



## 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	roal torms					
<b>Components of aggregate demand - in ı</b> Annual % change	rear terms					
Private consumption		0.0	0,2			
Public consumption		-1,2	-1,2			
Investment (Gross Fi1ed Capital Formation	n)	-6,5	-2,5			
Private non-residential investment	"/	-3,5	-2,0			
E1ports		-5,5 8,5	9,0			
Imports		9,0	9,0			
mporto			5,0			
ECONOMIC SENTIMENT						
	Positive	Negative	Unchanged			
Trend in business climate over the next	:		Industry			
6 months	Services					
	Positive	Negative	Unchanged			
Trend in profitability over the next 6			Industry			
months	Services		•			
	00141000					
	Increase	Increase		Decrease	Decrease	
			Unchanged			
Investment intentions over the next 6	Increase (faster pace)	Increase (slower pace)	=	Decrease (slower pace)	Decrease (faster pace)	
			Industry			
			=			
	(faster pace)	(slower pace)	Industry Services	(slower pace)	(faster pace)	Capacity
months			Industry			
months  Influence on companies' investment	(faster pace)  Global demand	(slower pace)  Domestic demand	Industry Services  Cost of finance	(slower pace)  Availability of finance	(faster pace)  Company Profitability	Utilisation
months Influence on companies' investment	(faster pace)	(slower pace)	Industry Services	(slower pace)	(faster pace)	
months Influence on companies' investment	(faster pace)  Global demand  negative	(slower pace)  Domestic demand  negative	Industry Services  Cost of finance neutral	(slower pace)  Availability of finance  positive	(faster pace)  Company Profitability	Utilisation
months  Influence on companies' investment decisions	(faster pace)  Global demand	(slower pace)  Domestic demand	Industry Services  Cost of finance	(slower pace)  Availability of finance	(faster pace)  Company Profitability	Utilisation
Influence on companies' investment decisions  Driving force behind investment	(faster pace)  Global demand  negative	(slower pace)  Domestic demand  negative	Industry Services  Cost of finance neutral	(slower pace)  Availability of finance  positive	(faster pace)  Company Profitability	Utilisation
Influence on companies' investment decisions  Driving force behind investment	Global demand negative  Replacement	Domestic demand negative  Extension	Industry Services  Cost of finance neutral  Rationalisation	(slower pace)  Availability of finance positive  Innovation	(faster pace)  Company Profitability	Utilisation
months  Influence on companies' investment decisions  Driving force behind investment	Global demand negative  Replacement	Domestic demand negative  Extension	Industry Services  Cost of finance neutral  Rationalisation positive	(slower pace)  Availability of finance positive  Innovation positive	(faster pace)  Company Profitability	Utilisation
months  Influence on companies' investment decisions  Driving force behind investment	Global demand negative  Replacement positive	Domestic demand negative  Extension	Industry Services  Cost of finance neutral  Rationalisation positive  Services: past 6	(slower pace)  Availability of finance positive  Innovation positive  Services: next 6	(faster pace)  Company Profitability	Utilisation
Investment intentions over the next 6 months  Influence on companies' investment decisions  Driving force behind investment decisions in the next 6 months  Overall trend in employment	Global demand negative  Replacement positive	Domestic demand negative  Extension neutral	Industry Services  Cost of finance neutral  Rationalisation positive	(slower pace)  Availability of finance positive  Innovation positive	(faster pace)  Company Profitability	Capacity Utilisation neubgal



bank lending



## ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH Compared to 6 months ago, cost/access to finance has been... sharply up / restrained up / more difficult down / easier same for SMEs Demand for finance Cost Access Demand for finance for larger companies (>250 employees) Cost Access Compared to 6 months ago, cost/access to finance has been... sharply up / restrained up / more difficult same down / easier for SMEs Demand for finance Cost Access for larger companies (>250 employees) Demand for finance Cost Access Inventories and Issuance of debt Internal Financing **Economic Outlook** Investment working capital securities Positive effect Neutral effect Negative effect Negative effect Negative effect Factors contributing to the demand of bank lending ECB Long term Bank's liquidity Access to market Bank's capital position Financial Regulation **Economic Outlook** refinancing position financing operations Positive effect Positive effect Positive effect Neutral effect Negative effect Positive effect Factors contributing to the supply of