

Bulgaria: Economic growth showing resilience

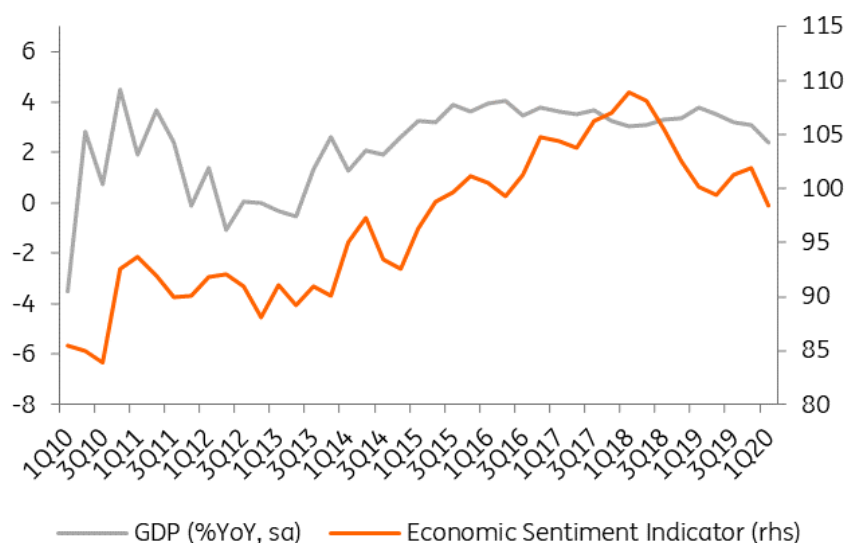
1Q20 flash GDP shows a 0.3% expansion compared to the previous quarter. Details are due 4 June



Council of Ministers building, Sofia

The flash release does contain some limited details on a few GDP items. Compared to 4Q19 the final consumption witnessed a very small contraction of 0.1%, gross fixed capital formation contracted by 0.9% while net exports were largely flat. Basically, the gross value added component expanded by only 0.1%, on top of which statistical adjustments added the extra 0.2pp to get the overall 0.3% quarter-on-quarter growth.

Confidence pointing to weakness ahead



Source: NSI, EC, ING

No matter how the detailed picture will look on 4 June, Bulgaria will probably be one of the very few European countries to show a GDP expansion in the first quarter of 2020 (up to date only Romania posted a quarterly expansion as well). The 0.3% advance versus 4Q19 translates into a 2.4% advance versus 1Q19. This means that even if we keep our forecasts for the rest of the year constant (which we do), we still need to update our 2020 GDP growth forecast from -6.2% to -5.0%. Hence, although the second quarter will certainly look a lot worse, it is not all doom and gloom for the Bulgarian economy.

Author

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial

Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.