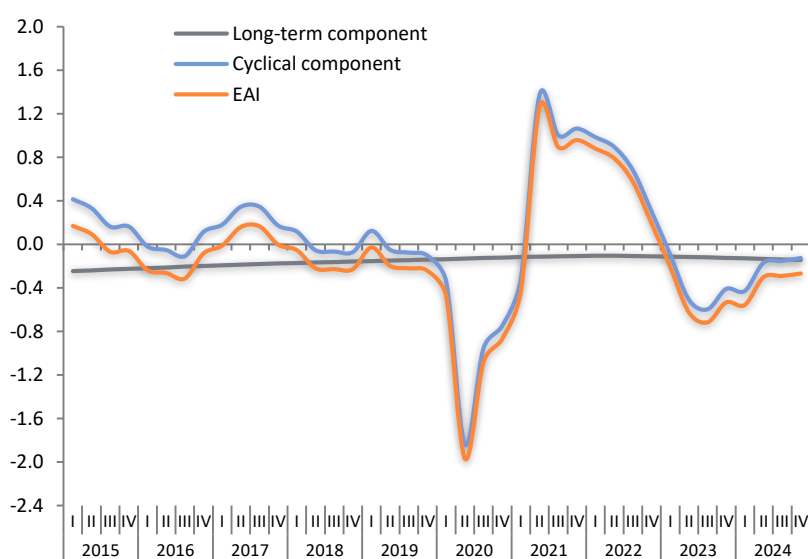


ECONOMIC ACTIVITY INDICATOR IN BULGARIA

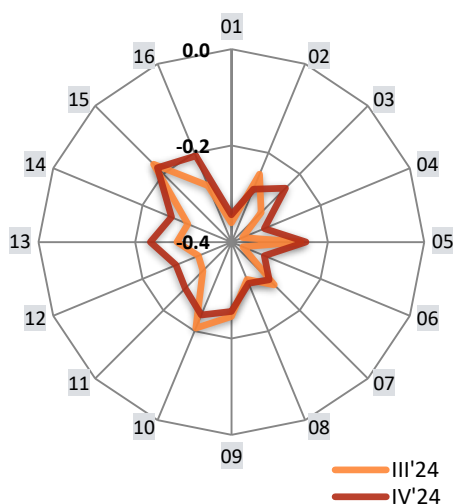
1 EAI BY COMPONENTS*



Source: MF

* Preliminary estimate of EAI by components in Q4'24

2 DECOMPOSITION OF EAI VARIABLES



Source: MF

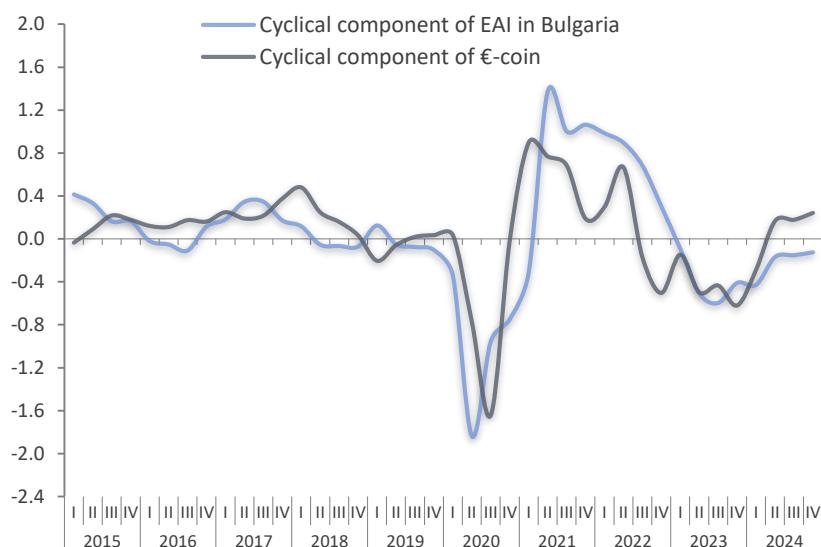
1. GDP
2. Employed
3. GDP EU27
4. Industrial production index EU27
5. PPI
6. Industrial production index
7. Construction index
8. Retail trade turnover
9. M2
10. Credit (private sector)
11. Business climate
12. Industrial orders
13. Industrial price expectations
14. Industrial capacity utilization
15.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

EAI improved in the fourth quarter of 2024

The Economic Activity Indicator¹ (EAI) improved in the fourth quarter and was -0.27 compared to -0.29 in the third quarter of 2024. The long-term component remained unchanged compared to the third quarter, while the cyclical component improved.

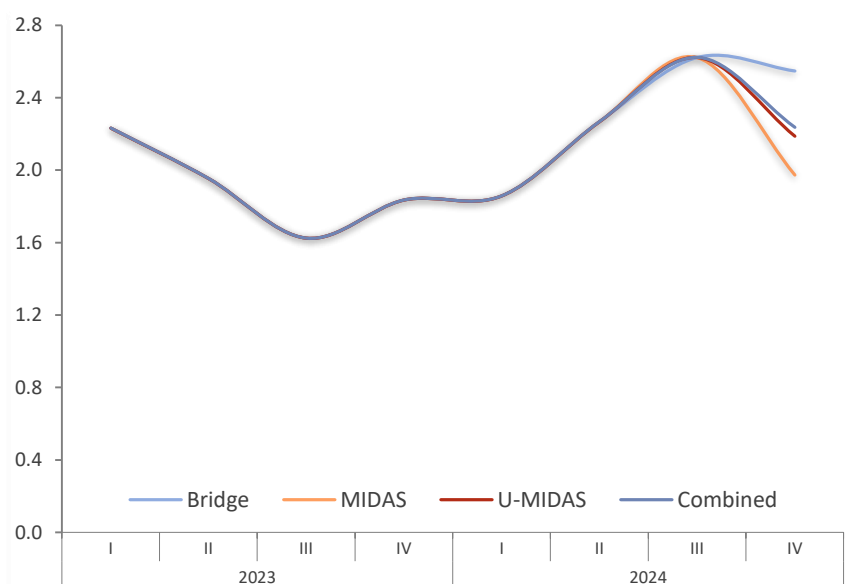
Most of the indicators included in the EAI advanced compared to the third quarter of 2024. While several indicators like employed, credit (private sector), the construction index and Euribor (3m) had a slight negative contribution. The most positive contribution had the indicators for EU27 GDP, non-energy commodity price index, industrial price expectations, industrial production index EU27 and industrial orders.

3 ESTIMATED CYCLICAL FLUCTUATIONS IN THE EURO AREA AND BULGARIA



Source: MF, CEPR

4 GDP GROWTH ESTIMATES *



Source: MF

* The combined estimate was obtained as a weighted average of the three nowcasting methods.

In the fourth quarter of 2024, the cyclical position of the euro area composite indicator €-coin² improved. The indicator was supported by the stability of the labour market. There was some improvement in industrial production, construction and retail, which had a positive impact on the value of the €-coin.

A forecast for Bulgaria's GDP growth in the fourth quarter has been made using three nowcasting methods, including Bridge, MIDAS and U-MIDAS.³ The resulting estimate of GDP growth on an annual basis varies between 2 and 2.5%, with the lowest expected value being obtained using the MIDAS method and the highest using the Bridge method. The weighted average estimate (Combined) for GDP growth is 2.2%, which is a signal of a slight slowdown in the last quarter of 2024 compared to the third quarter.

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.

³ The assessments made are based on the methodology of three types of models: Bridge, MIDAS and U-MIDAS. The independent variables used are the GDP of the EU, producer prices, credit (non-financial enterprises and households), and business climate.