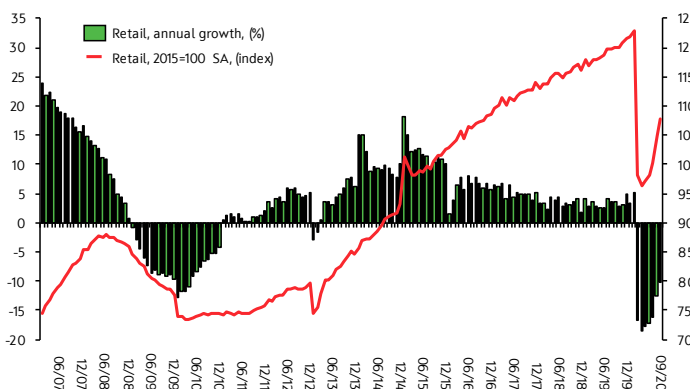
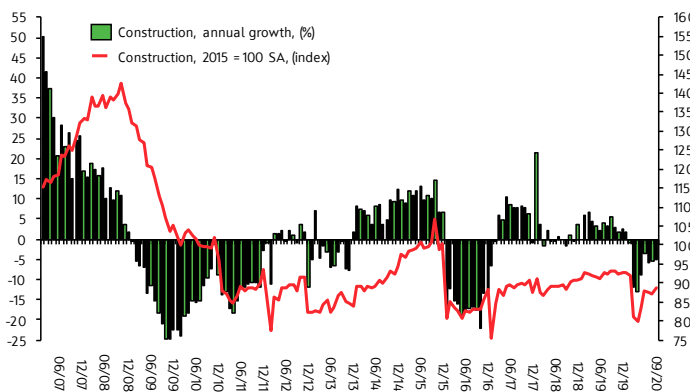
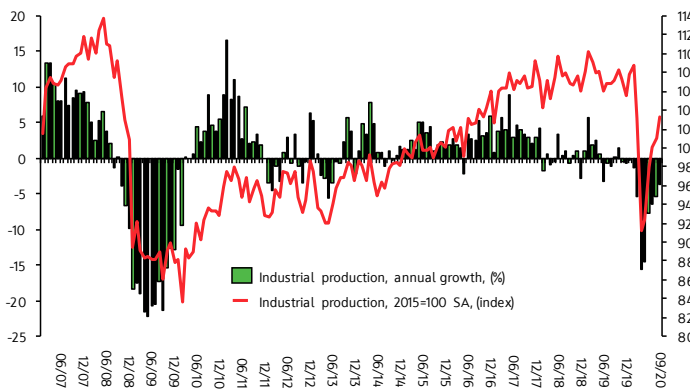












Macroeconomic bulletin

ISSUE 47 • NOVEMBER 2020

BUSINESS ENVIRONMENT INDICATORS

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



	MONTHLY INFLATION	↓ 0.1%	11/20
	ANNUAL INFLATION	↓ 0.4%	11/20
	UNEMPLOYMENT	↓ 6.7%	11/20
	NOMINAL GDP	↓ 31.7 BGN bn	3Q/20
	REAL GDP GROWTH	↓ -4.2%	3Q/20
	CONSOLIDATED BUDGET	↓ 0.6% OF GDP	10/20
	CURRENT ACCOUNT	↓ 1.2% OF GDP	10/20
	TRADE BALANCE	↓ -2.0% OF GDP	10/20
	EXPORTS ANNUAL GROWTH	↓ -7.5%	10/20
	IMPORTS ANNUAL GROWTH	↑ -10.9%	10/20

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 PRODUCT ¹

In nominal terms Gross domestic product amounted to BGN 31 676 million in 3Q of 2020 at current prices.






The accumulated from the beginning of the year gross product amounted to BGN 85 443 million (compared to BGN 86 496 million for the same period of 2019).

- As regards the real growth rate, GDP registered an accumulated drop of 3.9% from the beginning of the year. It is formed by the increase in final consumption by 2.7% (separated into Private consumption, with generated growth of 2.0% and Public consumption with increase of 5.3%) and drop in investments by 7.7%. Exports decreased by 12.0% and imports by 8.5%. The net quarterly GDP decreased by 4.2% compared to 3Q 2019.



REAL GDP GROWTH FORECAST

2020 2021

	-4.7%	4.3%
	-8.5%	5.1%
	-3.0%	2.5%
	-5.1%	2.6%
	-4.0%	4.2%

The seasonally adjusted data shows a GDP increase of 4.3% compared to previous quarter, contributed by increase of 3.2% in final consumption and by 12.9% in gross capital formation. Exports of goods and services increased by 2.0% on quarterly base, while imports raised by

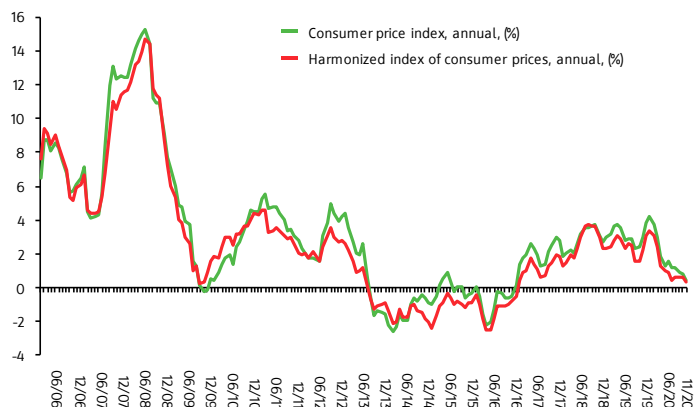
20.8%.

INFLATION

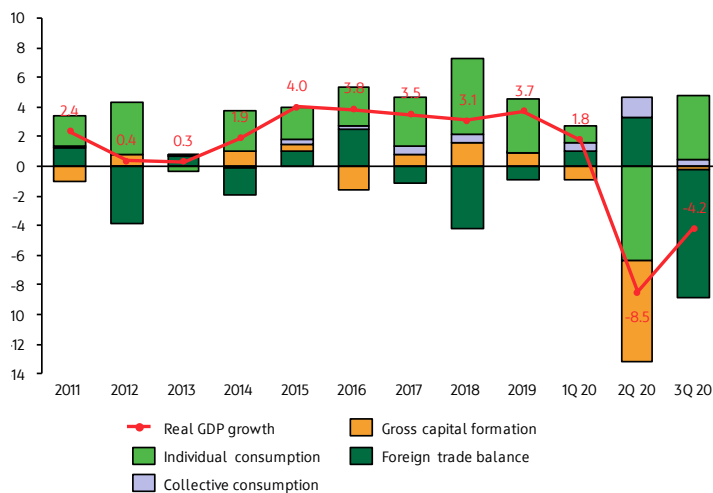
CONSUMER PRICE INDEX

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

- The annual inflation in November 2020 compared to November 2019 is 0.4%.
- The annual average inflation, measured by CPI, in the last 12 months (December 2019 - November 2020) compared to the previous 12 months (December 2018 - November 2019) is 2.0%.
- The inflation rate since the beginning of the year (November 2020 compared to December 2019) is minus 0.4%.



¹The indicators, presented in relative share to the Gross Domestic Product, are calculated at a forecasted annual GDP of BGN 111 009 million for 2020 and actual GDP of BGN 118 699 million for 2019.



- Gross Value Added in the third quarter of 2020 amounted to BGN 27 288 million and decreased by 4.6% compared to the same quarter of the previous year. Compared to the previous quarter GVA decrease in the third quarter of 2020 by 3.9%.

- The share of agricultural sector in GVA of the national economy in the third quarter of 2020 increases its level in comparison to the same quarter of 2019 with 0.2 pp. The Industry increases its relative share in GVA of the national economy with 1.7 pp to 27.5%. The share of the biggest sector in the economy - service sector decreases from 66.0% to 67.9% as compared with the third quarter of 2019.

- During the month, the highest increase is reported in the prices of sector "Housing, water, electricity, gas and other fuels" (a growth of 0.4%). The highest decline is recorded in the prices of sector "Clothing and footwear" (a drop of 1.0%). Varied price changes are observed for other user groups, but relatively close to the levels from the previous month.



INFLATION FORECAST

2020 2021

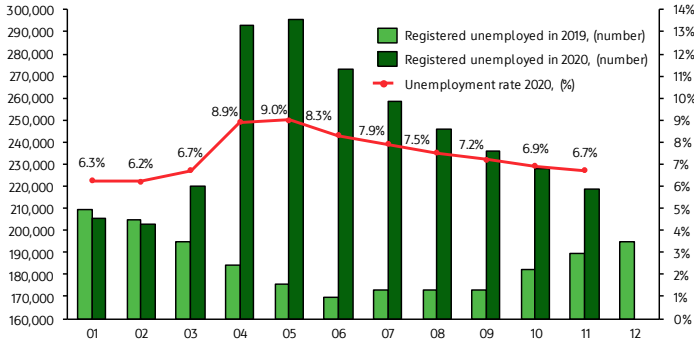
	AVE	1.2%	1.5%
	EOP	0.8%	1.4%
	AVE	1.4%	2.1%
	AVE	1.2%	1.4%
	AVE	1.2%	1.7%

HARMONIZED INDEX OF CONSUMER PRICES

- The harmonized index of consumer prices in November 2020 compared to October 2020 was 100.0%, i.e. the monthly inflation is 0.0%.
- The annual inflation in November 2020 compared to November 2019 is 0.3%.
- The annual average inflation, measured by HICP, in the last 12 months (December 2019 - November 2020) compared to the previous 12 months (December 2018 - November 2019) is 1.5%.
- The inflation rate since the beginning of the year (November 2020 compared to December 2019) is minus 0.5%.

UNEMPLOYMENT

- According to data from the Employment Agency in November 2020, the number of unemployed individuals decreases by 9 069 compared to the previous month. The number of unemployed persons at the end of the month is 218 840.



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



UNEMPLOYMENT FORECAST

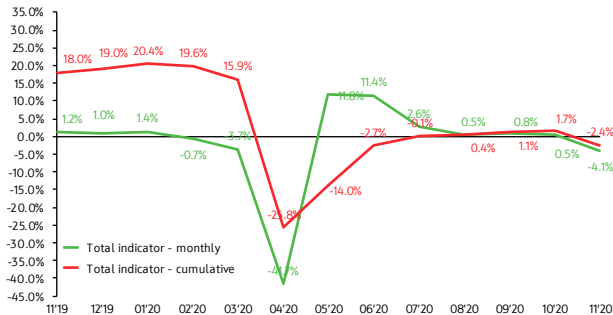
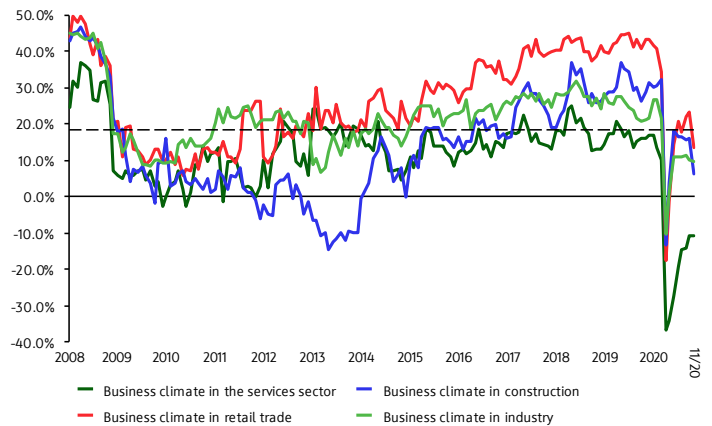
- In November, the number of newly registered unemployed was 29 105, which was by 11 762 people more than those who started work during the month.

	2020	2021
EoP	6.0%	5.0%
EoP	6.6%	6.1%
EoP	5.6%	5.2%
EoP	5.8%	5.6%
EoP	5.6%	4.5%

BUSINESS CLIMATE

During November 2020 the total business climate indicator decreases by 4.1 pp compared to October.

- This is mainly due to the more unfavorable business climate in construction and retail trade.
- Growth in business conjuncture was not observed in any of the sectors during the month, while in industry and services 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.

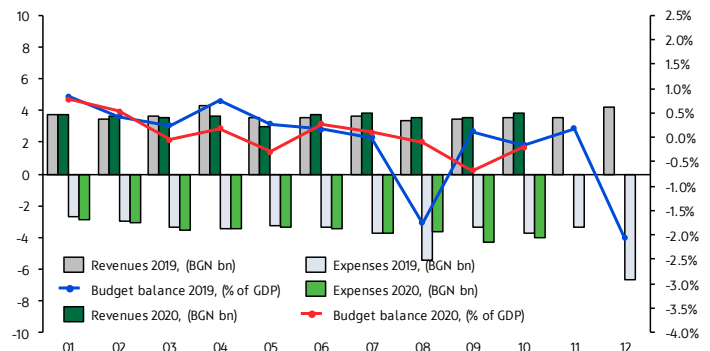
- Compared to 2008, the indicator registers a decline of 2.4%.

STATE BUDGET

BUDGET BALANCE

The Consolidated Fiscal Program (CFP) balance on a cash basis at the end of October 2020 is positive amounting to BGN 654 million (0.6% of the forecasted GDP).

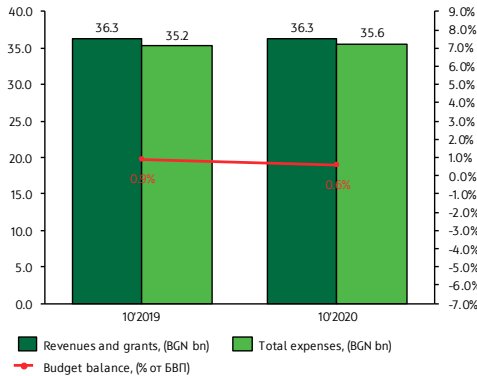
- It is formed by a national budget surplus of BGN 466 million and by a surplus of EU funds at the amount of BGN 188 million.
- For comparison, by the end of October 2019, the CFP reports a surplus amounting to BGN 1 083 million (0.9% of GDP), which means that as a relative share of GDP the budget position



worsens by 0.3%.

REVENUES

- The CFP revenues and grants at the end of October 2020 stand at BGN 36 261 million.
- Compared to the same period of the previous year, revenues and grants decrease by BGN 58 million (an annual drop of 0.2%).
- At the end of October, the receivables accounts for 81.7% of the annual estimates, as per the „Amendment to the State Budget Act for 2020“.

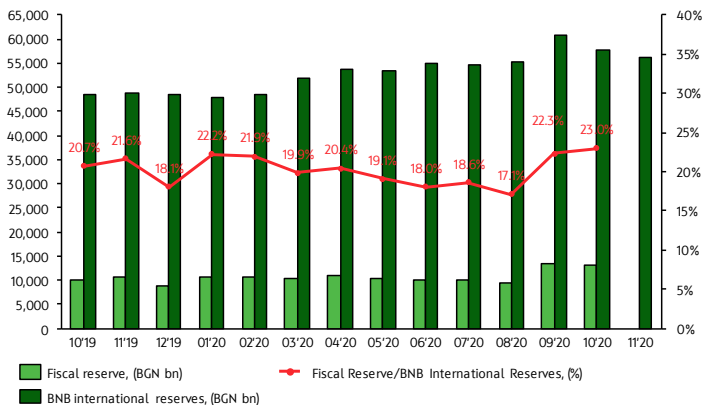


FISCAL RESERVES

- The total balance of the Fiscal reserve (FR) at the end of October 2020 is BGN 13 224 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 October 2020 amounts to BGN 13 105 million.
- In comparison to the previous month, the FR decrease by 308 BGN million or 2.3%.

FISCAL RESERVES TO FOREIGN EXCHANGE RESERVES RATIO

- At the end of October 2020, the Fiscal reserve forms 23.0% of the country's International reserves and the indicator reports an increase of 0.7 pp compared to the previous month.



COSTS

- The CFP expenditures, including the contribution of the Republic of Bulgaria to the EU budget for October 2020 amounts to BGN 35 606 million.
- The data, reported as of the end of October shows an annual growth of expenditures by 1.1%. As of the end of the month, they were by BGN 370 million higher, compared to the same period of the previous year.
- The expenses reported by the end of October form 74.3% of the annual volume, planned in the „Amendment to the State Budget Act for 2020“.

GOVERNMENT DEBT

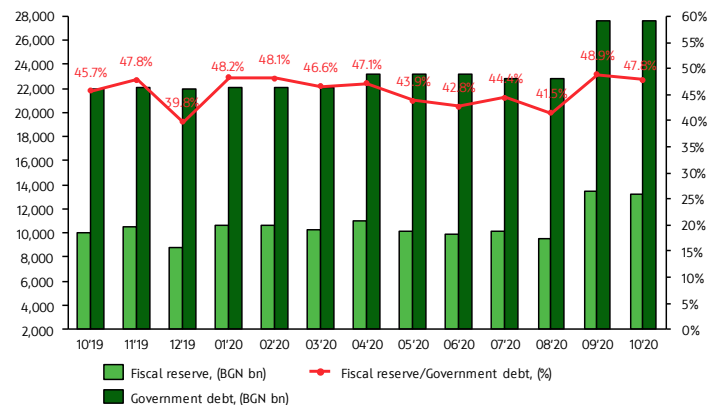
- Government debt by the end of October amounts to BGN 27 665 million or 24.9% of the estimated GDP. Compared to the same period of the previous year, the debt increases by BGN 5 741 million (26.2%).
- It has to be considered that the Government granted additional BGN 5 billion debt in September.

FOREIGN EXCHANGE RESERVES

- At the end of November 2020 International reserves of BNB amounts to BGN 56 309 million.
- During the month they decrease by BGN 1 282 million (2.2%).
- Compared to the same period of the previous year, International reserves increase by BGN 7 499 million (15.4%).
- Since the beginning of the year they increase by BGN 7 735 million or 15.9%.

COVERAGE RATIO OF GOVERNMENT DEBT WITH FOREIGN EXCHANGE RESERVES

- At the end of October 2020 the Fiscal reserve covers 47.8% of the Government debt, as the indicator drops by 1.1 pp compared to the previous month.

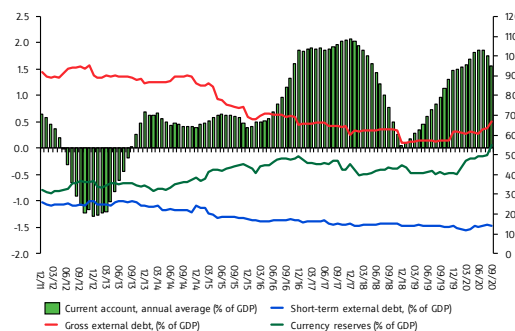
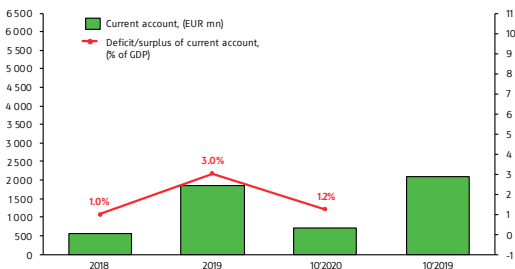
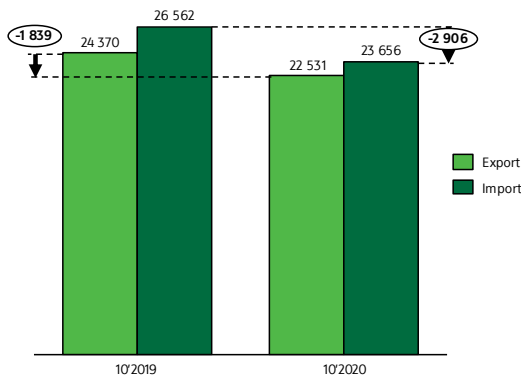


BALANCE OF PAYMENTS AND DIRECT INVESTMENTS²

CURRENT ACCOUNT

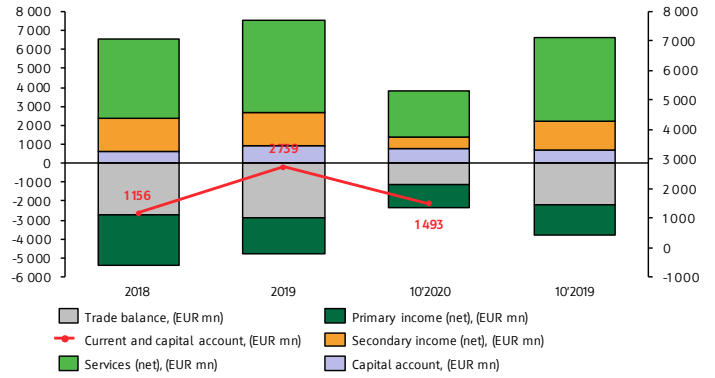
In January – October 2020 the current account is positive and amounts to EUR 699 million (1.2% of GDP), compared with a surplus of EUR 2 092 million (3.4% of GDP) in January – October 2019.

- In January – October 2020 the trade balance is negative and amounts to minus EUR 1 125 million (2.0% of GDP), compared with a deficit of minus EUR 2 192 million (3.6% of GDP) in January – October 2019.
- In January – October 2020 exports amounts to EUR 22 531 million, which is an decrease by EUR 1 839 million (7.5%) compared to the same period of 2019 (EUR 24 370 million). Exports for January – October 2019 grow on an annual basis by 5.3%.
- In January – October 2020 imports amounts to EUR 23 656 million, decreasing by EUR 2 906 million (10.9%) compared to the same period of 2019 (EUR 26 562 million). Imports for January – October 2019 grow on an annual basis by 4.8%.
- In January – October 2020 the services balance is positive at EUR 2 431 EUR million (4.3% of GDP) against a positive balance EUR 4 401 million (7.2% of GDP) in January – October 2019.



CAPITAL ACCOUNT

- In January – October 2020 the capital account is positive, amounting to EUR 794 million (1.4% of GDP) against positive, balance amounting to EUR 721 million (1.2% of GDP) in January – October 2019.



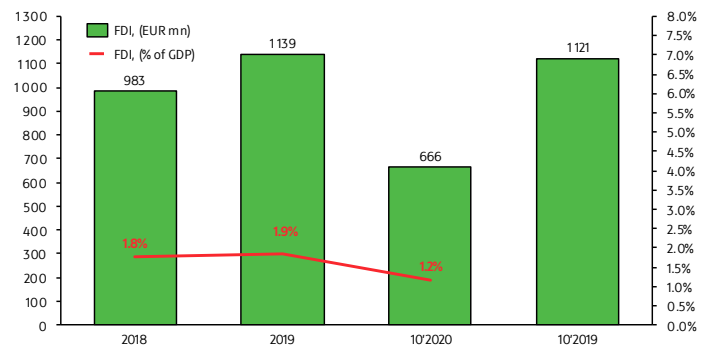
FINANCIAL ACCOUNT

- In January – October 2020 the financial account is positive, amounting to EUR 3 124 million (5.5% of GDP) compared to positive, amounting to EUR 2 511 million (4.1% of GDP) for the same period of 2019.

DIRECT INVESTMENTS

Foreign direct investments in Bulgaria for January – October 2020 presented according to the directional principle records a value of EUR 666 million (1.17% of GDP), dropping by EUR 455 million (40.6%) compared to January – October 2019 (value of EUR 1 121 million, 1.8% of GDP).

- Foreign direct investments abroad for January – October 2020 record a value of EUR 99 million (0.17% of GDP), dropping by EUR 252 million (71.7%) compared to January – October 2019 (value of EUR 351 million, 0.57% of GDP).

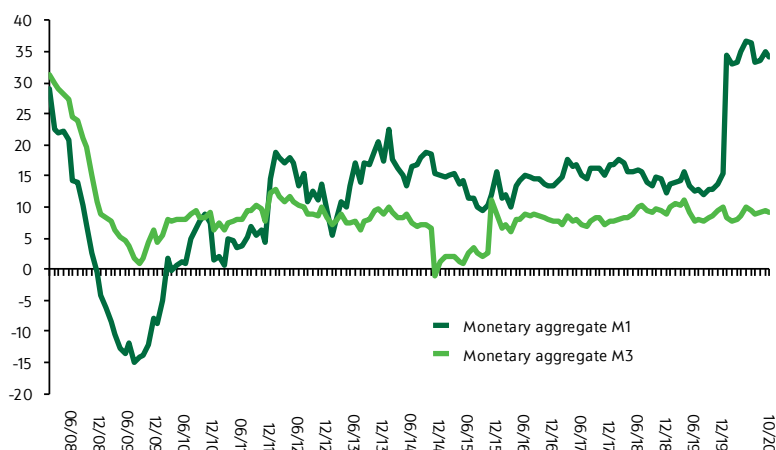


MONETARY, DEPOSITS AND LOANS INDICATORS

MONEY

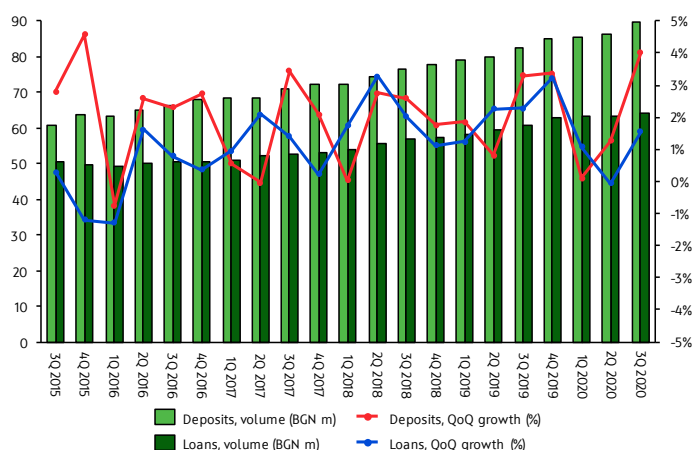
In October 2020 broad money (monetary aggregate M3) increases annually by 9.0% compared to an annual growth of 9.3% in September 2020.

- At the end of October 2020 M3 is BGN 109 289 million (98.5% of GDP) compared to BGN 108 423 million in September 2020 (97.7% of GDP).
- Its most liquid component - monetary aggregate M1 - increases in October 2020 by 34.1% on an annual basis (an annual growth of 35.0% in September 2020).
- Quasi-money reports a decrease of 27.7% on an annual basis, as their volume reaches BGN 29 461 million.



DEPOSITS

- At the end of October 2020 deposits of the non-government sector reach BGN 90 455 million (81.5% of GDP) and increasing by 8.7% on an annual basis (in September 2020 they report annual growth of 9.0%).
- Deposits of the non-financial enterprises amount to BGN 28 239 million (25.4% of GDP) at the end of October 2020. Compared to the same month of 2019 they increase by 9.4% (in September 2020 report an annual growth of 12.4%).
- Deposits of the financial corporations are BGN 3 347 million (3.0% of GDP) at the end of October 2020, and on annual basis increase by 4.8% (in September 2020 report an annual drop of 0.6%).
- Deposits of households and NPISHs reach BGN 58 869 million (53.0% of GDP) at the end of October 2020. They increase by 8.6% compared to the same month of 2019 (in September 2020 report an annual growth of 7.9%).



LOANS³

- At the end of October 2020 loans to the non-government sector amount to BGN 64 863 million (58.4% of GDP) compared to BGN 64 303 million in September 2020 (57.9% of GDP). In October 2020 they increase by 5.8% on an annual basis (in September 2020 report an annual growth of 5.9%).
- As October 2020 loans to non-financial enterprises amount to BGN 35 201 million (31.7% of GDP). Compared to the same period of 2019 they increase by 2.2% (by September 2020 report an annual growth of 2.0%).
- At the end of October 2020 loans to households and NPISHs reach BGN 25 322 million (22.8% of GDP). On annual basis they increase by 7.1% (in September 2020 report an annual growth of 7.5%).
- Housing loans are BGN 11 768 million and increase by 11.9% compared to October 2019 (as of September 2020 the annual increase is 12.3%).
- Consumer loans amount to BGN 11 888 million and report an increase of 5.9% on an annual basis (by the end of September 2020 they increase by 6.2% compared to the same period of the previous year).
- Other loans amount to BGN 426 million and on an annual basis they decrease by 24.5% compared to October 2019 (in September 2020 report an annual drop of 19.9%).

PREPARED BY

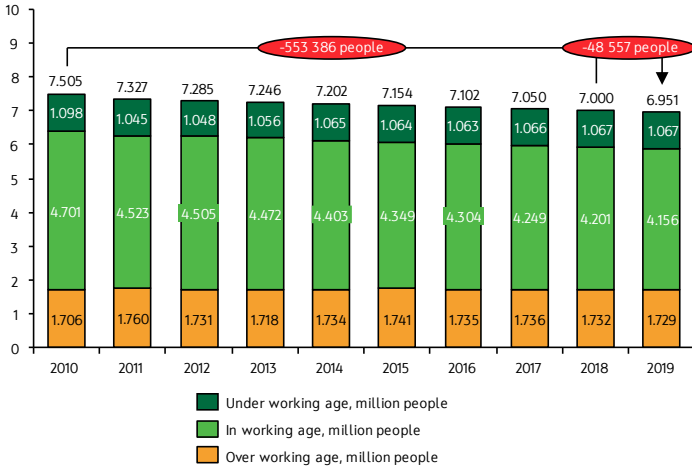
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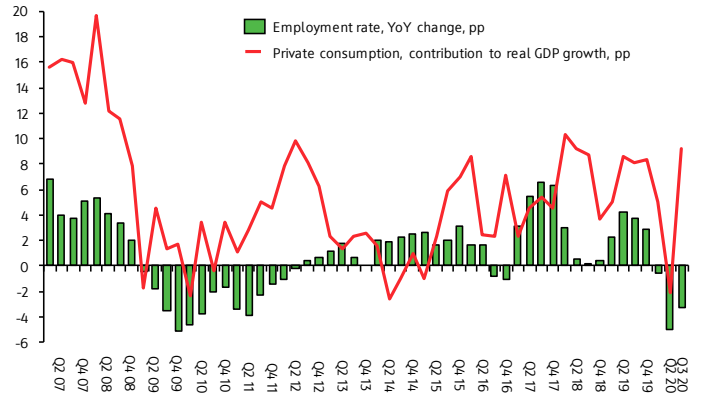
ADDITIONAL INFORMATION

POPULATION AND EMPLOYMENT

- Population structure.

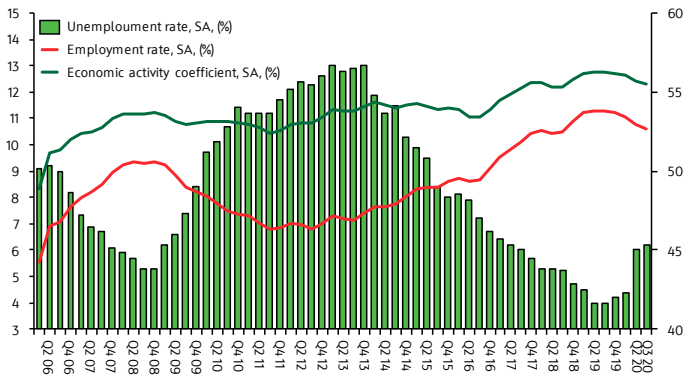


- Individual consumption and employment rate.

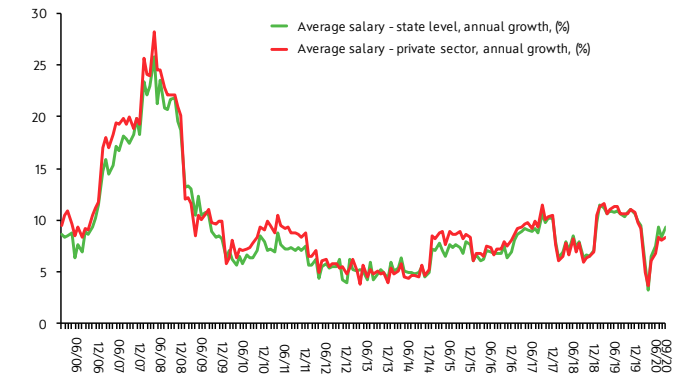


LABOR MARKET

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

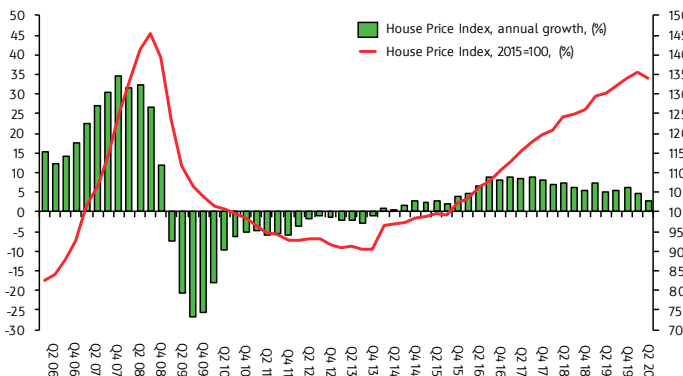


- Annual average wage growth in private sector and on a state level.



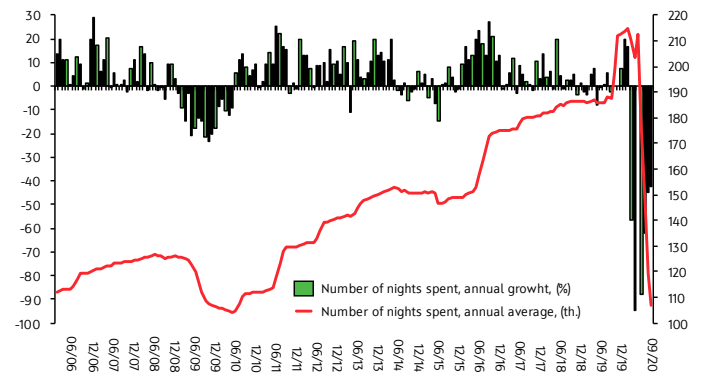
REAL ESTATES

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

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