NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review ● November 2017

As it was expected, dynamics of consumer prices in November, 2017 remained stable and monthly inflation rate has made 0,3%.

The inflation mainly has developed on the account of influence of seasonal factors, including seasonal price growth of some food products (vegetables and fruits) and price decline of services.

The annual inflation (covering the past 12 months) has dropped by 0,3 p.p to 6,7%, approaching to the National bank of Tajikistan's targeted figure for mid-term period.

The price changes in October was not unexpected, and as it was projected it occurred mainly owing to influence of non-monetary factors, including seasonal price rise of some food products (tomatoes and cucumbers) and rise in price of tariffs of housing-and-municipal services.

The structure of consumer prices changes shows that share of non-foods and services to inflation continues previous tendency. The share of food products because of significant influence of seasonal and supply factors i.e. inadequate output and supply of some foods have served as the rise in prices in the first half of the year of current year, demonstrated a decelerate tendency.
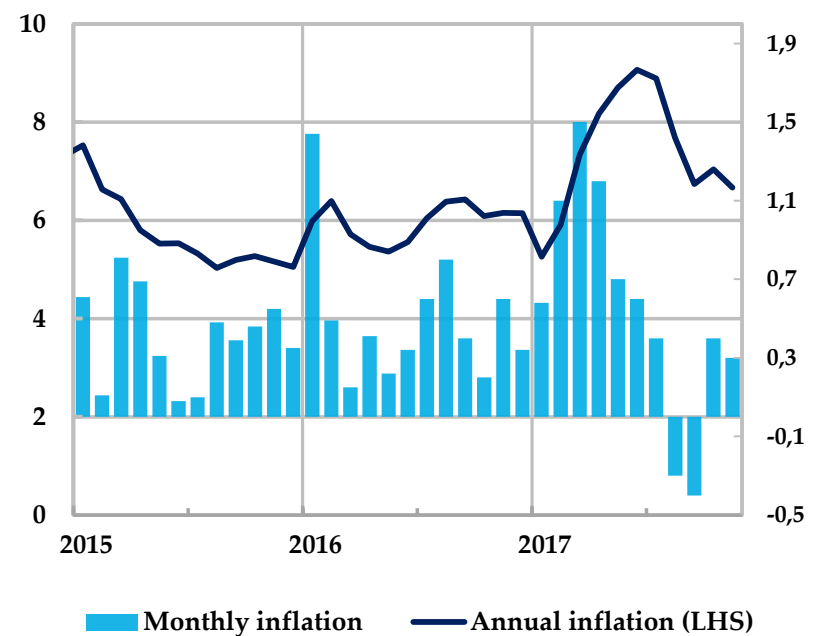
The National Bank of Tajikistan conducts transparent and consecutive monetary policy by using monetary and exchange rate tools, primarily refinancing rate to regulate money supply and to eliminate pressure on the price level for achieving inflation target.

According to the analyses and forecasts it is expected, that inflation in 2017 and medium term will develop within targeted indicator (7,0%).
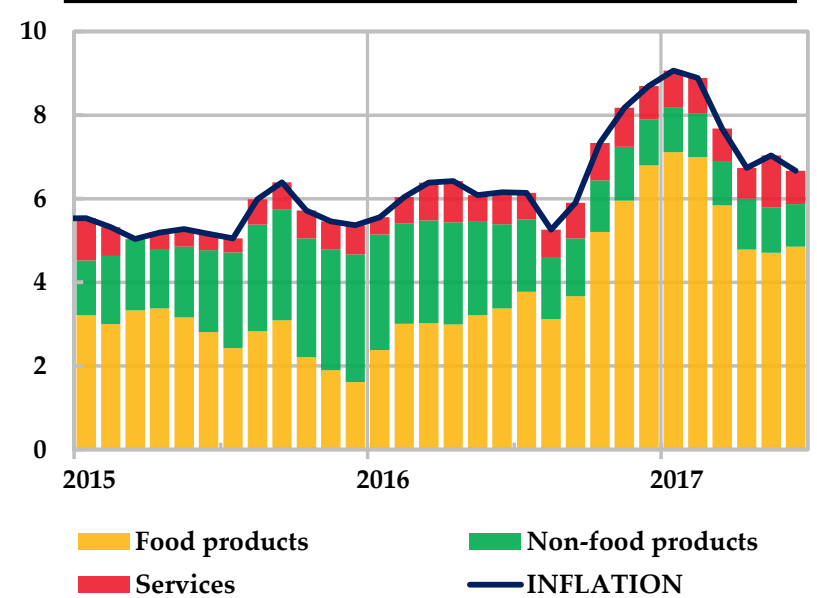
Core inflation rate,* which reflects long-term fluctuation, in November of current year has developed without alteration[2], and in has reached 1,6% (YoY). Stabilization of prices for ready food production (meat and meat products, milk and dairy products, vegetative and animal oil), non-food production (washing liquids and medicines) and services (personal services) including in core inflation were the greatest contributors of this tendency.

In the dynamics of change of non-core inflation (group of consumer prices which are excluded core inflation) fall in prices of some raw food production, mainly monthly drop of prices for cabbage (-14,7% m/m or 15,1% y/y), carrots (-17,0 % m/m or -1,3 % y/y), lemon (-4,2% m/m or 24,9% y/y) and sugar (-2,2% m/m or -6,0% y/y). At the same time, in November on the account of influence of seasonal factors and factors of supply prices for tomatoes (1,8 times m/m or 1,8 times y/y), cucumbers
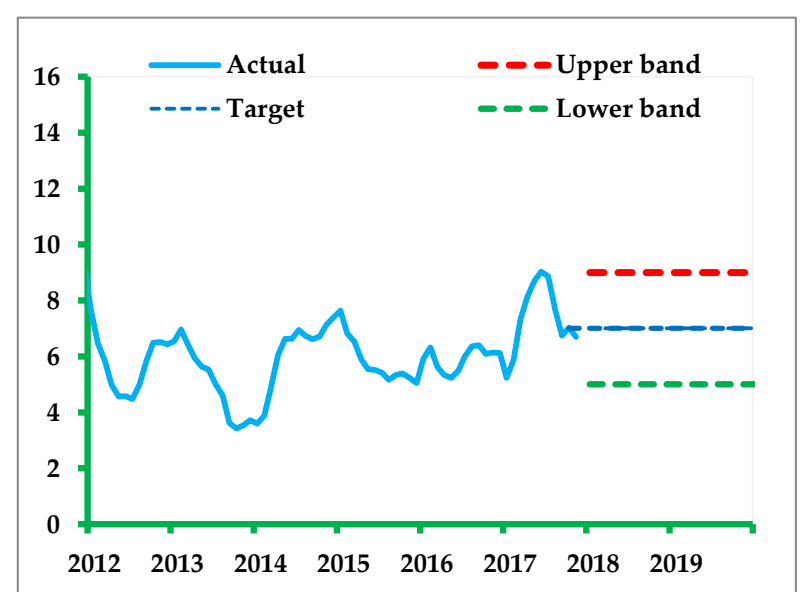
Monthly and Annual Inflation, in %
(source: Statistical Agency, NBT)

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

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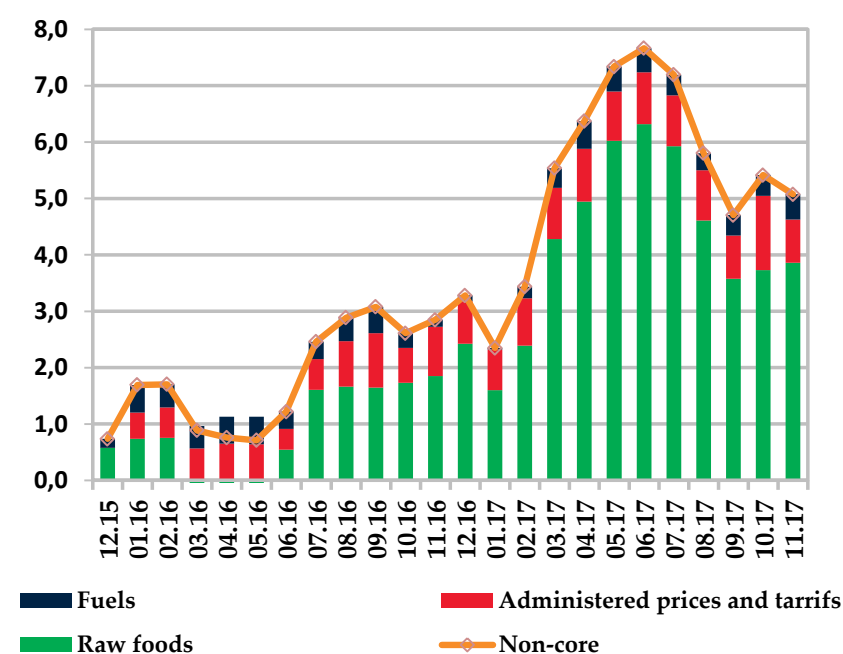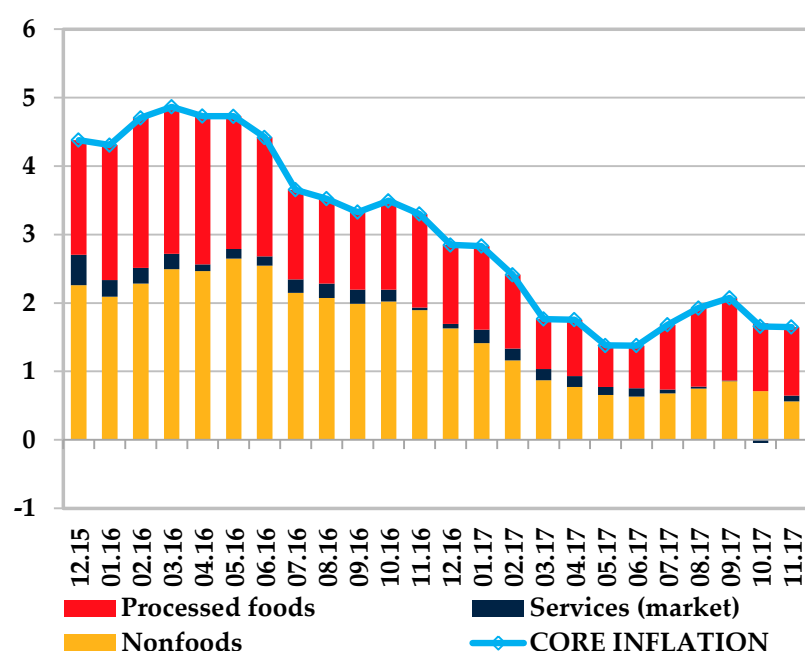(source: Statistical Agency, NBT calculations)

(18,8% m/m or 2,1 times y/y), potato (3,2% m/m or 1,7 times y/y), onions (8,3% m/m or 2,1 times y/y) and grape (6,4% m/m or -6,1 y/y) tended to growth.

The prices for combustible materials in November slightly declined (-0,4% m/m or 19,8% y/y), which is connected to stabilization of their import price.

The prices for administrative services in November regardless of transport services depreciation (-8,1% m/m or 0,2% y/y) has increased in the structure of common inflation (-0,3% m/m or 0,8% y/y).

The National Bank will take necessary actions to continue implementation of the balanced monetary policy for achievement of a stable price level in the medium-term period.

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

Legend:
- Processed foods
- Nonfoods
- Services (market)
- CORE INFLATION

Legend:
- Fuels
- Raw foods
- Administered prices and tarrifs
- Non-core

[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															
				annual change											November, monthly change, %
		2015	2016	2017											
	Weight, %			January	February	March	April	May	June	July	August	September	October	November	
Inflation	**100,0**	**5,1**	**6,1**	**5,3**	**5,9**	**7,3**	**8,1**	**8,7**	**9,0**	**8,9**	**7,7**	**6,7**	**7,0**	**6,7**	**0,3**
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**	**10,2**	**8,4**	**8,3**	**8,6**	**0,8**
Bread and bread products	19,2	9,1	-2,5	-5,2	-4,1	-2,5	-1,0	-1,4	-1,4	-1,9	-1,9	-1,1	-0,8	-0,8	-0,9
Rise	3,3	11,6	-9,2	-8,6	-9,5	-13,3	-13,5	-13,7	-13,9	-13,3	-12,9	-12,1	-10,5	-7,8	-1,9
Flour	11,9	7,8	-3,0	-7,2	-5,0	-1,0	1,8	1,3	1,5	0,8	0,9	1,8	1,6	0,7	-1,0
Meat and meat products	9,0	-10,2	3,7	3,9	2,4	1,8	7,2	11,5	12,4	14,2	12,8	12,7	13,4	14,0	0,0
Beef	5,9	-14,3	3,2	3,5	1,2	1,3	8,3	14,2	15,1	16,9	14,7	14,4	14,9	15,8	0,3
Eggs	1,5	5,5	12,0	15,4	16,7	7,8	12,8	7,4	8,9	2,2	0,6	3,3	-11,6	-10,2	5,3
Milk and dairy products	1,7	7,3	0,4	2,8	3,7	5,1	3,7	2,8	4,0	3,6	4,3	4,7	2,8	5,0	2,2
Milk	0,5	16,1	-7,2	-1,7	3,4	5,0	0,7	0,1	4,7	3,7	4,8	6,4	1,1	8,4	6,8
Plant and Animal Oil	5,3	12,7	11,3	6,1	5,8	6,0	6,2	5,8	5,0	4,1	4,5	5,0	3,6	4,7	0,2
Fruit	4,4	12,3	16,7	16,6	12,2	4,6	0,2	-1,8	-6,0	-13,8	-8,0	-8,2	-4,6	-5,2	1,1
Vegetables	7,1	-12,4	16,5	18,6	30,1	58,2	57,2	73,8	79,5	77,5	58,6	43,6	48,3	49,3	5,1
Sugar	2,1	19,3	15,0	1,0	3,4	5,2	13,6	7,3	3,9	12,5	7,8	1,3	-5,8	-6,0	-2,2
Soft drinks	1,1	13,7	19,9	14,2	13,8	10,4	9,5	5,1	5,9	5,5	5,1	4,9	2,8	2,4	0,2
Catering*	**0,9**	**14,9**	**19,9**	**19,9**	**17,9**	**17,9**	**17,9**	**17,9**	**17,9**	**14,3**	**14,3**	**4,9**	**2,5**	**5,7**	**3,7**
Alcoholic beverages and tobacco	**1,5**	**15,9**	**11,8**	**12,2**	**10,0**	**9,1**	**8,6**	**6,2**	**8,1**	**6,7**	**6,8**	**6,9**	**6,7**	**6,6**	**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**	**3,8**	**4,4**	**3,9**	**3,7**	**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	9,1	9,8	9,2	9,0	0,4
Repair and construction materials	3,4	2,2	-0,9	0,0	0,1	0,0	0,5	0,3	0,9	0,4	2,2	2,3	2,1	2,6	0,2
Detergents	1,7	15,5	1,2	1,6	1,6	1,1	1,1	2,6	2,6	3,5	3,5	2,4	2,5	2,5	0,0
Medicine	2,7	24,7	14,1	12,9	7,4	3,9	3,8	4,4	4,1	4,1	3,5	3,5	3,1	0,2	0,2
Petrol vehicles lubrication products	2,1	-7,0	2,9	-1,1	6,8	14,7	21,5	19,1	18,4	15,6	12,6	15,4	15,9	19,8	-0,4
Other Heating Products	1,4	19,0	3,0	3,5	4,4	2,5	2,5	2,5	2,5	2,5	2,5	2,5	2,2	1,9	4,1
Vehicle	0,7	-2,0	0,0	0,0	0,0	0,0	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	8,4	11,1	8,7	8,1	0,5
Services	**14,8**	**2,2**	**4,5**	**5,0**	**5,8**	**6,2**	**6,3**	**5,6**	**6,0**	**5,6**	**5,4**	**5,0**	**8,5**	**5,4**	**-2,3**
Housing and communal	5,1	3,2	9,8	6,7	9,6	12,4	13,3	12,3	11,9	11,4	10,7	12,3	19,6	13,2	0,1
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	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	7,3	7,3	4,5	9,1	0,0
Electricity	2,8	0,0	28,6	16,3	16,3	16,3	16,5	16,5	16,5	16,8	16,8	16,8	33,4	14,7	0,0
Hot water	0,0	14,6	0,0	0,0	0,0	0,0	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	6,5	13,3	11,3	19,3	-1,9
Transport	4,1	-2,3	-1,4	1,7	1,4	0,2	-0,3	-0,5	1,1	0,9	1,2	0,2	3,2	-0,2	-8,1
communication	1,8	0,8	0,0	1,3	1,3	1,3	1,3	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	15,5	5,3	5,3	5,3	0,0
Health	0,8	14,0	1,9	3,6	1,7	1,7	1,7	1,7	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	2,2	2,9	2,9	2,1	0,0

* - The dining room, café and restaurant