



MPC №03-2017



Monetary policy research and development department
Dushanbe– 26/05/2017

Macroeconomic forecast



Outline

- I. Macroeconomic forecast
- II. Current macroeconomic stance
 - Real sector
 - External sector
 - Monetary sector
- III. Recommendation and decision making

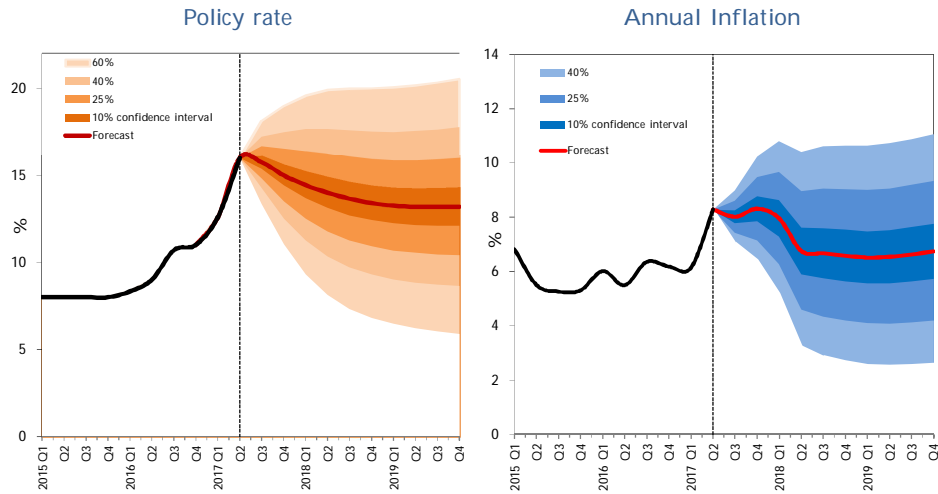


Forecast expectations

- It is expected that the real economic growth of the Russia in 2017 will be 1.1%, thus there is a likelihood of an increase in inflow of remittances of labor migrants to 20.0% on an annualized basis.
- According to the World Bank projection in 2017, world oil prices are set at an average of \$ 55.0 per 1 barrel and relative growth in world prices for food items.
- Probably an increase in interest rates of the Federal Reserve System (FRS) in 2017.
- The positive impact of seasonal factors in line with agricultural sector growth and good harvest of fruits and vegetables for the II and III quarters will be expected in decline in foodstuff prices.
- In given projection, till end of year, a relative increase in domestic and external investment is envisaged for construction of Roghun HPP and other investment projects.



Macroeconomic forecast



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Alternative scenario (risks)

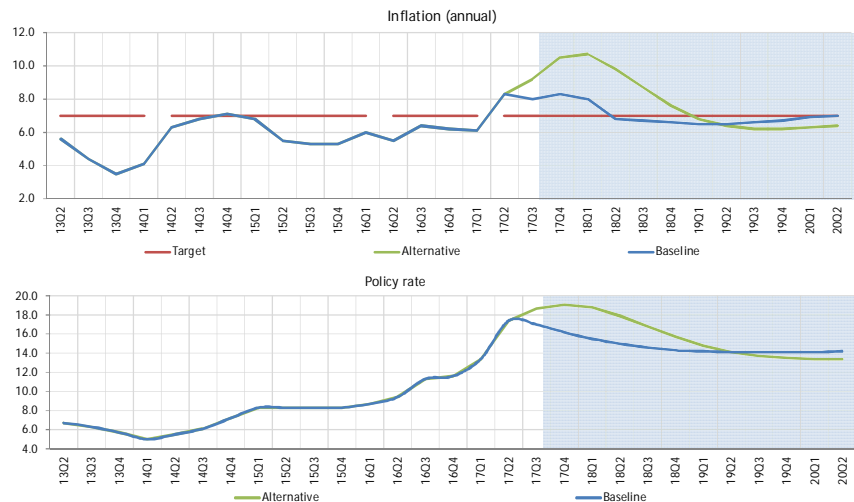
An alternative scenario assume that following factors may lead to possible occurrence of inflation and exchange rate risks for the medium term:

- Consequences of decline in the foreign investment inflow to the country for the second half of 2017 and as a result a decrease in capitalization and financing of state projects;
- Increase in the interest rates of the Fed (FED) of the USA.



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Alternative scenario



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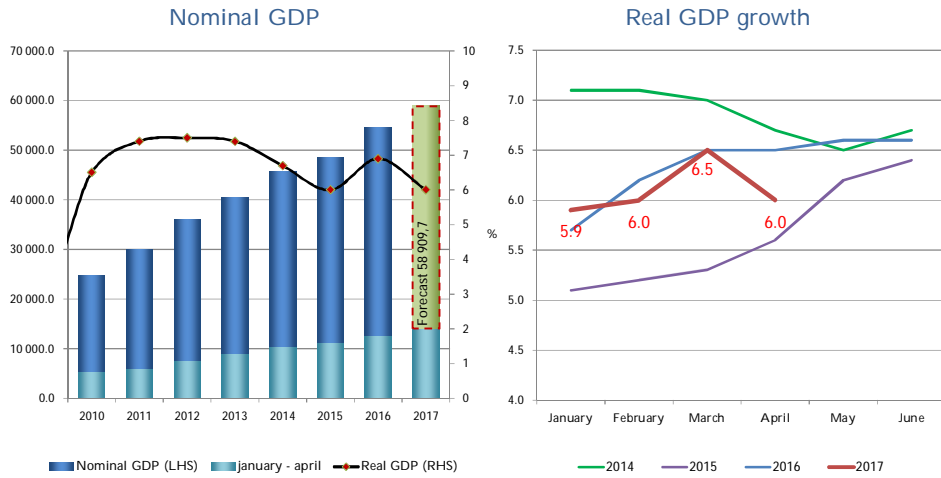
Current macroeconomic stance

Real sector



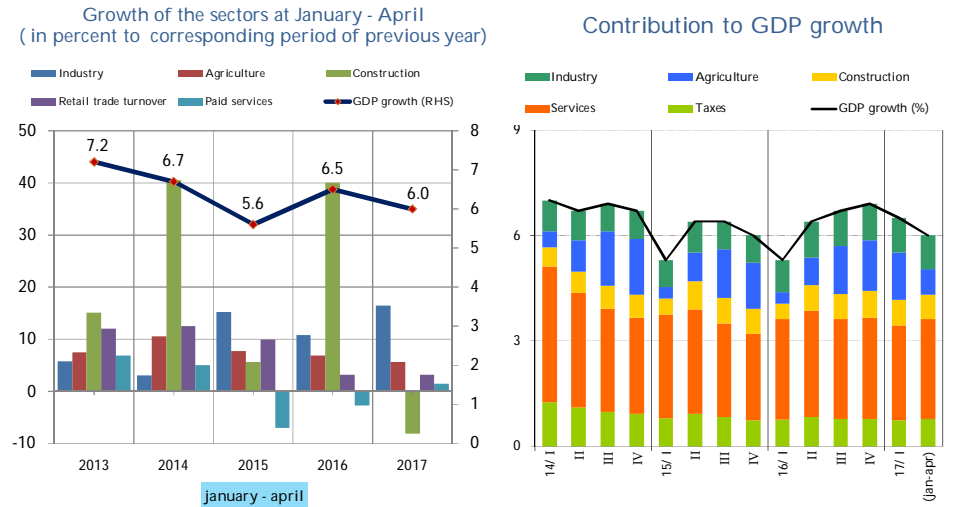
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GDP dynamics

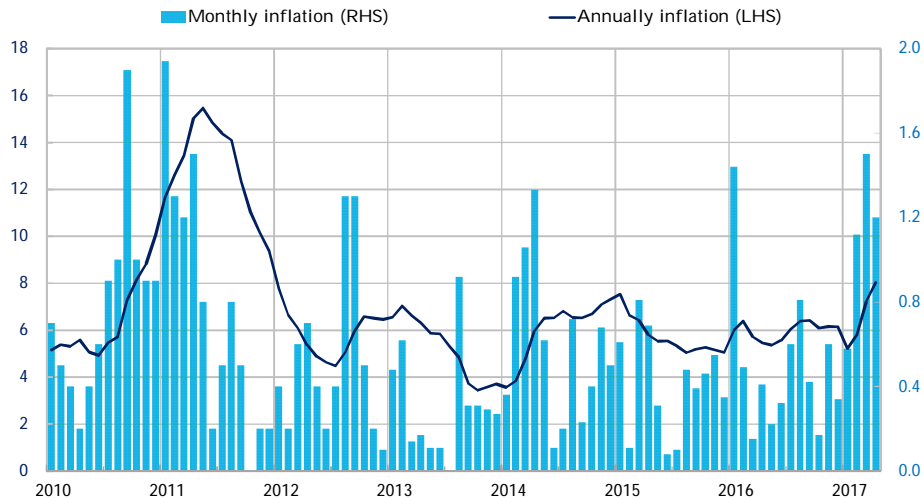


*/ According to forecast for 2017 of the Ministry of economic development and trade of the Republic of Tajikistan
Nominal GDP projected at 58 909.7 mln. somoni and real GDP growth at 7.0%.

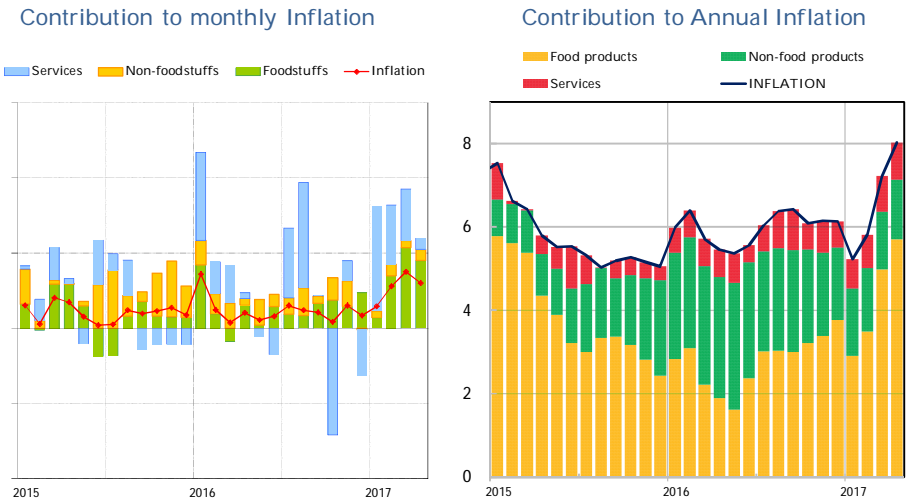
GDP dynamics and contribution to GDP growth



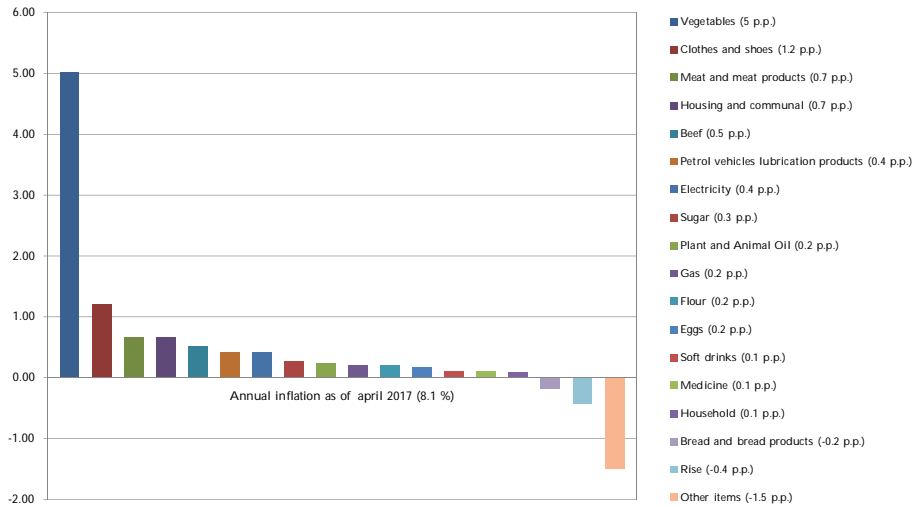
Monthly and Annual Inflation



Consumer price growth and it's contribution, in percent



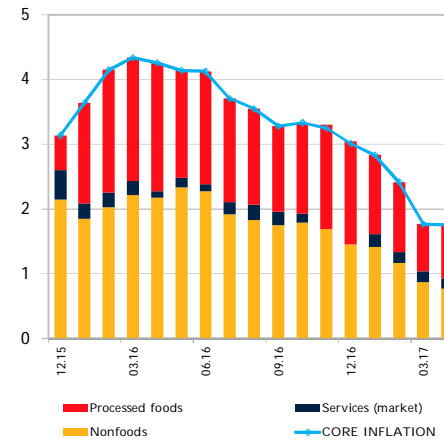
Contribution to YoY CPI as of April, 2017



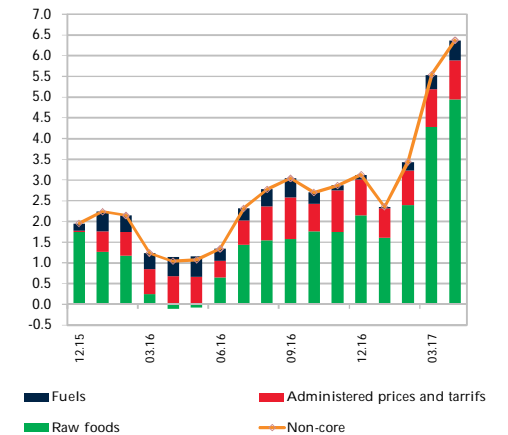
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Core and non-core inflation, YoY change %

Core Inflation

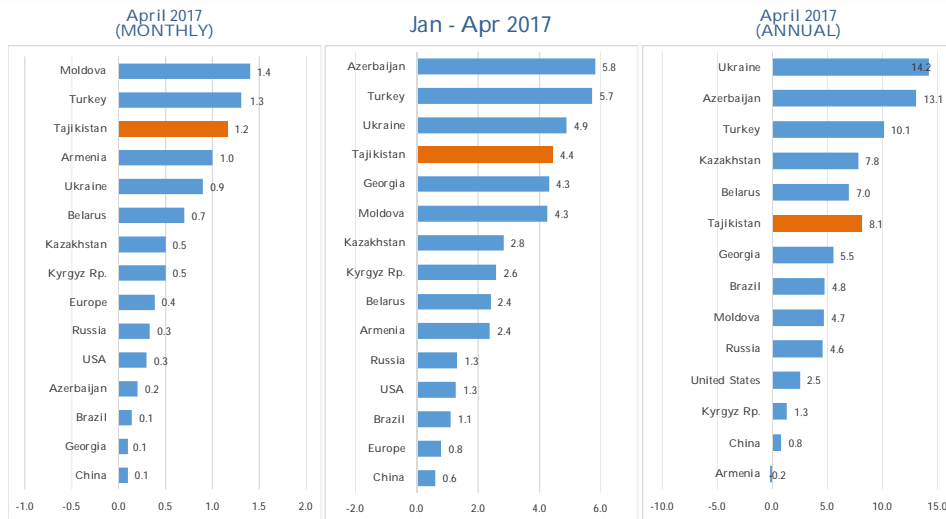


Non-core Inflation



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Inflation in the region and trade partners



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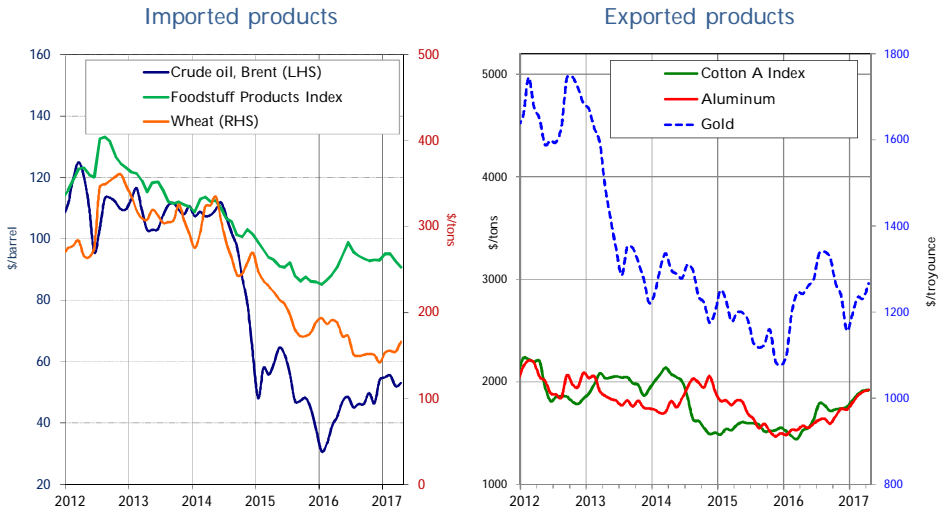
Current macroeconomic stance

External sector



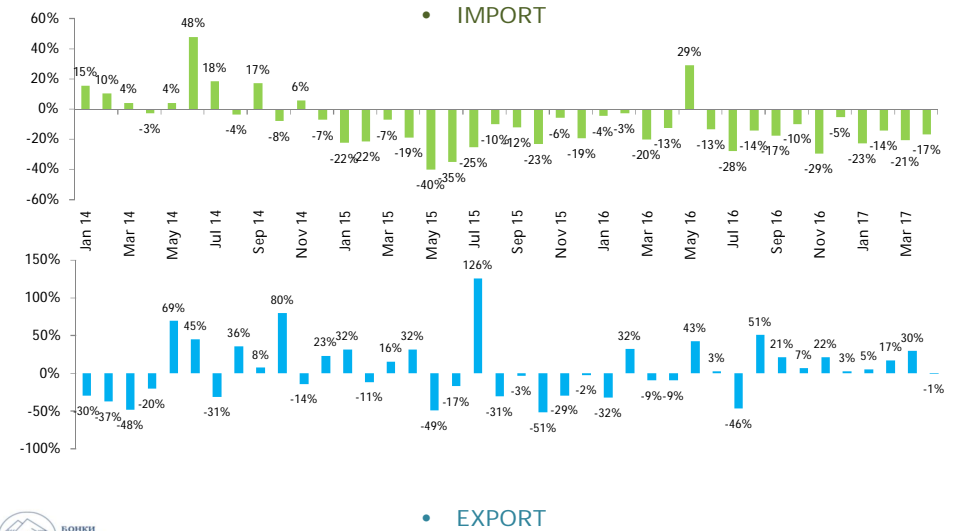
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World commodities prices dynamics (monthly)



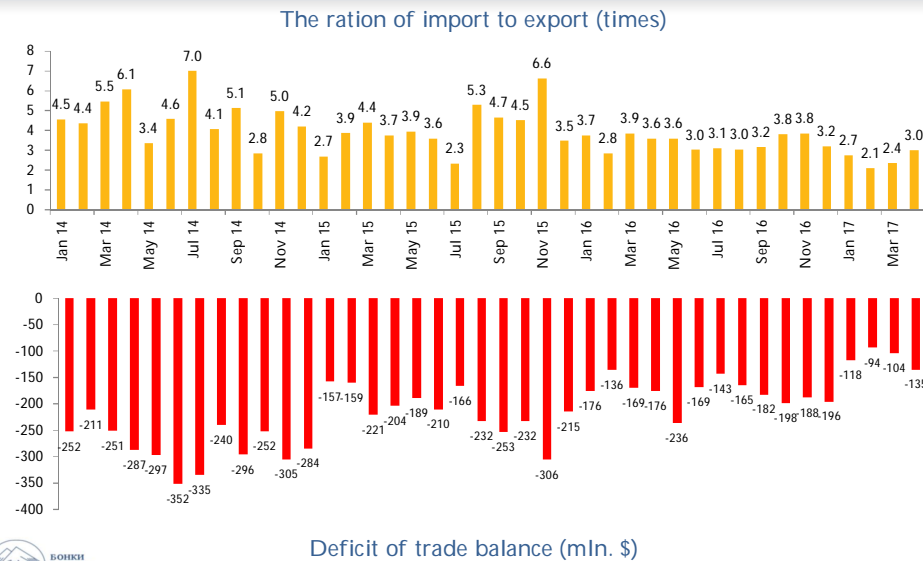
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Import and export (YoY change)



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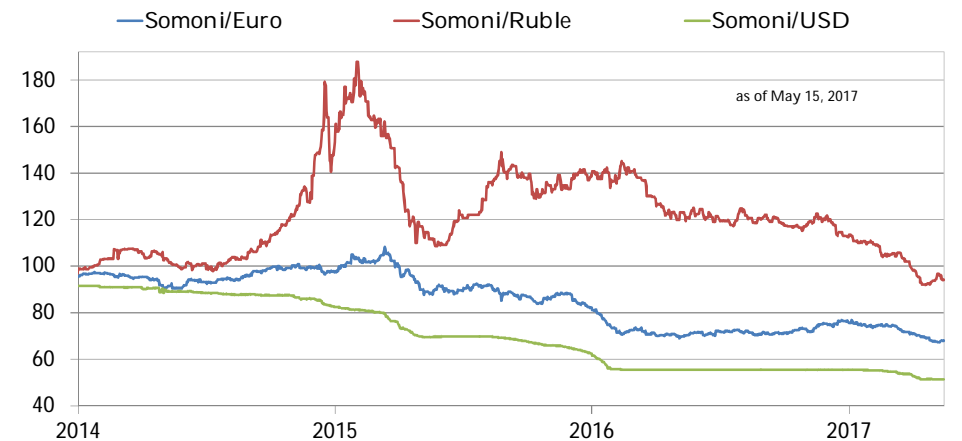
External economic indicators (monthly data)



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Exchange rate dynamics

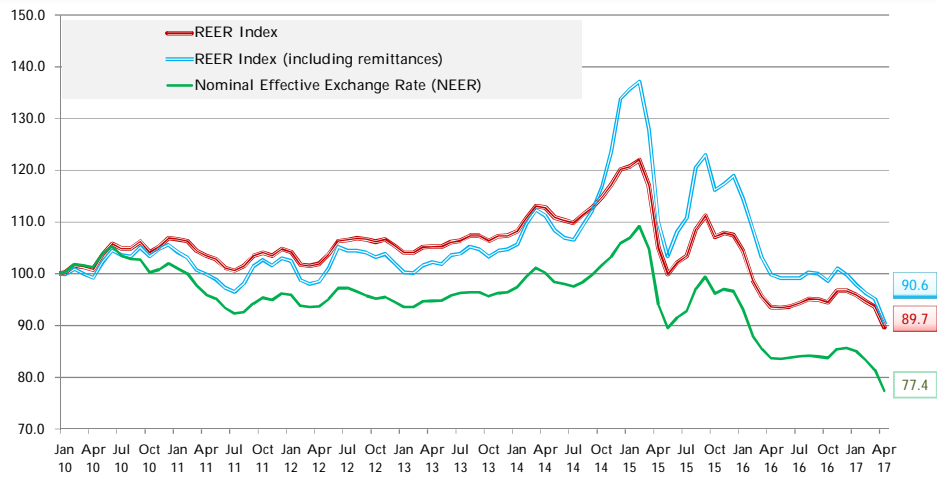
Official Somoni Exchange Rate respect to foreign currencies Indexes (31.12.2009=100)



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Real Effective Exchange Rate Index

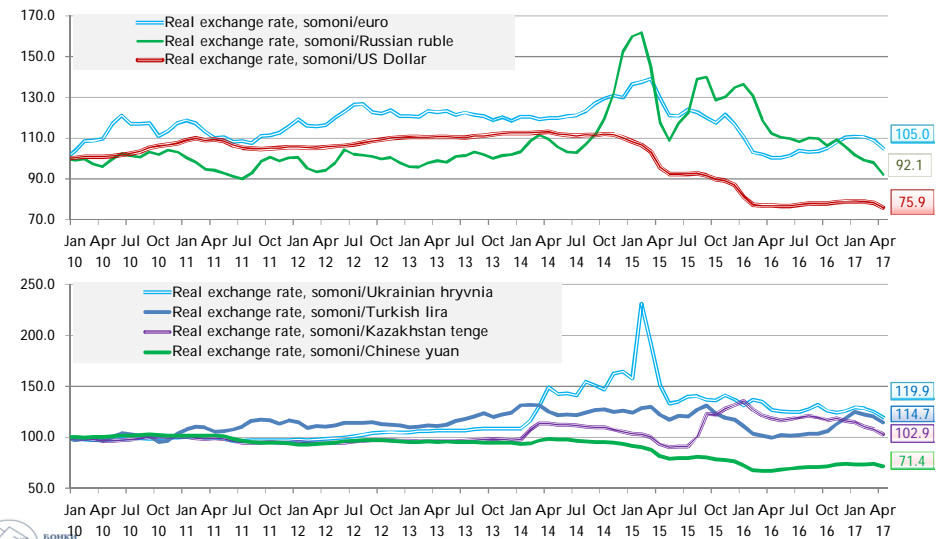
(Dec.09=100, increase= appreciation of Somoni)



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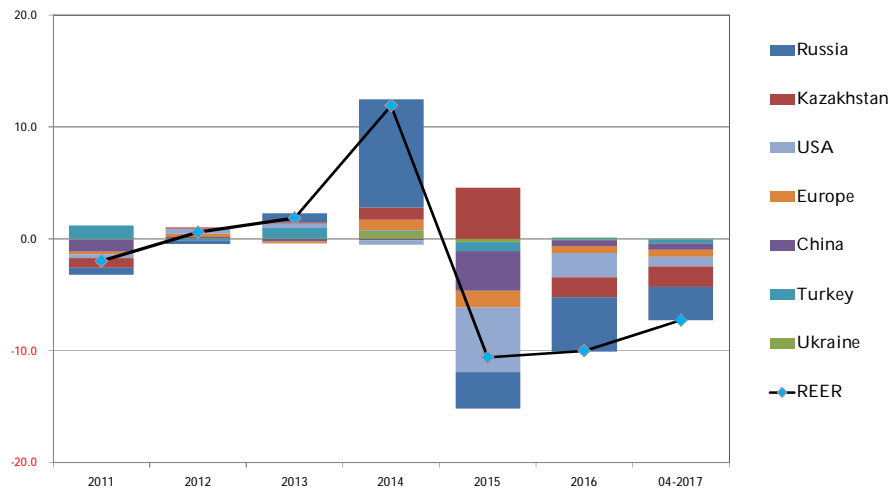
Real Exchange Rate Indices

(Dec.09=100, increase= appreciation of Somoni)



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Contribution to REER growth in 2010-2017



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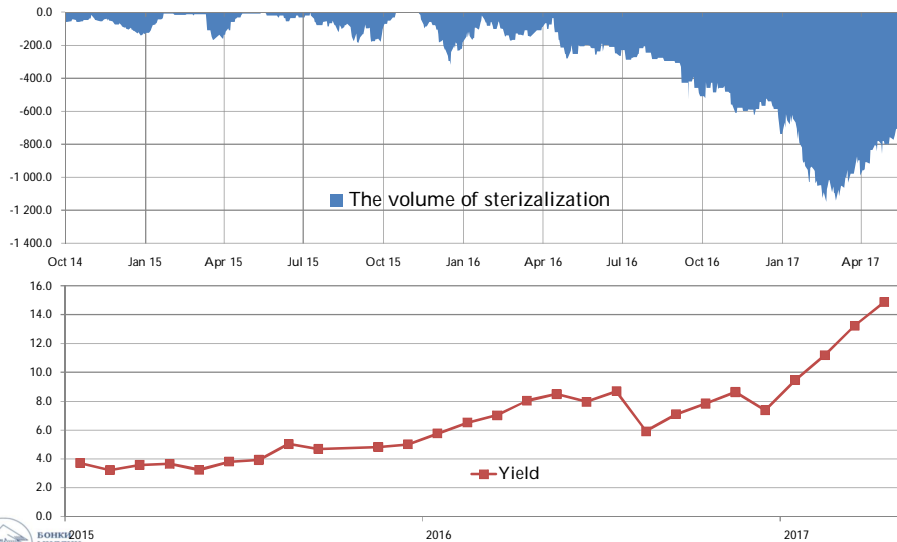
Current macroeconomic stance

Monetary sector



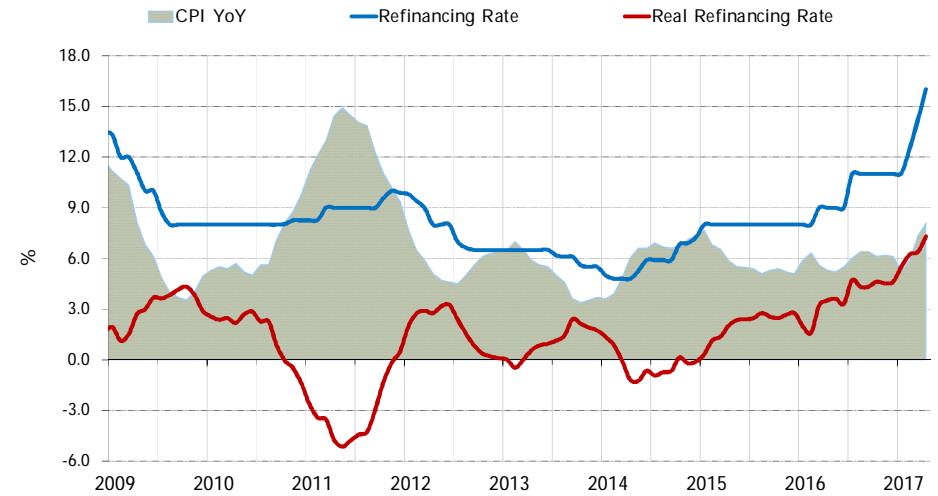
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The volume of sterilization operations and Yield (mln. Somoni, %)



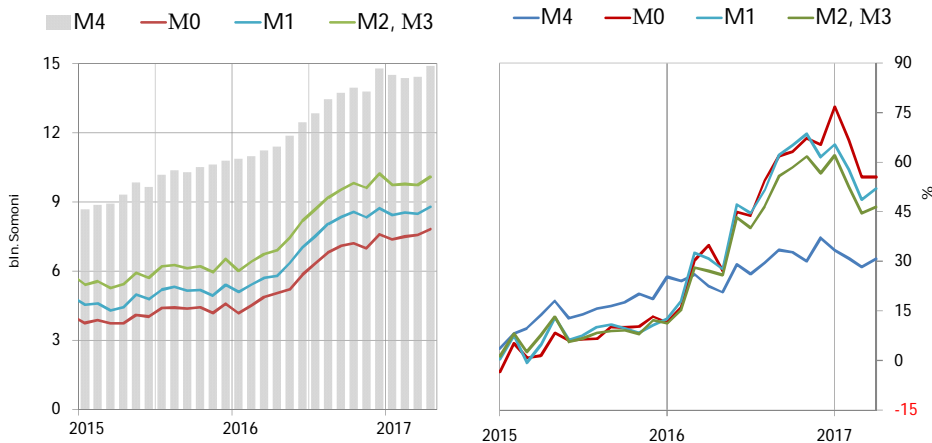
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Real refinancing rate



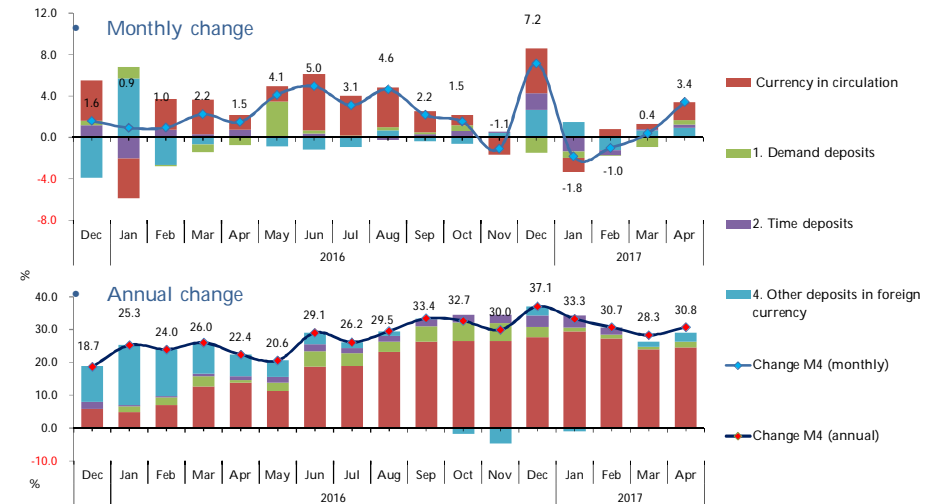
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Dynamics of Monetary aggregates and annual change



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Contribution to broad money growth (M4)

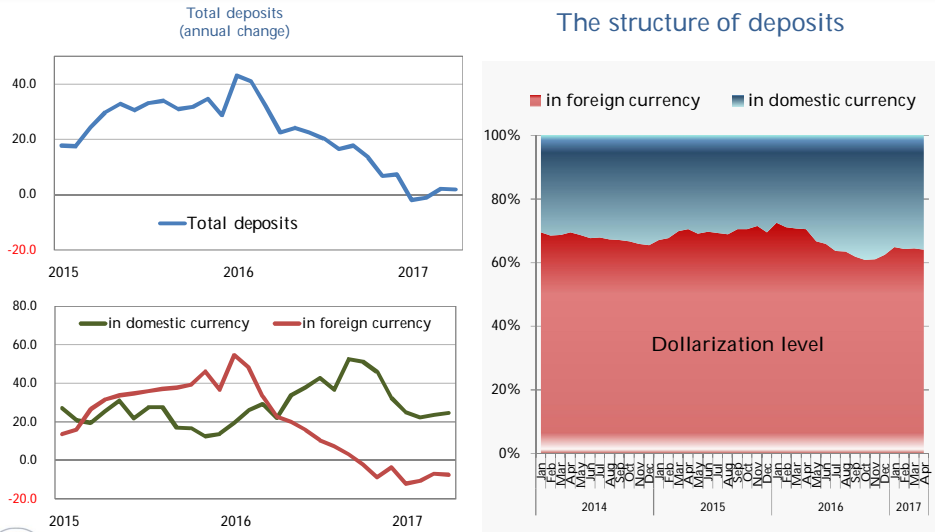


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M0 = Cash in circulation;
M1 = M0 + Demand deposits;
M2 = M1 + Time deposits;

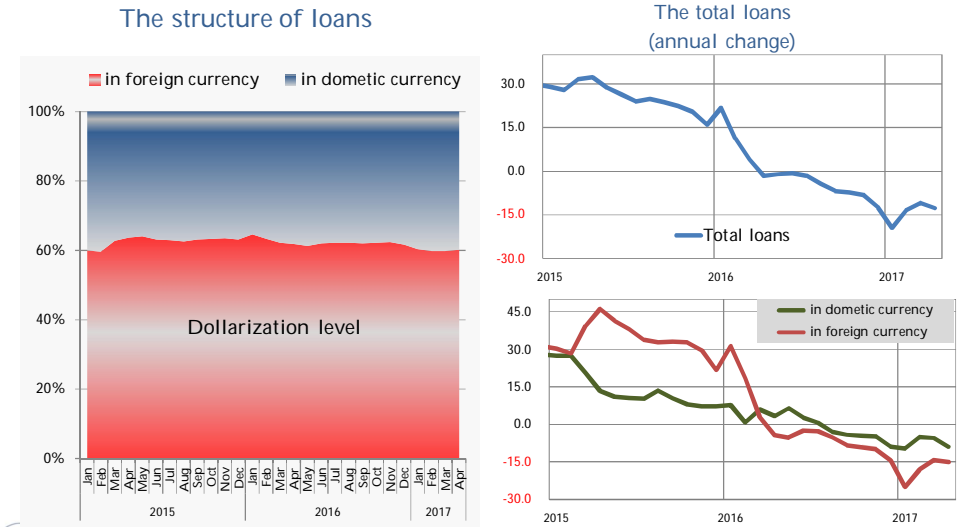
M3 = M2 + Securities other than shares;
M4 = M3 + Deposits in foreign currency;
Monetary base = Reserve money.

Total deposits



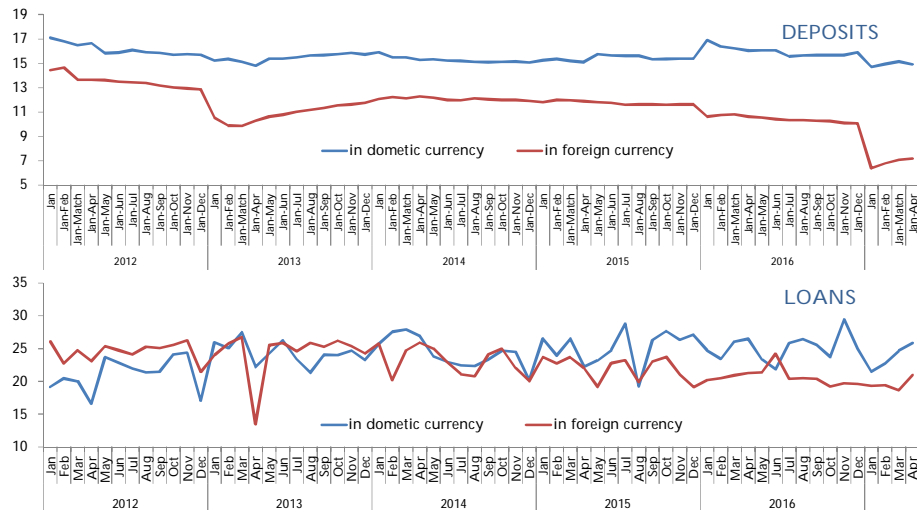
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Total loans



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Average weighted interest rates of deposits and loans



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Recommendations and decision making



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Proposals and adoption of Resolution

1. In order to implement an effective monetary policy, to keep the refinancing rate unchanged at 16.0% per annum.
2. In order to continue effective liquidity and regulate money supply, to apply from June, 2017 a new instrument of "overnight deposits" as a tool of permanent action.
3. To set an interest rate of deposit operations (overnight) at the level equal to refinancing rate minus 10.0 percentage points.
4. With the purpose of developing monetary instrument, to hold short-term 7-days and 14-days SWAP operations.
5. Plan of General Foreign Reserves (GIR) till the end of the year to determine at level of 3.5 months of imports coverage.



Thank you for your attention!!!

