

Monetary policy committee meeting of the National Bank of Tajikistan

Dushanbe – 02/08/2017

time: 08:00

Outline

I. Current macroeconomic stance

- Real sector
- External sector
- Monetary sector

II. Macroeconomic forecast

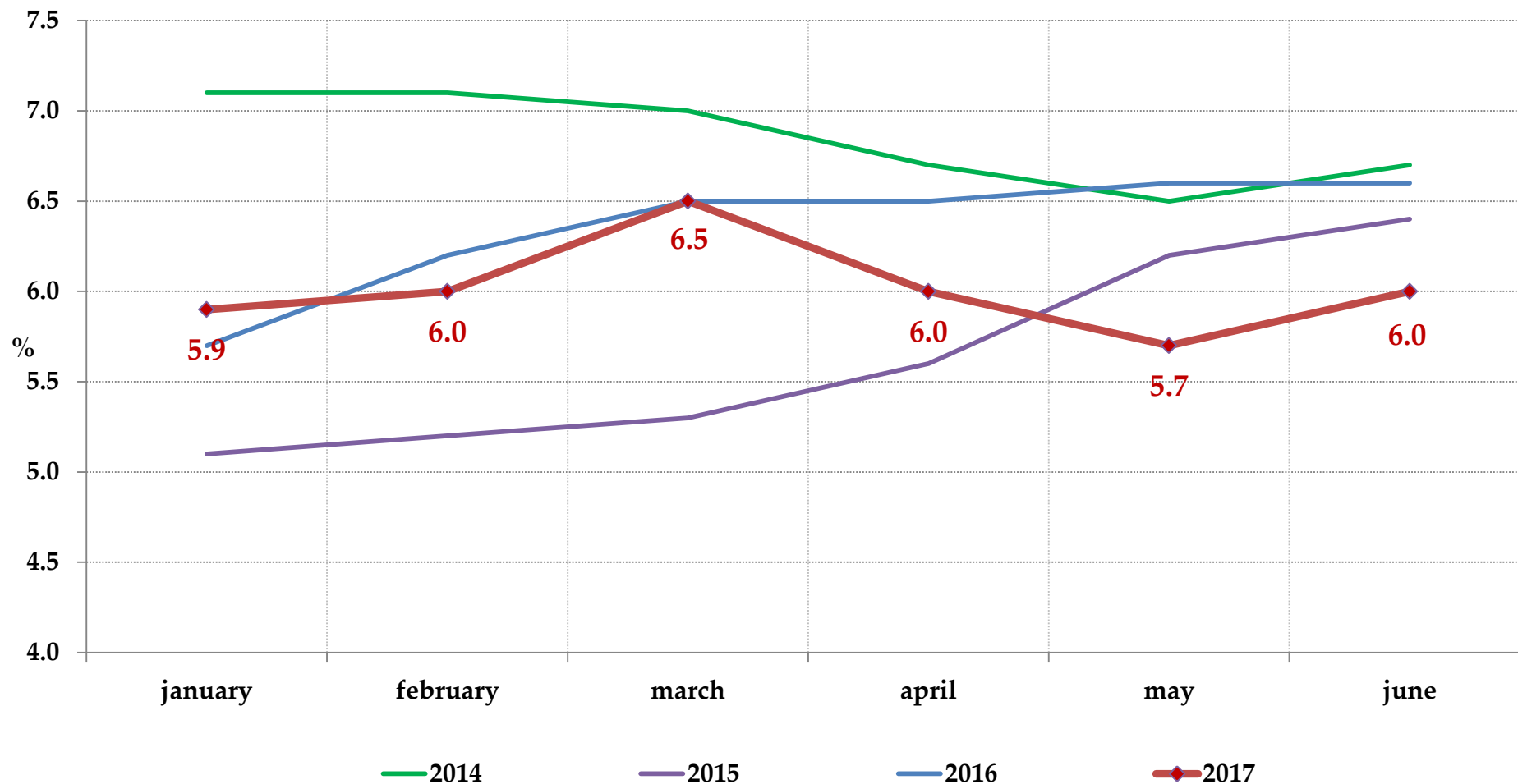
III. Recommendation and decision making

Current macroeconomic stance

Real sector

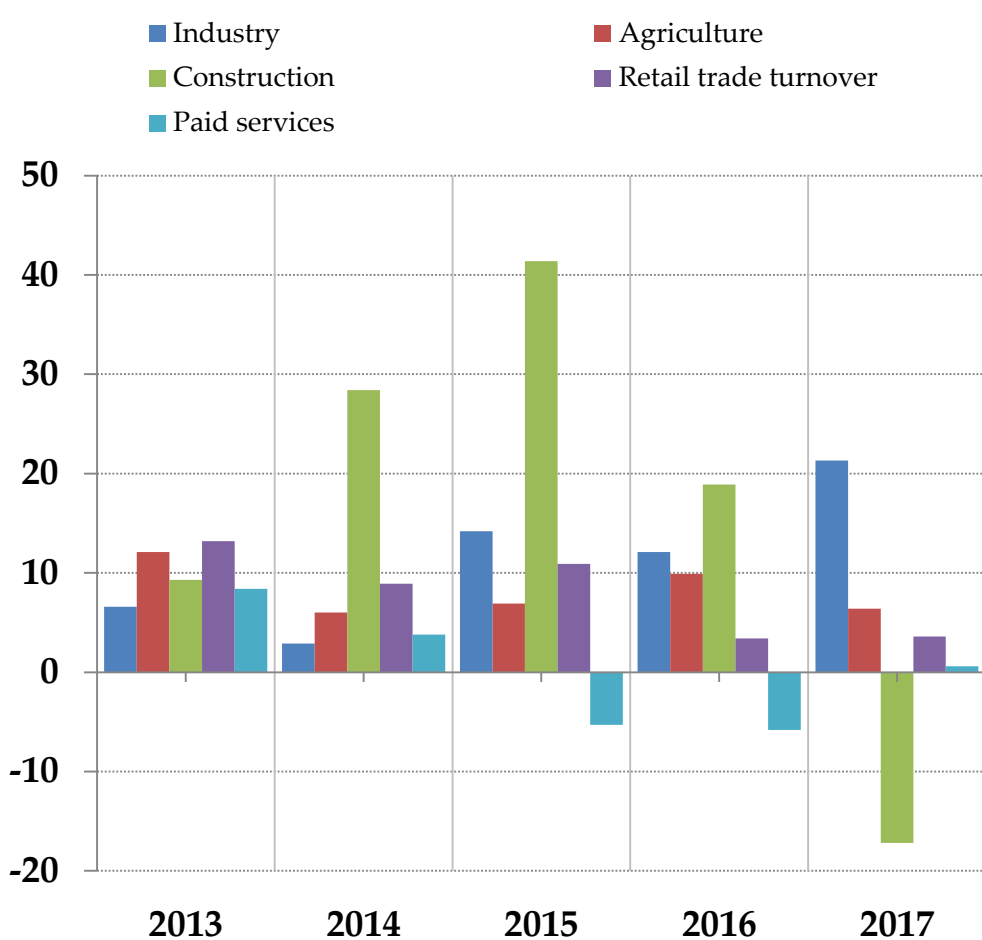
GDP dynamics

Real GDP growth

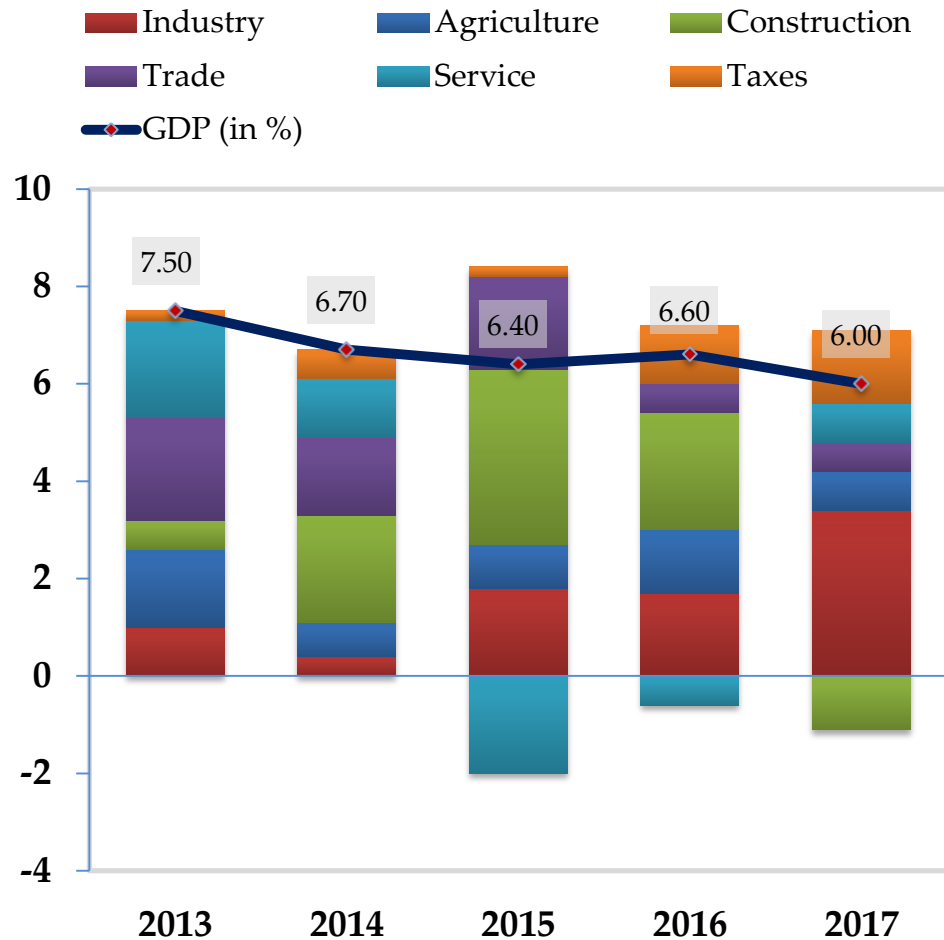


GDP dynamics and contribution to GDP growth

(in percent to corresponding period of previous year)

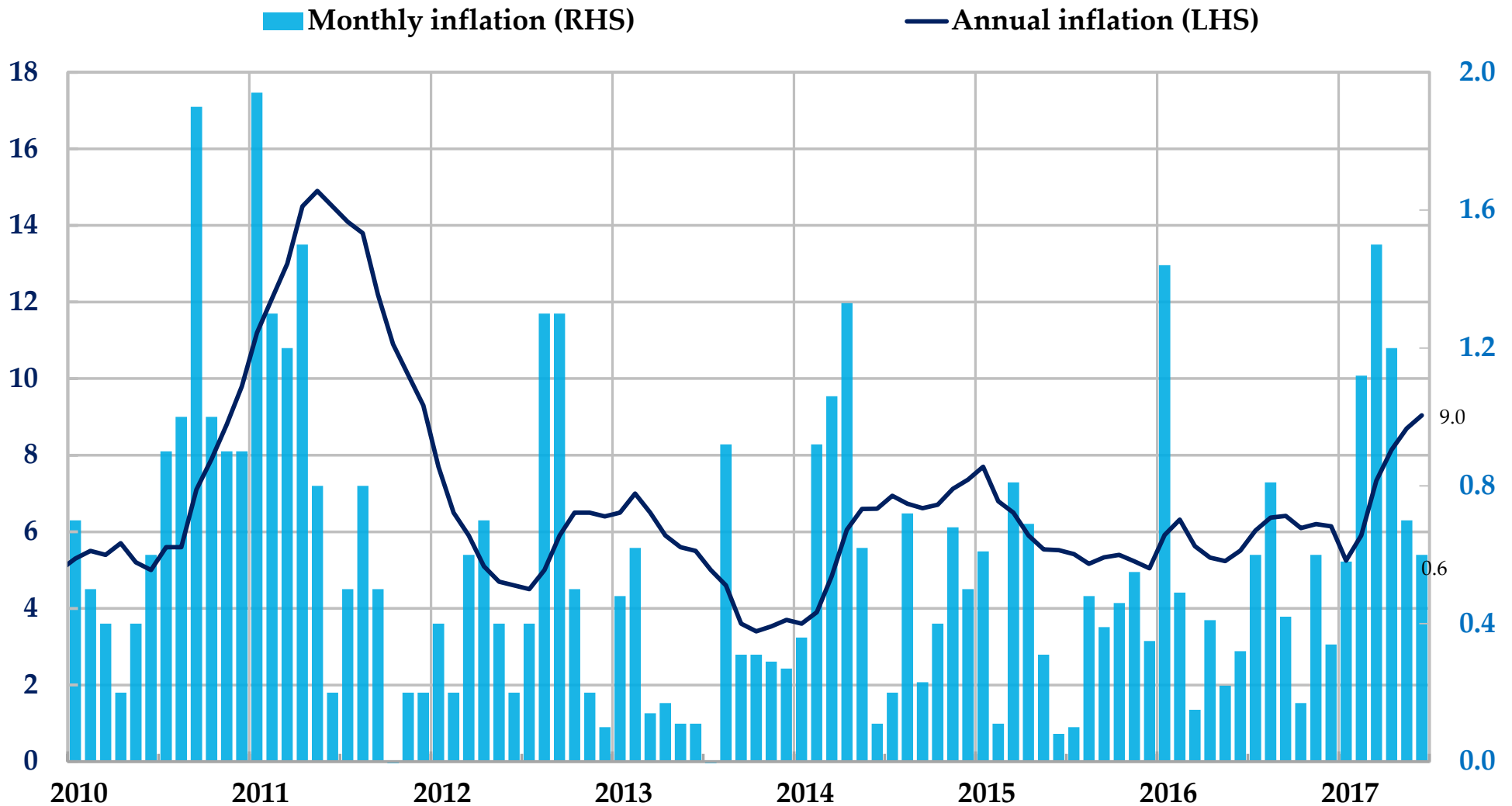


january - june



january-june

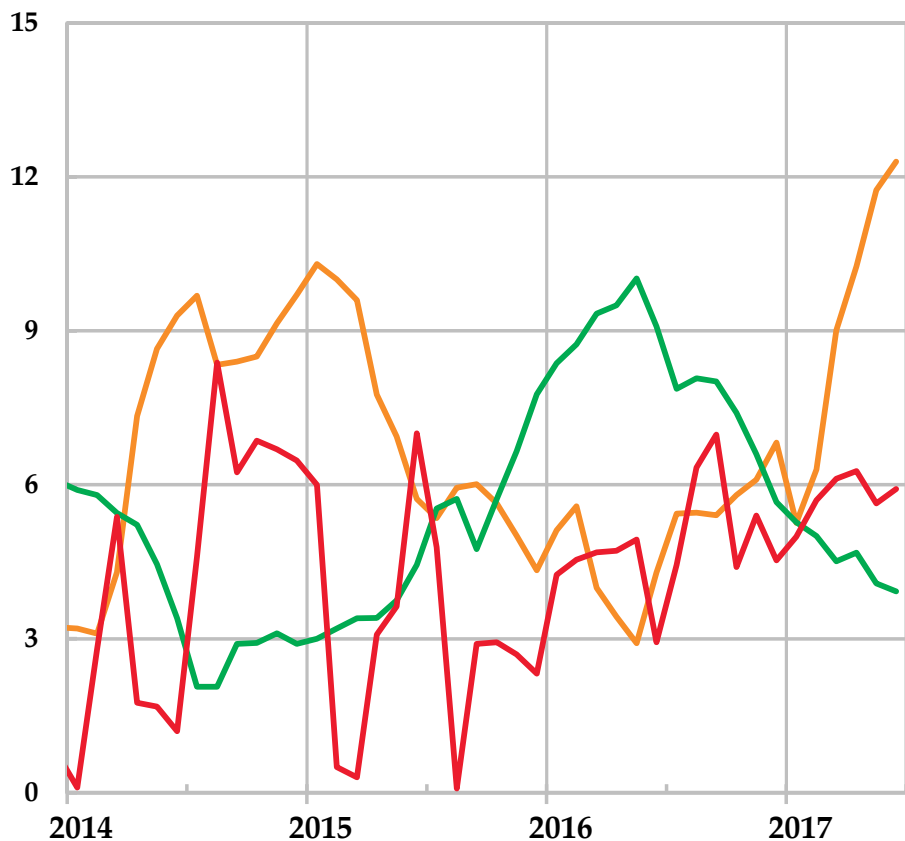
Monthly and Annual Inflation



Consumer price growth and its contribution to inflation, in %

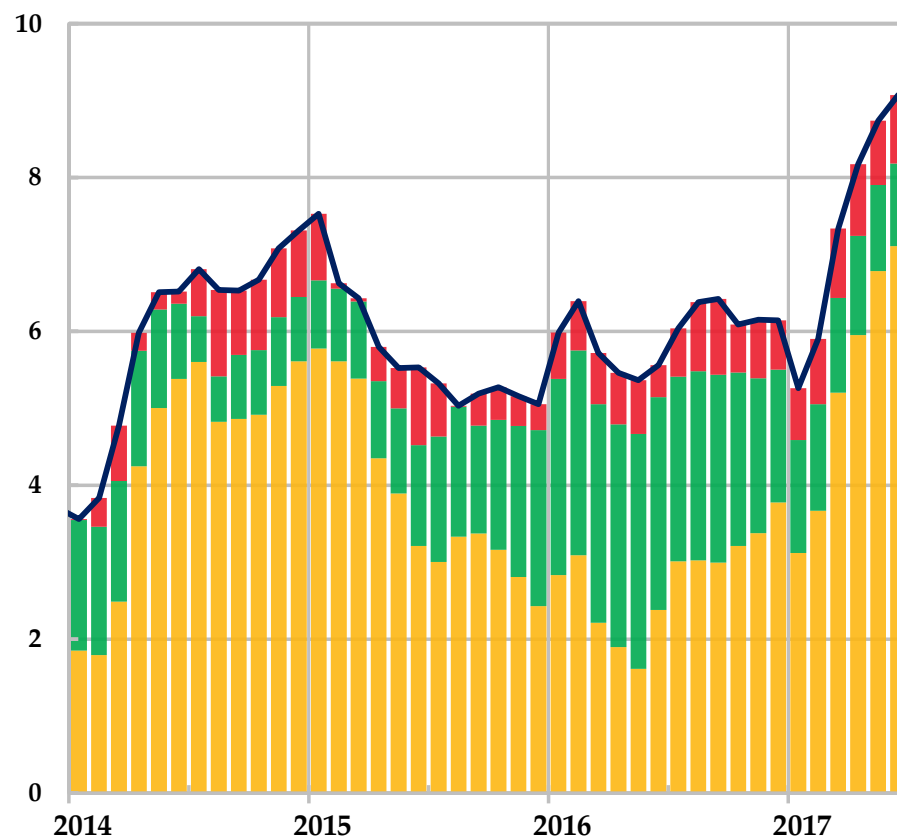
Contribution to monthly Inflation

— Food products — Non-food products — Services



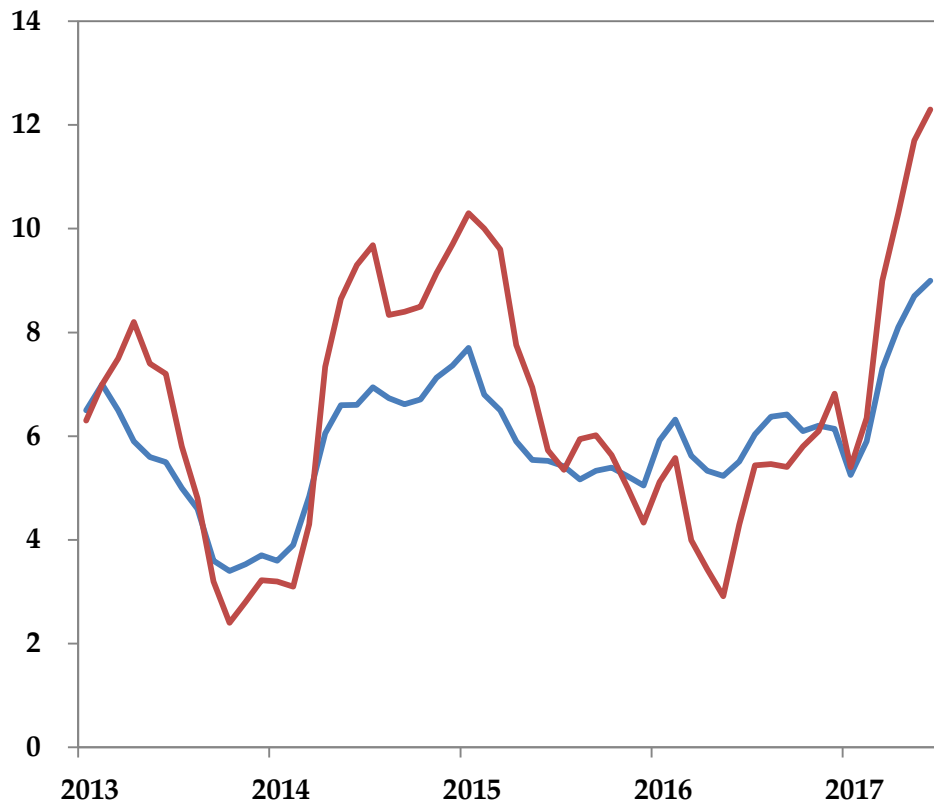
Contribution to Annual Inflation

■ Food products ■ Non-food products ■ Services — INFLATION



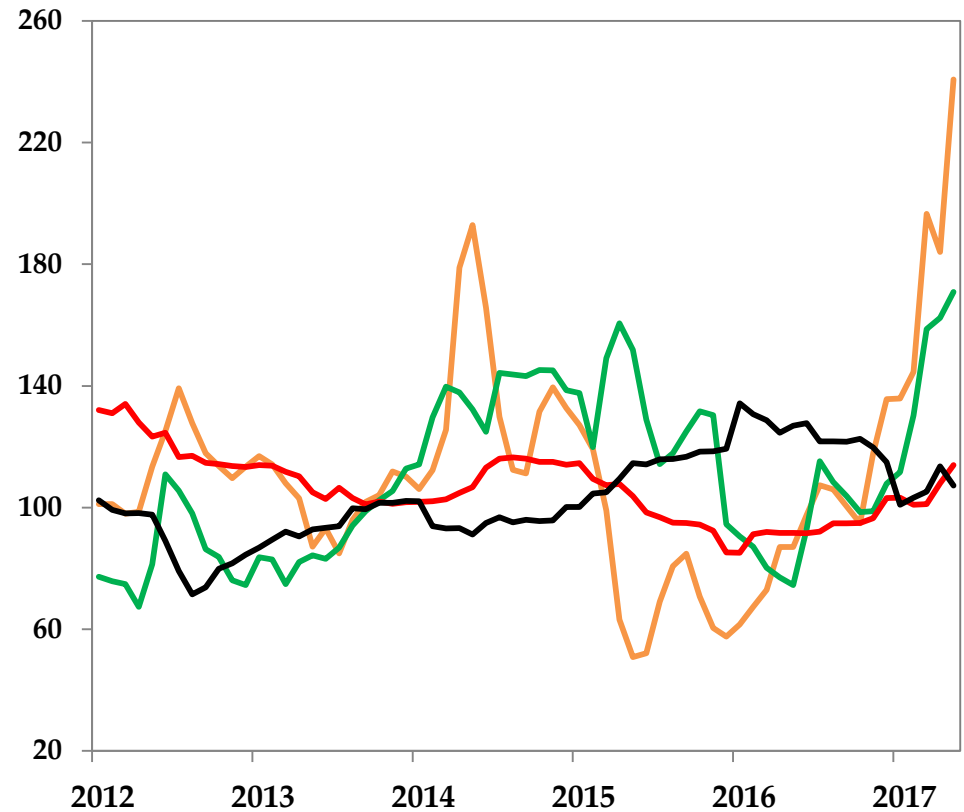
Consumer price growth and its structure, in %

Annual Inflation



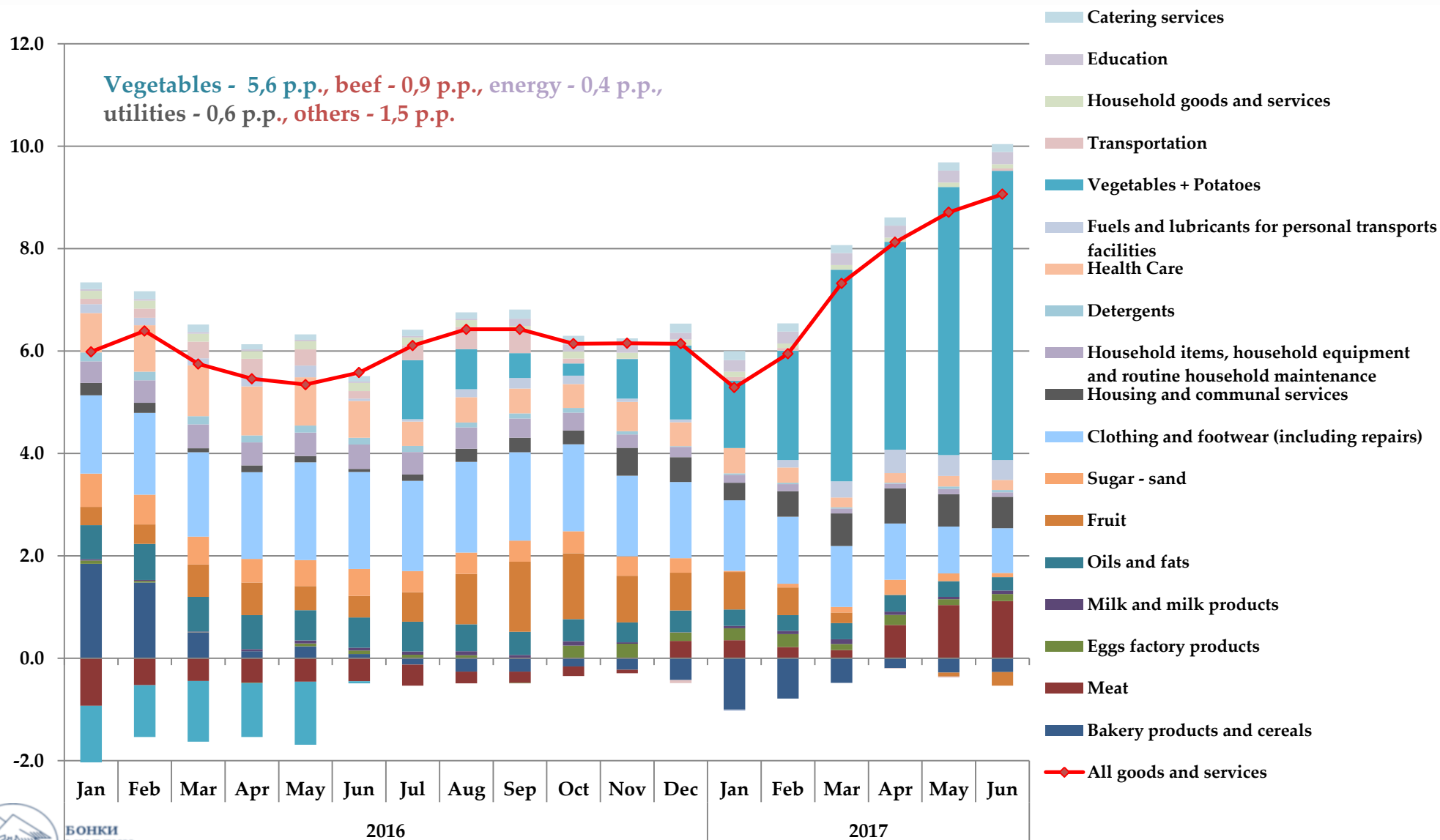
— Inflation — Food products

Indices of selected foodstuff products



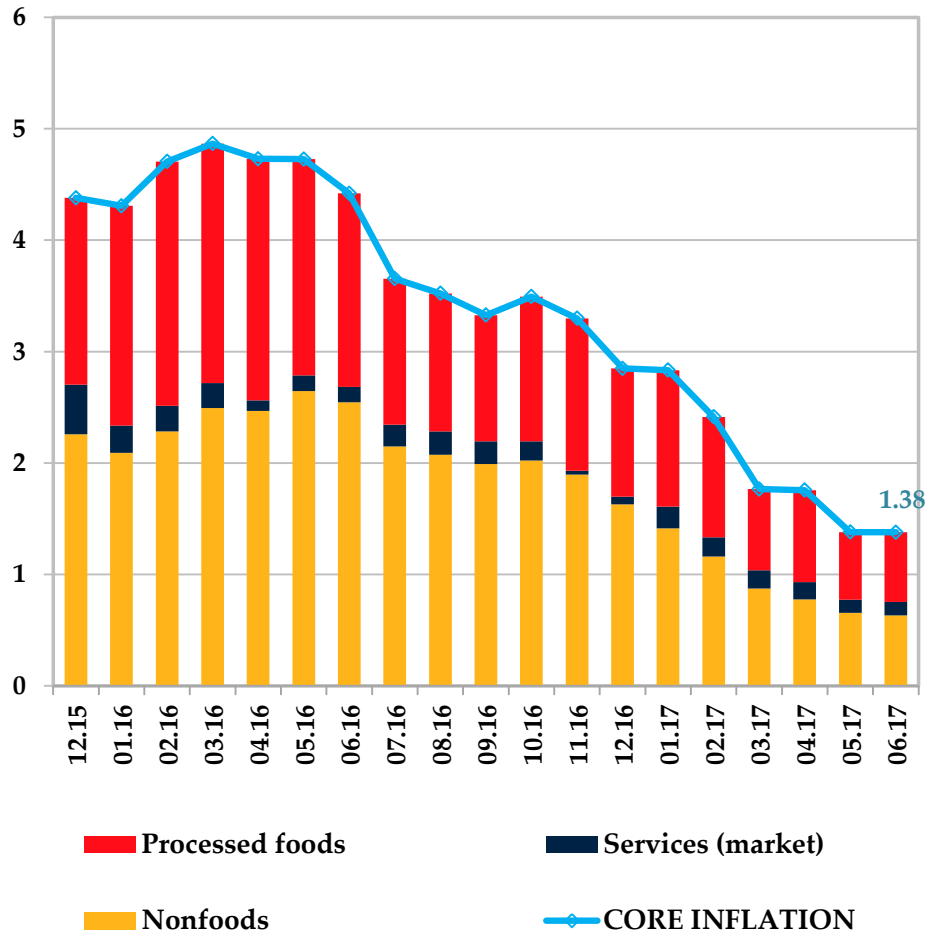
— Potatoes — Vegetables — Beef — Sugar

Contribution of goods and services to annual inflation, in %

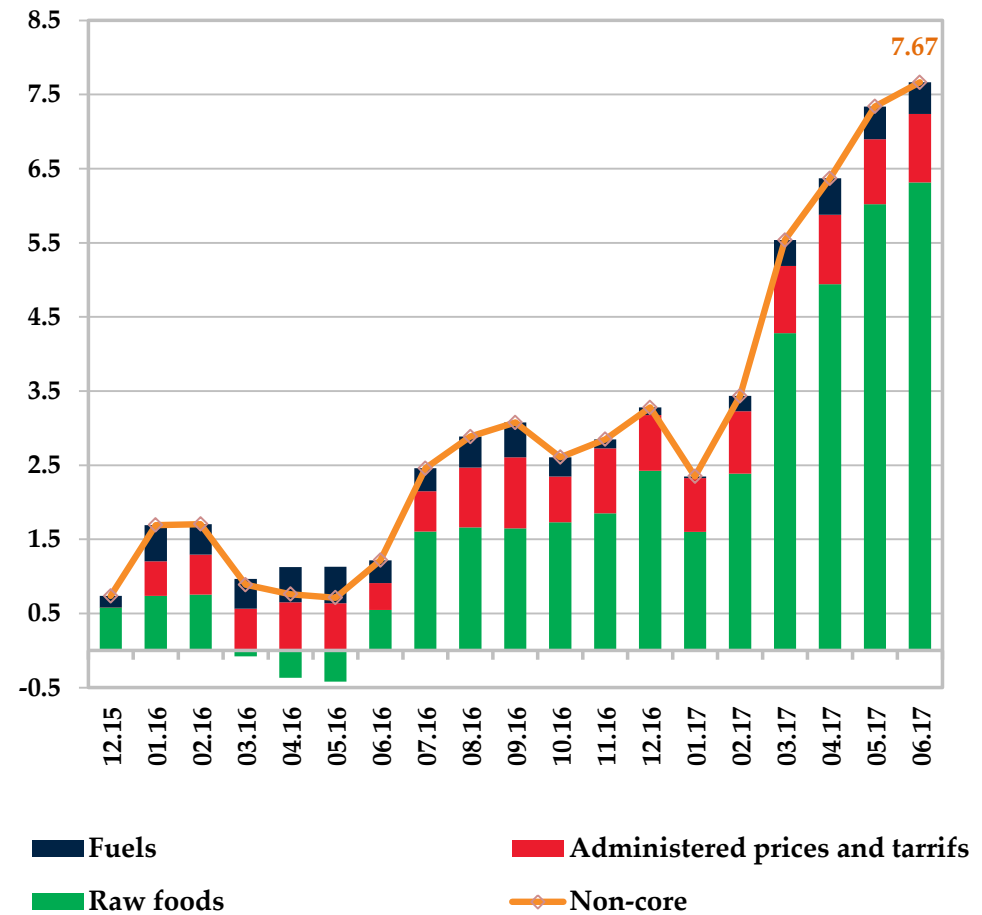


Core and non-core inflation, YoY change %

Core Inflation



Non-core Inflation

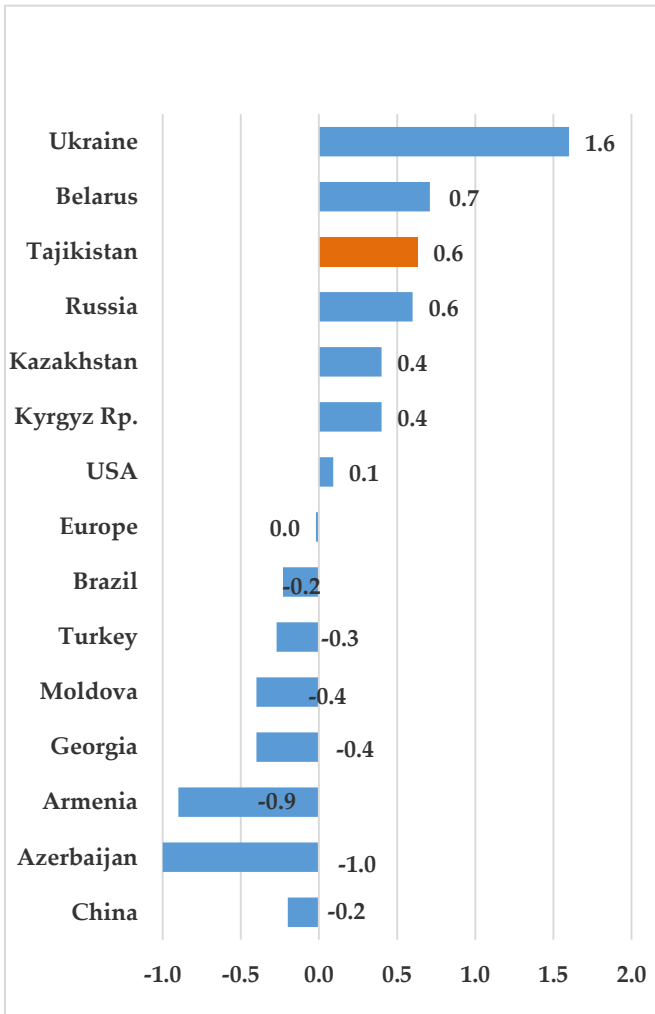


Current macroeconomic stance

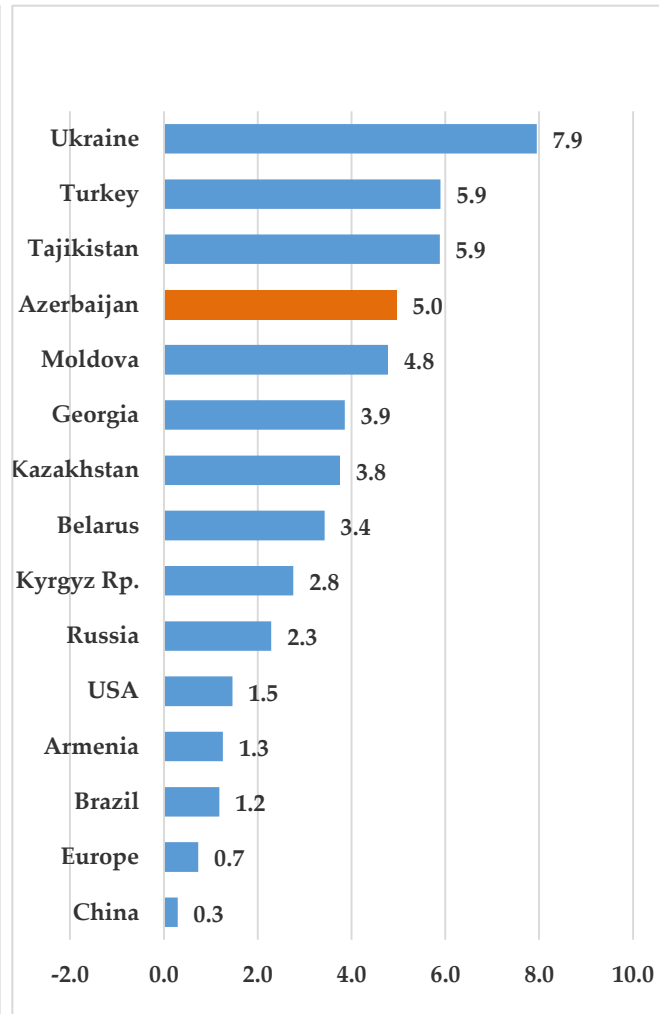
External sector

Inflation in the region and trade partners

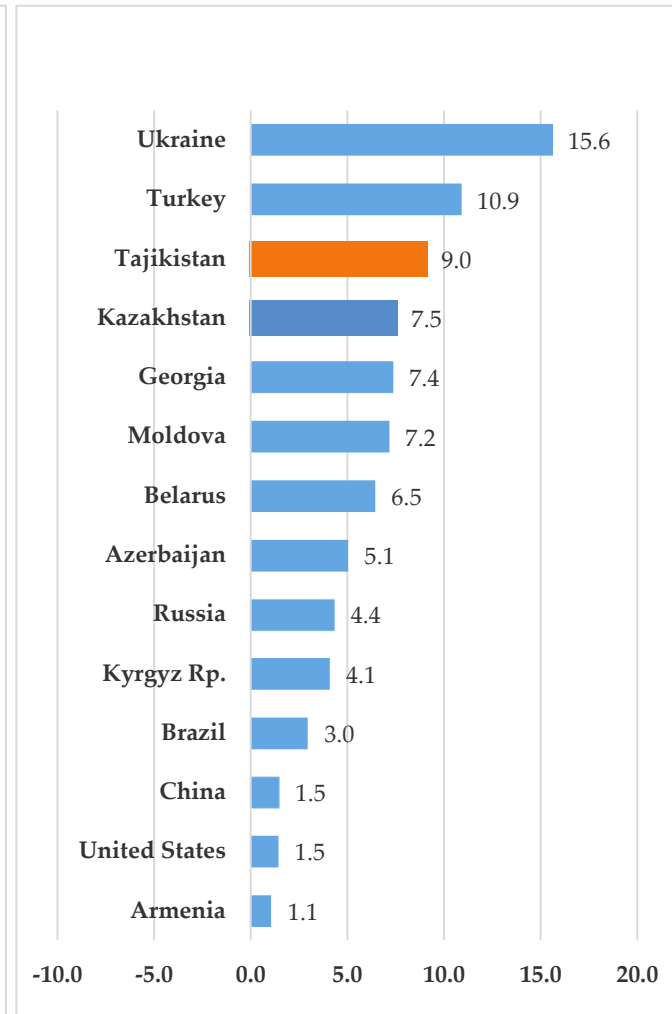
April 2017
(MONTHLY)



Jan - Apr 2017



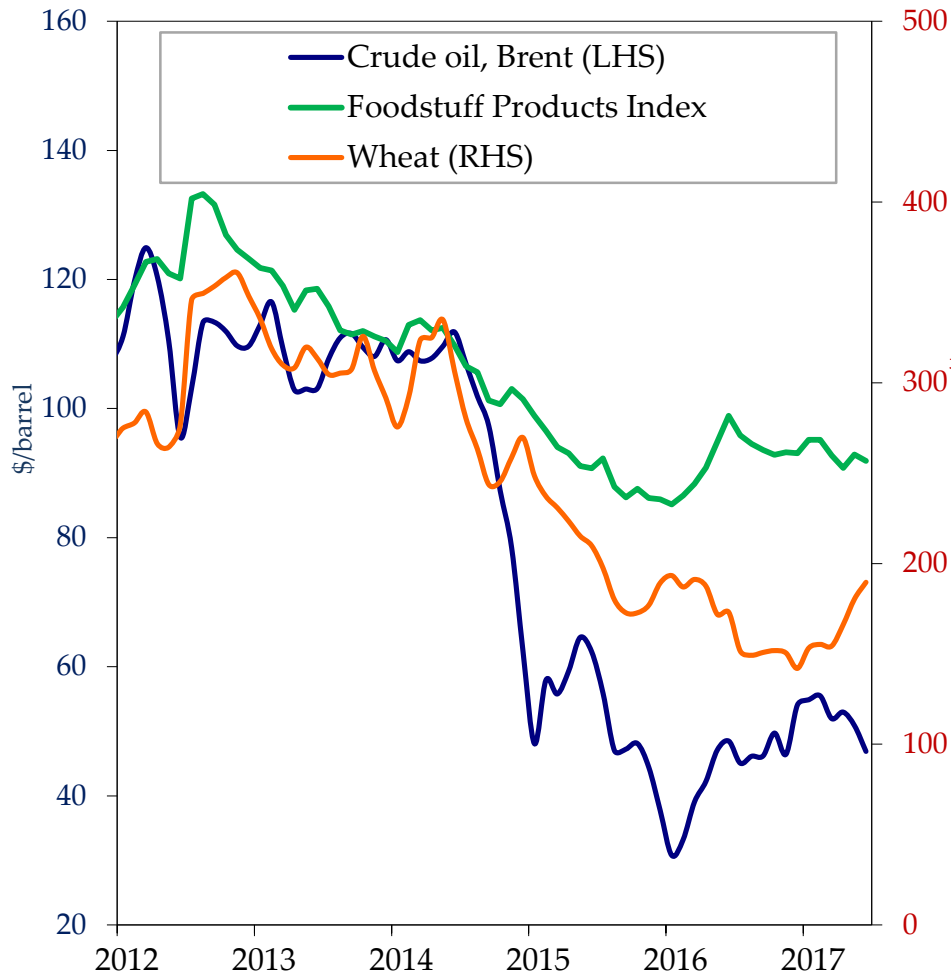
April 2017
(ANNUAL)



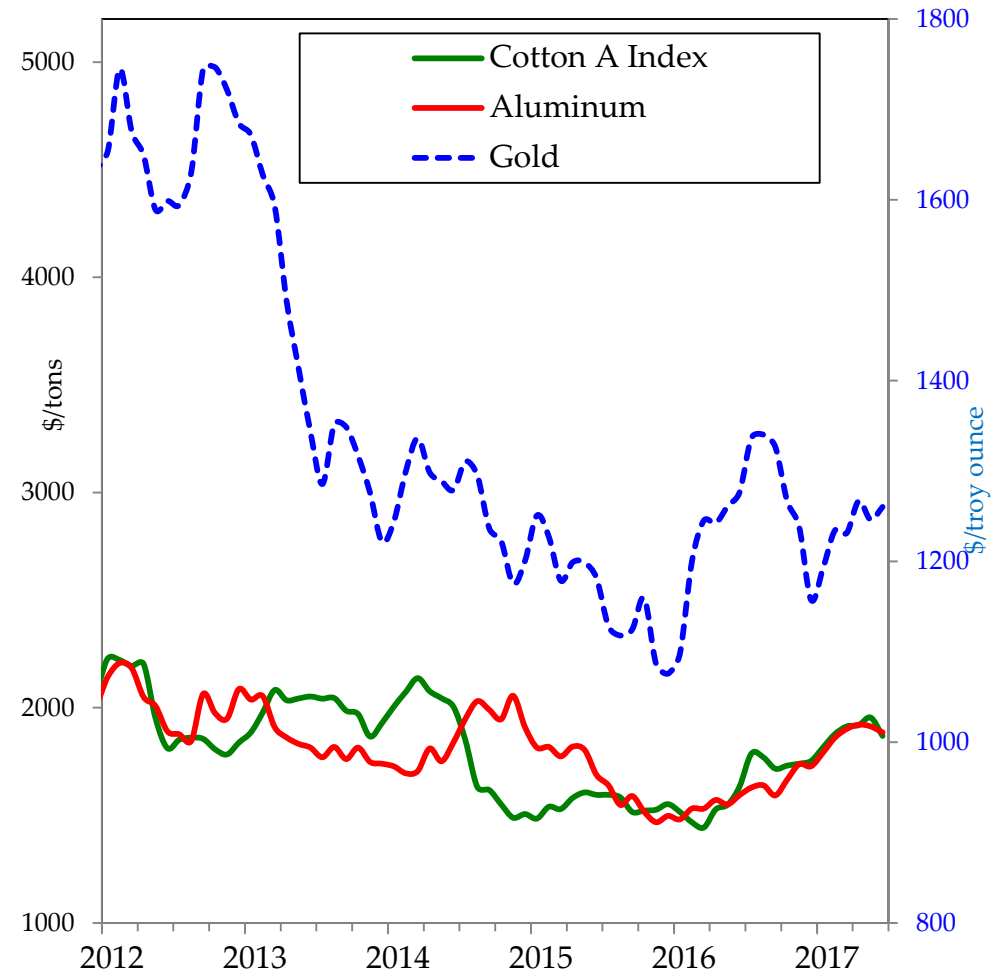
Source: Official Statistical Agencies and NBT staff estimates

World commodities prices dynamics (monthly)

Imported products

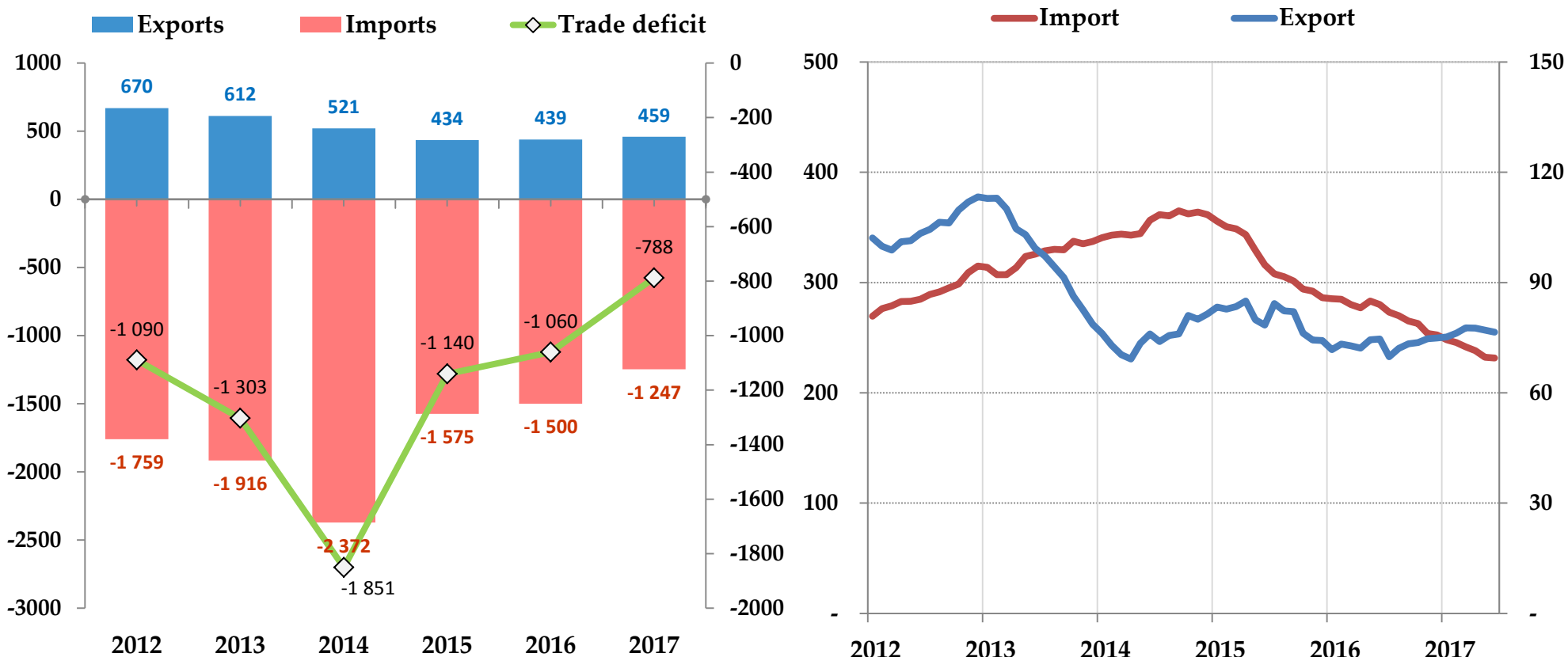


Exported products



External economic conditions

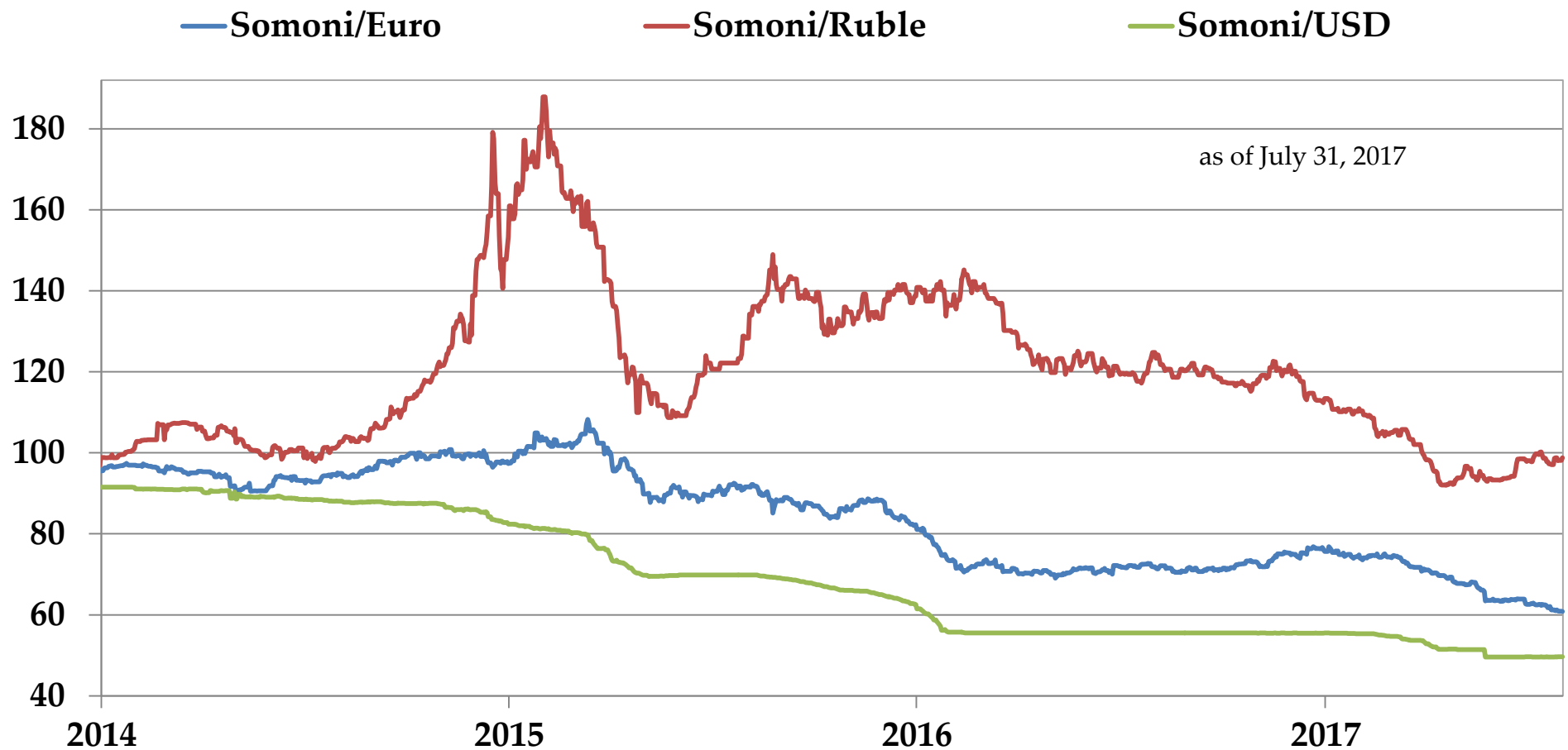
Import and Export (mln. \$ USD)



january-february

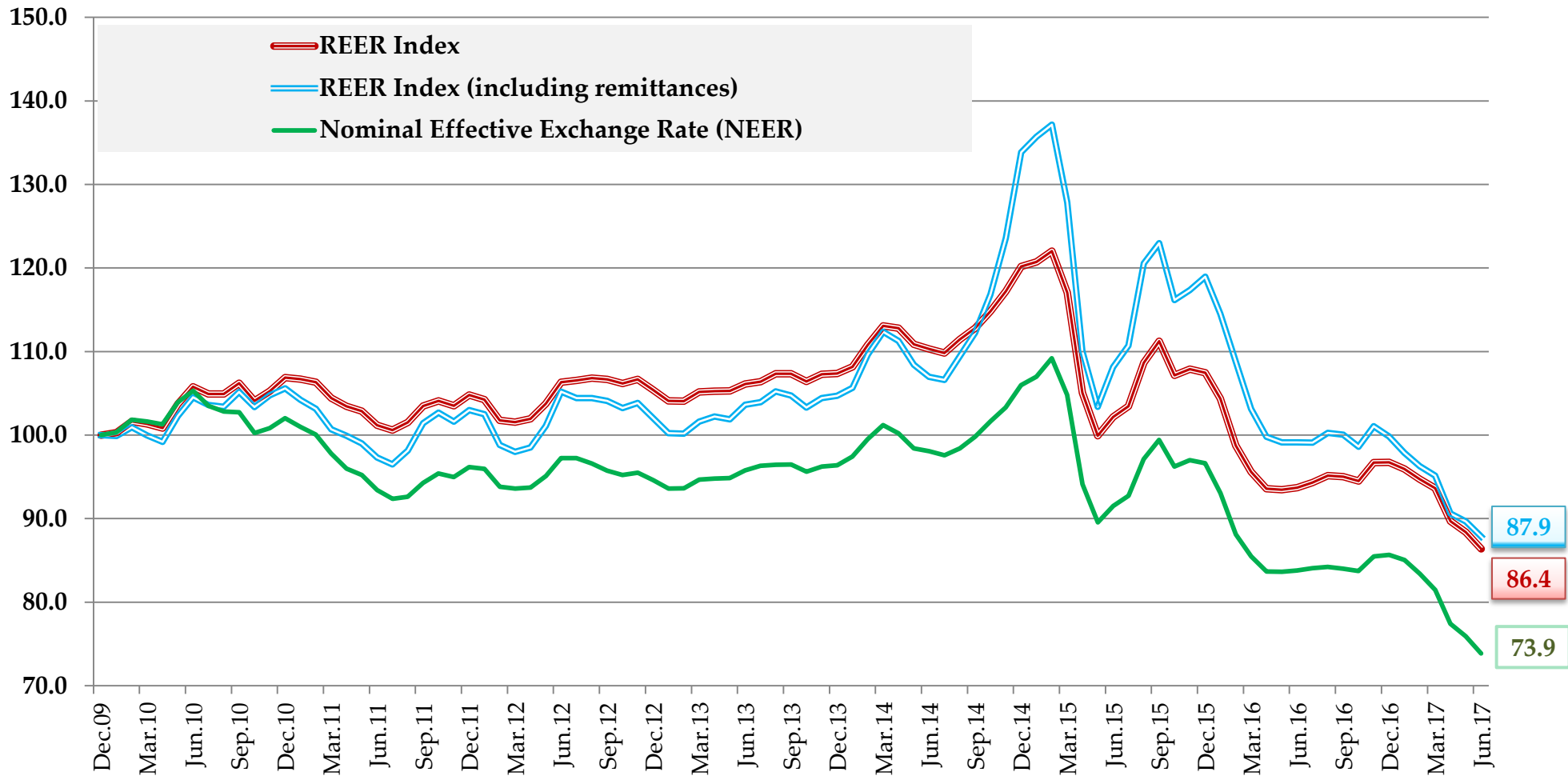
Exchange rate dynamics

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



Real Effective Exchange Rate Index

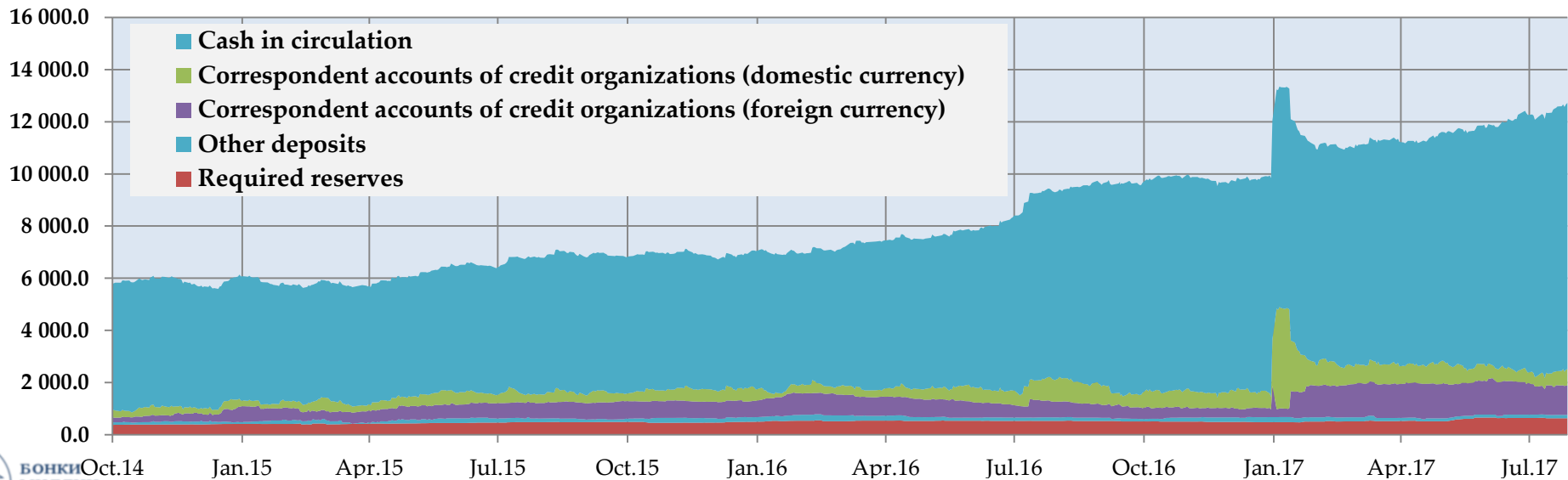
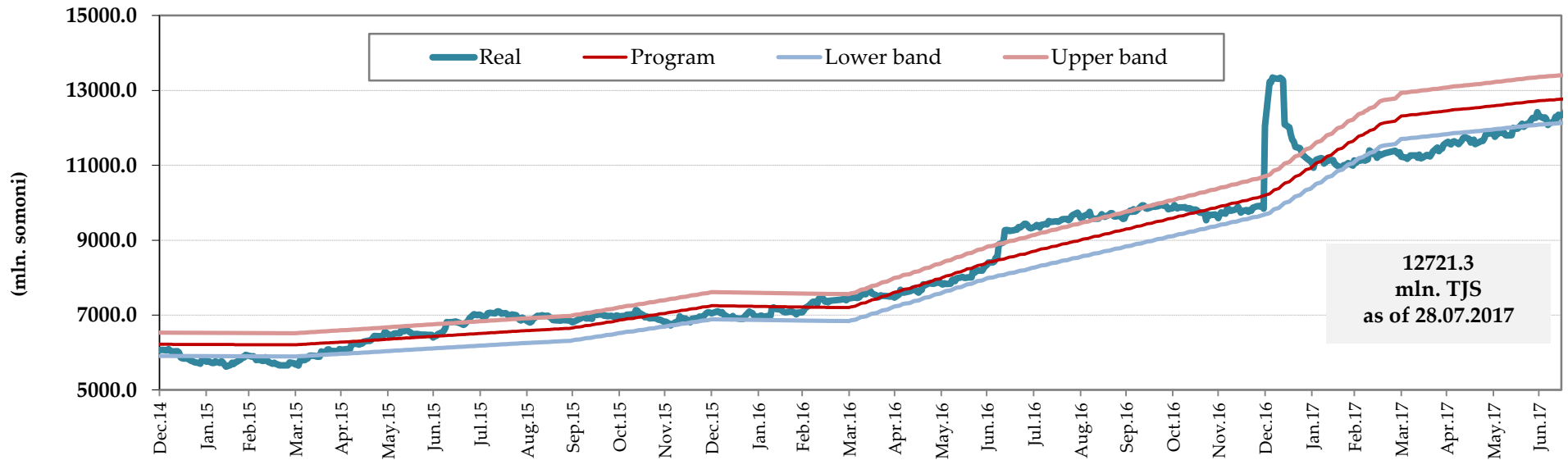
(Dec.09=100, increase= appreciation of Somoni)



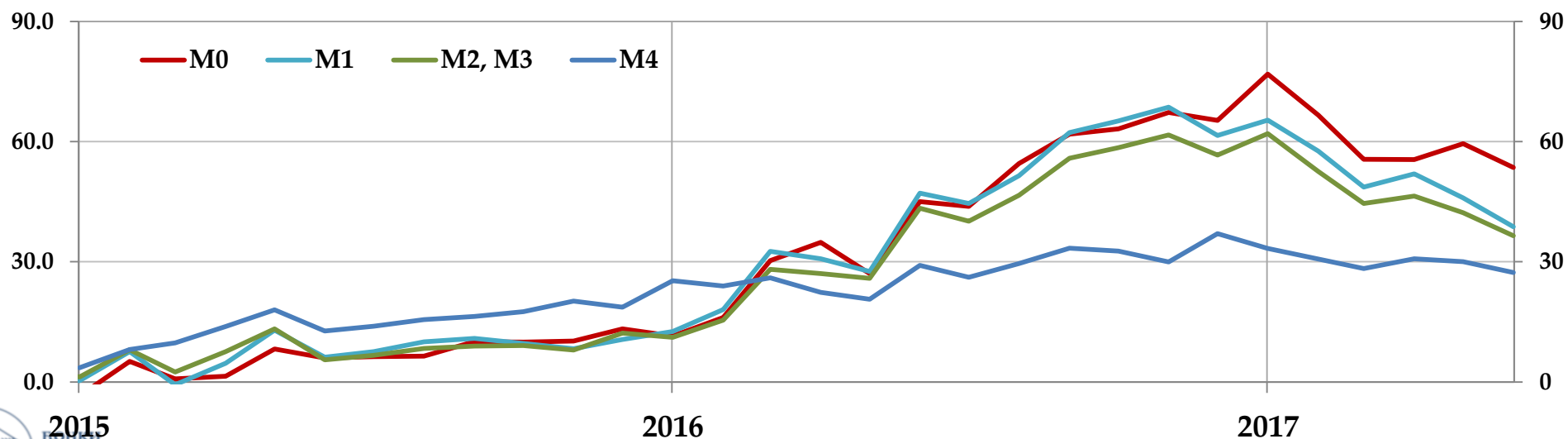
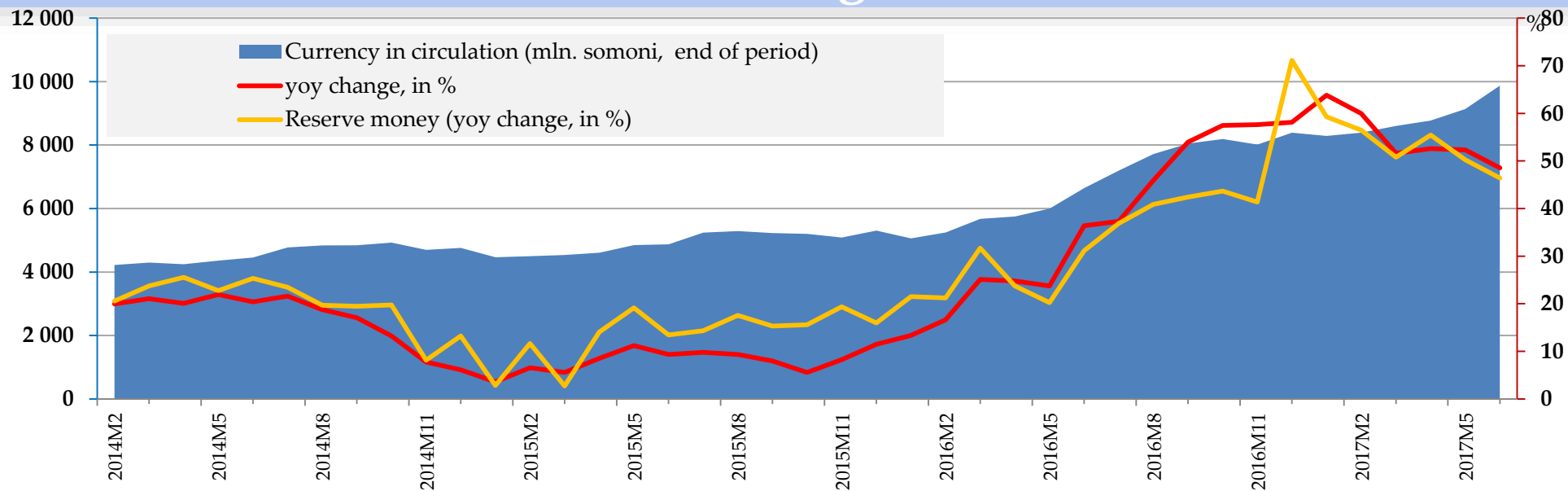
Current macroeconomic stance

Monetary sector

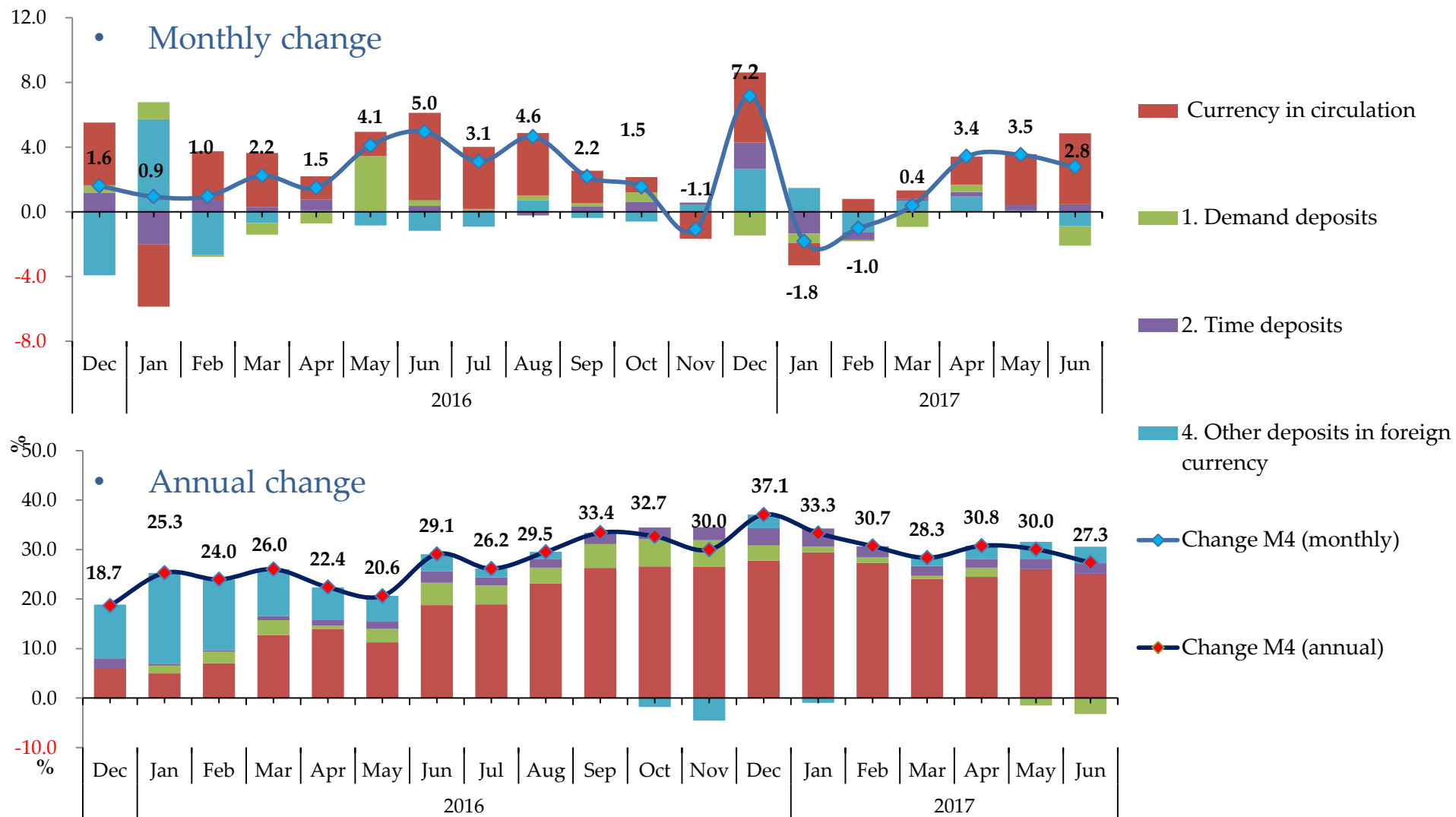
Dynamics of Reserve money



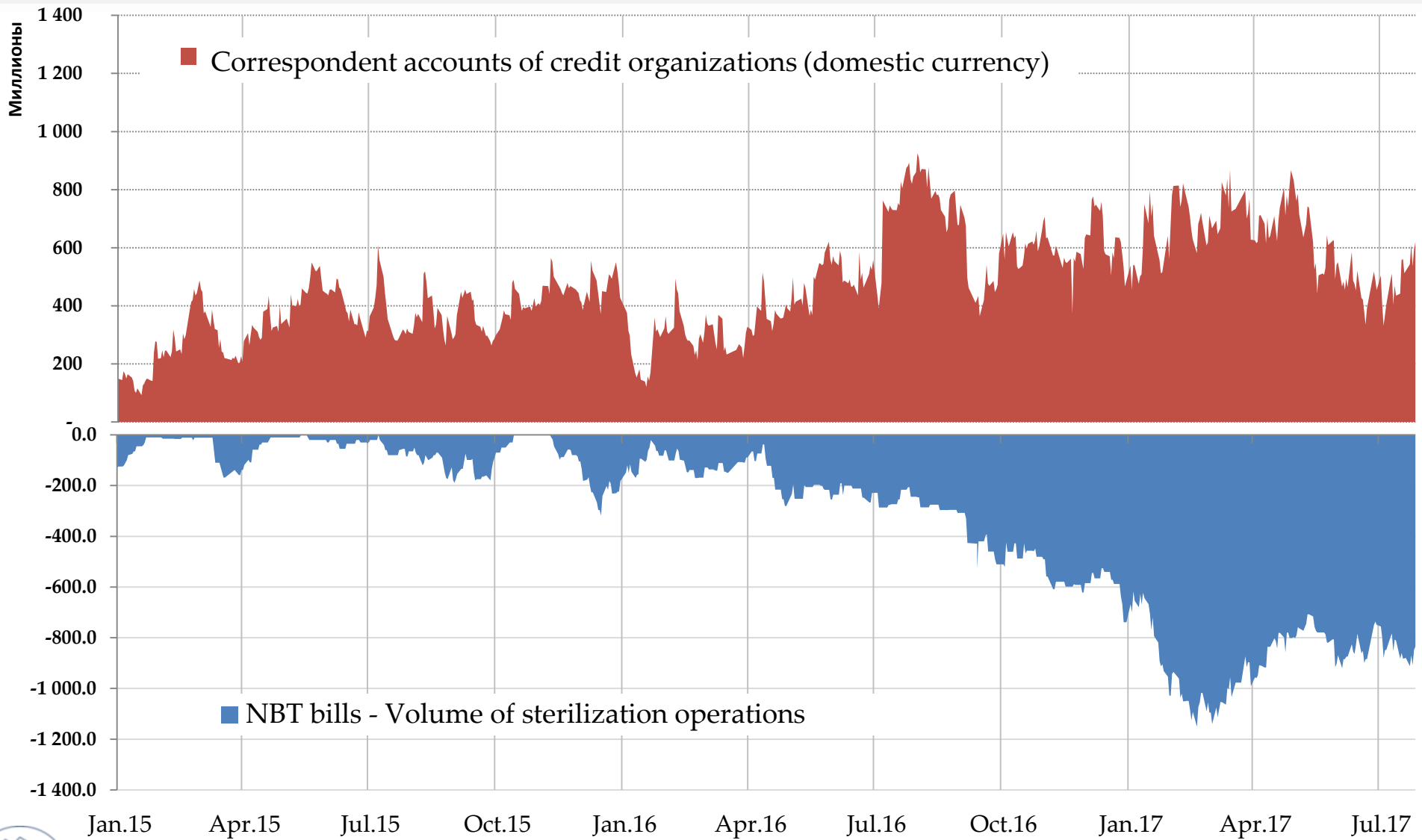
Reserve money, monetary aggregates and cash in circulation, annual change, in %



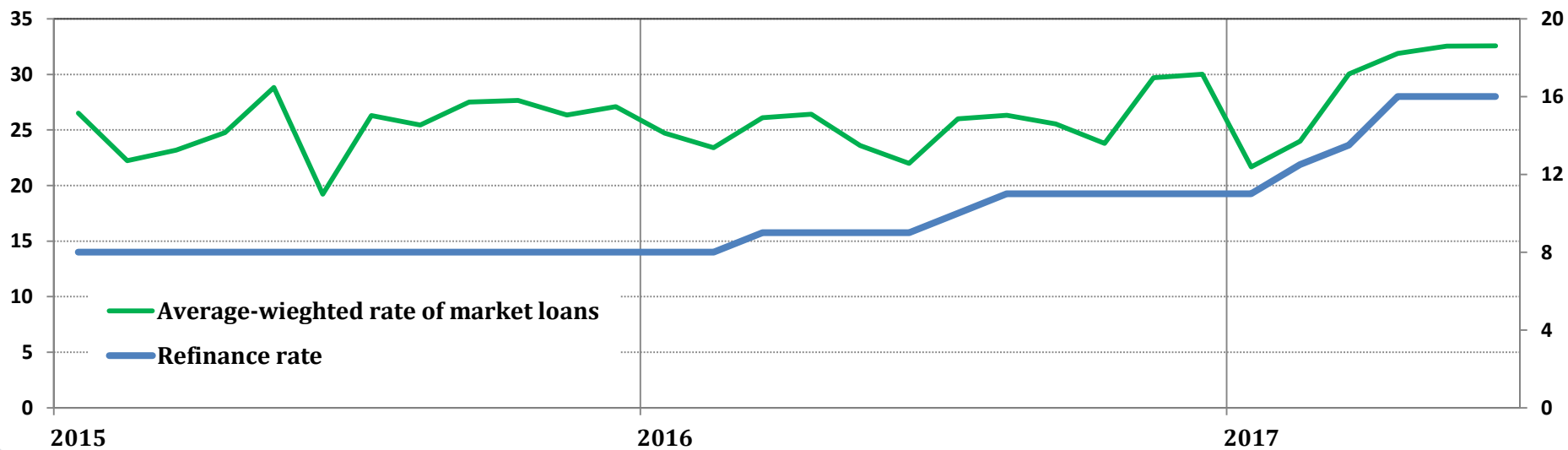
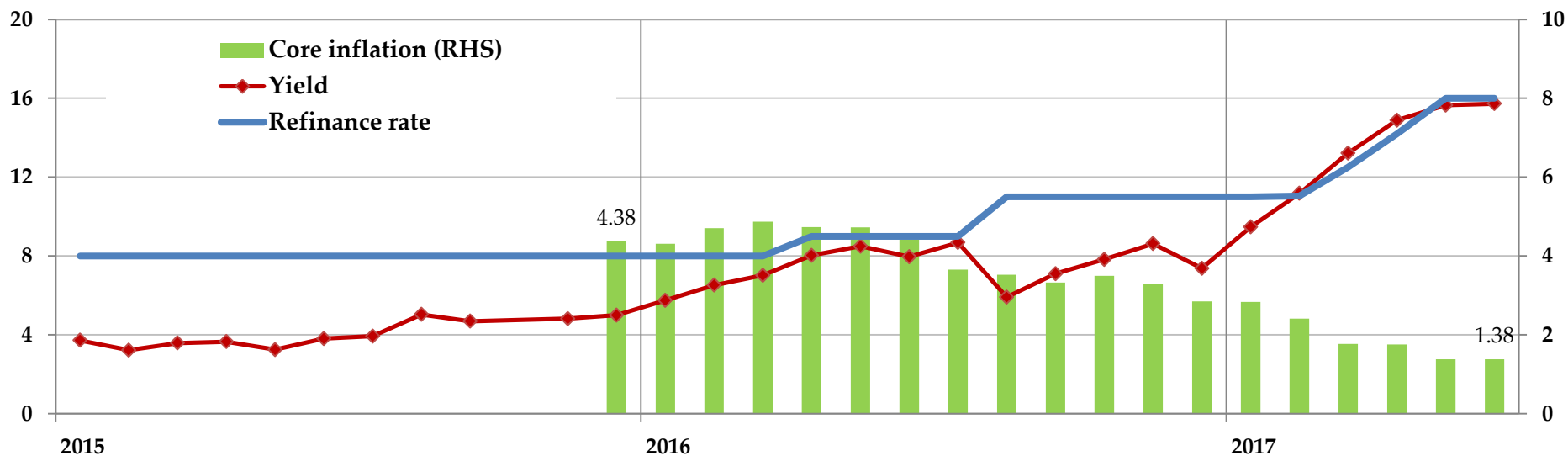
Contribution to broad money growth (M4)



The volume of sterilization operations (mln. Somoni, as of 31.07.2017)

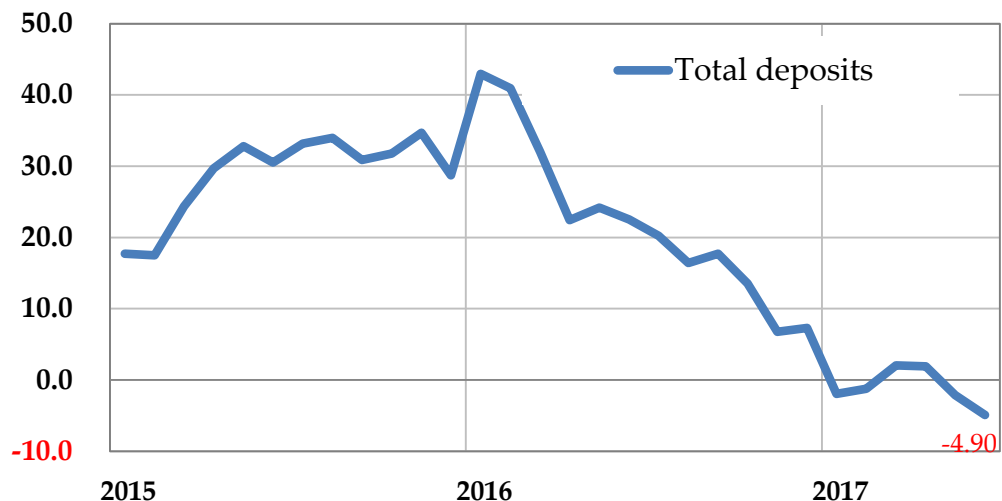


Refinancing rate, yield and average – weighted market interest rate on loans

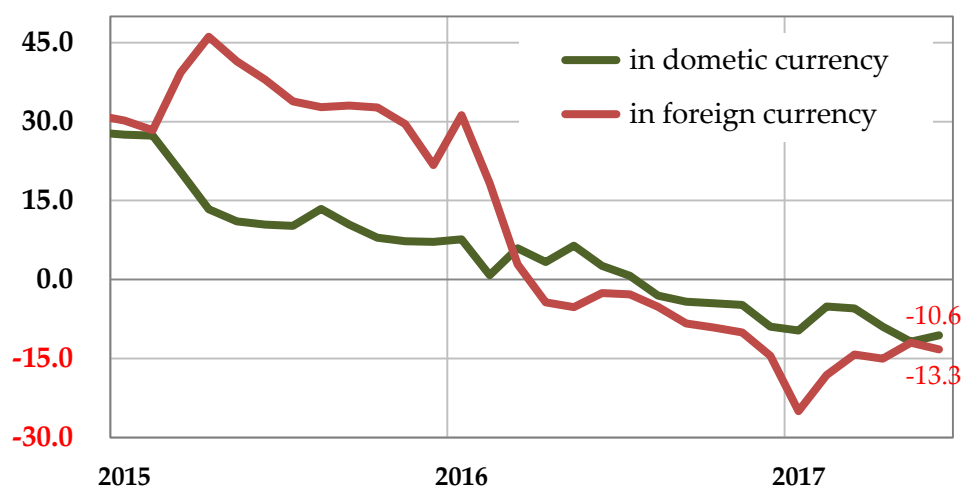
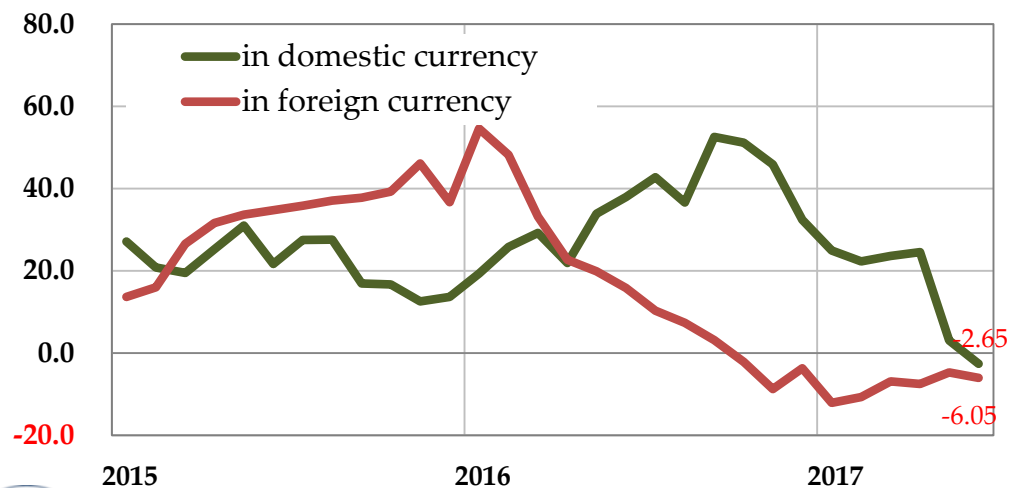
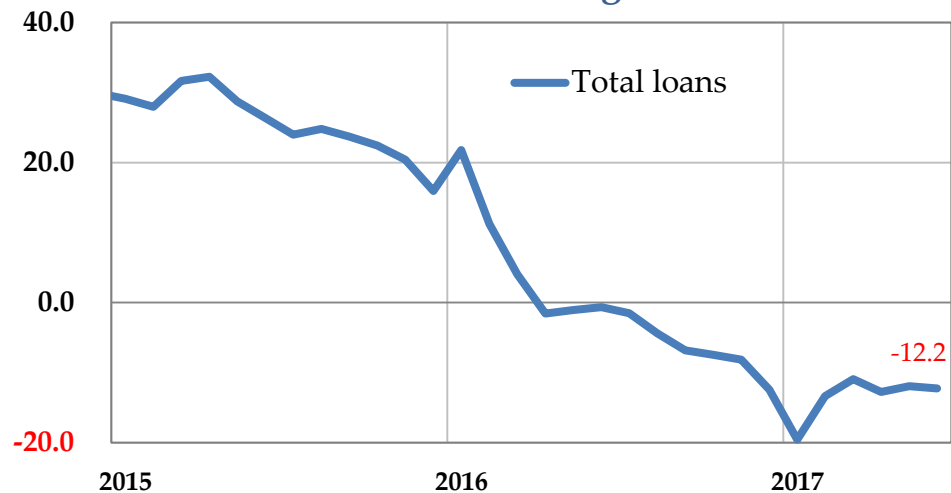


Change of total deposits and loans

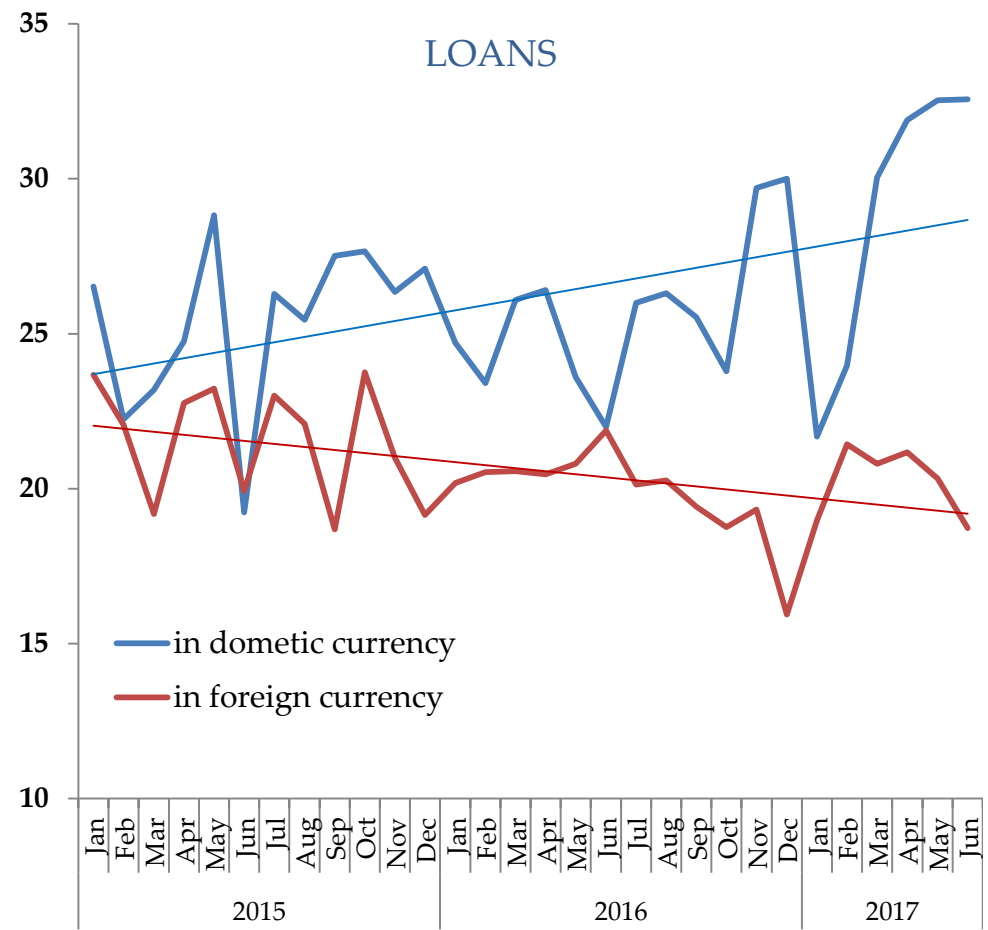
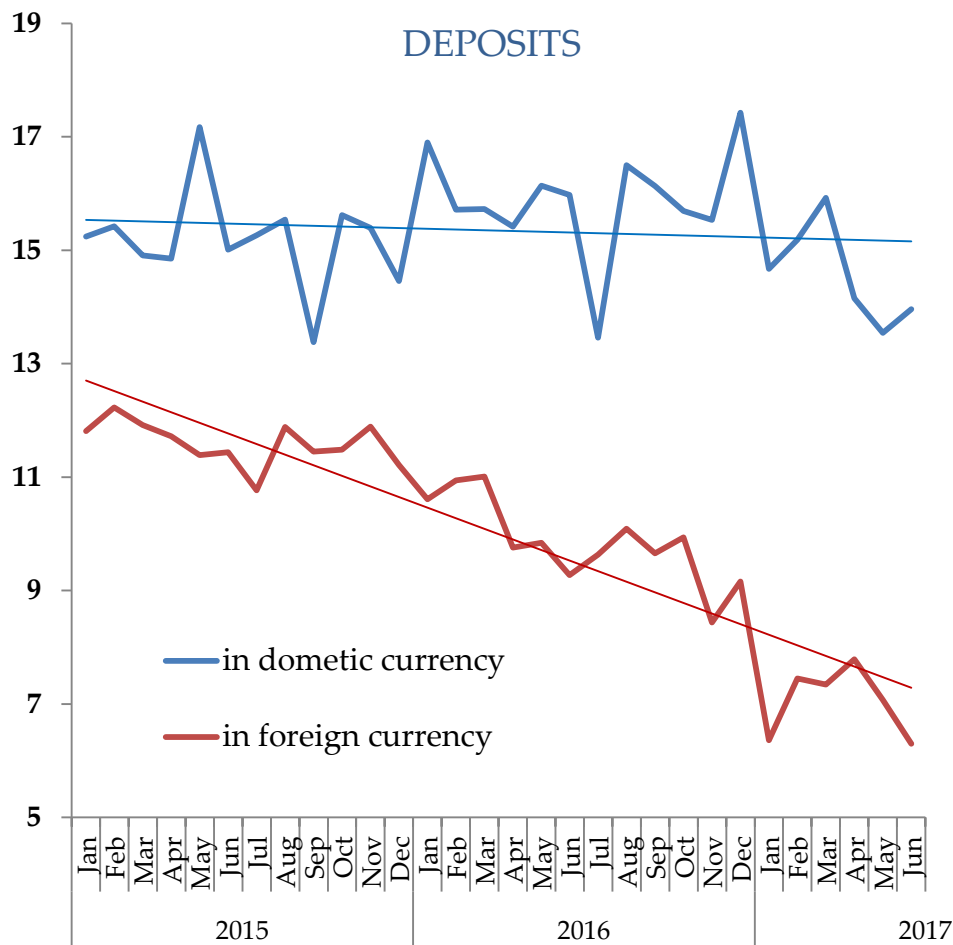
Total deposits (annual change)



Total loans (annual change)



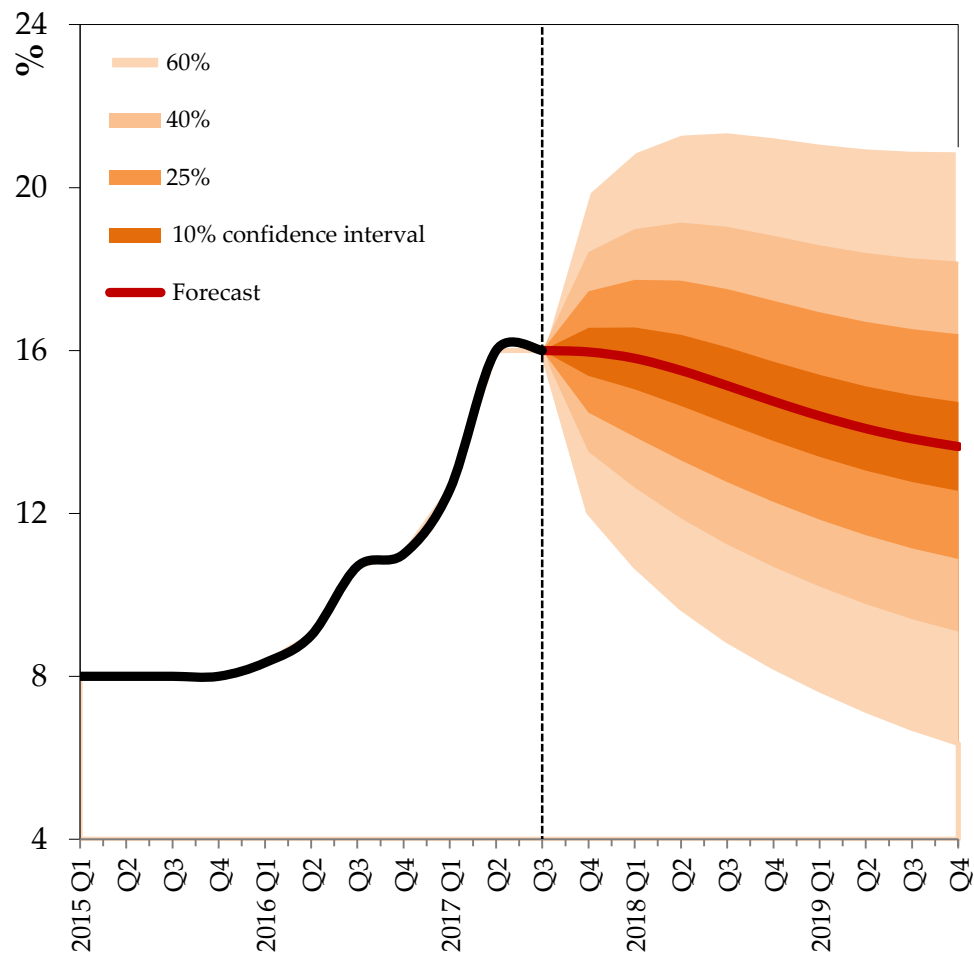
Average weighted interest rates of deposits and loans



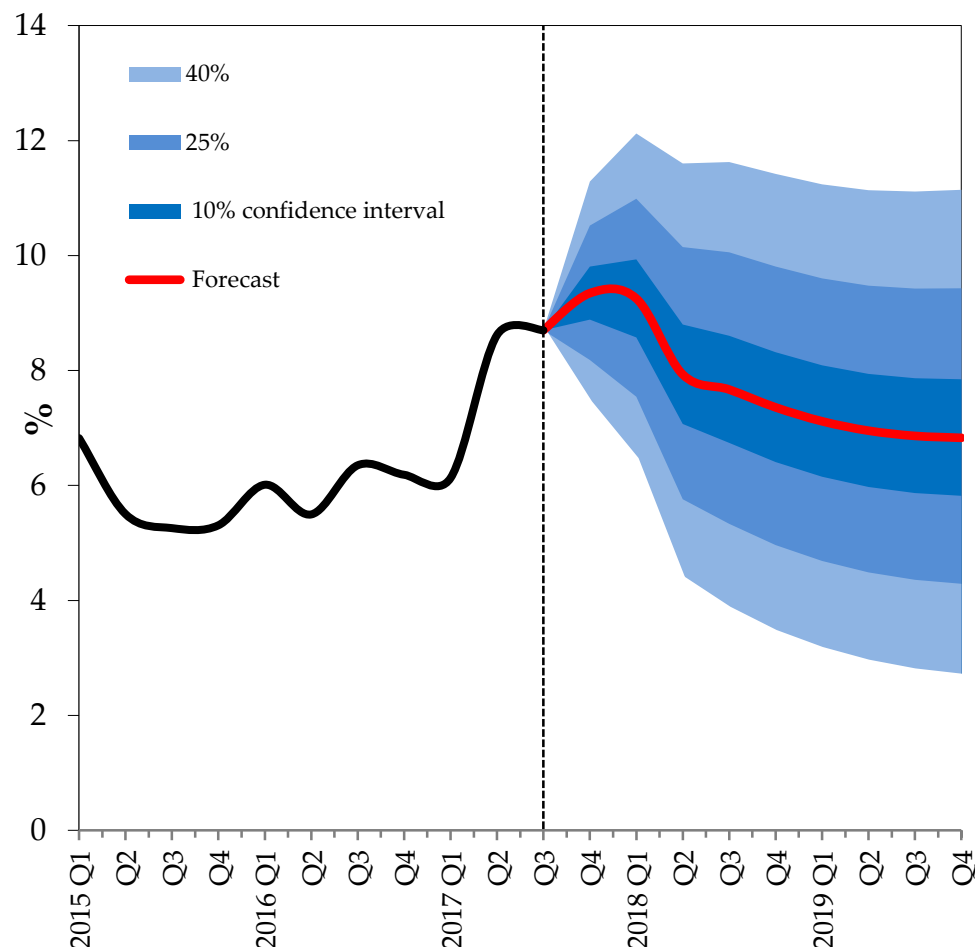
Macroeconomic forecast

Macroeconomic forecast

Policy rate

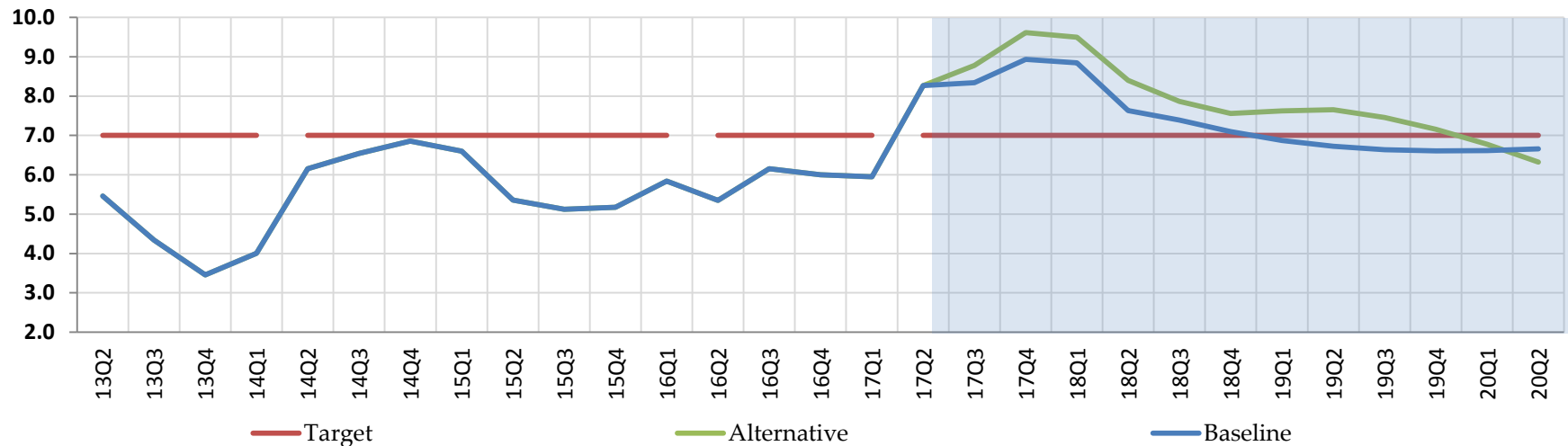


Annual inflation

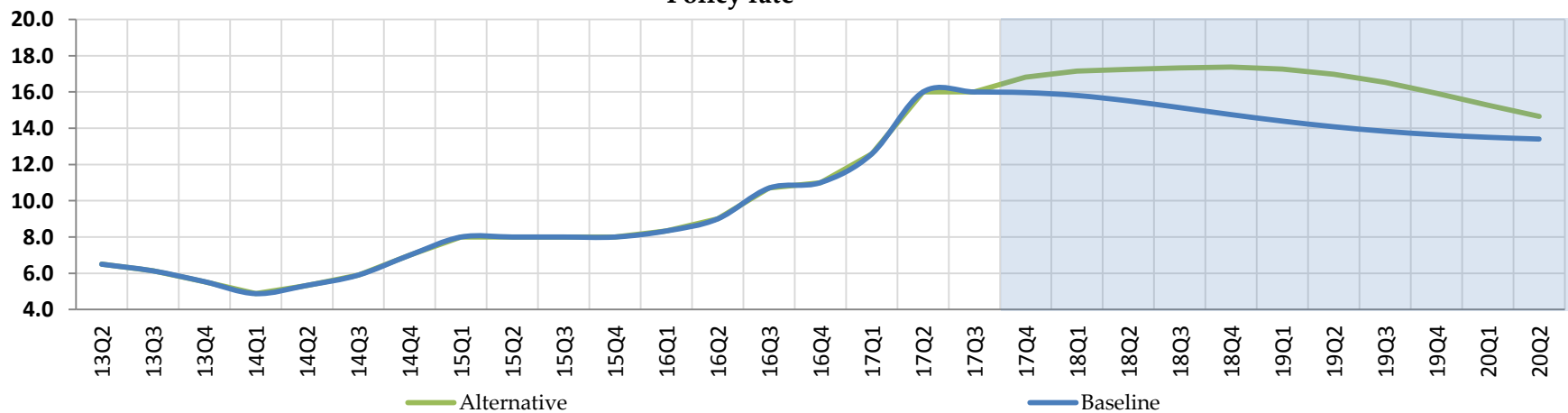


Alternative scenario

Inflation (annual)



Policy rate

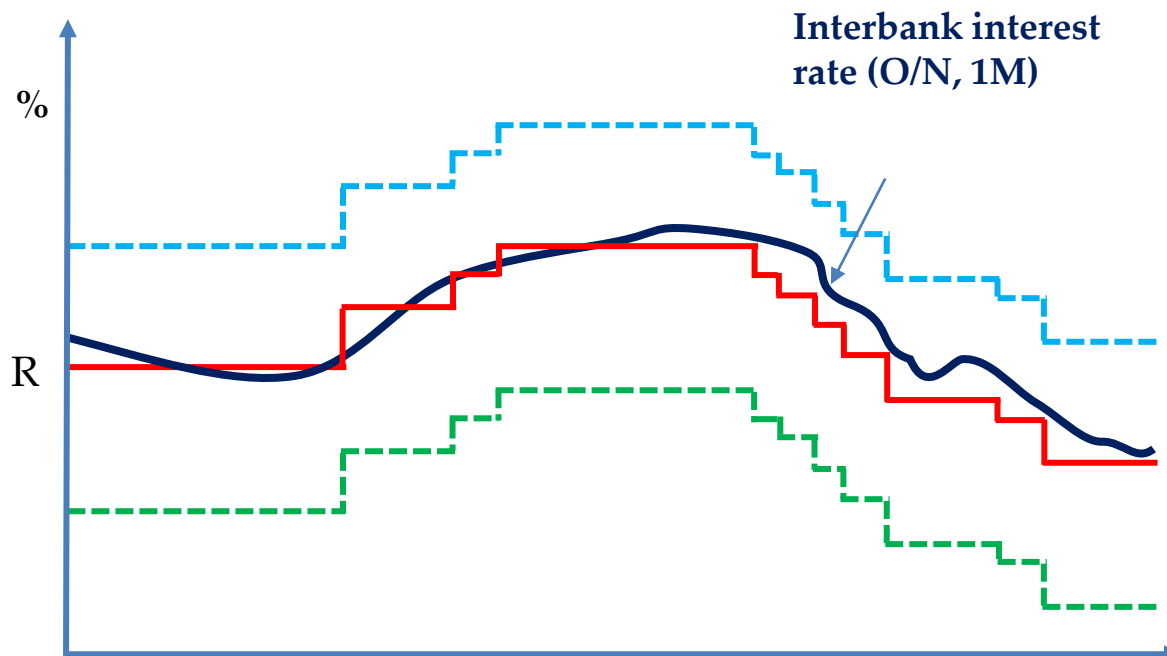
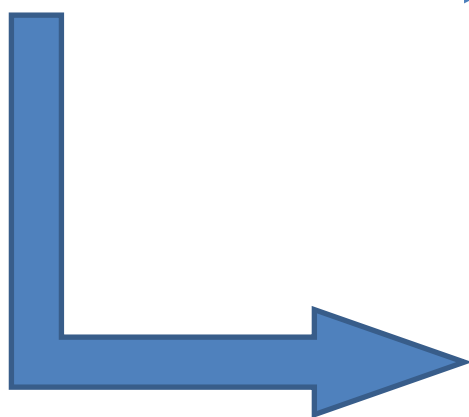
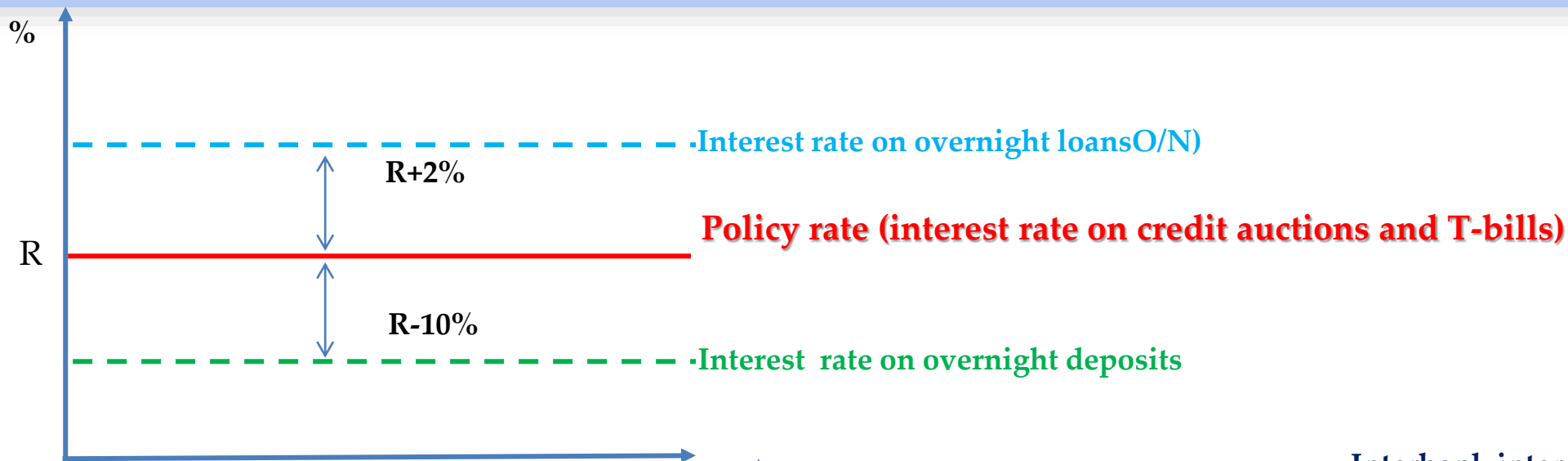


Recommendations and decision making

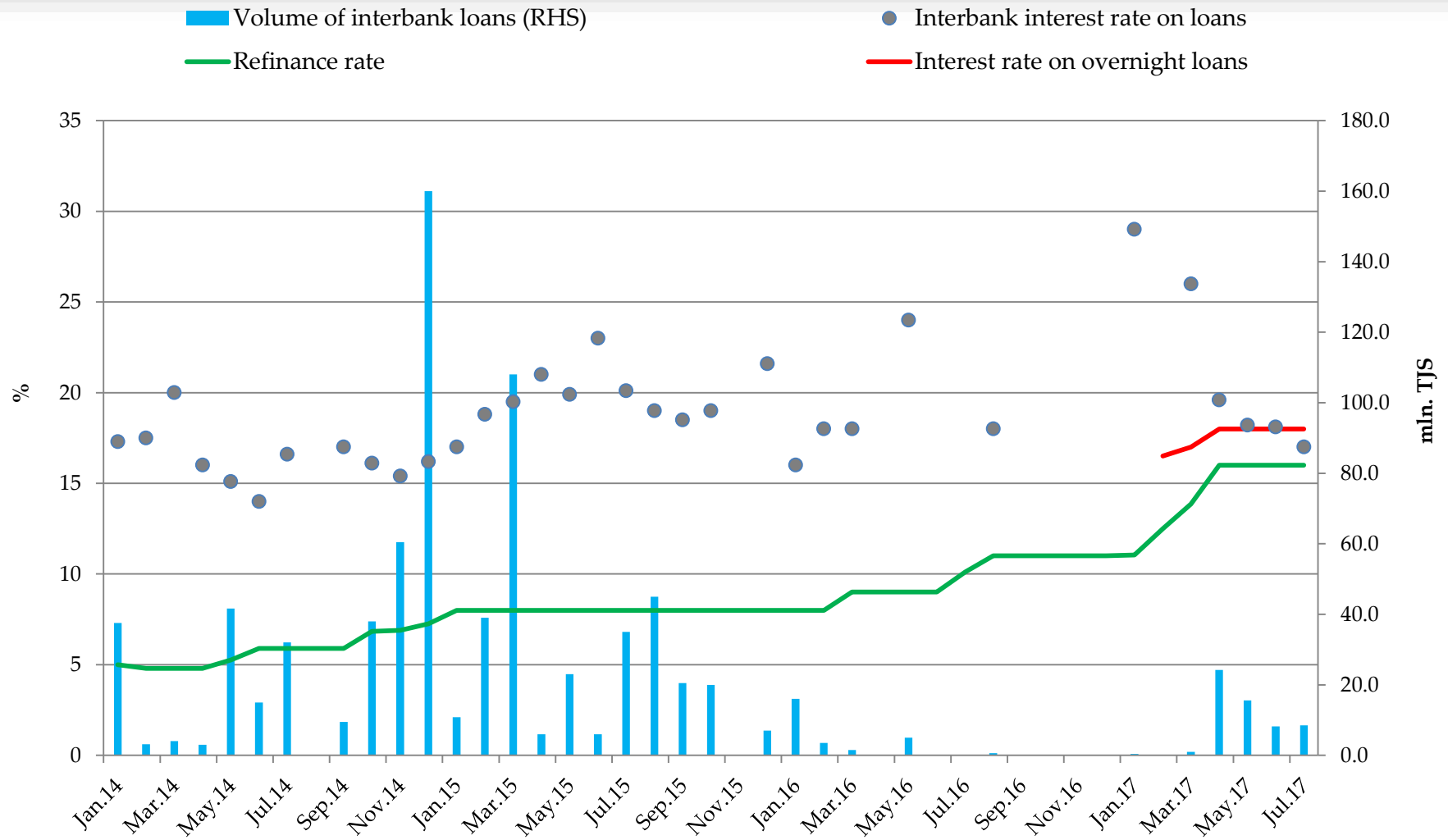
Proposals and adoption of Resolution

- 1. In order to implement an effective monetary policy, the refinancing rate should be unchanged at 16.0% per annum.** Due to the decline of inflation forecast in the medium term, the gradual decreasing of refinancing rate is possible. However, the existence of contemporary risks and probability of decline of the rate in 4th quarter, imply that refinancing rate should be maintained at current level.
- 2. In addition, the increase of budget expenditure on sterilization operations should be permitted with regards to effective liquidity management, regulation of money supply, activation of security auctions and an introduction of new instrument “overnight deposit”,**
- 3. To provide an equal opportunity to all credit organization who comply with prudential norms, to participate in lending operations (credit auctions, overnight and intraday loans),** which will allow successful development of monetary tools and will enhance the impact of refinancing rate to the market.

Interest rate – based policy of National Bank of Tajikistan



Interest rate – based policy of National Bank of Tajikistan



Proposals and adoption of Resolution

4. For the purpose of gradual transition towards inflation targeting regime and establishing priority mandate of the NBT on maintaining price stability, numerical target for inflation in the medium term at the level of 7,0 % (+/-3,0 p.p.) should be published at the home page of NBT website.

