



# NATIONAL BANK OF TAJIKISTAN

## Monthly Inflation Review • June 2017

**In June, 2017, the headline inflation (YoY) in compare to May has slightly increased (8,7%) and reached 9,0%. Meanwhile, the inflation in monthly expression against previous month declined and has made 0,6%.**

It should be noted, that accelerating the inflation pace from projected figure (7%) mainly derived by significant influence of supply factor, output of some food production under moderate demand condition, as well as monetary and exchange rate factors resulting market foreign exchange fluctuation and recapitalization of problematic banks eventually magnified inflation pressure.

**However the given process testifies that annual inflation growth had mainly non-monetary nature. During the last months the abrupt change trend of annual inflation has mainly occurred owing to rise in vegetable prices (79,5% y/y) which is explained as short-term and temporary factors.** Based on, the analyses show that outlook inflation for short-term period, i.e., till the end of the current year will rise and in the medium term it come back to stable for economy level.

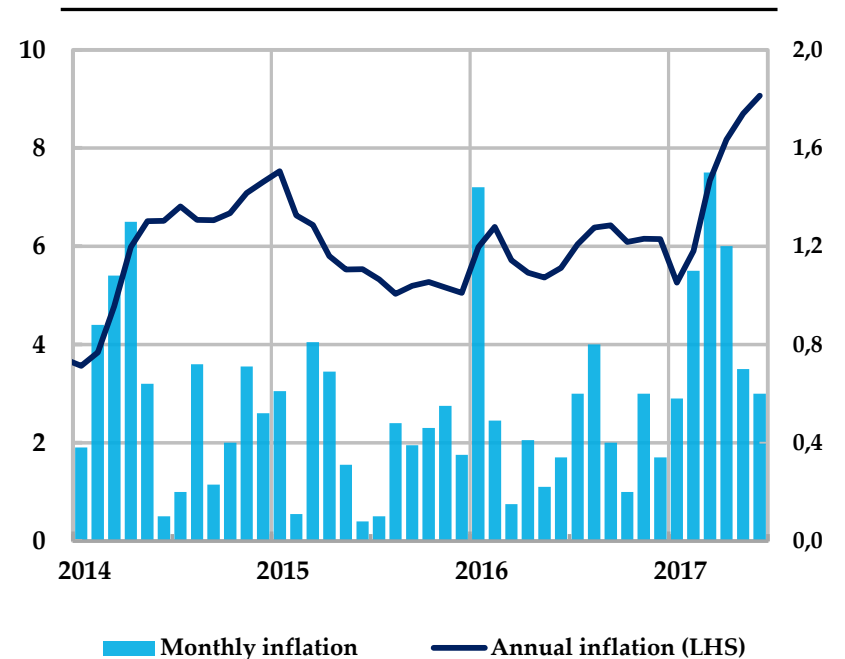
In this regard, the National Bank of Tajikistan continues monetary policy implementation with the view of maintenance of inflation within the medium term target.

**In June, 2017 the core inflation\* compare to the previous month remained unchanged and reached 1,4% YoY (0,3% m/m)<sup>2</sup>**, in line with stable price of non-food products (clothes and footwear, washing means and medicines) and services included core inflation (particularly, consumer services).

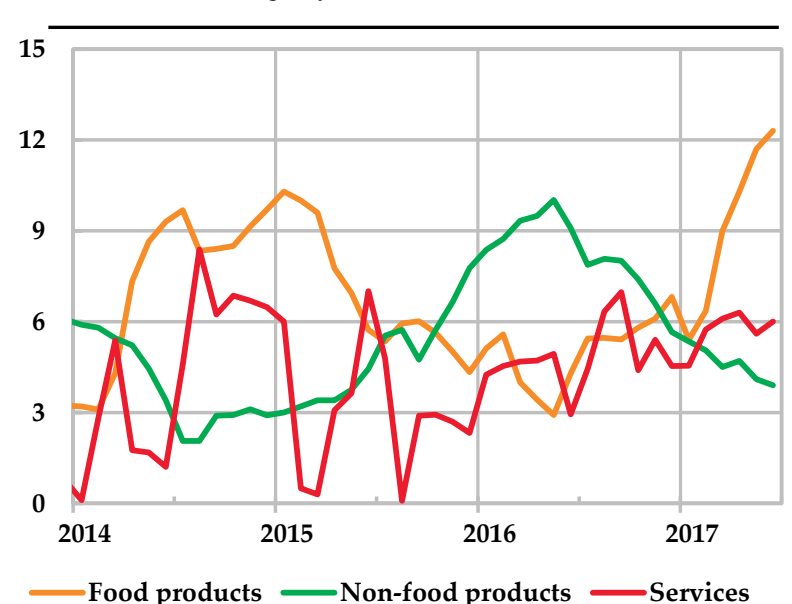
**Non-core inflation dynamics (group of consumer prices excluded at calculation of core inflation) connected mainly to significant influence of raw food products despite the seasonal summer time.** In the structure of common inflation a rise in prices for the raw food products has mainly occurred due to grow in prices for meat (1,2% m/m or 15,1% y/y), potato (-2,7% m/m or 2,4 times y/y), onion (33,1% m/m or 2,8 times y/y), carrots (14,3% m/m or 53,8% y/y) and cabbage (18,7% m/m or 79,5% y/y). In turn, in June prices for rice, fruits and grain products had decrease trend.

**The prices for combustible materials in June has slightly increased (0,7% m/m or 18,4% y/y) that is connected with the**

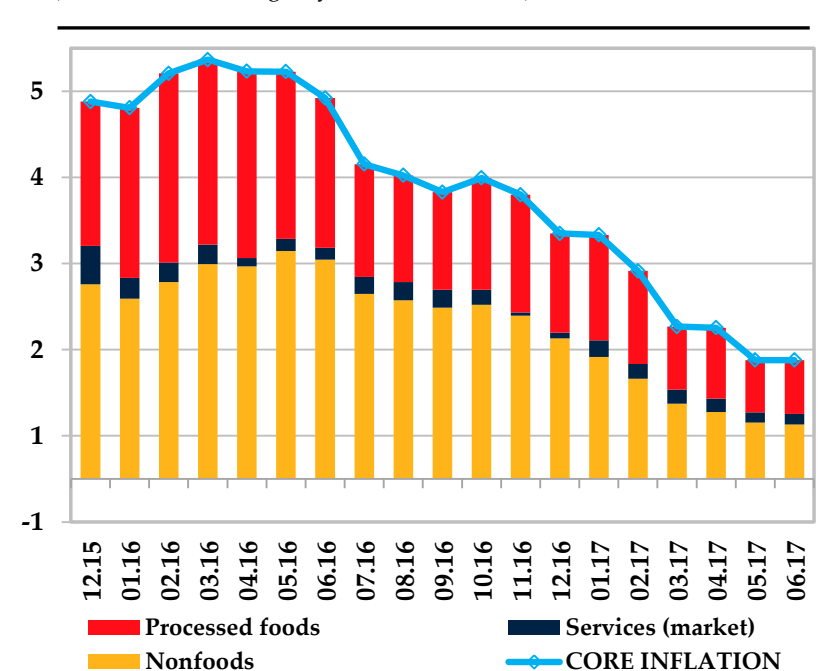
Monthly and annual inflation, in %  
(Source: Statistical Agency, NBT)



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



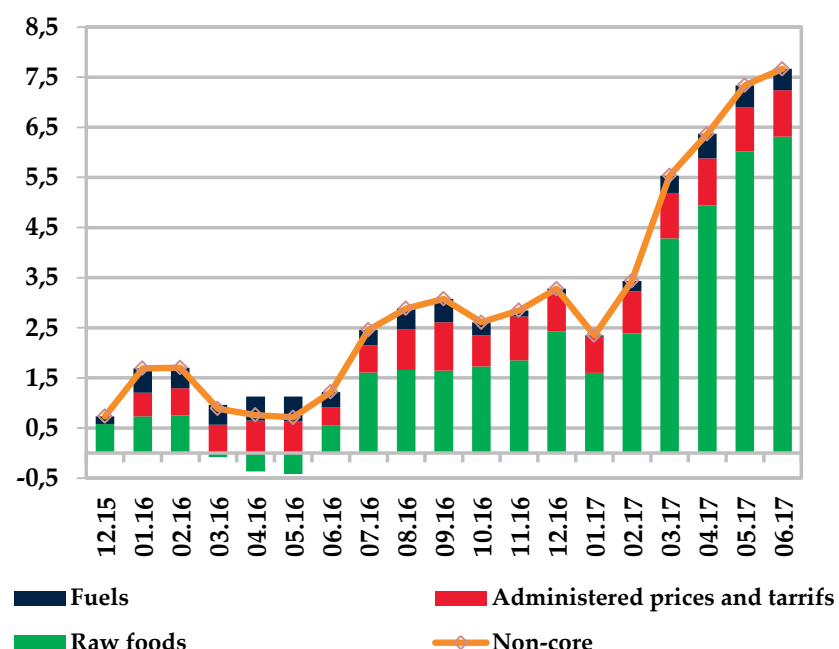
Core and non-core Inflation, in %, annual  
(source: Statistical Agency, NBT calculations)



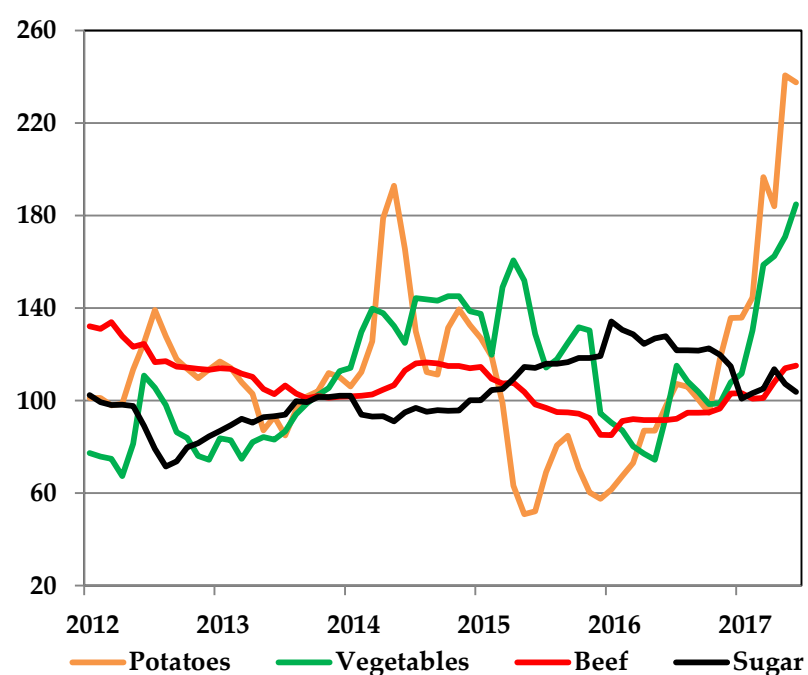
seasonal price rise for gasoline (0,7% m/m or 25,7% y/y) and liquid gas (1,0% m/m or 14,3% y/y).

**The prices for administrative services** in June was stable, and in its structure the prices for transport services at the expense of short-term factors due to drop in price of air tickets in a direction of Dushanbe - Khujand (-39,4% m/m or -24,5% y/y) had negative figure (-1.4% m/m).

**The National Bank of Tajikistan will take necessary actions to continue tight monetary policy to achieve stable price level in the medium term.**



Food price index, in %, annual  
(source: Statistical Agency, NBT calculations)



<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								June, monthly change, %
		2015	2016	2017						
				January	February	March	April	May	June	
<b>Inflation</b>	<b>100,0</b>	<b>5,1</b>	<b>6,1</b>	<b>5,3</b>	<b>5,9</b>	<b>7,3</b>	<b>8,1</b>	<b>8,7</b>	<b>9,0</b>	<b>0,6</b>
<b>Food and non-alcoholic beverages</b>	<b>55,4</b>	<b>3,8</b>	<b>6,4</b>	<b>4,8</b>	<b>6,0</b>	<b>8,8</b>	<b>10,2</b>	<b>11,8</b>	<b>12,3</b>	<b>1,1</b>
Bread and bread products	19,2	9,1	-2,5	-5,2	-4,1	-2,5	-1,0	-1,4	-1,4	0,0
Rise	3,3	11,6	-9,2	-8,6	-9,5	-13,3	-13,5	-13,7	-13,9	0,6
Flour	11,9	7,8	-3,0	-7,2	-5,0	-1,0	1,8	1,3	1,5	-0,1
Meat and meat products	9,0	-10,2	3,7	3,9	2,4	1,8	7,2	11,5	12,4	0,0
Beef	5,9	-14,3	3,2	3,5	1,2	1,3	8,3	14,2	15,1	1,2
Eggs	1,5	5,5	12,0	15,4	16,7	7,8	12,8	7,4	8,9	1,0
Milk and dairy products	1,7	7,3	0,4	2,8	3,7	5,1	3,7	2,8	4,0	1,4
Milk	0,5	16,1	-7,2	-1,7	3,4	5,0	0,7	0,1	4,7	4,3
Plant and Animal Oil	5,3	12,7	11,3	6,1	5,8	6,0	6,2	5,8	5,0	0,1
Fruit	4,4	12,3	16,7	16,6	12,2	4,6	0,2	-1,8	-6,0	-7,9
Vegetables	7,1	-12,4	16,5	18,6	30,1	58,2	57,2	73,8	79,5	7,2
Sugar	2,1	19,3	15,0	1,0	3,4	5,2	13,6	7,3	3,9	1,4
Soft drinks	1,1	13,7	19,9	14,2	13,8	10,4	9,5	5,1	5,9	1,1
<b>Catering*</b>	<b>0,9</b>	<b>14,9</b>	<b>19,9</b>	<b>19,9</b>	<b>17,9</b>	<b>17,9</b>	<b>17,9</b>	<b>17,9</b>	<b>17,9</b>	<b>0,0</b>
<b>Alcoholic beverages and tobacco</b>	<b>1,5</b>	<b>15,9</b>	<b>11,8</b>	<b>12,2</b>	<b>10,0</b>	<b>9,1</b>	<b>8,6</b>	<b>6,2</b>	<b>8,1</b>	<b>2,6</b>
<b>Non-food products</b>	<b>27,4</b>	<b>7,9</b>	<b>5,7</b>	<b>5,2</b>	<b>5,0</b>	<b>4,4</b>	<b>4,6</b>	<b>4,0</b>	<b>3,9</b>	<b>0,2</b>
Clothes and shoes	9,3	9,2	14,5	14,8	14,0	12,8	11,8	9,8	9,4	0,1
Repair and construction materials	3,4	2,2	-0,9	0,0	0,1	0,0	0,5	0,3	0,9	0,6
Detergents	1,7	15,5	1,2	1,6	1,6	1,1	1,1	2,6	2,6	0,0
Medicine	2,7	24,7	14,1	12,9	7,4	3,9	3,8	4,4	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	0,7
Other Heating Products	1,4	19,0	3,0	3,5	4,4	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
Other personal effects	1,3	7,6	7,1	6,8	5,3	5,1	5,0	5,2	5,2	0,0
<b>Services</b>	<b>14,8</b>	<b>2,2</b>	<b>4,5</b>	<b>5,0</b>	<b>5,8</b>	<b>6,2</b>	<b>6,3</b>	<b>5,6</b>	<b>6,0</b>	<b>-0,4</b>
Housing and communal	5,1	3,2	9,8	6,7	9,6	12,4	13,3	12,3	11,9	0,2
Rental of property	0,1	14,3	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	0,0
Electricity	2,8	0,0	28,6	16,3	16,3	16,3	16,5	16,5	16,5	0,0
Hot water	0,0	14,6	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	0,9
Transport	4,1	-2,3	-1,4	1,7	1,4	0,2	-0,3	-0,5	1,1	-1,4
communication	1,8	0,8	0,0	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	0,0
Health	0,8	14,0	1,9	3,6	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	0,0

\* - The dining room, café and restaurant