

National Bank of Tajikistan keeps the refinancing rate unchanged at 16,0% per annum

02.11.2017

At the following meeting the Monetary Policy Committee of National Bank of Tajikistan (henceforth Committee), which was held on October 31, 2017, has made the decision to keep the refinancing rate unchanged at 16.0% per annum. This decision has been made with the purpose of preventing potential inflation risks and subsequently reducing the inflation rate to the targeted indicator at 7,0%+/- 3 p.p.

According to statistical data, the annual inflation rate (for last 12 months) in September, 2017 with a downward trend having made 6,7%. Although this inflation indicator has declined significantly, it has increased by 0,3 percentage points as compared to the same period of the previous year.

The annual inflation in this period was largely dependent on seasonal factors and proposals, especially in the excess of sharp rise in prices of vegetables (especially potatoes, carrots and onions) for the first half of the year. In particular, the share of foodstuffs in the annual inflation has made 4,6%, non-foodstuffs - 1.4% and services by 0.7%. According to the analysis, the core inflation, which reflects long-term trends of prices without impact of short-term fluctuations and domestic demand factors impact, has made 2.1% per annum proving that the limited impact of monetary factors.

In general, the inflation has been affected mostly by non-monetary, seasonal and short-term factors and have summarized with 7.0 (+/- 3) per annum within targeted range.

It is expected that by the end of the year, due to influence of prices for services (electricity) and seasonal factors, the inflation rate has been declined from fixed target (7.0% per annum) and for the medium term will return to the targeted indicator.

At the same time, there is an increased risk of inflation expectations due to a gradual increase of investment expenditures of the state budget, additional costs of entrepreneurship as a result of rising tariffs, rising seasonal demand, financial instability in the world markets, in the short term may affect the prices level.

In view of this, in order to maintain a stable level of prices in the medium term, strengthening an effectiveness of monetary policy instruments and expanding its operations, the refinancing rate was set at 16.0% per annum.

The National Bank of Tajikistan will further monitor the implementation of monetary policy to achieve a moderate price level in the medium term, as well as to

reduce the risk of inflationary risks and will revise the refinancing rate at the next meeting of the Committee.

The next meeting of Monetary Policy Committee of the National Bank of Tajikistan will be held in accordance with the Schedule of Monetary Policy Committee of the National Bank of Tajikistan, the next decision on changes will be announced by the official website of the National Bank of Tajikistan.

Press Division of the NBT