



NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review • July 2017

In July, 2017, the headline inflation (YoY) in compare to June has slightly increased (9,0%) and reached 8,9%. Meanwhile, inflation (MoM) decelerated against the previous months and its change in June has made 0,4%.

The main factors of accelerating inflation were significant influence of supply-side factors, drop in the output and supply of some food products, seasonal and exchange factors, which are considered as short-term and temporary nature.

The dynamics of group of consumer prices shows that the share of non-food products and services in detected inflation has continued its ordinary tendency as previous years, and share of food products from the beginning of the year was substantial on back of seasonal factors, upsurge in prices of vegetables (potato, onions and carrots).

The given inflation pace (YoY) is temporary and short-term nature, i.e., till the end of the year will exceed the level of targeted figure (7,0%±2)*, and its prospect is valued around 9,0%. It is expected that in the mid-term period, starting from the 2nd quarter of 2018 inflation will return to targeted indicator, i.e., its stable for economy level.

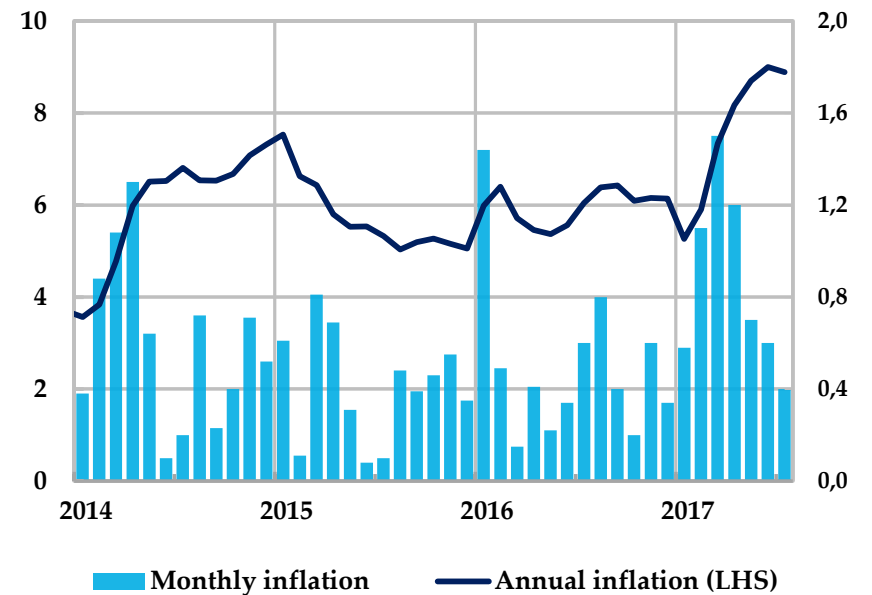
In this regards, the National Bank of Tajikistan continues its tight monetary policy with the view of maintenance of inflation within targeted horizon for medium-term.

Core inflation* in July, 2017 has remained stable and stood at 1,7% YoY (0,4% m/m)². On this process with the view of relative stable level of the non-food products (repair and building material, washing means and medicine) and services included in core inflation (particularly, consumer services) made substantial contribution.

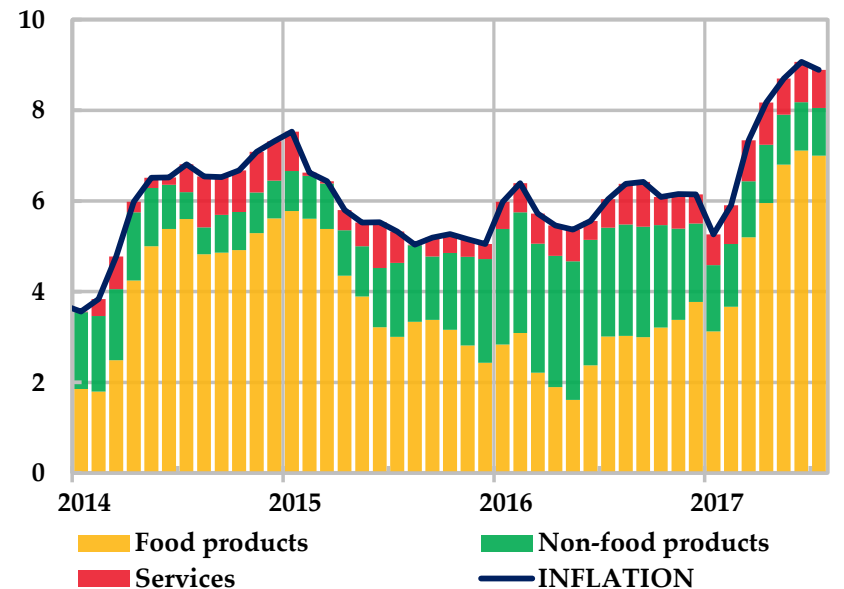
Non-core inflation (group of consumer prices, excluded core inflation) showed significant rise in raw food products despite summer period, particularly rise in prices for meat (2,2% m/m or 16,9% y/y), potato (-5,0% m/m or 2,1 times y/y), onion (43,7% m/m or 4,0 times y/y) and cabbage (21,5% m/m or 2,0 times y/y). In turn, prices for carrots, rice, fruits and grain products had declined.

The prices for combustible materials in July has slightly increased (2,3% m/m or 15,6% y/y) that is connected to seasonal rise of price for gasoline and liquid gas.

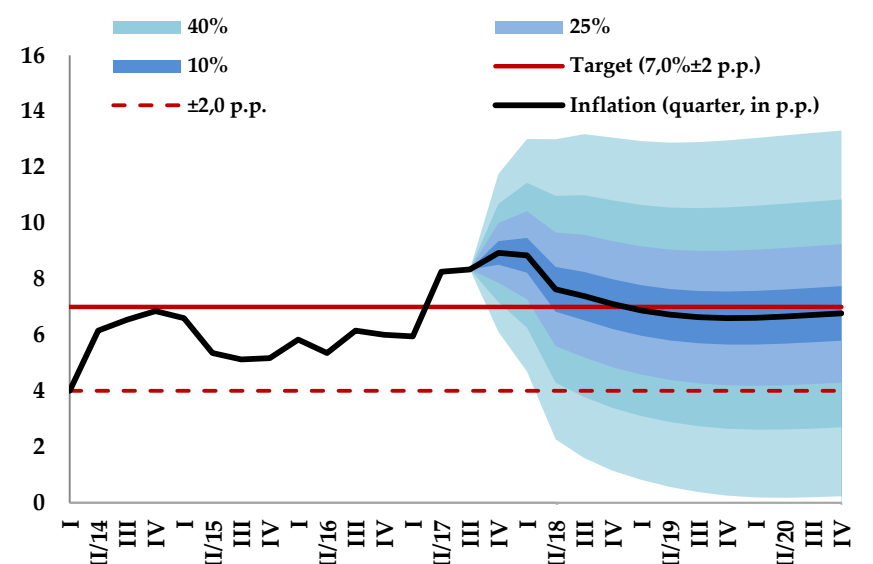
Monthly and Annual Inflation, in %
(source: Statistical Agency, NBT)



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



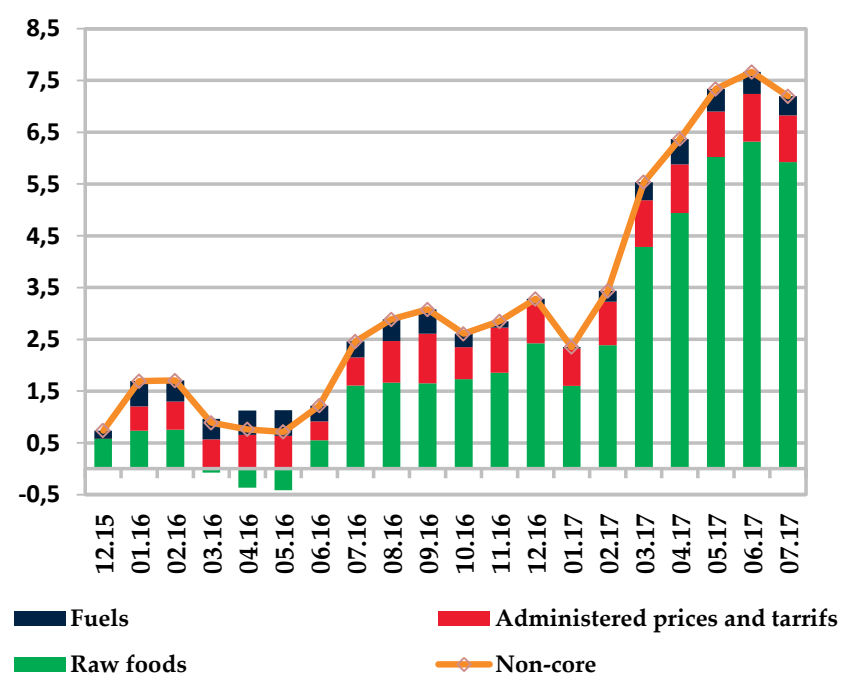
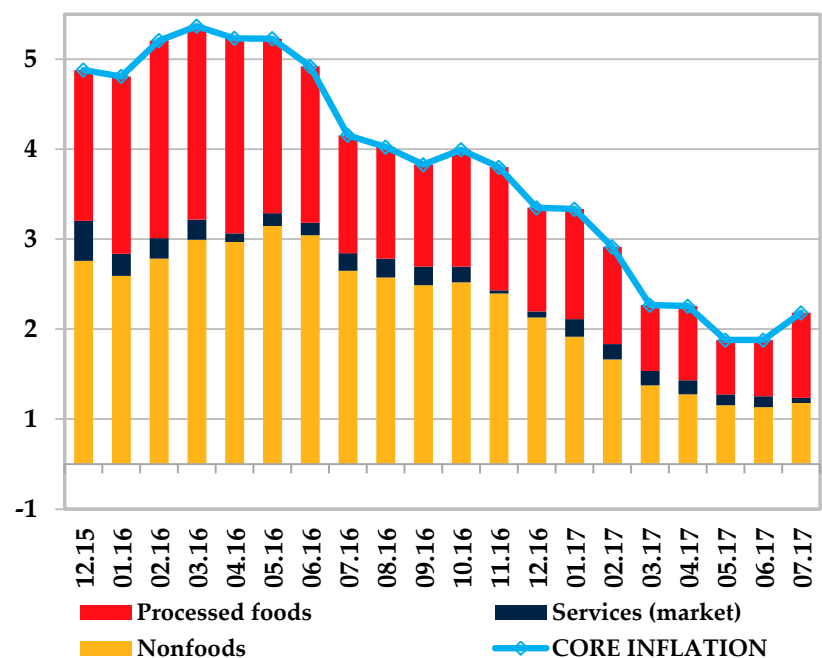
Medium term Inflation Target, in %, annual
(source: Statistical Agency, NBT calculations)



The prices for administrative services in July compare to previous month has slightly increased and developed with positive figure (3,5% m/m). In structure of transport services, price of air tickets in direction of Dushanbe - Moscow (18,9% m/m ÷ 25,2% y/y) has increased, while price for air-tickets in direction of Dushanbe – Khujand (-7,1% m/m or -24,4% y/y) dropped.

The National Bank of Tajikistan will continue prudent monetary policy implementation for achieving stable price level in the medium term.

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



¹ - y/y – year to year (annual change)

² - m/m –month to month (monthly change)

* At the next session of NBT Monetary Policy Committee which has taken place on August 2, 2017, for the purpose of transition from monetary targeting mode to inflationary targeting mode NBT has established and published a inflation target indicator for medium-term period.

** - Core inflation, which reflects the long-term tendency of the prices without influence of short-term fluctuations the calculated by the NBT with a view of estimation and analysis of constant process of change of a price level on the basis of State Statistical Agency under the President of the Republic of Tajikistan data. As one of components of common inflations (Consumer Price Index), core inflation reflects a steady and long-term trend of change of prices, caused by influence of factors of internal demand and monetary character. The basic method of calculation of core inflation - exclusion method which means exclusion of separate categories of production and services which have shown greatest volatility, not connected with considerable price changes. The item of products, prices (components) 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									July, monthly change, %
		2015	2016	2017							
				January	February	March	April	May	June	July	
Inflation	100,0	5,1	6,1	5,3	5,9	7,3	8,1	8,7	9,0	8,9	0,4
Food and non-alcoholic beverages	55,4	3,8	6,4	4,8	6,0	8,8	10,2	11,8	12,3	12,2	0,2
Bread and bread products	19,2	9,1	-2,5	-5,2	-4,1	-2,5	-1,0	-1,4	-1,4	-1,9	-0,5
Rise	3,3	11,6	-9,2	-8,6	-9,5	-13,3	-13,5	-13,7	-13,9	-13,3	1,5
Flour	11,9	7,8	-3,0	-7,2	-5,0	-1,0	1,8	1,3	1,5	0,8	-1,1
Meat and meat products	9,0	-10,2	3,7	3,9	2,4	1,8	7,2	11,5	12,4	14,2	0,0
Beef	5,9	-14,3	3,2	3,5	1,2	1,3	8,3	14,2	15,1	16,9	2,2
Eggs	1,5	5,5	12,0	15,4	16,7	7,8	12,8	7,4	8,9	2,2	-5,8
Milk and dairy products	1,7	7,3	0,4	2,8	3,7	5,1	3,7	2,8	4,0	3,6	0,1
Milk	0,5	16,1	-7,2	-1,7	3,4	5,0	0,7	0,1	4,7	3,7	0,0
Plant and Animal Oil	5,3	12,7	11,3	6,1	5,8	6,0	6,2	5,8	5,0	4,1	-0,8
Fruit	4,4	12,3	16,7	16,6	12,2	4,6	0,2	-1,8	-6,0	-13,8	-16,6
Vegetables	7,1	-12,4	16,5	18,6	30,1	58,2	57,2	73,8	79,5	77,5	6,2
Sugar	2,1	19,3	15,0	1,0	3,4	5,2	13,6	7,3	3,9	12,5	5,6
Soft drinks	1,1	13,7	19,9	14,2	13,8	10,4	9,5	5,1	5,9	5,5	0,0
Catering*	0,9	14,9	19,9	19,9	17,9	17,9	17,9	17,9	17,9	14,3	-1,2
Alcoholic beverages and tobacco	1,5	15,9	11,8	12,2	10,0	9,1	8,6	6,2	8,1	6,7	0,0
Non-food products	27,4	7,9	5,7	5,2	5,0	4,4	4,6	4,0	3,9	3,8	0,4
Clothes and shoes	9,3	9,2	14,5	14,8	14,0	12,8	11,8	9,8	9,4	9,5	0,1
Repair and construction materials	3,4	2,2	-0,9	0,0	0,1	0,0	0,5	0,3	0,9	0,4	0,0
Detergents	1,7	15,5	1,2	1,6	1,6	1,1	1,1	2,6	2,6	3,5	1,0
Medicine	2,7	24,7	14,1	12,9	7,4	3,9	3,8	4,4	4,1	4,1	0,0
Petrol vehicles lubrication products	2,1	-7,0	2,9	-1,1	6,8	14,7	21,5	19,1	18,4	15,6	2,3
Other Heating Products	1,4	19,0	3,0	3,5	4,4	2,5	2,5	2,5	2,5	2,5	0,0
Vehicle	0,7	-2,0	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	7,1	6,8	5,3	5,1	5,0	5,2	5,2	6,0	0,7
Services	14,8	2,2	4,5	5,0	5,8	6,2	6,3	5,6	6,0	5,6	1,6
Housing and communal	5,1	3,2	9,8	6,7	9,6	12,4	13,3	12,3	11,9	11,4	1,5
Rental of property	0,1	14,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Water and garbage collection fee	0,6	20,1	5,1	6,6	9,8	7,3	7,3	7,3	7,3	7,3	0,0
Electricity	2,8	0,0	28,6	16,3	16,3	16,3	16,5	16,5	16,5	16,8	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
Gas	1,0	-6,3	-6,6	-9,4	0,9	13,5	17,5	12,3	10,8	9,0	6,7
Transport	4,1	-2,3	-1,4	1,7	1,4	0,2	-0,3	-0,5	1,1	0,9	3,5
communication	1,8	0,8	0,0	1,3	1,3	1,3	1,3	1,3	1,3	1,3	0,0
Education	1,5	2,6	11,3	15,0	15,5	15,5	15,5	15,5	15,5	15,5	0,0
Health	0,8	14,0	1,9	3,6	1,7	1,7	1,7	1,7	1,7	1,7	0,0
Household	1,7	12,3	5,2	5,8	5,8	6,0	6,0	3,3	2,2	2,2	0,0

* - The dining room, café and restaurant