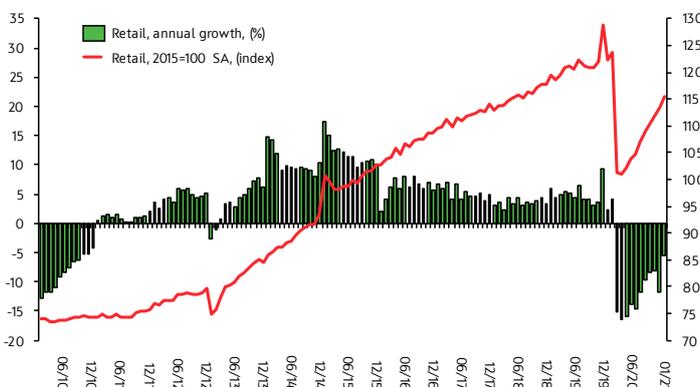
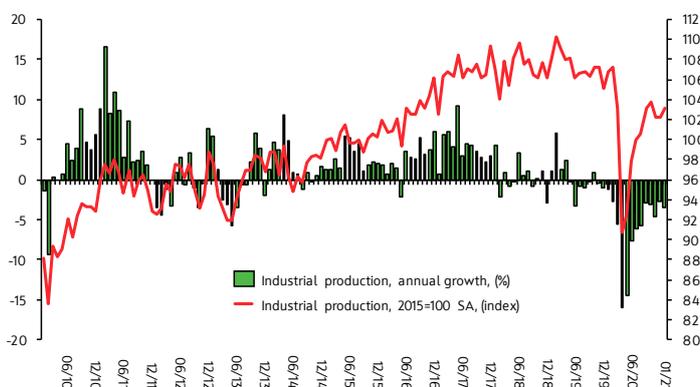
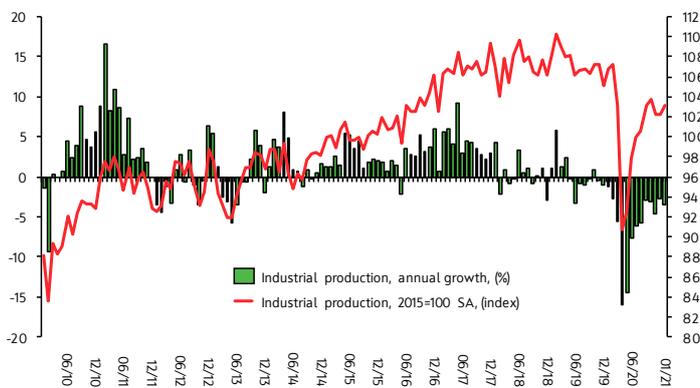


Macroeconomic bulletin

ISSUE 51 • MARCH 2021

BUSINESS ENVIRONMENT INDICATORS

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



	MONTHLY INFLATION	
MOM	↓ 0.1%	03/21
	ANNUAL INFLATION	
YoY	↑ 0.6%	03/21
	UNEMPLOYMENT	
	↓ 6.5%	03/21
	NOMINAL GDP	
	↓ 118.6 BGN bn	2020
	REAL GDP GROWTH	
	↓ -4.2%	2020
	CONSOLIDATED BUDGET	
	↓ 0.02% OF GDP	02/21
	CURRENT ACCOUNT	
	↑ 0.7% OF GDP	02/21
	TRADE BALANCE	
	↓ -0.2% OF GDP	02/21
	EXPORTS ANNUAL GROWTH	
	↑ 0.8%	02/21
	IMPORTS ANNUAL GROWTH	
	↑ -0.3%	02/21

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

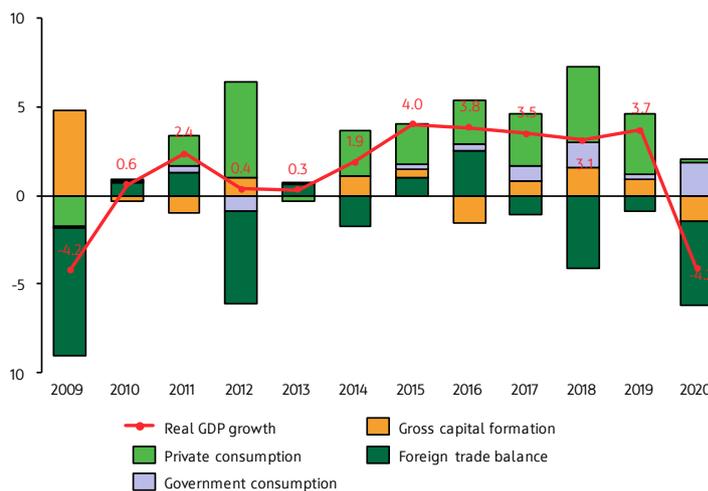
2021 2022

	3.3%	4.7%
	2.5%	3.0%
	4.4%	4.4%
	2.7%	4.9%
	3.8%	3.9%

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%.

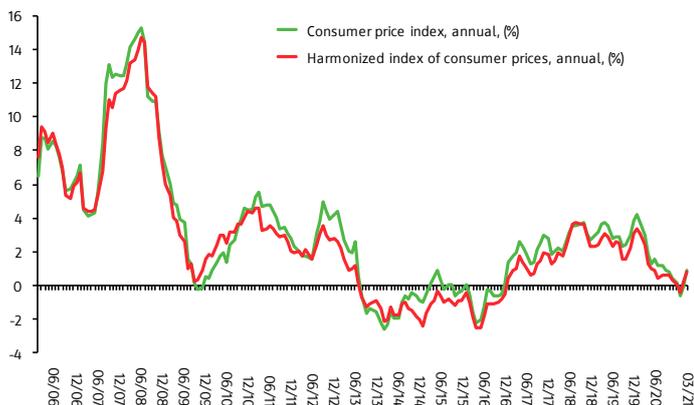
- Gross value added for 2020 at current prices amounts to BGN 102 649 million, and increases in real terms by 4.3% in comparison to 2019.
- The relative share of industrial sector in GVA is 26.5%, and reports an increase of 1.5 pp compared to 2019. The service sector creates 69.5% of the total GVA, while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

INFLATION

CONSUMER PRICE INDEX

The consumer price index in March 2021 compared to February 2021 is 100.1%, i.e. the monthly inflation is 0.1%.

- The annual inflation in March 2021 compared to March 2020 is 0.6%.
- The annual average inflation, measured by CPI, in the last 12 months (April 2020 - March 2021) compared to the previous 12 months (April 2019 - March 2020) is 0.8%.
- The inflation rate since the beginning of the year (March 2021 compared to December 2020) is 0.9%.



INFLATION FORECAST

2021 2022

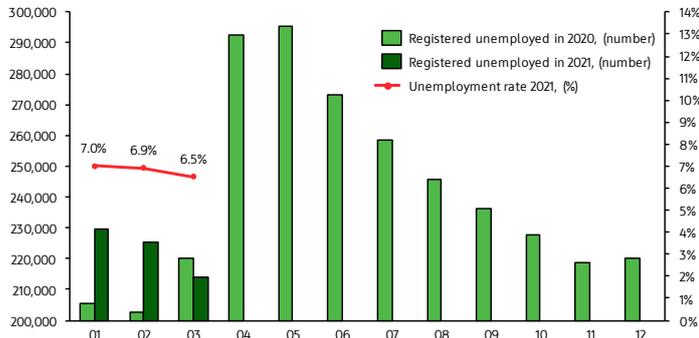
	AVG	1.7%	2.1%
	EOP	2.1%	2.6%
	AVG	1.0%	2.0%
	AVG	1.7%	1.8%
	AVG	3.0%	0.7%

HARMONIZED INDEX OF CONSUMER PRICES

- During the month, the highest increase is reported in the prices of sector "Transport" (a growth of 3.0%). The highest decline is recorded in the prices of sector "Recreation and culture" (a drop of 3.0%). Varied price changes are observed for other user groups, but relatively close to the levels from the previous month.
- The harmonized index of consumer prices in March 2021 compared to February 2021 was 100.2%, i.e. the monthly inflation is 0.2%.
- The annual inflation in March 2021 compared to March 2020 is 0.8%.
- The annual average inflation, measured by HICP, in the last 12 months (April 2020 - March 2021) compared to the previous 12 months (April 2019 - March 2020) is 0.5%.
- The inflation rate since the beginning of the year (March 2021 compared to December 2020) is 0.8%.

UNEMPLOYMENT

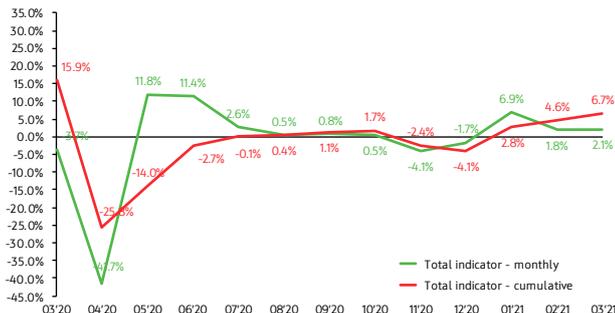
- According to data from the Employment Agency in March 2021, the number of unemployed individuals decreases by 11 229 compared to the previous month. The number of unemployed persons at the end of the month is 214 052.



BUSINESS CLIMATE

During March 2021 the total business climate indicator increases by 2.1 pp compared to February.

- 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.



STATE BUDGET

BUDGET BALANCE

The Consolidated Fiscal Program (CFP) balance on a cash basis at the end of February 2021 is positive amounting to BGN 24 million (0.02% of the forecasted GDP).

- It is formed by a national budget deficit of BGN 58 million and by a surplus of EU funds at the amount of BGN 82 million.
- For comparison, by the end of February 2020, the CFP reports a surplus amounting to BGN 1 480 million (1.2% of GDP), which means that as a relative share of GDP the budget position

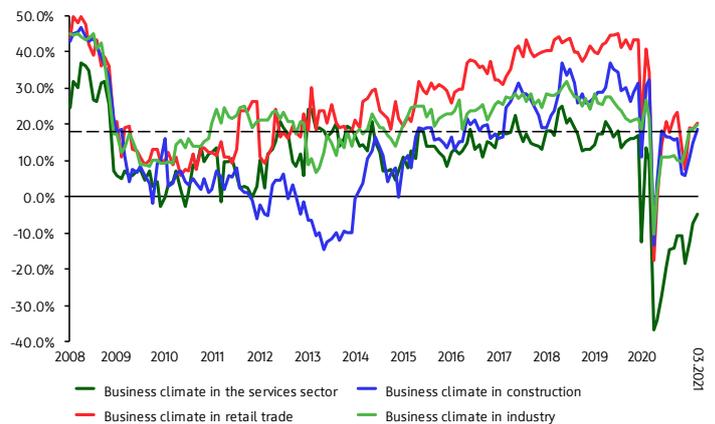
- The reported unemployment at the end of the month is 6.5%.



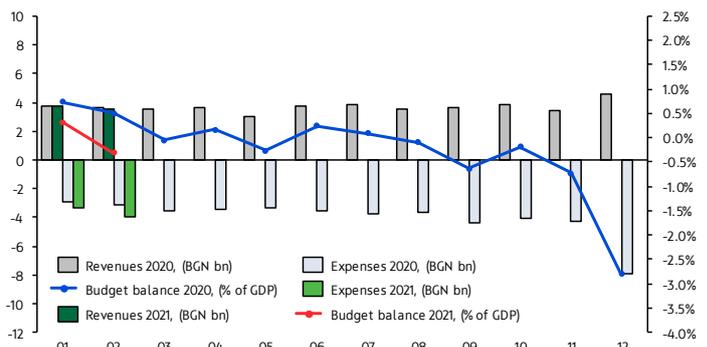
UNEMPLOYMENT FORECAST

- In March, the number of newly registered unemployed was 25 179, which was by 282 people more than February 2021 and with 13 690 people more than to same period of previous year.

	2021	2022
otpbank	EoP 6.4%	5.9%
otpbank	EoP 5.2%	4.6%
otpbank	EoP 4.8%	4.4%
otpbank	EoP 5.6%	5.0%
otpbank	EoP 5.1%	4.6%



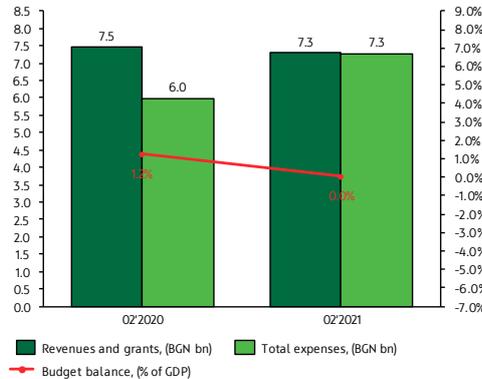
- The most serious difficulties for the activity in all sectors remain the competition in the corresponding sector, uncertain economic environment and lack of labor force.
- Compared to 2008, the indicator registers a growth of 6.7%.



worsens by 1.2%.

REVENUES

- The CFP revenues and grants at the end of February 2021 stand at BGN 7 294 million.
- Compared to the same period of the previous year, revenues and grants decrease by BGN 170 million (an annual drop of 2.3%).
- At the end of February, the receivables accounts for 15.3% 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 February 2021 amounts to BGN 7 270 million.
- The data, reported as of the end of February shows an annual growth of expenditures by 21.5%. As of the end of the month, they were by BGN 1 286 million higher, compared to the same period of the previous year.
- The expenses reported by the end of February form 13.8% of the annual volume, planned in the „State Budget Act for 2021“.

GOVERNMENT DEBT

- Government debt by the end of February amounts to BGN 27 520 million or 21.8% of the estimated GDP. Compared to the same period of the previous year, the debt increases by BGN 5 417 million (24.5%).

FISCAL RESERVES

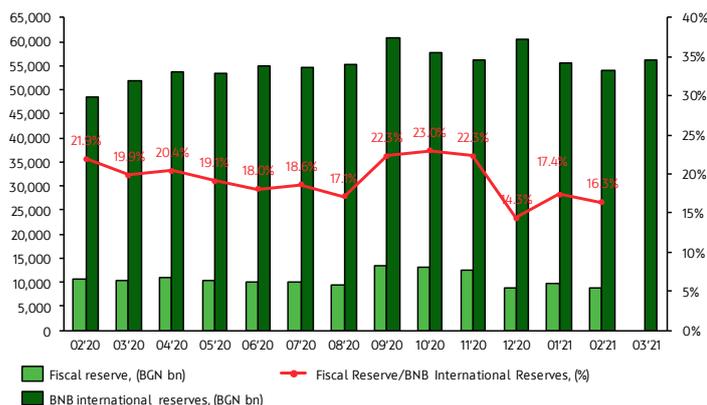
- The total balance of the Fiscal reserve (FR) at the end of February 2021 is BGN 8 814 million.
- The FR deposits in BNB and in banks (excluding receivables under EU Funds for certified expenditure, advance payments and etc.) at the end of February 2021 amounts to BGN 8 496 million.
- In comparison to the previous month, the FR decrease by 853 BGN million or 8.8%.

FOREIGN EXCHANGE RESERVES

- At the end of March 2021 International reserves of BNB amounts to BGN 56 094 million.
- During the month they increase by BGN 2 181 million (4.0%).
- Compared to the same period of the previous year, International reserves increase by BGN 4 259 million (8.2%).
- Since the beginning of the year they decrease by BGN 4 240 million or 7.0%.

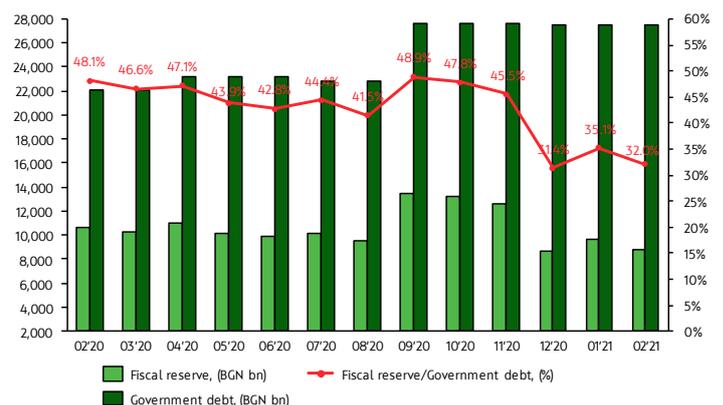
FISCAL RESERVES TO FOREIGN EXCHANGE RESERVES RATIO

- At the end of February 2021, the Fiscal reserve forms 16.3% of the country's International reserves and the indicator reports a decrease of 1.0 pp compared to the previous month.



COVERAGE RATIO OF GOVERNMENT DEBT WITH FOREIGN EXCHANGE RESERVES

- At the end of February 2021 the Fiscal reserve covers 32.0% of the Government debt, as the indicator drops by 3.1 pp compared to the previous month.



BALANCE OF PAYMENTS AND DIRECT INVESTMENTS²

CURRENT ACCOUNT

In January – February 2021 the current account is positive and amounts to EUR 436 million (0.7% of GDP), compared with a surplus of EUR 484 million (0.8% of GDP) in January – February 2020.

CURRENT ACCOUNT FORECAST

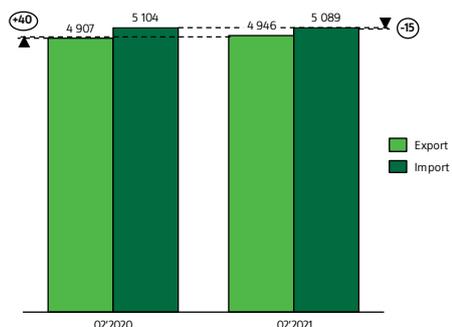
	2021	2022
	1.5%/GDP	1.9%/GDP
	3.9%/GDP	4.2%/GDP
	1.4%/GDP	1.2%/GDP
	4.0%/GDP	4.4%/GDP
	2.0%/GDP	3.5%/GDP

In January – February 2021 the trade balance is negative and amounts to minus EUR 142 million (0.2% of GDP), compared with a deficit of minus EUR 197 million (0.3% of GDP) in January – February 2020.

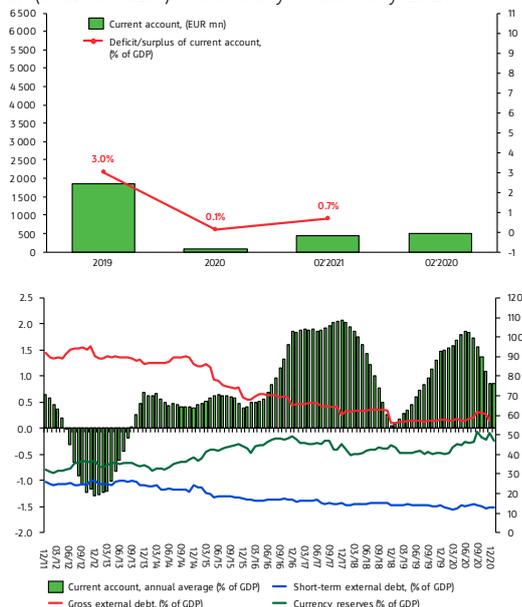
In January – February 2021 exports amounts to EUR 4 946 million, which is an increase of EUR 40 million (0.8%) compared to the same period of 2020 (EUR 4 907 million).

Exports for January – February 2020 grow on an annual basis by 6.1%.

In January – February 2021 imports amounts to EUR 5 089 million, decreasing by EUR 15 million (0.3%) compared to the same period of 2020 (EUR 5 104 million). Imports for January – February 2020 grow on an annual basis by 1.6%.

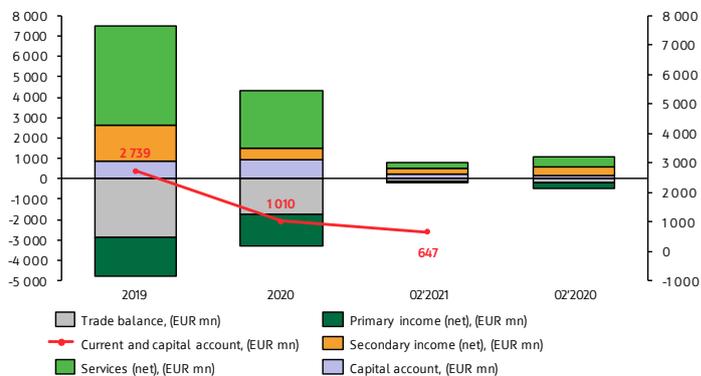


In January – February 2021 the services balance is positive at EUR 301 million (0.5% of GDP) against a positive balance EUR 484 million (0.8% of GDP) in January – February 2020.



CAPITAL ACCOUNT

In January – February 2021 the capital account is positive, amounting to EUR 211 million (0.3% of GDP) against positive, balance amounting to EUR 158 million (0.3% of GDP) in January – February 2020.



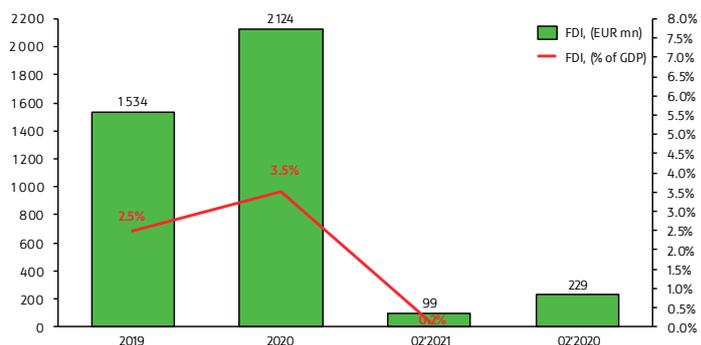
FINANCIAL ACCOUNT

In January – February 2021 the financial account is positive, amounting to EUR 1 032 million (1.6% of GDP) compared to positive, amounting to EUR 597 million (1.0% of GDP) for the same period of 2020.

DIRECT INVESTMENTS

Foreign direct investments in Bulgaria for January – February 2021 presented according to the directional principle records a value of EUR 99 million (0.15% of GDP), dropping by EUR 130 million (56.9%) compared to January – February 2020 (value of EUR 229 million, 0.4% of GDP).

Foreign direct investments abroad for January – February 2021 record a value of EUR 10 million (0.02% of GDP), dropping by EUR 16 million (61.5%) compared to January – February 2020 (value of EUR 26 million, 0.04% of GDP).

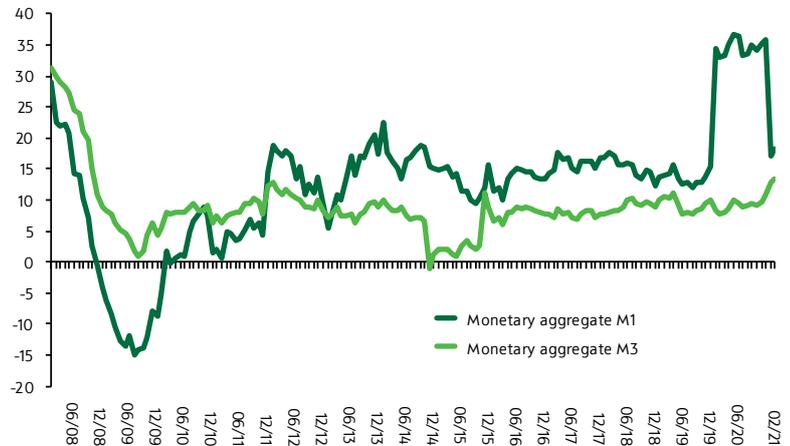


MONETARY, DEPOSITS AND LOANS INDICATORS

MONEY

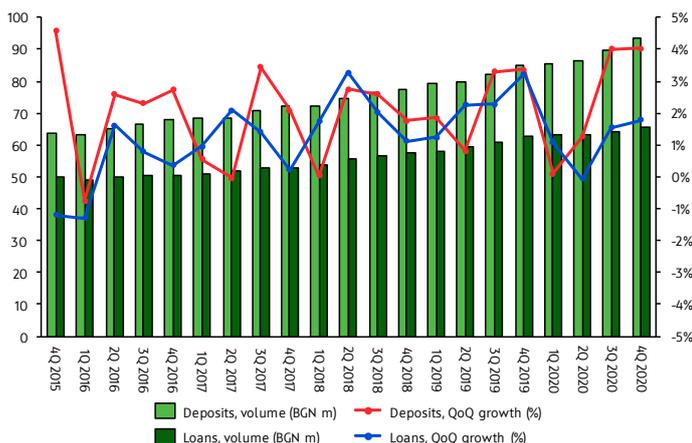
In February 2021 broad money (monetary aggregate M3) increases annually by 13.3% compared to an annual growth of 12.7% in January 2021.

- At the end of February 2021 M3 is BGN 115 624 million (91.7% of GDP) compared to BGN 114 369 million in January 2021 (90.7% of GDP).
- Its most liquid component – monetary aggregate M1 – increases in February 2021 by 18.4% on an annual basis (an annual growth of 17.1% in January 2021).
- Quasi-money reports an increase of 1.1% on an annual basis, as their volume reaches BGN 30 074 million.



DEPOSITS

- At the end of February 2021 deposits of the non-government sector reach BGN 94 975 million (75.3% of GDP) and increasing by 12.0% on an annual basis (in January 2021 they report annual growth of 11.9%).
- Deposits of the non-financial enterprises amount to BGN 29 278 million (23.2% of GDP) at the end of February 2021. Compared to the same month of 2020 they increase by 13.3% (in January 2021 report an annual growth of 13.5%).
- Deposits of the financial corporations are BGN 3 237 million (2.6% of GDP) at the end of February 2021, and on annual basis increase by 13.9% (in January 2021 report an annual growth of 25.4%).
- Deposits of households and NPISHs reach BGN 62 460 million (49.6% of GDP) at the end of February 2021. They increase by 11.3% compared to the same month of 2020 (in January 2021 report an annual growth of 10.5%).



LOANS³

- At the end of February 2021 loans to the non-government sector amount to BGN 65 901 million (52.3% of GDP) compared to BGN 65 747 million in January 2021 (52.2% of GDP). In February 2021 they increase by 4.1% on an annual basis (in January 2021 report an annual growth of 4.6%).
- As February 2021 loans to non-financial enterprises amount to BGN 35 801 million (28.4% of GDP). Compared to the same period of 2020 they increase by 2.6% (by January 2021 report an annual growth of 3.4%).
- At the end of February 2021 loans to households and NPISHs reach BGN 25 770 million (20.4% of GDP). On annual basis they increase by 6.3% (in January 2021 report an annual growth of 6.3%).
- Housing loans are BGN 12 172 million and increase by 11.3% compared to February 2020 (as of January 2021 the annual increase is 11.4%).
- Consumer loans amount to BGN 12 057 million and report an increase of 4.8% on an annual basis (by the end of January 2021 they increase by 4.7% compared to the same period of the previous year).
- Other loans amount to BGN 384 million and on an annual basis they decrease by 25.5% compared to February 2020 (in January 2021 report an annual drop of 25.5%).

PREPARED BY

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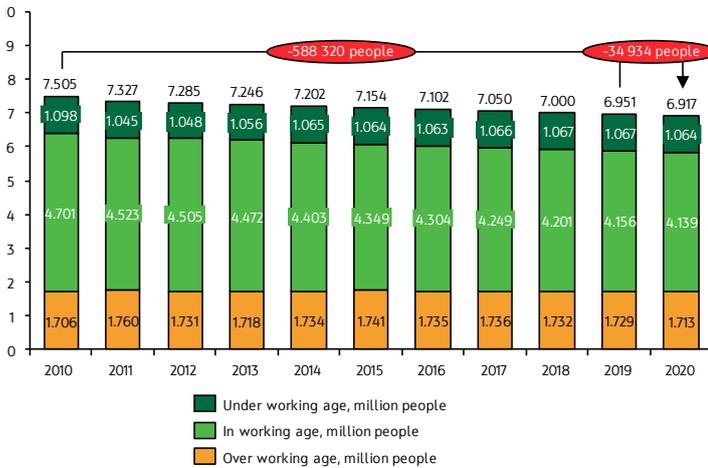
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³The other loans indicator also includes loans granted to associations of owners in accordance with the National Program for Energy Efficiency of Multi-family Residential Buildings.

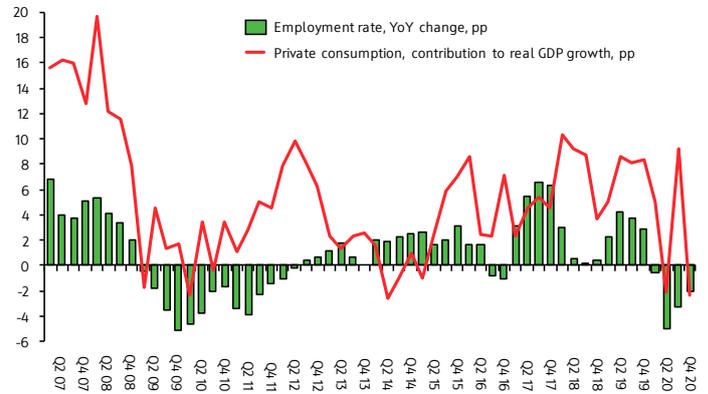
ADDITIONAL INFORMATION

POPULATION AND EMPLOYMENT

- Population structure.

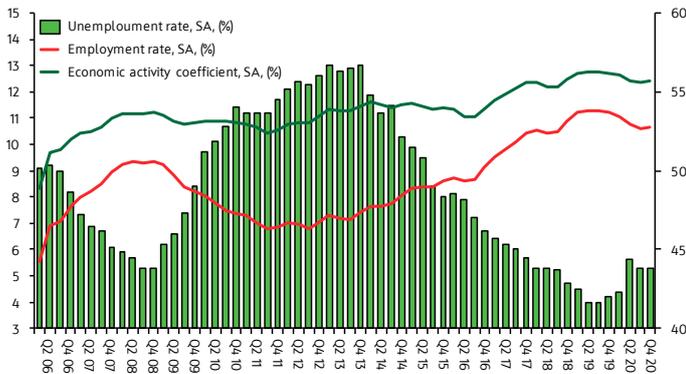


- Individual consumption and employment rate.

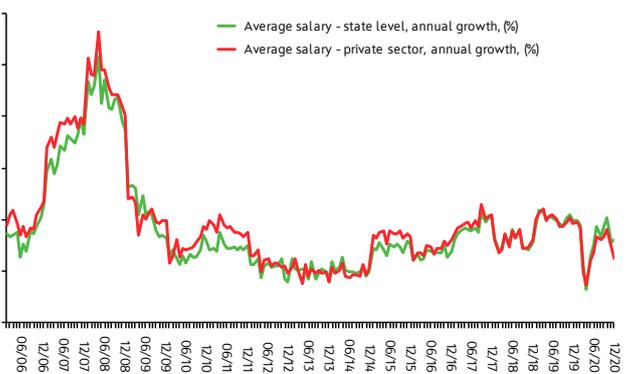


LABOR MARKET

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

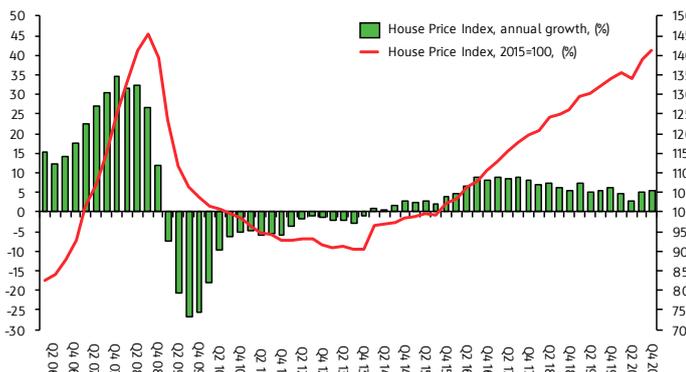


- Annual average wage growth in private sector and on a state level.



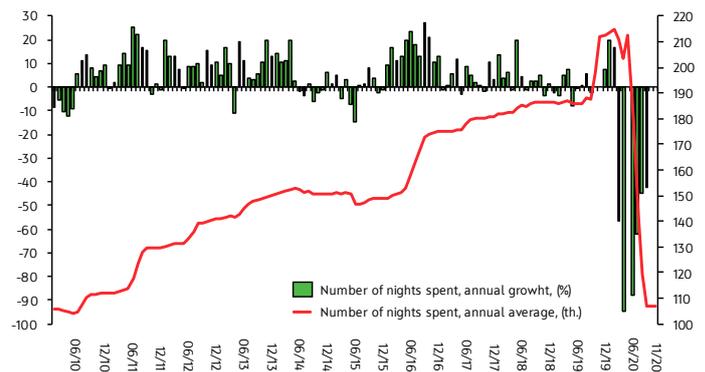
REAL ESTATES

- 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, April 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, April 2021

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