

## Bulgaria: Economic growth showing resilience

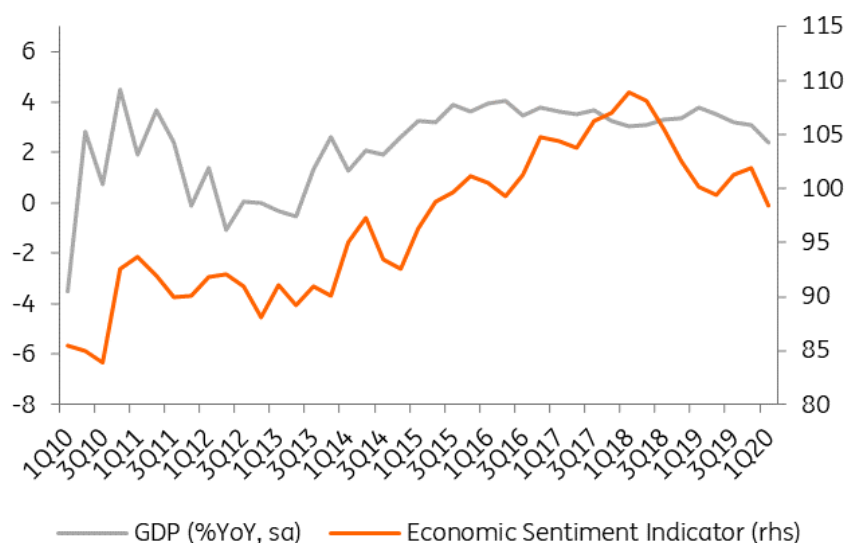
1Q20 flash GDP shows a 0.3% expansion compared to the previous quarter. Details are due 4 June



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.

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