
Description:
This report covers the key macroeconomic, financial and political releases for Bulgaria for the period since June 16, 2016.

Finance Minister Vladislav Goranov said that he does not expect Brexit to have serious direct impact on Bulgaria.

Bulgaria's business confidence improved m/m for a second consecutive month in June. The industrial production fell 3.3% y/y in May, reversing a 2.6% y/y increase in April. Bulgaria's construction output fell 8.1% y/y in May, after decreasing by 10.5% y/y the month before. Retail sales (at constant prices) climbed 3.9% y/y in May, slowing down from a 5.4% y/y increase in April.

An arbitration court in Geneva has ruled that Bulgaria's state-owned National Electricity Company (NEK) has to pay €550mn to Russia's Atomstroyexport, a unit of Rosatom, for equipment already produced for the cancelled Belene nuclear power plant project.

The Bulgarian parliament has adopted a new draft anti-corruption law in its first reading.

Key points:
- The CPI decreased by 1.3% y/y in June, after dropping by 2% y/y in May
- Bulgaria reported a consolidated budget surplus of BGN3.09bn (€1.58bn) in the first half of 2016, equal to some 3.5% of projected GDP, preliminary data from the finance ministry showed
- The country reported a current account surplus of €274.8mn in the first five months of 2016, reversing a deficit of €192.1mn in January-May 2015

Contents:
1. Executive Summary
2. Macroeconomic Overview
   - Bulgarian finance minister does not expect serious direct impact of Brexit
   - Bulgaria's long-term convergence interest rate rises to 2.4% in June
3. Real Sector
   3.1 Inflation
   - Bulgaria's CPI deflation eases to 1.3% y/y in June
   - Bulgaria's annual PPI deflation deepens to 4.5% in May
   3.2 Industry and Trade
   - Bulgaria's business climate improves in June
   - Bulgarian parliament elects new members to antitrust regulator
   - Bulgaria's industrial production drops 3.3% y/y in May
   - Bulgaria's construction output decline eases to 8.1% y/y in May
   - Bulgaria's retail sales growth decelerates to 3.9% y/y in May
3.3 Labour Market
   - Bulgaria's unemployment rate drops to 8.4% in June, labour agency data show
   - Bulgaria's labour cost growth accelerates to 7.7% y/y in Q1
3.4 Tourism
   - Bulgaria's accommodation revenue rises 18.7% y/y in May
   - Foreign tourists in Bulgaria up 11.8% y/y in May
4. Fiscal Sector
   - Bulgaria reports budget surplus of 3.5% of GDP in H1
   - Bulgaria's NEK to pay €550mn for cancelled Belene nuclear project, arbitration court rules
   - Bulgaria's fiscal reserve rises 9.1% in May
   - Bulgaria's government debt rises 8.6% y/y at end-May
5. Financial Intermediation
- Bulgarian banking sector profit rises 12.3% y/y in January-May
- Fitch affirms Raiffeisenbank (Bulgaria), FIBank, upgrades UBB
- IMF, World Bank launch preliminary mission in Bulgaria over new FSAP
- Bulgaria's M3 growth speeds up, contraction of non-government loans eases in May
- Bulgaria's deposit, lending interest rates mostly down m/m in May
- Bulgarian parliament to elect new chairperson of financial regulator by end-July

6. External Sector
- Bulgaria reports current account surplus of 0.6% of GDP in January-May
- FDI in Bulgaria drops 34.4% y/y in January-May
- Bulgaria's foreign trade deficit narrows 54% y/y in January-May
- Bulgaria's gross external debt drops 8.7% y/y at end-April
- Bulgaria's foreign reserves rise 3.2% in June

7. Politics
- Bulgarian PM Borissov considers cabinet reshuffle
- Study shows 22.2% of Bulgarians involved in corruption in last year
- Bulgarian parliament adopts anti-corruption bill in first reading
- German President Gauck visits Bulgaria, calls for rule of law, tackling corruption
- Bulgaria's ruling GERB party leads in opinion poll

- Table 1 CPI, % y/y
- Table 2 Domestic market PPI, % y/y
- Table 3 Consolidated budget, BGN mn
- Table 4 Fiscal reserve, BGN mn
- Table 5 Government debt, € mn
- Table 6 Money supply, domestic credit, loans
- Table 7 Current account, € mn
- Table 8 Foreign trade, FOB/FOB, BGN mn
- Table 9 Gross external debt, €mn

- Figure 1 Long-term convergence interest rate
- Figure 2 Bulgaria CPI, % y/y
- Figure 3 Domestic market PPI, % y/y
- Figure 4 Industrial output
- Figure 5 Construction output
- Figure 6 Retail sales
- Figure 7 Fiscal reserve, BGN mn
- Figure 8 Government debt
- Figure 9 Average interest rates on new euro loans
- Figure 10 FDI in Bulgaria, € mn
- Figure 11 Gross external debt, € mn
- Figure 12 Foreign reserves
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