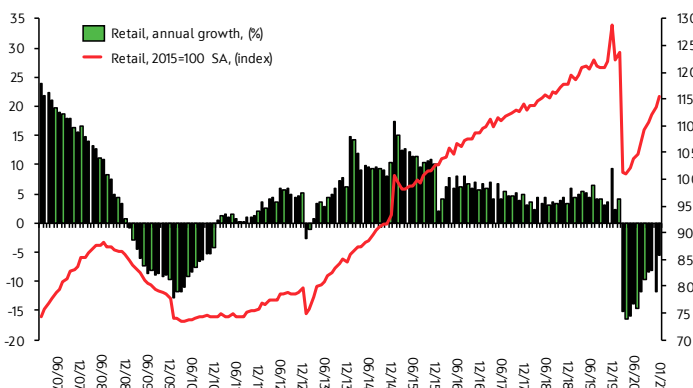
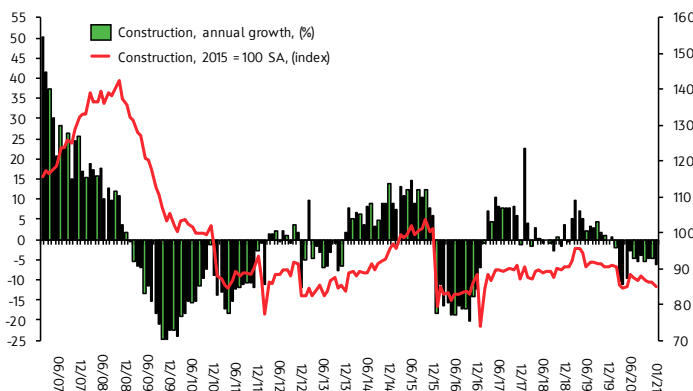
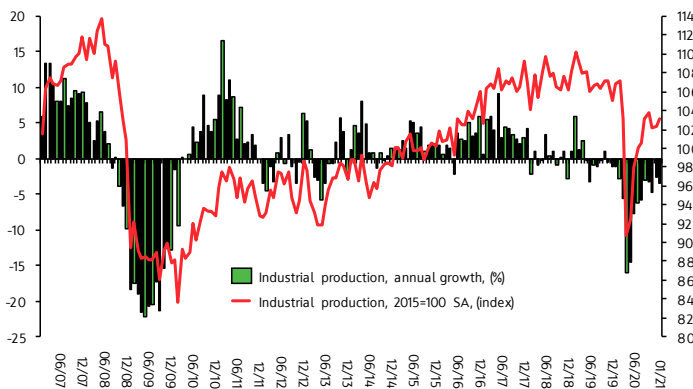


Macroeconomic bulletin

ISSUE 50 • FEBRUARY 2021

BUSINESS ENVIRONMENT INDICATORS

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



	MONTHLY INFLATION	
	↑ 0.6%	02/21
	ANNUAL INFLATION	
	↑ -0.1%	02/21
	UNEMPLOYMENT	
	↓ 6.9%	02/21
	NOMINAL GDP	
	↓ 118.6 BGN bn	2020
	REAL GDP GROWTH	
	↓ -4.2%	2020
	CONSOLIDATED BUDGET	
	↑ 0.3% OF GDP	01/21
	CURRENT ACCOUNT	
	↓ 0.1% OF GDP	12/20
	TRADE BALANCE	
	↓ -2.9% OF GDP	12/20
	EXPORTS ANNUAL GROWTH	
	↑ -6.7%	12/20
	IMPORTS ANNUAL GROWTH	
	↑ -9.7%	12/20

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

GROSS DOMESTIC PRODUCT ¹






The nominal GDP for 2020 is BGN 118 605 million, and decreases in real terms by 4.2% in comparison to the previous year.

- With reference to the expenditure components of GDP for 2020, main contributors to the registered negative economic growth are the shrinking exports (drop of 11.3%) and imports (decrease of 6.6%), followed by the drop of 5.1% in lacking investments.



REAL GDP GROWTH FORECAST

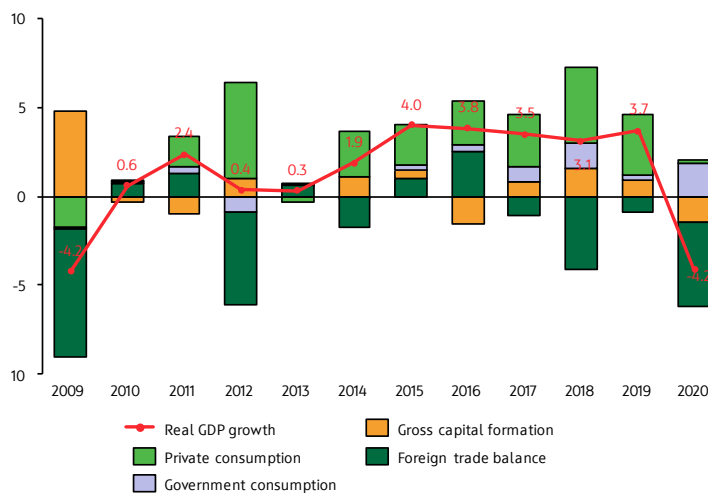
2021 2022

	3.3%	4.7%
	3.7%	3.6%
	2.5%	3.0%
	2.7%	4.9%
	3.6%	3.7%

The private consumption registered marginal increase of 0.2%, while public expenditures raised by 7.5%.

At current prices the Gross Domestic Product in fourth quarter of 2020 amounts to BGN 33 162 million and reported a decline by 3.8% compared to the same quarter of the previous year and increase by 2.2% compared to the third quarter of 2020.

- In fourth quarter of 2020, the final consumption decreases by 1.2% compared to the previous quarter. Gross fixed capital formation decreases by 0.1% for the same period. The export of goods and services increases by 11.2%, while the import



increases by 4.4%.

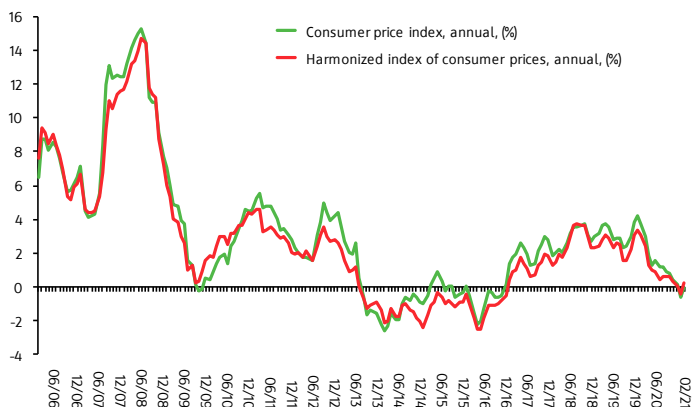
- Gross value added for 2020 at current prices amounts to BGN 102 649 million, and increases in real terms by 4.3% in comparison to 2019.
- The relative share of industrial sector in GVA is 26.5%, and reports an increase of 1.5 pp compared to 2019. The service sector creates 69.5% of the total GVA, while agriculture formed 4.0%, respectively their shares in 2019 were 71.2% and 3.8%.

INFLATION

CONSUMER PRICE INDEX

The consumer price index in February 2021 compared to January 2021 is 100.6%, i.e. the monthly inflation is 0.6%.

- The annual inflation in February 2021 compared to February 2020 is minus 0.1%.
- The annual average inflation, measured by CPI, in the last 12 months (March 2020 - February 2021) compared to the previous 12 months (March 2019 - February 2020) is 1.0%.
- The inflation rate since the beginning of the year (February 2021 compared to December 2020) is 0.8%.








- During the month, the highest increase is reported in the prices of sector "Transport" (a growth of 2.0%). The highest decline is recorded in the prices of sector "Clothing and footwear" (a drop of 1.7%). 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	2.0%	0.9%
	AVG	2.1%	2.6%
	AVG	1.7%	1.8%
	AVG	1.2%	2.1%

HARMONIZED INDEX OF CONSUMER PRICES

- The harmonized index of consumer prices in February 2021 compared to January 2021 was 100.5%, i.e. the monthly inflation is 0.5%.
- The annual inflation in February 2021 compared to February 2020 is 0.2%.
- The annual average inflation, measured by HICP, in the last 12 months (March 2020 - February 2021) compared to the previous 12 months (March 2019 - February 2020) is 0.7%.
- The inflation rate since the beginning of the year (February 2021 compared to December 2020) is 0.6%.

UNEMPLOYMENT

- According to data from the Employment Agency in February 2021, the number of unemployed individuals decreases by 4 469 compared to the previous month. The number of unemployed persons at the end of the month is 225 281.



- The reported unemployment at the end of the month is 6.9%.



UNEMPLOYMENT FORECAST

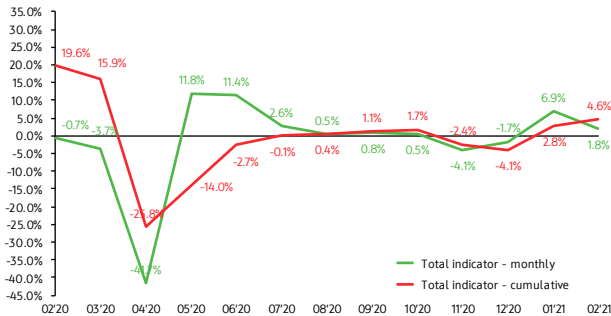
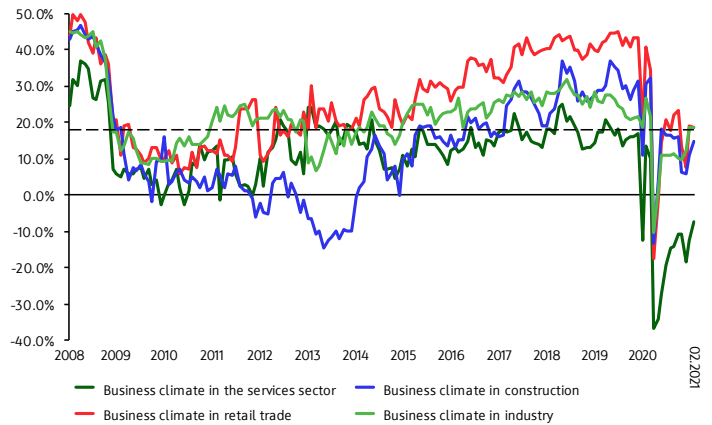
- In February, the number of newly registered unemployed was 21 897, which was by 10 129 people less than January 2021 and with 2 152 people more than to same period of previous year.

	2021	2022
EoP	4.8%	4.3%
EoP	5.3%	4.8%
EoP	5.2%	4.6%
EoP	5.6%	5.0%
EoP	4.5%	4.3%

BUSINESS CLIMATE

During February 2021 the total business climate indicator increases by 1.8 pp compared to January.

- This is mainly due to the more favorable business climate in construction and services.
- Decline in business conjuncture was not observed in any of the sectors during the month, while in industry and retail trade it preserves the level from the previous month.



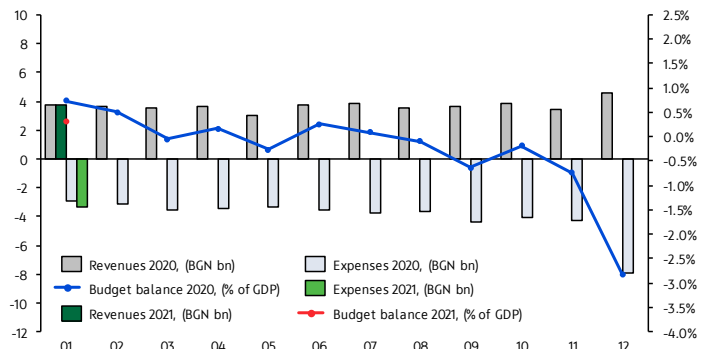
- The most serious difficulties for the activity in all sectors remain the competition in the corresponding sector, uncertain economic environment and lack of labor force.
- Compared to 2008, the indicator registers a growth of 4.6%.

STATE BUDGET

BUDGET BALANCE

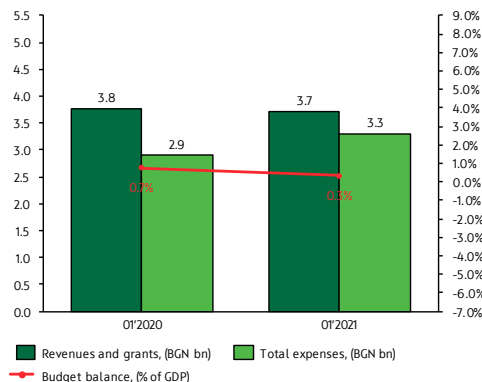
The Consolidated Fiscal Program (CFP) balance on a cash basis at the end of January 2021 is positive amounting to BGN 410 million (0.3% of the forecasted GDP).

- It is formed by a national budget surplus of BGN 483 million and by a deficit of EU funds at the amount of BGN 73 million.
- For comparison, by the end of January 2020, the CFP reports a surplus amounting to BGN 879 million (0.7% of GDP), which means that as a relative share of GDP the budget position worsens by 0.4%.



REVENUES

- The CFP revenues and grants at the end of January 2021 stand at BGN 3 713 million.
- Compared to the same period of the previous year, revenues and grants decrease by BGN 62 million (an annual drop of 1.6%).
- At the end of January, the receivables accounts for 7.8% of the annual estimates, as per the „State Budget Act for 2021“.



COSTS

- The CFP expenditures, including the contribution of the Republic of Bulgaria to the EU budget for January 2021 amounts to BGN 3 303 million.
- The data, reported as of the end of January shows an annual growth of expenditures by 14.1%. As of the end of the month, they were by BGN 407 million higher, compared to the same period of the previous year.
- The expenses reported by the end of January form 6.3% of the annual volume, planned in the „State Budget Act for 2021“.

GOVERNMENT DEBT

- Government debt by the end of January amounts to BGN 27 504 million or 21.8% of the estimated GDP. Compared to the same period of the previous year, the debt increases by BGN 5 403 million (24.4%).

FISCAL RESERVES

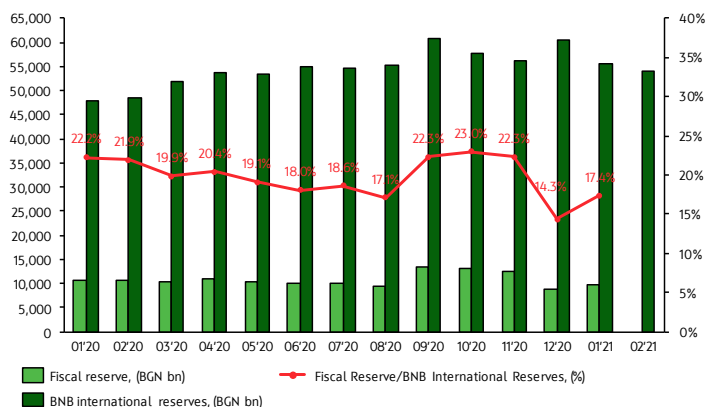
- The total balance of the Fiscal reserve (FR) at the end of January 2021 is BGN 9 667 million.
- The FR deposits in BNB and in banks (excluding receivables under EU Funds for certified expenditure, advance payments and etc.) at the end of January 2021 amounts to BGN 8 562 million.
- In comparison to the previous month, the FR increase by BGN 1 022 million or 11.8%.

FOREIGN EXCHANGE RESERVES

- At the end of February 2021 International reserves of BNB amounts to BGN 53 912 million.
- During the month they decrease by BGN 1 759 million (3.2%).
- Compared to the same period of the previous year, International reserves increase by BGN 5 420 million (11.2%).
- Since the beginning of the year they decrease by BGN 6 422 million or 10.6%.

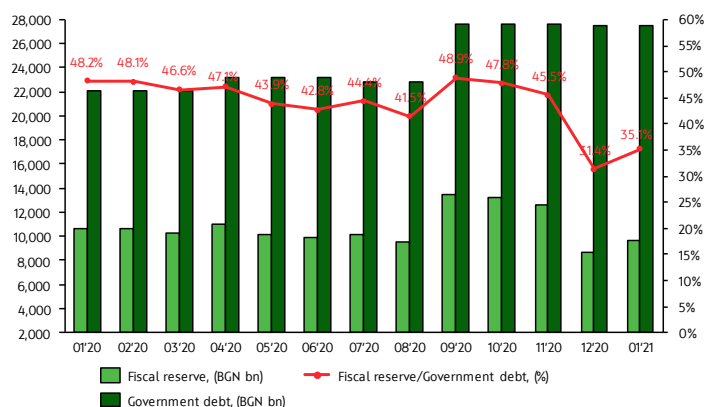
FISCAL RESERVES TO FOREIGN EXCHANGE RESERVES RATIO

- At the end of January 2021, the Fiscal reserve forms 17.4% of the country's International reserves and the indicator reports an increase of 3.0 pp compared to the previous month.



COVERAGE RATIO OF GOVERNMENT DEBT WITH FOREIGN EXCHANGE RESERVES

- At the end of January 2021 the Fiscal reserve covers 35.1% of the Government debt, as the indicator grows by 3.7 pp compared to the previous month.



BALANCE OF PAYMENTS AND DIRECT INVESTMENTS²

CURRENT ACCOUNT

In January - December 2020 the current account is positive and amounts to EUR 68 million (0.1% of GDP), compared with a surplus of EUR 1 847 million (3.0% of GDP) in January - December 2019.



CURRENT ACCOUNT FORECAST

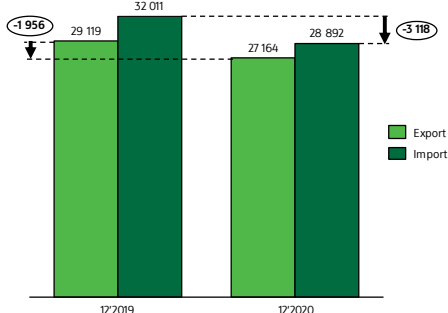
	2021	2022
	1.5%/GDP	1.9%/GDP
	2.6%/GDP	3.3%/GDP
	3.9%/GDP	4.2%/GDP
	4.0%/GDP	4.4%/GDP
	2.1%/GDP	2.2%/GDP

In January - December 2020 the trade balance is negative and amounts to minus EUR 1 729 million (2.9% of GDP), compared with a deficit of minus EUR 2 891 million (4.7% of GDP) in January - December 2019.

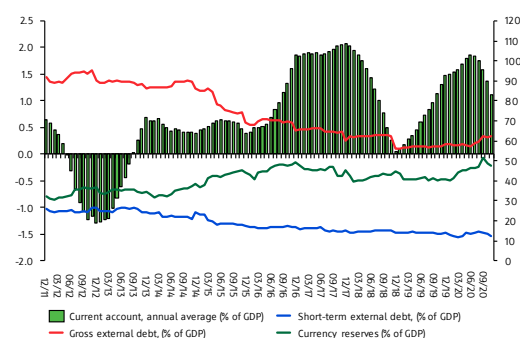
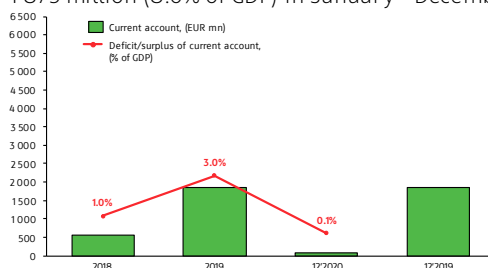
In January - December 2020 exports amounts to EUR 27 164 million, which is an decrease by EUR 1 956 million (6.7%) compared to the same period of 2019 (EUR 29 119 million).

Exports for January - December 2019 grow on an annual basis by 5.0%.

In January - December 2020 imports amounts to EUR 28 892 million, decreasing by EUR 3 118 million (9.7%) compared to the same period of 2019 (EUR 32 011 million). Imports for January - December 2019 grow on an annual basis by 5.1%.

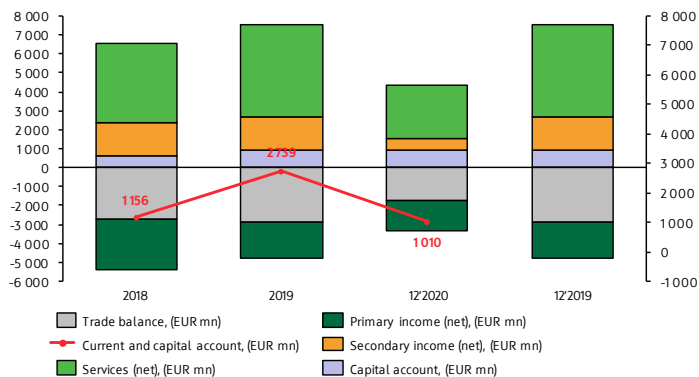


In January - December 2020 the services balance is positive at EUR 2 810 EUR million (4.7% of GDP) against a positive balance EUR 4 875 million (8.0% of GDP) in January - December 2019.



CAPITAL ACCOUNT

In January - December 2020 the capital account is positive, amounting to EUR 942 million (1.6% of GDP) against positive, balance amounting to EUR 892 million (1.5% of GDP) in January - December 2019.



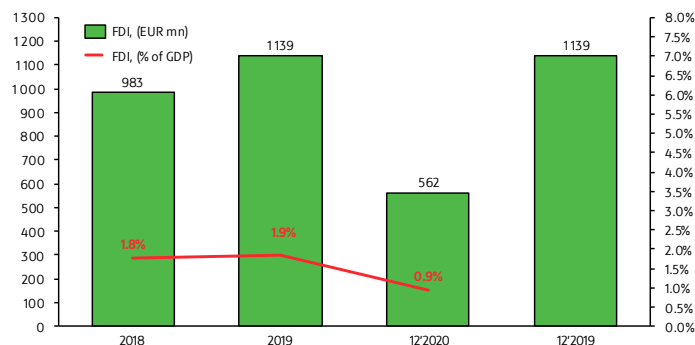
FINANCIAL ACCOUNT

In January - December 2020 the financial account is positive, amounting to EUR 3 748 million (6.2% of GDP) compared to positive, amounting to EUR 2 663 million (4.3% of GDP) for the same period of 2019.

DIRECT INVESTMENTS

Foreign direct investments in Bulgaria for January - December 2020 presented according to the directional principle records a value of EUR 562 million (0.93% of GDP), dropping by EUR 577 million (50.7%) compared to January - December 2019 (value of EUR 1 139 million, 1.9% of GDP).

Foreign direct investments abroad for January - December 2020 record a value of EUR 149 million (0.25% of GDP), dropping by EUR 164 million (52.4%) compared to January - December 2019 (value of EUR 314 million, 0.51% of GDP).

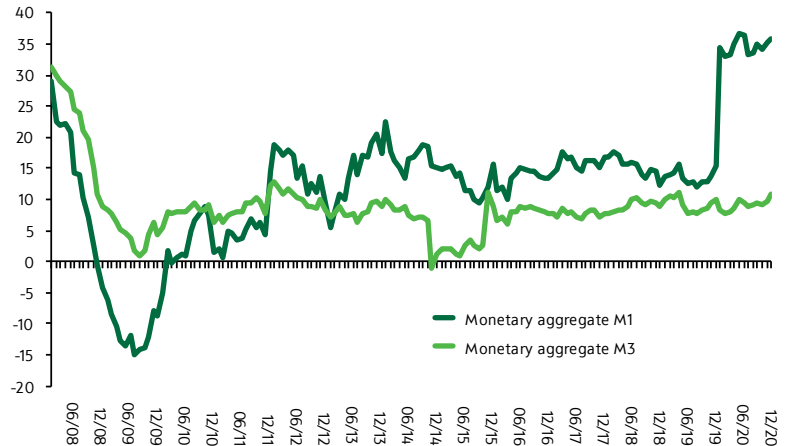


MONETARY, DEPOSITS AND LOANS INDICATORS

MONEY

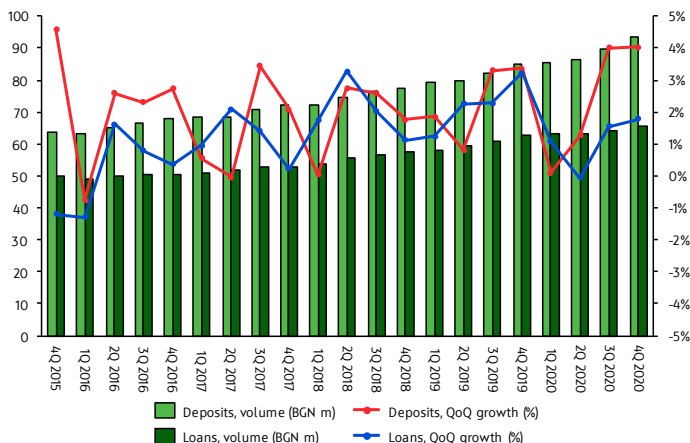
In January 2021 broad money (monetary aggregate M3) increases annually by 12.7% compared to an annual growth of 10.9% in December 2020.

- At the end of January 2021 M3 is BGN 114 369 million (90.7% of GDP) compared to BGN 113 620 million in December 2020 (96.4% of GDP).
- Its most liquid component – monetary aggregate M1 – increases in January 2021 by 17.1% on an annual basis (an annual growth of 35.8% in December 2020).
- Quasi-money reports an increase of 1.9% on an annual basis, as their volume reaches BGN 29 865 million.



DEPOSITS

- At the end of January 2021 deposits of the non-government sector reach BGN 94 089 million (74.6% of GDP) and increasing by 11.9% on an annual basis (in December 2020 they report annual growth of 9.7%).
- Deposits of the non-financial enterprises amount to BGN 29 253 million (23.2% of GDP) at the end of January 2021. Compared to the same month of 2020 they increase by 13.5% (in December 2020 report an annual growth of 10.5%).
- Deposits of the financial corporations are BGN 3 225 million (2.6% of GDP) at the end of January 2021, and on annual basis increase by 25.4% (in December 2020 report an annual growth of 2.0%).
- Deposits of households and NPISHs reach BGN 61 612 million (48.9% of GDP) at the end of January 2021. They increase by 10.5% compared to the same month of 2020 (in December 2020 report an annual growth of 9.7%).



LOANS³

- At the end of January 2021 loans to the non-government sector amount to BGN 65 747 million (52.2% of GDP) compared to BGN 65 456 million in December 2020 (55.5% of GDP). In January 2021 they increase by 4.6% on an annual basis (in December 2020 report an annual growth of 4.4%).
- As January 2021 loans to non-financial enterprises amount to BGN 35 869 million (28.5% of GDP). Compared to the same period of 2020 they increase by 3.4% (by December 2020 report an annual growth of 3.0%).
- At the end of January 2021 loans to households and NPISHs reach BGN 25 576 million (20.3% of GDP). On annual basis they increase by 6.3% (in December 2020 report an annual growth of 6.6%).
- Housing loans are BGN 12 071 million and increase by 11.4% compared to January 2020 (as of December 2020 the annual increase is 11.6%).
- Consumer loans amount to BGN 11 947 million and report an increase of 4.7% on an annual basis (by the end of December 2020 they increase by 5.0% compared to the same period of the previous year).
- Other loans amount to BGN 395 million and on an annual basis they decrease by 25.5% compared to January 2020 (in December 2020 report an annual drop of 21.4%).

PREPARED BY

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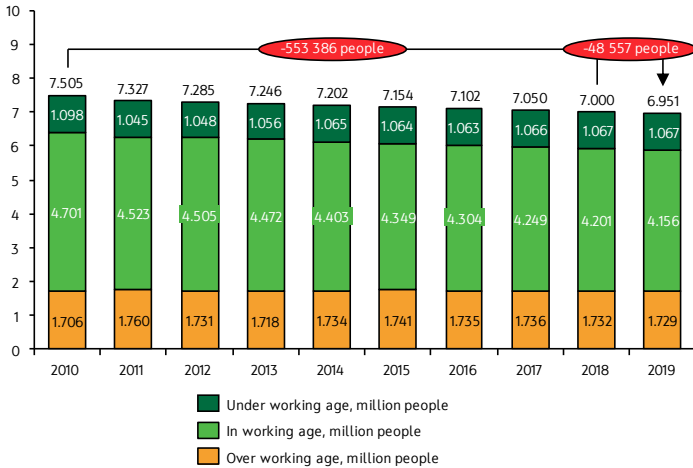
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³The other loans indicator also includes loans granted to associations of owners in accordance with the National Program for Energy Efficiency of Multi-family Residential Buildings.

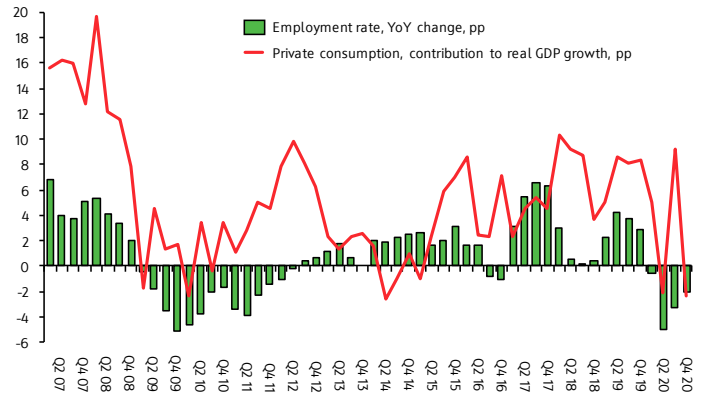
ADDITIONAL INFORMATION

POPULATION AND EMPLOYMENT

- Population structure.

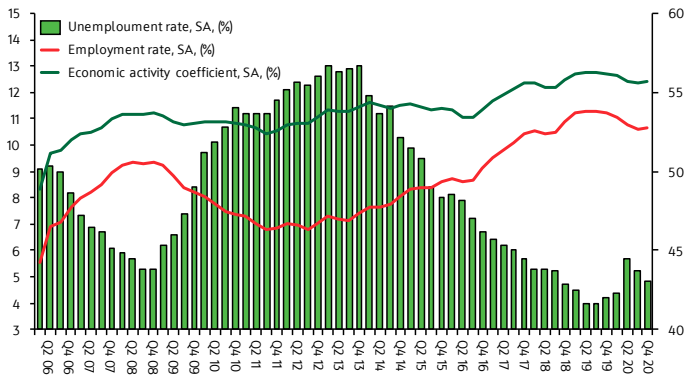


- Individual consumption and employment rate.

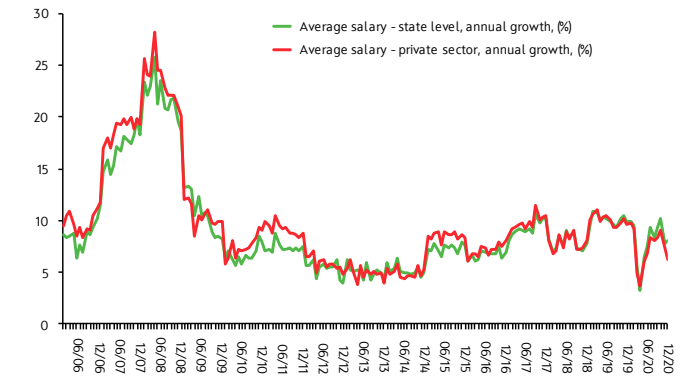


LABOR MARKET

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

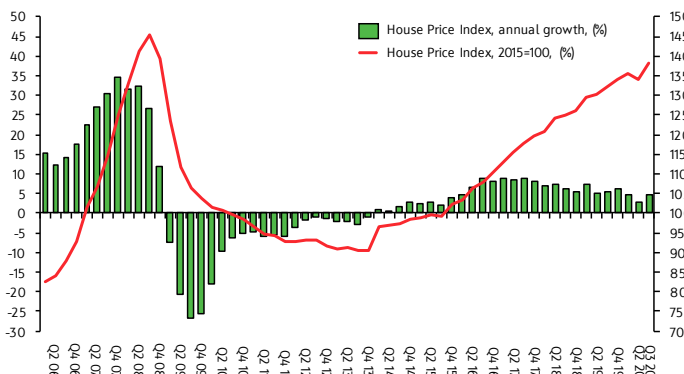


- Annual average wage growth in private sector and on a state level.



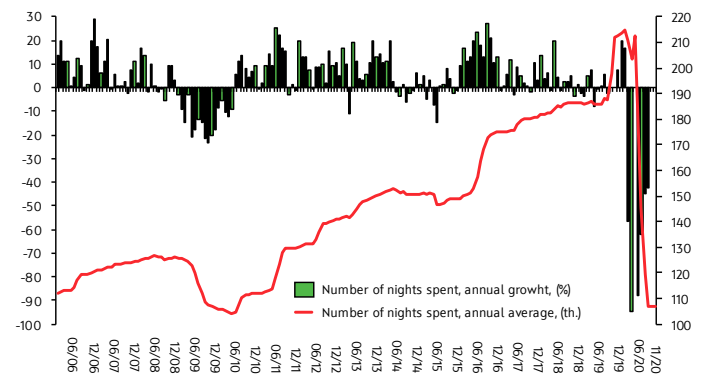
REAL ESTATES

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

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