



# NATIONAL BANK OF TAJIKISTAN

## Monthly Inflation Review • February 2017

In February, 2017 inflation has reached 1,1%, increasing on 0,5 p.p in compare to previous month. The annual inflation (for last 12 months) has stood at 5,9%, 0,6 p.p more than January (5,3%).

Annual inflation occurred due to rise in foods prices by 6,3% (1,4% m/m)<sup>1</sup> and non-foodstuffs prices by 5,0% (0,3% m/m). Administrative tariffs of services have grown by 5,4% (1,6% m/m).

Analysis of statistical data shows that slightly inflation change has mainly driven by influence of non-monetary factors. At the same time, inflationary pressure by fundamental factors as surplus of aggregate demand, inflationary expectations of consumers and exchange rate factors in February were comparatively low.

The detected inflation change has elevated seasonal factors, continuing its annual tendency. In turn, other factors have led to slightly fall in supply of some consumer goods (especially, potatoes and onions) and combustible materials (liquefied gas and gasoline). In addition, heavy snow and avalanches in high-mountainous regions which obstructed traffic in major highways of the country, also have promoted rise in price level.

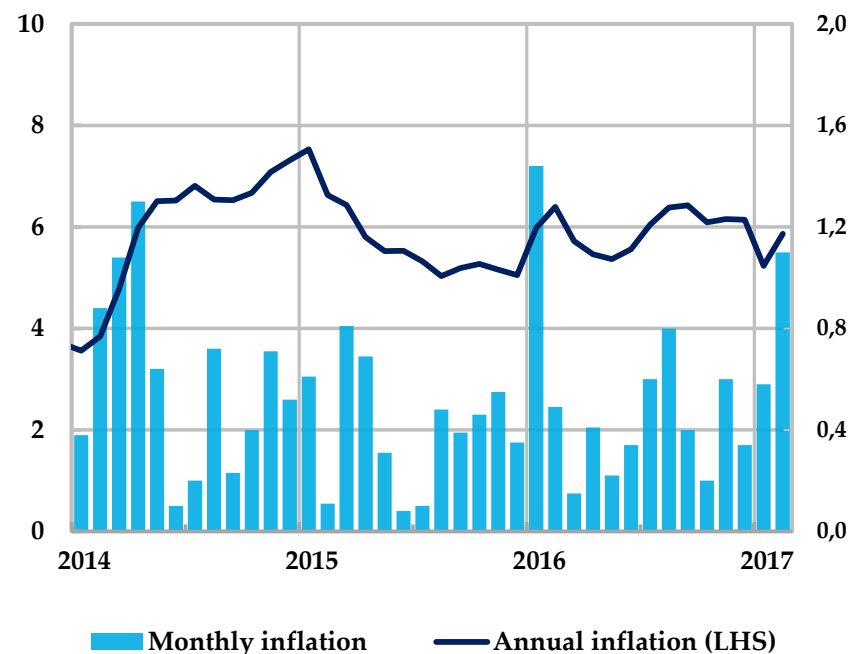
Notwithstanding, the inflation developed within targeted horizon and projected level (7,0%)

Core inflation<sup>2</sup> reflected long-term price trend excluding influence of short-term fluctuations, in February had a stable downward tendency, and in annual basis made 1,9% (-0,6 m/m<sup>1</sup>). The stable price level for non-foodstuffs, ready foodstuffs and services had a significant impact on this tendency.

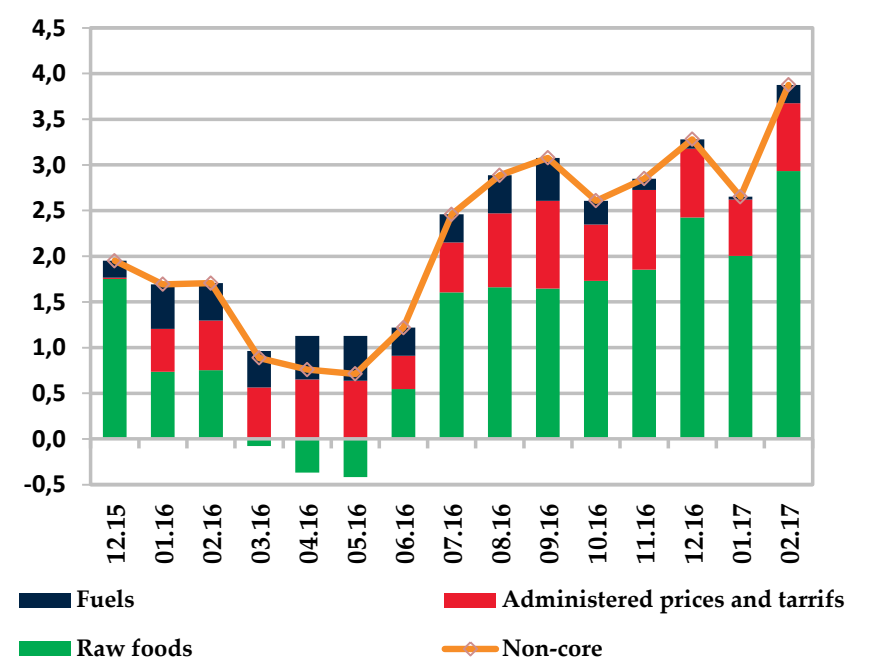
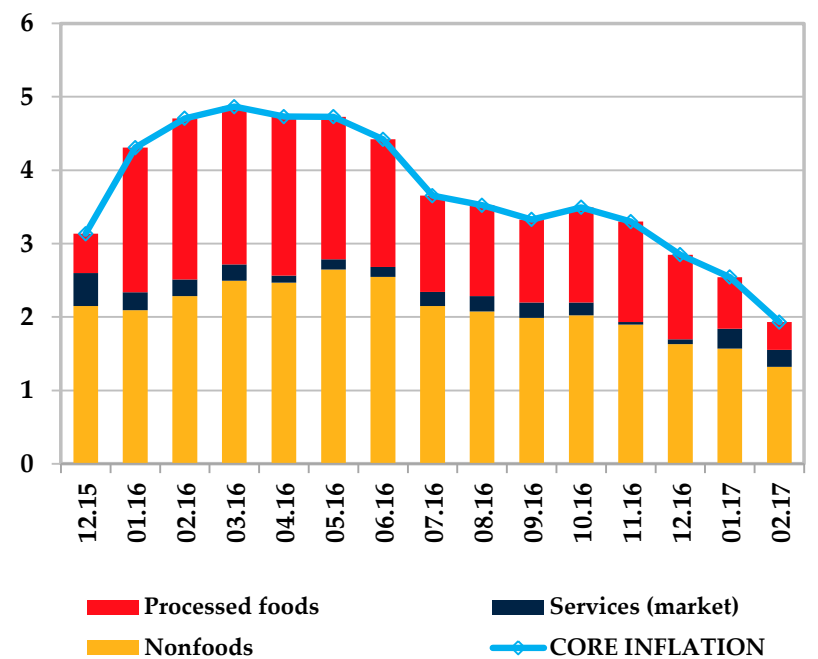
In February the consumer prices group, which are excluded core inflation, promoted the growth of non-core inflation. Also according to influence of seasonal and supply factors, prices for raw food products, particularly vegetables (11,6% m/m or 30,1% y/y) tended to upsurge. In turn, in February prices for rice (-1,4% m/m or -9,5% y/y), flour (-0,6% m/m or 5,0% y/y), eggs (-0,9% m/m or 16,7% y/y) and fruit (-0,2% m/m or 12,2% y/y) were declined.

In the structure of headline inflation an increase of price for fuel (4,0% m/m or 6,8% y/y) have been caused by overlapping of road of Dushanbe - Chanok (Dushanbe - Khujand). Also in comparison with last month a cost of

Monthly and annual inflation, in %  
(Source: Statistical Agency, NBT calculations)



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

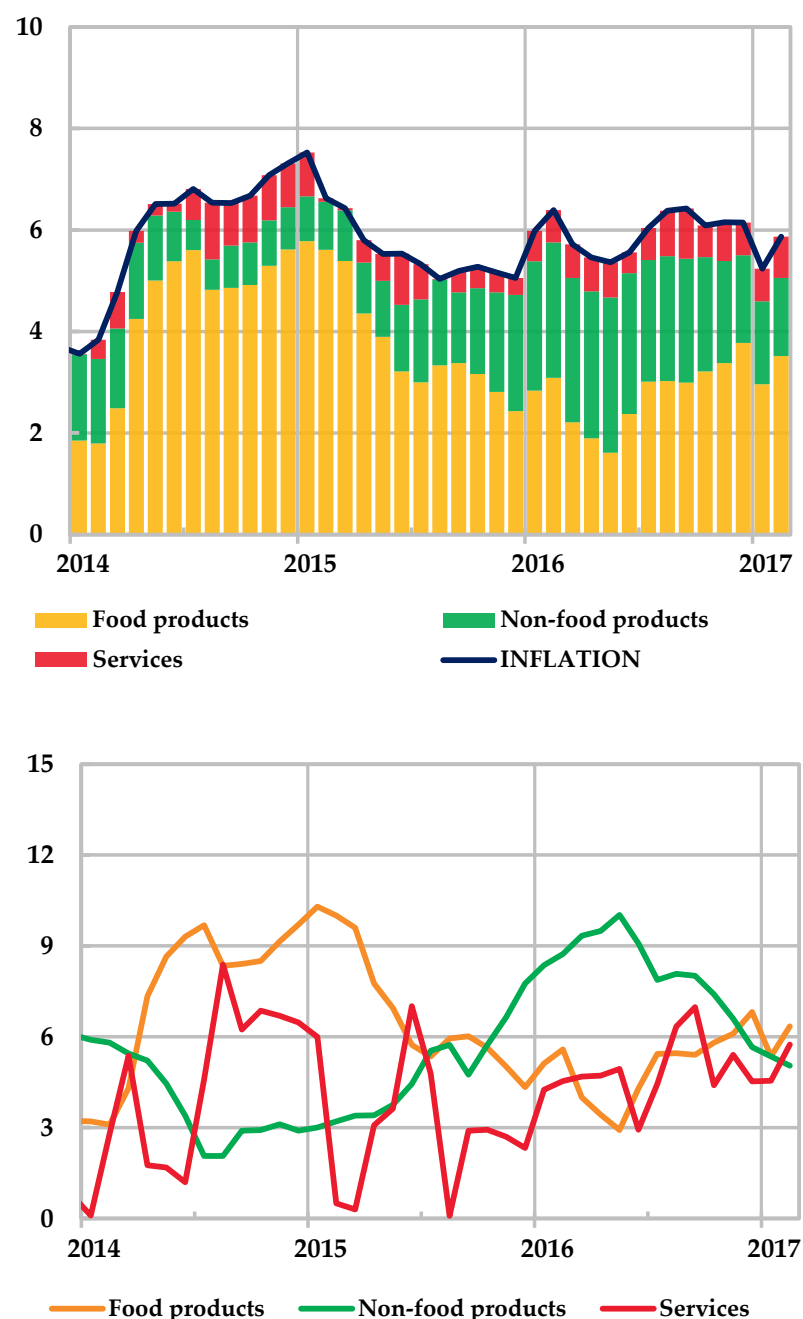


services in line with rise in prices for liquidized gas (7,1% m/m or 0,9% y/y), water and waste supply services collection, (9,8% y/y, education services 15,5% y/y) and transport services (3,2% m/m or 1,4% y/y) tended to growth.

According to the analysis, in March of current year seasonal, monetary and external factors (exchange rate pressure) likelihood contribute to headline inflation.

With the view of maintenance of stable price level and prevention of inflationary pressure, the National Bank of Tajikistan will reconsider monetary policy stance in order to preserve inflation within the projected figure (7,0% per annum).

Annual inflation and its structural contribution, in %  
(Source: Statistical Agency, NBT)



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

<sup>2</sup> - 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														February, monthly change, %
		2015	2016											2017		
			February	March	April	May	June	July	August	September	October	November	December	January	February	
<b>Inflation</b>	<b>100,0</b>	<b>5,1</b>	<b>6,3</b>	<b>5,6</b>	<b>5,3</b>	<b>5,2</b>	<b>5,5</b>	<b>6,0</b>	<b>6,4</b>	<b>6,4</b>	<b>6,1</b>	<b>6,2</b>	<b>6,1</b>	<b>5,3</b>	<b>5,9</b>	<b>1,1</b>
<b>Food and non-alcoholic beverages</b>	<b>53,0</b>	<b>3,8</b>	<b>5,1</b>	<b>3,4</b>	<b>2,9</b>	<b>2,2</b>	<b>3,8</b>	<b>5,0</b>	<b>5,0</b>	<b>4,8</b>	<b>5,3</b>	<b>5,7</b>	<b>6,4</b>	<b>4,8</b>	<b>6,0</b>	<b>1,5</b>
Bread and bread products	17,3	9,1	8,6	2,9	0,8	1,4	0,5	-0,7	-1,5	-1,5	-0,9	-1,3	-2,5	-5,2	-4,1	-0,6
Rise	3,1	11,6	9,4	7,4	4,1	0,4	-0,9	-4,7	-5,2	-4,6	-5,4	-8,0	-9,2	-8,6	-9,5	-1,4
Flour	10,4	7,8	7,1	-1,1	-3,4	-1,5	-2,6	-3,0	-4,2	-4,3	-3,0	-2,8	-3,0	-7,2	-5,0	-0,6
Meat and meat products	9,1	-10,2	-5,8	-4,9	-5,2	-5,0	-4,9	-4,5	-2,5	-2,4	-2,1	-0,8	3,7	3,9	2,4	0,3
Beef	6,2	-14,3	-8,8	-8,0	-8,4	-8,4	-8,4	-7,9	-5,2	-5,2	-5,0	-3,4	3,2	3,5	1,2	0,6
Eggs	1,4	5,5	2,3	0,3	-0,8	3,9	5,0	4,9	4,3	-0,8	18,3	20,8	12,0	15,4	16,7	-0,9
Milk and dairy products	1,6	7,3	1,1	1,0	2,7	4,0	3,5	4,2	4,9	4,2	5,5	1,8	0,4	2,8	3,7	0,4
Milk	0,4	16,1	-3,9	-4,8	-1,8	1,7	-0,7	0,8	2,0	-0,1	3,4	-6,3	-7,2	-1,7	3,4	1,7
Plant and Animal Oil	3,8	12,7	18,7	17,8	17,6	15,6	15,7	15,4	13,9	11,9	11,3	10,3	11,3	6,1	5,8	0,9
Fruit	4,4	12,3	8,6	14,4	14,3	10,7	9,5	13,0	22,3	31,0	29,1	20,7	16,7	16,6	12,2	-0,2
Vegetables	8,8	-12,4	-11,5	-13,5	-12,0	-14,0	-0,5	13,1	9,0	5,5	2,7	8,9	16,5	18,6	30,1	11,6
Sugar	1,9	19,3	30,7	28,8	24,6	27,0	27,9	21,9	21,9	21,8	22,7	19,9	15,0	1,0	3,4	-0,3
Soft drinks	1,1	13,7	16,0	19,4	20,3	23,5	24,0	22,0	20,2	20,2	20,1	19,2	19,9	14,2	13,8	0,1
<b>Catering*</b>	<b>0,9</b>	<b>14,9</b>	<b>16,9</b>	<b>16,9</b>	<b>11,7</b>	<b>11,7</b>	<b>11,7</b>	<b>13,9</b>	<b>13,9</b>	<b>20,4</b>	<b>19,4</b>	<b>16,5</b>	<b>19,9</b>	<b>19,9</b>	<b>17,9</b>	<b>0,0</b>
<b>Alcoholic beverages and tobacco</b>	<b>1,5</b>	<b>15,9</b>	<b>17,7</b>	<b>18,8</b>	<b>19,1</b>	<b>23,0</b>	<b>19,5</b>	<b>17,1</b>	<b>16,1</b>	<b>15,4</b>	<b>16,0</b>	<b>14,9</b>	<b>11,8</b>	<b>12,2</b>	<b>10,0</b>	<b>0,0</b>
<b>Non-food products</b>	<b>30,5</b>	<b>7,9</b>	<b>8,8</b>	<b>9,5</b>	<b>9,7</b>	<b>10,3</b>	<b>9,4</b>	<b>8,1</b>	<b>8,2</b>	<b>8,1</b>	<b>7,5</b>	<b>6,6</b>	<b>5,7</b>	<b>5,2</b>	<b>5,0</b>	<b>0,3</b>
Clothes and shoes	10,2	9,2	15,6	16,1	16,5	18,6	18,5	17,2	17,3	16,9	16,6	15,4	14,5	14,8	14,0	0,1
Repair and construction materials	3,9	2,2	1,0	1,3	0,1	0,2	0,2	-0,1	-1,6	-1,8	-0,8	-1,1	-0,9	0,0	0,1	0,1
Detergents	1,5	15,5	11,1	10,4	9,2	8,7	8,7	7,8	6,5	6,5	6,0	4,3	1,2	1,6	1,6	0,2
Medicine	2,6	24,7	28,4	32,6	32,6	32,0	24,8	15,3	16,0	16,0	15,6	18,1	14,1	12,9	7,4	-0,1
Petrol vehicles lubrication products	2,0	-7,0	7,5	6,9	10,8	11,6	2,3	2,4	7,9	10,5	8,6	3,3	2,9	-1,1	6,8	4,0
Other Heating Products	1,5	19,0	17,1	17,1	17,1	17,1	17,1	17,1	17,1	17,1	6,1	3,7	3,0	3,5	4,4	-1,8
Vehicle	1,2	-2,0	-1,6	-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
Other personal effects	1,3	7,6	9,5	9,6	9,4	9,7	9,7	9,1	7,6	6,0	8,4	7,9	7,1	6,8	5,3	-0,1
<b>Services</b>	<b>14,2</b>	<b>2,2</b>	<b>4,4</b>	<b>4,5</b>	<b>4,6</b>	<b>4,8</b>	<b>2,8</b>	<b>4,4</b>	<b>6,3</b>	<b>7,0</b>	<b>4,4</b>	<b>5,4</b>	<b>4,5</b>	<b>5,0</b>	<b>5,8</b>	<b>1,6</b>
Housing and communal	4,9	3,2	4,0	1,6	2,7	2,5	1,2	2,5	5,2	5,8	5,4	11,1	9,8	6,7	9,6	1,8
Rental of property	0,2	14,3	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
Water and garbage collection fee	0,6	20,1	0,0	2,3	2,3	2,3	2,3	2,3	2,3	2,3	5,1	5,1	5,1	6,6	9,8	0,0
Electricity	2,5	0,0	10,6	10,6	10,6	10,6	10,6	10,6	10,6	10,6	10,6	28,6	28,6	16,3	16,3	0,0
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
Gas	1,2	-6,3	5,2	-6,5	0,9	0,3	-8,6	-5,5	4,9	9,4	6,9	-2,2	-6,6	-9,4	0,9	7,1
Transport	4,3	-2,3	4,2	7,6	7,6	7,5	3,5	6,9	10,2	10,0	2,3	0,2	-1,4	1,7	1,4	3,2
communication	1,8	0,8	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,0	1,3	1,3	0,0
Education	1,2	2,6	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	0,4
Health	0,7	14,0	14,4	12,2	7,0	7,0	4,3	4,3	4,3	3,7	3,4	1,9	1,9	3,6	1,7	0,0
Household	1,5	12,3	10,1	9,9	8,8	11,6	11,1	11,1	10,7	8,2	7,5	4,9	5,2	5,8	5,8	0,0

\* - The dining room, café and restaurant

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