



NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review • April 2017

In April, 2017, headline inflation stood at 1,2%, 0,3 p.p more than previous month. **The annual inflation has grown by 0,8% compare to previous month and reached 8,1%.** The main factors behind of this trend was fall on production and supply of agricultural products, also seasonal and exchange rate factors.

It is necessary to note that growth of money supply in 2016 owing to changes in the foreign exchange market and capitalization of problematic banks as the monetary factor led to foreign exchange rate pressure on inflation.

April's y/y inflation occurred owing to rise in food prices by 1,8% (its contribution 1,05 p.p), non-food products by 0,3% (0,12 p.p) and tariffs for services by 0,3% (0,04 p.p). The growth in prices for meat (0,4 p.p.), vegetables (0,2 p.p), flour (first grade) (0,2 p.p), sugar (0,2 p.p) were conductive inflation in April (1,2%). If rise in price of meat and vegetables is caused by lack of production, while exchange rate or monetary factors induced rise in prices of flour of the first grade, sugar and transport fuel.

According to the analyses, increase in productivity of vegetables and fruits, stabilization in domestic foreign exchange market and moderate change in global prices, inflation for the following months will slightly decline.

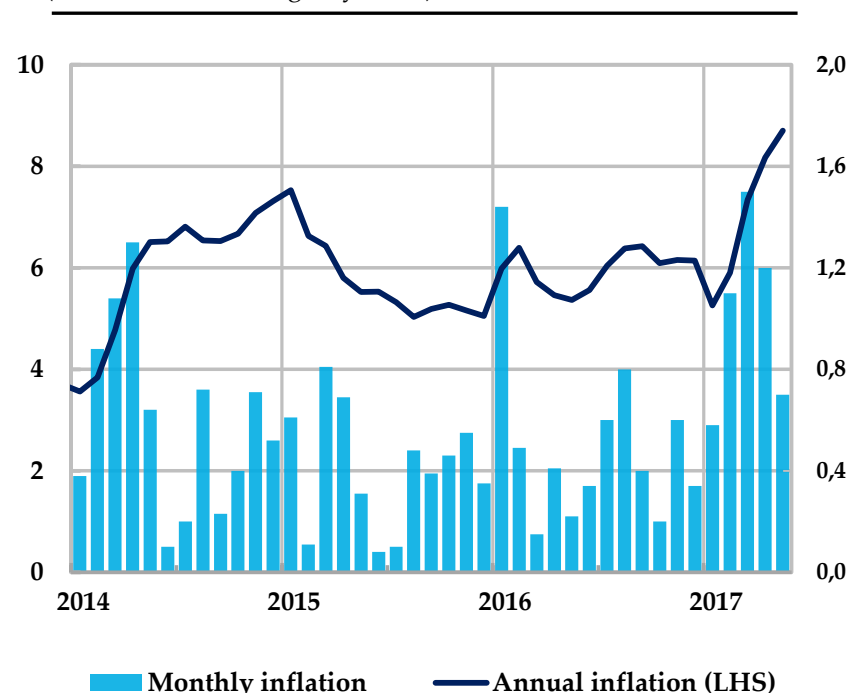
According to the forecasts and analysis of inflation development accompanied with lack of supply of vegetables and exchange rate pressure during February and April were short-term effect, and it will likelihood exceed 7,0% till the end of year. In view of this, the National Bank of Tajikistan will continue implementing tight monetary policy to preserve inflation within targeted pace.

Core inflation² showing long-term price tendency without influence of short-term fluctuations, in April had the stable change tendency, and its annual figure has made 1,8 %. Price level stability on non-food and finished commodity were the main factors of this tendency.

At the same time, the aforementioned factors promoted the growth of non-core inflation (consumer prices excluded core inflation). In structure of non-core inflation increase of food prices, particularly substantial growth of meat price (6,8% m/m or 8,3% y/y), flour of the first grade (1,9% m/m or 1,8% y/y), sugar (7,5% m/m or 13,6% y/y), potato (-2,7% m/m or 84,2% y/y), onions (1,7% m/m or 66,1% y/y), and carrots (36,3 m/m or 67,1% y/y) were observed. In turn, in April the prices for cabbage

Monthly and annual inflation, in %

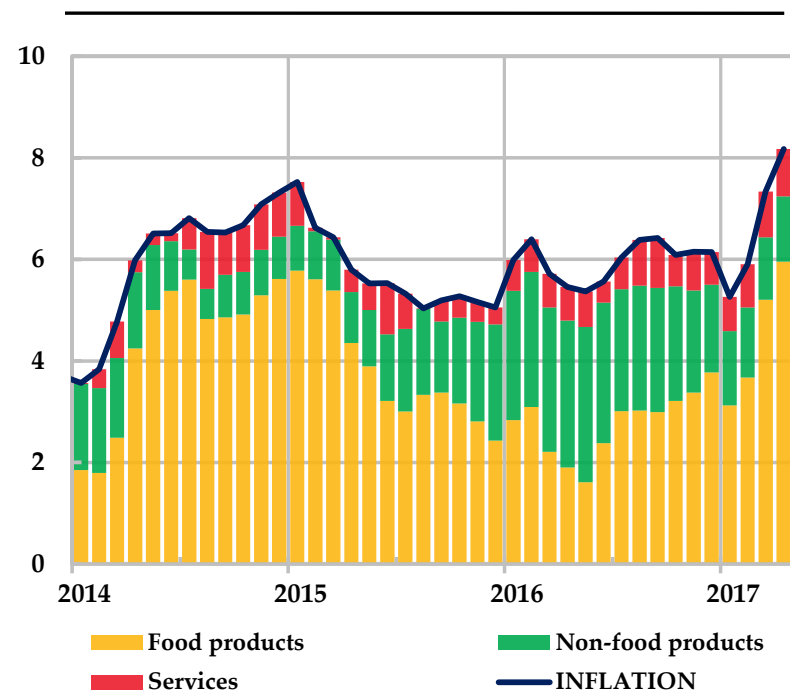
(Source: Statistical Agency, NBT)



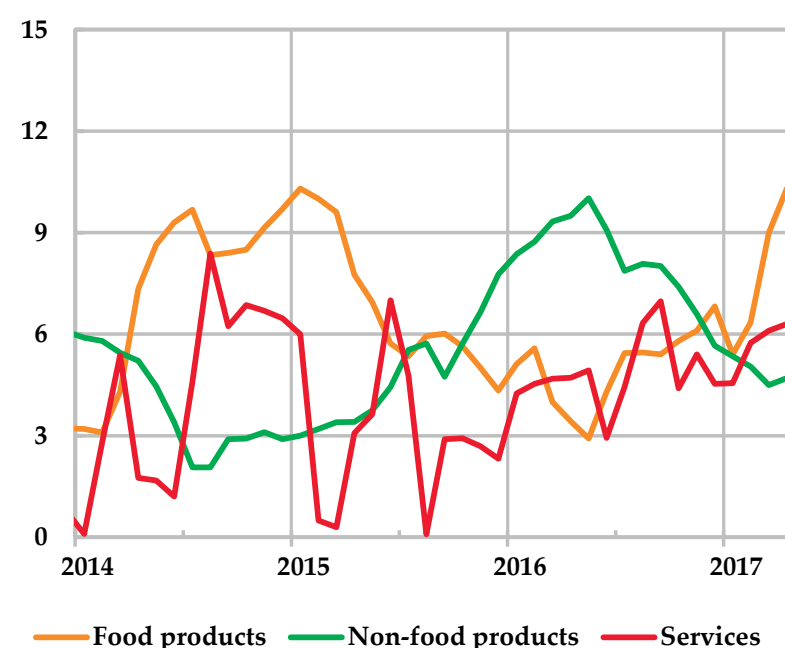
Monthly inflation Annual inflation (LHS)

Contribution of Components to Inflation, in %, annual

(source: Statistical Agency, NBT)



Food products Non-food products Services INFLATION



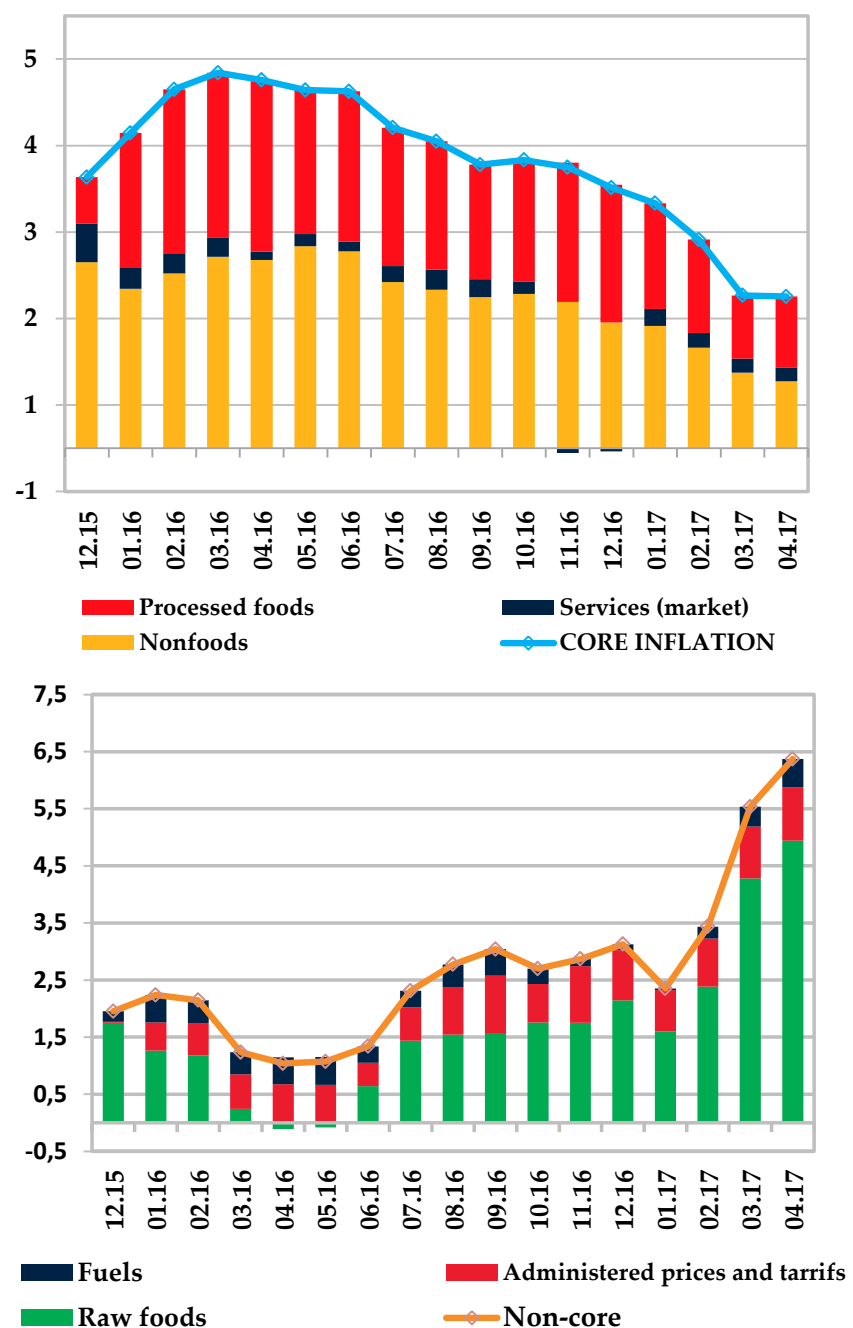
Food products Non-food products Services

(-8,0% m/m or 22,3% y/y) and rice (-1,5% m/m or -13,5% y/y) have declined.

Also, liquid gas price (5,1% m/m or 22,6% y/y) and gasoline A-92 (7,7% m/m or -27,1% y/y) have been increased on account of growth of USD exchange rate and growth of cost services compare with the previous month owing to rise in liquid gas prices (5,1% m/m or 21,3% y/y) and tariffs for housing-and-municipal services (1,0% m/m or 13,3% y/y).

With the view of prevention of inflationary pressure, the National Bank of Tajikistan will implement tight monetary policy in order to maintain price level development within medium term target.

Core and non-core Inflation, in %, annual
(source: Statistical Agency, NBT calculations)



¹ - m/m –month to month (monthly change)
- y/y – year to year (annual change)

² - Core inflation, with a view of an estimation and analysis of ongoing process of change of a price level, is calculated on the data basis of Agency on Statistics under the President of Republic Tajikistan (Statistics Agency) by the National Bank of Tajikistan. As one of components of the common inflations (consumer price index), core inflation reflects a sound and long-term trend of price changes, caused by influence of factors of domestic demand and monetary character. The basic method of calculation of base inflation - method of exceptions which means an exception of separate categories of production and services which have shown greatest volatility, not connected with considerable price changes. The item of products, prices (components) of which are subject to short-term and transitive fluctuations which are independent on influence of non-monetary factors, including supply factors (world prices, environment), seasonal and administrative factors is excluded from consumer price index basket. That is, raw food products, combustible materials and administratively adjustable services are not included at calculation of core inflation.

Consumer price index																	
	Weight, %	annual change															April, monthly change, %
		2015	2016										2017				
			March	April	May	June	July	August	September	October	November	December	January	February	March	April	
Inflation	100,0	5,1	5,7	5,5	5,3	5,6	6,1	6,4	6,4	6,1	6,2	6,1	5,3	5,9	7,3	8,1	1,2
Food and non-alcoholic beverages	55,4	3,8	3,4	2,9	2,2	3,8	5,0	5,0	4,8	5,3	5,7	6,4	4,8	6,0	8,8	10,2	1,9
Bread and bread products	19,2	9,1	2,9	0,8	1,4	0,5	-0,7	-1,5	-1,5	-0,9	-1,3	-2,5	-5,2	-4,1	-2,5	-1,0	0,9
Rise	3,3	11,6	7,4	4,1	0,4	-0,9	-4,7	-5,2	-4,6	-5,4	-8,0	-9,2	-8,6	-9,5	-13,3	-13,5	-1,5
Flour	11,9	7,8	-1,1	-3,4	-1,5	-2,6	-3,0	-4,2	-4,3	-3,0	-2,8	-3,0	-7,2	-5,0	-1,0	1,8	1,9
Meat and meat products	9,0	-10,2	-4,9	-5,2	-5,0	-4,9	-4,5	-2,5	-2,4	-2,1	-0,8	3,7	3,9	2,4	1,8	7,2	-1,0
Beef	5,9	-14,3	-8,0	-8,4	-8,4	-8,4	-7,9	-5,2	-5,2	-5,0	-3,4	3,2	3,5	1,2	1,3	8,3	6,8
Eggs	1,5	5,5	0,3	-0,8	3,9	5,0	4,9	4,3	-0,8	18,3	20,8	12,0	15,4	16,7	7,8	12,8	1,7
Milk and dairy products	1,7	7,3	1,0	2,7	4,0	3,5	4,2	4,9	4,2	5,5	1,8	0,4	2,8	3,7	5,1	3,7	-3,3
Milk	0,5	16,1	-4,8	-1,8	1,7	-0,7	0,8	2,0	-0,1	3,4	-6,3	-7,2	-1,7	3,4	5,0	0,7	-8,0
Plant and Animal Oil	5,3	12,7	17,8	17,6	15,6	15,7	15,4	13,9	11,9	11,3	10,3	11,3	6,1	5,8	6,0	6,2	0,4
Fruit	4,4	12,3	14,4	14,3	10,7	9,5	13,0	22,3	31,0	29,1	20,7	16,7	16,6	12,2	4,6	0,2	0,3
Vegetables	7,1	-12,4	-13,5	-12,0	-14,0	-0,5	13,1	9,0	5,5	2,7	8,9	16,5	18,6	30,1	58,2	57,2	2,6
Sugar	2,1	19,3	28,8	24,6	27,0	27,9	21,9	21,9	21,8	22,7	19,9	15,0	1,0	3,4	5,2	13,6	7,5
Soft drinks	1,1	13,7	19,4	20,3	23,5	24,0	22,0	20,2	20,2	20,1	19,2	19,9	14,2	13,8	10,4	9,5	0,1
Catering*	0,9	14,9	16,9	11,7	11,7	11,7	13,9	13,9	20,4	19,4	16,5	19,9	19,9	17,9	17,9	17,9	0,0
Alcoholic beverages and tobacco	1,5	15,9	18,8	19,1	23,0	19,5	17,1	16,1	15,4	16,0	14,9	11,8	12,2	10,0	9,1	8,6	0,0
Non-food products	27,4	7,9	9,5	9,7	10,3	9,4	8,1	8,2	8,1	7,5	6,6	5,7	5,2	5,0	4,4	4,6	0,3
Clothes and shoes	9,3	9,2	16,1	16,5	18,6	18,5	17,2	17,3	16,9	16,6	15,4	14,5	14,8	14,0	12,8	11,8	-0,2
Repair and construction materials	3,4	2,2	1,3	0,1	0,2	0,2	-0,1	-1,6	-1,8	-0,8	-1,1	-0,9	0,0	0,1	0,0	0,5	-0,2
Detergents	1,7	15,5	10,4	9,2	8,7	8,7	7,8	6,5	6,5	6,0	4,3	1,2	1,6	1,6	1,1	1,1	0,0
Medicine	2,7	24,7	32,6	32,6	32,0	24,8	15,3	16,0	16,0	15,6	18,1	14,1	12,9	7,4	3,9	3,8	-0,2
Petrol vehicles lubrication products	2,1	-7,0	6,9	10,8	11,6	2,3	2,4	7,9	10,5	8,6	3,3	2,9	-1,1	6,8	14,7	21,5	5,4
Other Heating Products	1,4	19,0	17,1	17,1	17,1	17,1	17,1	17,1	17,1	6,1	3,7	3,0	3,5	4,4	2,5	2,5	0,0
Vehicle	0,7	-2,0	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other personal effects	1,3	7,6	9,6	9,4	9,7	9,7	9,1	7,6	6,0	8,4	7,9	7,1	6,8	5,3	5,1	5,0	0,0
Services	14,8	2,2	4,5	4,6	4,8	2,8	4,4	6,3	7,0	4,4	5,4	4,5	5,0	5,8	6,2	6,3	0,3
Housing and communal	5,1	3,2	1,6	2,7	2,5	1,2	2,5	5,2	5,8	5,4	11,1	9,8	6,7	9,6	12,4	13,3	1,0
Rental of property	0,1	14,3	14,3	12,3	12,3	9,7	9,7	9,7	5,9	5,7	2,2	0,0	0,0	0,0	0,0	0,0	0,0
Water and garbage collection fee	0,6	20,1	2,3	2,3	2,3	2,3	2,3	2,3	2,3	5,1	5,1	5,1	6,6	9,8	7,3	7,3	0,0
Electricity	2,8	0,0	10,6	10,6	10,6	10,6	10,6	10,6	10,6	10,6	28,6	28,6	16,3	16,3	16,3	16,5	0,2
Hot water	0,0	14,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Gas	1,0	-6,3	-6,5	0,9	0,3	-8,6	-5,5	4,9	9,4	6,9	-2,2	-6,6	-9,4	0,9	13,5	17,5	4,4
Transport	4,1	-2,3	7,6	7,6	7,5	3,5	6,9	10,2	10,0	2,3	0,2	-1,4	1,7	1,4	0,2	-0,3	-0,2
communication	1,8	0,8	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,0	1,3	1,3	1,3	1,3	0,0
Education	1,5	2,6	2,6	2,6	2,6	2,6	2,6	2,6	12,1	11,8	11,3	11,3	15,0	15,5	15,5	15,5	0,0
Health	0,8	14,0	12,2	7,0	7,0	4,3	4,3	4,3	3,7	3,4	1,9	1,9	3,6	1,7	1,7	1,7	0,0
Household	1,7	12,3	9,9	8,8	11,6	11,1	11,1	10,7	8,2	7,5	4,9	5,2	5,8	5,8	6,0	6,0	0,0

* - The dining room, café and restaurant