



## NATIONAL BANK OF TAJIKISTAN

### Monthly Inflation Review • November 2016

**In November, 2016 the headline inflation compare to previous month has grown by 0,4 p.p, reaching 0,6%. The annual inflation (in the last 12 months) has changed slightly against October (6,1%) to 6,2%.**

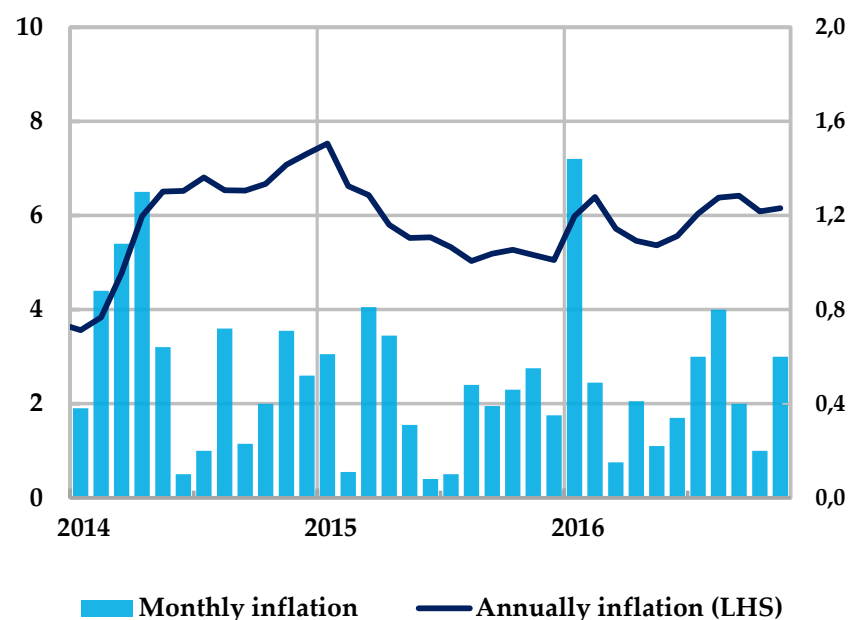
In general, inflation has continued its seasonal fluctuation, within the forecasted and targeted indicator that established at 7,0%.

**Persistence of the stable change of domestic demand and national currency's rate support a relatively low inflationary expectation that observed in the dynamics of the core inflation.** According to statistical data, structure of slightly changes of inflation shows influence of non-monetary factors, such as seasonal factors, prices and tariffs for administrative services. In the same time, due to fundamental factors, such aggregate demand, consumers inflationary expectations or exchange rate factor, pressure on inflation was modest.

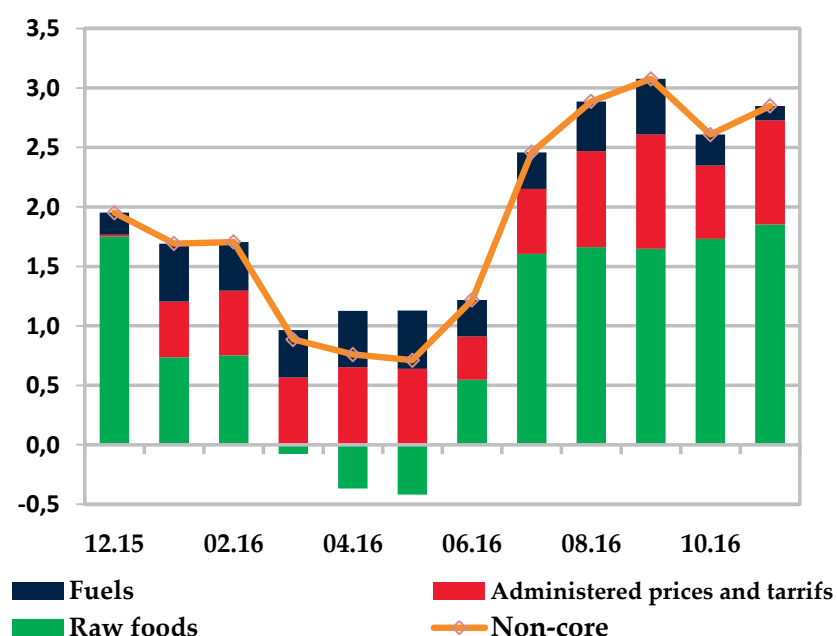
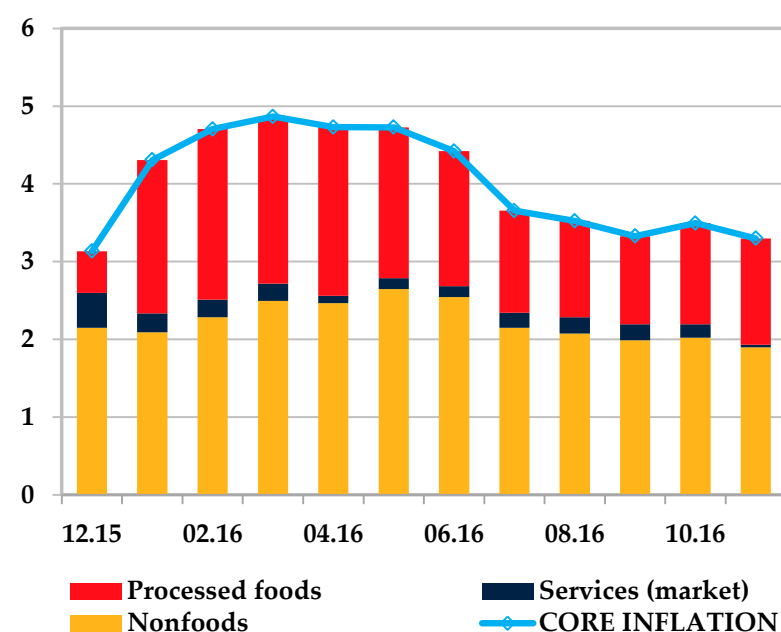
**Thus, the core inflation rate<sup>2</sup> reflecting long-term trend of prices without influence of short-term fluctuations in November according to estimations was stable, and annual basis estimation fall slightly down, reaching 3,3% (0,2% y/y<sup>1</sup>).** The given trend occurred due to stable price rise for non-food products of repair materials (-1,1% y/y<sup>1</sup>) and washing liquids (4,3% y/y), also market services (medicine 1,9% y/y and social 4,9% y/y).

**In contrast to October, in November the group of consumer prices that excluded core inflation promoted the acceleration of headline inflation** in connection to influence of seasonal factors and demand, the prices for raw food products, as vegetables (4,4% m/m or 8,9% y/y), eggs (3,7% m/m or 20,8% y/y) and fruits (1,7% m/m or 20,7% y/y) have increased. In turn, the prices for rice (-4,8% m/m or -8,0% y/y), granulated sugar (-1,9% m/m or 19,9% y/y) and meat (-0,5% m/m or -3,4% y/y) have decreased in November.

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



Core and non-core inflation, annual in %  
(Source: Statistical Agency, NBT)



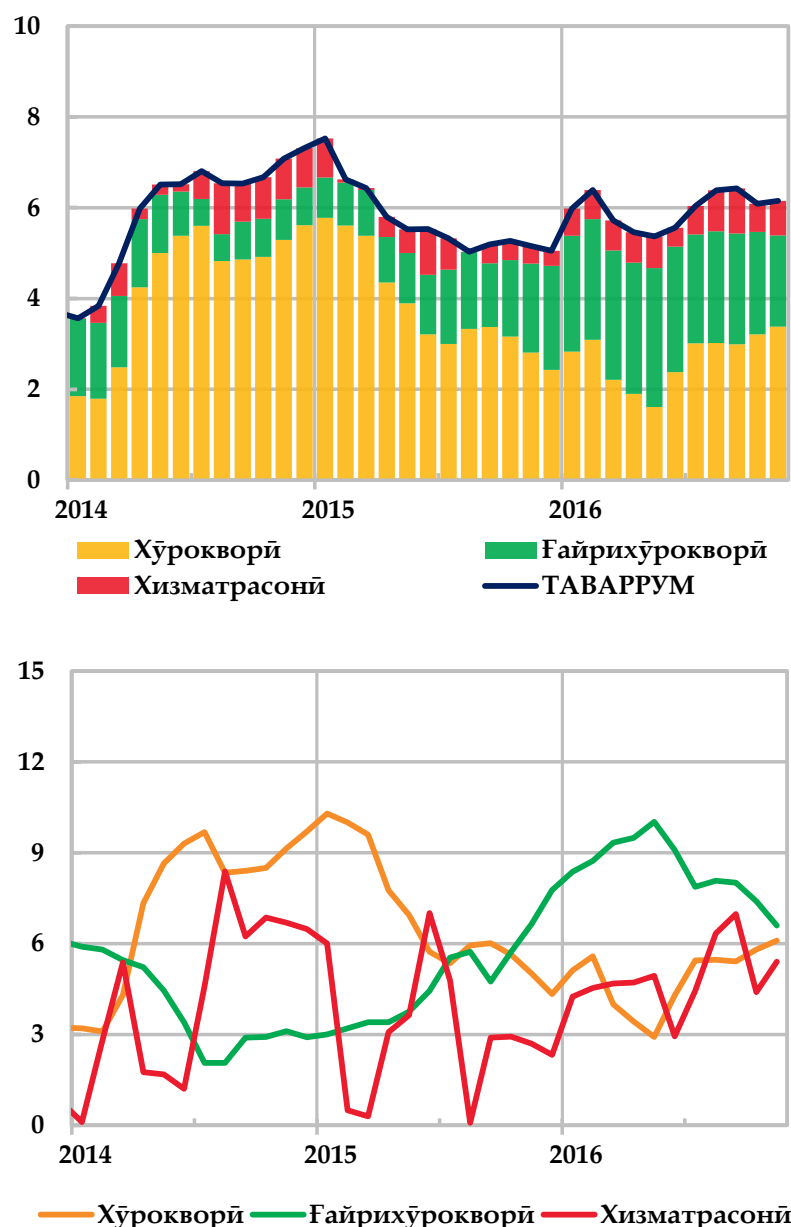
Despite to drop in prices for transport services (-5,0% m/m or 0,2% y/y), in the structure of non-core inflation the prices for administrative services grew due to rises for tariffs of energy (16,3% m/m or 28,6% y/y).

Along with this, prices for combustible materials owing to balanced supply and demand (liquid gas -11,1% m/m or 8,9% y/y) have slightly go down.

In general, in the reporting period the annual inflation was driven due to rise of prices of nonfood products by 6,6% (0,7% m/m)<sup>1</sup> and food products by 6,1% (0,6% m/m). Administrative tariffs of services increased by 5,4% (0,5% m/m).

**According to the analysis it is expected that in December of the current year the short-term and seasonal factors will mainly influence on inflation. Notwithstanding, the inflation at the beginning of the year will be maintained within projected indicator 7,0%.**

Contribution of Components to Inflation, in %, annual  
(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											November, monthly change, %	
		2015	2016											
			January	February	March	April	May	June	July	August	September	October		November
<b>Inflation</b>	<b>100,0</b>	<b>5,1</b>	<b>6,0</b>	<b>6,4</b>	<b>5,7</b>	<b>5,5</b>	<b>5,3</b>	<b>5,6</b>	<b>6,1</b>	<b>6,4</b>	<b>6,4</b>	<b>6,1</b>	<b>6,2</b>	<b>0,6</b>
<b>Food and non-alcoholic beverages</b>	<b>53,0</b>	<b>3,8</b>	<b>4,7</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>0,6</b>
Bread and bread products	17,3	9,1	10,7	8,6	2,9	0,8	1,4	0,5	-0,7	-1,5	-1,5	-0,9	-1,3	-0,9
Rise	3,1	11,6	9,9	9,4	7,4	4,1	0,4	-0,9	-4,7	-5,2	-4,6	-5,4	-8,0	-4,8
Flour	10,4	7,8	10,4	7,1	-1,1	-3,4	-1,5	-2,6	-3,0	-4,2	-4,3	-3,0	-2,8	-0,1
Meat and meat products	9,1	-10,2	-10,2	-5,8	-4,9	-5,2	-5,0	-4,9	-4,5	-2,5	-2,4	-2,1	-0,8	0,0
Beef	6,2	-14,3	-14,5	-8,8	-8,0	-8,4	-8,4	-8,4	-7,9	-5,2	-5,2	-5,0	-3,4	-0,5
Eggs	1,4	5,5	4,9	2,3	0,3	-0,8	3,9	5,0	4,9	4,3	-0,8	18,3	20,8	3,7
Milk and dairy products	1,6	7,3	1,8	1,1	1,0	2,7	4,0	3,5	4,2	4,9	4,2	5,5	1,8	0,0
Milk	0,4	16,1	0,1	-3,9	-4,8	-1,8	1,7	-0,7	0,8	2,0	-0,1	3,4	-6,3	-0,4
Plant and Animal Oil	3,8	12,7	17,5	18,7	17,8	17,6	15,6	15,7	15,4	13,9	11,9	11,3	10,3	-0,8
Fruit	4,4	12,3	8,1	8,6	14,4	14,3	10,7	9,5	13,0	22,3	31,0	29,1	20,7	1,7
Vegetables	8,8	-12,4	-12,6	-11,5	-13,5	-12,0	-14,0	-0,5	13,1	9,0	5,5	2,7	8,9	4,4
Sugar	1,9	19,3	34,3	30,7	28,8	24,6	27,0	27,9	21,9	21,9	21,8	22,7	19,9	-1,9
Soft drinks	1,1	13,7	15,5	16,0	19,4	20,3	23,5	24,0	22,0	20,2	20,2	20,1	19,2	0,6
<b>Catering*</b>	<b>0,9</b>	<b>14,9</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>0,5</b>
<b>Alcoholic beverages and tobacco</b>	<b>1,5</b>	<b>15,9</b>	<b>15,4</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>0,2</b>
<b>Non-food products</b>	<b>30,5</b>	<b>7,9</b>	<b>8,5</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>0,7</b>
Clothes and shoes	10,2	9,2	15,0	15,6	16,1	16,5	18,6	18,5	17,2	17,3	16,9	16,6	15,4	0,7
Repair and construction materials	3,9	2,2	1,2	1,0	1,3	0,1	0,2	0,2	-0,1	-1,6	-1,8	-0,8	-1,1	-0,4
Detergents	1,5	15,5	11,2	11,1	10,4	9,2	8,7	8,7	7,8	6,5	6,5	6,0	4,3	0,0
Medicine	2,6	24,7	24,5	28,4	32,6	32,6	32,0	24,8	15,3	16,0	16,0	15,6	18,1	3,1
Petrol vehicles lubrication products	2,0	-7,0	9,0	7,5	6,9	10,8	11,6	2,3	2,4	7,9	10,5	8,6	3,3	-3,7
Other Heating Products	1,5	19,0	20,3	17,1	17,1	17,1	17,1	17,1	17,1	17,1	17,1	6,1	3,7	4,5
Vehicle	1,2	-2,0	-2,0	-1,6	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	0,0	0,0	0,0	0,0
Other personal effects	1,3	7,6	9,2	9,5	9,6	9,4	9,7	9,7	9,1	7,6	6,0	8,4	7,9	1,2
<b>Services</b>	<b>14,2</b>	<b>2,2</b>	<b>4,1</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>0,5</b>
Housing and communal	4,9	3,2	4,9	4,0	1,6	2,7	2,5	1,2	2,5	5,2	5,8	5,4	11,1	5,7
Rental of property	0,2	14,3	14,3	14,3	14,3	12,3	12,3	9,7	9,7	9,7	5,9	5,7	2,2	0,0
Water and garbage collection fee	0,6	20,1	0,0	0,0	2,3	2,3	2,3	2,3	2,3	2,3	2,3	5,1	5,1	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	10,6	28,6	16,3
Hot water	0,0	14,6	6,7	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	5,4	5,2	-6,5	0,9	0,3	-8,6	-5,5	4,9	9,4	6,9	-2,2	-8,4
Transport	4,3	-2,3	2,4	4,2	7,6	7,6	7,5	3,5	6,9	10,2	10,0	2,3	0,2	-5,0
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	0,1	0,0
Education	1,2	2,6	2,6	2,6	2,6	2,6	2,6	2,6	2,6	2,6	12,1	11,8	11,3	0,0
Health	0,7	14,0	12,3	14,4	12,2	7,0	7,0	4,3	4,3	4,3	3,7	3,4	1,9	0,0
Household	1,5	12,3	11,9	10,1	9,9	8,8	11,6	11,1	11,1	10,7	8,2	7,5	4,9	0,8

\* - The dining room, café and restaurant

(Source: Agency on Statistic, NBT)