



JUNE 2012 ECONOMIC OUTLOOK FOR BULGARIA: ANSWERS FROM BIA

MAIN FORECAST

Annual % change	2012	2013
Real GDP growth	1,4	2,0
Consumer price inflation	2,8	2,8
Unemployment rate	12,0	11,0
Employment growth	0,8	1,2
government net lending (% of GDP)	0,0	0,0
gross public debt (% of GDP)	0,2	0,2
current account balance (% of GDP)	0,2	-0,5

Components of aggregate demand - in real terms

Annual % change		
Private consumption	0,0	0,2
Public consumption	-1,2	-1,2
Investment (Gross Fixed Capital Formation)	-6,5	-2,5
Private non-residential investment	-3,5	-2,0
Exports	8,5	9,0
Imports	9,0	9,0

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged
Trend in business climate over the next 6 months			Industry
	Services		

	Positive	Negative	Unchanged
Trend in profitability over the next 6 months			Industry
	Services		

	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)
Investment intentions over the next 6 months			Industry		
			Services		

	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
Influence on companies' investment decisions	negative	negative	neutral	positive	positive	neubgal

	Replacement	Extension	Rationalisation	Innovation
Driving force behind investment decisions in the next 6 months	positive	neutral	positive	positive

	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months
Overall trend in employment	na	na	na	na

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

Compared to 6 months ago,

*cost/access to finance has been...
for SMEs*

sharply up / restrained

up / more difficult

same

down / easier

Demand for finance
Cost
Access

for larger companies (>250 employees)

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Cost
Access

	<i>Investment</i>	<i>Inventories and working capital</i>	<i>Internal Financing</i>	<i>Issuance of debt securities</i>	<i>Economic Outlook</i>	
Factors contributing to the demand of bank lending	Positive effect	Neutral effect	Negative effect	Negative effect	Negative effect	
	<i>Bank's capital position</i>	<i>Bank's liquidity position</i>	<i>Access to market financing</i>	<i>Financial Regulation</i>	<i>Economic Outlook</i>	<i>ECB Long term refinancing operations</i>
Factors contributing to the supply of bank lending	Positive effect	Positive effect	Positive effect	Neutral effect	Negative effect	Positive effect