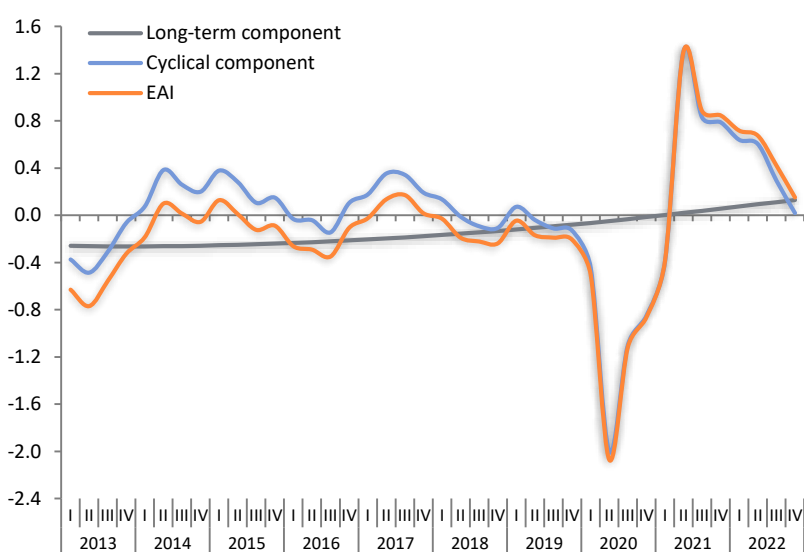


# ECONOMIC ACTIVITY INDICATOR IN BULGARIA

## 1 EAI BY COMPONENTS\*



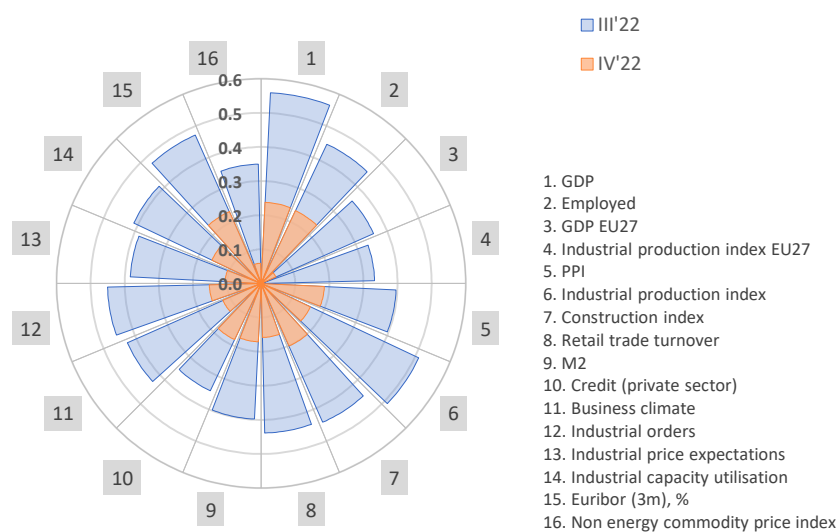
Source: MF

\* Preliminary estimate of EAI by components in Q4'22

## EAI declines again in Q4

In the fourth quarter of 2022, the Economic Activity Indicator<sup>1</sup> (EAI) reported a relatively high decrease (to 0.15 from 0.42 in Q3). This was due to the worsened position of its cyclical component. The preliminary estimate of the composite indicator pointed to a weakening in economic activity in Q4.

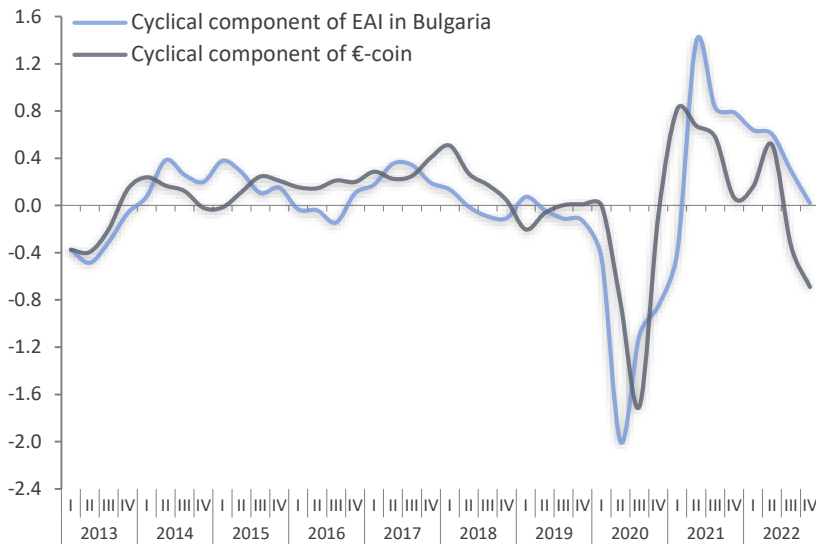
## 2 DECOMPOSITION OF EAI VARIABLES



Source: MF

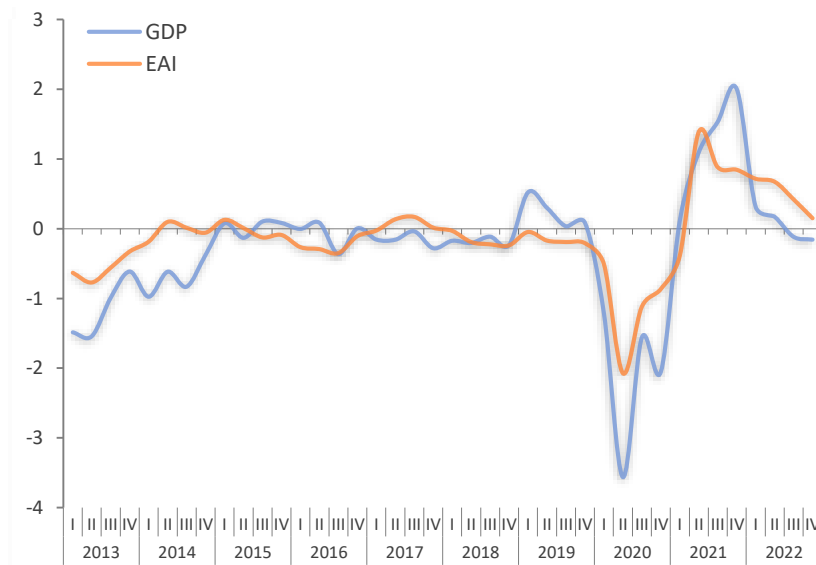
In Q4, all variables making up the EAI fell on a quarter earlier. The largest negative impact came from the related external environment variables presented with the real GDP growth in EU 27 and the index of industrial production in EU 27. This also had a negative influence on the estimated positions of the country's index of industrial production, as well as on the firms' assessments of the economy such as total business climate and level of orders in industry.

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



Source: MF, CERP

### 4 EAI AND GDP\*



Source: MF

\* Preliminary estimates for EAI and GDP in Q4'22. To achieve better compatibility, real GDP growth data has been standardized by subtracting the mean and dividing by the standard deviation of the series.

The cyclical position of EAI followed the estimated cyclical fluctuations in the euro area. Over Q4'2022, the composite indicator €-coin<sup>2</sup> declined further and it was in a negative territory throughout the last three months of the year with the most significant deterioration being reported in November. This development mainly reflected the ongoing decrease in confidence of manufacturing firms. Although still remaining negative, the composite indicator of the euro area picked up somewhat in December due to the improvement in consumer confidence and the overall recovery of business activity.

The preliminary estimate for EAI indicates a slowdown of the real GDP growth rate in Q4 as compared to the previous quarter.

<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 Hodrick-Prescott filter.