4	-	-
Capital account	mln EUR	1 422	1 071	530	191	2	193	66	66	35	92	63	135	-	-
Financial account	mln EUR	-650	-266	2 260	876	1 445	-442	119	119	86	-648	531	441	-	-
Net Foreign Direct Investments	mln EUR	-2 241	-266	-1 079	-557	53	-103	40	40	-30	-113	84	22	-	-
Net Portfolio Investments	mln EUR	1 145	-75	1 291	752	404	-284	-255	-255	21	142	148	27	-	-
Other Investments – net	mln EUR	-4 604	1 735	631	282	1 342	-388	239	239	-500	-128	874	622	-	-
Change in BNB reserve assets	mln EUR	3 730	3 467	-99	-869	-1 035	892	-101	-101	260	733	288	231	-	-

## Notes:

Ratios to GDP are calculated using GDP data as follows: for 2015 - BGN 88 575.2 mln, for 2016 - BGN 94 130.0 mln, for 2017 - BGN 101 042.5 mln and MF projections for 2018 - BGN 108 141.0 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 credit 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. Annual Percentage Rate of Charge on new loans to households by original maturity, weighted by 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 November 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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