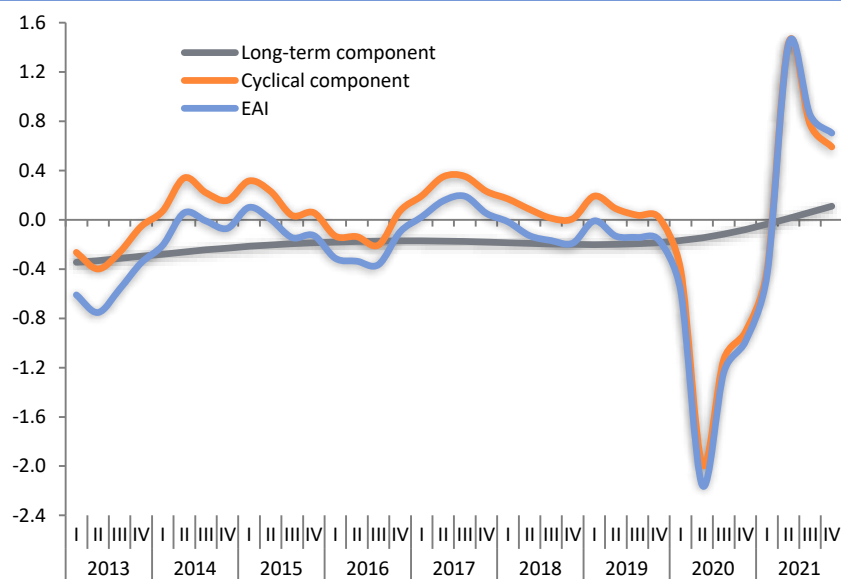


ECONOMIC ACTIVITY INDICATOR IN BULGARIA

1 EAI BY COMPONENTS*



* Preliminary estimate of EAI by components in Q4'21

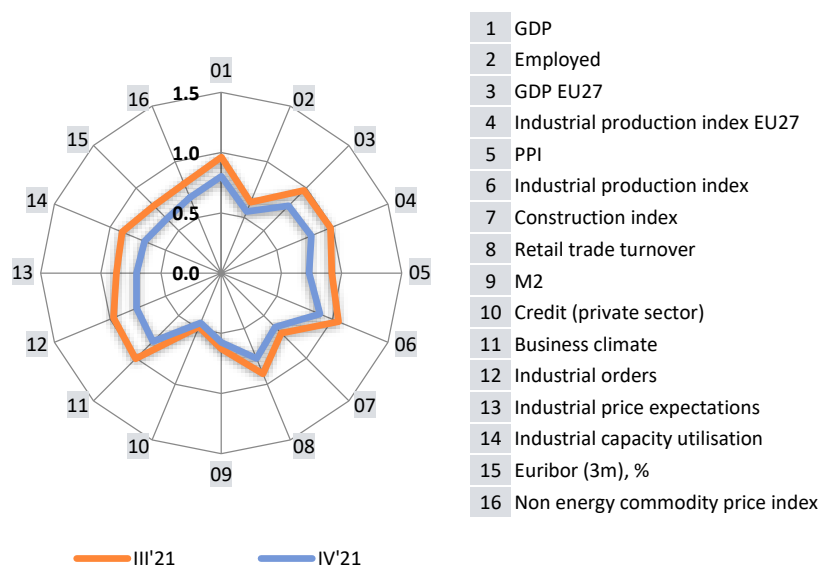
Source: MF

EAI falls slightly in Q4

Over the fourth quarter of 2021 the Economic Activity Indicator¹ (EAI) slightly decreased but continued to signal an expansion. The composite indicator fell from 0.85 to 0.7 in Q4, according to preliminary estimate. EAI was driven by the decline of its cyclical component, while its long-term position was positive and improved further.

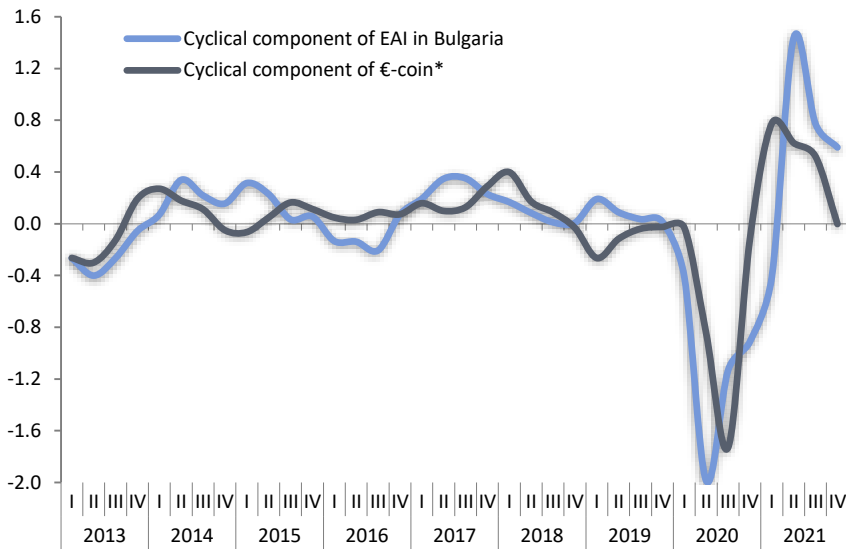
The decline in the indicator reflected the deterioration of the country's business climate in the last three months of the year on the back of less favourable business expectations in retail trade associated with the worsened epidemiological situation in the country. At the same time, supply chains disruptions resulted in greater business pessimism about the provision of industrial orders. These developments were in line with external dynamics. Difficulties related to higher energy prices have not yet materialized in the expectations of entrepreneurs in the country, but we expect this to happen in the coming months.

2 DECOMPOSITION OF EAI VARIABLES



Source: MF

3 ESTIMATED CYCLICAL FLUCTUATIONS IN THE EURO AREA AND BULGARIA

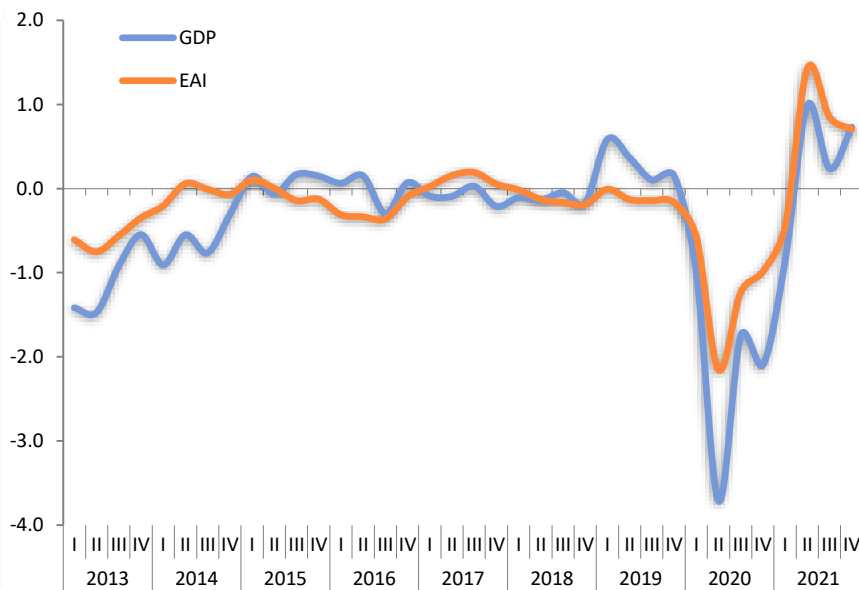


Source: MF, CERP

Monetary variables, construction production index, retail trade turnover and employed did not have any significant effects on the indicator's movement.

The current EAI cyclical fluctuation followed the dynamics of the euro area cyclical position. In Q4 2021, the value of €-coin² fell on a quarter earlier as well. The composite indicator for the euro area marked more significant decline in November due to the deterioration in consumer and business confidence, the acceleration in production prices, especially for energy production, and the worsening macroeconomic outlook, mainly associated with the renewed outbreak of the pandemic.

4 EAI AND GDP*



* Preliminary estimates for EAI and GDP in Q4'21. 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

Preliminary estimate of real GDP growth rate points to an acceleration in Q4.

¹ 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](#)".

² 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.