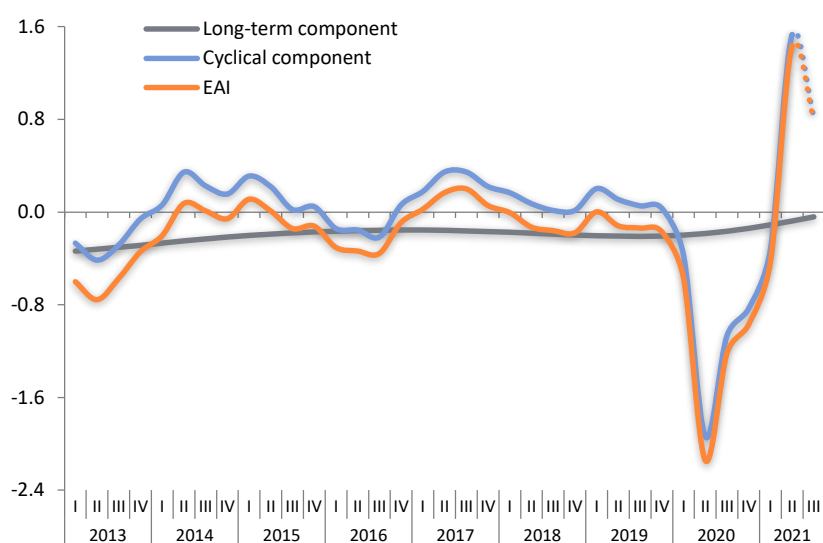


# ECONOMIC ACTIVITY INDICATOR IN BULGARIA

## 1 EAI BY COMPONENTS\*



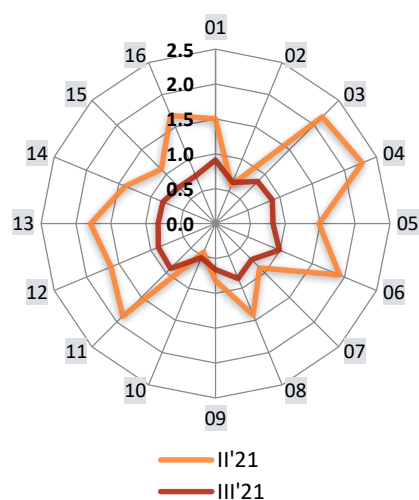
\* Preliminary estimate of EAI by components in Q3'21

Source: MF

## EAI slows down after strong Q2

Over the third quarter of 2021 the Economic Activity Indicator<sup>1</sup> (EAI) decreased but continued to signal an expansion. Preliminary estimate of the Q3 composite indicator pointed to a lower but positive value of 0.8, down from 1.4 in Q2. EAI was driven by its cyclical component, while its long-term position remained almost neutral for two quarters in a row. More important, the negative cyclical fluctuations after the pandemic crisis did not reduce the long run level but improved it instead to 0 in Q3.

## 2 DECOMPOSITION OF EAI VARIABLES

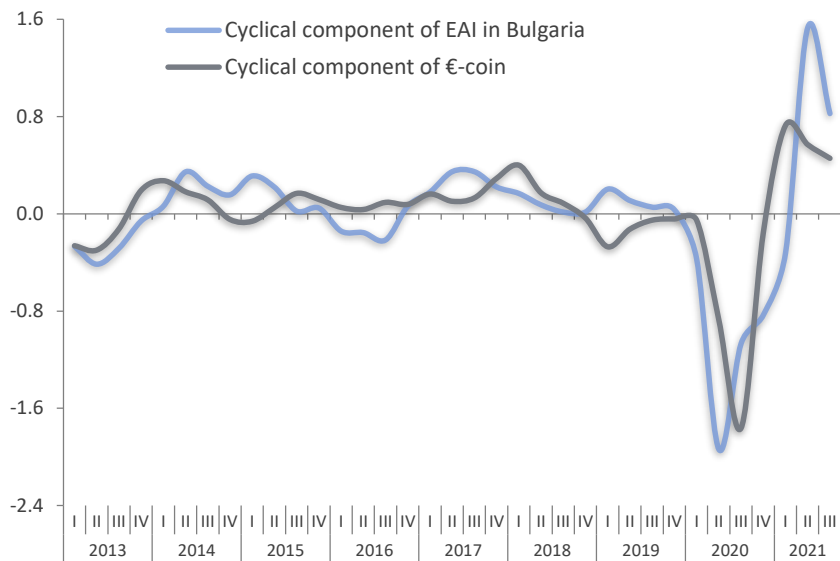


Source: MF

1	GDP
2	Employed
3	GDP EU27
4	Industrial production index EU27
5	PPI
6	Industrial production index
7	Construction index
8	Retail trade turnover
9	M2
10	Credit (private sector)
11	Business climate
12	Industrial orders
13	Industrial price expectations
14	Industrial capacity utilisation
15	Euribor (3m), %
16	Non energy commodity price index

All variables made positive impact on the EAI cyclical position and country's economic activity, respectively. The decline in the indicator mainly reflected some easing in the manufacturing growth momentum and business confidence in the sector. The country's manufacturing activity was in line with external dynamics. Nevertheless, most of the variables remained at high levels but the relatively stronger base in previous period due to the recovery from the pandemic resulted in EAI slowdown in Q3. Monetary variables and employed did not have a significant effect on the indicator's movement.

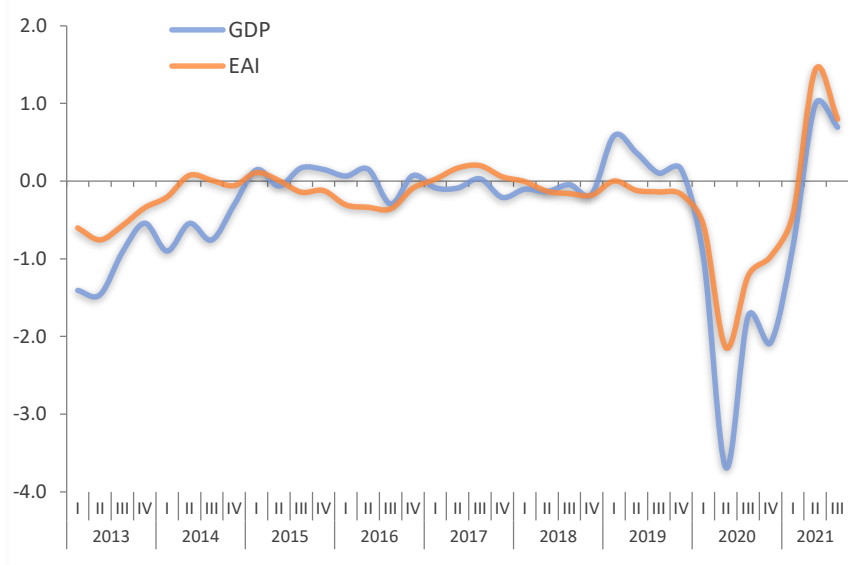
### 3 ESTIMATED CYCLICAL FLUCTUATIONS IN THE EURO AREA AND BULGARIA



Source: MF, CERP

The current EAI cyclical fluctuation followed the dynamics of the euro area cyclical position. In Q3 2021, the value of €-coin<sup>2</sup> fell on a quarter earlier resulting from the negative contribution of the slowdown in the manufacturing sector. The latter was partially offset by the positive contributions made by the recovery in demand and inflation connected with the gradual recovery in services and easing of the restrictions adopted to contain the pandemic.

### 4 EAI AND GDP\*



\* Preliminary estimates for EAI and GDP in Q3'21. To achieve better compatibility, real GDP growth data has been standardized by subtracting the mean and dividing by the standard deviation of the series.

Source: MF

The preliminary estimate for EAI in Q3 also indicates a slowdown of real GDP growth rate.

<sup>1</sup> A new version of the EAI has been released in 2/2021, which incorporates some revisions to the database. The historical series according to the methodology are also available starting from 2001 onwards. For more detailed information see "Rationale and Methodology of the EAI".

<sup>2</sup> For more detailed data and methodological notes on €-coin, monthly estimates of the economic activity in the euro area visit <http://eurocoin.cepr.org/>. Data have been averaged to make the comparison with the quarterly EAI possible. In addition, since €-coin excludes only short-term (seasonal) fluctuations in euro area business activity, it was also necessary to eliminate the long-term trend in the time series, using the Hordrick-Prescott filter.