



# NATIONAL BANK OF TAJIKISTAN

## Monthly Inflation Review • October 2016

**In October, 2016 the inflation showed slightly decelerate tendency, and stood at 0,2% (m/m). In view of this, the annual inflation figure dropped to 0.3 p.p. from 6,4% in September.**

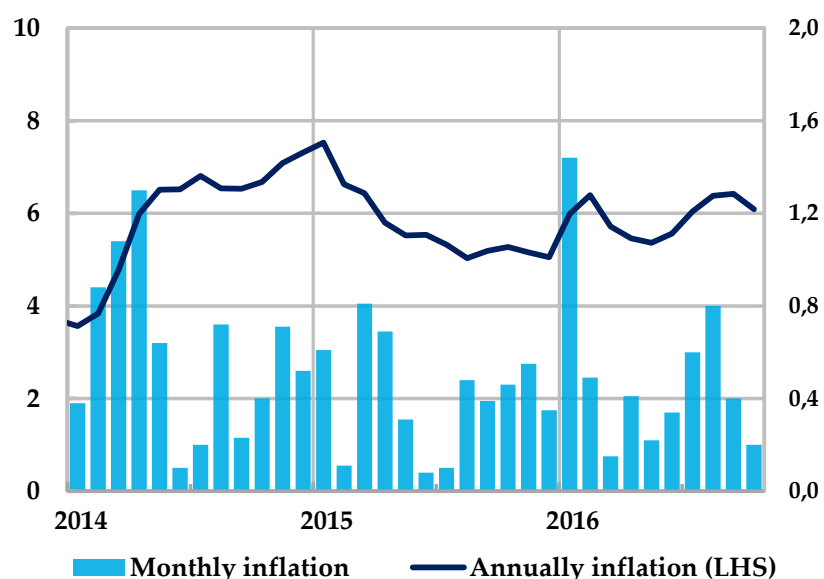
In general, the current trend of inflation was in line with expectation, targeted indicator and annual inflation forecasting at the level of 7,0%.

**Slightly descent of the annual inflation in October has developed specifically at the change in prices and tariffs administrative services and combustible materials.** In this period the annual inflation (for last 12 months) has occurred due to rises in price of non-food products by 7,4% (0,7% m/m)<sup>1</sup> and food products by 5,8% (0,6% m/m). It should be noted that non-food products (y/y) showed a gradual decline tendency that testifies about adaptation of domestic prices to exchange rate fluctuations happened in the beginning of the year. Prices and tariffs for administrative services have decreased from 7,0% in September to 4,4% (-2,8% m/m) and had the main share in decline of annual inflation.

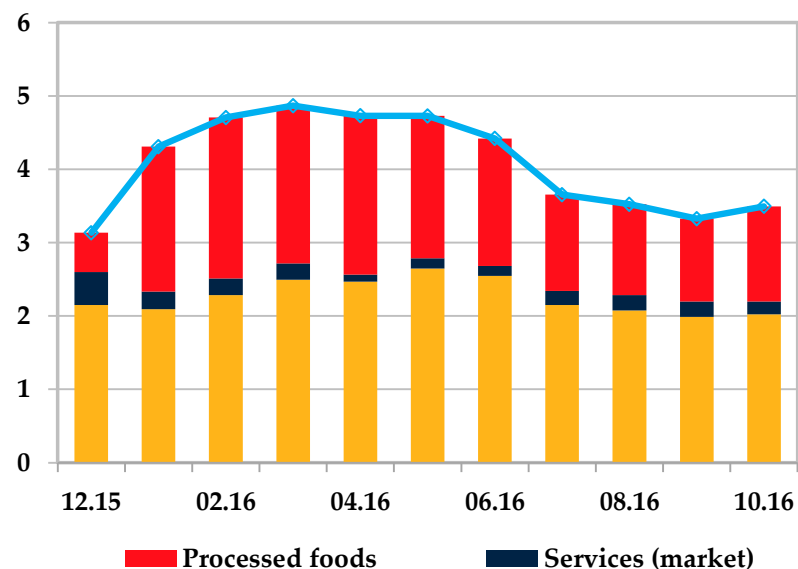
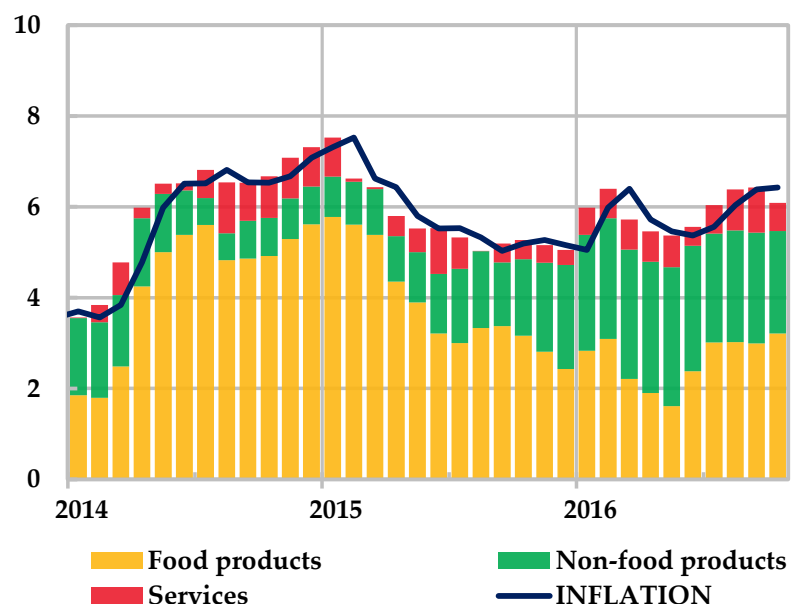
**The core inflation<sup>2</sup> reflecting long-term trend of prices without short-term fluctuations, according to the NBT estimations in October remained almost unchanged, and its annual figure made 3,5% (0,3% m/m).** The share of non-food products (excluding combustible materials) and market services remained stable, but ready food products compare to the previous month has slightly increased, mainly prices for confectionery products (8,2% y/y)<sup>1</sup> and non-alcohol drinks (20,1% y/y).

**In October the group of consumer prices, which are excluded at calculation of core inflation, promoted the downside of inflation.** The prices of raw food products in connection with influence of nonmonetary factors had change trend. Specifically, prices for such products, are sensitive to demand and seasonal factors, having decreased, as vegetables (-1,2% m/m or 2,7% y/y), rice (-1,9% m/m or -5,4% c/c), Meanwhile, prices for fruits (2,2% m/m or 29,1% y/y), eggs (20,9% m/m

Monthly and Annual Inflation, in %  
(source: Statistical Agency, NBT calculations)



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



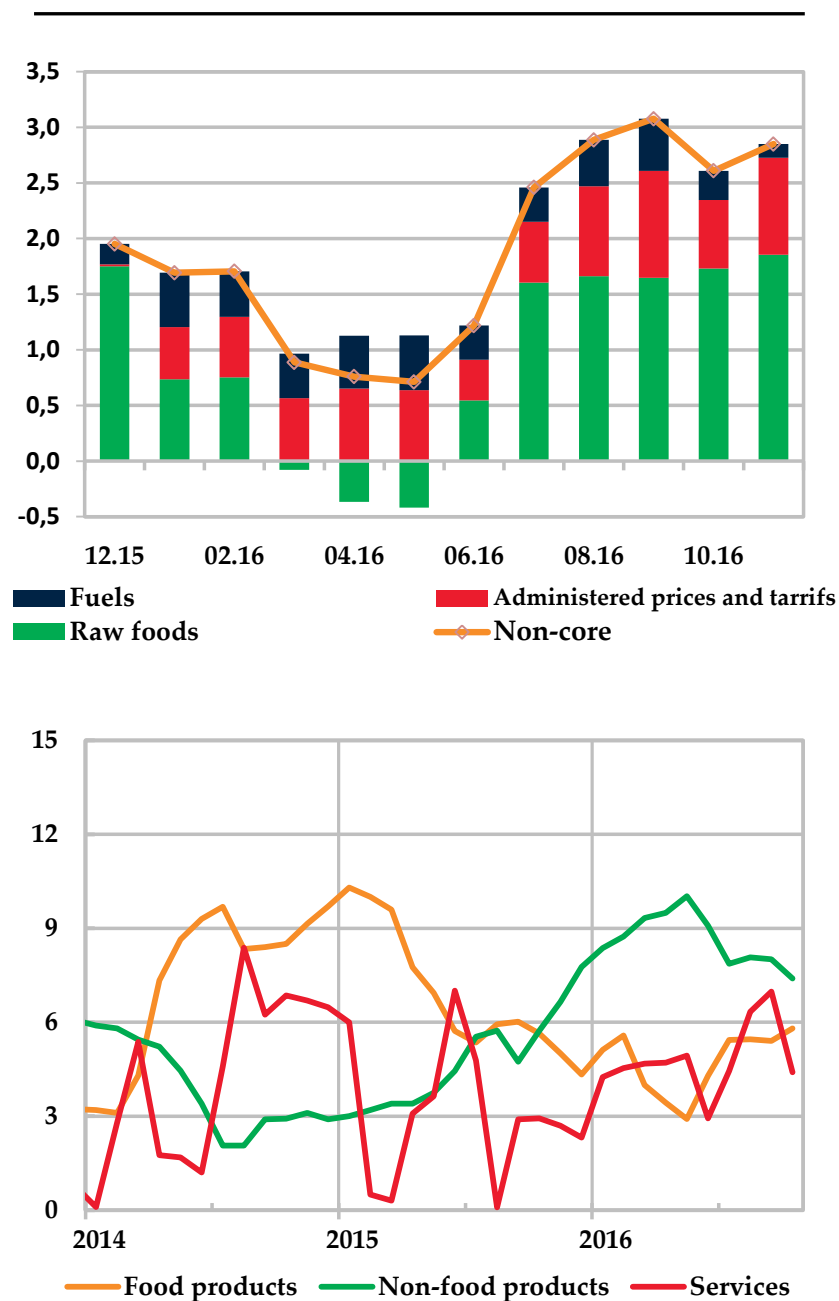
or 18,3% y/y), milk (7,1% m/m or 3,4% y/y) have increased.

Prices and tariffs for administrative services also due to influence of nonmonetary factors, because of noticeable and unexpected reduction of transport costs, first of all airplane and railway have decreased (-8,6% m/m or 2,3% y/y).

Combustible materials in connection with stabilization of import prices and transportation of liquid gas from the Republic of Kazakhstan has slightly dropped (-1,4% m/m or 8,6% y/y).

It should be noted that stable domestic demand and national currency supporting relatively low inflationary expectations that can be observed in the dynamics of core inflation. According to analysis it is expected that in November, 2016 rise in price for energy service and short-term seasonal factors will lead to increase of annual inflation. Notwithstanding, inflation likelihood at the end of year will develop within targeted figure (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											October, monthly change, %
		2015	2016										
			January	February	March	April	May	June	July	August	September	October	
<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>0,2</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>0,7</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	-0,4
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	-1,9
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	-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	0,0
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	-0,3
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	20,9
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	2,7
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	7,1
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	0,3
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	2,2
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	-1,2
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	1,8
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	2,4
<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>2,4</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>0,9</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>0,6</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	0,8
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	0,9
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	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	0,4
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	-1,4
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	0,2
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
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	2,2
<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>-2,8</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	-0,2
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	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	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	0,0
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
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	-1,8
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	-8,6
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
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	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	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	0,1

\* - The dining room, café and restaurant

(Source: Agency on Statistic, NBT)