

BULGARIAN ECONOMY

Monthly Report

11/2018

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 and Productivity
- » Inflation
- » External Sector
- » Financial Sector
- » Fiscal Sector
- » Key Economic Indicators

Highlights

GDP growth in Q3 2017 reached 2.7% yoy (not seas. adj.). The growth was driven by domestic demand, while net export had a negative contribution. On the supply side, **GVA** increased by 2.8% yoy, with major contribution coming from services.

Short-term business statistics reported strong performance in October, as both industrial and construction production returned to growth, and the pace of increase in industrial and retail sales accelerated. The **business climate indicator** improved in November due to expectations for a more favourable business situation in industry, retail and services in the next six months.

Employment went down by 0.9% yoy in Q3 driven by dynamics in agriculture, while employment in industry and services kept increasing. **Real productivity growth** accelerated to 3.7% and the increase in nominal **unit labour cost** slowed down to 1.4% yoy. In November, registered **unemployment** edged up to 6%.

Consumer prices, as measured by the HICP, declined by 0.3% mom in November, driven almost entirely by lower fuel prices. Annual rate of inflation slowed down to 3%. Core inflation lost some momentum as well, down to 2.4% yoy driven by declining prices of non-energy industrial goods and lower inflation of processed food.

The positive **current account** value in September added up to the accumulated surplus and in the nine months of 2018 it reached 3.8% of projected GDP. **Gross external debt**-to-GDP ratio stood at 61% at the end of the month.

For the ten months of 2018, **the balance on the consolidated fiscal program** was positive, reaching BGN 2.8 bn (2.6% of projected GDP) at end-October. The surplus resulted from higher revenue over expenditure on national budget. ■

GROSS DOMESTIC PRODUCT

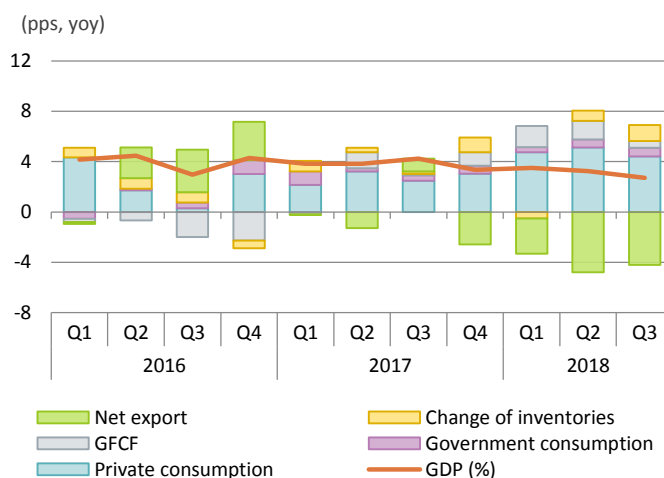
GDP growth reached 2.7% yoy in Q3 (fig. 1). The pace slowed down compared with the previous quarter, driven by lower contribution of domestic demand (6.9 pps), although the negative contribution of net export narrowed to 4.2 pps, down from 4.8 pps in Q2. The growth in final consumption and investment in fixed capital decelerated to 7.5% yoy and 3% yoy, respectively (down from 7.7% and 7% yoy in Q2). Private consumption remained strong, but its growth edged down to 8.1% yoy being 8.6% yoy in Q2. Meanwhile, the increase of public consumption accelerated to 5.2% yoy. The lower investment contribution was due to both *construction* and *machinery and equipment*. Export continued to follow a downward trend and the decline accelerated to 3.2% yoy. Weaker export and domestic demand resulted in lower import growth of 3.8% yoy, thus slightly limiting the negative contribution of net export compared with Q2.

On the supply side, **gross value added** rose by 2.8% yoy in Q3 compared with an increase of 2.9% yoy a quarter ago (fig. 2). Major contribution to the reported growth had *services*, especially real estate activities, up by 14.9% yoy. *Manufacturing* and *construction* also increased, up by 0.9% yoy and 2.1% yoy, respectively. As in the previous two quarters, agriculture declined on a year earlier, down by 0.8%.

SHORT-TERM BUSINESS STATISTICS

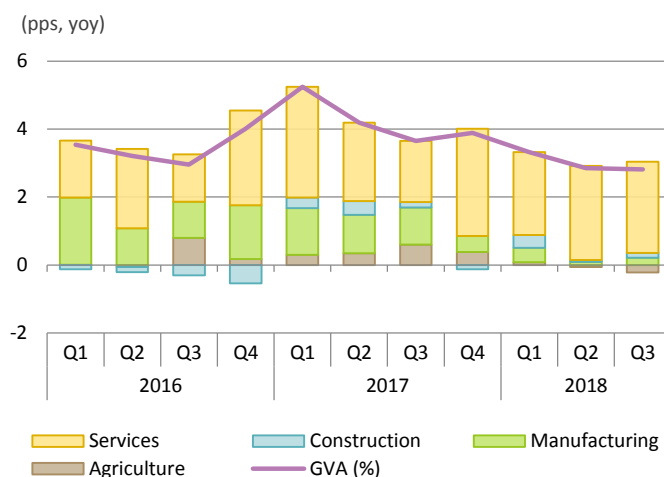
Industrial turnover increased by 9% yoy in October, up from 4% yoy in September. Favourable development was broadly spread across the industries (fig. 3). Both domestic and foreign industrial sales reported higher growth, up by 10.7% and 7.3% yoy, respectively. Among the major contributors for the increase in domestic turnover were *manufacture of basic metals*, *manufacture of food products* and *manufacture of chemical products*. Meanwhile, the growth of foreign turnover was mainly driven by *manufacture of chemical products*.

Fig. 1: Contributions to GDP growth



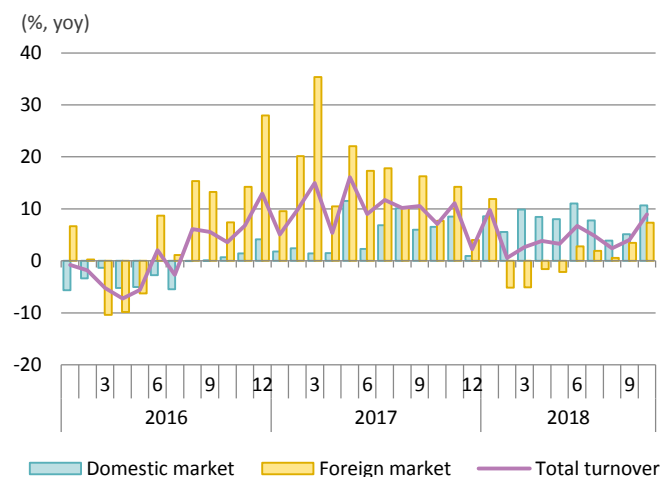
Source: NSI

Fig. 2: Contributions to GVA



Source: NSI

Fig. 3: Industrial turnover by components



Source: NSI

Industrial production grew by 3.1% yoy in October compared with an annual decline of 1.9% in the previous month. *Manufacture of rubber, plastic and other non-metallic mineral products* and *manufacture of transport equipment* led the increase.

Construction production index returned to growth in October, up by 4% yoy (fig. 4). Both building construction and civil engineering reported an increase, up by 3.5% and 4.6%, respectively.

Retail trade also followed an upward trend and the growth reached 5.6% yoy in October, up from 3.6% a month ago. *Retail trade of medical and orthopaedic goods* posted the highest increase, up by 17.1% yoy, followed by *retail sales of audio and video equipment*, up by 10.8% yoy.

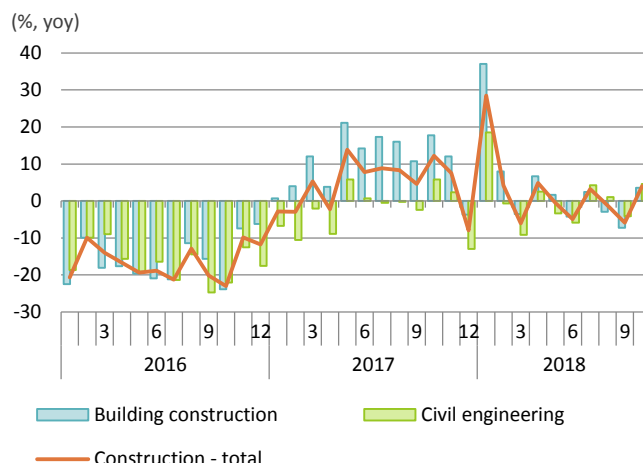
In November, the overall **business climate** indicator increased by 0.6 points (fig. 5). Assessments in *industry*, *retail trade* and *services* improved due to more favourable expectations about the business situation of the enterprises over the next six months. Meanwhile, the indicator in *construction* decreased as a result of worsened assessment of the present business situation.

The **consumer confidence** indicator decreased by 4.4 points in November (fig. 6) driven by worsened expectations for the financial situation of the households and for the general economic situation in the country.

LABOUR MARKET AND PRODUCTIVITY

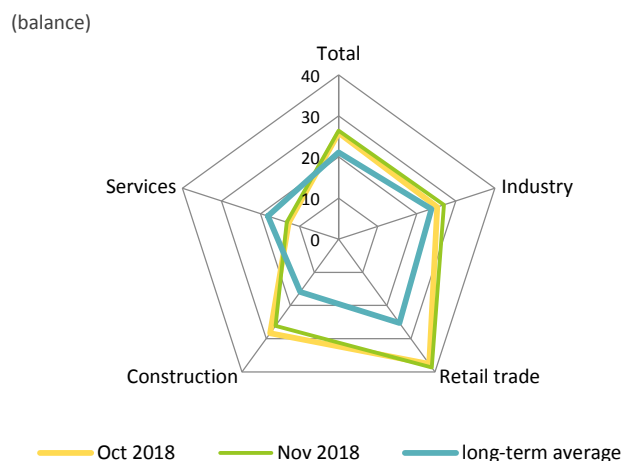
In Q3 the **number of employed** (ESA 2010) decreased by 0.9% yoy (fig. 7). *Agriculture* had a negative contribution, in line with the decrease in real GVA since Q1. *Industry* and *services* remained supportive to the overall employment but the pace of increase slowed down in both sectors. The number of employed in *manufacturing* stood around its Q3 2017 level, as short-term business statistics showed that the growth has been curbed by industries, such as *manufacture of wearing apparel*, *manufacture of food products*, *manufacture of wood products*, *manufacture of metal*

Fig. 4: Construction production index



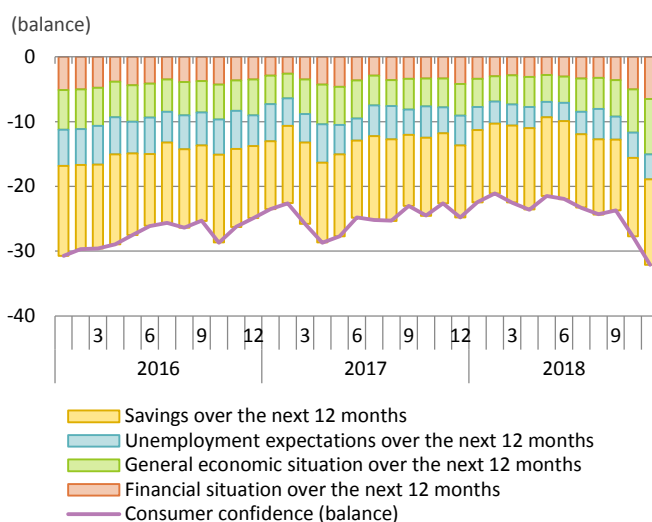
Source: NSI

Fig. 5: Business climate by sectors



Source: NSI

Fig 6 Consumer confidence



Source: Eurostat

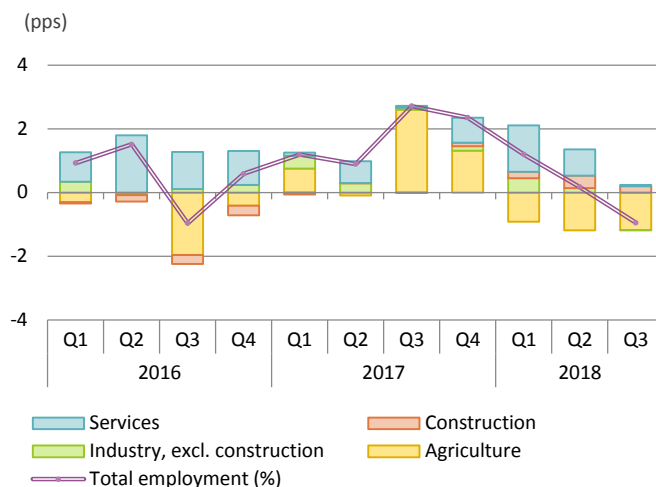
products and repair and installation of machinery and equipment. At the same time, the number of employees in most of the export-oriented industries increased on a year ago. Construction continued to report one of the highest employment growth rates but the branch was also the last to recover from the crisis. The employment in services remained almost unchanged on a year earlier, as the stable growth in activities such as information and communication could not offset the decrease in others, such as trade, transport and accommodation and food services. Detailed short-term business statistics revealed that the negative dynamics in the latter aggregate branch was due to the decline in employees in retail trade and in accommodation and food services.

In November the registered unemployment edged up by 0.1 pps mom to 6%. Both the unemployment inflow and outflow went down on a month earlier. The number of people who started working (18.6 thousand) remained close to its October level, as the number of persons who found employment on the primary labour market remained at the level of the previous month, while those who started working under the active labour market programmes and measures slightly decreased. As the unemployment inflow was higher than outflow, the unemployment number went up by 2.2% mom to 197.8 thousand in November but remained 13.1% lower yoy.

The overall real labour productivity growth accelerated to 3.7% yoy in Q3, up from 3.1% yoy in Q2. Recent developments reflected the upward dynamics in services (up by 4.2% yoy) and agriculture (5.2% yoy). Following a decline in Q2, productivity in industry also increased in July-September, up by 0.4% yoy.

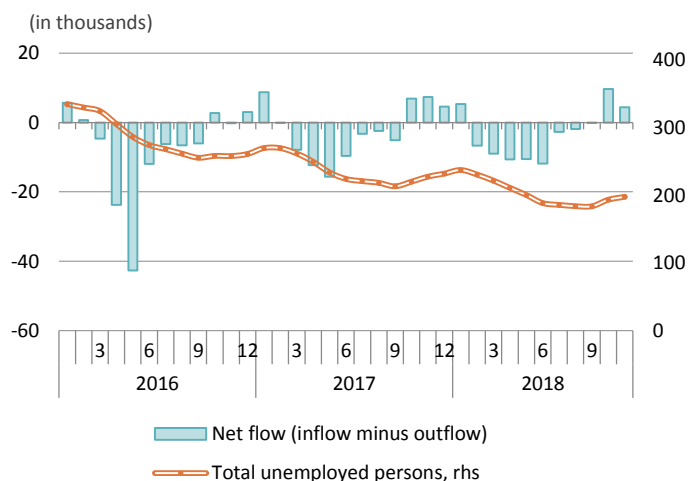
Labour incomes dynamics moderated further in Q3. The nominal growth of compensation per employee came at 5.1% yoy, driven by services and agriculture (up by 3% and 2% yoy, respectively), while the growth in industry preserved a doubled-digit rate of 11.4% yoy, both in manufacturing and construction. With moderating wage and accelerating productivity growth rates, the increase in overall nominal unit labour cost (NULC) slowed further down to 1.4% yoy

Fig. 7: Employment dynamics and contribution by sectors (pps)



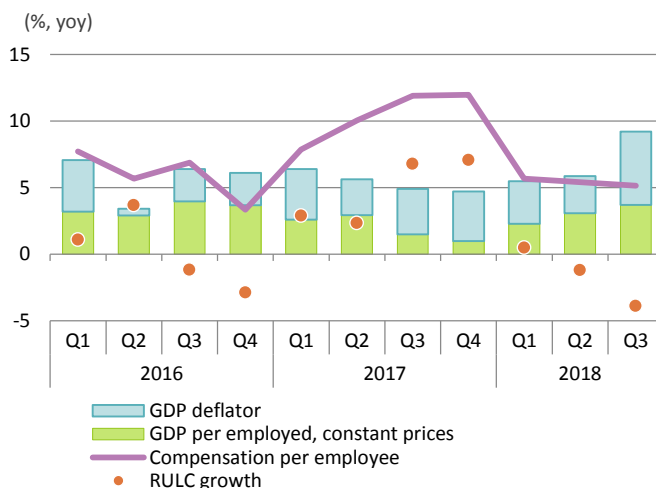
Source: NSI, MF

Fig. 8: Net flow and stock of unemployment (in thousands)



Source: EA

Fig. 9: Decomposition of real unit labour cost (RULC) (% yoy)



Source: NSI, MF

in Q3, compared with 10.2% yoy in the same quarter a year earlier. NULC in industry speeded up to 10.9% yoy, following the substantial increase in compensation per employee in the sector. The latter was offset by the decrease of 1.2% in services.

INFLATION

In November, **consumer prices**, as measured by the HICP, declined by 0.3% mom. Fuel prices, down by 3.6% mom, were the main driver for the monthly decrease in the headline rate. Negative contribution came also from prices of unprocessed food and durable consumer goods, both down by 0.6% mom. Administered prices went up by 0.5% after prices of central heating increased by 8.3% mom with the start of the new heating season.

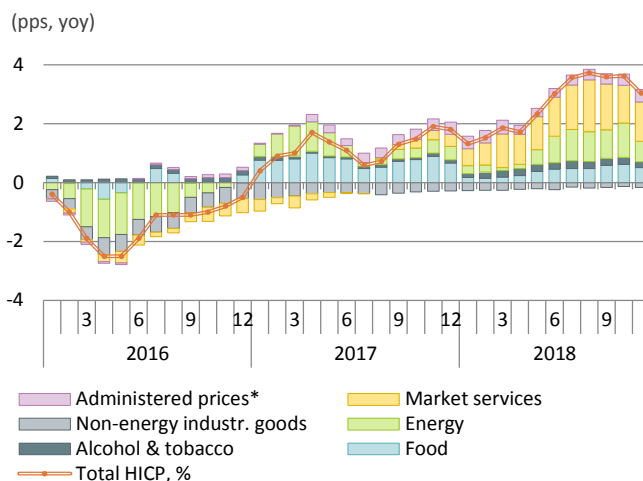
Annual inflation rate slowed down to 3% in November from 3.6% a month earlier (fig. 10). Energy goods inflation stepped down to 8.9% yoy. Slower price increase in processed food and slightly faster decline in non-energy industrial goods' prices helped bringing core inflation¹ slightly down to 2.4% compared with 2.5% in October.

As regards international prices, Brent crude oil's price recorded a sharp drop in November, down by 18.2% mom in BGN terms (fig. 11). Non-energy commodity prices decreased faster on a yoy terms compared with the previous month, with food and metals' prices declining by 1.7% and 4.1% respectively.

EXTERNAL SECTOR

In September **current account** balance came in positive at EUR 312.7 mln, pushing the accumulated since the beginning of the year surplus to 3.8% of projected GDP. The monthly balance was led by the surplus on services, while trade with goods and primary income balances remained slightly negative. Secondary income posted a small surplus.

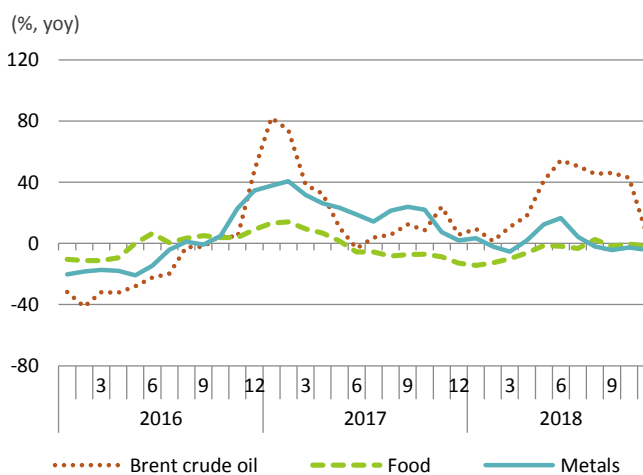
Fig. 10: Contributions by main HICP components



* 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.

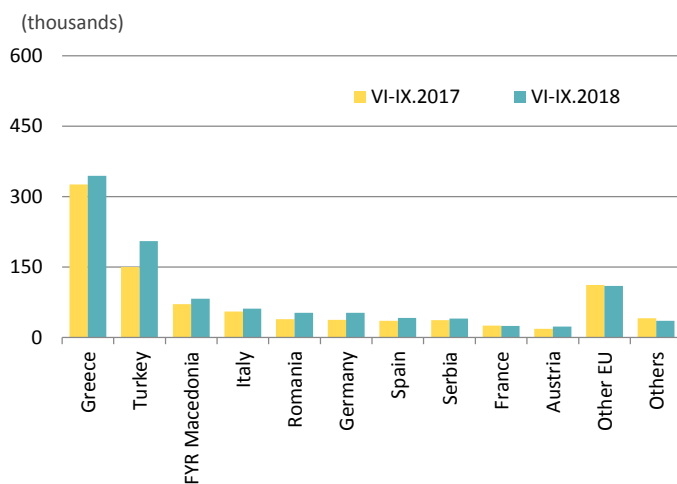
Source: NSI, MF

Fig. 11: International prices of major commodity groups, in euro



Source: World bank, MF

Fig. 12: Tourist visits of Bulgarians abroad by country



Source: NSI

¹ Total HICP excluding energy and unprocessed food

Bulgarian visits abroad are gradually increasing. According to NSI data, the number of Bulgarian tourist visits abroad in June-September grew by 13.1% yoy. Main driver of the upward dynamics were visits to Turkey (up by 36.9%), Greece (5.5%), Germany (38.5%), Romania (34.2%) and FYR Macedonia (16.1%). At the same time the number of Bulgarian visits to Slovenia, Croatia, Belgium and UK decreased by 53.2%, 33.2%, 17.6% and 14.9%, respectively. Total tourist visits to EU countries increased by 9.2%, while those to non-EU countries by 21.6%. (fig. 12)

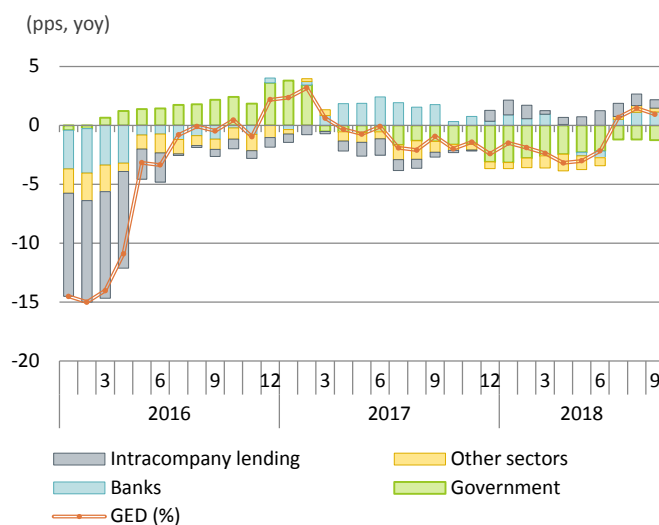
Gross external debt (GED) stood at EUR 33.7 bn (61% of projected GDP) at end-September. The level lowered on a month earlier, but edged up compared to the same month of 2017 (fig. 13). Due to denominator effect, the ratio of debt to GDP improved both on a monthly and an annual basis. As at end September 85.6% of GED were denominated in EUR, 9.9% - in USD. About half of the debt was at a floating interest rate. Net external debt reached -6.7% of projected GDP, indicating higher external assets than liabilities.

FINANCIAL SECTOR

International reserves amounted to EUR 24.2 bn. at end-November, marginally increasing on a month earlier by 0.1%. Positive contribution came from currency in circulation (up by 0.8% mom), Government deposit (up by 1.7% mom) and liabilities to other depositors (up by 0.3% mom). Bank reserves decreased again, though at a smaller pace of 2% mom, compared with 5.2% in the previous month. The annual growth rate of FX reserves accelerated to 8.8% in November. The main contribution came from bank reserves, up by 20% yoy, followed by currency in circulation, up by 11.3% yoy. Liabilities to other depositors posted the highest increase, up by 34.7%, but their share in total reserves remained low (fig. 14).

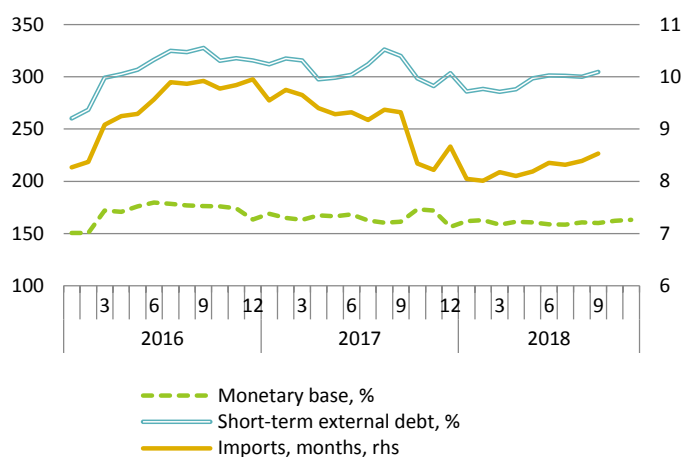
Credit to the private sector growth speeded up in October to 7.8% yoy compared with 7.4% a month ago (fig. 16). Both credit to non-financial corporations and to households accounted for the acceleration. Corporate loans grew by 4.8% yoy vs. 4.0% a month earlier,

Fig. 13: Contributions to GED growth



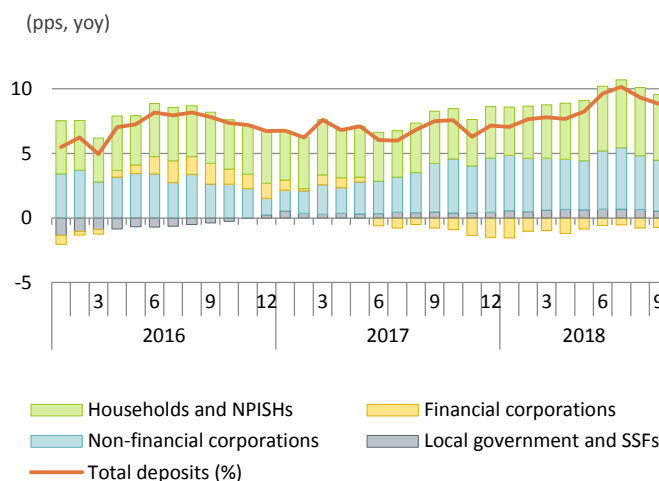
Source: BNB

Fig. 14: Coverage with FX Reserves



Source: BNB, MF

Fig. 15: Contribution by sectors to the growth of total deposits, included in M3



Source: BNB

while households' loans were up by 10% vs. 9.7% at end-September. Regarding credit to non-financial corporations, regular loans kept increasing while bad and restructured loans lowered. Consumer loans continued to increase and stood close to BGN 9 bn at end-October, up by 15.9% on a year earlier. Mortgages speeded up by 10.2%, while the drop in other credit deepened to 20.7% yoy.

Weighted interest rate on new credit to non-financial corporations increased by 3 bps in October driven by that in local currency. The total volume of new corporate loans increased by 11.3% mom, but declined by 20.6% yoy. The average price of new consumer loans and mortgages moved down on a month earlier by 19 and 11 bps, respectively.

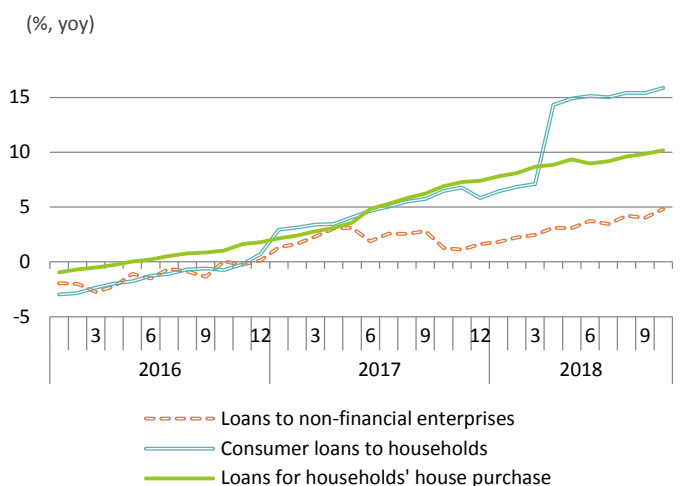
Weighted interest rate on new time deposits in October went up by 13 bps supported by all currency segments (BGN, EUR and USD). By type of holder, weighted average interest rate on time households' and non-financial corporations' deposits increased by 1 and 43 bps, respectively compared to end-September. The total volume of new time deposits reached BGN 1.13 bn. in October, which was 10.9% less compared with the same month of the previous year.

FISCAL SECTOR

According to preliminary monthly data on a cash basis **the balance on the consolidated fiscal program** remained positive for the 10th month in a row at the end of October, reaching BGN 2.8 bn (2.6% of projected GDP, up from 2.5% of GDP a year earlier). The positive fiscal outcome resulted from higher revenue over expenditure on the national budget, while the EU funds account was negative.

Total revenue (including grants) amounted to BGN 32.6 bn, up by 11.8% on a year earlier (fig. 18). The increase was mainly due to higher tax revenue (up by 9.4% 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 8.4%,

Fig. 16: Credit growth



Source: BNB, MF

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

	October 2017	September 2018	October 2018
Non-financial companies	3.29	3.40	3.43
Consumer loans	7.99	8.76	8.57
Mortgages	3.89	3.40	3.30

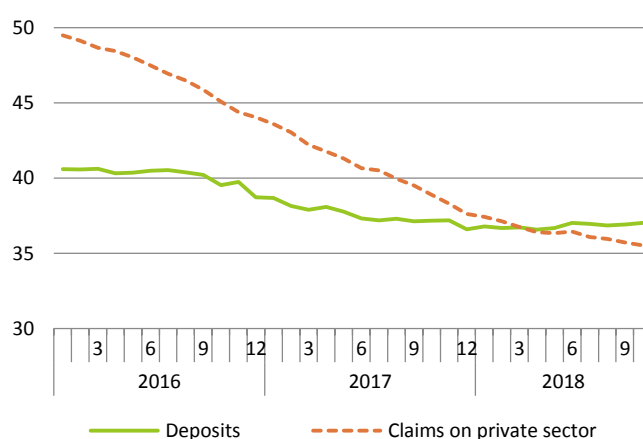
Source: BNB, MF

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

	October 2017	September 2018	October 2018
BGN	0.21	0.16	0.17
EUR	0.30	0.17	0.18
USD	0.44	0.46	1.02

Source: BNB, MF

Fig 17: Share of deposits and claims on private sector in FX



Source: BNB, MF

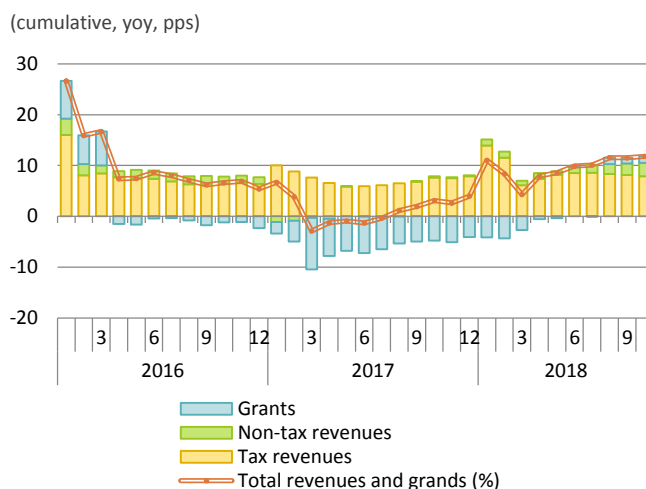
4.6% and 25.2% yoy, respectively. Direct tax revenue came 9.1% higher compared with January-October 2017, while non-tax revenue and grants posted double digit growths of 21.6% and 33.9% yoy, respectively.

Total government spending remained lower than revenue, being BGN 29.8 bn at end-October (up by 11.6% yoy). The growth came largely on account of higher current non-interest expenditure, including wage bill (up 11.2% yoy), current maintenance (7%) and subsidies (26.1%). Significant contributions came also from increased social payments (6.6% yoy) and capital expenditure (up by 48.2% yoy) (fig. 19).

The fiscal reserve amounted to BGN 11.1 bn (10.3% of projected GDP) at end-October, of which BGN 10.8 bn in bank deposits and BGN 0.3 bn – EU funds receivables on certified expenses. The fiscal reserve decreased by 7.4% yoy.

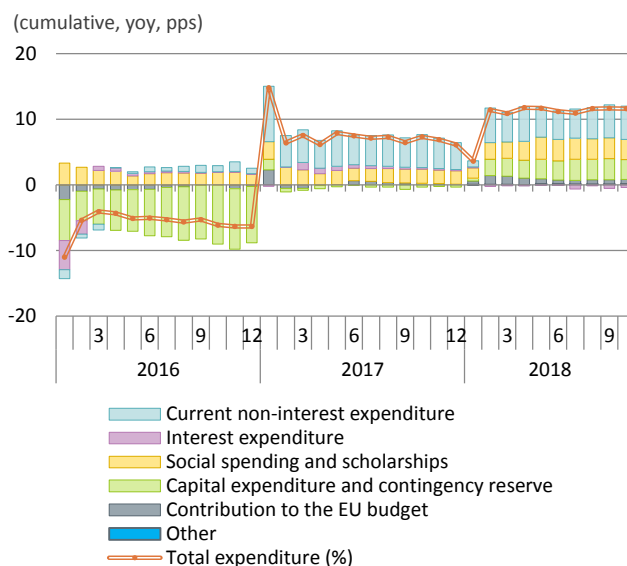
General government debt, incl. guaranteed debt, declined to BGN 23.9 bn (22.1% of projected GDP, down from 25.3% of GDP a year ago). Domestic and external debt stood at 5% and 15.4% of projected GDP, respectively, compared with 6.5% and 16.8% a year earlier. Government guaranteed debt-to-GDP ratio also decreased at end-October, down to 1.7% from 2% twelve months earlier.

Fig. 18: Contribution to the growth of total revenues and grants



Source: MF

Fig. 19: 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	05'18	06'18	07'18	08'18	09'18	10'18	11'18
— GDP¹															
Gross Domestic Product	% , yoy	3.5	3.9	3.8	3.4	3.5	3.2	2.7	-	-	-	-	-	-	-
Consumption	% , yoy	3.8	3.3	4.3	4.7	6.1	7.7	7.5	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	2.7	-6.6	3.2	5.6	10.9	7.0	3.0	-	-	-	-	-	-	-
Export	% , yoy	5.7	8.1	5.8	3.9	1.1	-2.3	-3.2	-	-	-	-	-	-	-
Import	% , yoy	5.4	4.5	7.5	8.6	4.6	4.9	3.8	-	-	-	-	-	-	-
Agriculture	% , yoy	-6.8	5.3	8.9	10.1	-0.6	-2.0	-0.8	-	-	-	-	-	-	-
Industry	% , yoy	3.5	4.0	4.1	1.6	2.6	0.4	1.2	-	-	-	-	-	-	-
Services	% , yoy	3.4	3.1	3.9	4.4	3.6	4.3	4.3	-	-	-	-	-	-	-
Adjustments	% , yoy	7.5	7.2	1.5	0.0	4.7	5.7	2.0	-	-	-	-	-	-	-
— Short-term business statistics²															
Industrial production	% , yoy	2.9	2.7	3.4	1.6	1.6	1.2	0.7	0.5	2.1	2.4	1.7	-1.9	-	-
Industrial turnover	% , yoy	1.7	1.1	9.3	6.7	4.3	4.7	3.8	3.3	6.8	4.8	2.4	4.0	-	-
Retail trade turnover	% , yoy	11.8	6.1	3.7	4.0	3.5	5.7	4.5	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	-1.2	-0.5	-5.0	3.2	-1.2	-5.9	-	-
Total business climate	balance	20.3	22.5	26.6	25.4	27.6	32.1	29.6	33.1	32.2	32.1	29.2	27.7	25.8	26.4
Industry	balance	22.9	23.5	26.9	25.7	28.3	30.4	28.3	30.3	31.8	29.6	27.7	27.6	25.2	27.0
Retail trade	balance	27.6	33.6	37.9	39.5	41.5	43.3	41.4	42.5	43.3	44.0	40.0	40.1	37.6	38.6
Construction	balance	15.2	17.9	24.6	22.2	21.9	33.3	30.9	37.1	33.7	35.3	31.5	25.7	28.3	26.1
Services	balance	12.7	13.8	16.7	13.8	17.8	23.2	19.3	25.0	20.5	21.8	19.0	17.3	12.8	13.2
— Labour market															
Participation rate (15+)	level	54.1	53.3	55.4	55.5	54.6	55.5	56.1	-	-	-	-	-	-	-
Employment rate (15+)	level	49.1	49.3	51.9	52.3	51.5	52.5	53.3	-	-	-	-	-	-	-
Employment (SNA)	% , yoy	0.4	0.5	1.8	2.4	1.2	0.2	-0.9	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	9.1	7.6	6.2	5.6	5.7	5.5	5.0	-	-	-	-	-	-	-
Unemployment rate (EA)	level	10.1	8.7	7.2	6.9	7.0	6.1	5.6	6.1	5.7	5.7	5.6	5.6	5.9	6.0
Nominal wage	% , yoy	6.8	8.0	9.4	11.4	7.1	8.2	7.7	7.2	9.0	7.8	8.6	6.7	-	-
Real wage ³	% , yoy	8.0	9.5	8.1	9.5	5.4	5.7	3.9	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	3.7	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	0.2	0.1	4.8	7.1	0.5	-1.2	-3.9	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	2.5	2.3	8.4	10.9	3.3	2.3	1.4	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	% , yoy	-0.1	-0.8	2.1	2.7	2.0	2.2	2.3	2.6	3.2	3.5	3.5	3.6	3.7	3.1
Harmonized index of consumer prices (HICP)	% , yoy	-1.1	-1.3	1.2	1.7	1.6	2.4	3.6	2.3	3.0	3.6	3.7	3.6	3.6	3.0
PPI, domestic market	% , yoy	-1.6	-2.9	4.2	5.5	4.9	4.8	3.2	4.8	5.7	3.4	3.1	3.1	3.9	-
PPI, non-domestic market	% , yoy	-2.4	-3.5	6.0	4.6	0.6	5.7	5.4	7.1	8.3	6.8	5.0	4.5	5.3	-
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	32 200	33 959	35 317	35 316	9 220	19 210	29 164	15 978	19 210	22 547	25 976	29 162	32 613	-
Total expenditure	mIn BGN	34 685	32 491	34 471	34 471	8 628	17 497	26 501	14 557	17 496	20 533	23 588	26 498	29 769	-
Contribution to EU budget	mIn BGN	946	859	888	888	308	576	823	457	576	654	738	823	910	-
Cash deficit (-) / surplus (+)	mIn BGN	-2 485	1 468	846	846	592	1 713	2 663	1 422	1 714	2 015	2 388	2 665	2 844	-
	% of GDP	-2.8	1.6	0.8	0.8	0.5	1.6	2.5	1.3	1.6	1.9	2.2	2.5	2.6	-
Government debt (incl. guaranteed debt)	mIn BGN	23 300	27 424	25 531	25 531	24 429	24 250	24 153	24 344	24 250	24 242	24 219	24 153	23 942	-
	% of GDP	26.3	29.1	25.9	25.3	22.6	22.4	22.3	22.5	22.4	22.4	22.4	22.3	22.1	-
Fiscal reserve	mIn BGN	7 873	12 883	10 289	10 289	10 149	10 831	11 213	10 413	10 831	10 803	10 860	11 213	11 128	-
	% of GDP	8.9	13.7	10.4	10.2	9.4	10.0	10.4	9.6	10.0	10.0	10.0	10.4	10.3	-

		Annual data			Quarterly data				Monthly data						
		2015	2016	2017	Q4'17	Q1'18	Q2'18	Q3'18	05'18	06'18	07'18	08'18	09'18	10'18	11'18
— Financial sector															
BNB International reserves	mln EUR	20 285	23 899	23 662	23 662	22 606	23 510	24 540	22 825	23 510	23 731	23 960	24 540	24 137	24 161
Monetary base coverage	%	144.3	163.4	156.4	156.4	158.6	158.7	160.1	160.6	158.7	158.6	160.7	160.1	162.2	163.0
Coverage of import with FX reserves	months	8.5	10.0	8.7	8.7	8.2	8.4	0.0	8.2	8.4	8.3	8.4	8.5	-	-
Coverage of short-term external debt	%	267.5	315.7	304.6	304.6	287.0	301.1	0.0	298.4	301.1	301.0	300.1	304.8	-	-
Money M1 (Narrow money)	%, yoy	15.6	13.5	16.9	16.9	17.2	15.8	13.5	15.6	15.8	15.7	14.0	13.5	14.8	-
Money M3 (Broad money)	%, yoy	8.8	7.6	7.7	7.7	8.4	10.0	9.2	8.8	10.0	10.4	9.6	9.2	9.7	-
Deposits	%, yoy	8.2	6.7	7.2	7.2	7.8	9.6	8.8	8.3	9.6	10.2	9.3	8.8	9.6	-
Credit to private sector	%, yoy	-1.2	1.5	4.8	4.8	5.6	6.7	7.4	6.6	6.7	7.1	7.6	7.4	7.8	-
Credit to non-financial enterprises	%, yoy	-1.7	0.3	1.7	1.7	2.5	3.8	4.0	3.1	3.8	3.4	4.2	4.0	4.8	-
Credit to households	%, yoy	-1.3	2.0	6.0	6.0	6.3	9.2	9.7	8.9	9.2	10.0	10.2	9.7	10.0	-
Interest rate on credit ⁴	%	7.0	5.8	4.3	4.3	4.6	4.7	4.6	4.9	4.7	4.9	4.4	4.6	4.7	-
Interest rate on deposits ⁵	%	1.3	0.8	0.2	0.2	0.3	0.2	0.3	0.3	0.2	0.3	0.3	0.2	0.3	-
APRC ⁶ , consumer loans	%	11.5	11.0	10.2	10.8	10.0	10.3	10.9	10.0	10.2	10.9	11.1	10.9	10.6	-
APRC ⁶ , mortgages	%	6.4	5.5	4.4	4.2	4.1	3.9	3.9	3.8	4.0	3.9	4.0	3.8	3.6	-
Exchange rate BGN/USD	eop	1.79	1.86	1.63	1.63	1.59	1.68	1.69	1.67	1.68	1.67	1.68	1.69	1.73	1.72
	per. av.	1.76	1.77	1.74	1.66	1.59	1.64	1.68	1.66	1.67	1.67	1.69	1.68	1.70	1.72
— Gross External Debt (GED)															
Gross external debt	% of GDP	74.0	71.1	64.6	64.6	60.2	60.5	61.2	60.1	60.5	61.0	61.2	61.0	-	-
Short-term external debt	% of GED	22.6	22.1	23.4	23.4	23.8	23.3	23.6	23.0	23.3	23.4	23.6	23.9	-	-
Intercompany lending	% of GED	37.8	36.2	38.1	38.1	38.0	38.4	37.8	38.3	38.4	37.9	37.8	37.6	-	-
— Balance of payments⁷															
Current account	mln EUR	-15	1 244	3 368	-229	-130	116	2 130	-11	238	837	980	313	-	-
<i>Current account (moving average)</i>	% of GDP	0.0	2.6	6.5	6.5	5.4	4.3	3.4	4.8	4.3	3.7	3.9	3.4	-	-
Trade balance	mln EUR	-2 622	-984	-766	-572	-804	-853	-373	-286	-306	-228	-64	-80	-	-
<i>Trade balance (moving average)</i>	% of GDP	-5.8	-2.0	-1.5	-1.5	-2.4	-3.6	-4.7	-3.0	-3.6	-4.3	-4.3	-4.7	-	-
Export, f.o.b.	mln EUR	21 919	23 104	26 950	7 032	6 119	6 505	7 123	2 142	2 290	2 414	2 290	2 419	-	-
	%, yoy	4.2	5.4	16.6	11.7	-2.3	-2.0	1.5	-6.1	-3.0	0.9	1.0	2.6	-	-
Import, f.o.b.	mln EUR	18 678	24 088	27 716	7 604	6 923	7 358	7 496	2 427	2 596	2 642	2 354	2 500	-	-
	%, yoy	-21.5	29.0	15.1	14.0	6.2	8.1	10.5	4.9	12.5	18.4	0.6	12.9	-	-
Capital account	mln EUR	1 422	1 071	530	191	2	193	249	35	92	57	135	57	-	-
Financial account	mln EUR	-650	-266	2 260	876	1 445	-442	270	86	-648	386	256	-373	-	-
Net Foreign Direct Investments	mln EUR	-2 241	-266	-1 079	-557	53	-103	-473	-30	-113	-180	-203	-89	-	-
Net Portfolio Investments	mln EUR	1 145	-75	1 291	769	406	-92	226	21	142	104	47	75	-	-
Other Investments – net	mln EUR	-4 604	1 735	631	282	1 342	-388	848	-500	-128	801	581	-534	-	-
Change in BNB reserve assets	mln EUR	3 730	3 467	-99	-869	-1 035	892	1 122	260	733	288	231	604	-	-

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 December 17, 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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