

BULGARIA: ECONOMIC AND MARKET ANALYSES

Monthly report, April 2016

All data in the edition are the last available data as of 28 of April 2016



The quoted data set in this report are the last available data, published in the official source's web sites. The sources are Ministry of Finance, Bulgarian National Bank, National Statistic Institute, National Employment Agency, Bulgarian Industrial Association. The electronic system used for collecting the data from the official sources is CEIC Data Manager.

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- The current and capital account recorded a surplus of EUR 57.6 million in February 2016, compared with a deficit of EUR 153.8 million in February 2015
- In the period January - February 2016 Bulgarian exports to third countries increased by 0.3% in comparison with the same period of 2015 and amounted to BGN 2.360 billion
- Gross external debt amounted to EUR 33 867.8 million (73.1% of GDP) at end-February 2016, decreasing by EUR 223.1 million
- According to BNB data at the end of March 2016 Bulgaria's foreign reserves amounted to BGN 41, 8 billion (EUR 19.6 billion) and rose by 0.9% m/m and by 14.9% y/y, respectively
- According to the preliminary data the Industrial Production Index, seasonally adjusted, decreased by 0.2% in February 2016 as compared to January 2016
- In February 2016 the working day adjusted turnover in 'Retail trade, except of motor vehicles and motorcycles' increased by 3.1% in comparison with the same month of the previous year
- According to the preliminary data, in February 2016 the index of production in section 'Construction' calculated on the base of seasonally adjusted data was 2.7% above the level of the previous month
- In March 2016, the number of the trips of Bulgarian residents abroad was 354.7 thousand or by 11.4% above the registered in March 2015
- In April 2016 the total business climate indicator decreases by 3.3 percentage points in comparison with the previous month
- Total Producer Price Index in Industry in March 2016 increased by 1.2% compared to the previous month
- The consumer price index in March 2016 compared to February 2016 was 99.3%, i.e. the monthly inflation was -0.7%
- The unemployment rate in March 2016 was 9.9%, it declined by 0.16 percentage points compared to February
- Fiscal reserve as of 31.3.2016 is BGN 11.9 billion, including BGN 11.5 billion deposits in BNB and banks and BGN 0.4 billion receivables
- According to the official register kept by the Ministry of Finance, the government debt as at end-March 2016 stands at EUR 13 351.3 million
- In March 2016 broad money (monetary aggregate M3) increased annually by 6.1% compared to 7.1% annual growth in February 2016
- All BSE indexes finished the month in the red zone, with the broad BGBX40 performing the worst and deepening its loss to 3.7% YTD
- In 2015, the average price of arable land has reached BGN 732 per decare
- At the end of the first quarter of 2016, the banking system reported an increased liquidity position and strengthened balance sheet capital.



Source: www.geographicguide.net

Bulgaria: Key Macroeconomic Indicators	2013 (a)	2014 (a)	2015 (a)	2016 (p)	2017 (p)	2018 (p)	2019 (p)
Gross Domestic Product							
GDP (BGN million)	81 971	83 612	86 373	89 219	92 426	95 979	99 730
GDP (EUR million)	41 911	42 750	44 162	45 617	47 257	49 073	50 991
GDP (real growth, %)	1.3	1.5	3	2.1	2.5	2.7	2.7
Consumption	-0.7	2.2	0.7	1.5	2.2	2.5	2.4
Gross capital formation	0.3	3.4	2.5	-1.8	-0.1	2.7	2.5
Exports of goods and services	9.2	-0.1	7.6	4.5	4.7	4.9	5.1
Imports of goods and services	4.9	1.5	4.4	2.6	3.6	4.7	5.2
Labour market and prices							
Employment (%)	-0.4	0.4	0.4	0.5	0.6	0.6	0.6
Unemployment rate (%)	12.9	11.4	9.1	8.6	7.9	7.4	7.1
Compensation of one employee (%)	8.8	5.6	1.8	2.7	3.4	3.8	4
GDP Deflator (%)	-0.7	0.4	0.3	1.2	1.1	1.1	1.2
Average inflation (%)	0.4	-1.6	-1.1	-0.8	1.1	1.2	1.4
Balance of payments							
Current account (% of GDP)	1.8	0.9	1.4	1.8	2	1.7	1.8
Trade balance (% of GDP)	-6.9	-6.5	-4.3	-2.8	-2.4	-2.6	-3
FDI (% of GDP)	3.6	3.6	3.6	3.7	3.7	3.7	3.8
Monetary sector							
M3 (% y/y growth)	8.5	1.1	8.8	8	8.3	8.7	9
Loans to companies (% y/y growth)	0.5	-10.8	-1.8	-0.6	2.7	4.6	6.2
Loans to households (% y/y growth)	0.2	-1.6	-1.3	0	1.9	3.4	4.3

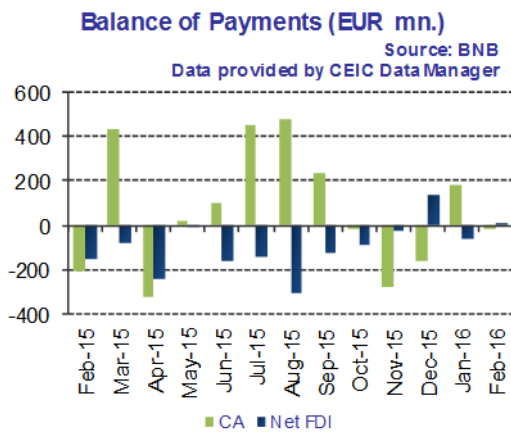
Source: MF 2016 Spring Projection

I. EXTERNAL SECTOR

1. Balance of payments

The current and capital account recorded a surplus of EUR 57.6 million in February 2016, compared with a deficit of EUR 153.8 million in February 2015

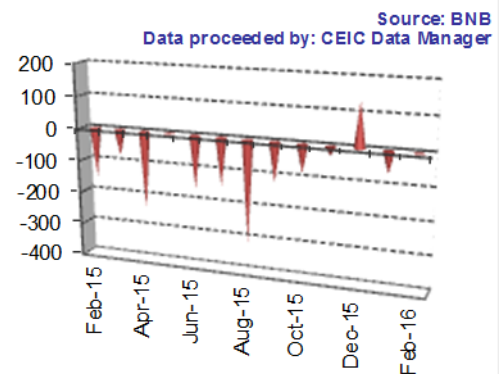
The current and capital account recorded a surplus of EUR 57.6 million in February 2016, compared with a deficit of EUR 153.8 million in February 2015. In January – February 2016 the current and capital account was positive amounting to EUR 346.4 million (0.7% of GDP), compared with a deficit of EUR 252.6 million (0.6% of GDP) in January – February 2015. The



current account was negative amounting to EUR 14.4 million in February 2016, compared with a deficit of EUR 209.7 million in February 2015. In January – February 2016 the current account was positive and amounted to EUR 168.3 million (0.4% of GDP), compared with a deficit of EUR 318.1 million (0.7% of GDP) in January – February 2015. The balance on goods recorded a deficit of EUR 74.6 million in February 2016, compared with a deficit of EUR 262.4 million in February 2015. In January – February 2016 the balance on goods was negative amounting to EUR 31.6 million (0.1% of GDP), compared with a deficit of EUR 387.1 million (0.9% of GDP) in January – February 2015. Exports of goods amounted to EUR 1,782.3 million in February 2016, growing by EUR 131.6 million (8%) from February 2015 (EUR 1 650.7 million). In January – February 2016 exports of goods totalled EUR 3,433.7 million, increasing by EUR 155 million (4.7%) year-on-year (from EUR 3,278.6 million). In January – February 2015 exports grew by 8.4% year-on-year. Imports of goods amounted to EUR 1 856.9 million in February 2016, shrinking by EUR 56.1 million (2.9%) from February 2015 (EUR 1 913 million). In January – February 2016 imports of goods totalled EUR 3 465.3 million, dropping by EUR 200.5 million (5.5%) from January – February 2015 (EUR 3 665.7 million). In January – February 2015 imports grew by 1.6% year-on-year. Services recorded a positive balance of EUR 17.8 million in February 2016, compared with a surplus of EUR 92.3 million in February 2015. In January – February 2016 services recorded a surplus of EUR 95.3 million (0.2% of GDP) compared with a positive balance of EUR 221 million (0.5% of GDP) in the same period of 2015. The net primary Income (which reflects the receipt and payment of income related to the use of resources (labor, capital, land), taxes of production and imports and subsidies) recorded a deficit of EUR 27.2 million in February 2016, compared with a negative balance of EUR 112 million in February 2015. In January – February 2016 the balance on primary income was negative and equated to EUR 55.9 million (0.1% of GDP), against a deficit of EUR 263.2 million (0.6% of GDP) in January – February 2015. The net secondary income (which reflects the redistribution of income) recorded a surplus of EUR 69.7 million, compared with a surplus of EUR 72.5 million in February 2015. In January – February 2016 the net secondary income was positive amounting to EUR 160.5 million (0.3% of GDP), compared with a positive balance of EUR 111.3 million (0.3% of GDP) in the same period of 2015. The capital account recorded a surplus of EUR 72 million, compared with a positive balance of EUR 55.9 million in February 2015. In January – February 2016 the capital account recorded a surplus of EUR 178.1 million (0.4% of GDP), compared with a positive balance of EUR 65.5 million (0.1% of GDP) in January – February 2015. The financial account recorded a net inflow of EUR 231.4 million, compared with a positive balance of EUR 155.6 million in February 2015. In January – February 2016 the financial account recorded a net inflow of EUR 475.4 million (1% of GDP) compared with an outflow of EUR 1.1 million in January – February 2015. The net direct investment compiled in accordance with the

Sixth Edition of the Balance of Payments and International Investment Position Manual was positive amounting to EUR 2.3 million, compared with a negative balance of EUR 152.2 million in February 2015. In January – February 2016 the balance was negative and equated to EUR 62.9 million (0.1% of GDP), compared with a negative balance of EUR 480.2 million (1.1% of GDP) million in January – February 2015. Direct investment - assets grew by EUR 64.8 million compared with an increase of EUR 59.1 million in February 2015. In January – February 2016 direct investment - assets rose by EUR 54.9 million, compared with a decline of EUR 34.3 million in the same period of 2015. Direct investment - liabilities recorded a net increase of EUR 62.5 million in February 2016, compared with an increase of EUR 211.4 million in February 2015. In January – February 2016 the direct investment – liabilities grew by EUR 117.7 million, compared with an increase of EUR 445.8 million in the same period of 2015. Portfolio investment - assets grew by EUR 34.6 million, compared with an increase of EUR 123.7 million in February 2015. In January – February 2016 they grew by EUR 151.3 million compared with an increase of EUR 185.5 million in January – February 2015. Portfolio investment - liabilities dropped by EUR 10.1 million compared with a decline of EUR 61.8 million in February 2015. In January – February 2016 portfolio investment - liabilities shrank by EUR 89.9 million, compared with a decline of EUR 626.8 million in January – February 2015. The balance on other investment was positive amounting to EUR 190.5 million, compared with a negative balance of EUR 1432 million in February

Net FDI 2015 - 2016 (EUR mn.)



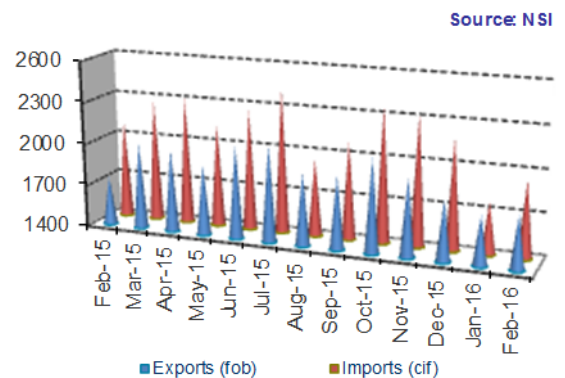
2015. In January – February 2016 the balance was positive and equated to EUR 1 114.2 million (2.4% of GDP), compared with a negative balance of EUR 728.3 million (1.6% of GDP) million in January – February 2015. Other investment - assets increased by EUR 144.9 million, compared with a decline of EUR 1 490.6 million in February 2015. In January – February 2016 they rose by EUR 926 million compared with a decrease of EUR 775.6 million in January – February 2015. Other investment - liabilities declined by EUR 45.6 million compared with a decrease of EUR 58.6 million in February 2015. In January – February 2016 they dropped by EUR 188.1 million compared with a decline of EUR 47.3 million in January – February 2015. The BNB reserve assets⁶ grew by EUR 14.8 million, compared with an increase of EUR 1 565.4 million in February 2015. In January – February 2016 they shrank by EUR 775 million (1.7% of GDP), compared with an increase of EUR 400.5 million (0.9% of GDP) in the same period of 2015. The net errors and omissions were positive amounting to EUR 173.8 million compared with a positive value of EUR 309.3 million in February 2015. According to preliminary data, the item was positive in January – February 2016 and totalled EUR 129 million (0.3% of GDP), against a positive value of EUR 251.6 million (0.6% of GDP) in the same period of 2015.

2. Foreign Trade

In the period January - February 2016 Bulgarian exports to third countries increased by 0.3% in comparison with the same period of 2015 and amounted to BGN 2.360 billion

In the period January - February 2016 Bulgarian exports to third countries increased by 0.3% in comparison with the same period of 2015 and amounted to BGN 2.360 billion. Main trade partners of Bulgaria were Turkey, China, Former Yugoslav Republic of Macedonia, Serbia, USA and Russian Federation, which accounted for 49.5% of the exports to non-EU countries. In February 2016 Bulgarian exports to third countries decreased by 4.9% compared to the corresponding month of the previous year and amounted to BGN 1.195 billion. Bulgarian imports from third countries in the period January - February 2016 decreased by 17.7% in comparison with the same period of 2015 and added up to BGN 2.427 billion (at CIF prices). The largest amounts were reported for the goods imported from the Russian Federation, Turkey, China and Ukraine. In February 2016 Bulgarian imports from third countries decreased by 17.7% compared to the corresponding month of the previous year and amounted to BGN 1.223 billion. The foreign trade balance of Bulgaria (export FOB - import CIF) with third countries in the period January - February 2016 was negative and amounted to BGN 66.9 million. The trade balance at FOB/FOB prices (after elimination of transport and insurance costs on imports) was positive and added up to BGN 96.5 million. In February 2016 the foreign trade balance of Bulgaria (export FOB - import CIF) with third countries was negative and amounted to BGN 27.8 million. In the period January - February 2016 the value of all exported goods from Bulgaria amounted to BGN 6.9 billion and in comparison with the corresponding period of 2015 the exports increased by 1.4%. In February 2016 the total exports added up to BGN 3.483 billion or by 1.7% more than the same month of the previous year. The total value of all the goods imported in the country in the period January - February 2016 amounted to BGN 7.3 billion (at CIF prices), or by 7.7% less than the corresponding period of 2015. In February 2016 the total imports decreased by 7.2% compared to the same month of the previous year and added up to BGN 3.816 billion. The total foreign trade balance (exports FOB - import CIF) was negative in the period January-February 2016 and amounted to BGN 372.4 million. At FOB/FOB prices (after elimination of transport and insurance costs on imports) in the period January - February 2016 the total foreign trade balance was positive and amounted to BGN 83.0 million. In February 2016 the total foreign trade balance (exports FOB - import CIF) was negative and added up to BGN 333.0 million. The trade balance at FOB/FOB prices was negative and amounted to BGN 118.7 million.

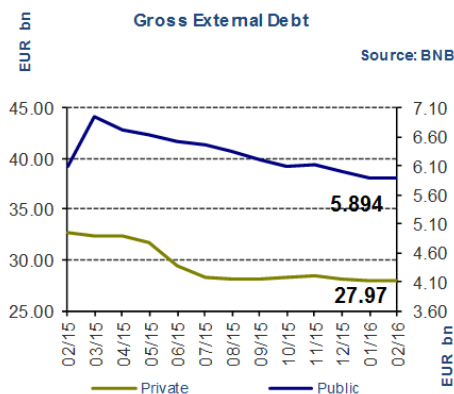
Foreign Trade (EUR mn)



3. External debt

Gross external debt amounted to EUR 33 867.8 million (73.1% of GDP) at end-February 2016, decreasing by EUR 223.1 million

Gross external debt amounted to EUR 33 867.8 million (73.1% of GDP) at end-February 2016, decreasing by EUR 223.1 million (0.7%) from end-2015 (EUR 34 090.9 million, 77.2% of GDP). Long-term liabilities totalled EUR 26 110.3 million (77.1% of the total debt, 56.3% of GDP) at end-February 2016, down by EUR 98.1 million (0.4%) from end-2015 (EUR 26 208.4 million, 76.9% of the total debt, 59.3% of GDP). Short-term liabilities equalled EUR 7 757.5 million (22.9% of the total debt, 16.7% of GDP), decreasing by EUR 125.1 million (1.6%) from end-2015 (EUR 7 882.6 million; 23.1% of the total debt, 17.8% of GDP). General Government's gross external debt totalled EUR 5 473.8 million (11.8% of GDP) in end-February 2016. It fell by EUR 102.6 million (1.8%) from end-2015 (EUR 5 576.3 million, 12.6% of GDP). Banks' external debt totalled EUR 4 086.3 million (8.8% of GDP). It fell by EUR 40.1 million (1%) from end-2015 (EUR 4 126.4 million, 9.3% of GDP). Other Sectors' external debt equalled EUR 11 654.1 million (25.1% of GDP). It dropped by EUR 81.8 million (0.7%) from end-2015 (EUR 11,735.9 million, 26.6% of GDP). The stock of intercompany lending amounted to EUR 12 653.7 million (27.3% of GDP) at end-February 2016, decreasing by EUR 1.3 million (0.01%) from end-2015 (EUR 12 652.4 million, 28.7% of GDP). The loans and deposits



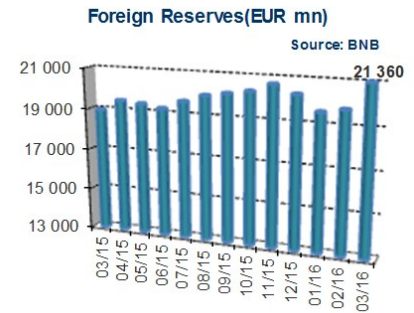
received from non-residents equalled EUR 476.8 million (1% of GDP) in January – February 2016, compared with EUR 497.6 million (1.1% of GDP) in January – February 2015. They were distributed as follows: general government received EUR 4.4 million (0.9% of the total amount of disbursements), banks received EUR 371.8 million (78%), other sectors⁴ received EUR 22 million (4.6%) and intercompany lending totalled EUR 78.6 million (16.5%). Gross external debt service totalled EUR 469.3

million (1% of GDP) in January – February 2016, compared with EUR 1,257.1 million (2.8% of GDP) in January – February 2015. Net external debt5 totalled EUR 6,019.4 million at end-February 2016. It dropped by EUR 839.7 million (12.2%) from end-2015 (EUR 6 859.1 million). Its decline was due both to the decrease in gross external debt (by EUR 223.1 million, 0.7%), as well as to the increase in gross external assets (by EUR 616.6 million, 2.3%). As a percentage of GDP, net external debt equated to 13%, down by 2.4 p.p. from end-2015 (15.4%).

4. Foreign reserves

According to BNB data at the end of March 2016 Bulgaria's foreign reserves amounted to BGN 41, 8 billion (EUR 19.6 billion) and rose by 0.9% m/m and by 14.9% y/y, respectively

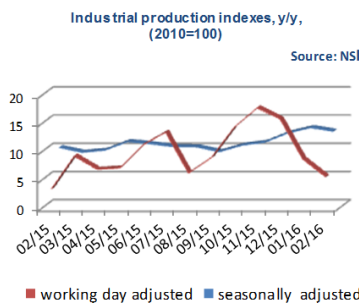
According to BNB data at the end of March 2016 Bulgaria's foreign reserves amounted to BGN 41, 8 billion (EUR 19.6 billion) and rose by 0.9% m/m and by 14.9% y/y, respectively. For one year the highest increase from a side of the liabilities recorded the deposit of "Banking" Department with a growth of 8.9% and the obligations to other depositors, which grew up by 8.7% y/y. On a side of assets the highest growth was observed in holdings of monetary gold (with a growth of 10.9% y/y) and investments in securities, which increased by 4.7% y/y. Cash and resources in foreign currency decreased 10.9% y/y. International liquidity position of Bulgaria expressed by the ratio of short-term external debt/foreign reserves of BNB maintains high level of 252.6% at the end of January 2016 compared to 256.6% at the end of 2015 and 163.2% at the end of 2014 .



II. REAL SECTOR

1. Industrial production

According to the preliminary data the Industrial Production Index, seasonally adjusted, decreased by 0.2% in February 2016 as compared to January 2016



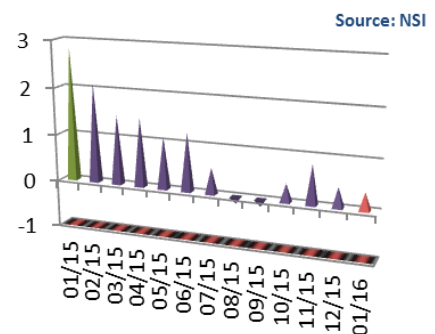
According to the preliminary data the Industrial Production Index, seasonally adjusted, decreased by 0.2% in February 2016 as compared to January 2016. In February 2016 working day adjusted Industrial Production Index rose by 2.1% in comparison with the same month of 2015. In February 2016 as compared to January 2016, the seasonally adjusted Industrial Production Index decreased in the electricity, gas, steam and air conditioning supply by 3.7% and in the mining and quarrying industry by 1.3%, while in the manufacturing an increase by 1.0% was seen. On annual basis in February 2016 Industrial Production Index calculated from working day adjusted data increased in the manufacturing by 5.7% and in the mining and quarrying industry by 2.0%, while in the electricity, gas, steam and air conditioning supply a decrease by 5.2% was registered. .

2. Retail sales

In February 2016 the working day adjusted turnover in 'Retail trade, except of motor vehicles and motorcycles' increased by 3.1% in comparison with the same month of the previous year

According to the preliminary seasonally adjusted data in February 2016 the turnover in 'Retail trade, except of motor vehicles and motorcycles' at constant prices increased by 0.5% compared to the previous month. In February 2016 the working day adjusted turnover in 'Retail trade, except of motor vehicles and motorcycles' increased by 3.1% in comparison with the same month of the previous year. In February 2016 compared to the previous month the turnover increased in the 'Retail sale of computers, peripheral units and software; telecommunications equipment' by 5.1%, in the 'Retail sale of automotive fuel' by 3.9%, in the 'Dispensing chemist; retail sale of medical and orthopedic goods, cosmetic and toilet articles' by 3.5%, in the 'Retail sale of textiles, clothing, footwear and leather goods' by 2.2% and in the 'Retail sale of audio and video equipment; hardware, paints and glass; electrical household appliances' - 1.9%. More significantly decrease was registered only in the 'Retail sale via mail order houses or via Internet' - 1.5%. In February 2016 compared to the same month of 2015 the turnover increased more significantly in the 'Retail sale of food, beverages and tobacco' by 15.1%, in the 'Retail sale of textiles, clothing, footwear and leather goods' by 11.9% and in the 'Dispensing chemist; retail sale of medical and orthopedic goods, cosmetic and toilet articles' by 5.6%. More significantly decrease was registered in the 'Retail sale of computers, peripheral units and software; telecommunications equipment' - 13.3%, in the 'Retail sale of automotive fuel' - 10.9%, in the 'Retail sale via mail order houses or via Internet' - 9.0% and in the 'Retail sale in non-specialized stores' - 5.9%.

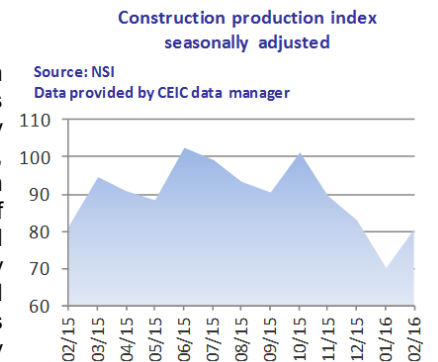
Retail Sales Index y-o-y % Change



3. Construction

According to the preliminary data, in February 2016 the index of production in section 'Construction' calculated on the base of seasonally adjusted data was 2.7% above the level of the previous month

According to the preliminary data, in February 2016 the index of production in section 'Construction' calculated on the base of seasonally adjusted data was 2.7% above the level of the previous month. In February 2016 working day adjusted data showed a decrease by 1.9% in the construction production, compared to the same month of 2015. In February 2016 the construction production, calculated from the seasonally adjusted data, was above the level of the previous month. Index of production of civil engineering increased by 3.3% and the production of building construction - by 2.1%. On an annual basis in February 2016, the drop of production in construction, calculated from working day adjusted data, was determined mainly from the negative rate in the building construction, as well as in the civil engineering, where was registered a decrease by 2.5% and by 1.3% respectively.



4. Tourism

In March 2016, the number of the trips of Bulgarian residents abroad was 354.7 thousand or by 11.4% above the registered in March 2015



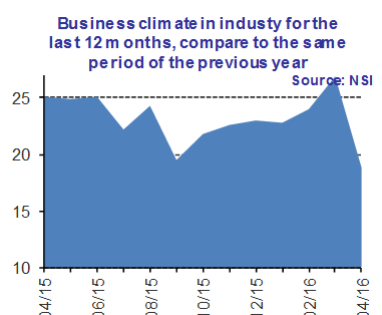
In March 2016, the number of the trips of Bulgarian residents abroad was 354.7 thousand or by 11.4% above the registered in March 2015. In comparison with the same month of the previous year an increase was observed in the total number of the trips of Bulgarians to: France - by 66.1%, Czech Republic - by 48.7%, Italy - by 23.9%, Greece - by 19.3%, Romania - by 19.0%, Austria - by 17.8%, Spain - by 17.5%, and etc. At the same time decreased the number of the trips of Bulgarians to: Croatia - by 21.3%, Belgium - by 15.9%, Poland - by 5.1%, the Former Yugoslav Republic of Macedonia - by 2.7%, and etc. The trips with other purposes (as a guest, education and visit the cultural and sport events) in March 2016 composed the greatest share of the total number of trips of Bulgarian residents abroad - 48.0%, followed by the trips with holiday and recreation purposes - 26.2%, and with professional purpose - 25.8%. In comparison with March 2015 an increase was registered in the trips by all observed purposes: with holiday and recreation purposes - by 33.7%, with other purposes - by 7.1% and with professional purpose - by 1.9%. In March 2016, the trips with other purposes formed 71.4% of all trips to Turkey and 66.7% to Slovakia. The trips with professional purpose to Poland were 57.2%, as these to

the Former Yugoslav Republic of Macedonia and France with holiday and recreation purpose were 44.1% and 44.0% respectively of all trips of Bulgarian residents to these countries. In March 2016, the number of arrivals of visitors from abroad to Bulgaria was 395.0 thousand or by 6.6% above the level of March 2015. An increase was registered in the trips with holiday and recreation purpose - by 10.9%, and with other purposes - by 7.3%, while the trips with professional purpose decreased by 2.3%. The share of visits of EU citizens was 45.5% of the total number of foreigners' visits to Bulgaria in March 2016 or by 5.7% more in comparison with the same month of the previous year. An increase was registered in the visits of the citizens of Austria - by 17.0%, Poland - by 15.2%, Romania - by 7.5%, Germany - by 5.4%, Greece - by 3.1%, Italy - by 2.7%, Spain - by 2.6%, the United Kingdom - by 1.6%, and etc. At the same time decreased the visits from Belgium - by 33.2%, Croatia - by 4.3%, the Netherland - by 3.1%, and etc. The visits of foreigners in the group 'Other European countries' increased by 8.0%, as the highest growth was observed in the visits of citizens of the Former Yugoslav Republic of Macedonia - by 17.5%. In March 2016, the predominant share of the visits with other purposes (including as guest and passing transit) was 42.2%, followed by trips with holiday and recreation purpose - 38.7% and with professional purpose - 19.1%. The visits with holiday and recreation purpose formed 94.9% of the arrivals from Israel and 85.4% - from the Former Yugoslav Republic of Macedonia. The visits with professional purpose were 58.5% of the arrivals from Croatia and 55.0% - from Belgium, as with other purposes were 73.6% of all arrivals from Romania and 58.5% - from Greece.

5. Business climate

In April 2016 the total business climate indicator decreases by 3.3 percentage points in comparison with the previous month

In April 2016 the total business climate indicator decreases by 3.3 percentage points in comparison with the previous month as a result of the more unfavourable business climate in industry. The composite indicator 'business climate in industry' decreases by 8.1 percentage points compared to March, which is due to the more reserved industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. In April the composite indicator 'business climate in construction' preserves approximately to its March level. In the construction entrepreneurs' opinion, the present construction activity is improved in comparison with the previous month, as well their prognoses over the next 3 months remain favorable. The composite indicator 'business



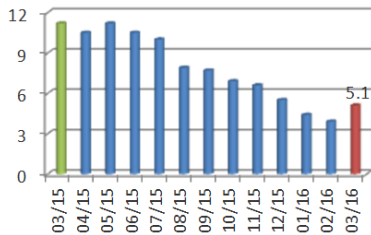
climate in retail trade' remains approximately to its March level. The retailers' assessments about the volume of the sales over the last 3 months are improved, as increased optimism in their expectations about both the sales and the orders places with suppliers over the next 3 months is registered. April the composite indicator 'business climate in service sector' increases by 0.7 percentage points mainly due to the favorable managers' expectations about the business situation of the enterprises over the next 6 months. Their opinions about the present and expected demand for services are also improved.

6. Produces price index

Total Producer Price Index in Industry in March 2016 increased by 1.2% compared to the previous month

Total Producer Price Index on Domestic Market

Source: NSI
11.2



Total Producer Price Index in Industry in March 2016 increased by 1.2% compared to the previous month. Higher prices were registered in the mining and quarrying industry by 8.0% and in the manufacturing by 1.6%, while in the electricity, gas, steam and air conditioning supply the prices fell by 0.6%. Total Producer Price Index in March 2016 decreased by 5.5% compared to the same month of 2015. The prices fell in the mining and quarrying industry by 11.8%, in the manufacturing by 5.4% and in the electricity, gas, steam and air conditioning supply by 4.9%. Producer Price Index on Domestic Market in March 2016 increased by 0.5% compared to the previous month. The domestic prices rose in the mining and quarrying industry by 3.7% and in the manufacturing by 0.9%, while in the electricity, gas, steam and air conditioning supply the prices fell by 0.5%. Producer Price Index on Domestic Market in March 2016 decreased by 4.1% compared to the same month of 2015. The domestic prices fell in the mining and quarrying industry by 8.6%, in the manufacturing by 3.4% and in the electricity, gas, steam and air conditioning supply by 4.9%. Producer Price Index on Non-domestic Market in

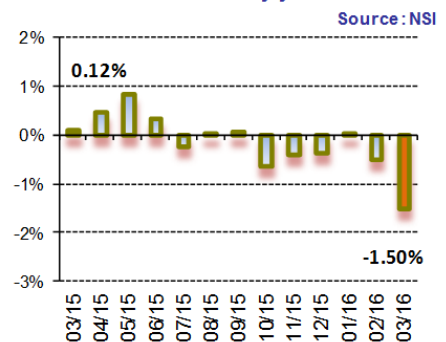
March 2016 rose by 2.6% compared to the previous month. In the manufacturing compared to the previous month the non-domestic prices went up by 2.3%. Producer Price Index on Non-domestic Market in March 2016 decreased by 8.1% compared to the same month of 2015. In the manufacturing, the prices fell by 7.8% compared to March 2015.

7. CPI Inflation

The consumer price index in March 2016 compared to February 2016 was 99.3%, i.e. the monthly inflation was -0.7%

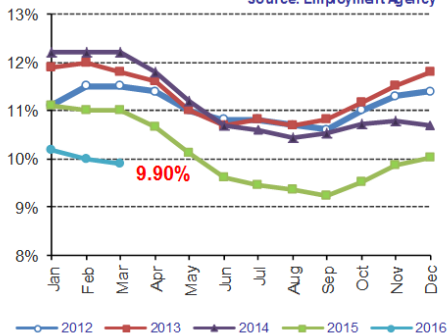
The consumer price index in March 2016 compared to February 2016 was 99.3%, i.e. the monthly inflation was -0.7%. The inflation rate since the beginning of the year (March 2016 compared to December 2015) has been -1.0% and the annual inflation in March 2016 compared to March 2015 was -1.5%. The annual average inflation, measured by CPI, in the last 12 months (April 2015 - March 2016) compared to the previous 12 months (April 2014 - March 2015) was -0.2%. The harmonized index of consumer prices in March 2016 compared to February 2016 was 99.4%, i.e. the monthly inflation was -0.6%. The inflation rate since the beginning of the year (March 2016 compared to December 2015) has been -1.3% and the annual inflation in March 2016 compared to March 2015 was -1.9%. The annual average inflation, measured by HICP, in the last 12 months (April 2015 - March 2016) compared to the previous 12 months (April 2014 - March 2015) was -0.9%. The price index of a small basket in March 2016 compared to February 2016 was 99.5% and the overall increase since the beginning of the year (March 2016 compared to December 2015) has been 100.4%.

Inflation y/y



Unemployment Rate

Source: Employment Agency



8. Unemployment

The unemployment rate in March 2016 was 9.9%, it declined by 0.16 percentage points compared to February

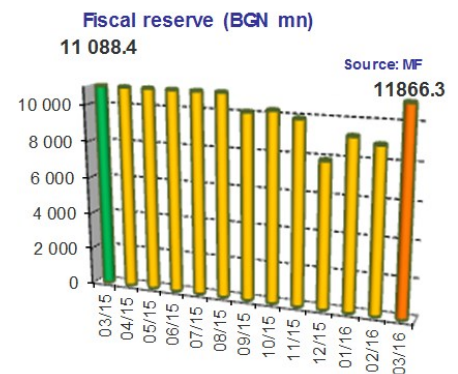
The unemployment rate in March 2016 was 9.9%, it declined by 0.16 percentage points compared to February. However, compared with March 2015, the unemployment rate decreased by 1.1 percentage point. 324 309 unemployed people were registered in the labor offices. They decreased by 5301 compared to February 2016. The unemployed are significantly less - with 37 202 people, compared with March 2015. A total of 28 063 unemployed persons started work in March 2016, that is 4 502 more compared previous month. 21 562 unemployed people have started work on the primary market. They have increased compared to February with 4 245 persons. The people received a job in the primary market rose by 2 050 persons compared to March 2015.

III. FISCAL SECTOR

1. Government budget

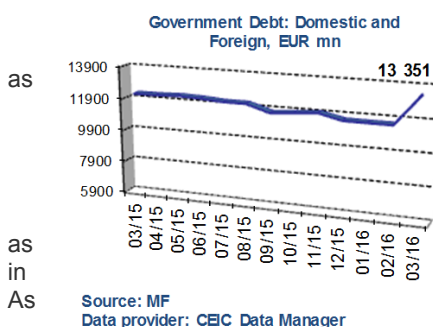
Fiscal reserve as of 31.3.2016 is BGN 11.9 billion, including BGN 11.5 billion deposits in BNB and banks and BGN 0.4 billion receivables

The first level spending units' monthly reports show that the consolidated fiscal programme (CFP) balance for March 2016 is positive to the amount of BGN 1 863.6 million (2.1% of forecast GDP) and is formed by a surplus under the national budget of BGN 819.7 million and a surplus under EU funds of BGN 1 043.9 million. For comparison, a CFP surplus of BGN 255.9 million (0.3% of GDP) was reported in the first quarter of 2015, which means that, as a relative share of GDP, the budget stance has improved by 1.8 percentage points. The improved budget stance is still due to the growth of revenues and the containment of expenditures as compared to the same period of the previous year. In March we traditionally witness high budget revenues due to the specificities of the tax calendar. In addition to the higher tax revenues and revenues from social security and health insurance contributions in the first quarter, in March 2016 grants in the amount of BGN 786.1 million were received from the European Commission. Part of this amount refers to expenditures incurred at the end of 2015 and refunded to Bulgaria, and the rest refers to advance payments under European programmes for the new programming period 2014 - 2020. Consolidated revenues and grants under CFP as of March 2016 stand at BGN 9 097.1 million, or 27.6% of the annual plans. Compared to the first quarter of the previous year, revenues and grants have grown by BGN 1 302.0 million, or by 16.7%. Tax proceeds, including revenues from social security and health insurance contributions, total BGN 6 596.9 million, which is 25.4% of the annual plans. Compared to March 2015 tax revenues have risen by 11.1% (BGN 659.4 million) in nominal terms. In structural terms the highest growth is reported in indirect tax revenues. Revenues from direct taxes amount to BGN 1 204.0 million, which accounts for 25.7% of the annual plans for 2016 and compared to the first quarter of 2015 have risen by BGN 119.0 million or by 11.0%. Indirect tax revenues amount to BGN 3 409.8 million, or 25.7% of the 2016 Annual Budget Law plans and compared to the previous year have risen by BGN 446.3 million or by 15.1%. VAT revenues amount to BGN 2 293.8 million, or 27.3% of the planned for the year. Compared to the previous year these revenues have risen by (BGN 324.4 million. The non-refunded VAT amount as of end-March is BGN 141.2 million. Growth is reported in excise duty revenues which amount to BGN 1 069.2 million (22.9% of the annual plans), and compared to March 2015 have risen by 12.6% or BGN 119.4 million. Customs duty proceeds amount to BGN 41.0 million, or 27.3% of the planned for the year. Proceeds from other taxes, including property taxes and other taxes under the Corporate Income Tax Law, amount to BGN 286.4 million, or 31.4% of the annual estimates. Revenues from social security and health insurance contributions are BGN 1 696.6 million, or 23.8% of those planned for the year. Compared to the previous year these revenues have risen by 4.4% (BGN 71.9 million) in nominal terms. Non-tax revenues amount to BGN 1 200.0 million or 26.8% of the annual plans or by BGN 120.2 million (11.1%) more compared to March 2015. Grants from the country and abroad (including grants from EU Funds) amount to BGN 1 300.2 million or 51.1% of the annual plan. Compared to the first quarter of 2015 grants have risen by BGN 522.3 million. The expenditures under the Consolidated Fiscal Programme, including the contribution of the Republic of Bulgaria to the EU budget, amount to BGN 7 233.5 million as of end-March 2016, which is 20.8% of the annual plans. For comparison the expenditures under the CFP as of end-March 2015 amounted to BGN 7 539.2 million. Non-interest expenditures amount to BGN 6 668.8 million, which accounts for 20.4% of the annual plans. Non-interest current expenditures as of end-March 2016 amount to BGN 6 308.7 million, or 23.8% of the plans, capital expenditures (including net increment of state reserve) amount to BGN 360.1 million, or 5.9% of the plans for 2016. Interest payments amount to BGN 310.8 million, or 38.7% of those planned for 2016. The part of Bulgaria's contribution to the EU budget, as paid from the central budget as of 31.3.2016, amounts to BGN 253.9 million, which complies with the existing legislation in the area of EU own resources, Council Decision 2007/436/EC, Euratom on the system of the Communities' own resources and Council Regulation No 1150/2000, as amended by Regulation No 2018/2004, Regulation No 105/2009 and Regulation No 1377/2014, implementing Decision 2007/436/EC. Fiscal reserve as of 31.3.2016 is BGN 11.9 billion, including BGN 11.5 billion deposits in BNB and banks and BGN 0.4 billion receivables under the EU Funds for certified expenditure, advance payments, etc.



2. Government debt

According to the official register kept by the Ministry of Finance, the government debt as at end-March 2016 stands at EUR 13 351.3 million



According to the official register kept by the Ministry of Finance, the government debt at end-March 2016 stands at EUR 13 351.3 million. Domestic debt amounts to EUR 3 490.2 million and external debt to EUR 9 861.1 million. At the end of the reporting period the government debt/gross domestic product (GDP)* ratio is 29.3%, with the share of domestic government debt being 7.7% and of external government debt - 21.6% of GDP. In the government debt structure, domestic debt at the end of the period amounts to 26.1%, and external debt - to 73.9%. The debt currency structure of end-December is as follows: 79.2% in EUR, 20.0% in BGN, 0.6% in USD and 0.3% other currencies. Government debt payments in March amount to BGN 651.4 million. regards the currency composition of payments, since the beginning of the year the greatest is the EUR share - 57.0%, followed by those in BGN - 41.2% and in USD - 1.8%. In March, the government guaranteed debt reaches EUR 287.3 million, of which EUR 31.8 million of domestic government guarantees, with the government guaranteed debt/GDP ratio being 0.6%.

IV. MONETARY SECTOR

In March 2016 broad money (monetary aggregate M3) increased annually by 6.1% compared to 7.1% annual growth in February 2016

In March 2016 broad money (monetary aggregate M3) increased annually by 6.1% compared to 7.1% annual growth in February 2016. At the end of March 2016 M3 was BGN 73.266 billion (80.8% of GDP) compared to BGN 73.870 billion (81.5% of GDP) in February 2016. Its most liquid component – monetary aggregate M1 – increased by 10.1% annually in March 2016 (11.8% annual growth in February 2016). At the end of March 2016, deposits of the non-government sector were BGN 63.249 billion (69.8% of GDP), increasing annually by 7.3% (8.3% annual growth in February 2016). Deposits of Non-financial corporations were BGN 17.434 billion (19.2% of GDP) at the end of March 2016. Compared to the same month of the previous year they increased by 10.9% (14.3% annual growth in February 2016). Deposits of financial corporations increased by 7.3% annually in March 2016 (0.9% annual decline in February 2016). At the end of the month they reached BGN 2.996 billion (3.3% of GDP). Deposits of Households and NPISHs were BGN 42.820 billion (47.2% of GDP) at the end of March 2016, increasing by 6% compared to the same month of 2015 (6.7% annual growth in February 2016). Net domestic assets were BGN 46.318 billion at the end of March 2016. They decreased by 5.7% compared to the same month of 2015 (2.1% annual decline in February 2016). At the end of the month their basic component – domestic credit – was BGN 48.759 billion and decreased by 4.1% compared to March 2015 (2.2% annual decline in February 2016). In March 2016 claims on the non-government sector⁷ declined by 2.5% annually (1.8% annual decrease in February 2016) reaching BGN 50.214 billion. At the end of March 2016, claims on loans to the non-government sector amounted to BGN 49.161 billion (54.2% of GDP) compared to BGN 49.070 billion (54.1% of GDP) at the end of February 2016. They decreased annually by 2.1% in March 2016 (1.4% annual decline in February 2016). The change of loans to the non-government sector was influenced by net sales of loans by Other monetary financial institutions (Other MFIs) - their volume for the last twelve months was BGN 549.4 million. On an annual basis, loans sold⁸ by Other MFIs were BGN 580.4 million (of which BGN 2.7 million in March 2016), while the amount of repurchased loans was BGN 31 million (of which BGN 9.5 million in March 2016). In March 2016, loans to Non-financial corporations decreased by 2.7% annually (2% annual decline in February 2016) and at the end of the month amounted to BGN 29.996 billion (33.1% of GDP). Loans to Households and NPISHs were BGN 17.949 billion (19.8% of GDP) at the end of March 2016. They decreased by 1.5% compared to the same month of 2015 (1.7% annual decline in February 2016). At the end of March 2016 loans for house purchases were BGN 8.642 billion and decreased by 0.5% annually (0.7% annual decline in February 2016). Consumer loans amounted to BGN 7.151 billion and compared to March 2015 they declined by 2.3% (2.8% annual decrease in February 2016). On an annual basis other loans decreased by 0.1% (0.3% annual growth in February 2016) and reached BGN 704.3 million. Loans granted to financial corporations were BGN 1.215 billion at the end of March 2016 (1.3% of GDP). Compared to March 2015, they increased by 7.5% (21.6% annual growth in February 2016). Net foreign assets amounted to BGN 45.909 billion at the end of the reporting month compared to BGN 42.269 billion at the end of February 2016. They increased by 19.9% on an annual basis compared to 20% annual growth in February 2016. At the end of March 2016 foreign assets increased by 9.1% annually (8% annual growth in February 2016), reaching BGN 54.762 billion. Foreign liabilities amounted to BGN 8.853 billion, marking a 25.5% annual decline (25.7% annual decrease in February 2016).

V. CAPITAL MARKET

All BSE indexes finished the month in the red zone, with the broad BGBX40 performing the worst and deepening its loss to 3.7% YTD

All BSE indexes finished the month in the red zone, with the broad BGBX40 performing the worst and deepening its loss to 3.7% YTD. Moreover, the index was affected the most by the selloff of Bulgartabac Holding AD and of Yuri Gagarin AD, a company related to the tobacco holding since it produces cigarette filters. Sparky Eltos AD shares were among the BSE's liquid shares that have performed the best in March – they increased their value by 6.12%, yet unable to recover from their 14% loss, recorded in February. Sparky's shares were closely followed by those of Roi Property Fund REIT (+5%) and by Tchaikapharma High Quality Medicines AD (+3.2%). On the other extreme, the top 3 worst performing shares are those of Bulgartabac Holding AD (-42.3%), Yuri Gagarin AD (-24.5%) and Chimimport AD (-9.8%). Chimimport's shares have declined for a consecutive month after recording a depreciation of 4.3% in February.

VI. REAL ESTATE

In 2015, the average price of arable land has reached BGN 732 per decare

In 2015, the average price of arable land has reached BGN 732 per decare, while in 2010 was about BGN 279. Only during last year the prices of fields have risen by 7%, or BGN 48. Statistics are based on actual concluded transactions rather than offer "buy" and "sell". It is, noteworthy, however, that while the price of fields and gardens go up and in 2015 they increased respectively by 7.5% and 9.1%, meadows and pastures have decreased by 7.7%, while the vineyards collapse is almost 25%. Traditionally, the highest listed in the country are agricultural estates in the Northeast region and last year was no exception - the price was around BGN 1 040 per decare. The record, however, is Balchik. Decare of land around the seaside town has

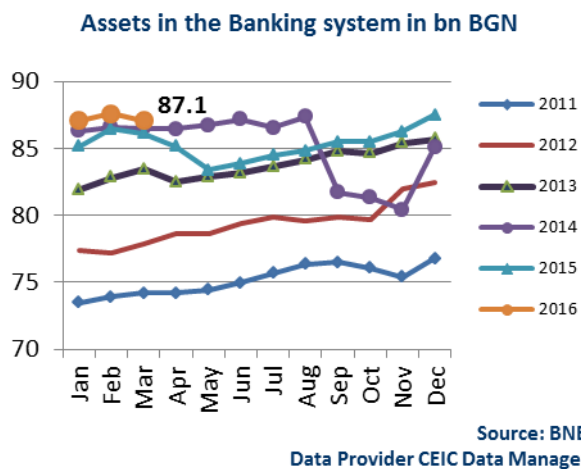
Date	SOFIX	BGBX40	BGREIT	BGTR30
03.2015	514.1	103.5	95.4	414.2
04.2015	502.7	101.3	95.8	404.4
05.2015	482.9	97.3	93.5	392.2
06.2015	485.3	95.6	94.3	391.3
07.2015	473.6	93.6	95.7	387.5
08.2015	459.4	91.0	96.3	381.6
09.2015	442.3	88.4	95.1	364.3
10.2015	446.9	89.9	95.6	370.0
11.2015	435.6	88.0	94.9	363.6
12.2015	460.9	92.8	97.0	383.8
01.2016	448.4	90.7	98.3	371.4
02.2016	447.4	89.9	100.5	373.4
03.2016	446.4	89.4	100.0	373.0

Source: Bulgarian Stock Exchange-Sofia

sold an average of BGN 1 739 in 2015. At the other extreme is the region near Sofia Elin Pelin municipality where sellers received only about BGN 36 per decare. By type of land the most expensive are fields – BGN 761 per decare, orchards are running an average of BGN 480 per decare vineyards - at BGN 339 and grassland meadows - a BGN 227. The price of land will continue to rise by between 5 and 10% in 2016, forecast by the Bulgarian Association of Agricultural Land Owners (BASZZ). The trend will continue in the coming years with the consolidation of plots. Consolidation is slow and Bulgaria remains the country with the most fragmented farmland in the EU. The average size of a field in the country is between 3 and 5 decares and arable land is divided into 25 million pieces to 3.5 million owners.

VI. BANKING SECTOR

At the end of the first quarter of 2016, the banking system reported an increased liquidity position and strengthened balance sheet capital.



At the end of the first quarter of 2016, the banking system reported an increased liquidity position and strengthened balance sheet capital. During the quarter, the liquid assets ratio calculated under BNB Ordinance No. 11 increased to 37.07% due to the dynamics in total liabilities. At the end of March the liquid assets amounted to BGN 27.6 billion and cash and cash balances with the BNB continued to have the biggest share in them (49.5%). The gross amount of non-performing loans and advances in the banking system was BGN 10 735 million at the end of the reporting period and compared to 31 December 2015 it decreased by BGN 291 million. The profit of the banking sector at the end of the first quarter of 2016 was BGN 305 million, i.e. by BGN 20 million higher than the one realised in the same period of last year. A main contribution for it had the net interest income, which grew by BGN 30 million. As of 31 March 2016, the accumulated impairment on loans and receivables in the banking system amounted to BGN 175 million (against BGN 174 million a year earlier). At the end of the reporting period, the total amount of assets was BGN 87.1 billion or by BGN 388 million (0.4%) less compared to 31 December 2015. The most

significant decrease - by BGN 2.6 billion (17.3%) - was in cash balances at central banks. The funds were invested mainly in the form of securities and receivables from credit institutions. During the period, securities portfolios increased by BGN 1.3 billion (11.9%), with the most sizable growth reported in euro-denominated bonds issued by the Bulgarian government. The quarterly dynamics of the banking system's balance sheet was also influenced by the acquisition during the period of Alpha Bank – Bulgaria branch by Eurobank Bulgaria. With the acquisition of Alpha Bank, the assets of Eurobank reached BGN 6.6 billion. As of end-March, the share of the five largest banks in the banking system's assets amounted to 57.5%. During the quarter, the banking system's loan portfolio (excluding loans to sectors central banks and credit institutions) was reduced by BGN 1 billion (1.9%). All portfolio segments reported a decrease, an influence having also the sales of loans during the period. The loans to non-financial corporations registered the biggest decrease in absolute terms (by BGN 654 million), followed by the loans to households (by BGN 259 million). The total amount of deposits decreased by BGN 695 million (0.9%) during the quarter. A decrease was reported in the deposits of non-financial corporations (by BGN 664 million) and in those of credit institutions (by BGN 580 million). The resources from households increased by BGN 211 million, and their share in the total amount of deposits reached 60.6%. An increase was also registered during the quarter of the funds attracted from other financial corporations (by BGN 195 million), and of those attracted from sector General Governments (by BGN 144 million). At the end of the quarter the banking system's balance sheet item total equity was BGN 11.6 billion. During the period it increased by BGN 115 million (1.0%). The paid-up capital was by BGN 141 million more.

METHODOLOGICAL NOTES

EXTERNAL SECTOR

CURRENT ACCOUNT

Starting from April 17th 2015, in accordance with the Statistical Data Release Calendar, BNB starts the regular dissemination of monthly balance of payments data, compiled in accordance with the Sixth Edition of the Balance of Payments and International Investment Position Manual. The implementation of the new methodological requirements of BPM6 by the EU countries was coordinated by the European System of Central Banks (ESCB) and the European Statistical System (ESS). With the implementation of the Sixth Edition of the Balance of Payments and International Investment Position Manual (IMF, 2008) significant methodological changes in the reporting of trade in goods and trade in services were introduced. Based on their economic nature, certain items were reclassified from Goods (exports and imports) to Services (exports and imports), and vice versa. These methodological changes resulted in differences between the data on goods (exports and imports) compiled by the BNB for the balance of payments statistics, and the external trade statistics compiled by the NSI. Thus, the exports, imports and trade balance data compiled by the NSI do not equate to the exports, imports and trade balance data compiled by the BNB for the purposes of balance of payments statistics. According to external trade statistics, exports of goods amounted to EUR 3,483.1 mn in January – February 2015, growing by EUR 249.1 mn (7.7%) year-on-year (compared with EUR 3,234 mn in January – February 2014). Imports of goods amounted to EUR 3,856.9 mn in January – February 2015, growing by EUR 58.9 mn (1.6%) year-on-year (from EUR 3,797.9 mn in January – February 2014). The trade balance recorded a deficit of EUR 373.8 mn (0.9% of GDP) in the reporting period, dropping by EUR 190.2 mn year-on-year (from a deficit of EUR 564 mn, 1.3% of GDP in January – February 2014). Taking into consideration the analytical importance of the data on goods (exports and imports) in the external trade statistics, the BNB shall continue its practice of preparing a short text on the external trade dynamics, and maintaining the relevant data series. These materials are included in the Balance of Payments publication, and are published on the BNB website. More detailed information on these methodological changes is available in the material Compilation of the balance of payments in accordance with the methodology of the sixth edition of the Balance of Payments and International Investment Position Manual. As far as the direct investment data is concerned, the sixth edition of the Balance of Payments and International Investment Position Manual introduced principally different approach for their presentation – the Asset/Liability presentation. Taking into consideration the analytical importance of the directional principle presentation (based on the direction of the initial investment), the BNB shall continue disseminating the direct investment data according to it in the Annex Direct Investment of the Balance of Payments monthly publication as well as in the direct investment tables. In accordance with the directional principle presentation, foreign direct investment in Bulgaria amounted to EUR 53.9 mn compared with EUR 94.7 mn in February 2014. In January – February 2015 the foreign direct investment in Bulgaria inflow equated to EUR 128.2 mn compared with an inflow of EUR 137.7 mn in January – February 2014. Direct investment abroad recorded a net increase of EUR 9.4 mn in February 2015, compared with an increase of EUR 5.7 mn in February 2014. In January – February 2015 the direct investment abroad decreased by EUR 16.6 mn, against an increase of EUR 108.7 mn in the same period of 2014. More detailed information on the direct investment is available in the annex Direct Investment (January-February 2015) and in table 10. Direct Investment of the monthly Balance of Payments publication. The Current Account comprises the acquisition and provision of goods and services, income, and current transfers between the country and the rest of the world. The flows recorded on the credit side represent that part of the gross domestic product, which is provided to the rest of the world (exports of goods and services), as well as the provision of factors of production expressed by income receivable – compensation of employees and investment income (interest, dividends, etc.). Recorded are also offsets for non-refundable real and financial resources received (transfers). The flows on the debit side represent the gross product created in the rest of the world and acquired by the domestic economy (imports of goods and services), as well as the acquisition of factors of production expressed by income payable. Recorded are also offsets to non-refundable real and financial resources provided. The Goods component of the BOP Current Account covers movable goods for which changes of ownership between residents and non-residents occur. The data on imports and exports FOB (Free on board) is based on customs declarations, as the codes used in them are after the Harmonized System for Description and Coding of Commodities of the World Customs Organization, introduced in 1988 and supplemented in 1992. With the January 2006 data the Bulgarian National Bank and the National Statistics Institute jointly apply developed by them methodology for compilation of imports at FOB prices and receipts and payments regarding the freight transportation.² The methodology is based on the analysis of the CIF-FOB correlations for the imports of goods depending on the different imports delivery categories, as well as on the different mode of transportation and nationality of the carrier.

The geographical breakdown of the Goods item of the BOP is based on the following principles:

For the intra EU trade in goods:

- In case of exports (or dispatches) is the country (or Member State) of final destination of the goods - In case of imports (or arrivals) is the country (or Member State) of consignment of the goods.

For the trade with third countries (outside EU)

- In case of exports – partner country is the country of final destination of the goods - In case of imports - partner country is the country of origin of the goods.

The Services component comprises transportation, travel, and other services. The Bulgarian National Bank derives the data on freight transportation from foreign trade data and the data on passenger transportation from travel data on the basis of estimates. With the January 2006 data the BNB introduced a new methodology for compilation of receipts and payments regarding the freight transportation. The freight transportation receipts are set up on the basis of estimated receipts of resident carriers related to the country exports of goods. The payments are calculated as an estimation of the payments made by

residents on behalf of non-resident carriers related to the country imports of goods. The receipts and payments are estimated according to mode of transportation and nationality of the carrier. With the introduction of the system INTRASTAT with the January 2007 data changes in the way of compilation of receipts and payments regarding the freight transportation of Bulgaria with the rest of the EU member states took place. Due to the delay in receiving the detailed data on trade of Bulgaria with the rest of the EU member states from the NSI, as of the date of publication of the preliminary balance of payments report for the corresponding month (42 days after the close of the reporting period) the preliminary compilation of receipts and payments of freight transportation is based on data for preceding years. These estimates are subject to revisions after receiving the preliminary detailed data (with breakdown by trade partners and by type of goods) on trade with the rest of the EU member states for the reporting month.

Travel covers goods and services, including those related to health and education, acquired by travelers for business and personal purposes. By the end of 2006 the data on travel is based on data from the Ministry of Internal Affairs on the number of travelers crossing the borders and on estimates of per capita expenditures, the latter based on the methodology for estimation of the receipts and expenditures from travel services – “Methodology For Estimation of the Receipts and Expenditures from Travel in the Bulgarian Balance of Payments” (Bulgarian National Bank, Ministry of Trade and Tourism, 18 November 1999). As of the beginning of 2007 data for the number and the structure of foreigners who visited the country are based on information from the border police and NSI estimates. With the January 2010 data the BNB applies new methodology for estimation of the receipts and expenditures for travel and passenger transportation. The estimation model for the Travel item is based on the product of the number of travelers and the expenditure respective for a certain type of purpose of the travel (for more detailed information and questions, related to the methodologies applied, please contact us through the following e-mail: press_office@bnbank.org). The estimates of the expenditures (receipts) by purpose of the travel are based on the data collected during the Border Survey among Traveling Bulgarians and Foreigners conducted by the BNB during the period July 2997 – August 2008. The new methodology was applied for the first time with the data for January 2010, with back data revisions for the months of 2007, 2008 and 2009.

Other services item covers receipts and payments related to services other than transportation and travel (communication, construction, financial, leasing, insurance, cultural, sport and recreational services, etc.).

Income consists of two categories: (i) compensation of employees, and (ii) investment income. Compensation of employees covers wages, salaries and other benefits paid to non-resident workers in the country or received by resident workers abroad. The compensation of employees comprises also income due to illegal employment. By the end of 2006 the BNB estimates this flow in accordance with the Methodology for Estimation of Flows due to Illegal Employment (14 March 2006).³ With the January 2010 data the BNB applies new methodology for estimation of the Compensation of employees, credit. The new methodology was applied for the first time with the data for January 2010, with back data revisions for the months of 2007, 2008 and 2009.

Investment income covers receipts and payments of income associated with external financial assets and liabilities. Included are receipts and payments on direct investment, portfolio investment, other investment, and receipts on reserve assets.

Transfers are all real resources and financial items provided without a quid-pro-quo from one economy to another. Current transfers directly affect the level of disposable income of the economy, and the consumption of goods and services. That is, current transfers reduce the income and consumption potential of the donor and increase the income and consumption potential of the recipient. Included in the Current transfers are the EU pre-acquisition grants, other grants, gifts, inheritances, prizes won from lotteries, pensions, current taxes, social security contributions, etc. Sources: The Bulgarian National Bank receives information on current transfers from the Ministry of Finance, the Bulgarian Red Cross, the Agency for Foreign Aid, and from the reporting system of banks on transactions between residents and non-residents .

The item Workers remittances, credit is a sub-item of the Current transfers, credit in the Current account of the balance of payments and is a balancing item for transfers without a quid-pro-quo in cash or in kind. Applying of a new methodology for estimation of these flows became necessary not only because the above described circumstances demanded it but because of the necessity to capture inflows transferred through both official and unofficial channels. The estimates of the workers' remittances are based on the product of the number of Bulgarian emigrants, transferring money to their relatives and the amount of the average transfer. Such calculations are made separately for the official and the unofficial transfer channels. The sum of the money transferred via those two channels is recorded as the amount of Workers' remittances to Bulgaria. The data on the number of the Bulgarian emigrants are based on information from the State Agency for Bulgarians abroad, from the Bulgarian embassies and from Eurostat. The data on the percentage of the Bulgarian emigrants, transferring money; the shares of the official and unofficial channels and the average transfer for each of the channels used are based on the data collected via the Border survey. The new methodology was applied for the first time with the data for January 2010, with back data revisions for the months of 2007, 2008 and 2009.

CAPITAL ACCOUNT

The Capital Account consists of two categories: (i) capital transfers and (ii) acquisition or disposal of non-produced, non-financial assets. If in kind, a capital transfer consists of (i) a transfer of ownership of fixed assets, or (ii) forgiveness of a liability by a creditor when no counterpart is received in return. If in cash, a transfer is a capital transfer when it is linked to, or conditional on, the acquisition or disposal of fixed assets (for example, an investment grant).

FINANCIAL ACCOUNT

The Financial Account comprises all transactions (actual and imputed) in the external financial assets and liabilities of an economy. The external assets and liabilities are primarily classified according to type of investment. Included in Financial Account are (i) direct investment, (ii) portfolio investment and (iii) other investment.

Direct investment covers direct investment abroad, direct investment in reporting economy and mergers and acquisitions. Direct investment is a category of international investment in which a resident of one economy – a direct investor – acquires a lasting interest (at least 10% of the ordinary shares or the voting power) in an enterprise resident in another economy – a direct investment enterprise. The direct investment includes both the initial transaction, through which the relationship between the direct investor and the direct investment enterprise is established, and all subsequent transactions between them. The direct investment covers transactions relating to changes in the direct investor's share in the equity capital of the direct investment enterprise, inter-company debt transactions as well as the share of the direct investor in the undistributed earnings/loss of the direct investment enterprise. Direct investment is reported on a directional basis: direct investment abroad – as an asset, and direct investment in the reporting country – as a liability.

The sub item Mergers and Acquisitions shows the transactions related to mergers and acquisitions. The purpose of its inclusion was to eliminate the influence of such deals over the reported foreign direct investment data. The international practice shows that these transactions have hardly any real impact on the production capacities and employment and the conclusions drawn from the interpretation of foreign direct investment data in which data on mergers and acquisitions are included might be misleading about investment flows, developments, branch and geographical structure. ("European Central Bank, Eurostat, Foreign Direct Investment Task Force Report", March 2004, para.332)

Portfolio investment includes portfolio investment, assets and portfolio investment, liabilities. Portfolio investment covers transactions in shares and equity if the investor's share in the capital is less than 10%, transactions in bonds, notes, money market and other tradable securities.

Other investment covers trade credits, loans, currency deposits, and other assets and liabilities.

According to the balance of payments conventions trade credit arise from the direct extension of credit from a supplier to a buyer, i.e this is a credit extended by a trade partner without issue of a tradable security. Loans item includes received and paid principals on short- and long-term loans between non-bank financial institutions, insurance companies and pension funds, the Bulgarian National Bank and the Ministry of Finance.

Other investment covers trade credits, loans, currency deposits, and other assets and liabilities.

According to the balance of payments conventions trade credit arise from the direct extension of credit from a supplier to a buyer, i.e this is a credit extended by a trade partner without issue of a tradable security. Loans item includes received and paid principals on short- and long-term loans between residents and non-residents if no issue of a tradable security is involved with these loans. Transactions concerning disbursements and repayments of principals on IMF loans and disbursements on loans on BOP support are not included in the item Loans. They are recorded in the relative items of group E. Reserves and Related Items.

The Currency and Deposits component presents on the assets side the changes in the residents' currency deposits held abroad, and on the liabilities side – the changes in the liabilities of the resident banks to non-residents in domestic and foreign currency. Following the basic accounting principle and conventions set in the "Balance of Payments Manual" (IMF, 1993), when compiling that item the Bulgarian National Bank excludes any changes therein due to exchange rate changes.

Items Other assets and Other liabilities includes all transactions on miscellaneous accounts receivable and payable not included elsewhere and transactions in arrears. The Net errors and omissions component is an offsetting item. This component exists in the BOP presentation because the compilation system used by the Bulgarian National Bank is not a closed one but is a combination of different sources of information. Unlike other statistical reports, such as for example the monetary statistics, the collecting of the data necessary for the balance of payments compilation could not be restricted to the accounting records of the banks as the only source of information.

The fluctuations in the Net errors and omissions, both in sign and in size, are mainly due to: (i) revisions of export and import data, (ii) the development of the methodology for compilation of certain balance of payments' components and (iii) the existence of objective obstacles to the collection of data on certain balance of payments' items.

RESERVES AND RELATED ITEMS

Reserve assets include those external assets that are readily available to and controlled by the central bank (government) for direct financing of balance of payments imbalances. The reserve assets comprise monetary gold, SDRs, reserve position in the Fund, foreign exchange assets (consisting of currency and deposits and securities), and other claims. The entries under this category pertain to transactions in the BNB's external holdings which are administered by the Issue Department. The data on reserve assets changes included in the BOP table exclude valuation changes, due to exchange rate and market price changes.

This group in the analytic presentation of the balance of payments includes also Use of Fund credit and the item Exceptional Financing. The exceptional financing comprises the BOP support as well as deferred/rescheduled payments and payments on arrears, resulting from balance of payments difficulties. In accordance with the methodology for accounting the exceptional financing transactions ("Balance of Payments Manual", Fifth Edition (IMF, 1993), p. 454), the principal repayments on the BOP support credits are included in the Financial Account – Other investment – Liabilities – Loans – General Government.

REAL SECTOR

GROSS DOMESTIC PRODUCT - PRODUCTION APPROACH

Gross domestic product by production approach, characterized the outcome of economic activity and is measured by value added generated in the production of goods and services by the resident units of the economic territory of the country. The GDP by production approach at market prices is calculated as the sum of gross value added at basic prices for total economy

and adjustments, which include net taxes on products, non-deductible VAT and duties on imports.

GDP - INCOME APPROACH

The income approach is an integral part of the primary distribution of income accounts. This approach reflect income as an element of value added created in the production process. Balance sheet item of income approach is the gross operating surplus / gross mixed income.

GROSS DOMESTIC PRODUCT BY FINAL EXPENDITURE

GDP by expenditure approach is calculated as the sum of individual consumption (including final consumption expenditure of households, final consumption expenditure of non-profit institutions serving households, final government expenditure on individual consumption), collective consumption (final cost of the government, which satisfy the needs of society as a whole), gross fixed capital formation (investments made in fixed assets), changes in inventories and foreign trade balance of goods and services (the difference between exports and imports of goods and services).

BUSINESS SURVEY IN INDUSTRY, CONSTRUCTION, TRADE AND SERVICE SECTOR

The business surveys in industry, construction, retail trade and service sector gather information about the entrepreneurs' opinions about the situation and development of their business. The replies to the questions included in the different questionnaires are presented in a three-option ordinal scale. The results are in the form of balances which are the difference between the positive and negative answering options. The survey also calculates the so-called composite indicators, such as the confidence indicator (arithmetic average of the balances of answers to specific questions), and business climate indicator (geometric average of the balances of opinions about the present and expected business situation). Some of the indicators represent numerical assessment, e.g. production assurance with orders (number of months), capacity utilization (%), etc.

INVESTMENT ACTIVITY IN INDUSTRY

The survey gathers information about the carried out investment and investment plans of the enterprises. The inquiry is conducted twice a year - in March and in October, and the questionnaires have different content. Based on the results from the March survey is calculated the expected percentage change of the investment carried out during the current year in comparison with the investment from the previous year. Based on the data from the October survey is calculated the percentage change of the investment carried out during the current year compared to the previous year, and also the expected investment for the next year compared to the current year.

CONSUMER SURVEY

The survey gathers information about the consumers' opinions about their financial situation, the general economic situation in the country, the inflation, unemployment, savings, etc. The replies to the questions are presented in a five-option ordinal scale. The results are in the form of balances which are the difference between the relative shares of the positive and the relative shares of the negative answering options, as there is one specification: the very positive and the very negative answering options are given a coefficient of 1, and the more moderate positive and negative options - a coefficient of 0.5. The composite confidence indicator is calculated as an arithmetic average of the balances of the expectations about the development over the next 12 months of: the financial situation and savings of the households, the general economic situation in the country and the unemployment, as the last balance is taken with a negative sign.

CONSUMER PRICE INDICES (CPI)

The Consumer Price Index (CPI) is the official measure of inflation in the Republic of Bulgaria. It measures the total relative price change of goods and services used by households for private (non-production) consumption and it is calculated by applying the structure of the final monetary consumption expenditures of Bulgarian households. The main source of information concerning the expenditures is the household budget survey in the country. CPI in year t is calculated on the basis of the expenditures structure of year $t - 1$.

HARMONIZED INDICES OF CONSUMER PRICES (HICP)

The Harmonized Index of Consumer Prices (HICP) is the comparable measure of inflation across EU Member states. It is one of the criteria of price stability and for readiness of Bulgaria to join the Euro-zone. HICP, just as CPI, measures the total relative change of the prices of goods and services. Both indices are calculated using the same basket of goods and services, but differ with respect to the used weights. HICP is calculated through the use of weights, which reflect the individual and the collective consumption of all households (incl. institutional and foreign households) on the economic territory of the country. The main source of information for HICP weights is the national accounts data. HICP in year t is calculated with the weights of year $t-3$.

INDUSTRIAL PRODUCTION INDEX; INDUSTRIAL TURNOVER INDICES

The Industrial Production Index is the most important short-term economic business indicator, which aims to measure at a monthly frequency the ups and downs of industrial production during the long period of time. Monthly survey allows identifying the turning points in economic development at an early stage; also, the timely industrial production index is one of the most

important measures of economic activity. The Industrial Turnover Index is other important short-term indicator, which measure the development of the market of goods and services. Turnover index gives measure of the development of the receipts of sales including the sales of goods, merchant goods and services provided to other enterprises. Monthly Industrial Production and Industrial Turnover Indexes measure changes in production and respectively in turnover between two different periods of time. This information is suitable for monitoring of current economic developments and short-term forecasts. The survey do not attempt to measure the actual production level, it aims to measure the average change in value of production between two points of time.

PRODUCER PRICE INDICES ON DOMESTIC AND ON NON-DOMESTIC MARKET IN INDUSTRY

Producer Price Index (PPI) is one of the main short-term business indicators; it is regarded as one of the important measures of the economic situation in the Country. The indices measure the average change in the prices of industrial products, which are produced and sold by Bulgarian enterprises. This is done on the bases of constant sample of groups of products, produced by the activity and sold on the domestic market or directly exported on non-domestic market and that sample is representative for total industrial production.

LABOUR FORCE

The Labor Force Survey (LFS) is a continuous sample survey providing quarterly and annual data on the economic activity of the population aged 15 and over. The survey covers non-institutional households. Reference period - the characteristics of each interviewee refer to his/her status during a defined calendar week.

Economically active population (labor force) comprises of all employed and unemployed persons.

Employed are persons aged 15 and over who during the reference period: 1) performed some work for at least one hour for pay in cash or in kind or other income; 2) did not work but had a job or an enterprise, a business from which they were temporarily absent due to illness, annual leave, full-paid maternity leave, parental leave, strike or another labour dispute, etc.

Unemployed are persons aged 15 to 74 who: 1) did not work at all during the reference period; 2) were actively seeking work within the preceding four weeks, including the reference one or have found a new job or business that is expected to start within 3 months following the reference period; 3) were available to start working within two weeks following the reference period. *Inactive population* (persons not in the labour force) includes persons aged 15 and over who were neither employed, nor unemployed during the reference period. *Activity rate* - ratio between the economically active population and the total population of the same age group. *Employment rate* - ratio between the employed population and the total population of the same age group. *Unemployment rate* - ratio between the unemployed persons and the economically active population.

Inactivity rate - ratio between the economically inactive population and the total population of the same age group.

MONETARY AGGREGATES

Net Foreign Assets – a balance between gross foreign assets and liabilities of the banking sector. Gross foreign assets are reported by instrument and include Bulgaria's international forex reserves and other foreign assets of the BNB and commercial banks. Gross foreign liabilities reflect liabilities of the BNB and commercial banks to the foreign sector.

Domestic credit – incorporates credit to the consolidated general government sector and non-government sector. Credit to the consolidated general government sector includes net claims on the central government and gross claims on local government, and social security funds. Credit to the non-government sector includes gross claims on non-financial corporations, financial corporations, households and NPISHs.

Fixed assets – movable or immovable non-financial assets which monetary financial institutions intend to use over a period longer than one year in their main activity.

Other items (net) – consolidates all components of the balance sheets of the BNB and commercial banks which are not included in the instruments displayed above. They include relations between commercial banks (net), other assets and liabilities (net) and relations between the BNB and commercial banks (net). Accrued and overdue interest, derivatives, depreciation, provisions, as well as assets and liabilities which are not included elsewhere are part of the Other assets and liabilities (net) item. The balance on the Relations between the BNB and Commercial Banks (net) item reflects the float as a result of netting of claims and liabilities between commercial banks and the BNB.

Broad money (money supply) comprises liabilities with money character of banks to the resident sector with the exception of the liabilities to the central government and the banking sector (money-holding sectors). Monetary aggregate instruments are grouped by liquidity and are presented by currency and sector.

The following monetary aggregates are used: M1, M2, and M3. The M1 monetary aggregate, commonly referred to as narrow money, includes the most liquid instruments used in settlements (currency outside banks and overnight deposits in national and foreign currency). The M2 monetary aggregate comprises quasi-money and the M1 monetary aggregate. Quasi-money comprises deposits with agreed maturity of up to two years and deposits redeemable at notice of up to three months (including savings deposits). The least liquid financial instruments include repos and debt securities issued up to two years. They are denominated in national and foreign currency and together with M2 form the broadest monetary aggregate, M3, commonly referred to as money supply (broad money).

Long-term liabilities and monetary financial institutions – include liabilities of monetary financial institutions with maturity of over two years or with a notice of over three months, as well as capital and reserves. Capital and reserves comprise the statutory fund of the banking system reserves and financial result.

Money supply is based on commercial bank monetary base (currency outside banks and bank reserves) multiplication. Money supply is determined by using M1, M2 and M3 monetary aggregates.

Monetary base (reserve money) consists of currency outside banks and commercial bank funds (bank reserves). The latter include commercial bank deposits with the BNB and cash in commercial bank vaults. Commercial bank deposits include minimum required reserves and excess reserves (overnight deposits and deposits with agreed maturity). Dynamics of reserves depends on the amount of required reserves (comprising a set portion of deposits) and excess reserves. The amount of required reserves is set by the Managing Board of the BNB and is the only instrument of the central bank monetary policy under a currency board. The amounts of excess reserves reflect the liquidity of commercial banks and the trend toward greater security.

Money Supply Mechanism

Money supply (M3) may be expressed as a product of monetary base and the money multiplier variable.

Money multiplier characterizes the degree of multiplication effect as a result of commercial bank activity. This effect is measured by the ratios of broad money (M3) or individual monetary aggregates (M1 and M2) to reserve money. The money multiplier reflects the currency outside banks to deposits ratio and the bank reserves to deposits ratio, known as factors in determining money supply. The currency outside banks to deposits ratio depends primarily on the public behavior, while the bank reserves to deposits ratio reflects commercial bank behavior.

Sources of Reserve Money: Under a stable money multiplier, total money supply may be influenced through reserve money sources.

Foreign assets (net) reflect an increase/decrease in Bulgaria's forex reserves. Under a currency board changes in forex reserves at the expense of government deposit do not directly affect the monetary base and it is automatically sterilized.

Claims on central government (net) – the net position of the government is a result of assets netting (balances on lev loans disbursed prior to June 1997 pursuant to the former Law on the BNB and balances on forex loans under Article 45 of the Law on the BNB) its liabilities.

Claims on non-government sector include only claims on shares and other equity on the non-government sector.

Claims on commercial banks – the balance sheet reports balances on loans extended prior to June 1997 and unpaid interest on these loans.

Remaining items (net) include assets and liabilities, which are not classified to any other item.

CAPITAL MARKET

SOFIX Index: Initial date: 20 October 2000; Initial value: 100

SOFIX is an index based on the market capitalization of the included issues of common shares, adjusted with the free-float of each of them. The index covers the 15 issues of shares complying with the general requirements for selection of constituent issues that have the greatest market value of the free-float. An issue included in the index base of SOFIX shall also meet the following criteria: 1) The issues should have been traded on a market, organized by the Exchange, for at least 3 (three) months before their introduction into the SOFIX portfolio. Provided an issue has been transferred for trading from one market segment to another, the first quotation date of the issue shall be assumed as its first trading date; 2) The market capitalization of the issue shall not be less than BGN 40,000,000 and the free-float shall not be less than 25 %* of the amount of the issue, or the market value of the free-float shall not be less than BGN 10,000,000; 3) The number of shareholders of the issue shall not be less than 500 persons; 4) The turnover of the issue during the last 12 months shall not be less than BGN 2,000,000; 5) The number of transactions executed in the issue during the last 12 months shall not be less than 750.

* The free-float as one of the requirements for SOFIX, shall be defined as follows: 1) As from 1st September 2010 – 15 (fifteen) %; 2) As from 1st March 2011 – 20 (twenty) %; 3) As from 1st September 2011 – 25 (twenty-five) %

BG REIT Index: Initial date: 03 September 2007; Initial value: 100

BG REIT is an index based on the free-float-adjusted market capitalization and shall cover 7 (seven) issues of common shares of special investment purpose companies that operate in the field of securitization of real estates and/or land, i.e. real estate investment trusts (REITs), with the greatest market value of the free-float and the highest median value of the weekly turnover during the last 6 (six) months. The two criteria shall have equal weight. Beside the general requirements an issue included in the index base of BG REIT shall meet the following criteria: 1) To have been traded on a market, organized by BSE-Sofia, for at least 3 (three) months before its introduction into the BG REIT portfolio. Provided an issue has been transferred for trading from one market segment to another, the first quotation date of the issue shall be assumed as its first trading date; 2) The market capitalization of the issue shall not be less than BGN 5,000,000 (five mn. Bulgarian Leva); 3) The free-float shall not be less than 25 (twenty-five)* % of the total volume of the issue;

* The free-float requirements for BG REIT constituents shall be defined as follows: 1) As from 1st September 2010 – 15 (fifteen) %; 2) As from 1st March 2011 – 20 (twenty) %; 3) As from 1st September 2011 – 25 (twenty-five) %;

BG 40 Index: Initial date: 01 February 2005; Initial value: 100

BG 40 is an index based on the price performance of the issues and shall cover 40 (forty) issues of common shares of the companies with the greatest number of transactions and the highest median value of the daily turnover during the last 6 (six) months as the two criteria shall have equal weight. Beside the general requirements the issues included in the calculation of the index should meet the following additional requirement: To have been traded on a market, organized by the Exchange, for at least 3 (three) months before their introduction into the BG 40 portfolio. Provided an issue has been transferred for trading from one market segment to another, the first quotation date of the issue shall be assumed as its first trading date. In case of more than 3 (three) companies belonging to one economic group, all compliant with the additional requirements above, only the three issues of companies belonging to that economic group with the greatest number of transactions and the highest median value of the daily turnover shall be admitted to the ranking. If as a result of the ranking it occurs that two or more issues of companies belonging to one economic group have been ranked at the same place, the issues with the greater number of transactions executed during the last 6 (six) months shall be treated with priority with respect to the inclusion.

BGTR30 Index (BG Total Return 30): Initial date: 03 September 2007; Initial value: 1,000

BG TR30 is an index based on the price performance of the common shares included in the index portfolio, as each constituent issue shall have equal weight. The issues included in the calculation of the index should meet the following criteria: 1) The market capitalization of each issue should not be less than BGN 10,000,000 (10 mn.); 2) The free-float (number of shares held by minority shareholders, i.e. by holders of not more than 5 % of the votes in the General Meeting of the issuing company) should not be less than 10 % of the total volume of the issue; 3) The size (amount) of each issue should not be less than 250,000 shares. All issues meeting the conditions above are graded to the following criteria of equal weight: 1) Market capitalization; 2) Number of transactions in the last 6 months; 3) Turnover during the last 6 months; 4) Free-float.

REAL ESTATE

MARKET PRICES OF HOMES

This statistical survey is designed for price index calculation of homes (flats) built up by standard plans and comparable by pre-defined parameters which remain unchangeable for the whole process of observation. The purpose is to obtain representative data on average prices and indices of flats in district centers and for the total country. The object of the survey is the price of flats' real sales in the district centers. Data give the possibility to compare the total price change of dwellings for the current quarter with the total price change for the previous one as well as for a longer period.

The statistical data about the newly built residential buildings and dwellings are prepared on the basis of quarterly reports of the municipal administrations. In the scope of survey are newly built residential buildings with approved or valid usage license according to Regulation № 2/31.07.2003 of the Ministry of Regional Development and Public Works.

Living floor space is the floor space of living-rooms, bedrooms, recesses for sleeping, dining-rooms, living-rooms, cabinets and libraries of scientists and drawing-rooms but does not include the space of kitchens.

Service floor space is the floor space of rooms and kitchens with less than 4 square meters floor space, vestibules with a portal or other screen, corridors, bathrooms, toilets, ladders, hanging closets, other service rooms such as drying-rooms, laundries or balconies regardless their space. The space of kitchens with over 4 sq. m. floor space is shown separately.

The useful floor space of dwelling is a sum of the living-floor-space, the service floor space and the space of the kitchens.

The average useful floor space is a ratio between the useful floor space and the number of dwellings.

Analyst Certification: This analysis is prepared on the base of Press realizes as well as an official data provided by NSI, by Bulgarian Ministry of finance, Bulgarian National bank, Internet Securities Bulgaria, EMIS, Emerging Markets Direct. The following analyst hereby certify that the views expressed in this research report accurately reflect my personal views about the macroeconomic indicators in Bulgaria and no part of them was, is, or will be directly used as specific recommendations for buying securities or other issues. Hristo Dimitrov, Chief analyst, e-mail: dimitrov_hr@ubb.bg