MACROECONOMIC FORECAST

Autumn 2024

MINISTRY OF FINANCE

The Autumn macroeconomic forecast of the Ministry of Finance is based on statistical information with a cut-off date of 15 November 2024. Economic growth in the EU is expected to accelerate in 2025-2026 but to remain below the pre-pandemic average. International prices of oil and non-energy commodities are expected to decline until 2028. The forecast takes into account the revised National Accounts series published by the National Institute of Statistics on 18 October 2024. According to them, the most significant revision is for 2023 data - the nominal GDP is now higher by BGN 1.5 bn and real GDP growth has been revised from 1.8 to 1.9%.

Bulgaria's GDP growth is expected to reach 2.2% in 2024, after 2.1% in the first nine months of the year. Economic growth will pick up to 2.8% in 2025 and 3% in 2026, with the acceleration driven by higher public investment and exports.

Employment growth is expected to be 0.6% in 2024 and 0.5% in 2025, with services sector being the main growth driver. The unemployment rate will decline by 0.1 pp in 2024 and 2025 and is projected to reach 4.2 and 4.1%, respectively.

The forecast for the increase in the compensation per employee is 14.3% in 2024. For 2025, the growth of the indicator is expected to reach 9.1% with the main contribution coming from the increase in the minimum wage since the beginning of the year and the increase in wages in some public sector activities.

The decline in the annual inflation rate in the country observed since the last quarter of 2022 continued in 2024. The annual average inflation is expected to reach 2.6% and then to decelerate to 2.4% in 2025. Services will contribute the most, influenced by higher labour costs in the economy.

The external position will remain sound over the forecast period. The current account deficit will widen from 0.8% of GDP in 2024 to 3.7% in 2028 as import growth outpaces the export of goods.

Private sector credit growth remained strong and is expected to reach 12.7% at the end of 2024. Claims on the private sector will slow to 11.5% in 2025. This will be driven mostly by the slower growth of household credit, given the lower expected rate of increase in compensation of employees. Claims on corporations are expected to accelerate slightly, supported by the strengthening of investment activity.

There are rising risks of growing geopolitical tensions and intensifying protectionist policies, which would negatively impact international trade. Ongoing military conflicts might lead to supply constraints for certain commodities, raising international prices and/or disrupting global supply chains. The non-performance of public capital expenditure, including the implementation of the RRP, also pose a risk to the forecast.

As part of the macroeconomic forecast, an alternative scenario is considered with assumptions for less favourable development of economic activity in our main trading partners and higher international commodity prices. The results of the simulation show that the inflation rate in the country will be higher compared to the baseline scenario by 1 and 0.5 pps in 2025 and 2026, respectively, and real GDP growth will be lower by 0.4 pp in 2025 and 2026. Nominal GDP will be higher in 2025 due to the higher deflator, but will remain lower in the period 2026-2028 compared to the baseline scenario. •

Macroeconomic forecast

Table 1: Main Economic Indicators

	ACTUAL DATA*		PROJECTIONS				
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
International Environment							
World real GDP (%)	3.5	3.3	3.2	3.2	3.3	3.2	3.1
EU real GDP (%)	3.3	0.4	0.9	1.5	1.8	1.6	1.6
USD/EUR exchange rate	1.05	1.08	1.09	1.08	1.08	1.08	1.08
Crude oil, Brent (USD, bbl)	99.8	82.6	81.2	70.8	69.8	69.3	69.1
Non-energy commodity prices (in USD, %)	9.0	-9.7	4.0	-0.2	-0.4	-0.1	0.1
EURIBOR 3month (%)	0.2	3.1	3.5	2.8	2.5	2.5	2.3
Gross Domestic Product							
Nominal GDP (mln BGN)	168 360	185 233	201 470	215 231	227 417	237 293	247 004
Real GDP growth (%)	4.0	1.9	2.2	2.8	3.0	2.0	2.0
Consumption	4.9	1.3	4.0	4.0	3.3	2.5	2.3
Gross fixed capital formation	6.5	10.2	-2.7	6.9	6.8	3.0	3.8
Export of goods and services	12.1	0.0	0.2	2.7	3.5	3.3	3.3
Import of goods and services	15.3	-5.5	2.2	5.6	5.2	4.4	4.3
Labour Market and Prices							
Employment growth (SNA, %)	1.1	1.1	0.6	0.5	0.3	0.1	0.0
Unemployment rate (LFS, %)	4.1	4.3	4.2	4.1	4.0	4.0	4.0
Compensation per employee (%)	14.2	13.4	14.3	9.1	5.0	4.0	3.5
GDP deflator (%)	15.9	8.0	6.4	3.9	2.6	2.3	2.1
Annual average HICP inflation (%)	13.0	8.6	2.6	2.4	2.3	2.2	2.0
Balance of Payments							
Current account (% of GDP)	-2.6	0.9	-0.8	-2.0	-3.1	-3.5	-3.7
Trade balance (% of GDP)	-5.9	-4.1	-5.4	-6.7	-7.4	-7.9	-8.4
Foreign direct investments (% of GDP)	5.4	4.0	3.8	3.8	3.8	3.9	3.9
Monetary Sector							
Money M3 (%)	13.2	8.7	8.9	10.5	8.5	9.7	7.7
Claims on enterprises (%)	11.1	9.7	8.0	8.4	8.5	7.6	7.4
Claims on households (%)	14.6	15.9	19.2	15.5	12.4	10.5	9.1

** The forecast is based on statistical data up to 15 November 2024.*

Source: NSI, BNB, IMF, Eurostat, EC, WB, ECB, MF

1. External environment. Main assumptions

The international environment is expected to remain volatile over the projection period but without significant structural shocks and/or shortages of key commodities. Inflationary pressures will continue to ease and towards the end of the period inflation rates in the EU and globally will be close to the central banks' targets. This will be reflected in a monetary easing by the ECB and other leading central banks and, accordingly, in improving financing conditions.

EU growth is expected to remain weak in 2024 at 0.9% and to accelerate to 1.5% and 1.8% in 2025 and 2026, respectively. The rates are revised downwards compared to previous forecasts, as Germany's economy is now expected to rebound at a slower pace. At the same time, the global economy is forecasted to continue expanding at around 3.2% in the medium term. Both EU and world growth rates remain below the pre-pandemic averages. More moderate external demand, especially from the EU, compared to the previous forecast leads to lower real export growth in the current estimates.

The assumptions for commodity prices are based on the information for the relevant futures with a cut-off date of 8 November 2024. The average price of Brent crude oil is expected at 81.2 USD per barrel in 2024, down by 1.8% on a year earlier. It will continue to gradually decrasease until the end of the forecasting horizon to 69.1 USD per barrel in 2028. The natural gas price for Europe will decline by 22% to 33.9 EUR/MWh in 2024. It will then increase by 18% to 40 EUR/MWh in 2025, after which will follow a downward trend to EUR 25.6 EUR in 2028.

Prices of non-energy commodities are expected to go up by an average of 4% in 2024 mostly due to higher prices of beverages and those of cocoa and coffee in particular, as well as timber, while the other subgroups will report price decreases. Prices of non-energy commodities are expected to continue repoirting minor declines in the following years, except for prices of metals which will go up in 2025, as well as those of fertilisers in line with the expected increase in natural gas prices.

According to the technical assumption[1] with daily data as of 08.11.2024, the USD/EUR exchange rate will be 1.086

Table 2: External assumptions: difference from the previous forecast

	Autumn forecast 2024				Spring forecast 2024				Difference from the previous forecast			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
World real GDP, %	3.2	3.2	3.3	3.2	3.1	3.2	3.1	3.1	0.1	0.1	0.1	0.0
EU real GDP, %	0.9	1.5	1.8	1.6	1.0	1.7	1.9	1.7	-0.1	-0.2	-0.1	-0.1
USD/EUR exchange rate	1.09	1.08	1.08	1.08	1.08	1.08	1.08	1.08	0.00	0.00	0.00	0.00
Oil price, Brent (USD/barrel)	81.2	70.8	69.8	69.3	81.3	75.8	72.7	70.8	-0.1	-5.0	-2.9	-1.5
Non-energy commodity prices, in USD, %	4.0	-0.2	-0.4	-0.1	-1.8	-0.8	-1.0	-0.5	5.8	0.6	0.6	0.4
EURIBOR 3м. [%]	3.5	2.8	2.5	2.5	3.5	2.6	2.4	2.3	-0.1	0.2	0.1	0.2

Source: IMF, EC, WB, ECB, Bloomberg, own calculations

1 An average USD/EUR exchange rate is calculated based on data for the last ten business days as of the date of the assumptions and is fixed for the days until the end of the forecasting horizon.

on average for 2024 and 1.081 in 2025. Thus, the single European currency, and the Bulgarian lev respectively, is expected to appreciate by 0.4% in nominal terms in 2024, after which it will depreciate by 0.5% in 2025 and than to remain at that level until the end of the forecasting horizon.

2. Gross domestic product

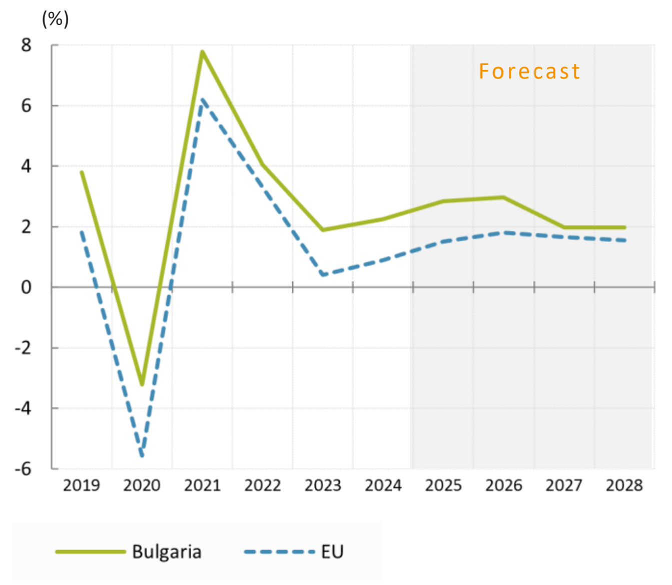
The revised GDP data published by the NSI on 18 October 2024 were taken into account in the forecast. According to them, the nominal value of GDP for 2023 was increased by BGN 1.5 bn and the growth in constant prices - from 1.8 to 1.9%. For the first half of 2024, the nominal value of GDP was increased by BGN 550 mln according to the revised data. Real GDP growth for the half-year remained unchanged, but revisions were observed by components.

GDP growth for January-September 2024 was 2.1% and was driven by consumption and change in inventories, while gross fixed capital formation and net exports had negative contributions. Exports of goods are expected to increase in the last quarter of the year, but due to slower recovery up to now, a decline is projected on average for 2024. The contribution of net exports to GDP growth will be negative. For the full year, GDP growth of 2.2% is projected, with an increase in public capital expenditure in addition to exports in the final quarter.

Economic growth will pick up to 2.8% in 2025, with the acceleration driven by higher public spending. At the same time, the expected slowdown in income growth will lead to weaker household consumption growth. Export growth will gradually accelerate, reflecting stronger external demand from the EU, but the contribution of net exports will remain negative.

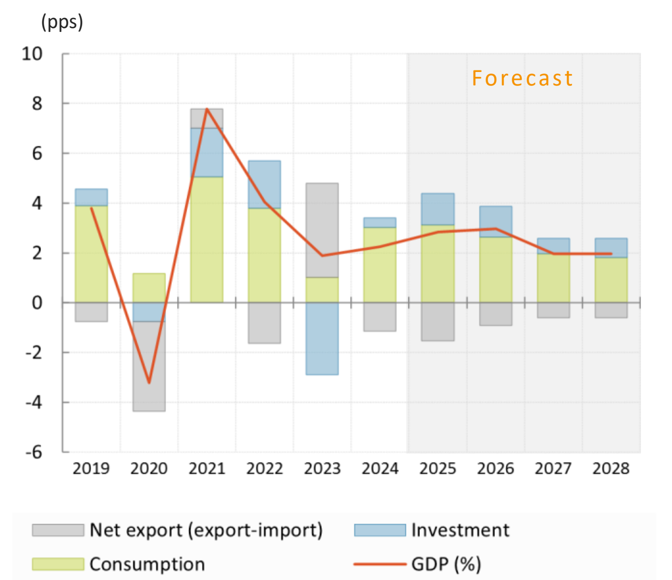
In 2026, the improvement in external demand will lead to an acceleration in export growth to 3.5% and overall GDP growth will accelerate to 3%. The increase in demand will have a positive impact on private investment activity, while public investment growth will continue to be driven by RRP spending.

Fig. 1: Real GDP growth



Source: Eurostat, MF

Fig. 2: GDP growth and contributions by main components



Source: NSI, MF

In the period 2027-2028, GDP growth will slow to 2% due to the depletion of the positive effect from RRP investment, a slowdown in household consumption growth in line with income growth and a slowdown in export growth in line with external demand. Net exports will remain negative, but with a smaller contribution to GDP.

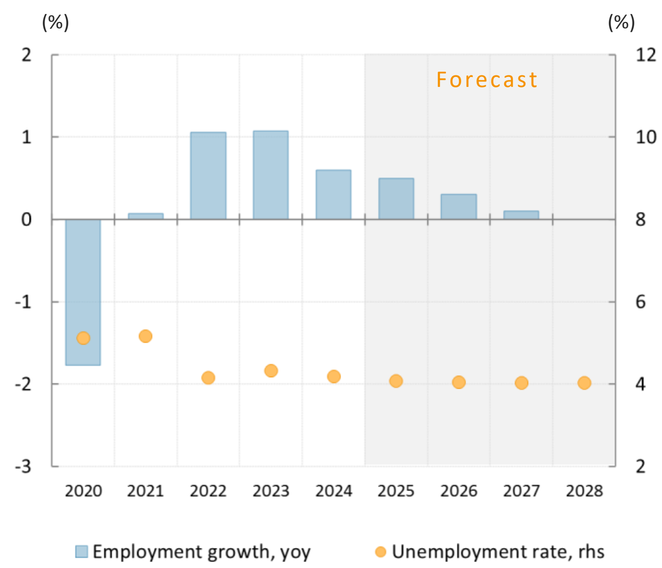
3. Labour market and incomes

Our expectations from the Spring forecast for stable employment growth in 2024 and unemployment rate to remain around the levels reached have realized. Hence, our assessment of the expected employment growth for the whole year is practically unchanged. Employment growth has been revised marginally up to 0.6% from 0.4% in the Spring forecast, mainly due to the high growth of employment in services. At the same time, the unemployment rate remains almost unchanged.

The outlook for labour market dynamics in 2025 is largely driven by the following factors. With the expectations that the Bulgarian economy will report real growth of around 3%, employment growth is assumed to remain close to that in 2024 at 0.5%. Again, services are expected to be the leading sector for this growth. At the same time, due to the expected revival in the European economy we expect the decline in industrial jobs to be reversed and this sector to also make a positive contribution to employment growth. Due to the relatively low unemployment rates in the country, we expect the employment growth to be mostly driven by persons who have been out of the labour force and not so much by unemployed persons. Therefore, we expect the unemployment rate to decline marginally (by 0.1 pp) to 4.1%, and to remain virtually constant over the next three years (until 2028) and to fluctuate around the achieved level of around 4%.

The second factor influencing our labour market forecast is the demographic dynamics in the country. Opportunities to further increase labour supply will become increasingly scarce in the coming years, which predetermines a gradual decline in employment growth over the 2026-2028 period. Matching the higher labour demand to a large extent will depend on the success of government policies and business efforts to attract people who are out of the labour force or from abroad.

Fig. 3: Employment growth and unemployment rate



Source: NSI, MF

In 2025, an important factor that could limit the expected employment growth to some extent is the wage dynamics and, in particular, the announced increase in the minimum wage under the current rules for its determination. This impact is expected to be the strongest in sectors where the average level of wages is the lowest. However, a strong countervailing influence is the high demand for labour from employers and the existing shortage of skilled and professional workers to meet this demand. Over the period 2026-2028, as wage growth slows to levels in line with inflation and labour productivity growth, the impact of this factor is expected to weaken.

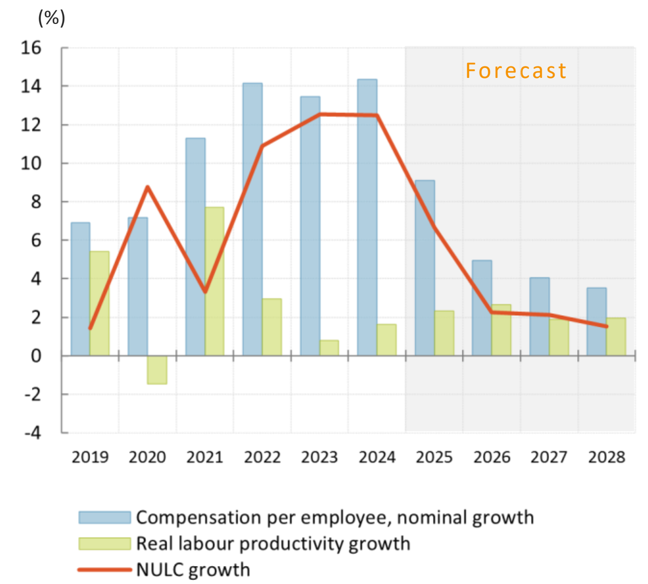
The estimate for nominal growth of compensation per employee for 2023 according to preliminary data of the

National Statistical Institute was 13.3% and after the data revision it increased marginally to 13.4%. The main contribution to the growth of the indicator was the industry sector, and in particular manufacturing and construction.

The higher wage costs in the public sector in the first and second quarters of 2024 contributed to a more substantial rise in compensation per employee in the first half of 2024 to 13.5%. As a result of the current developments, the forecast for the indicator has been expanded compared to the Spring macroeconomic forecast and is projected to reach 14.3% on average for the entire year. The increase is caused by both the decision adopted at the beginning of the second quarter to increase the remuneration of employees in budget organizations from the beginning of the year and the planned increase in the minimum wage. Although we expect that the labour income growth will start easing in 2025, it will remain comparably elevated. In 2025 we expect it to reach 9.1% as a result of the increase in the minimum wage in 2025 and the boost in wages in some public sector activities. The labour income growth will decrease substantially in 2026 to 5.0% along with the expected acceleration of real productivity growth. In 2027 and 2028 the nominal growth of compensation per employee is expected to further abate to 4.0% and 3.5%, respectively.

In terms of the real labour productivity growth lower rates are expected during the forecast period compared

Fig. 4: Labour incomes, productivity and unit labour costs (ULC)



Source: NSI, MF

to the Spring forecast. A more significant decline in the growth of the indicator to 1.6% is projected in 2024 and afterwards it will increase at rates ranging from 2.3% to 2.7% over the next two years in line with real GDP growth. The growth in labour productivity together with the lower growth in labour income at the end of the forecast period will also limit the growth of the nominal unit labor costs (NULC) to around 1.5% in 2028. In real terms, unit labour costs are not anticipated to rise in the last three years of the forecast period.

4. Inflation

The disinflation process in the country, which started in the last quarter of 2022, continued until September 2024 when the annual HICP inflation rate reached 1.5%. A slowdown was observed for almost all main HICP components, supported by the downward dynamics of international commodity prices, as well as the favourable base effects. In October, the annual rate of inflation accelerated to 2%, driven by the core inflation[2] components and services prices in particular.

End-of-period inflation in 2024 is forecast at 1.9%, compared with the expected 2.3% in the Spring forecast. Services will continue to contribute the most, with a slightly stronger increase in their prices. The main difference with the previous forecast is actually coming

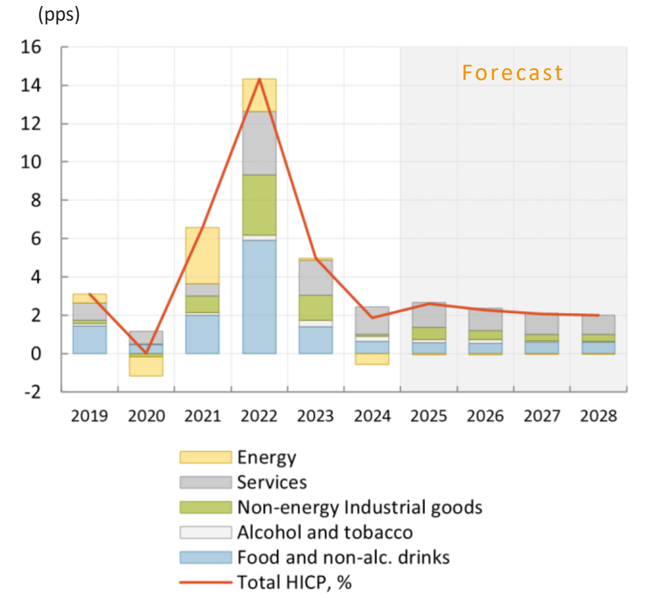
[2] Core inflation includes services and non-energy industrial goods.

from energy prices. In the Spring, a slight increase in their prices was expected, while now they are assumed to have a negative change, in line with the downward dynamics of crude oil futures and the subsequent decrease in transport fuel prices. The average annual inflation for 2024 is expected to reach 2.6%.

Inflation at the end of 2025 is expected to be 2.6%, which is 0.4 pps higher than in the Spring forecast. Again, energy mainly accounted for this difference, with a previously expected higher price decrease. Energy prices will maintain their downward trend, but their negative contribution will narrow, which accounted for the observed acceleration in inflation compared to the end of 2024. Services will again account the most for the headline rate, followed by food. The annual average inflation will slow to 2.4% in 2025, from the expected 2.8% in the Spring, technically due to the projected lower increase at the end of 2024.

The annual average inflation rate will continue to decelerate to 2% in 2028 in line with the expected decrease in international commodity prices. The negative contribution of energy prices will gradually decline toward the end of the forecast horizon. The contribution of core inflation components will also continue to narrow, but will be the leading driver behind the headline inflation rate due to the projected increase in domestic demand, as well as in labor costs.

Fig. 5: End-of-period inflation (HICP) and contributions by main components



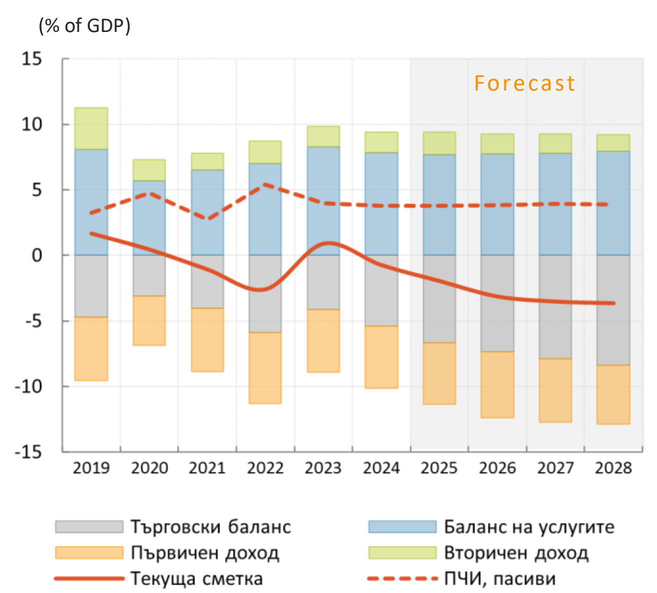
Source: Eurostat, MF

5. Balance of payments

The current account balance is expected to turn negative by the end of 2024 (-0.8% of GDP), down from surpluses both in 2023 and in January-September 2024. The year-on-year deterioration will be driven by the widening trade deficit, due to the observed decline in export. The services surplus will remain slightly lower compared to 2023 due to strong growth in import of tourism services. Towards the end of the year, investment income disbursements are expected to be traditionally higher than the preliminary data available, with the balances on income practically unchanged from 2023.

In 2025, the current account deficit is expected to widen to 2% of projected GDP. Due to robust domestic demand (including the acquisition of military equipment), strong

Fig. 6: Current account components and FDI



Source: BNB, NSI, MF

nominal import growth is expected. The improved external demand will also support an acceleration in export, but the growth rate will remain more moderate compared to that of import. Terms of trade will turn slightly positive. Tourism receipts and transport services export is expected to remain robust, leading to a slight increase in the surplus on services. EU programmes will support the increase in the surplus on secondary income.

Between 2026 and 2028, the current account deficit will continue to widen, reaching 3.7% of GDP at the end of the period. Export growth will accelerate in line with the impoving external demand. The terms of trade will remain positive, but nominal import growth will outpace that of export, driven by higher traded quantities. This will also lead to a further widening of the trade deficit and a decline in the current account balance. The services surplus ratio to GDP will continue to increase gradually. The primary income surplus will remain between 4.5 and 5% of GDP, as outflows will be determined by the payments on income to non-resident investors and government debt repayment. RRF tranches and transfers from the 2021-2027 multiannual programme period will form the secondary income surplus. FDI inflows will remain between 3.8 and 3.9% of GDP.

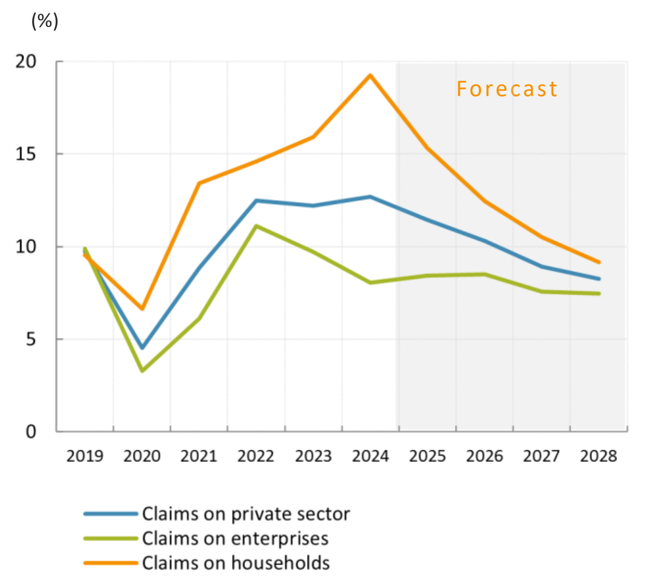
The overall balance of payments dynamics implies a sustainable external position and a stable level of international reserves.

6. Monetary sector

Claims on the private sector will grow by 12.7% in 2024, accelerating slightly from the previous year's 12.2% growth. The main driver for this will be the stronger projected growth in households loans (19.2%), and housing loans in particular, supported by the continued record low interest rates, income growth and still double-digit house price appreciation. Consumer loans will also show accelerated growth compared to the previous year. However, at the end of 2024, the growth rates of loans in these two segments will start to gradually slow down, which will continue throughout the forecast period. Claims on corporations will slow down in 2024 and will grow by 8% compared to 9.7% in the previous year. A key factor for this will be the slowdown in regular loans' growth, which will not be offset by the acceleration of overdraft in the second half of the year. The latter may be linked to the expected increase in inventories in the economy after their significant decline in 2023.

In 2025, claims on the private sector will slow down to 11.5%. A greater contribution to this will come from the slower growth of household loans to 15.5%, given the lower expected rate of increase in compensation of employees. This will be facilitated by the weaker increase in both consumer and housing loans. In addition to income, some effect is also expected from the BNB's macroprudential measures aimed at borrowers that

Fig. 7: Claims on the private sector



Source: BNB, MF

entered into force on October 1, 2024. Claims on corporations are expected to accelerate somewhat from 8% at the end of 2024 to 8.4% at the end of 2025, supported by the activation of investment activity related to the implementation of the RRP. In turn, the corporate overdraft will slow down again, reflecting the reserves accumulated in 2024.

The growth of claims on the private sector will continue to slow down to 10.3% in 2026, mainly reflecting the weaker growth of claims on households, which will reach 12.4%. A more visible slowdown in this credit segment will be observed in housing loans. The implementation of investment projects related to the RRP is expected to continue in 2026. This will have a positive effect on private investment, which will further increase the demand for loans from corporations. Overall, claims on corporations will grow by 8.5%.

By the end of the forecast period, lending will continue to slow down gradually, both for loans to non-financial corporations and to households. In 2027 and 2028, the short-term positive effects of the implementation of the RRP will begin to run out, which will also affect the demand for borrowed funds from companies. For households, the slowdown in employment and income growth will also contribute to a weakening of lending. At the end of 2028, claims on the private sector will increase by 8.2%.

7. Risks

There are rising risks of growing geopolitical tensions and intensifying protectionist policies, which would negatively impact international trade. A potential change in US policy and the introduction of measures to restrict import from the EU, for example by raising tariffs, might significantly impact Germany and other larger European economies and would therefore restrict Bulgaria's external demand, slowing the country's export growth.

Ongoing military conflicts might lead to supply constraints for certain commodities, raising international prices and/or disrupting global supply chains. This would translate into persistently higher inflation and restrictive monetary policy for longer than expected, negatively affecting foreign trade and domestic demand.

Risks to the inflation forecast are mainly associated with international commodity price dynamics and those of energy in particular, as well as the increase in labour costs in the economy.

Public capital expenditure, including the implementation of the RRP, also pose a risk to the forecast. Their non-execution would be reflected in lower-than-expected economic growth in the period 2024-2026.

Domestic political instability and changes in administratively determined labour market indicators (most notably the indexation of public sector wages and the minimum wage) create expectations for sustained high wage growth rates in the coming years despite the inflation slowdown. This could lead to higher-than-forecast wage growth and possibly to lower employment growth (and even declines) in the country.

8. Alternative scenario

In addition to the baseline scenario, an alternative scenario is considered. The risks of escalation of the current conflicts in the Middle East and Ukraine remain, which has the potential to reduce the efficiency of supply chains in the form of higher transport costs or even the temporary closure of some transport corridors. This will increase the prices of internationally traded raw materials.

The increase in international prices will lead to an acceleration of inflationary processes in the world. Higher prices will limit the real disposable income of households, which, combined with the higher degree of uncertainty, will have an adverse effect on real consumption. Global economic growth will be lower compared to the baseline scenario in 2025 and 2026, and EU growth will also be affected in 2027. EU growth remained volatile in the third quarter of 2024, predetermining the negative effects duration.

The results of the simulation show that inflation in Bulgaria will be higher than the baseline scenario in 2025 and 2026, by 1 and 0.5 pps, respectively. The effect on the terms of trade will be positive, which, combined with the increase in prices on the domestic market, will be reflected in an increase in the GDP deflator compared to the baseline scenario in 2025 and 2026. Rising prices will reduce the purchasing power of the population. The high level of uncertainty and increased costs of raw materials will limit investment activity, which in turn will further reduce the employment level. Weak GDP growth in our main trading partners will slow down the growth of export of goods and services until the end of the forecast horizon, which will negatively affect employment and limit the growth of wages. This development, together with the decline in the population's purchasing power, will translate into weaker private consumption throughout the forecast horizon. Growth in import of goods and services will also remain weaker compared to the baseline scenario due to limited domestic demand and export. The negative contribution of net export to GDP growth will increase significantly in 2025, and at the end of the forecast horizon, it will have a more favourable impact on GDP.

Real GDP growth will be 0.4 pps lower in 2025 and 2026 compared to the baseline scenario, after which the shock effect will fade. Nominal GDP will increase in 2025 due to the higher deflator, which will offset the effect of the weaker real growth. In 2027 and 2028, the deflator is expected to be lower compared to the baseline scenario, consequently nominal GDP will also remain lower.

Table 3: External assumption of the alternative scenario (difference from the baseline scenario)

	2025	2026	2027	2028
World real GDP (growth rate, pps)	-0.5	-0.2	0.0	0.0
EU real GDP (growth rate, pps)	-1.1	-0.5	-0.3	0.0
USD/EUR exchange rate (%)	-2.8%	-1.7%	-1.1%	-0.5%
Crude oil, Brent (USD, bbl, %)	14.1%	8.9%	0.0%	0.0%
Metal prices (in USD, %)	8.1%	5.1%	0.0%	0.0%
Prices of agricultural raw materials (in USD, %)	7.9%	4.9%	0.0%	0.0%
Food prices (in USD, %)	9.2%	5.8%	0.0%	0.0%
EURIBOR 3m (pps)	0.0	0.0	0.0	0.0

Source: MF

Table 4: Main macroeconomic indicators (difference from the baseline scenario)

	2025	2026	2027	2028
GROSS DOMESTIC PRODUCT				
GDP level current prices [%]	0.2%	-0.1%	-0.7%	-1.0%
Real GDP [growth rate, pps]	-0.4	-0.4	-0.2	0.0
Consumption	-0.1	-0.1	-0.1	-0.1
Gross fixed capital formation	0.5	-1.6	-0.9	0.3
Export of goods and services	-1.4	-0.4	-0.1	-0.1
Import of goods and services	-0.7	-0.4	-0.2	-0.2
LABOUR MARKET AND PRICES				
Employment level (SNA) [%]	-0.1%	-0.3%	-0.3%	-0.3%
Unemployment rate (LFS) [pps]	0.1	0.1	0.1	0.1
Compensation of employees [%]	0.1%	0.0%	-0.2%	-0.4%
GDP deflator [pps]	0.6	0.1	-0.4	-0.4
Annual average HICP inflation [pps]	1.0	0.5	-0.4	-0.6
BALANCE OF PAYMENTS				
Current account in % of GDP [pps]	-0.2	-0.4	-0.4	-0.4

Source: MF

9. Other institutions forecasts for GDP growth and inflation in Bulgaria

The following section summarizes the latest forecasts of various institutions for real GDP growth and annual average inflation rate in Bulgaria. These forecasts are not fully comparable, as they were prepared at different points in time and are based on different methods and assumptions. Information is available for the time of their publication, but not for the time of preparation. A forecast prepared at a later stage has an information advantage.

Table 5: Real GDP growth, %

	2024	2025	2026	Publication date
Bulgarian National Bank (BNB)	2.2	2.7	3.4	28.11.2024
Standard & Poor's (S&P)	1.9	2.7	3.0	25.11.2024
UBB Part of KBC Group	2.2	2.1		22.11.2024
European Commission (EC)	2.4	2.9	3.0	15.11.2024
Eurobank	2.2	2.9		07.11.2024
ING Bank	2.3	3.1	3.2	07.11.2024
International Monetary Fund (IMF)	2.3	2.5	2.8	23.10.2024
DSK Bank	2.3	2.8	3.0	21.10.2024
Fitch Ratings	2.0	2.5	2.7	18.10.2024
World bank (WB)	2.2	2.8	2.7	17.10.2024
The Vienna Institute for International Economic Studies (wiiw)	2.2	2.4	2.8	03.10.2024
UniCredit Bulbank	2.5	2.9		01.10.2024
Scope Ratings	2.4	3.0		01.10.2024
European Bank for Reconstruction and Development (EBRD)	2.2	2.9		26.09.2024
Moody's	2.9	3.1		26.07.2024
Economic Research Institute at BAS	2.2	3.0	3.4	20.05.2024
Organization for Economic Co-operation and Development (OECD)	2.5	2.9		02.05.2024
United Nations Department of Economic and Social Affairs	2.6	3.0		04.01.2024
Min	1.9	2.1	2.7	
Max	2.9	3.2	3.4	
Average	**2.3**	**2.8**	**3.0**	
Ministry of Finance	2.2	2.8	3.0	

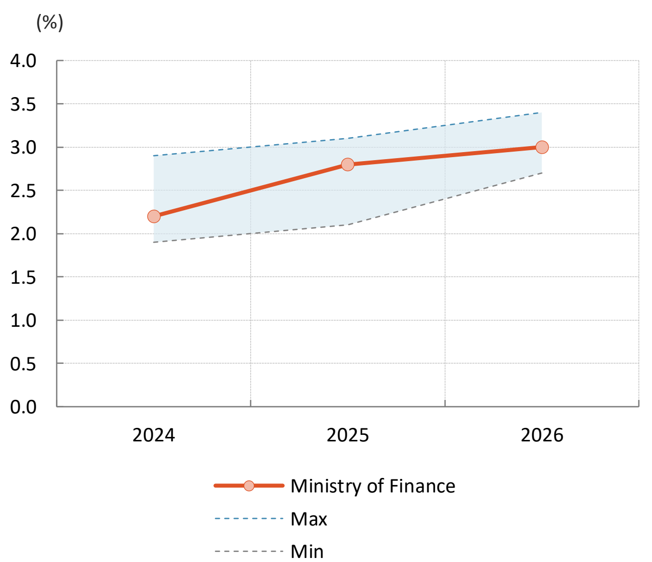
Source: publications of the respective institutions

Table 6: Annual average inflation, %

Harmonised Index of Consumer Prices (HICP)	2024	2025	2026	Publication date
Bulgarian National Bank (BNB)	2.5			28.11.2024
Standard & Poor's (S&P)	2.6	2.8	2.3	25.11.2024
UBB Part of KBC Group	2.9	3.1		22.11.2024
European Commission (EC)	2.5	2.3	2.9	15.11.2024
International Monetary Fund (IMF)	2.8	2.6	1.9	23.10.2024
DSK Bank	2.6	2.4	2.6	21.10.2024
Fitch Ratings	3.0	3.5	3.1	18.10.2024
The Vienna Institute for International Economic Studies (wiiw)	2.0	3.0	3.5	03.10.2024
Moody's	3.0	2.9		26.07.2024
Economic Research Institute at BAS	3.9	3.2	2.9	20.05.2024
United Nations Department of Economic and Social Affairs	3.0	2.8		04.01.2024
Min	2.0	2.3	1.9	
Max	3.9	3.5	3.5	
Average	**2.8**	**2.8**	**2.7**	
Ministry of Finance	2.6	2.4	2.3	
Consumer price index (CPI)				
Eurobank	2.9	2.3		07.11.2024
ING Bank	2.4	2.8	2.9	07.11.2024
UniCredit Bulbank	2.6	3.0		01.10.2024
Scope Ratings	2.5	2.6		01.10.2024
Organization for Economic Co-operation and Development (OECD)	3.0	2.8		02.05.2024

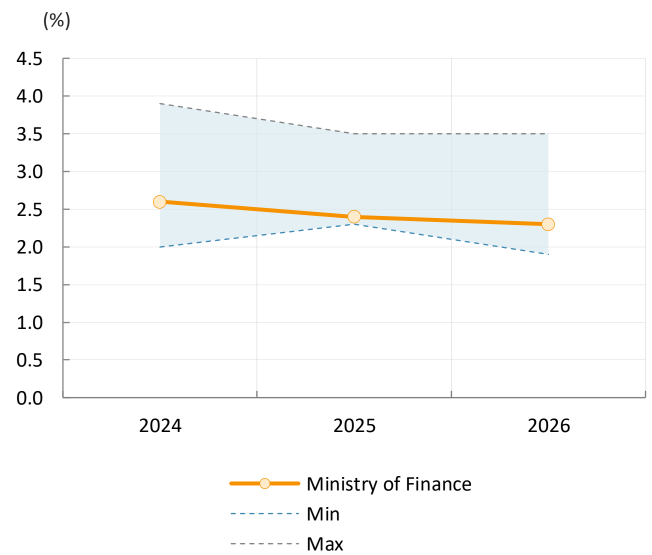
Source: publications of the respective institutions

Fig. 8: Range of forecasts for real GDP growth



Source: publications of the respective institutions

Fig. 9: Range of forecasts for annual average HICP



Source: publications of the respective institutions

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