



# NATIONAL BANK OF TAJIKISTAN

## Monthly Inflation Review • December 2018

Statistical data indicates that in December, 2018 the headline inflation<sup>1</sup> reached 0.3%, remaining unchanged compare to the same month of last year.

For the reporting month inflation has driven by 0.9% (share in inflation 0.3 p.p.) due to rise in prices for non-food products, 0.2% (0.1 p.p.) food products. The drop in price of services was 0.8% (-0.1 p.p.).

The structure of non-food products showed an increase in prices for clothes and shoes by 0.9% (share in inflation 0.1 p.p) on back of seasonal factors as previous years, accelerating demand in winter period. At the same time, prices for medicines grew 1.8%, coal 5.5% and other household appliances 1.7% (overall 0.2 p.p.).

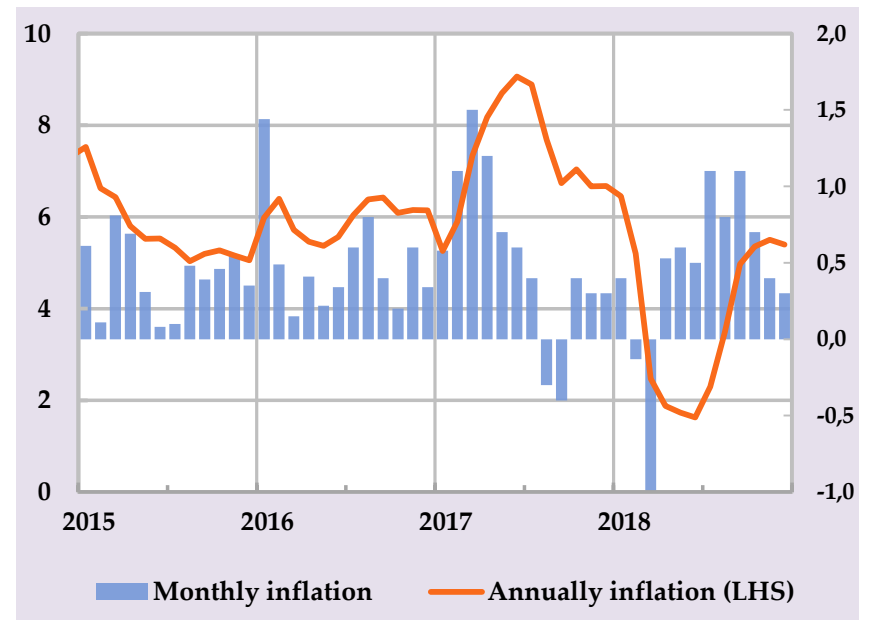
Prices of food products had a stable tendency, regardless of increase in prices for some seasonal products (cucumbers 35.3% and tomatoes 20.7%), while prices of some food products, specifically, carrots -22.0%, potatoes -6.7%, cabbage -6.4%, onions -6.3% and etc. have fallen. At the same time, cost of services, including passenger transport tariffs dropped by 2.5% (-0.1 p.p.).

**In view if this, inflation in 2018 reached 5.4%, 1.3 p.p. that was lower than last year. It should be noted that inflation stood at 1.6% below targeted range (in 2018 it was above targeted level 7.0%).**

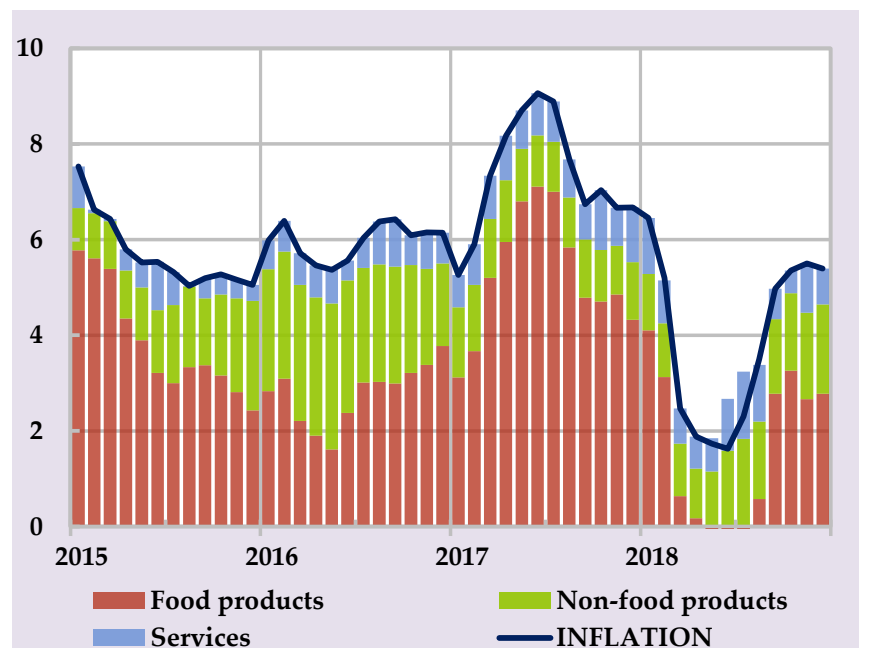
The core inflation \*\* in December amounted 0.4%<sup>2</sup> m/m and 2.7%<sup>3</sup> y/y basis. The stabilization of this indicator reflected slightly changes of processed foods product prices (meat products, dairy products, vegetable and animal oils), non-food products (detergents and medicines) and services included in core inflation (personal services).

Non-core inflation dynamics of changes in December, 2018 revealed decline of some raw foods product prices, specifically, drop in prices for the first grade flour (-0.4% m/m or 9.9% y/y), potatoes (-6.7% m/m or -42.0% y/y), onions (-6.3% m/m or -56.7% y/y), carrots (-22.0% m/m or 51.8% y/y), cabbage (-6.4% m/m or 87.4% y/y), peas (-0.6% m/m or -20.0% y/y), lemon (-0.2% m/m or -23.3% y/y) and others. Along with this, due to influence of external and seasonal shock and supply-side factors, the prices for mutton (2.4% m/m or 8.0% y/y), beef (0,9% m/m or 8.9% y/y), chicken (8.6% m/m or 13.6% y/y), cottonseed oil (0.7% y/y or

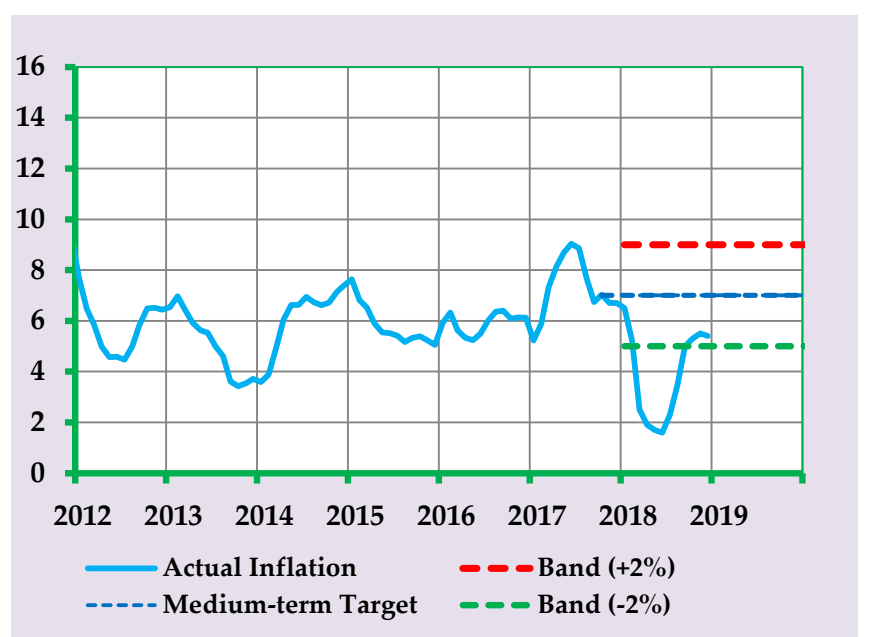
Monthly and Annual Inflation, in %  
(source: Statistical Agency, NBT calculations)



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



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



11.9% y/y), rice (0.2% m/m or 19.5% y/y), eggs (1.2% m/m or 3.9% y/y), pumpkin (18.3% m/m or -6.3% y/y), apples (1.6% m/m or -3.3% y/y), pear (10.7% m/m or -9.3% y/y), grapes (24.0% m/m or 28.5% y/y), tomatoes (20.7% m/m or 24.9% y/y) and cucumbers (35.3% m/m or -13.3% y/y).

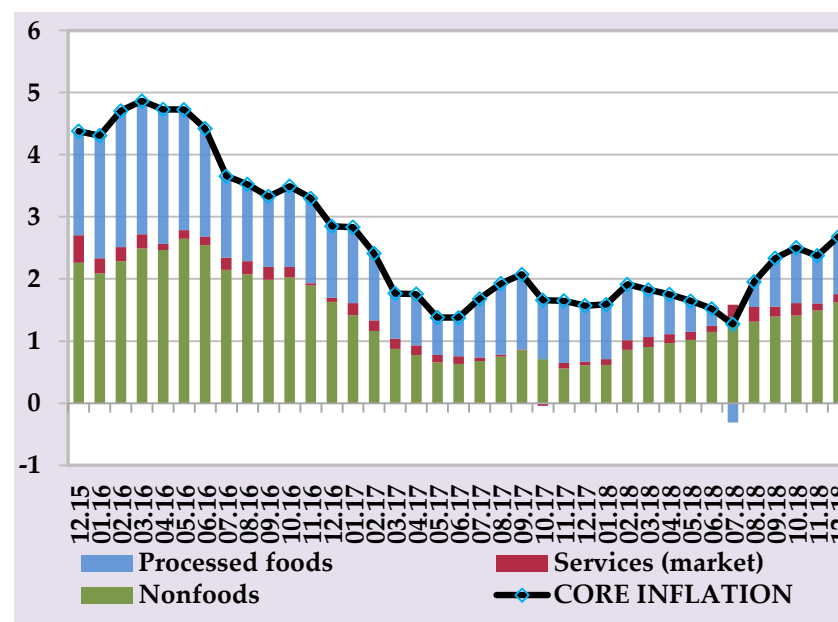
In general, the headline inflation in 2018 is estimated as stable. Acceleration of consumer prices occurred second half of current year (by 4.5%). The main factors underling this increase were supply side shock along with external and seasonal factors.

During July-December 2018 the inflation occurred mainly for the account of rise in prices for the first-grade flour by 16.3% (owing to decrease in wheat production in the country and increase of its imported price), gasoline AI-92 by 6,1% (due to growth import prices and increased demand) and tomatoes and cucumbers, respectively 1.8 times and 2.4 times (influence of seasonal factors and inadequate supplies).

**The National Bank of Tajikistan will continue effective implementation of monetary policy to regulate money supply to achieve stable prices level.**

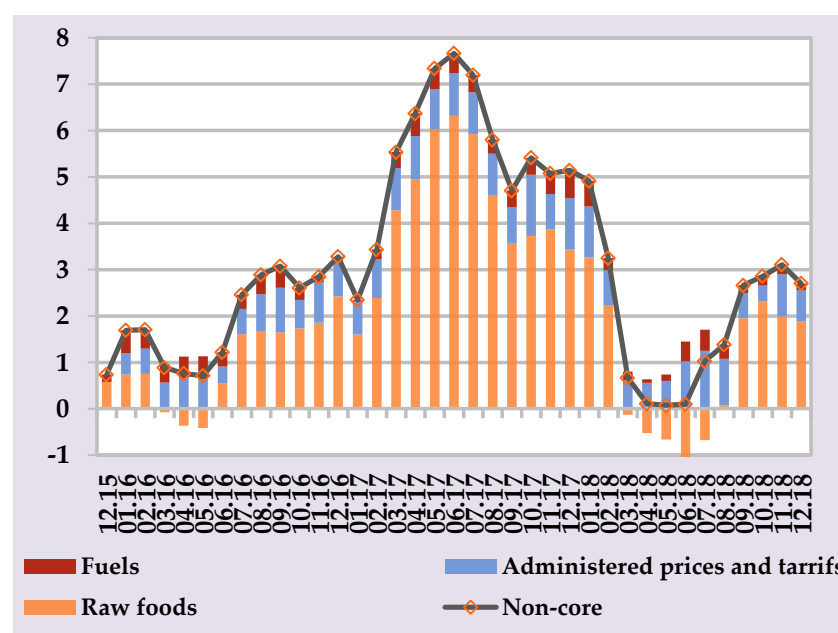
### Core Inflation, in %, annual

(source: Statistical Agency, NBT calculations)



### Non-core Inflation, in %, annual

(source: Statistical Agency, NBT calculations)



<sup>1</sup> - Agency on Statistic

<sup>2</sup> - m/m –month on month (monthly change)

<sup>3</sup> - y/y – year on year (annual change)

p.p- percentage point

\* 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.

Monthly Inflation Review • December 2018

Consumer price index*																	
	Weight, %	annual change															December, monthly change, %
		2015	2016	2017	2018												
					January	February	March	April	May	June	July	August	September	October	November	December	
<b>Inflation</b>	100,0	5,1	6,1	6,7	6,5	5,2	2,5	1,9	1,7	1,6	2,3	3,5	5,0	5,3	5,5	5,4	0,3
<b>Food and non-alcoholic beverages</b>	53,1	3,8	6,4	7,7	7,3	5,4	0,9	0,0	-0,5	-2,1	-1,9	0,7	4,8	5,6	4,9	4,9	0,1
Bread and bread products	17,5	9,1	-2,5	-0,8	-0,9	-1,4	-3,4	-4,2	-4,7	-4,2	-2,1	-0,8	4,5	6,0	8,6	8,9	-0,1
Rise	2,9	11,6	-9,2	-6,9	-7,0	-5,4	1,9	3,2	5,9	8,1	10,2	13,1	15,8	16,3	17,9	19,5	0,2
Flour	10,7	7,8	-3,0	0,3	0,2	-0,6	-6,0	-7,5	-8,5	-8,2	-5,5	-4,3	3,9	6,3	9,8	9,9	-0,4
Meat and meat products	8,3	-10,2	3,7	13,8	14,0	13,4	13,5	8,9	5,2	4,9	4,5	5,8	6,7	5,8	6,0	8,6	0,0
Beef	5,4	-14,3	3,2	14,7	15,0	14,1	14,0	7,8	3,0	3,0	2,8	5,1	6,1	5,7	5,7	8,9	0,9
Eggs	1,5	5,5	12,0	1,0	0,1	1,9	-0,6	2,4	4,7	0,1	-4,2	0,0	7,7	11,5	7,6	3,9	1,2
Milk and dairy products	1,7	7,3	0,4	4,4	3,7	4,6	2,3	5,0	6,1	3,7	3,9	3,9	3,4	6,0	3,9	4,1	1,3
Milk	0,5	16,1	-7,2	6,3	6,3	4,5	-2,2	4,1	7,2	0,7	0,9	0,7	-1,4	5,4	1,3	1,3	0,0
Plant and Animal Oil	5,7	12,7	11,3	1,3	0,0	-1,6	-2,5	-2,2	-3,6	-0,8	3,5	4,0	4,7	7,8	7,5	9,2	0,6
Fruit	4,3	12,3	16,7	-1,8	-0,3	3,9	6,4	15,7	24,5	24,2	51,6	36,9	18,2	7,2	6,9	4,0	3,8
Vegetables	6,6	-12,4	16,5	40,2	37,1	21,2	-6,4	-9,7	-13,1	-23,8	-34,4	-21,9	-1,4	4,2	-6,6	-10,7	-5,1
Sugar	2,4	19,3	15,0	-6,7	-7,3	-7,9	-10,1	-17,3	-17,5	-11,2	-16,8	-13,8	-11,3	-6,3	-3,0	2,7	1,7
Soft drinks	1,3	13,7	19,9	1,6	2,7	0,3	0,6	2,0	3,9	3,3	4,0	3,6	3,6	3,3	3,2	2,8	0,0
<b>Catering**</b>	0,9	14,9	19,9	2,7	2,7	3,9	3,9	3,9	3,9	3,9	5,2	5,2	6,9	6,9	3,1	8,0	4,7
<b>Alcoholic beverages and tobacco</b>	1,4	15,9	11,8	6,2	6,2	7,1	8,0	8,2	7,5	4,7	6,2	6,8	6,4	5,7	4,5	5,4	1,1
<b>Non-food products</b>	29,2	7,9	5,7	4,4	4,3	4,1	4,0	3,8	4,2	5,8	6,7	5,9	5,7	5,9	6,2	6,4	0,9
Clothes and shoes	9,7	9,2	14,5	9,2	2,5	2,7	3,0	3,8	4,0	4,9	5,4	5,2	4,6	4,7	4,9	5,6	0,9
Repair and construction materials	3,7	2,2	-0,9	2,4	2,5	4,9	4,9	5,5	6,0	6,1	6,7	6,0	7,0	6,9	6,9	7,3	0,5
Detergents	1,8	15,5	1,2	4,0	3,1	4,0	4,0	3,3	1,5	0,7	1,9	1,9	3,2	4,9	5,7	6,2	0,5
Medicine	2,9	24,7	14,1	1,0	0,7	2,2	2,2	0,8	1,2	1,9	4,7	4,5	9,2	7,7	9,3	10,4	1,8
Petrol vehicles lubrication products	2,0	-7,0	2,9	27,7	25,9	17,2	14,1	8,9	11,9	26,4	27,1	20,4	14,1	15,5	18,1	12,2	-0,1
Other Heating Products	1,3	19,0	3,0	0,9	0,4	-7,7	-8,1	-8,1	-8,1	-8,9	-8,9	-8,9	-8,9	-8,9	-12,5	-8,4	4,7
Vehicle	0,9	-2,0	0,0	0,0	0,0	0,1	0,1	0,1	2,9	4,4	4,4	4,4	4,4	4,5	4,5	5,2	0,7
Other personal effects	1,5	7,6	7,1	8,6	7,3	8,5	9,1	9,5	9,7	11,9	13,1	10,6	8,4	9,0	8,7	8,3	0,1
<b>Services</b>	15,2	2,2	4,5	7,7	7,9	6,0	5,0	4,5	4,7	7,3	9,5	8,0	4,3	3,2	6,7	4,9	-0,8
Housing and communal	5,2	3,2	9,8	17,5	17,1	12,6	11,7	11,3	13,6	20,5	19,2	14,9	11,3	5,6	14,0	10,8	-0,2
Rental of property	0,2	14,3	0,0	0,0	0,0	0,0	1,4	1,4	4,6	4,6	4,6	5,0	5,0	5,0	5,0	5,0	0,0
Water and garbage collection fee	0,7	20,1	5,1	9,1	11,6	8,4	8,4	8,4	9,5	9,5	9,5	9,5	9,5	14,2	9,4	9,4	0,0
Electricity	2,6	0,0	28,6	14,7	15,0	15,0	15,0	14,9	14,9	14,9	14,7	14,7	14,7	0,6	14,9	14,9	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	1,5	1,5	0,0
Gas	1,1	-6,3	-6,6	40,1	35,7	13,4	8,5	7,2	17,2	52,3	44,7	24,8	8,7	13,4	20,4	6,2	-1,1
Transport	4,4	-2,3	-1,4	2,8	5,0	3,3	0,7	-0,2	-1,9	-0,6	7,2	6,0	-0,7	2,1	5,2	2,9	-2,5
communication	1,6	0,8	0,0	1,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1	0,1	0,0
Education	1,6	2,6	11,3	5,3	2,0	1,5	1,5	1,5	1,5	1,5	1,5	1,5	0,2	0,3	0,3	0,3	0,0
Health	0,8	14,0	1,9	1,7	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
Household	1,9	12,3	5,2	1,1	0,9	1,3	1,5	1,5	1,8	2,9	3,1	3,1	1,8	2,5	2,8	3,3	0,5

\*The given name of goods. Products and services in general form or consumer goods. Detailed information about name of goods (on consumer basket from 546 types) which is available on the website of the Statistics Agency under the President of the RT.

\*\* - The dining room, café and restaurant