



### Monthly Inflation Review • April 2020

The Inflation rate<sup>1</sup> in April, 2020 has made 2,2% and the given indicator in comparison with the last month and same month of last year was more on 0,6% (p.p.) and 1,2% accordingly.

For the reporting month a rise in prices for foodstuffs on 5,0% (the share to inflation 2,7 p.p.) have basically influenced the inflation rate. At the same time price reduction for non- foodstuffs on 1,1% (-0,3 p.p.) and costs of paid services to the population on 1,0% (-0,2 p.p.) was observed.

In the structure of food products a rise in prices for such consumer products of population as wheat flour of the first grade 12,0%, cotton oil 4,4%, granulated sugar 3,2%, rice 1,3%, lamb 0,4%, fruits 5,3% (including apples 4,0%), vegetables 11,7% (including, carrots 18,3%, potatoes 56,7%) and eggs 15,1% was observed that has been basically caused by influence of external and seasonal factors.

On the other hand, in April of current year the prices for some foodstuffs as milk 4,5%, cabbage 3,4%, onions 13,5%, chicken 0,8%, tomatoes 20,5% and cucumbers 68,1% had downward trend.

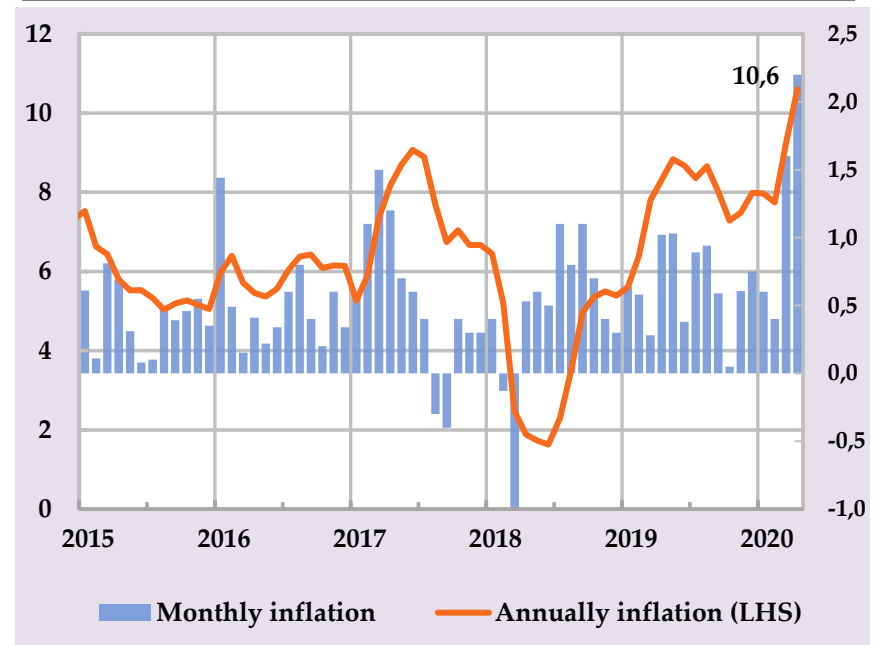
It should be noted that in the reporting month a rise in prices for wheat flour of the first grade (the share to inflation 1,1%) was basically observed, which specific weight in consumer basket makes 9,0%.

One of the reasons of rise in prices for wheat flour of the first grade in the country was a reduction of import of wheat due to restrictions of its export set by exporting countries, increase of import prices, and also increasing consumer's demand for this production in connection with outbreak of pandemic coronavirus (COVID-19).

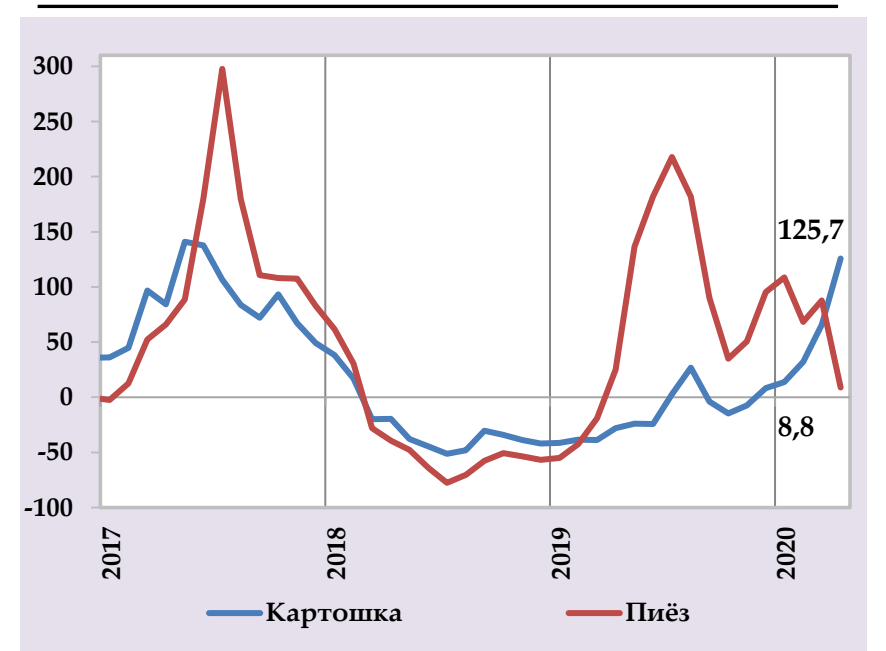
As a result, in the last month, insufficiency (deficiency) of agricultural products of home production (especially, wheat and vegetables) and import of this production from the countries of trading partners at higher prices for satisfaction of needs of home market, has caused the rise in its price in April of current year.

According to customs statistics data during four months of current year it was imported 331,6 thousand tons of wheat (127,7 thousand tons of which fall on April of current year) in the republic for the amount of USD 78,2 mln. (from this amount USD 31,2 mln. falls on April of current year) that in

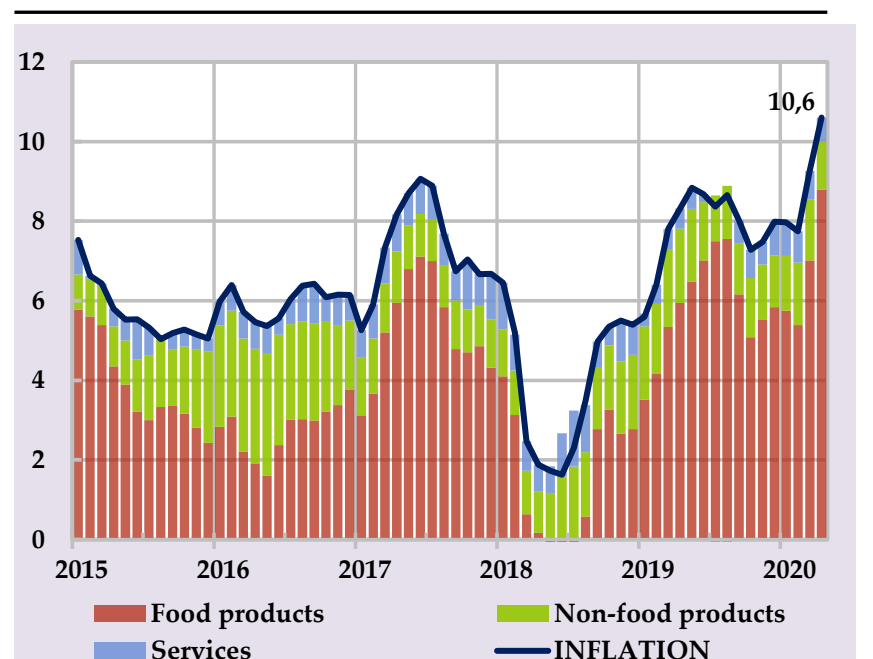
Monthly and annual Inflation, in %  
(Source: Agency on Statistic, NBT estimations)



Contribution of Components to Inflation, in %, annual  
(Source: Statistical Agency, NBT calculations)



Influence of seasonal and external factors on inflation, in %  
(Source: Agency on Statistic, NBT estimations)



comparison with the similar period of last year it is less on 11,9%. The average price of 1 ton of wheat imported into the republic for this period has made USD 236,0 that in comparison with the similar period of last year is more on 20,9% or USD 40,8.

It is worth to note that the relative rise in prices of flour and vegetables in January-April of current year was observed not only in the Republic of Tajikistan, but also in such countries - key trading partners of the republic, as Russia, Kazakhstan, Kyrgyzstan and Uzbekistan (Table is attached).

In the structure of non-food stuffs for the reporting month basically a dropping of prices for diesel 5,0%, AU-92 fuel 15,0% and liquid gas 16,0% was observed.

One of main reason of reduction of prices for combustible materials in the country was a decrease in their prices in the world markets in connection with outbreak of coronavirus (COVID-19), which has caused reduction in demand of basic countries - consumers on this production.

Also, the prices and tariffs for paid services to population in April of current year had a downward trend and made 1,0%, caused basically the depreciation of housing-and-municipal services -3,1% (especially, liquid gas - 17,2%).

**The annual inflation (for last 12 months) in April of current year has made 10,6% that in comparison with the last month is more on 1,3 p.p. and similar month of last year on 2,3 p.p..**

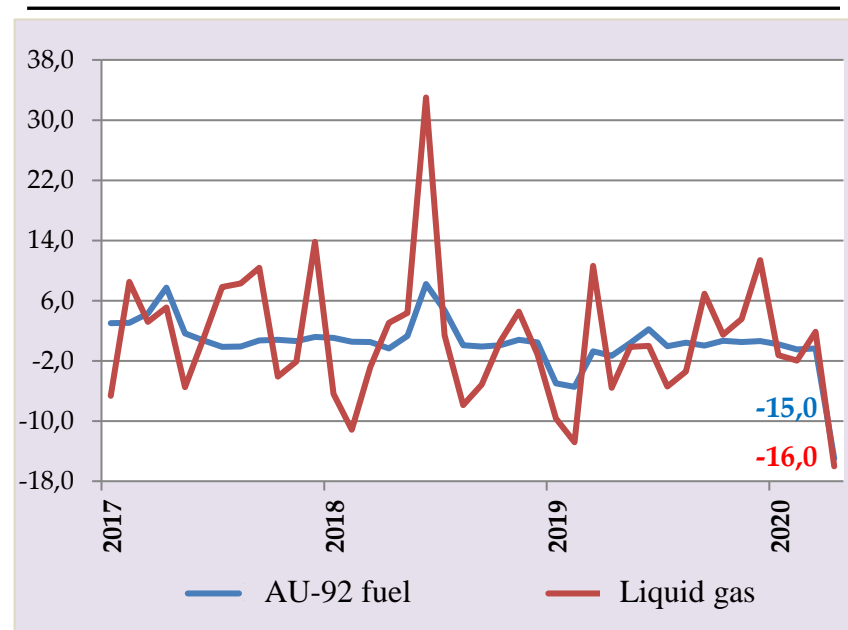
According to the analyses, the factors influenced this process and increasing of inflation rates behind the limits of forecast, mainly were outbreak of pandemic coronavirus (COVID-19) in the world, decrease of offer for some basic foodstuffs by exporting countries and limits set on goods transfer through borders of countries-trading partners.

It is necessary to note that because of outbreak of pandemic coronavirus, decline in the incomes of population, demand and delay of activization of economy and influence of other factors, many central banks of the world countries have performed policy of monetary stimulation (by reduction of interest rates, attraction of soft loans and grants and others financing) to support the economy and unstable inflation rate is observed in the region and world economy.

The National Bank of Tajikistan with the view of supporting national economy and maintenance of liquidity of credit financial institutions in connection with increasing of influence of risks of pandemic coronavirus (COVID-19) also has implemented monetary stimulation policy, having decreased legal reserve requirements of credit financial

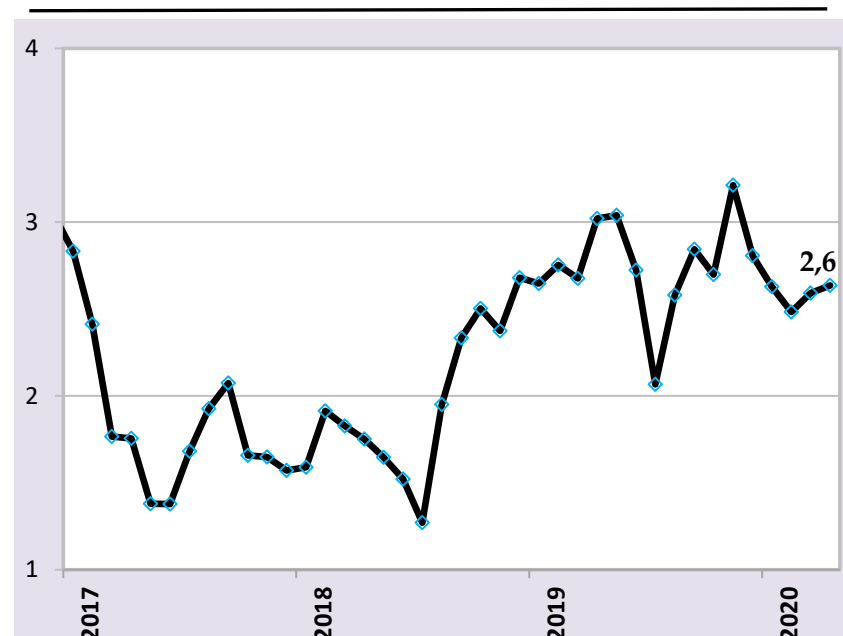
**AU-92 fuel and liquid gas, in % monthly**

(Source: Agency on Statistic, NBT estimations)



**Core inflation, in %, annual**

(Source: Agency on Statistic, NBT estimations)



institutions on deposits and other similar obligations temporary till December 31, 2020 in national currency on 2,0 p.p. (at the rate of 1,0% annual) and in foreign currency on 4,0 p.p. (at the rate of 5,0% per annum). The given measure can promote improvement of financial opportunities of credit financial institutions during crisis, provide additional liquidity for the amount of TJS 247,1 million to banking system.

Also it should be noted that according to decision of the NBT Monetary Policy Committee dd. from April 27, 2020 № 20 the refinancing rate has been lowered by 1,0 p.p. and established at 11,75% per annum since May 1, 2020.

Core inflation rate, reflecting monetary factors, in April of current year has made 0,4% and in the annual calculation has made 2,6% that certifies the limitation of influence of monetary factors on the inflation rate.

**The National Bank of Tajikistan, with the view of prevention of additional pressure on the inflation rate, will continue the realization of balanced monetary policy.**

<sup>1</sup> - according to data of Statistics Agency

Consumer price index*															
	Weight, %	annual change												April, monthly change, %	
		2015	2016	2017	2018	2019					2020				
						January	March	June	September	December	January	February	March		April
<b>Inflation</b>	<b>100,0</b>	<b>5,1</b>	<b>6,1</b>	<b>6,7</b>	<b>5,4</b>	<b>5,7</b>	<b>7,8</b>	<b>8,7</b>	<b>8,1</b>	<b>8,0</b>	<b>8,0</b>	<b>7,8</b>	<b>9,3</b>	<b>10,6</b>	<b>2,2</b>
<b>Food and non-alcoholic beverages</b>	<b>50,4</b>	<b>3,8</b>	<b>6,4</b>	<b>7,7</b>	<b>4,9</b>	<b>6,3</b>	<b>10,2</b>	<b>13,5</b>	<b>11,9</b>	<b>11,4</b>	<b>11,2</b>	<b>10,4</b>	<b>13,5</b>	<b>17,3</b>	<b>5,4</b>
Bread and bread products	15,3	9,1	-2,5	-0,8	8,9	13,2	19,7	18,8	16,1	16,5	13,3	10,2	13,5	23,1	7,7
Rise	2,6	11,6	-9,2	-6,9	19,5	20,7	22,1	24,8	15,3	7,6	7,1	4,7	4,0	3,1	1,3
Flour	9,0	7,8	-3,0	0,3	9,9	16,0	25,3	22,1	19,7	21,0	16,0	12,3	17,3	33,7	12,0
Meat and meat products	8,4	-10,2	3,7	13,8	8,6	9,4	10,4	18,0	22,9	21,8	22,0	21,1	20,6	18,4	0,0
Beef	5,3	-14,3	3,2	14,7	8,9	9,7	11,4	21,8	27,2	25,9	27,0	25,8	25,2	22,3	0,0
Eggs	1,4	5,5	12,0	1,0	3,9	1,8	6,6	6,0	3,1	6,3	7,2	-1,1	-5,1	14,7	15,1
Milk and dairy products	1,7	7,3	0,4	4,4	4,1	2,6	3,1	4,8	4,3	6,4	6,3	5,5	6,7	5,3	-1,9
Milk	0,5	16,1	-7,2	6,3	1,3	-2,1	0,0	2,7	6,7	7,3	5,8	5,6	11,0	5,8	-4,5
Plant and Animal Oil	5,1	12,7	11,3	1,3	9,2	9,1	10,4	5,2	0,6	-1,7	-0,8	-1,1	0,5	4,6	2,7
Fruit	3,8	12,3	16,7	-1,8	4,0	2,3	-4,0	-15,5	-5,4	-2,2	0,7	9,0	12,1	18,5	5,3
Vegetables	7,6	-12,4	16,5	40,2	-10,7	-9,7	3,7	33,1	15,0	15,4	19,9	19,5	29,9	28,1	11,7
Sugar	2,2	19,3	15,0	-6,7	2,7	4,4	5,7	-0,6	3,4	-5,1	-7,1	-5,8	-0,2	3,6	3,2
Soft drinks	1,3	13,7	19,9	1,6	2,8	2,5	5,1	6,2	6,7	8,1	0,9	0,4	-0,8	-5,3	-0,1
<b>Catering**</b>	<b>1,0</b>	<b>14,9</b>	<b>19,9</b>	<b>2,7</b>	<b>8,0</b>	<b>8,0</b>	<b>6,7</b>	<b>8,1</b>	<b>7,3</b>	<b>3,0</b>	<b>3,0</b>	<b>3,0</b>	<b>3,0</b>	<b>1,7</b>	<b>0,0</b>
<b>Alcoholic beverages and tobacco</b>	<b>2,5</b>	<b>15,9</b>	<b>11,8</b>	<b>6,2</b>	<b>5,4</b>	<b>6,5</b>	<b>3,8</b>	<b>3,5</b>	<b>0,9</b>	<b>1,0</b>	<b>-0,1</b>	<b>0,9</b>	<b>1,9</b>	<b>0,4</b>	<b>-1,4</b>
<b>Non-food products</b>	<b>30,6</b>	<b>7,9</b>	<b>5,7</b>	<b>4,4</b>	<b>6,4</b>	<b>6,3</b>	<b>6,3</b>	<b>4,7</b>	<b>4,1</b>	<b>4,2</b>	<b>4,5</b>	<b>5,1</b>	<b>5,0</b>	<b>4,0</b>	<b>-1,1</b>
Clothes and shoes	10,4	9,2	14,5	9,2	5,6	14,4	14,7	13,5	14,4	13,4	4,5	4,5	4,2	3,8	-0,1
Repair and construction materials	4,5	2,2	-0,9	2,4	7,3	7,8	6,0	5,2	4,9	4,9	4,4	4,6	5,5	5,7	0,3
Detergents	1,7	15,5	1,2	4,0	6,2	6,2	7,0	9,0	6,3	3,3	3,7	2,7	2,9	2,7	0,0
Medicine	2,9	24,7	14,1	1,0	10,4	10,7	6,4	18,1	10,8	13,0	13,6	16,6	16,5	15,6	0,2
Petrol vehicles lubrication products	2,1	-7,0	2,9	27,7	12,2	7,2	5,4	-10,6	-9,1	-5,7	-0,1	6,4	4,2	-7,0	-12,8
Other Heating Products	1,2	19,0	3,0	0,9	-8,4	-8,4	-5,0	-12,7	-18,0	-9,9	-9,2	-3,5	-2,1	-3,4	-9,4
Vehicle	1,1	-2,0	0,0	0,0	5,2	5,2	8,1	0,4	1,5	0,8	2,1	-1,0	-0,7	0,4	0,0
Other personal effects	1,6	7,6	7,1	8,6	8,3	8,7	8,5	4,9	4,1	3,8	3,5	3,0	2,9	3,3	0,2
<b>Services</b>	<b>15,4</b>	<b>2,2</b>	<b>4,5</b>	<b>7,7</b>	<b>4,9</b>	<b>2,1</b>	<b>3,4</b>	<b>1,3</b>	<b>3,7</b>	<b>5,5</b>	<b>5,5</b>	<b>5,1</b>	<b>4,7</b>	<b>3,8</b>	<b>-1,0</b>
Housing and communal	5,4	3,2	9,8	17,5	10,8	9,8	12,3	3,2	15,7	9,1	10,6	12,8	11,0	8,6	-3,1
Rental of property	0,2	14,3	0,0	0,0	5,0	5,0	6,5	3,3	2,9	2,8	3,1	4,2	1,3	1,3	0,0
Water and garbage collection fee	0,7	20,1	5,1	9,1	9,4	8,4	8,7	8,2	8,2	4,3	1,4	1,4	1,1	1,1	0,0
Electricity	3,0	0,0	16,3	14,7	14,9	14,6	14,6	14,4	32,9	16,2	16,2	16,2	16,2	16,2	0,0
Hot water	0,0	14,6	0,0	0,0	1,5	1,5	1,5	1,5	1,5	0,6	0,6	0,6	0,6	0,6	0,0
Gas	1,1	-6,3	3,4	40,1	6,2	2,8	14,1	-23,3	-15,8	-5,9	2,3	14,2	5,9	-5,6	-15,5
Transport	4,1	-2,3	-1,4	2,8	2,9	-4,8	-2,4	-0,2	-8,8	3,7	2,4	-1,5	-1,4	-1,7	0,0
communication	1,6	0,8	0,0	1,3	0,1	0,1	0,0	0,1	0,2	0,1	0,1	0,1	0,2	0,2	0,0
Education	1,7	2,6	11,3	5,3	0,3	0,7	0,7	0,7	2,0	1,5	1,7	1,7	1,6	1,6	0,0
Health	0,9	14,0	1,9	1,7	1,3	0,0	0,0	0,0	15,4	15,6	15,6	15,6	15,6	16,0	0,3
Household	1,6	12,3	5,2	1,1	3,3	3,3	3,2	3,2	5,3	3,8	3,9	4,1	4,4	4,3	0,2

\*The given name of goods. Products and services in general form or consumer goods. Detailed information about name of goods (on consumer basket from 546 types) which is available on the website of the Statistics Agency under the President of the RT.

\*\* - The dining room, café and restaurant

Comparison of inflation rates between main trading partners\* (percentage)

Indicator	Tajikistan		Kazakhstan		Kyrgyzstan		Uzbekistan		Russia	
	Jan-Apr 2020	Annual (April 2020)	Jan-Apr 2020	Annual (April 2020)	Jan-Apr 2020	Annual (April 2020)	Jan-Apr 2020	Annual (April 2020)	Jan-Apr 2020	Annual (April 2020)
Inflation	4,9	10,6	3,2	6,8	5,0	8,6	4,5	14,5	2,1	3,1
<i>of which:</i>										
Food product	9,4	16,3	5,5	10,4	10,1	16,3	7,7	19,1	4,0	3,5
<i>of which:</i>										
1 <sup>st</sup> grade wheat flour	14,0	33,7	4,2	20,3	20,8	34,2	8,1	-	5,8	6,1
vegetable oil	-1,6	1,0	0,2	0,3	5,2	6,8	3,5	-	1,7	-0,1
Sugar	6,6	3,6	13,0	-11,6	13,5	0,4	3,6	-	19,1	-15,9
Vegetable	33,6	28,1	24,9	4,2	34,2	35,7	-	-	26,2	-13,4
<i>of which:</i>										
potato	119,9	125,7	28,3	44,2	73,9	114,0	55,4	-	29,0	2,1
onion	-9,6	8,8	26,7	8,2	38,9	40,0	35,8	-	83,5	19,5
carrot	6,7	-43,8	15,7	8,5	2,0	3,5	13,1	-	38,1	-11,6

\*source: countries' official statistics