

BULGARIAN ECONOMY

Monthly Report

5/2018

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

Highlights

Short-term business statistics reported strong performance in the beginning of the second quarter. Industrial production and sales as well as retail trade gained speed, while the construction output returned to growth. Both the **consumer confidence** and the **business climate indicators** improved in May on the back of better expectations.

Employment went up by 1.2% yoy in Q1 2018 supported by higher labour demand in industry and services. **Real productivity growth** reached 2.3% and **compensation per employee** increased by 8.5% yoy. In May, registered **unemployment** decreased further to 6.1%, its lowest value since end-2008.

The **annual inflation rate** (HICP) reached 2.3% in May as the positive contribution from higher unprocessed food and energy prices increased. The core inflation accelerated slightly to 2% yoy.

In March, the overall **current account balance** came in negative at EUR 89.6 mln, as the deficit narrowed by 70% yoy. The growth in goods export (6.4% yoy) surpassed the increase in import (0.7% yoy) for the first time in 2018 and led to a lower monthly **trade deficit**. **Gross external debt** stood at 62.3% of projected GDP and also improved on a year earlier.

Credit to the private sector continued to accelerate in April, up by 6.6% yoy vs. 5.6% yoy a month earlier, with strong positive contribution from consumer loans and mortgages.

The **price of corporate new loans and mortgages** decreased in April, down by 41 bps and 7 bps, respectively, while that of consumer loans was up by 81 bps. **Weighted interest rate on new time deposits** went down by 1 bps in April due to the lower price for attracted funds from corporates.

According to monthly data on a cash basis, the **budget balance on the consolidated fiscal programme** for the first four months of 2018 was positive, amounting to BGN 1.3 bn (1.3% of projected GDP). The surplus resulted from higher revenue over expenditure on the national budget (1.5% of GDP), while the EU funds account recorded a minor deficit (0.2% of GDP). ■

SHORT-TERM BUSINESS STATISTICS

Industrial turnover (fig. 1) increased by 3.8% yoy in April driven by domestic industrial sales. Major contribution for the reported growth in domestic turnover, up by of 8.4% yoy, had *manufacture of food products, beverages and tobacco*. At the same time, foreign turnover decreased for a third consecutive month, down by 1.6% yoy. The unfavourable development of *energy products* remained the major drag on growth.

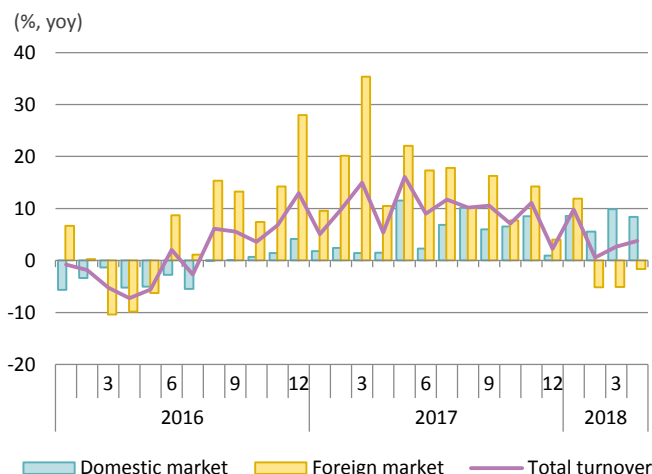
Industrial production growth accelerated slightly in April to 0.7% on a year earlier, up from 0.1% yoy in March. *Manufacture of transport equipment* and *manufacture of electrical equipment* had major contribution for the reported growth, while the unfavourable dynamics in *manufacture of fabricated metal products, except machinery and equipment* limited the overall increase.

After the weak performance in March, **construction production index** (fig. 2) returned to growth in April, up by 5% yoy. Both *building construction* and *civil engineering* contributed to the reported dynamics, increasing by 6.8% and 2.6%, respectively.

The growth of **retail trade** accelerated to 5% yoy in April. The positive development was supported by most of the sectors, with *retail sales of medical and orthopaedic goods* having the largest increase of 8.9%. Only *retail trade of textiles, clothing, footwear and leather goods* continued to decline, down by 5.3%.

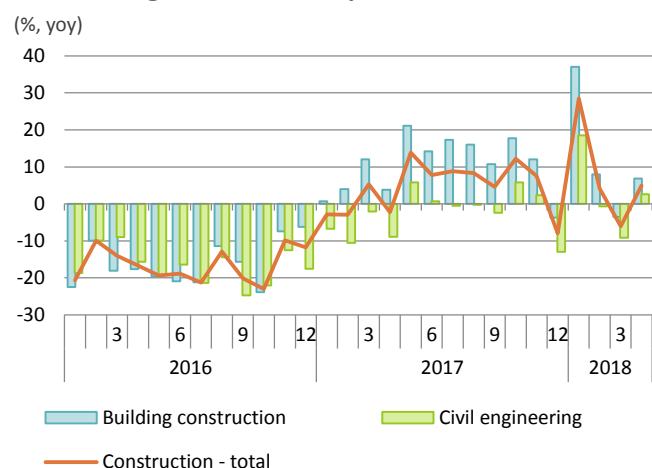
In May, the **overall business climate indicator** increased due to improved assessments in *industry, construction* and *services* (fig. 3 and 4). The expectations for the production activity in industry and the business situation of the enterprises in services were favourable. The respondents in construction were also optimistic, with better expectations for the construction activity over the next 3 months. The business climate indicator in retail trade declined due to more reserved assessments and expectations about the business situation of the enterprises. However, the sales expectations in retail improved.

Fig. 1: Industrial turnover by components



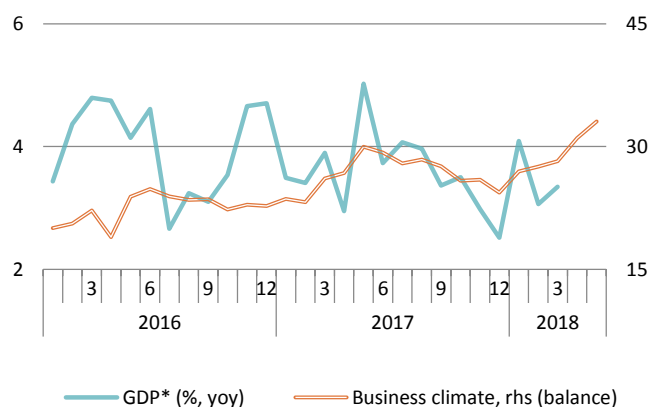
Source: NSI

Fig. 2: Construction production index



Source: NSI

Fig. 3: Business climate and GDP



* Monthly GDP data is obtained using Chow-Lin methodology for temporal disaggregation

Source: NSI, MF

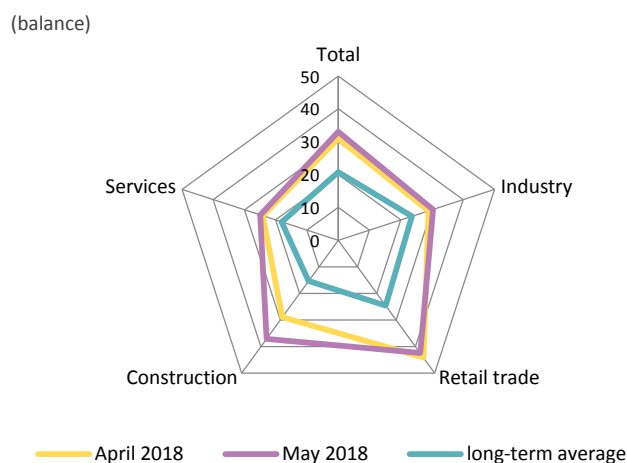
The **consumer confidence indicator** increased by 2.1 points in May after two months of decline (fig. 5). The expectations for the financial situation of the households and the general economic situation in the country improved.

LABOUR MARKET AND PRODUCTIVITY

In Q1 2018 the **number of employed** (ESA 2010) continued to increase at a robust pace of 1.2% yoy supported by higher labour demand in industry and services. Employment growth in manufacturing accelerated to 2.2%, with a major contribution from the export-oriented industries, despite the slow-down in industrial production and export growth on a year earlier. The continuous economic revival in construction since 2017 resulted in one of the most dynamic growth rates in the number of employed in Q1 2018, up by 4.1%. The increase of employment in the service sector of 2.6% was comparable with the average for the industry, as the strongest rates were registered in some high value added activities, such as *creation and distribution of information* (7.4%), and the relatively lower ones - in activities which comprise employed with predominantly medium and lower qualification, such as *trade, transport and hotels and restaurants* (3.5%). In Q1 2018 the number of employed with lower secondary or lower education increased faster compared to a year earlier, which was also reflected in stronger decrease of the unemployed and discouraged in the lower educational degrees¹. The stronger demand of labour in industry and services offset the negative dynamics in agriculture, thus maintaining the overall employment growth close to that in Q1 2017. In contrast to the previous year, when agriculture had a considerable influence on the overall employment, in Q1 2018 the number of agricultural employed went down by 5.1% and this corresponded with the decrease of GVA in the sector.

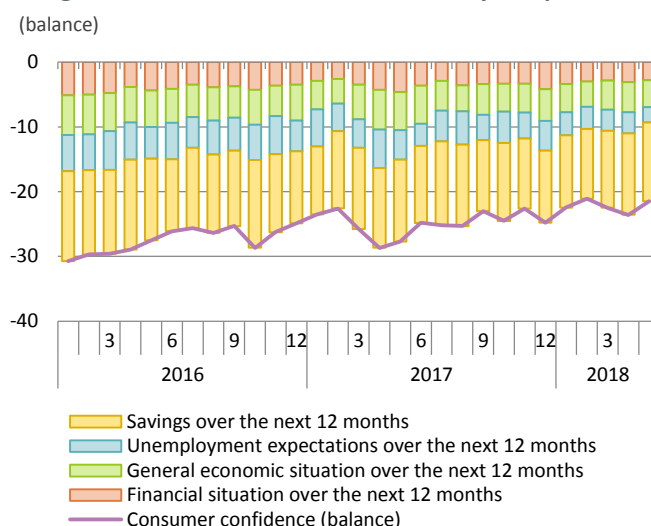
¹ According the data from the Labour force survey.

Fig. 4: Business climate by sectors



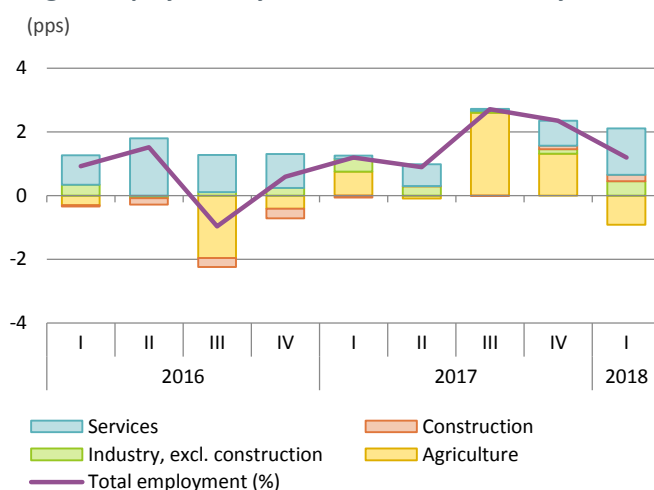
Source: NSI

Fig. 5: Consumer confidence indicator by components



Source: Eurostat

Fig. 6: Employment dynamics and contribution by sectors



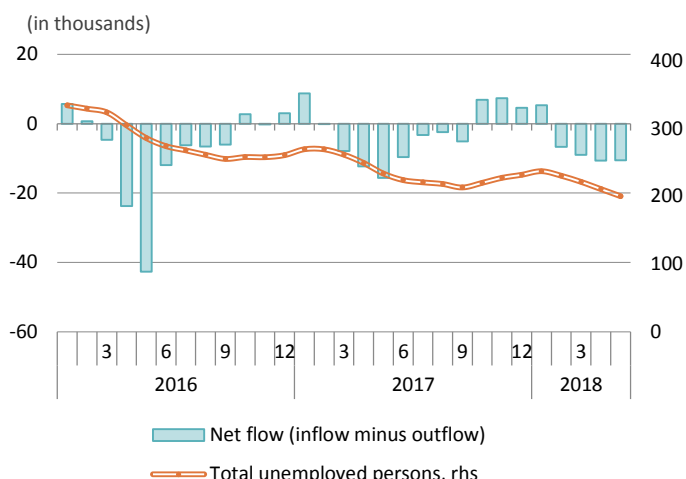
Source: NSI

In May, **registered unemployment** (fig.7) decreased further to 6.1%, the lowest value since end-2008. Both inflow and outflow of unemployment remained close to their previous month levels which determined the mom decline by 10.5 thousand to a total of 200.5 thousand unemployed. The number of persons who started working declined slightly by 1.4% mom to 21.7 thousand, which is usual and related to the already absorbed unoccupied jobs announced before the start of the new active summer season. The primary labour market continued to account for the largest share of the newly employed in May with 71%, but those who found jobs in the active labour market programmes and measures more than doubled on a month earlier to 1.9 thousand people.

In line with the higher number of hired workers, the **compensation per employee** grew by 8.5% yoy in Q1 2018, supported by an increase in both the wage bill and the social security contributions (fig. 8). The highest nominal increase was registered in manufacturing (12.4% yoy) and construction (11.6% yoy). In services, the rate remained lower (7% yoy) on the back of wage growth deceleration in *trade, transport and hotels and restaurants* (2.2% yoy). However, some service sector branches such as *creation and distribution of information and financial and insurance activities* followed an upward dynamics due to a base effect from the significant decrease of wages in the previous year.

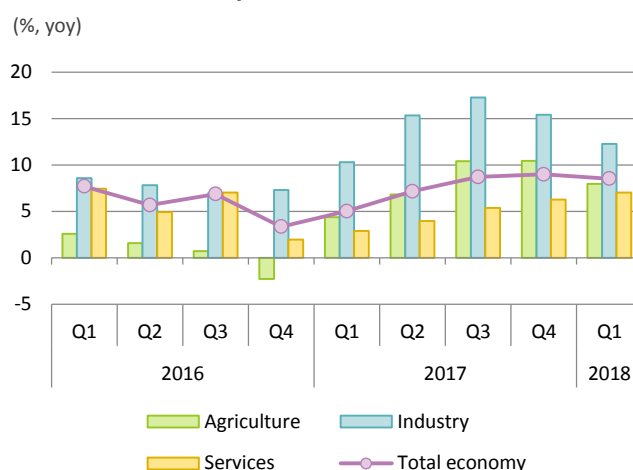
Real productivity growth stood at 2.3% yoy in Q1 2018, up from 0.7% in Q4 2017 and remained close to the rate a year earlier (2.4% yoy). The strong employment downturn in agriculture given the marginal GVA decrease led to an increase in productivity in the sector of 5.1% yoy. In contrast, industry and services, which were the main contributors for the stable overall employment growth, reported a below average productivity growth. Industrial labour productivity growth decelerated to 0.3% yoy due to weakened dynamics in *industry excl. construction*, while in *construction* it went on the positive territory, up by 5%, supported by the real GVA growth. Services reported a productivity slowdown of 1.3% driven by all branches.

Fig. 7: Net flow and stock of unemployment



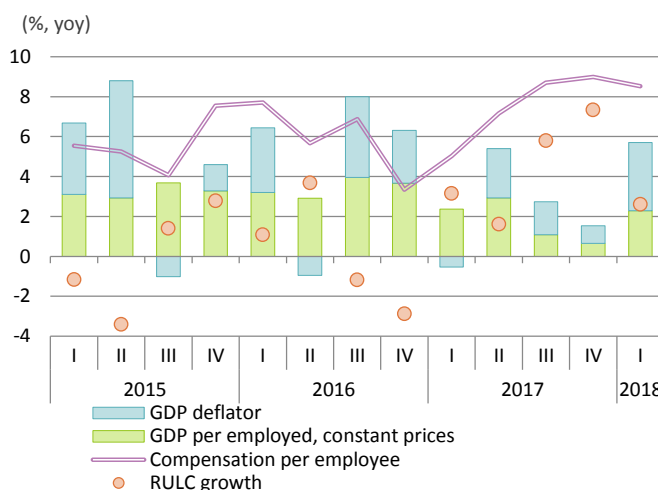
Source: EA

Fig. 8: Compensation per employee dynamics by economic sectors



Source: NSI

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



Source: NSI, MF

In Q1 2018 the pressure on labour costs was somehow reduced compared to the second half of 2017 due to acceleration in productivity growth. The reported increase in unit labour costs (ULC) for the whole economy came at 2.6% and 6.1% in real and nominal terms, respectively.

INFLATION

In May, **consumer prices** went up 0.4% on a month earlier. Transport fuel prices, up by 4.3% mom, were the main driver (0.28 pps) for the monthly increase in the headline rate. It could be linked to the ongoing upward trend in crude oil prices for the last three consecutive months starting March (fig. 10). Positive contribution came from the prices of fresh fruits and vegetables as well, up by 2.7% and 1.3% mom, respectively. Prices of market services also went marginally up by 0.1%² mom on average after the 5.8% rise of international airfares was mostly offset by a drop in the prices of package holidays and accommodation services, down by 3% and 1.1% mom, respectively.

The annual **HICP inflation** rate accelerated to 2.3% in May (fig. 11) following higher contribution from fuels and unprocessed food. Slight acceleration of market services' prices brought core inflation³ to 2% yoy, up from 1.9% yoy in April.

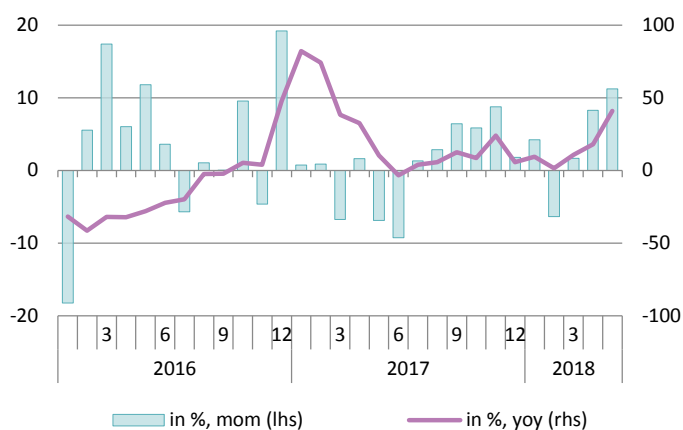
EXTERNAL SECTOR

In March, the growth in goods export (6.4% yoy) surpassed the increase in import (0.7% yoy) for the first time in 2018 and led to a lower monthly trade deficit. Services balance also improved on a year earlier, as export of services rose, led by higher receipts on travel and other services (ICT and trade related technical services), while import of services declined compared to the same month a year ago, due to lower transport and financial services. Primary income deficit almost halved on a year earlier in March reflecting lower in-

² Excluding administered price changes

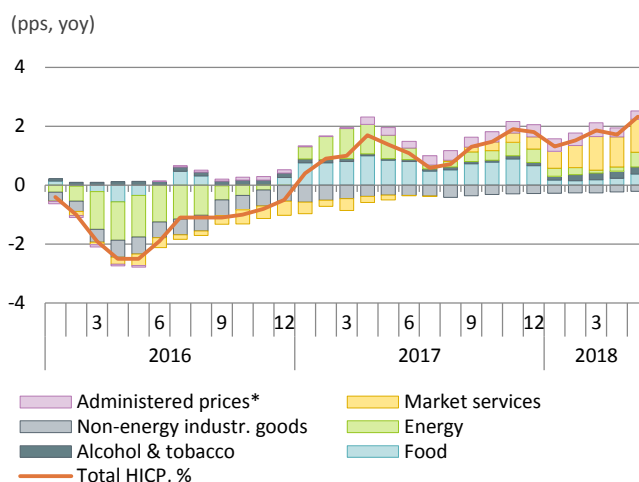
³ The total HICP excluding energy and unprocessed food

Fig. 10: International prices of Brent in euro



Source: World bank, MF

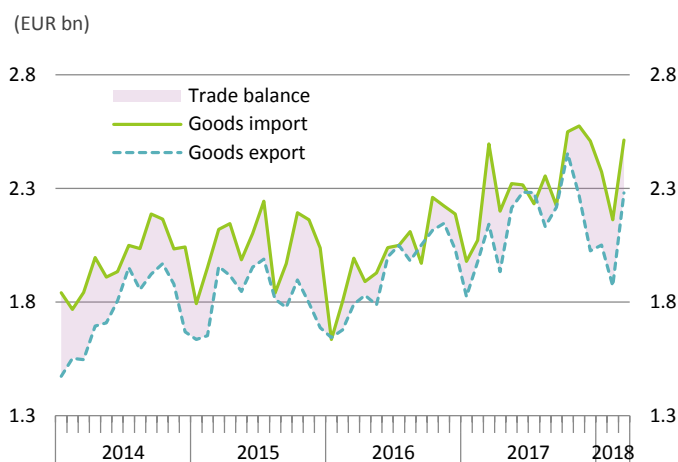
Fig. 11: Contributions by main HICP components



* 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: Eurostat, MF

Fig. 12: Foreign trade



Source: BNB

come payments to non-resident investors. Secondary income surplus remained stable compared with the level a year ago. Thus, the **current account** balance in the month came in better in annual comparison, as the deficit shrank by 70% yoy to EUR 89.6 mln. Nevertheless, due to the dynamics in the first two months of the year, the accumulated current account deficit in Q1 increased to 0.3% of projected GDP compared with 0.2% in Q1 2017.

In Q1 2018 the increase of financial assets abroad surpassed the attracted inflows and the **financial account** came in at a surplus of 0.4% of projected GDP.

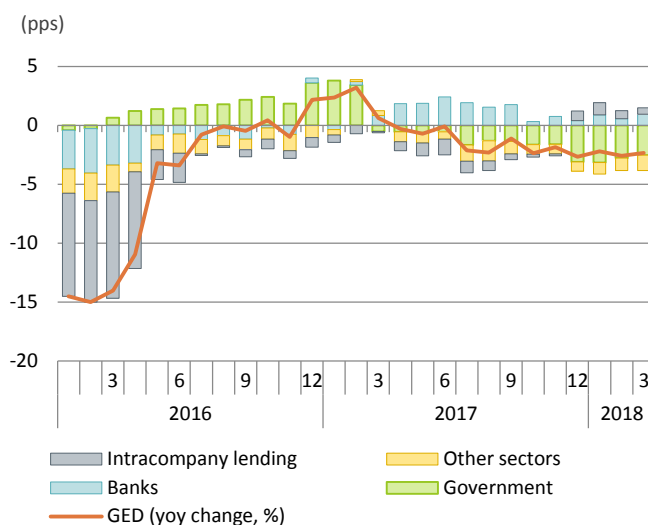
Gross external debt (fig. 13) kept decreasing on a year earlier and as at end-March reached 62.3% of projected GDP compared with 67.6% twelve months ago and 66.1% as at end-December. Net external debt was negative (2.2% of projected GDP), indicating a net external creditor position of Bulgaria.

FINANCIAL SECTOR

International reserves increased slightly in April, up by 1.4% mom, and reached EUR 22.8 bn. All components had positive contribution, except for Government deposit, which shrank by 3.5% mom. Bank reserves were up by 3.1% mom. On a year earlier, international reserves decreased by 3.6% yoy vs. a drop of 4.7% in the previous month. The Government deposit and bank reserves continued to be the main drivers for the decline, down by 21.9% and 11.3% yoy, respectively, while currency in circulation increased by 11.4% yoy.

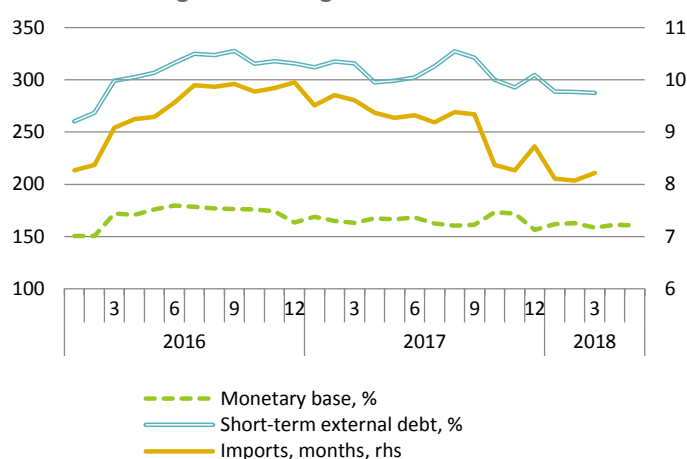
Credit to the private sector (fig.17) continued to accelerate in April, up by 6.6% yoy vs. 5.6% yoy a month earlier. Households' credit had the highest positive contribution, as consumer loans posted a double digit increase (14.4% yoy), speeding up compared to the previous month, and mortgages were up by 9.3% yoy. At the same time "other credits" had a negative contribution for a third consecutive month. Corporate credit increased by 2.9% yoy (2.3% yoy at end-March) mainly due to overdraft and corporate loans with maturity over 5 years. Bad and restructured credits kept

Fig. 13: Contributions to GED growth



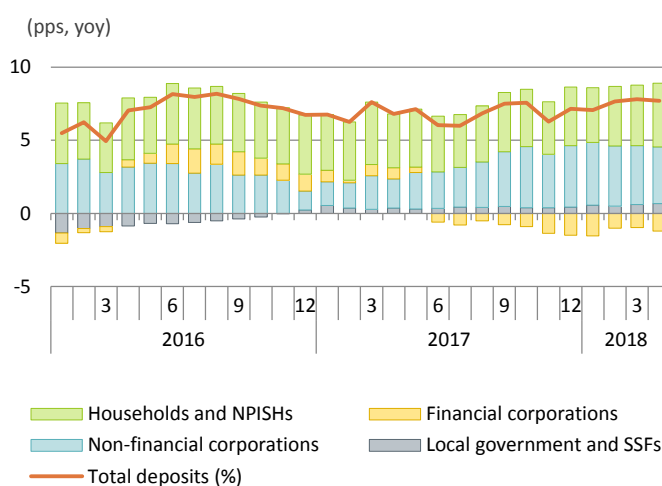
Source: BNB

Fig. 14: Coverage with FX Reserves



Source: BNB, MF

Fig. 15: Contributions to annual growth of total deposits by institutional sectors



Source: BNB

on decreasing, down by 14.1% yoy. Their share in total credit to non-financial corporations and households narrowed to 12.5%.

Weighted interest rate on new credits (tabl.1) to non-financial corporations decreased by 41 bps in April. It was entirely due to new deals denominated in EUR (down by 89 bps on a month earlier), while the weighted price of loans in BGN and USD increased, up by 25 and 87 bps, respectively. The average price of consumer loans was up by 81 bps, while that of mortgages continued to decrease, down by 7 bps compared to end-March. The total volume of new corporate credit in April increased by 63.5% yoy.

Weighted interest rate on new time deposits (tabl.3) went down by 1 bps in April compared to a month earlier. The change was due to the corporate segment, which decreased by 12 bps, while the rate on households' deposits remained unchanged compared to end-March. In terms of currency, the decrease came entirely from USD denominated deposits, down by 44 bps. The weighted price on new time deposits in local currency and in EUR increased by 4 and 24 bps, respectively, compared to end-March. The total volume of new time deposits reached BGN 1.66 bn in April, up by 49.1%yoy.

FISCAL DEVELOPMENTS

According to monthly data on a cash basis, **the budget balance on the consolidated fiscal programme (CFP)** was positive for the first four months of 2018, amounting to BGN 1.3 bn (1.3% of projected GDP). The surplus resulted from higher revenue over expenditure on the national budget (1.5% of GDP), while the EU funds account recorded a minor deficit (0.2% of GDP).

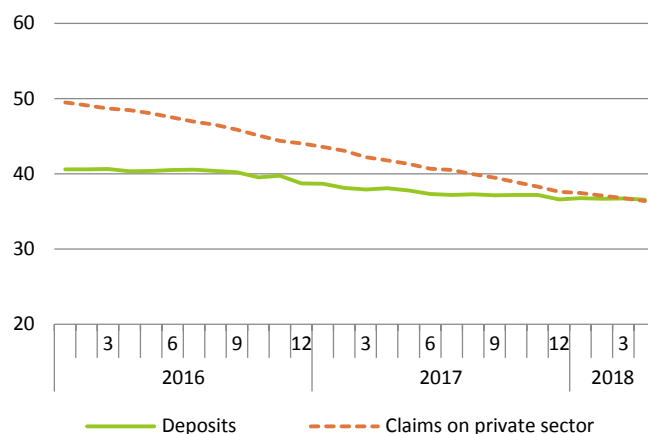
Revenues and grants (fig. 18) totalled BGN 13 bn (up 7.9% yoy). Compared to the same period of the previous year, tax and non-tax receipts rose by 8.9% and 8.4% respectively, while grants came lower (down by 14.9%). Social and health insurance contributions had the highest contribution to the overall revenue growth

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

	April 2017	March 2018	April 2018
Non-financial companies	3.90	3.87	3.46
Consumer credits	8.06	7.77	8.58
Mortgages	4.10	3.60	3.53

Source: BNB, MF

Fig. 16: Share of deposits and claims on private sector in FX (% of total)



Source: BNB, MF

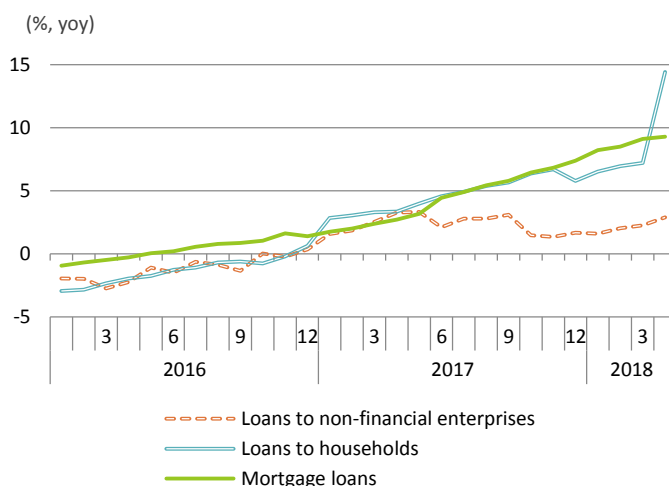
Table 2: Annual Percentage Rate of Charge (APRC) * on new loans to households

	April 2017	March 2018	April 2018
Consumer credits	10.06	9.73	10.65
Mortgages	4.58	3.97	3.90

* Annual Percentage Rate of Charge on New Business on Loans to Households Sector by Original Maturity. APRC for consumer credits and mortgages are weighted by currency and maturity.

Source: BNB, MF

Fig. 17: Credit growth



Source: BNB, MF

(up by 14.2% yoy), followed by direct tax receipts (14.9% yoy) and indirect taxes (3.4% yoy). Cash receipts from VAT, excise and custom duties rose by 2.7%, 4.1% and 25.3% yoy, respectively.

Consolidated government expenditure (fig. 19), including the Bulgarian contribution to the EU budget, reached BGN 11.7 bn, up by 11.8% yoy. This was mostly due to higher personnel costs (up 26.3% yoy), as a result of increased remunerations in the Education sector. Social payments and scholarships, up 6% yoy, also had significant contribution, mainly on account of base effect of the increase of pensions as of July 2017. Investment costs recovered as well, being 62% higher compared to April 2017. Current maintenance and interest costs went down by 10.7% and 2.8% yoy, respectively.

Fiscal reserve amounted to BGN 10.7 bn (10.3% of projected GDP) as at end-April, of which BGN 9.9 bn were in bank deposits and BGN 0.8 bn - EU funds receivables on certified expenses.

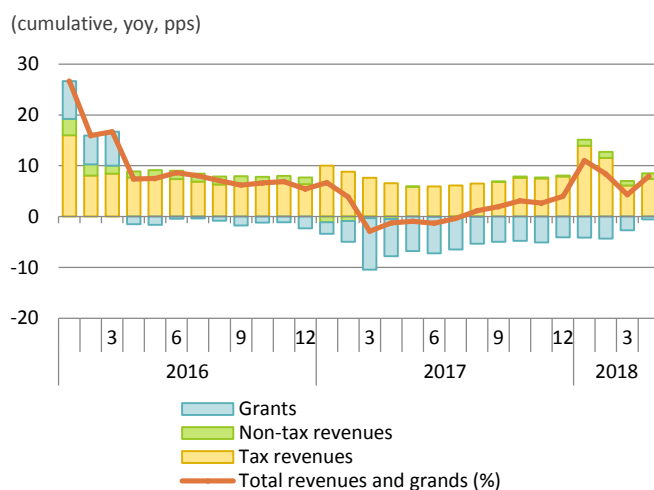
General government debt, incl. guaranteed debt, decreased to BGN 24.4 bn or 23.3% of projected GDP as at end-April, being 27.3% of GDP a year earlier. Domestic debt stepped down to 5.4% of projected GDP from 6.3% of GDP in April 2017. The external debt-to-GDP-ratio also moved down from 19.2% to 16%. Government guaranteed debt was 1.9% of projected GDP, being 1.8% of GDP a year earlier. ■

Table 3: Weighted average interest rate on new time deposits of households and non-financial companies, in %

	April 2017	March 2018	April 2018
BGN	0.22	0.15	0.19
EUR	0.27	0.19	0.43
USD	0.48	0.88	0.44

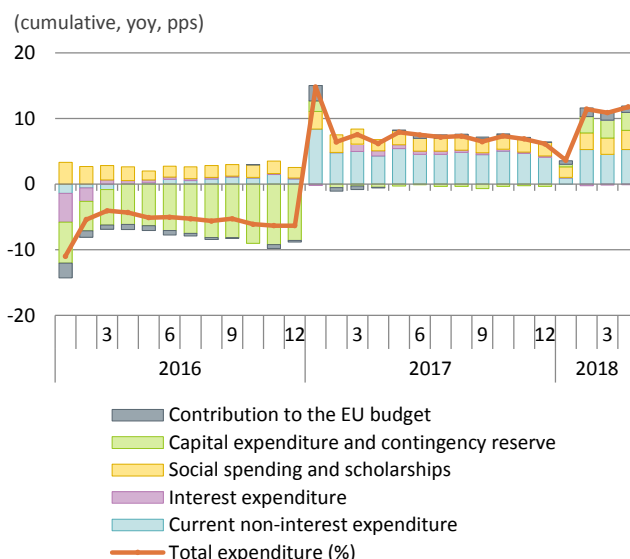
Source: BNB, MF

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	Q2'17	Q3'17	Q4'17	Q1'18	11'17	12'17	01'18	02'18	03'18	04'18	05'18
— GDP¹															
Gross Domestic Product	% , yoy	3.6	3.9	3.6	3.9	3.8	3.0	3.5	-	-	-	-	-	-	-
Consumption	% , yoy	3.8	3.3	4.5	4.7	4.2	4.8	3.2	-	-	-	-	-	-	-
Gross fixed capital formation	% , yoy	2.7	-6.6	3.8	4.0	4.2	4.1	10.2	-	-	-	-	-	-	-
Export	% , yoy	5.7	8.1	4.0	3.6	4.6	2.1	5.0	-	-	-	-	-	-	-
Import	% , yoy	5.4	4.5	7.2	6.2	5.4	8.2	4.6	-	-	-	-	-	-	-
Agriculture	% , yoy	-6.8	5.3	-0.1	0.0	-1.5	2.9	-0.3	-	-	-	-	-	-	-
Industry	% , yoy	4.2	4.0	3.4	4.1	3.5	2.3	2.9	-	-	-	-	-	-	-
Services	% , yoy	3.3	3.1	4.2	4.3	3.6	3.7	3.8	-	-	-	-	-	-	-
Adjustments	% , yoy	7.5	7.2	2.4	2.7	9.0	1.1	3.2	-	-	-	-	-	-	-
— Short-term business statistics²															
Industrial production	% , yoy	2.9	2.7	3.4	4.9	3.5	1.6	1.6	1.9	-1.1	5.8	-0.9	0.1	0.7	-
Industrial turnover	% , yoy	1.7	1.1	9.3	10.1	10.8	6.7	4.4	11.1	2.2	9.8	0.6	2.7	3.8	-
Retail trade turnover	% , yoy	11.8	6.1	3.7	3.4	2.6	4.0	3.5	4.0	4.0	5.0	3.1	2.6	5.0	-
Construction output	% , yoy	11.2	-16.7	4.6	6.4	7.3	4.2	7.3	7.6	-7.9	28.5	4.2	-6.0	5.0	-
Total business climate	balance	20.3	22.5	26.6	28.7	28.0	25.4	27.6	26.0	24.4	27.0	27.5	28.2	31.0	33.1
Industry	balance	22.9	23.5	26.9	27.7	27.8	25.7	28.3	26.7	24.8	28.6	28.1	28.2	28.9	30.3
Retail trade	balance	27.6	33.6	37.9	39.4	40.6	39.5	41.5	39.7	40.1	40.5	40.4	43.6	44.1	42.5
Construction	balance	15.2	17.9	24.6	29.1	27.9	22.2	21.9	22.5	19.0	19.1	22.7	23.9	29.0	37.1
Services	balance	12.7	13.8	16.7	19.6	15.8	13.8	17.8	14.1	13.2	18.1	18.4	17.0	24.1	25.0
— Labour market															
Participation rate (15+)	level	54.1	53.3	55.4	55.8	56.5	55.5	54.6	-	-	-	-	-	-	-
Employment rate (15+)	level	49.1	49.3	51.9	52.2	53.2	52.3	51.5	-	-	-	-	-	-	-
Employment (SNA)	% , yoy	0.4	0.5	1.8	0.9	2.7	2.4	1.2	-	-	-	-	-	-	-
Unemployment rate (LFS)	level	9.1	7.6	6.2	6.3	5.8	5.6	5.7	-	-	-	-	-	-	-
Unemployment rate (EA)	level	10.1	8.7	7.2	7.2	6.6	6.9	7.0	6.9	7.1	7.2	7.0	6.8	6.4	6.1
Nominal wage	% , yoy	6.8	8.0	11.8	10.3	10.7	11.4	7.1	11.5	11.6	8.0	6.3	6.9	-	-
Real wage ³	% , yoy	8.0	9.5	10.5	8.8	9.7	9.5	5.4	9.4	9.7	6.7	4.7	4.9	-	-
Labour productivity (GDP per employed)	% , yoy	3.3	3.4	1.7	2.9	1.1	0.7	2.3	-	-	-	-	-	-	-
Real ULC (GDP)	% , yoy	0.1	0.1	4.5	1.6	5.8	7.3	2.6	-	-	-	-	-	-	-
Nominal ULC (GDP)	% , yoy	2.3	2.3	5.7	4.1	7.5	8.3	6.1	-	-	-	-	-	-	-
— Prices															
National consumer price index (CPI)	% , yoy	-0.1	-0.8	2.1	2.3	1.6	2.7	2.0	3.0	2.8	1.8	2.0	2.2	2.0	2.6
Harmonized index of consumer prices (HICP)	% , yoy	-1.1	-1.3	1.2	1.4	0.9	1.7	1.6	1.9	1.8	1.3	1.5	1.9	1.7	2.3
PPI, domestic market	% , yoy	-1.6	-2.9	4.2	3.4	5.7	5.5	4.9	5.8	5.1	5.6	4.4	4.8	3.8	-
PPI, non-domestic market	% , yoy	-2.4	-3.5	6.0	5.6	4.8	4.6	0.6	5.6	2.3	2.1	-0.5	0.3	1.5	-
— Consolidated fiscal program (cumulative)															
Revenues and grants	mIn BGN	32 200	33 959	35 316	17 483	26 152	35 316	9 220	31 903	35 315	3 706	6 212	9 219	12 971	-
Total expenditure	mIn BGN	34 685	32 491	34 471	15 737	23 732	34 471	8 628	29 518	34 470	2 544	5 460	8 626	11 652	-
Contribution to EU budget	mIn BGN	946	859	888	488	677	888	308	816	888	84	220	308	390	-
Cash deficit (-) / surplus (+)	mIn BGN	-2 485	1 468	846	1 746	2 420	846	592	2 386	845	1 162	752	593	1 319	-
	% of GDP	-2.8	1.6	0.9	1.8	2.5	0.9	0.6	2.4	0.9	1.1	0.7	0.6	1.3	-
Government debt (incl. guaranteed debt)	mIn BGN	23 300	27 424	25 531	27 212	25 479	25 531	24 429	25 518	25 531	24 461	24 463	24 429	24 389	-
	% of GDP	26.3	29.1	25.9	27.6	25.6	25.6	23.3	25.9	25.9	23.4	23.4	23.3	23.3	-
Fiscal reserve	mIn BGN	7 873	12 883	10 289	13 174	11 867	10 289	10 149	11 916	10 289	11 186	10 687	10 149	10 749	-
	% , yoy	9.1	63.6	-20.1	-6.8	-16.9	-20.1	-19.3	-16.8	-20.1	-19.2	-21.3	-19.3	-18.4	-

		Annual data			Quarterly data				Monthly data						
		2015	2016	2017	Q2'17	Q3'17	Q4'17	Q1'18	11'17	12'17	01'18	02'18	03'18	04'18	05'18
— Financial sector															
BNB International reserves	mIn EUR	20 285	23 899	23 662	23 970	24 551	23 662	22 606	22 198	23 662	22 264	22 215	22 606	22 518	22 825
Monetary base coverage	%	144.3	163.4	156.4	168.4	161.2	156.4	158.6	172.0	156.4	161.8	162.7	158.6	161.4	160.6
Coverage of import with FX reserves	months	8.5	10.0	8.7	9.3	9.3	8.7	8.2	8.3	8.7	8.1	8.1	8.2	-	-
Coverage of short-term external debt	%	267.5	315.7	304.6	302.1	321.1	304.6	287.3	292.7	304.6	288.8	288.5	287.3	-	-
Money M1 (Narrow money)	%, yoy	15.6	13.5	16.9	15.2	16.3	16.9	17.2	15.0	16.9	16.9	17.6	17.2	15.7	-
Money M3 (Broad money)	%, yoy	8.8	7.6	7.7	7.0	8.2	7.7	8.4	7.0	7.7	7.7	8.1	8.4	8.2	-
Deposits	%, yoy	8.2	6.7	7.2	6.0	7.5	7.2	7.8	6.3	7.2	7.1	7.7	7.8	7.7	-
Credit to private sector	%, yoy	-1.2	1.5	4.8	4.2	4.9	4.8	5.6	4.2	4.8	4.8	5.0	5.6	6.6	-
Credit to non-financial enterprises	%, yoy	-1.7	0.3	1.7	2.1	3.1	1.7	2.3	1.3	1.7	1.6	2.0	2.3	2.9	-
Credit to households	%, yoy	-1.3	2.0	6.0	6.0	5.9	6.0	6.3	6.4	6.0	6.1	6.1	6.3	9.1	-
Interest rate on credits ⁴	%	7.0	5.8	4.3	4.8	4.6	4.3	4.6	4.5	4.4	4.6	4.6	4.6	4.6	-
Interest rate on deposits ⁵	%	1.3	0.8	0.2	0.3	0.3	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3	-
Exchange rate BGN/USD	eop	1.79	1.86	1.63	1.71	1.66	1.63	1.59	1.65	1.63	1.57	1.60	1.59	1.62	1.67
	per. av.	1.76	1.77	1.74	1.78	1.67	1.66	1.59	1.67	1.65	1.60	1.58	1.59	1.59	1.66
— Gross External Debt (GED)															
Gross external debt	% of GDP	73.6	71.1	66.1	67.9	66.1	66.1	62.3	65.5	66.1	62.0	62.0	62.3	-	-
Short-term external debt	% of GED	22.2	22.1	23.3	23.2	22.9	23.3	23.6	22.9	23.3	23.2	23.2	23.6	-	-
Intercompany lending	% of GED	38.1	36.2	38.1	36.3	37.3	38.1	38.3	37.7	38.1	38.3	38.5	38.3	-	-
— Balance of payments⁶															
Current account	mIn EUR	-17	1 091	2 269	581	2 250	-464	-138	-190	-339	-210	162	-90	-	-
<i>Current account (moving average)</i>	% of GDP	0.0	2.3	4.5	2.7	4.5	4.5	4.4	4.4	4.5	3.9	3.8	4.2	-	-
Trade balance	mIn EUR	-2 622	-984	-2 074	-407	-179	-885	-847	-308	-483	-323	-291	-233	-	-
<i>Trade balance (moving average)</i>	% of GDP	-5.8	-2.0	-4.1	-2.9	-3.1	-4.1	-4.6	-3.5	-4.1	-4.2	-4.6	-4.3	-	-
Export, f.o.b.	mIn EUR	21 919	23 104	25 754	6 431	6 631	6 747	6 201	2 267	2 025	2 050	1 871	2 280	-	-
	%, yoy	4.2	5.4	11.5	14.5	9.0	7.2	4.3	5.6	-0.3	12.4	-5.4	6.4	-	-
Import, f.o.b.	mIn EUR	18 678	24 088	27 829	6 838	6 811	7 632	7 048	2 575	2 508	2 373	2 162	2 513	-	-
	%, yoy	-21.5	29.0	15.5	16.7	11.1	14.4	7.6	15.9	14.7	19.9	4.3	0.7	-	-
Capital account	mIn EUR	1 422	1 070	526	81	144	188	90	52	96	16	23	50	-	-
Financial account	mIn EUR	-738	-356	2 320	232	1 325	1 099	1 223	-254	-1 023	1 162	455	-395	-	-
Net Foreign Direct Investments	mIn EUR	-2 329	-356	-688	-160	-97	0	-159	-166	-17	-322	26	137	-	-
Net Portfolio Investments	mIn EUR	44	2 198	878	348	-193	752	463	26	209	300	99	64	-	-
Other Investments – net	mIn EUR	-4 603	1 734	843	378	126	476	1 173	29	-1 074	1 306	130	-262	-	-
Change in BNB reserve assets	mIn EUR	3 730	3 467	-99	96	597	-869	-1 035	-3	1 473	-1 359	-76	399	-	-

Notes:

Ratios to GDP are calculated using GDP data as follows: for 2015 - BGN 88 571.3 mln, for 2016 - BGN 94 129.9 mln, for 2017 - BGN 98 631.1 and MF projections for 2018 - BGN 104 674.4 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 credits 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. Analytical presentation (BPM6).

This issue of the Monthly Report on Bulgarian Economy is based on materials and statistical data received up to June 15, 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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