



NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review • January 2017

The inflation rate in January 2017 has made 0,6%, decreasing by 0,8 percentage points on y/y basis. The annual inflation (for last 12 months), taking into account influence of “base effect” reached 5,3% that is less for 0,8 p.p. in comparison with December of previous year (6,1%).

The given indicator of inflation irrespective of influence of seasonal factors and services remains stable and it is below inflation target and forecasting (7,0%).

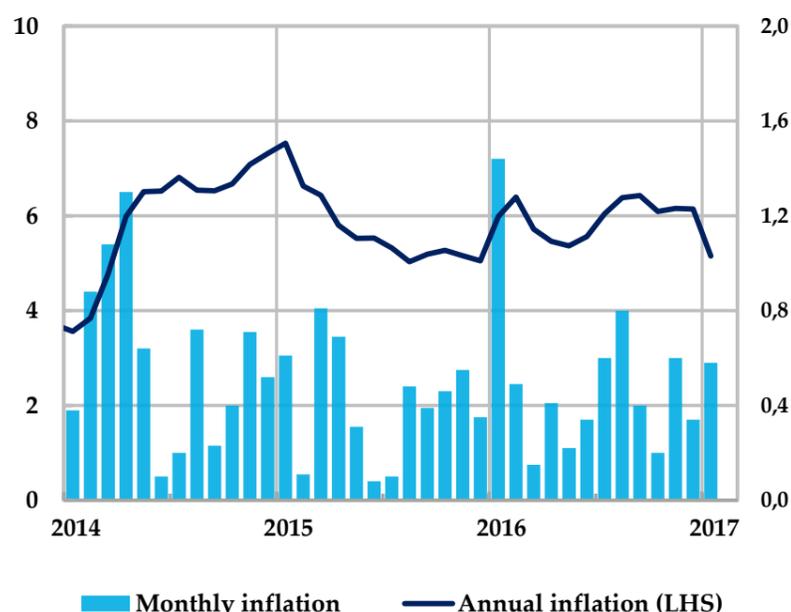
The core inflation², which reflects long-term trend of prices without short-term fluctuations had a moderate decline for reporting month, and on the annual basis stood at 2,5% (-0,3 p.p. of m/m¹). In general seasonal price changes in foodstuffs and cost of tariffs for administrative services mainly had a significant influence on headline inflation. In turn, inflationary pressure such fundamental factors, like aggregate demand, inflationary expectations or exchange factors for this month were insignificant.

Analysis of core inflation dynamics shows prices for services have slightly growth and non-foodstuffs prices have remained stable, while prices for ready foodstuffs declined. The greater share in decrease of core inflation tendency falls (1,6%) on non-foodstuffs, (0,7%) ready foodstuffs (-0,5 percentage points, m/m) and 0,3% services (0,2 percentage points). Also, non-foodstuffs changes have occurred due to basically rise in prices for fabrics in comparison with December (17,8% y/y), cost of personal services (5,8% y/y) and ready foodstuffs caused rise in prices for oil (6,1% y/y), macaroni (7,7% y/y) and honey (10,7% y/y).

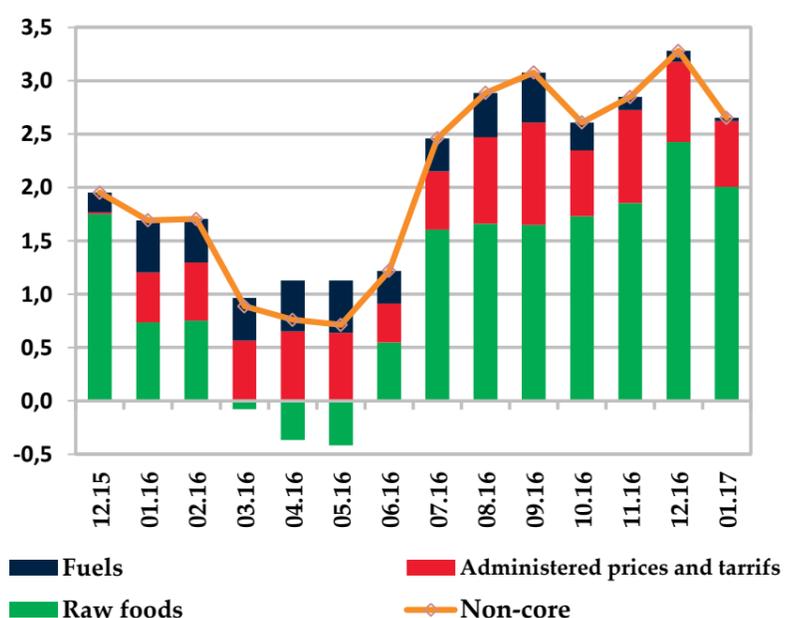
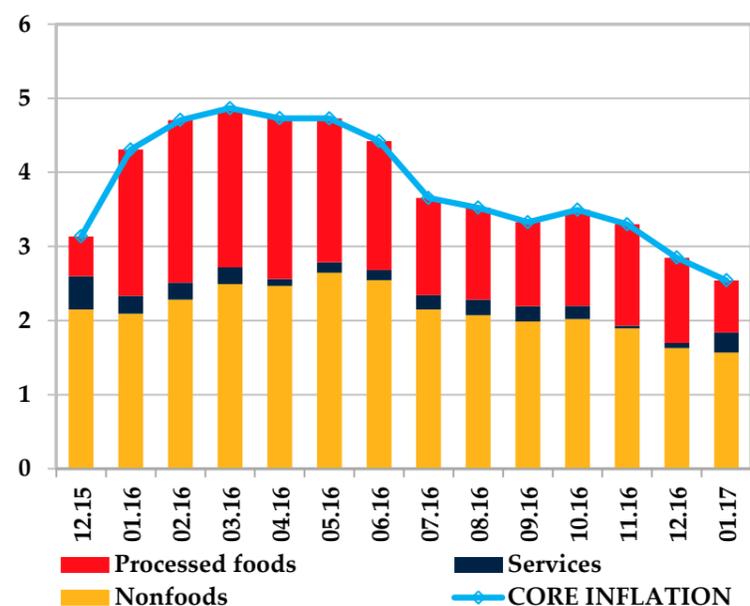
In January the group of consumer prices excluded core inflation has contribute to the growth of non-core inflation. In line with seasonal and supply factors the prices of raw food products such, as vegetables (2,7% m/m or 18,6% y/y)¹, eggs (1,8% m/m or 15,4% y/y), milk (3,5% m/m or -1,7% y/y) and fruits (1,4% m/m or 16,6% y/y). At the same time, in January the prices for rice (-0,5% m/m or -8,6% y/y), sugar (-1,2% m/m or 1,0% y/y and a flour (-0,9% m/m or -5,2% y/y) have been increased.

In structure of services of non-core inflation the prices have grown for transport services (8,4% m/m or 15% y/y) and education services (3,3% m/m or 15,0% y/y). The prices for combustible materials as a result of balancing

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



Core and non-core inflation, annual in %
(Source: Statistical Agency, NBT)

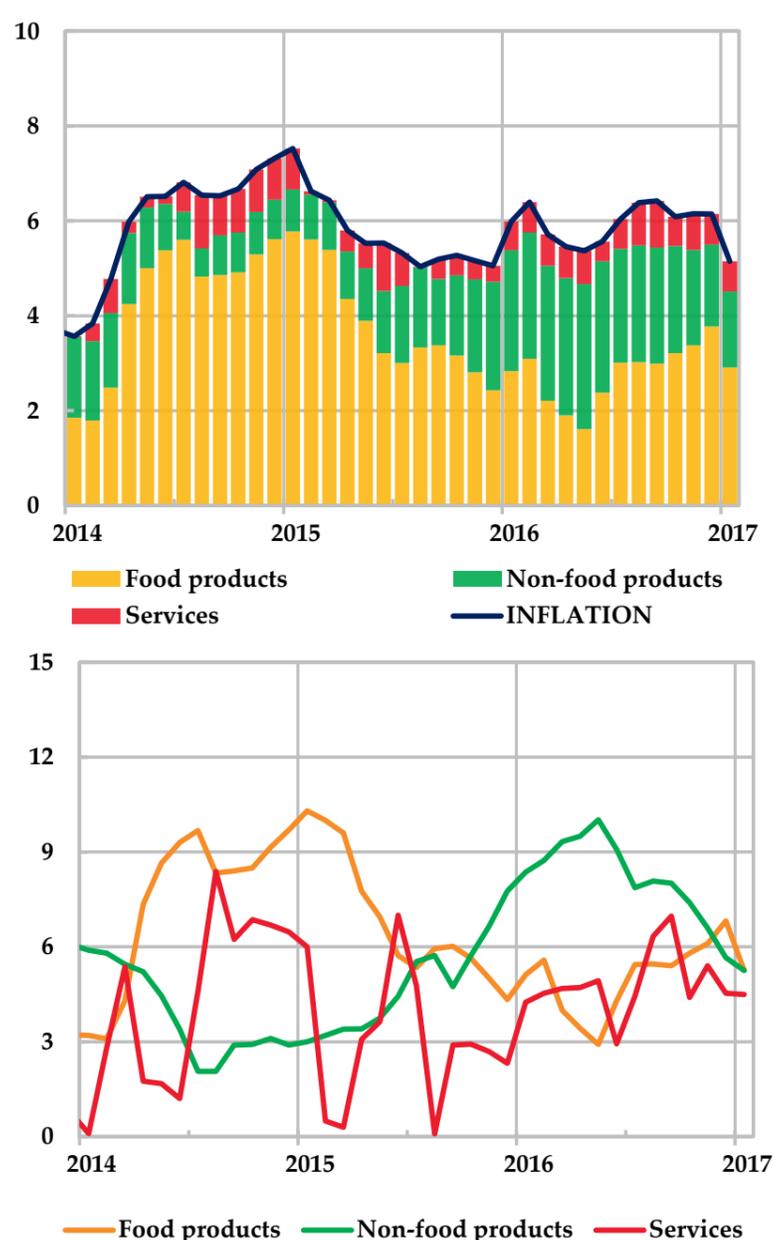


level supply and demand (gas -3,6% m/m or 11,3% y/y) relatively have been reduced.

In general, annual inflation has developed owing to rise in prices for foodstuffs by 5,3% (-1,5% p.p. m/m)¹ and non-foodstuffs by 5,3% (-0,4 p.p. m/m). Tariffs for paid services to the population have increased by 5,0% (0,5 p.p. m/m).

According to expectation, nevertheless a magnifying short-term, particularly seasonal and external factors (exchange rate pressure) on inflation in February, 2017 it will remain within the projected indicator 7,0% per annum.

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



¹ - m/m –month to month (monthly change)
- y/y – year to year (annual change)

² - 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													January, monthly change, %	
		2015	2016													2017
			February	March	April	May	June	July	August	September	October	November	December	January		
Inflation	100,0	5,1	6,4	5,7	5,5	5,3	5,6	6,1	6,4	6,4	6,1	6,2	6,1	5,3	0,6	
Food and non-alcoholic beverages	53,0	3,8	5,1	3,4	2,9	2,2	3,8	5,0	5,0	4,8	5,3	5,7	6,4	4,8	1,5	
Bread and bread products	17,3	9,1	8,6	2,9	0,8	1,4	0,5	-0,7	-1,5	-1,5	-0,9	-1,3	-2,5	-5,2	-0,6	
Rise	3,1	11,6	9,4	7,4	4,1	0,4	-0,9	-4,7	-5,2	-4,6	-5,4	-8,0	-9,2	-8,6	-1,4	
Flour	10,4	7,8	7,1	-1,1	-3,4	-1,5	-2,6	-3,0	-4,2	-4,3	-3,0	-2,8	-3,0	-7,2	-0,6	
Meat and meat products	9,1	-10,2	-5,8	-4,9	-5,2	-5,0	-4,9	-4,5	-2,5	-2,4	-2,1	-0,8	3,7	3,9	0,3	
Beef	6,2	-14,3	-8,8	-8,0	-8,4	-8,4	-8,4	-7,9	-5,2	-5,2	-5,0	-3,4	3,2	3,5	0,6	
Eggs	1,4	5,5	2,3	0,3	-0,8	3,9	5,0	4,9	4,3	-0,8	18,3	20,8	12,0	15,4	-0,9	
Milk and dairy products	1,6	7,3	1,1	1,0	2,7	4,0	3,5	4,2	4,9	4,2	5,5	1,8	0,4	2,8	0,4	
Milk	0,4	16,1	-3,9	-4,8	-1,8	1,7	-0,7	0,8	2,0	-0,1	3,4	-6,3	-7,2	-1,7	1,7	
Plant and Animal Oil	3,8	12,7	18,7	17,8	17,6	15,6	15,7	15,4	13,9	11,9	11,3	10,3	11,3	6,1	0,9	
Fruit	4,4	12,3	8,6	14,4	14,3	10,7	9,5	13,0	22,3	31,0	29,1	20,7	16,7	16,6	-0,2	
Vegetables	8,8	-12,4	-11,5	-13,5	-12,0	-14,0	-0,5	13,1	9,0	5,5	2,7	8,9	16,5	18,6	11,6	
Sugar	1,9	19,3	30,7	28,8	24,6	27,0	27,9	21,9	21,9	21,8	22,7	19,9	15,0	1,0	-0,3	
Soft drinks	1,1	13,7	16,0	19,4	20,3	23,5	24,0	22,0	20,2	20,2	20,1	19,2	19,9	14,2	0,1	
Catering*	0,9	14,9	16,9	16,9	11,7	11,7	11,7	13,9	13,9	20,4	19,4	16,5	19,9	19,9	0,0	
Alcoholic beverages and tobacco	1,5	15,9	17,7	18,8	19,1	23,0	19,5	17,1	16,1	15,4	16,0	14,9	11,8	12,2	0,0	
Non-food products	30,5	7,9	8,8	9,5	9,7	10,3	9,4	8,1	8,2	8,1	7,5	6,6	5,7	5,2	0,3	
Clothes and shoes	10,2	9,2	15,6	16,1	16,5	18,6	18,5	17,2	17,3	16,9	16,6	15,4	14,5	14,8	0,1	
Repair and construction materials	3,9	2,2	1,0	1,3	0,1	0,2	0,2	-0,1	-1,6	-1,8	-0,8	-1,1	-0,9	0,0	0,1	
Detergents	1,5	15,5	11,1	10,4	9,2	8,7	8,7	7,8	6,5	6,5	6,0	4,3	1,2	1,6	0,2	
Medicine	2,6	24,7	28,4	32,6	32,6	32,0	24,8	15,3	16,0	16,0	15,6	18,1	14,1	12,9	-0,1	
Petrol vehicles lubrication products	2,0	-7,0	7,5	6,9	10,8	11,6	2,3	2,4	7,9	10,5	8,6	3,3	2,9	-1,1	4,0	
Other Heating Products	1,5	19,0	17,1	17,1	17,1	17,1	17,1	17,1	17,1	17,1	6,1	3,7	3,0	3,5	-1,8	
Vehicle	1,2	-2,0	-1,6	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	0,0	0,0	0,0	0,0	0,0	0,0	
Other personal effects	1,3	7,6	9,5	9,6	9,4	9,7	9,7	9,1	7,6	6,0	8,4	7,9	7,1	6,8	-0,1	
Services	14,2	2,2	4,4	4,5	4,6	4,8	2,8	4,4	6,3	7,0	4,4	5,4	4,5	5,0	1,6	
Housing and communal	4,9	3,2	4,0	1,6	2,7	2,5	1,2	2,5	5,2	5,8	5,4	11,1	9,8	6,7	1,8	
Rental of property	0,2	14,3	14,3	14,3	12,3	12,3	9,7	9,7	9,7	5,9	5,7	2,2	0,0	0,0	0,0	
Water and garbage collection fee	0,6	20,1	0,0	2,3	2,3	2,3	2,3	2,3	2,3	2,3	5,1	5,1	5,1	6,6	0,0	
Electricity	2,5	0,0	10,6	10,6	10,6	10,6	10,6	10,6	10,6	10,6	10,6	28,6	28,6	16,3	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	1,2	-6,3	5,2	-6,5	0,9	0,3	-8,6	-5,5	4,9	9,4	6,9	-2,2	-6,6	-9,4	7,1	
Transport	4,3	-2,3	4,2	7,6	7,6	7,5	3,5	6,9	10,2	10,0	2,3	0,2	-1,4	1,7	3,2	
communication	1,8	0,8	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,0	1,3	0,0	
Education	1,2	2,6	2,6	2,6	2,6	2,6	2,6	2,6	2,6	12,1	11,8	11,3	11,3	15,0	0,4	
Health	0,7	14,0	14,4	12,2	7,0	7,0	4,3	4,3	4,3	3,7	3,4	1,9	1,9	3,6	0,0	
Household	1,5	12,3	10,1	9,9	8,8	11,6	11,1	11,1	10,7	8,2	7,5	4,9	5,2	5,8	0,0	

* - The dining room, café and restaurant

(Source: Agency on Statistic, NBT)