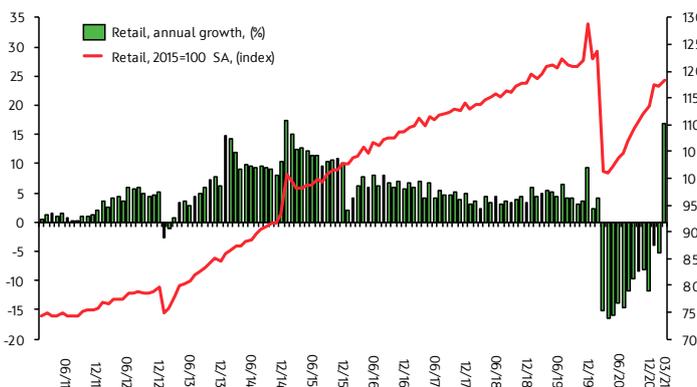
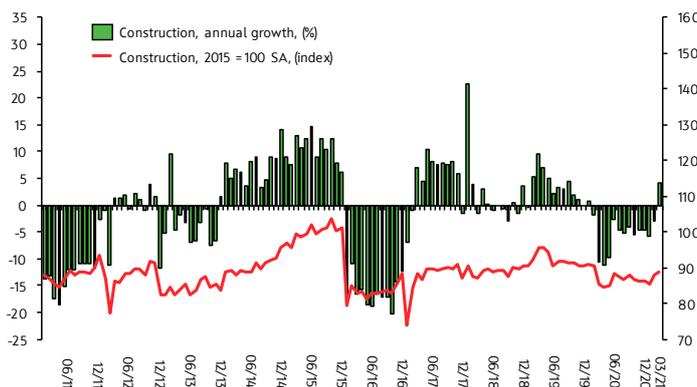
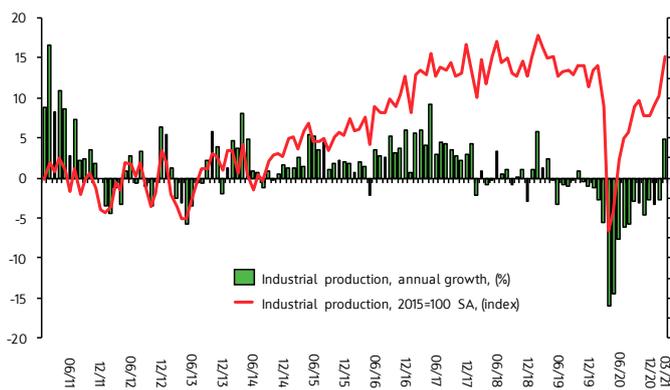


Macroeconomic bulletin

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BUSINESS ENVIRONMENT INDICATORS

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



MONTHLY INFLATION

↑ **0.7%** 04/21



ANNUAL INFLATION

↑ **2.0%** 04/21



UNEMPLOYMENT

↓ **6.1%** 04/21



NOMINAL GDP

↑ **26.4** BGN bn FLASH ESTIMATES 1Q/2021



QUARTERLY GROWTH OF GDP

↓ **-1.8%** 1Q21 COMPARED TO 1Q20
FLASH ESTIMATES 1Q/2021



CONSOLIDATED BUDGET

↓ **-0.5%** OF GDP 03/21



CURRENT ACCOUNT

↓ **0.2%** OF GDP 03/21



TRADE BALANCE

↓ **-0.7%** OF GDP 03/21



EXPORTS ANNUAL GROWTH

↑ **10.4%** 03/21



IMPORTS ANNUAL GROWTH

↑ **11.0%** 03/21

The arrows indicate changes compared to the previous month, except for the GDP data, where the comparison is on annual basis.

GROSS DOMESTIC PRODUCT ¹

According to the flash GDP estimates for the first quarter of 2021, the GDP at current prices is BGN 26 436.5 million.

- According to the seasonally adjusted data Gross Domestic Product (GDP) fall down by 1.8% in the first quarter of 2021 compared to the same quarter of the previous year, while raises with 2.5% compared to the fourth quarter of 2020.

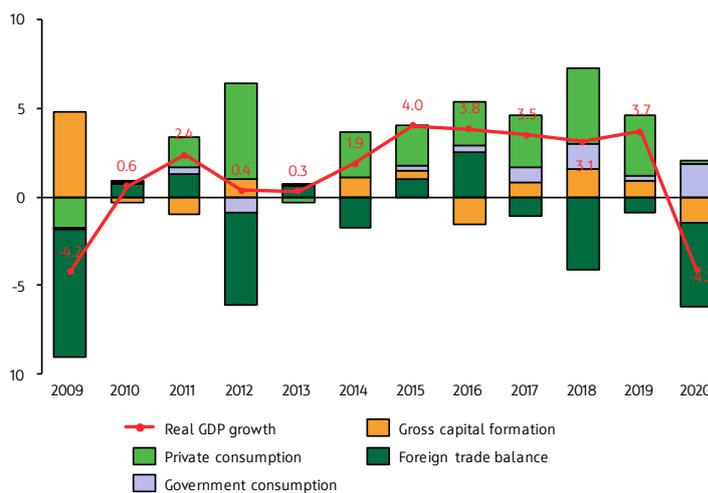


REAL GDP GROWTH FORECAST

	2021	2022
	3.3%	4.7%
	2.5%	3.0%
	4.4%	4.4%
	3.5%	4.7%
	3.8%	3.9%

By final expenditure approach, the reason for the positive GDP growth at seasonally adjusted data in the first quarter of 2021 compared to the fourth quarter of 2020 is the increase of the Exports of goods and services with 6.5% and the increase of the final consumption with 1.6%, according to flash estimates.

As regards the expenditure components of GDP, the final consumption registered economic growth of 2.6%. Gross fixed capital formation increased by 1.2% in the first quarter of 2021 compared to the same quarter of the previous year at seasonally adjusted data. Exports of goods and services



decreased by 6.0%, while imports of goods and services increased by 0.6%.

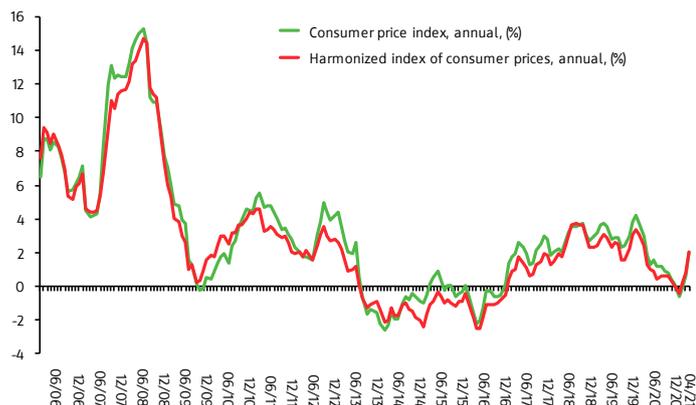
- Gross value added for first quarter of 2021 at current prices amounts to BGN 22 665 million, and increases in real terms by 2.7% in comparison to previous quarter, and register a decrease by 1.6 compared same period of 2020.

INFLATION

CONSUMER PRICE INDEX

The consumer price index in April 2021 compared to March 2021 is 100.7%, i.e. the monthly inflation is 0.7%.

- The annual inflation in April 2021 compared to April 2020 is 2.0%.
- The annual average inflation, measured by CPI, in the last 12 months (May 2020 - April 2021) compared to the previous 12 months (May 2019 - April 2020) is 0.8%.
- The inflation rate since the beginning of the year (April 2021 compared to December 2020) is 1.5%.



- During the month, the highest increase is reported in the prices of sector "Clothing and footwear" (a growth of 6.6%). The highest decline is recorded in the prices of sector "Recreation and culture" (a drop of 1.6%). Varied price changes are observed for other user groups, but relatively close to the levels from the previous month.



INFLATION FORECAST

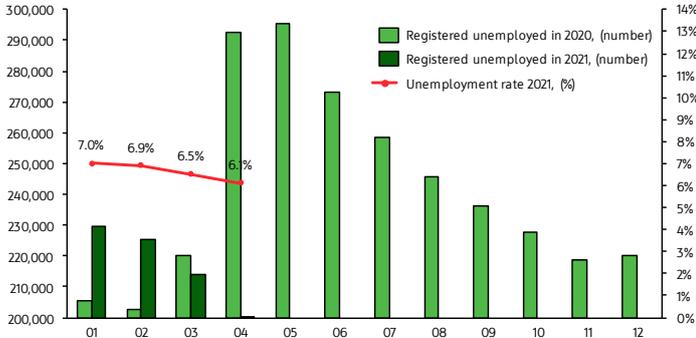
	2021	2022
AVG	1.7%	2.1%
EoP	2.1%	2.6%
AVG	1.0%	2.0%
AVG	1.6%	2.0%
AVG	3.0%	0.7%

HARMONIZED INDEX OF CONSUMER PRICES

- The harmonized index of consumer prices in April 2021 compared to March 2021 was 100.7%, i.e. the monthly inflation is 0.7%.
- The annual inflation in April 2021 compared to April 2020 is 2.0%.
- The annual average inflation, measured by HICP, in the last 12 months (May 2020 - April 2021) compared to the previous 12 months (May 2019 - April 2020) is 0.6%.
- The inflation rate since the beginning of the year (April 2021 compared to December 2020) is 1.5%.

UNEMPLOYMENT

- According to data from the Employment Agency in April 2021, the number of unemployed individuals decreases by 13 635 compared to the previous month. The number of unemployed persons at the end of the month is 200 417.



- The reported unemployment at the end of the month is 6.1%.



UNEMPLOYMENT FORECAST

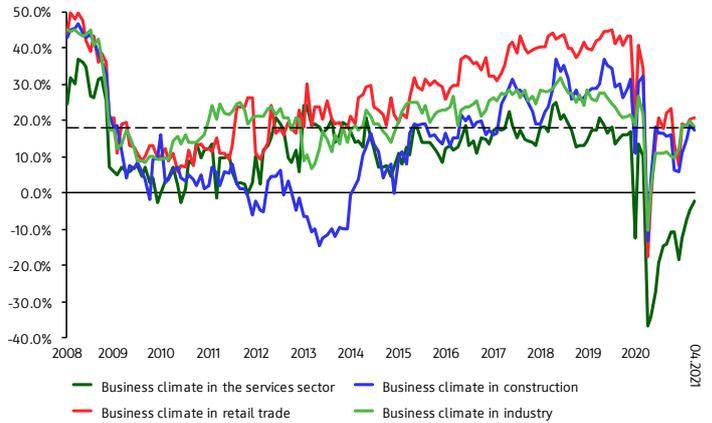
- In April, the number of newly registered unemployed was 21 924 which was by 3 255 people less than March 2021 and with 65 139 people less than to same period of previous year.

	2021	2022
EoP	6.4%	5.9%
EoP	5.2%	4.6%
EoP	4.8%	4.4%
EoP	4.8%	3.9%
EoP	5.1%	4.6%

BUSINESS CLIMATE

During April 2021 the total business climate indicator preserves approximately its position from March.

- This is mainly due to the more favorable business climate in services.
- The business conjuncture in industry and construction reports a decrease during the month, while in retail trade it preserves the level from the previous 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.

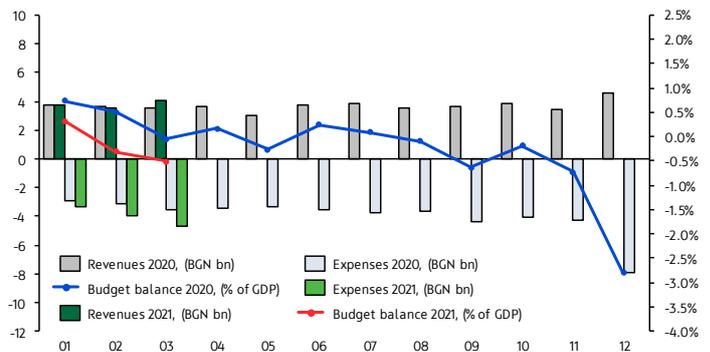
- Compared to 2008, the indicator registers a growth of 6.7%.

STATE BUDGET

BUDGET BALANCE

The Consolidated Fiscal Program (CFP) balance on a cash basis at the end of March 2021 is negative amounting to BGN 619 million (- 0.5% of the forecasted GDP).

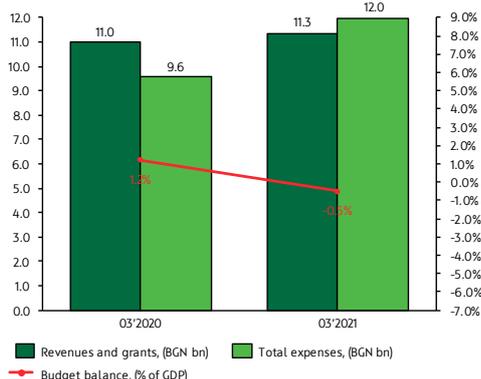
- It is formed by a national budget deficit of BGN 582 million and by a deficit of EU funds at the amount of BGN 37 million.
- For comparison, by the end of March 2020, the CFP reports a surplus amounting to BGN 1 427 million (1.2% of GDP), which means that as a relative share of GDP the budget position



worsens by 1.7%.

REVENUES

- The CFP revenues and grants at the end of March 2021 stand at BGN 11 348 million.
- Compared to the same period of the previous year, revenues and grants increase by BGN 371 million (an annual growth of 3.4%).
- At the end of March, the receivables accounts for 23.8% of the annual estimates, as per the „State Budget Act for 2021“.

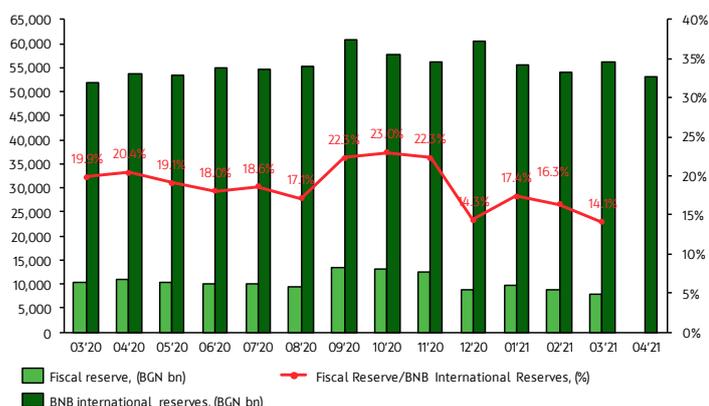


FISCAL RESERVES

- The total balance of the Fiscal reserve (FR) at the end of March 2021 is BGN 7 904 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 March 2021 amounts to BGN 7 767 million.
- In comparison to the previous month, the FR decrease by BGN 910 million or 10.3%.

FISCAL RESERVES TO FOREIGN EXCHANGE RESERVES RATIO

- At the end of March 2021, the Fiscal reserve forms 14.1% of the country's International reserves and the indicator reports a decrease of 2.3 pp compared to the previous month.



COSTS

- The CFP expenditures, including the contribution of the Republic of Bulgaria to the EU budget for March 2021 amounts to BGN 11 968 million.
- The data, reported as of the end of March shows an annual growth of expenditures by 25.3%. As of the end of the month, they were by BGN 2 417 million higher, compared to the same period of the previous year.
- The expenses reported by the end of March form 22.8% of the annual volume, planned in the „State Budget Act for 2021“.

GOVERNMENT DEBT

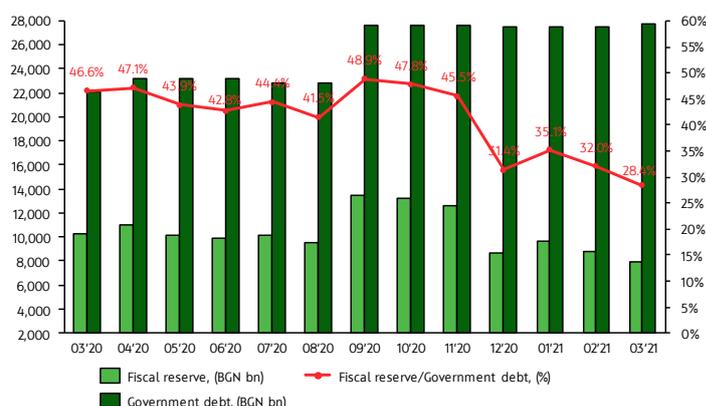
- Government debt by the end of March amounts to BGN 27 803 million or 22.1% of the estimated GDP. Compared to the same period of the previous year, the debt increases by BGN 5 716 million (25.9%).

FOREIGN EXCHANGE RESERVES

- At the end of April 2021 International reserves of BNB amounts to BGN 53 225 million.
- During the month they decrease by BGN 2 869 million (5.1%).
- Compared to the same period of the previous year, International reserves decrease by BGN 478 million (0.9%).
- Since the beginning of the year they decrease by BGN 7 109 million or 11.8%.

COVERAGE RATIO OF GOVERNMENT DEBT WITH FOREIGN EXCHANGE RESERVES

- At the end of March 2021 the Fiscal reserve covers 28.4% of the Government debt, as the indicator drops by 3.6 pp compared to the previous month.



BALANCE OF PAYMENTS AND DIRECT INVESTMENTS²

CURRENT ACCOUNT

In January – March 2021 the current account is positive and amounts to EUR 105 million (0.2% of GDP), compared with a surplus of EUR 413 million (0.7% of GDP) in January – March 2020.



CURRENT ACCOUNT FORECAST

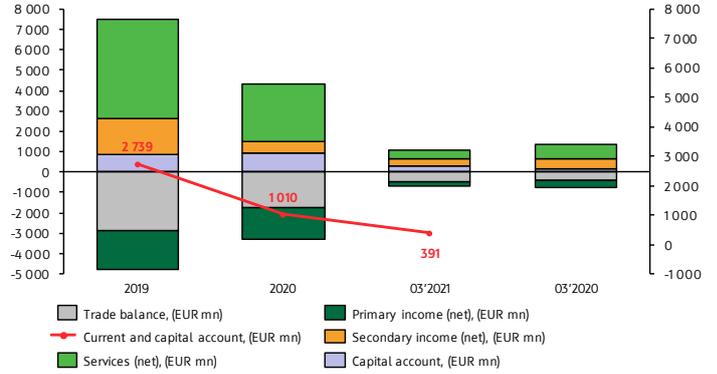
	2021	2022
	1.5%/GDP	1.9%/GDP
	3.9%/GDP	4.2%/GDP
	1.4%/GDP	1.2%/GDP
	6.0%/GDP	7.5%/GDP
	2.0%/GDP	3.5%/GDP

In January – March 2021 the trade balance is negative and amounts to minus EUR 468 million (0.7% of GDP), compared with a deficit of minus EUR 380 million (0.6% of GDP) in January – March 2020.

In January – March 2021 exports amounts to EUR 7 901 million, which is an increase of EUR 744 million (10.4%) compared to the same period of 2020 (EUR 7 158 million). Exports for January – March 2020 grow on an annual basis by 2.1%.

CAPITAL ACCOUNT

In January – March 2021 the capital account is positive, amounting to EUR 286 million (0.4% of GDP) against positive, balance amounting to EUR 188 million (0.3% of GDP) in January – March 2020.



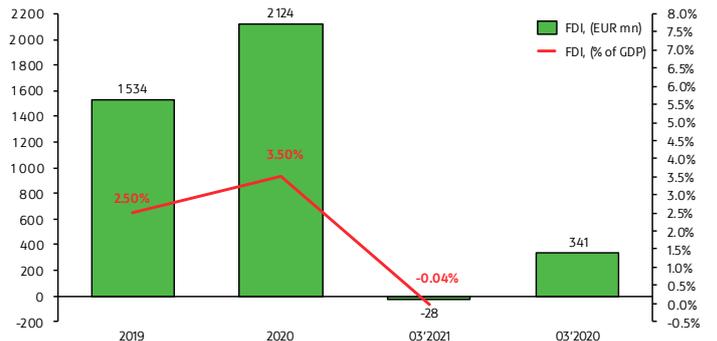
FINANCIAL ACCOUNT

In January – March 2021 the financial account is positive, amounting to EUR 1 270 million (2.0% of GDP) compared to positive, amounting to EUR 795 million (1.3% of GDP) for the same period of 2020.

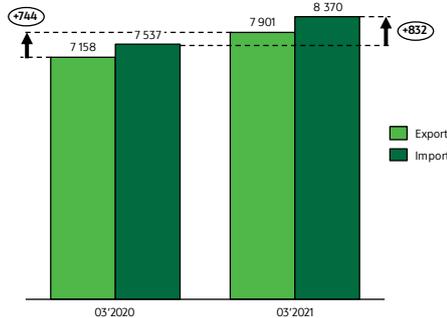
DIRECT INVESTMENTS

Foreign direct investments in Bulgaria for January – March 2021 presented according to the directional principle records a negative value of minus EUR 28 million (0.04% of GDP), dropping by EUR 369 million (108.1%) compared to January – March 2020 (value of EUR 341 million, 0.6% of GDP).

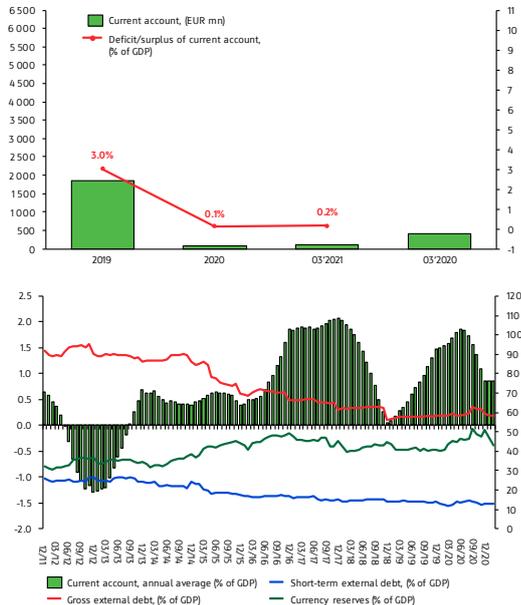
Foreign direct investments abroad for January – March 2021 record a value of EUR 26 million (0.04% of GDP), dropping by EUR 41 million (60.9%) compared to January – March 2020 (value of EUR 67 million, 0.11% of GDP).



In January – March 2021 imports amounts to EUR 8 370 million, increasing by EUR 832 million (11.0%) compared to the same period of 2020 (EUR 7 537 million). Imports for January – March 2020 decreases on annual basis by 1.1%.



In January – March 2021 the services balance is positive at EUR 456 million (0.7% of GDP) against a positive balance EUR 710 million (1.2% of GDP) in January – March 2020.

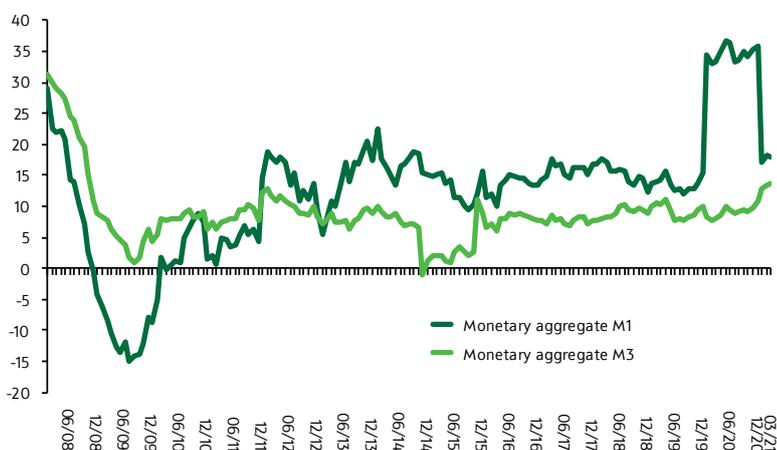


MONETARY, DEPOSITS AND LOANS INDICATORS

MONEY

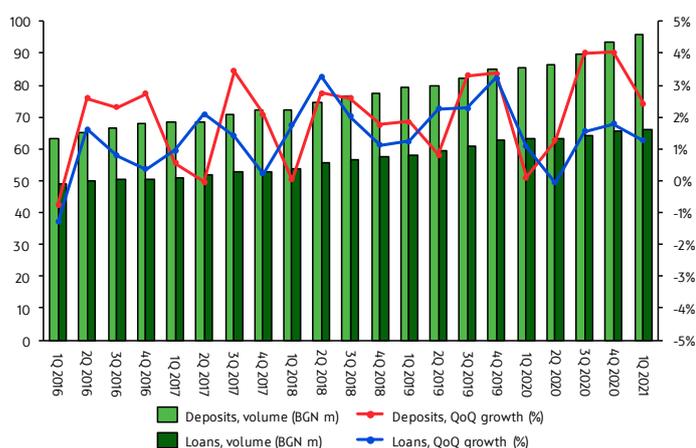
In March 2021 broad money (monetary aggregate M3) increases annually by 13.6% compared to an annual growth of 13.3% in February 2021.

- At the end of March 2021 M3 is BGN 116 698 million (92.6% of GDP) compared to BGN 115 624 million in February 2021 (91.7% of GDP).
- Its most liquid component - monetary aggregate M1 - increases in March 2021 by 18.0% on an annual basis (an annual growth of 18.4% in February 2021).
- Quasi-money reports an increase of 2.6% on an annual basis, as their volume reaches BGN 30 155 million.



DEPOSITS

- At the end of March 2021 deposits of the non-government sector reach BGN 95 670 million (75.9% of GDP) and increasing by 12.2% on an annual basis (in February 2021 they report annual growth of 12.0%).
- Deposits of the non-financial enterprises amount to BGN 29 971 million (23.8% of GDP) at the end of March 2021. Compared to the same month of 2020 they increase by 16.1% (in February 2021 report an annual growth of 13.3%).
- Deposits of the financial corporations are BGN 2 846 million (2.3% of GDP) at the end of March 2021, and on annual basis decrease by 14.2% (in February 2021 report an annual growth of 13.9%).
- Deposits of households and NPISHs reach BGN 62 852 million (49.9% of GDP) at the end of March 2021. They increase by 12.0% compared to the same month of 2020 (in February 2021 report an annual growth of 11.3%).



LOANS³

- At the end of March 2021 loans to the non-government sector amount to BGN 66 285 million (52.6% of GDP) compared to BGN 65 901 million in February 2021 (52.3% of GDP). In March 2021 they increase by 4.6% on an annual basis (in February 2021 report an annual growth of 4.1%).
- As March 2021 loans to non-financial enterprises amount to BGN 35 765 million (28.4% of GDP). Compared to the same period of 2020 they increase by 2.7% (by February 2021 report an annual growth of 2.6%).
- At the end of March 2021 loans to households and NPISHs reach BGN 26 085 million (20.7% of GDP). On annual basis they increase by 7.1% (in February 2021 report an annual growth of 6.3%).
- Housing loans are BGN 12 367 million and increase by 11.9% compared to March 2020 (as of February 2021 the annual increase is 11.3%).
- Consumer loans amount to BGN 12 170 million and report an increase of 5.5% on an annual basis (by the end of February 2021 they increase by 4.8% compared to the same period of the previous year).
- Other loans amount to BGN 379 million and on an annual basis they decrease by 24.6% compared to March 2020 (in February 2021 report an annual drop of 25.5%).

PREPARED BY

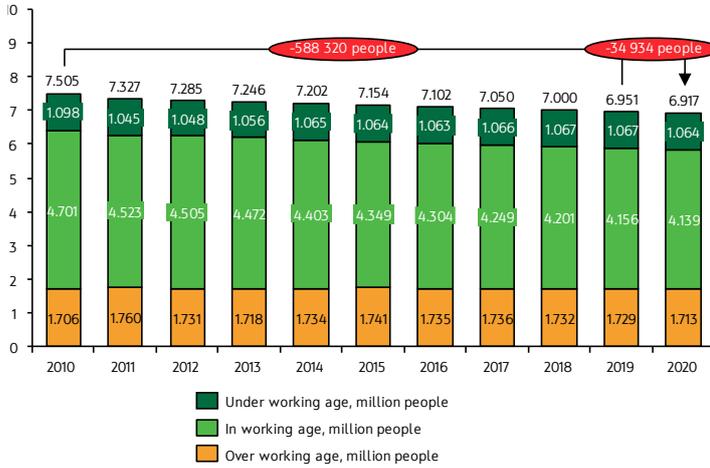
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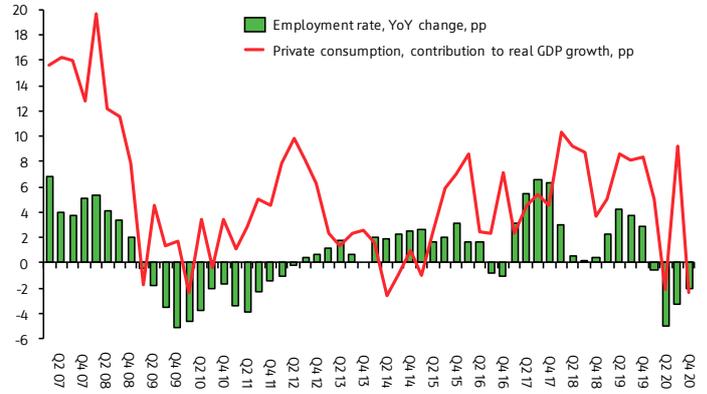
ADDITIONAL INFORMATION

POPULATION AND EMPLOYMENT

- Population structure.

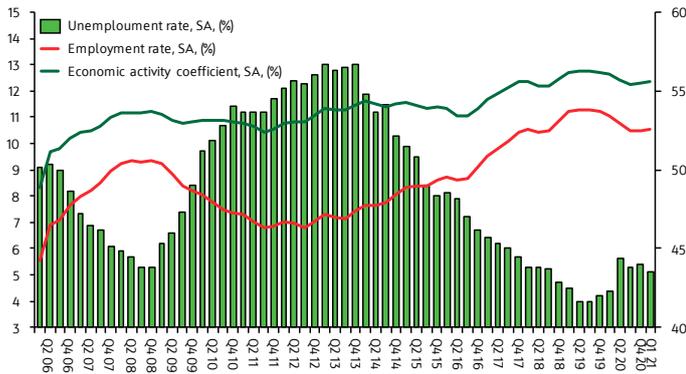


- Individual consumption and employment rate.

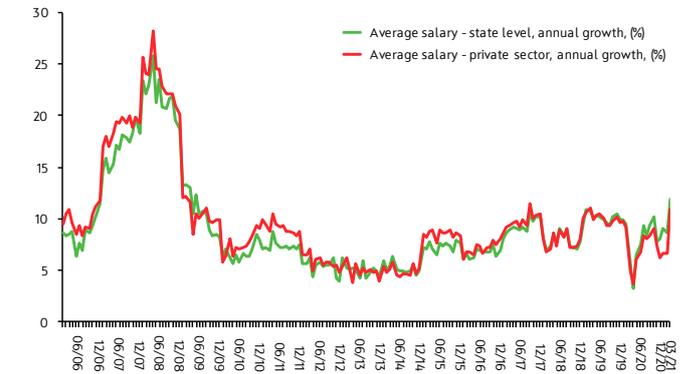


LABOR MARKET

- Unemployment, employment and economic activity rates according to Eurostat.

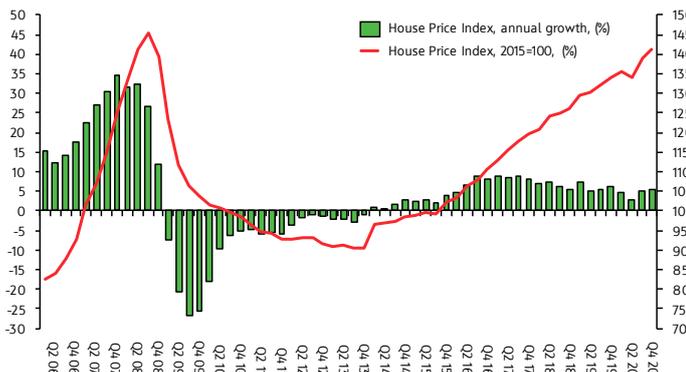


- Annual average wage growth in private sector and on a state level.



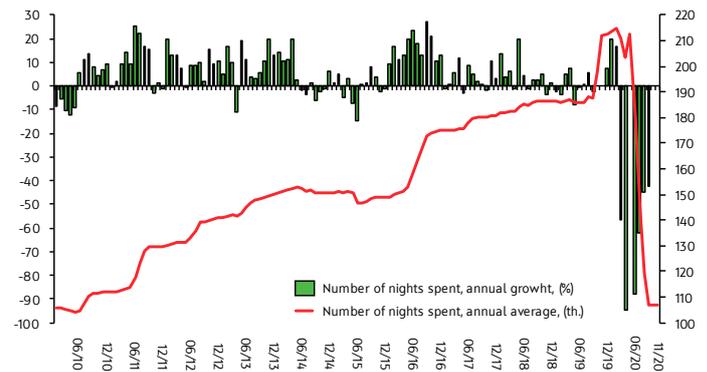
REAL ESTATES

- 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, February 2021
-  **Bulgarian National Bank**, Macroeconomic forecast, April 2021
-  **Ministry of Finance of the Republic of Bulgaria**, Autumn macroeconomic forecast, October 2020
-  **European Commission**, Spring Forecast, May 2021
-  **International Monetary Fund**, World Economic Outlook, April 2021

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