



NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review • January 2018

According to statistical data inflation in January, 2018 has made 0,4%, decreasing in comparison with the same month of last year by 0,2 percentage points (p.p).

The annual inflation (covering 12 months) has declined from 6,7% of December, 2017 to 6,5%, changing within target range 7%(+2 p.p) (Diagram).

The share of food products (weight in consumer basket 57,8%) in the annual inflation structure has made 4,1 p.p., non-food products 1,2 p.p. and services 1,2 p.p.

Dynamics of consumer price index shows that change of prices for foodstuffs and non-food stuffs in headline inflation has continued a stable tendency.

The main reasons for change in inflation were short-term non-monetary factors, such seasonal factors and rise in tariffs for administrative services.

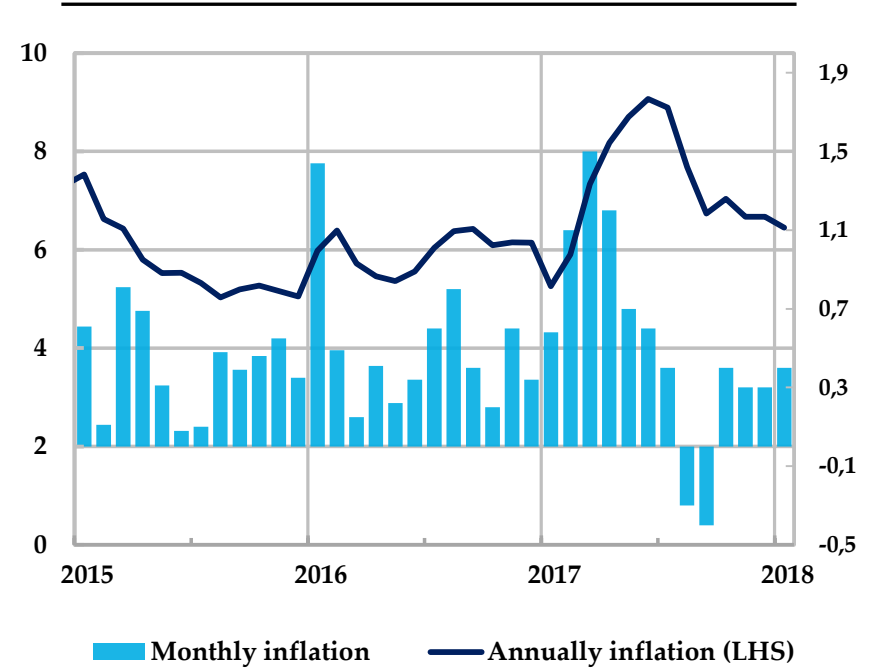
Along with aforementioned factors in the considered period a stable level of domestic demand, stabilization of internal exchange market and exchange rate have reduced inflationary pressures.

In connection with the current situation and limited influence of potential risks it is expected that the annual inflation for the first half of current year will decline, however by the end of year comes back to projected indicator.

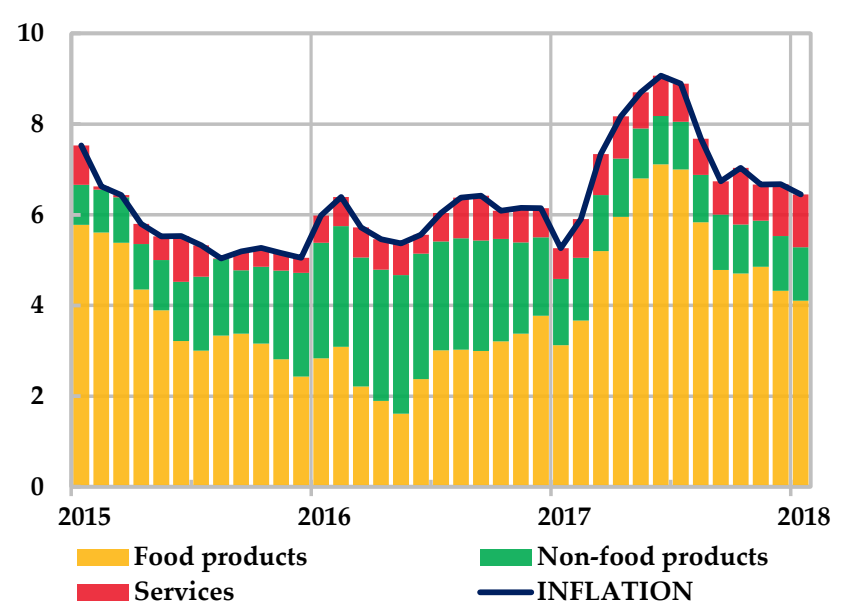
The core inflation,* which reflects long-term fluctuations, in January, 2018 has changed slightly², reaching 1,6%¹ (YOY). Stable prices for ready food products (meat products, dairy products, vegetative and animal oil), non-foodstuffs (washing-up liquids and medicines) and services (including household services) have made largest contribution to this process.

In the dynamics of change of group of consumer prices excluding core inflation in January of 2018 prices for some raw food products, specifically, prices for raw foodstuffs have decreased basically at the expense of monthly lowering of prices for onions (-4,1% m/m or 1,6 times y/y), cabbage (-4,0% m/m or -23,1% y/y), potato (-2,2% m/m or 38,1% y/y), meat (-0,6% m/m or 15,0% y/y), flour (-1,0% m/m or 0,2%, y/y), rice (-0,5% m/m or -7,0% y/y), cotton oil (-1,9% m/m or -2,8% y/y) and granulated sugar (-1,8% m/m or -7,3% y/y) declined

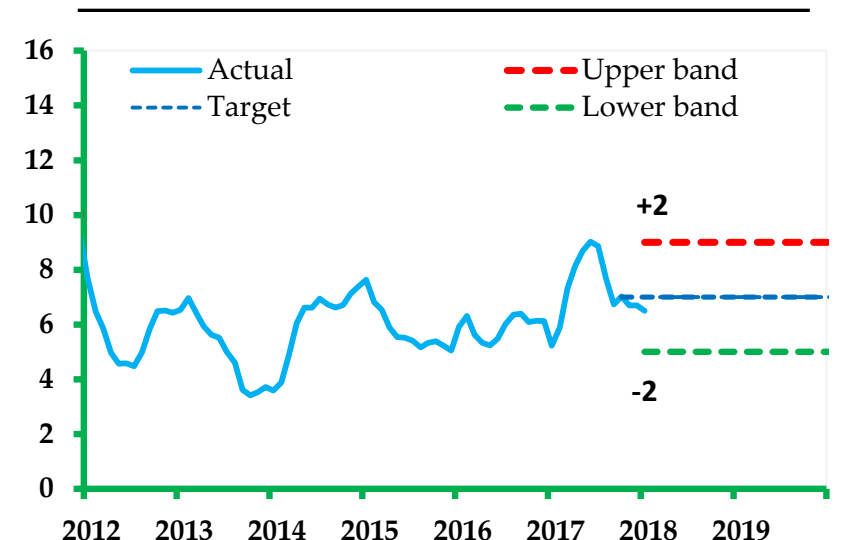
Monthly and Annual Inflation, in %
(source: Statistical Agency, NBT)



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



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



slightly. At the same time, in January in line with influence of seasonal factors and supply factors the price for carrots (11,2% m/m or 11,6% y/y), cucumbers (3,8% it/m or 2,2 times, y/y), eggs (0,9% m/m or 0,1%, y/y), grapes (10,6% m/m or 23,5%, y/y) and apple (6,4% m/m or -15,1% y/y) had upward tendency.

The increase of prices for combustible materials basically remained unchanged in the 4th quarter of 2017 on back of supply factors and rise in imported prices of oil exporting countries, subsequent of recovering world prices for combustible materials.

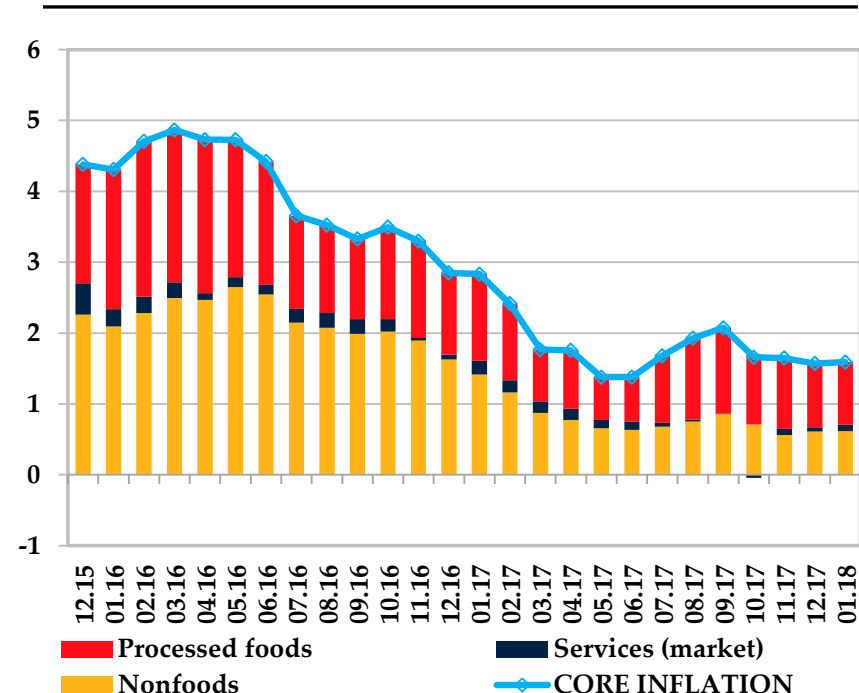
The prices for combustible materials in February have shown downward tendency (-1,5% m/m or 25,9% y/y), due to balancing of supply and demand promoting stabilization of prices for fuel.

The prices for administrative services regardless rise in costs of air tickets (57,5% m/m or 14,8% y/y) have upsurge trend, showing temporary and short-term development.

The National Bank of Tajikistan implements prudent and transparent monetary policy by using monetary and exchange rate instruments, primarily refinancing rate for regulating money supply, eliminating pressure on prices level and achieving targeted inflation.

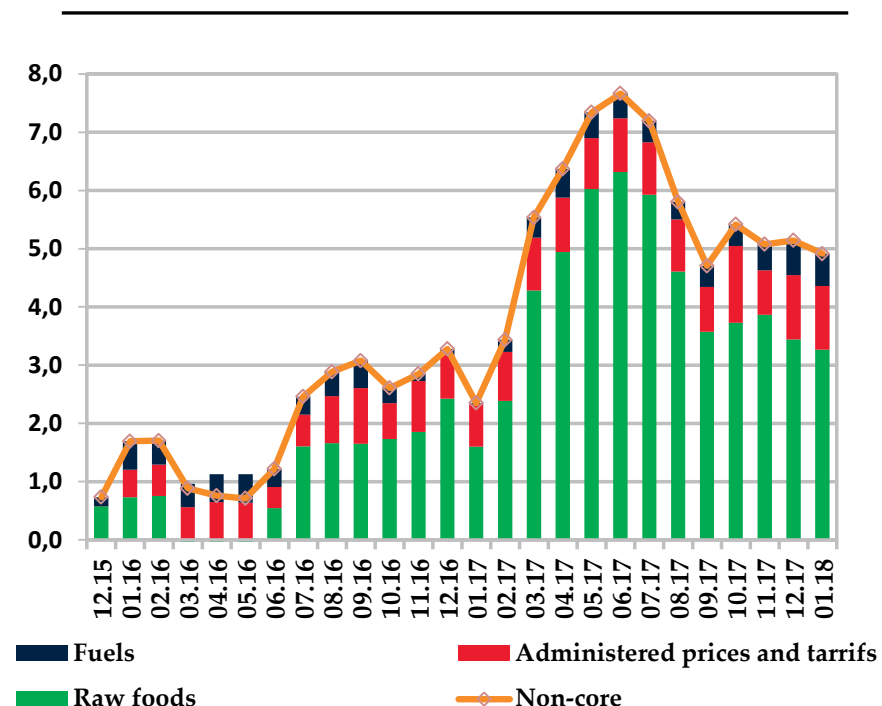
Core Inflation, in %, annual

(source: Statistical Agency, NBT calculations)



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														January, monthly change, %	
		2015	2016	2017													2018
				January	February	March	April	May	June	July	August	September	October	November	December		
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	6,7	6,5	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	10,2	8,4	8,3	8,6	7,7	7,3	-0,1
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	-0,8	-0,9	-0,7
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	-6,9	-7,0	-0,5
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	0,3	0,2	-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	13,8	14,0	-0,5
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	14,7	15,0	-0,6
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	1,0	0,1	0,9
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	4,4	3,7	1,3
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	6,3	6,3	3,4
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	1,3	0,0	-1,1
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	-1,8	-0,3	3,0
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	40,2	37,1	0,4
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	-6,7	-7,3	-1,8
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	1,6	2,7	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	2,7	2,7	0,0
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	6,2	6,2	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	4,4	4,3	0,1
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	9,2	2,5	0,2
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	2,4	2,5	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	4,0	3,1	0,1
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	1,0	0,7	-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	27,7	25,9	-1,5
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	0,9	0,4	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	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	8,6	7,3	0,0
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	7,7	7,9	2,9
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	17,5	17,1	-0,7
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	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	9,1	11,6	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	14,7	15,0	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	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	40,1	35,7	-6,1
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	2,8	5,0	10,6
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	1,3	0,0	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	5,3	2,0	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	1,7	1,3	1,3
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	1,1	0,9	0,0

* - The dining room, café and restaurant