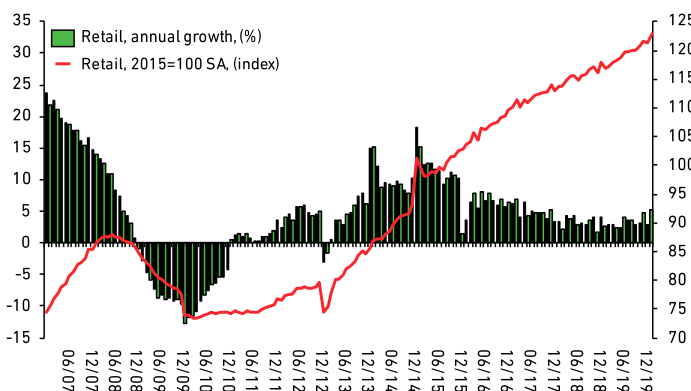
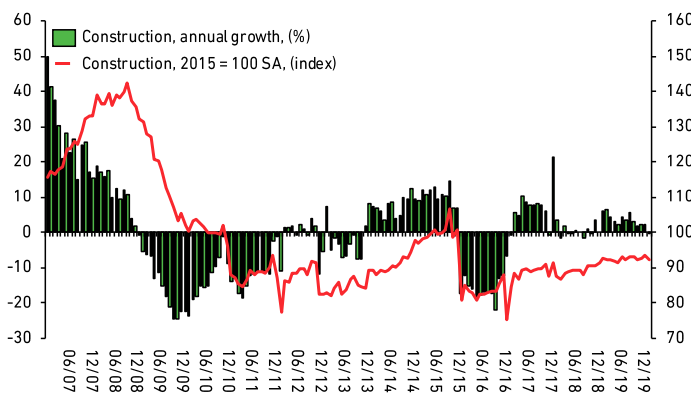
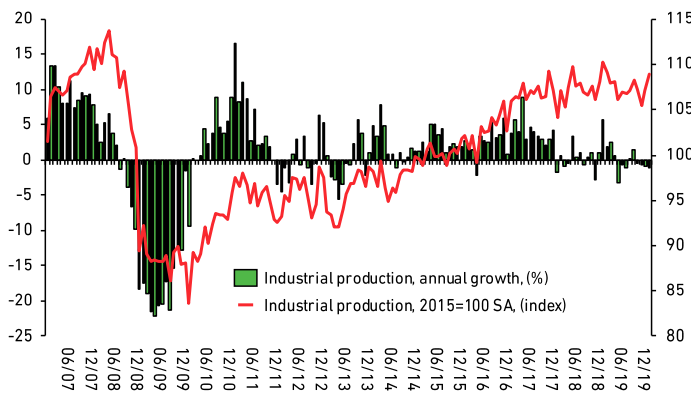


Macroeconomic bulletin

Monthly review of Bulgarian economy

BUSINESS ENVIRONMENT INDICATORS

■ Short-term business statistics, showing the dynamics in the industrial production, construction activities and retail trade.



	MONTHLY INFLATION ↓ -0.6%	03/20
	ANNUAL INFLATION ↓ 3.0%	03/20
	UNEMPLOYMENT ↑ 6.7%	03/20
	NOMINAL GDP ↑ 118.7 BGN bn	2019
	REAL GDP GROWTH ↑ 3.4%	2019
	CONSOLIDATED BUDGET ↑ 1.2% of GDP	02/20
	CURRENT ACCOUNT ↑ +1.1% of GDP	02/20
	TRADE BALANCE ↓ -0.2% of GDP	02/20
	EXPORTS ANNUAL GROWTH ↓ 6.9%	02/20
	IMPORTS ANNUAL GROWTH ↓ 4.6%	02/20

The arrows indicate changes compared to the previous month, except for the GDP data, where the comparison is to the same period of the previous year.

GROSS DOMESTIC PRODUCT¹

The nominal GDP for 2019 calculated as a sum of quarterly data is BGN 118 669 million, and increases in real terms by 3.4% in comparison to the previous year.

■ According to the preliminary data Gross Domestic Product at current prices for the fourth quarter of 2019 is BGN 32 682 million.

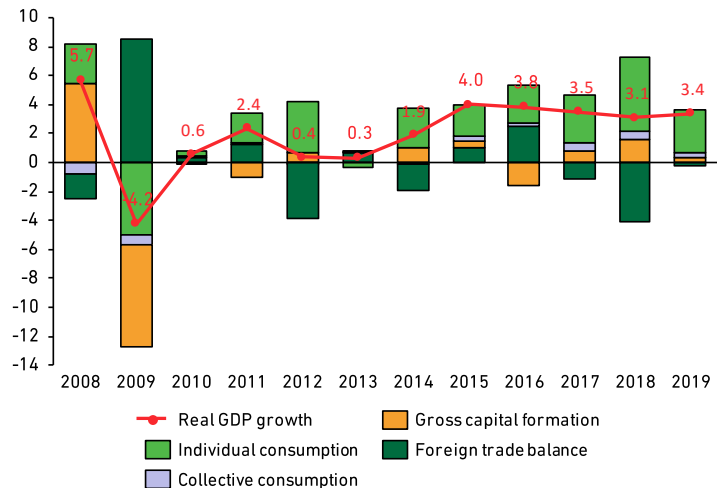
REAL GDP GROWTH FORECAST

	2020	2021
Baseline	-2.6%	4.2%
otpbank	-9.1%	2.4%
Pessimistic	-3.0%	- %
Bank for Social Justice	-4.0%	6.0%
World Bank	-3.7%	3.9%

■ According to the seasonally adjusted figures, the GDP growth rate in the fourth quarter of 2019 is 3.1% compared to the same quarter of the previous year and 0.8% compared to the third quarter of 2019.

■ According to the preliminary data for the fourth quarter of 2019, the final consumption

increases by 1.1% compared to the previous quarter. Gross fixed capital formation increases by 1.3% for the same period. In the fourth quarter of 2019 the export of goods and services decreases by 0.5% while the import decreases by 3.1% compared to the



previous quarter.

■ Gross value added at current prices amounts to BGN 102 269 million.

■ In real terms GVA increases by 3.0% in comparison with 2018.

■ The Industry sector relative share in the GVA of the national economy is 25.9%, which is an increase by 0.1 percentage points compared with 2018. The service sector creates 70.4% of the total GVA and agriculture 3.7%, respectively 70.3% and 3.9% in 2018. The GVA generated by the national economy during the 4Q of 2019 amounted to BGN 28 359 million at current prices.

■ During the month, the highest increase is reported in the prices of sector "Restaurants and hotels" (a growth of 0.3%). The highest decline is recorded in the prices of sector "Recreation and culture" (a drop of 4.1%). Varied price changes are observed for other user groups, but relatively close to the levels from the previous month.

INFLATION FORECAST

	2020	2021
otpbank AVE	0.8%	2.1%
Bank for Social Justice AVE	1.0%	1.9%

INFLATION

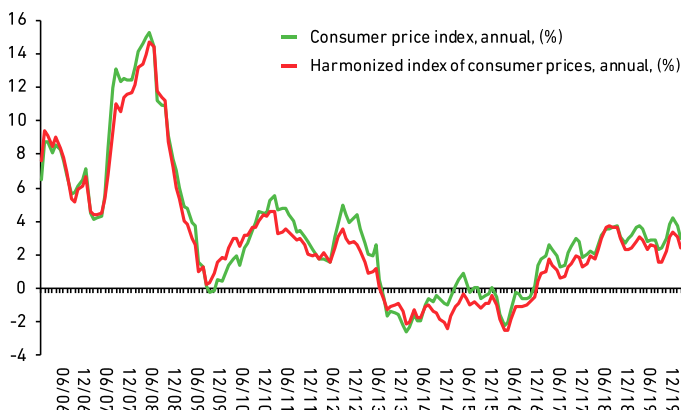
CONSUMER PRICE INDEX

The consumer price index in March 2020 compared to February 2020 is 99.4%, i.e. the monthly inflation is minus 0.6%.

■ The annual inflation in March 2020 compared to March 2019 is 3.0%.

■ The annual average inflation, measured by CPI, in the last 12 months (April 2019 - March 2020) compared to the previous 12 months (April 2018 - March 2019) is 3.2%.

■ The inflation rate since the beginning of the year (March 2020 compared to December 2019) is 0.4%.



HARMONIZED INDEX OF CONSUMER PRICES

■ The harmonized index of consumer prices in March 2020 compared to February 2020 was 99.5%, i.e. the monthly inflation is minus 0.5%.

■ The annual inflation in March 2020 compared to March 2019 is 2.4%.

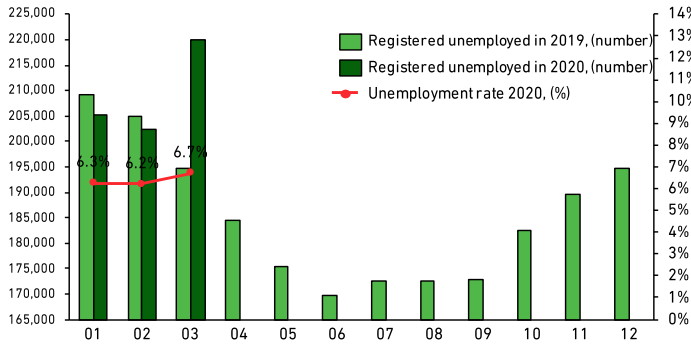
■ The annual average inflation, measured by HICP, in the last 12 months (April 2019 - March 2020) compared to the previous 12 months (April 2018 - March 2019) is 2.6%.

■ The inflation rate since the beginning of the year (March 2020 compared to December 2019) is 0.0%.

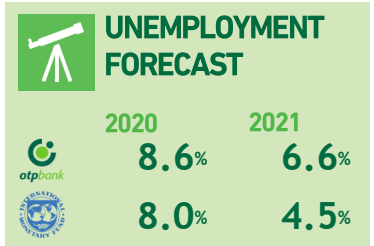
¹The indicators, presented in relative share to the Gross Domestic Product, are calculated at a forecasted annual GDP of BGN 127 126 million for 2020 and actual GDP of BGN 118 699 million for 2019.

UNEMPLOYMENT

■ According to data from the Employment Agency in March 2020, the number of unemployed individuals increases by 17 572 compared to the previous month. The number of unemployed persons at the end of the month is 220 072.



■ The reported unemployment at the end of the month is 6.7%.



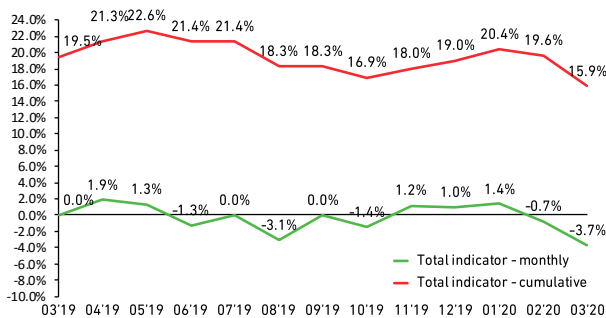
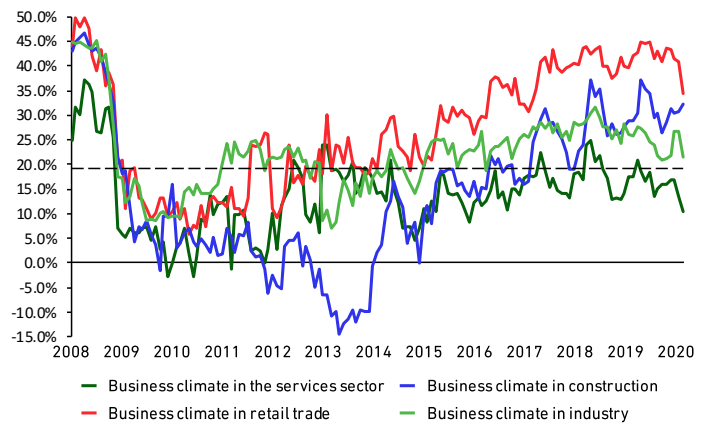
■ The number of the newly registered individuals, which became unemployed during the month is 23 673, of them 14 466 marked the coronavirus crisis as a reason. Among the newly registered unemployed in March, the largest share was recorded in the hotels and restaurants sector (46.4%), followed by retail trading (18.8%) and manufacturing (11.3%).

BUSINESS CLIMATE

■ During March 2020 the total business climate indicator decreases by 3.7 pp compared to February.

■ This is mainly due to the more unfavorable business climate in industry, retail trade and services.

■ The business conjuncture in construction reports an increase during the month.



■ The most serious difficulties for the activity in all sectors remain the competition in the corresponding sector, uncertain economic environment and lack of labor force.

■ Compared to 2008, the indicator registers a growth of 15.9%.

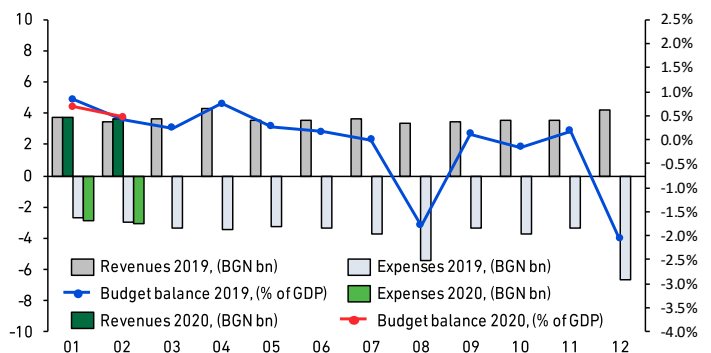
STATE BUDGET

BUDGET BALANCE

■ The Consolidated Fiscal Program (CFP) balance on a cash basis at the end of February 2020 is positive amounting to BGN 1 480 million (1.2% of the forecasted GDP).

■ It is formed by a national budget surplus of BGN 1 221 million and by a surplus of EU funds at the amount of BGN 259 million.

■ For comparison, by the end of February 2019, the CFP reports a surplus amounting to BGN 1 513 million (1.3% of GDP), which means that as a relative share of GDP the budget position



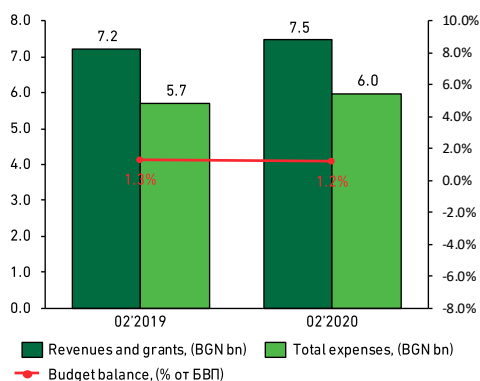
worsens by 0.1%.

REVENUES

■The CFP revenues and grants at the end of February 2020 stand at BGN 7 464 million.

■Compared to the same period of the previous year, revenues and grants increase by BGN 244 million (an annual growth of 3.4%).

■At the end of February, the receivables accounts for 15.9% of the annual estimates, as per the „State Budget Act for 2020“.



COSTS

■The CFP expenditures, including the contribution of the Republic of Bulgaria to the EU budget for February 2020 amounts to BGN 5 984 million.

■The data, reported as of the end of February shows an annual growth of expenditures by 4.9%. As of the end of the month, they were by BGN 277 million higher, compared to the same period of the previous year.

■The expenses reported by the end of February form 12.8% of the annual volume, planned in the „State Budget Act for 2020“.

GOVERNMENT DEBT

■Government debt by the end of February amounts to BGN 22 102 million or 17.4% of the estimated GDP. Compared to the same period of the previous year, the debt increases by BGN 982 million (4.6%).

FISCAL RESERVES

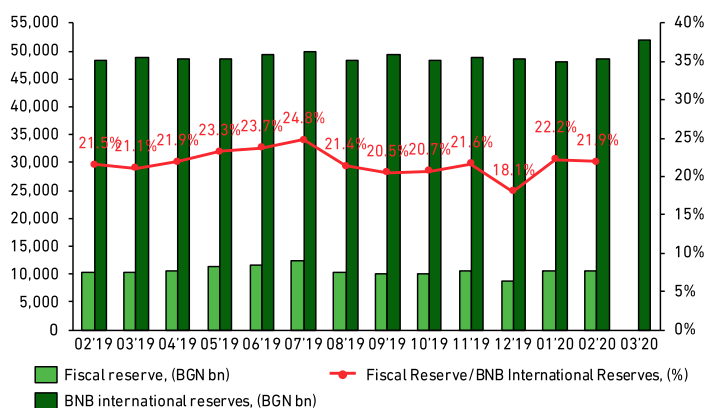
■The total balance of the Fiscal reserve (FR) at the end of February 2020 is BGN 10 636 million.

■The FR deposits in BNB and in banks (excluding receivables under EU Funds for certified expenditure, advance payments and etc.) at the end of February 2020 amounts to BGN 10 415 million.

■In comparison to the previous month, the FR decrease by BGN 26 million or 0.2%.

FISCAL RESERVES TO FOREIGN EXCHANGE RESERVES RATIO

■At the end of February 2020, the Fiscal reserve forms 21.9% of the country's International reserves and the indicator reports a decrease of 0.3 pp compared to the previous month.



FOREIGN EXCHANGE RESERVES

■At the end of March 2020 International reserves of BNB amounts to BGN 51 835 million.

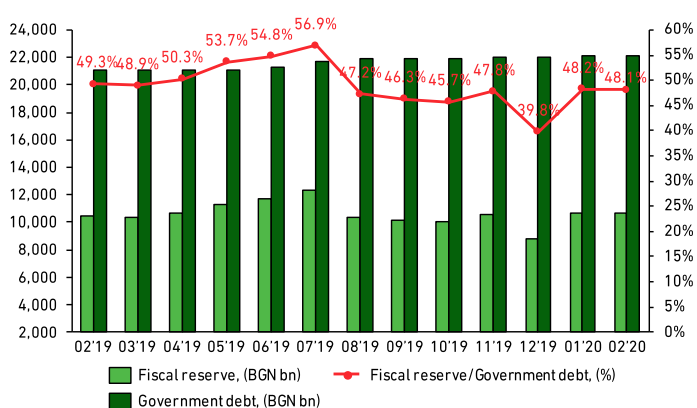
■During the month they increase by BGN 3 342 million (6.9%).

■Compared to the same period of the previous year, International reserves increase by BGN 2 887 million (5.9%).

■Since the beginning of the year they increase by BGN 3 261 million or 6.7%.

COVERAGE RATIO OF GOVERNMENT DEBT WITH FOREIGN EXCHANGE RESERVES

■At the end of February 2020 the Fiscal reserve covers 48.1% of the Government debt, as the indicator drops by 0.1 pp compared to the previous month.



BALANCE OF PAYMENTS AND DIRECT INVESTMENTS²

CURRENT ACCOUNT

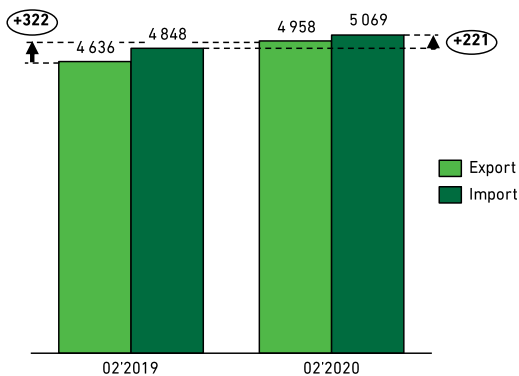
In January – February 2020 the current account is positive and amounts to EUR 687 million (1.1% of GDP), compared with a surplus of EUR 255 million (0.4% of GDP) in January – February 2019.

In January – February 2020 the trade balance is negative and amounts to minus EUR 111 million (0.2% of GDP), compared with a deficit of minus EUR 212 million (0.3% of GDP) in January – February 2019.

In January – February 2020 exports amounts to EUR 4 958 million, which is an increase of EUR 322 million (6.9%) compared to the same period of 2019 (EUR 4 636 million). Exports for January – February 2019 grow on an annual basis by 12.3%.

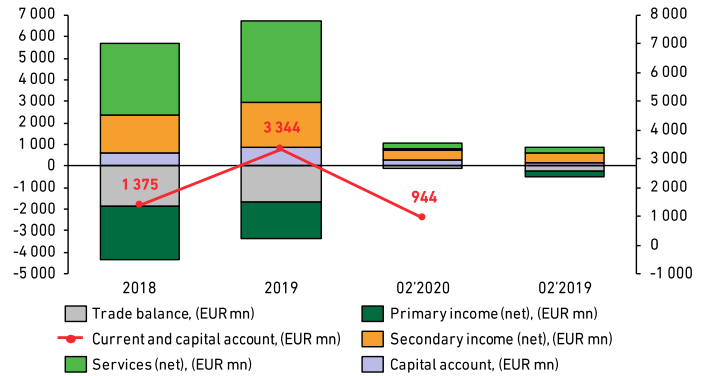
In January – February 2020 imports amounts to EUR 5 069 million, increasing by EUR 221 million (4.6%) compared to the same period of 2019 (EUR 4 848 million). Imports for January – February 2019 grow on an annual basis by 7.5%.

In January – February 2020 the services balance is positive at EUR 277 million (0.4% of GDP) against a positive balance EUR 259 million (0.4% of GDP) in January – February 2019.



CAPITAL ACCOUNT

In January – February 2020 the capital account is positive, amounting to EUR 257 million (0.4% of GDP) against positive, balance amounting to EUR 152 million (0.2% of GDP) in January – February 2019.



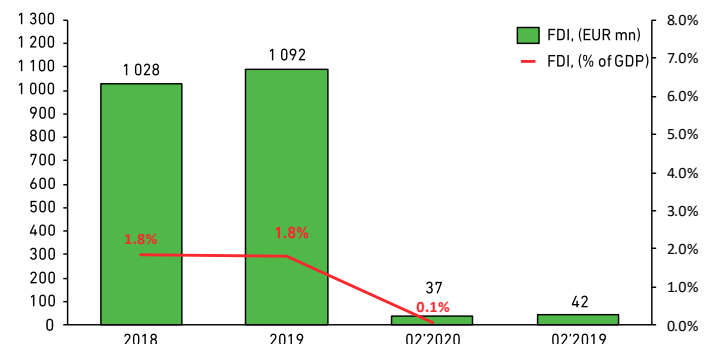
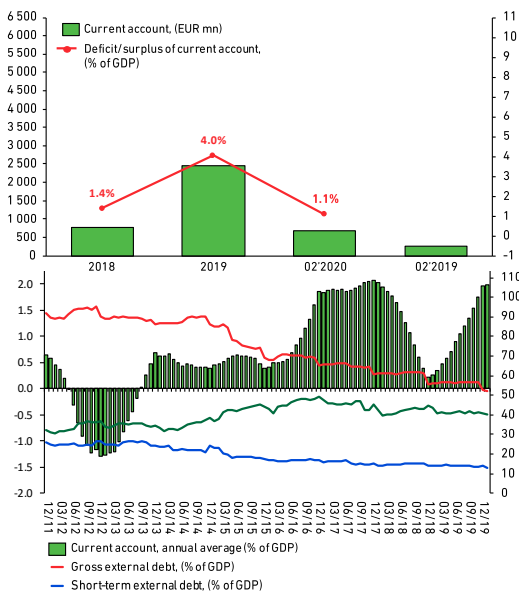
FINANCIAL ACCOUNT

In January – February 2020 the financial account is positive, amounting to EUR 567 million (0.9% of GDP) compared to positive, amounting to EUR 392 million (0.6% of GDP) for the same period of 2019.

DIRECT INVESTMENTS

Foreign direct investments in Bulgaria for January – February 2020 presented according to the directional principle records a value of EUR 37 million (0.06% of GDP), dropping by EUR 5 million (11.1%) compared to January – February 2019 (value of EUR 42 million, 0.1% of GDP).

Foreign direct investments abroad for January – February 2020 record a value of EUR 4 million (0.01% of GDP), growing by EUR 7 million (200.9%) compared to January – February 2019 (negative value of minus EUR 4 million, 0.01% of GDP).



²In April 2019, the data according to Balance of Payments, International Investment Position and Reserve Assets of Republic of Bulgaria is being revised for January 2017 – December 2018.

MONETARY, DEPOSITS AND LOANS INDICATORS

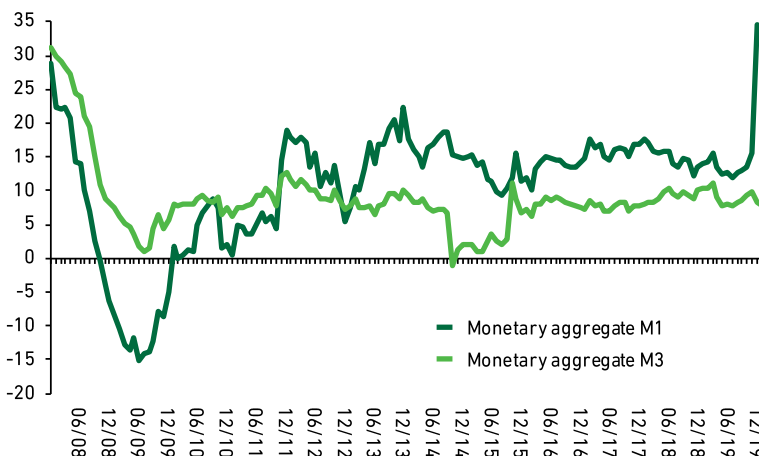
MONEY

In February 2020 broad money (monetary aggregate M3) increases annually by 7.8% compared to an annual growth of 8.3% in January 2020.

■ At the end of February 2020 M3 is BGN 102 029 million (80.3% of GDP) compared to BGN 101 480 million in January 2020 (79.8% of GDP).

■ Its most liquid component – monetary aggregate M1 - increases in February 2020 by 33.0% on an annual basis (an annual growth of 34.5% in January 2020).

■ Quasi-money reports a decrease of 26.1% on an annual basis, as their volume reaches BGN 29 744 million.



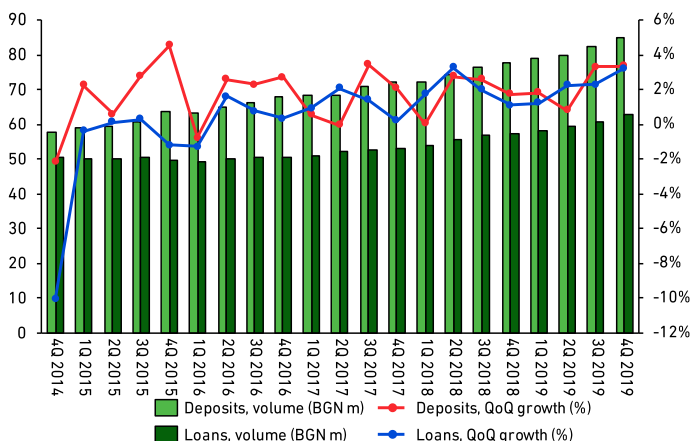
DEPOSITS

■ At the end of February 2020 deposits of the non-government sector reach BGN 84 823 million (66.7% of GDP) and increasing by 7.7% on an annual basis (in January 2020 they report annual growth of 7.9%).

■ Deposits of the non-financial enterprises amount to BGN 25 840 million (20.3% of GDP) at the end of February 2020. Compared to the same month of 2019 they increase by 10.4% (in January 2020 report an annual growth of 11.8%).

■ Deposits of the financial corporations are BGN 2 841 million (2.2% of GDP) at the end of February 2020, and on annual basis decrease by 14.5% (in January 2020 report an annual drop of 21.8%).

■ Deposits of households and NPISHs reach BGN 56 141 million (44.2% of GDP) at the end of February 2020. They increase by 7.9% compared to the same month of 2019 (in January 2020 report an annual growth of 8.0%).



LOANS³

■ At the end of February 2020 loans to the non-government sector amount to BGN 63 276 million (49.8% of GDP) compared to BGN 62 879 million in January 2020 (49.5% of GDP). In February 2020 they increase by 9.2% on an annual basis (in January 2020 report an annual growth of 9.0%).

■ As February 2020 loans to non-financial enterprises amount to BGN 34 893 million (27.4% of GDP). Compared to the same period of 2019 they increase by 5.4% (by January 2020 report an annual growth of 5.4%).

■ At the end of February 2020 loans to households and NPISHs reach BGN 24 235 million (19.1% of GDP). On annual basis they increase by 10.5% (in January 2020 report an annual growth of 10.0%).

■ Housing loans are BGN 10 932 million and increase by 15.1% compared to February 2019 (as of January 2020 the annual increase is 14.8%).

■ Consumer loans amount to BGN 11 505 million and report an increase of 11.5% on an annual basis (by the end of January 2020 they increase by 11.2% compared to the same period of the previous year).

■ Other loans amount to BGN 515 million and on an annual basis they decrease by 34.8% compared to February 2019 (in January 2020 report an annual drop of 38.4%).

PREPARED BY

STEFAN HRISTOV
Head of Research Section
DSK Bank EAD

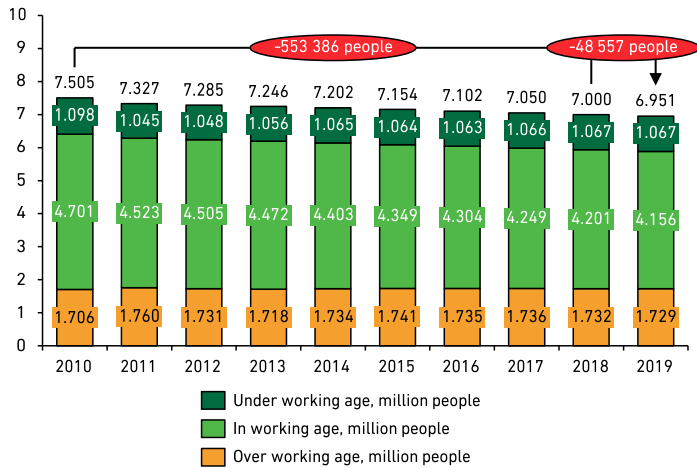
✉ Stefan.Hristov@dskbank.bg ☎ 02/80 10 028

³The other loans indicator also includes loans granted to associations of owners in accordance with the National Program for Energy Efficiency of Multi-family Residential Buildings.

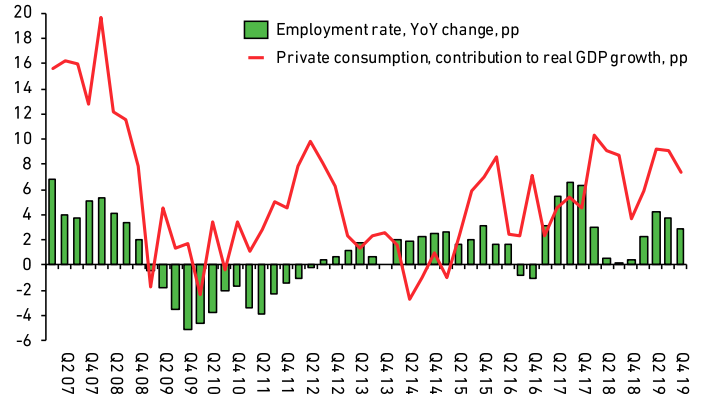
ADDITIONAL INFORMATION

POPULATION AND EMPLOYMENT

Population structure.

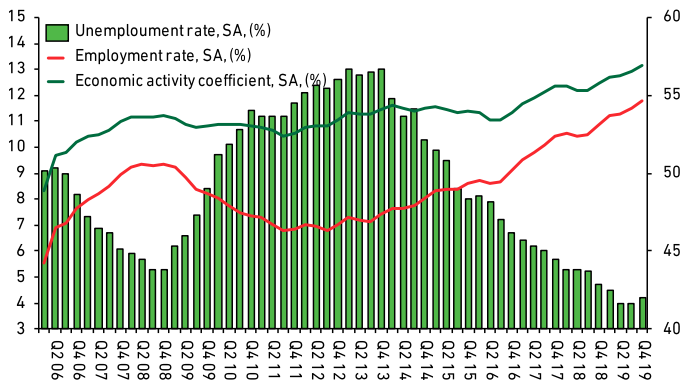


Individual consumption and employment rate.

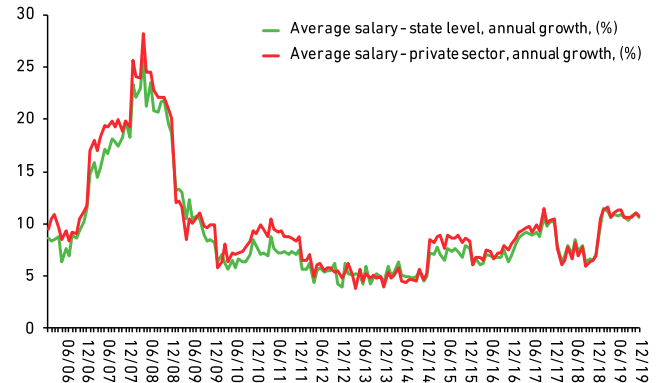


LABOR MARKET

Unemployment, employment and economic activity rates according to Eurostat.

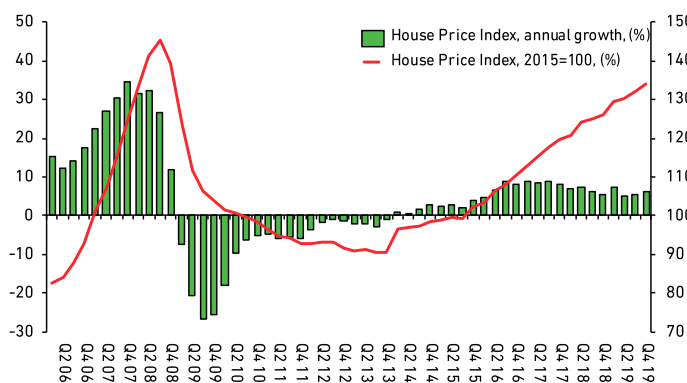


Annual average wage growth in private sector and on a state level.



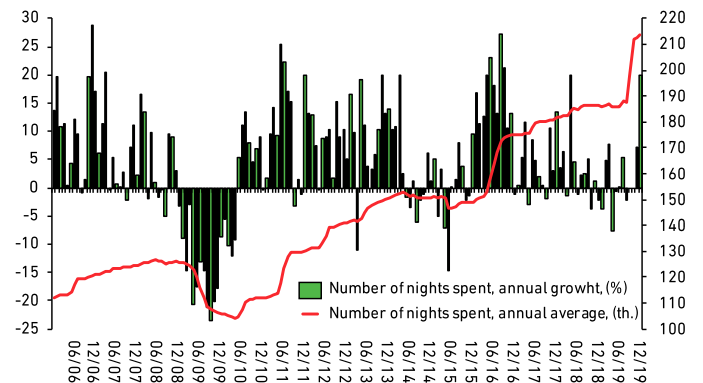
REAL ESTATES

The House Price Index (HPI) is a quarterly indicator, which tracks the dynamic of housing real estate market prices (newly built and existing properties, purchased by households).



TOURISM

Nights, spent in accommodation establishments.



SOURCES

STATISTICAL DATA

-  **DSK Bank**
-  **National Statistical Institute**
-  **Ministry of Finance of the Republic of Bulgaria**
-  **Bulgarian National Bank**
-  **National Employment Agency of the Republic of Bulgaria**
-  **Eurostat**

FORECASTS DATA

-  **OTP Bank**, Macro forecast, April 27, 2020
-  **Ministry of Finance of the Republic of Bulgaria**, Forecast to State Budget Update for 2020, March 31, 2020
-  **International Monetary Fund**, World Economic Outlook, April 14, 2020
-  **World Bank**, Economic forecast, April 8, 2020

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phone
0700 10 375



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*2375