

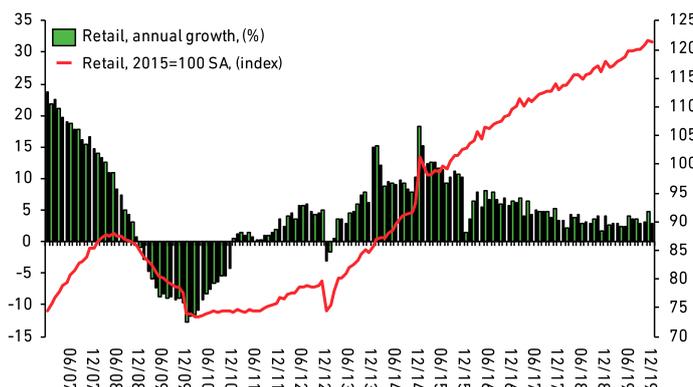
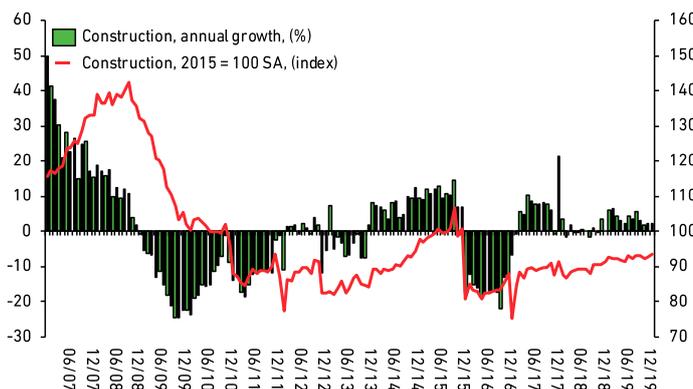
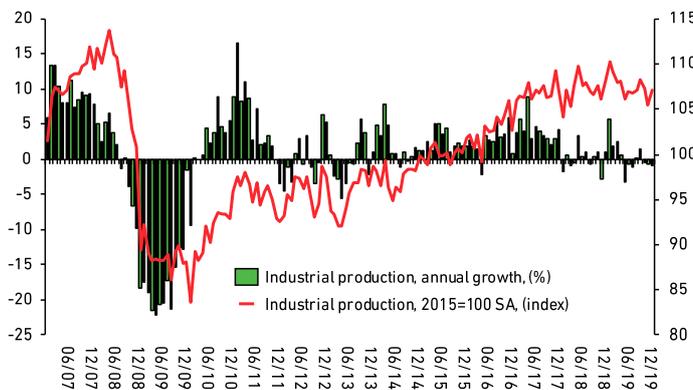


Macroeconomic bulletin

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 ↓ 0.1%	02/20
	ANNUAL INFLATION ↓ 3.7%	02/20
	UNEMPLOYMENT ↑ 6.3%	01/20
	NOMINAL GDP ↑ 118.7 BGN bn	2019
	REAL GDP GROWTH ↑ 3.4%	2019
	CONSOLIDATED BUDGET ↑ 0.7% of GDP	01/20
	CURRENT ACCOUNT ↓ +0.2% of GDP	01/20
	TRADE BALANCE ↑ -0.1% of GDP	01/20
	EXPORTS ANNUAL GROWTH ↑ 8.0%	01/20
	IMPORTS ANNUAL GROWTH ↑ 8.2%	01/20

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.

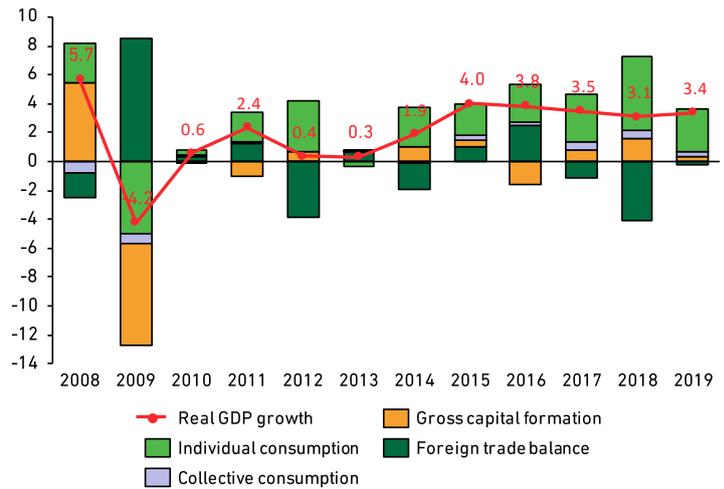
■ According to the preliminary data Gross Domestic Product at current prices for the fourth quarter of 2019 is BGN 32 682 million.

■ 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 fourth quarter of 2019 amounted to BGN 28 359 million at current prices.

INFLATION

CONSUMER PRICE INDEX

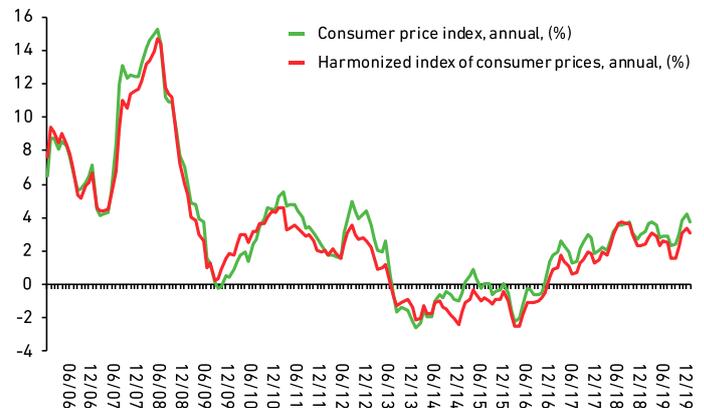
The consumer price index in February 2020 compared to January 2020 is 100.1%, i.e. the monthly inflation is 0.1%.

■ The annual inflation in February 2020 compared to February 2019 is 3.7%.

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

■ The inflation rate since the beginning of the year (February 2020 compared to December 2019) is 1.0%.

■ During the month, the highest increase is reported in the prices of sector "Restaurants and hotels" (a growth of 0.7%). The highest decline is recorded in the prices of sector "Clothing and footwear" (a drop of 2.0%). Varied price changes are observed for other user groups, but relatively close to the levels from the previous month.



HARMONIZED INDEX OF CONSUMER PRICES

■ The harmonized index of consumer prices in February 2020 compared to January 2020 was 100.0%, i.e. the monthly inflation is 0.0%.

■ The annual inflation in February 2020 compared to February 2019 is 3.1%.

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

■ The inflation rate since the beginning of the year (February 2020 compared to December 2019) is 0.5%.

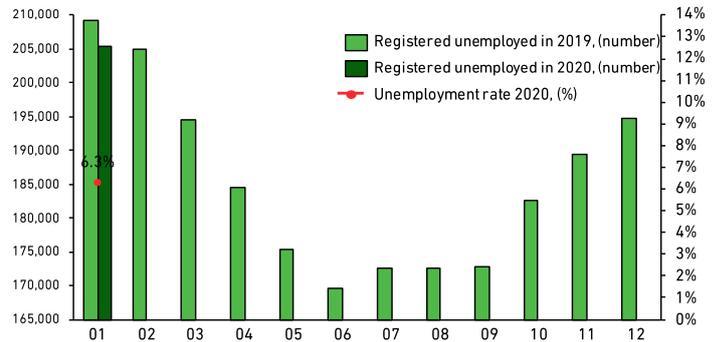
¹The indicators, presented in relative share to the Gross Domestic Product, are calculated at a forecasted annual GDP of BGN 127 126 million for 2020 and actual GDP of BGN 118 699 million for 2019.

UNEMPLOYMENT

■ According to data from the Employment Agency in January 2020, the number of unemployed individuals increases by 10 609 compared to the previous month. The number of unemployed persons at the end of the month is 205 324.

■ The reported unemployment at the end of the month is 6.3%.

■ Unemployment in Bulgaria (according to Eurostat) is 4.5% at the end of January 2020. During the same period last year, unemployment is 5.1% or reports a decrease of 0.6 pp.

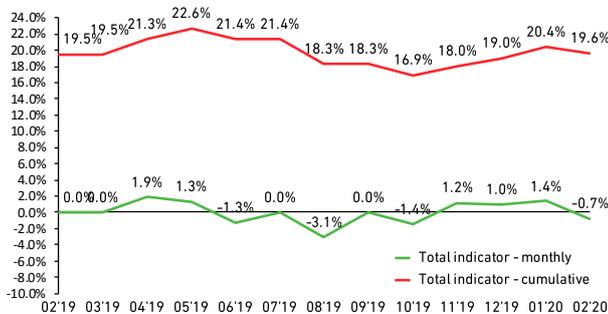
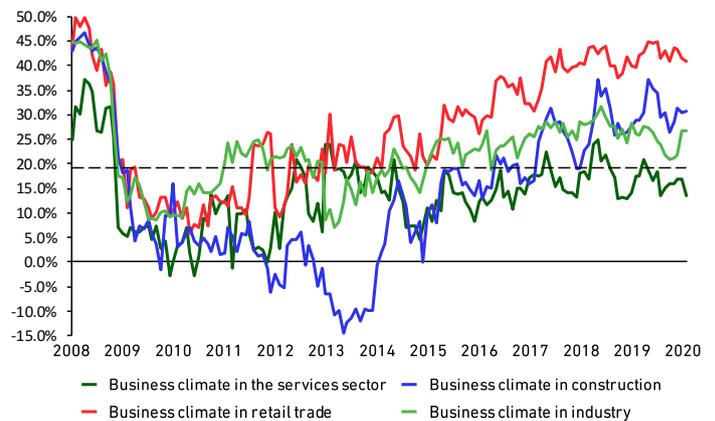


BUSINESS CLIMATE

■ During February 2020 the total business climate indicator decreases by 0.7 pp compared to January.

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

■ The business conjuncture in construction reports an increase during the month, while in industry 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 labour force.

■ Compared to 2008, the indicator registers a growth of 19.6%.

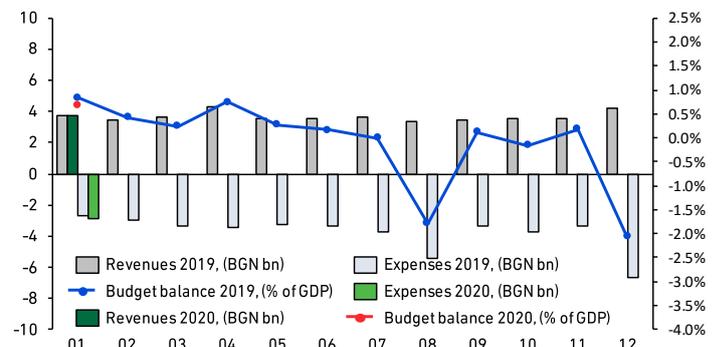
STATE BUDGET

BUDGET BALANCE

■ The Consolidated Fiscal Program (CFP) balance on a cash basis at the end of January 2020 is positive amounting to BGN 879 million (0.7% of the forecasted GDP).

■ It is formed by a national budget surplus of BGN 967 million and by a deficit of EU funds at the amount of BGN 89 million.

■ For comparison, by the end of January 2019, the CFP reports a surplus amounting to BGN 1 006 million (0.8% of GDP), which means that as a relative share of GDP the budget position



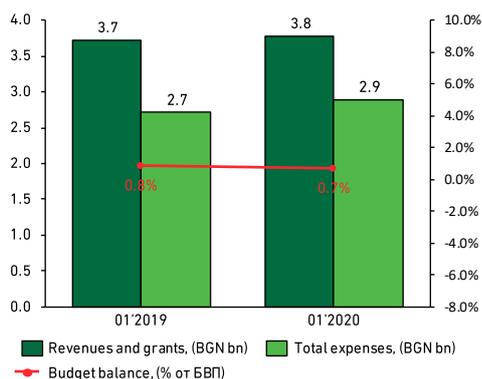
worsens by 0.2%.

REVENUES

■The CFP revenues and grants at the end of January 2020 stand at BGN 3 775 million.

■Compared to the same period of the previous year, revenues and grants increase by BGN 57 million (an annual growth of 1.5%).

■At the end of January, the receivables accounts for 8.1% of the annual estimates, as per the „State Budget Act for 2020“.



FISCAL RESERVES

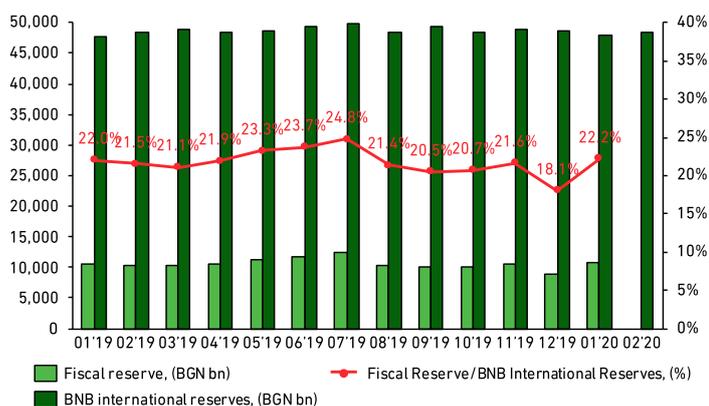
■The total balance of the Fiscal reserve (FR) at the end of January 2020 is BGN 10 662 million.

■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 2020 amounts to BGN 9 273 million.

■In comparison to the previous month, the FR increase by BGN 1 894 million or 21.6%.

FISCAL RESERVES TO FOREIGN EXCHANGE RESERVES RATIO

■At the end of January 2020, the Fiscal reserve forms 22.2% of the country's International reserves and the indicator reports an increase of 4.2 pp compared to the previous month.



COSTS

■The CFP expenditures, including the contribution of the Republic of Bulgaria to the EU budget for January 2020 amounts to BGN 2 896 million.

■The data, reported as of the end of January shows an annual growth of expenditures by 6.8%. As of the end of the month, they were by BGN 184 million higher, compared to the same period of the previous year.

■The expenses reported by the end of January form 6.2% of the annual volume, planned in the „State Budget Act for 2020“.

GOVERNMENT DEBT

■Government debt by the end of January 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 779 million (3.7%).

FOREIGN EXCHANGE RESERVES

■At the end of February 2020 International reserves of BNB amounts to BGN 48 492 million.

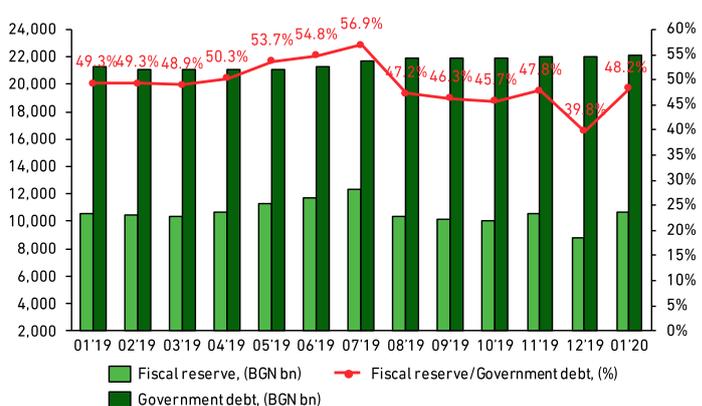
■During the month they increase by BGN 544 million (1.1%).

■Compared to the same period of the previous year, International reserves increase by BGN 52 million (0.1%).

■Since the beginning of the year they decrease by BGN 82 million or 0.2%.

COVERAGE RATIO OF GOVERNMENT DEBT WITH FOREIGN EXCHANGE RESERVES

■At the end of January 2020 the Fiscal reserve covers 48.2% of the Government debt, as the indicator grows by 8.4 pp compared to the previous month.



BALANCE OF PAYMENTS AND DIRECT INVESTMENTS²

CURRENT ACCOUNT

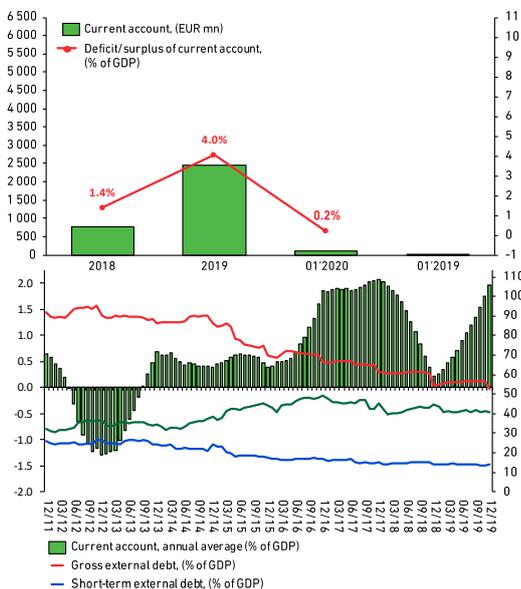
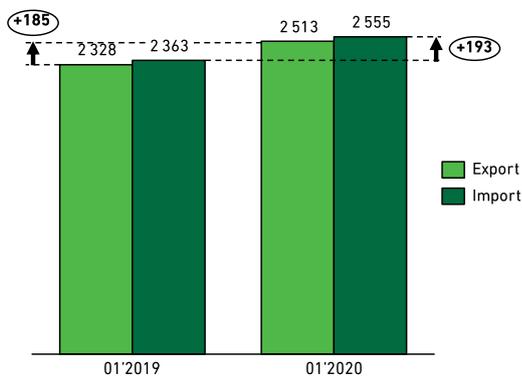
In January 2020 the current account is positive and amounts to EUR 115 million (0.2% of GDP), compared with a surplus of EUR 8 million (0.0% of GDP) in January 2019.

In January 2020 the trade balance is negative and amounts to minus EUR 42 million (0.1% of GDP), compared with a deficit of minus EUR 35 million (0.1% of GDP) in January 2019.

In January 2020 exports amounts to EUR 2 513 million, which is an increase of EUR 185 million (8.0%) compared to the same period of 2019 (EUR 2 328 million). Exports for January 2019 grow on an annual basis by 6.6%.

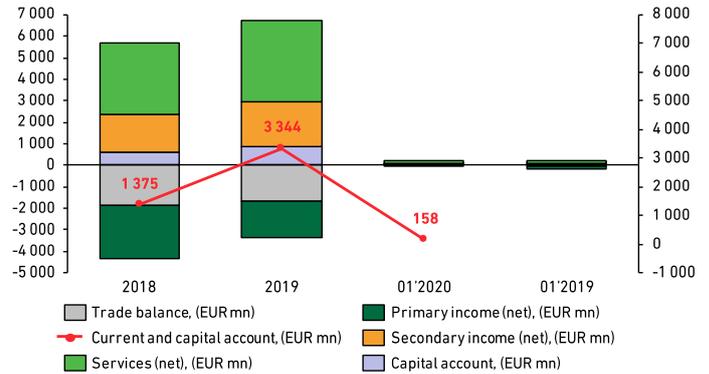
In January 2020 imports amounts to EUR 2 555 million, increasing by EUR 193 million (8.2%) compared to the same period of 2019 (EUR 2 363 million). Imports for January 2019 grow on an annual basis by 0.2%.

In January 2020 the services balance is positive at EUR 142 million (0.2% of GDP) against a positive balance EUR 139 million (0.2% of GDP) in January 2019.



CAPITAL ACCOUNT

In January 2020 the capital account is positive, amounting to EUR 43 million (0.1% of GDP) against positive, balance amounting to EUR 61 million (0.1% of GDP) in January 2019.



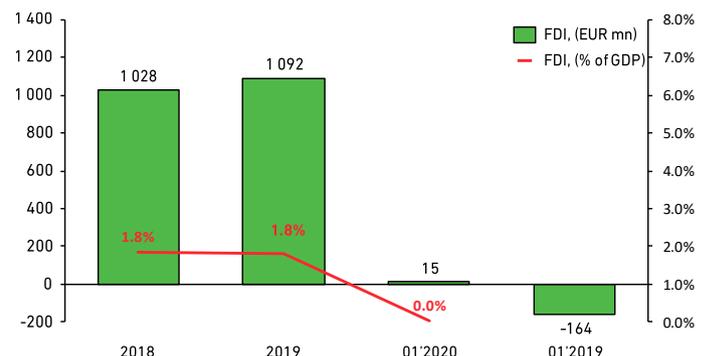
FINANCIAL ACCOUNT

In January 2020 the financial account is positive, amounting to EUR 61 million (0.1% of GDP) compared to negative, amounting to EUR minus 124 million (0.2% of GDP) for the same period of 2019.

DIRECT INVESTMENTS

Foreign direct investments in Bulgaria for January 2020 presented according to the directional principle records a value of EUR 15 million (0.02% of GDP), growing by EUR 179 million (109.1%) compared to January 2019 (negative value of minus EUR 164 million, 0.3% of GDP).

Foreign direct investments abroad for January 2020 record a value of EUR 3 million (0.00% of GDP), growing by EUR 24 million (111.8%) compared to January 2019 (negative value of minus EUR 21 million, 0.04% of GDP).



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

MONETARY, DEPOSITS AND LOANS INDICATORS

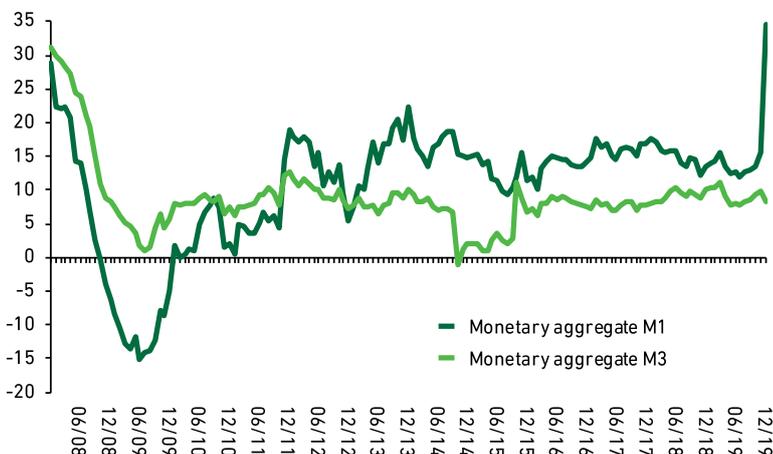
MONEY

In January 2020 broad money (monetary aggregate M3) increases annually by 8.3% compared to an annual growth of 9.9% in December 2019.

■ At the end of January 2020 M3 is BGN 101 480 million (79.8% of GDP) compared to BGN 102 469 million in December 2019 (85.8% of GDP).

■ Its most liquid component – monetary aggregate M1 - increases in January 2020 by 34.5% on an annual basis (an annual growth of 15.5% in December 2019).

■ Quasi-money reports a decrease of 26.9% on an annual basis, as their volume reaches BGN 29 310 million.



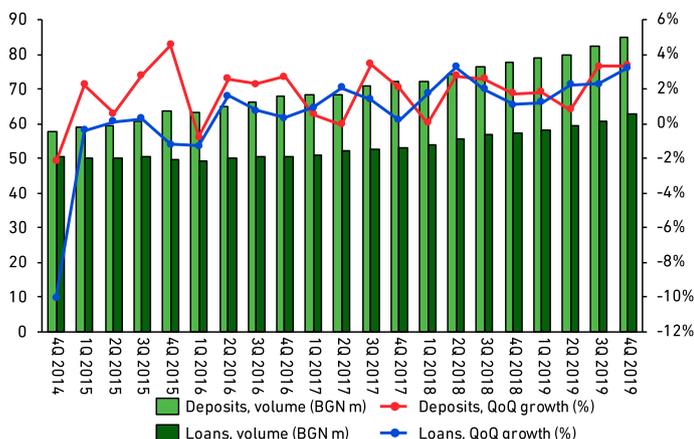
DEPOSITS

■ At the end of January 2020 deposits of the non-government sector reach BGN 84 100 million (66.2% of GDP) and increasing by 7.9% on an annual basis (in December 2019 they report annual growth of 9.7%).

■ Deposits of the non-financial enterprises amount to BGN 25 768 million (20.3% of GDP) at the end of January 2020. Compared to the same month of 2019 they increase by 11.8% (in December 2019 report an annual growth of 14.3%).

■ Deposits of the financial corporations are BGN 2 572 million (2.0% of GDP) at the end of January 2020, and on annual basis decrease by 21.8% (in December 2019 report an annual growth of 2.4%).

■ Deposits of households and NPISHs reach BGN 55 761 million (43.9% of GDP) at the end of January 2020. They increase by 8.0% compared to the same month of 2019 (in December 2019 report an annual growth of 8.0%).



LOANS³

■ At the end of January 2020 loans to the non-government sector amount to BGN 62 879 million (49.5% of GDP) compared to BGN 62 696 million in December 2020 (52.5% of GDP). In January 2020 they increase by 9.0% on an annual basis (in December 2019 report an annual growth of 9.3%).

■ As January 2020 loans to non-financial enterprises amount to BGN 34 689 million (27.3% of GDP). Compared to the same period of 2019 they increase by 5.4% (by December 2019 report an annual growth of 5.9%).

■ At the end of January 2020 loans to households and NPISHs reach BGN 24 069 million (18.9% of GDP). On annual basis they increase by 10.0% (in December 2019 report an annual growth of 9.5%).

■ Housing loans are BGN 10 833 million and increase by 14.8% compared to January 2019 (as of December 2019 the annual increase is 14.5%).

■ Consumer loans amount to BGN 11 408 million and report an increase of 11.2% on an annual basis (by the end of December 2019 they increase by 10.8% compared to the same period of the previous year).

■ Other loans amount to BGN 531 million and on an annual basis they decrease by 38.4% compared to January 2019 (in December 2019 report an annual drop of 40.9%).

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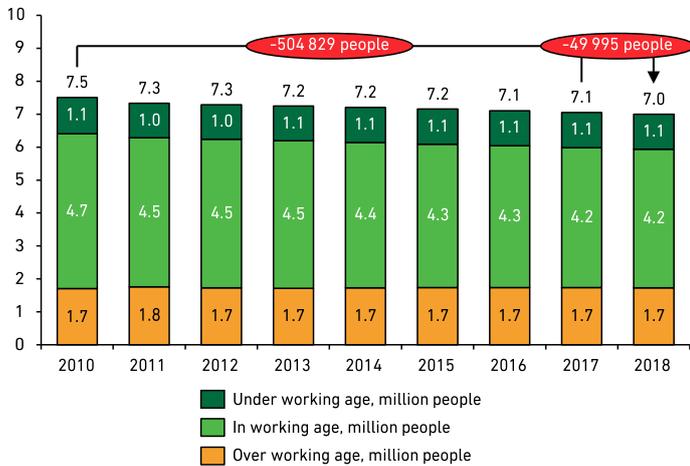
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³The other loans indicator also includes loans granted to associations of owners in accordance with the National Program for Energy Efficiency of Multi-family Residential Buildings.

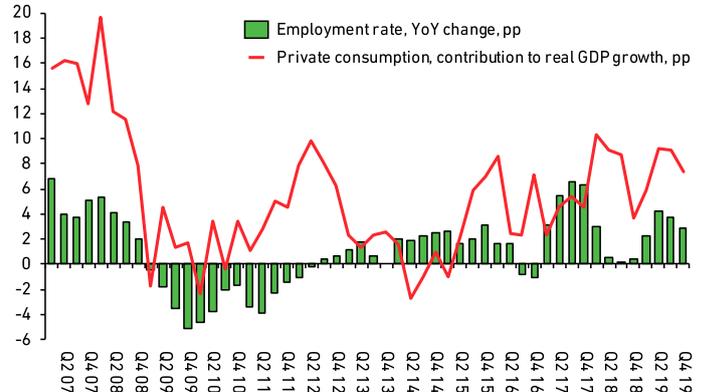
ADDITIONAL INFORMATION

POPULATION AND EMPLOYMENT

Population structure.

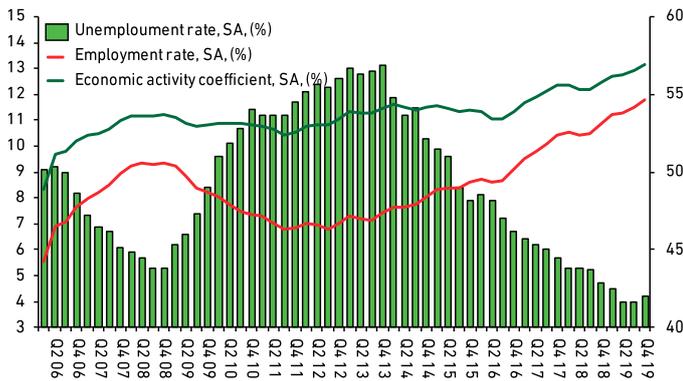


Individual consumption and employment rate.

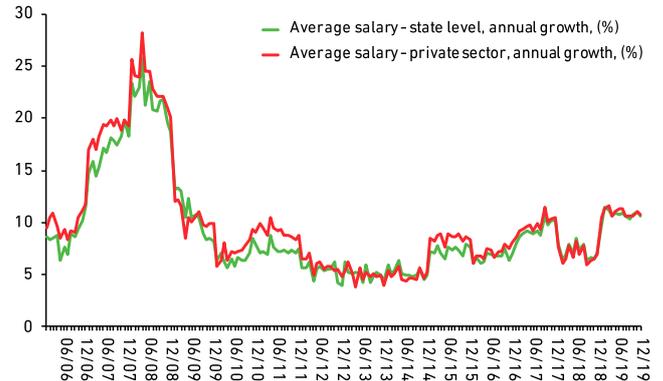


LABOR MARKET

Unemployment, employment and economic activity rates according to Eurostat.

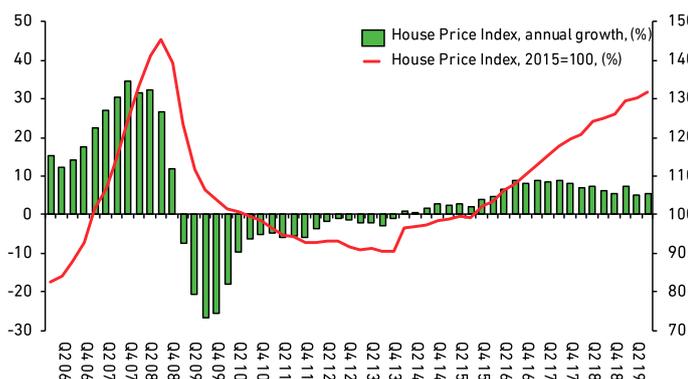


Annual average wage growth in private sector and on a state level.



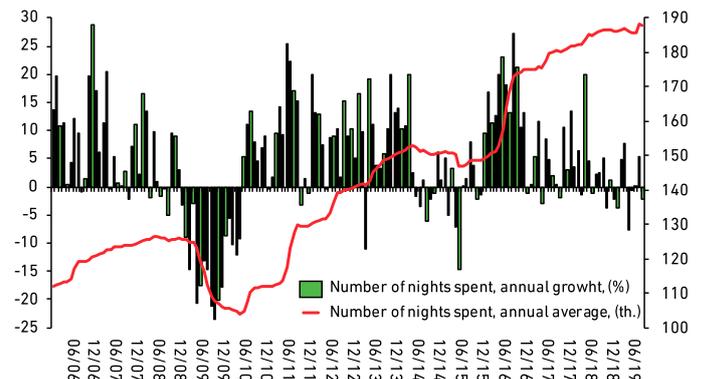
REAL ESTATES

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



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  **Eurostat**

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