



NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review • March 2017

According to statistical data the headline inflation in March, 2017 has stood at 1,5% that is the highest figure for the last years, and 0,4 percentage point (p.p.) more compare February (1,1%). **In view of this, the annual inflation (for last 12 months) grew to 1,4 p.p. from 5,9% in February and reached 7,8%.**

The annual inflation occurred owing to rise in food prices by 9,0% (2,2 m/m)¹, non-food price by 0,2% (0,2 m/m) and tariffs for services by 6,1% (1,4% m/m).

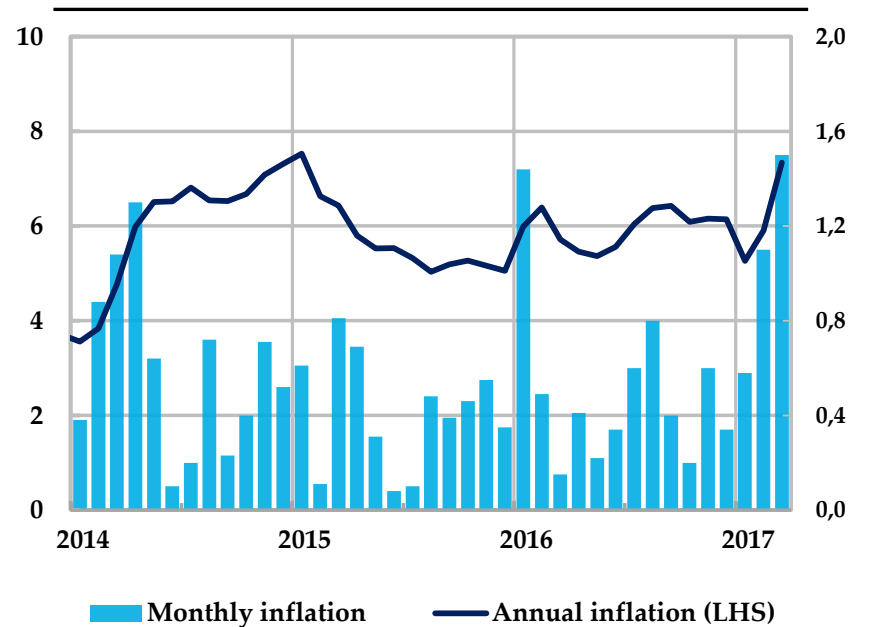
The analyses show that non-monetary factors were the main contributor in the structure of relative inflation change. Specifically, a developed inflation has occurred on back of rise of prices for consumer goods, notably vegetables and combustible materials. The main factors influenced this process were decline in production and supply of mentioned products, seasonal factors and depreciation of exchange rate.

The core inflation² that reflects long-term price trend excluding short-term volatility in March had a stable downward trend and on year by year basis has made 1,8% (-0,6% m/m¹), mainly occurred owing to moderate change in non-food prices and ready food products.

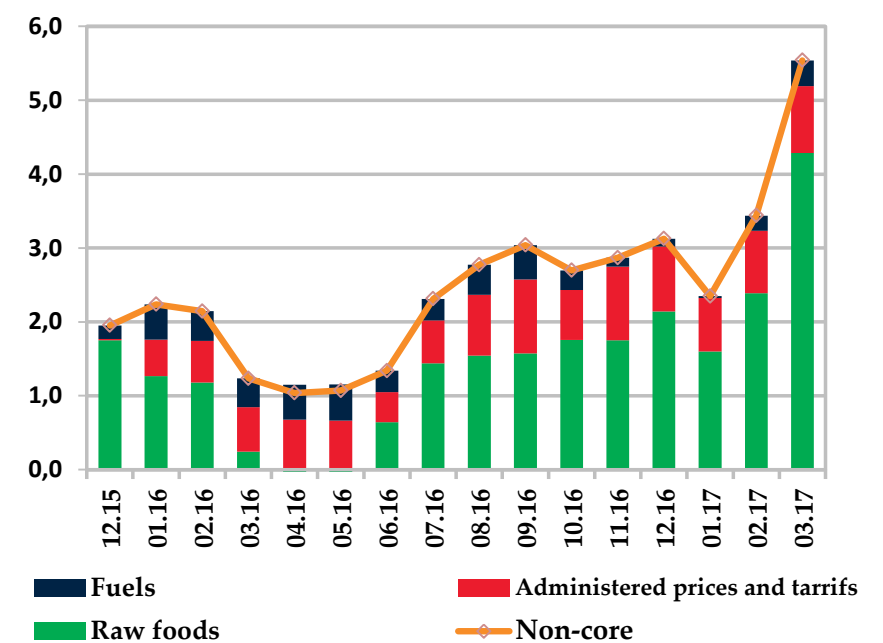
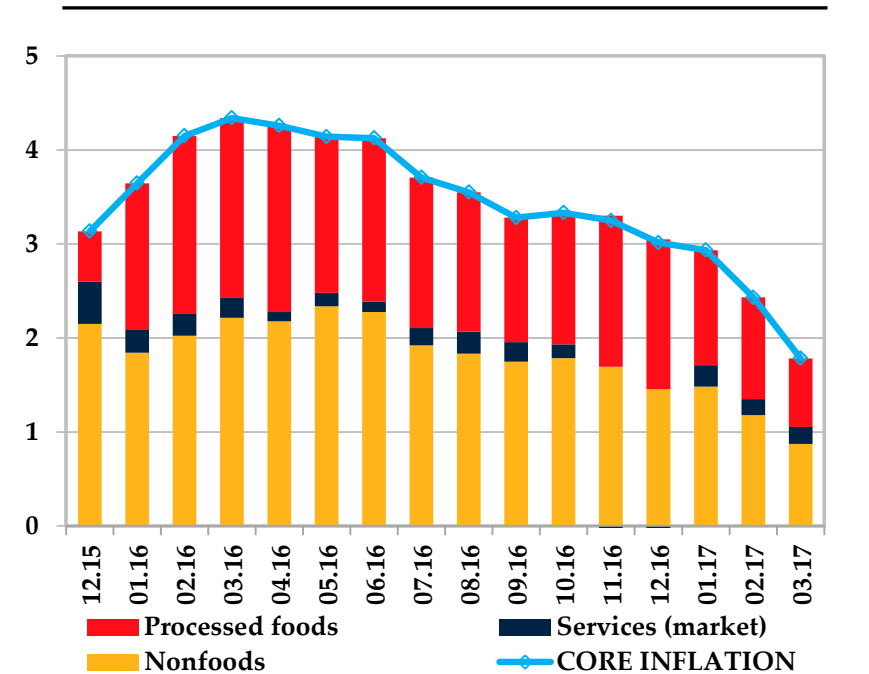
Meanwhile, the abovementioned factors had driven non-core inflation (group of consumer prices, excluded core inflation) in line with rise in prices for raw food, particularly significantly increase of price for vegetables (19,6% m/m or 58,2% y/y), potatoes (35,7% m/m or 96,8% y/y), onion (30,6% m/m or 52,4% y/y) and carrots (17,6% m/m or 71,8% y/y). In turn, prices for flour (-0,2% m/m or -1,0% y/y), bread and bakery products (-1,1% m/m or -2,5% y/y), eggs (-8,9% m/m or 7,8% y/y), milk (-3,8% m/m or 5,0% y/y) and rice (-5,3% m/m or -13,3% y/y) had dropped.

In the structure of headline inflation the grew in prices for transport combustible materials (3,1% m/m or 14,7% y/y) has arisen in connection with appreciation of USD exchange rate on the foreign exchange spot market, and prices for services due to upsurge prices of liquid gas (1,6% m/m or 13,5% y/y), housing-and-municipal services (0,3%

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



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

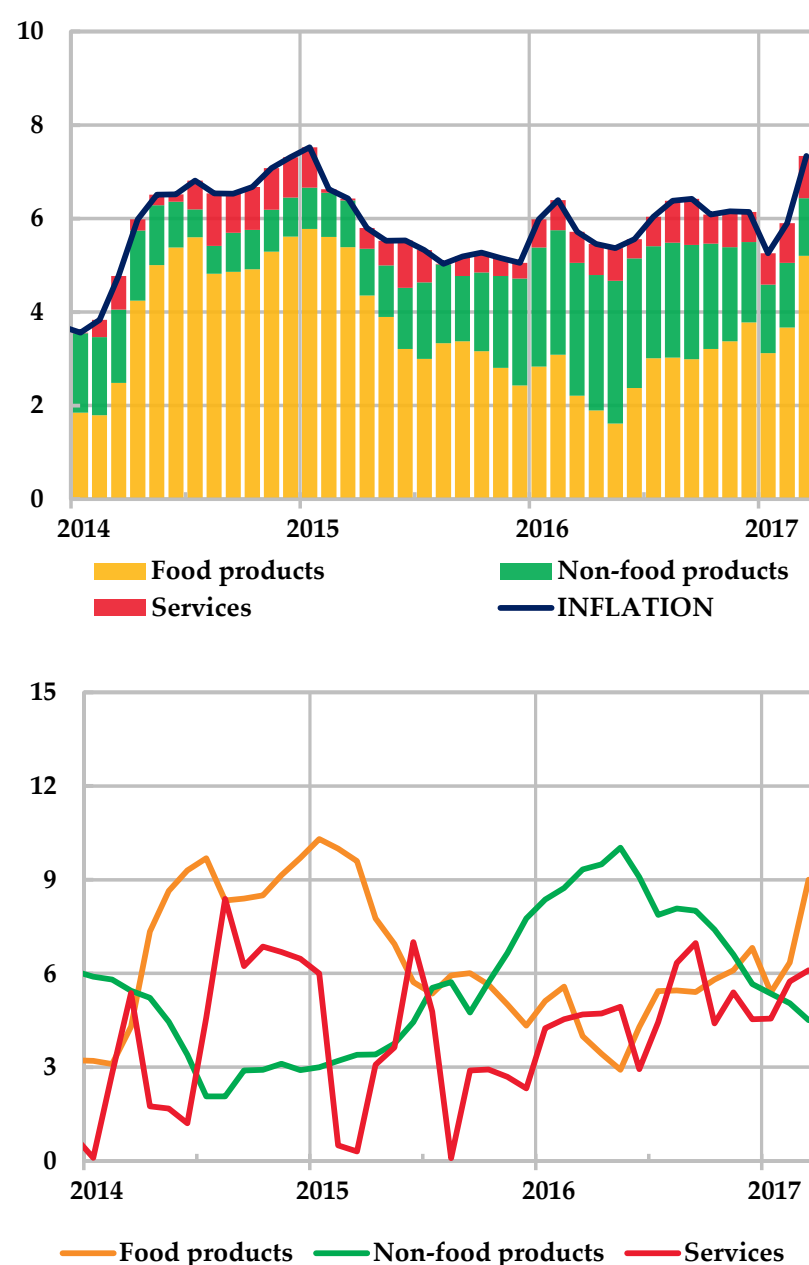


m/m or 12,4% y/y) and transport services (4,3% m/m or 0,2% y/y).

According to the analysis outlook inflation for the 2nd quarter of the current year in line with monetary and exchange rate factors negative inflationary expectations will magnify, and pressure of food prices, particularly imported products in the short-term period will contribute to slightly upsurge of inflation.

The National Bank of Tajikistan, with the view of maintenance of stable price level and prevention of inflationary pressure, will implement tight monetary policy directed to ensure inflation within targeted mid-term horizon.

Annual inflation and its structural contribution, in %
(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														March, monthly change, %
		2015	2016										2017			
			March	April	May	June	July	August	September	October	November	December	January	February	March	
Inflation	100,0	5,1	5,6	5,3	5,2	5,5	6,0	6,4	6,4	6,1	6,2	6,1	5,3	5,9	7,3	1,5
Food and non-alcoholic beverages	55,4	3,8	3,4	2,9	2,2	3,8	5,0	5,0	4,8	5,3	5,7	6,4	4,8	6,0	8,8	2,2
Bread and bread products	19,2	9,1	2,9	0,8	1,4	0,5	-0,7	-1,5	-1,5	-0,9	-1,3	-2,5	-5,2	-4,1	-2,5	-1,1
Rise	3,3	11,6	7,4	4,1	0,4	-0,9	-4,7	-5,2	-4,6	-5,4	-8,0	-9,2	-8,6	-9,5	-13,3	-5,3
Flour	11,9	7,8	-1,1	-3,4	-1,5	-2,6	-3,0	-4,2	-4,3	-3,0	-2,8	-3,0	-7,2	-5,0	-1,0	-0,2
Meat and meat products	9,0	-10,2	-4,9	-5,2	-5,0	-4,9	-4,5	-2,5	-2,4	-2,1	-0,8	3,7	3,9	2,4	1,8	0,0
Beef	5,9	-14,3	-8,0	-8,4	-8,4	-8,4	-7,9	-5,2	-5,2	-5,0	-3,4	3,2	3,5	1,2	1,3	0,2
Eggs	1,5	5,5	0,3	-0,8	3,9	5,0	4,9	4,3	-0,8	18,3	20,8	12,0	15,4	16,7	7,8	-8,9
Milk and dairy products	1,7	7,3	1,0	2,7	4,0	3,5	4,2	4,9	4,2	5,5	1,8	0,4	2,8	3,7	5,1	-0,3
Milk	0,5	16,1	-4,8	-1,8	1,7	-0,7	0,8	2,0	-0,1	3,4	-6,3	-7,2	-1,7	3,4	5,0	-3,8
Plant and Animal Oil	5,3	12,7	17,8	17,6	15,6	15,7	15,4	13,9	11,9	11,3	10,3	11,3	6,1	5,8	6,0	0,2
Fruit	4,4	12,3	14,4	14,3	10,7	9,5	13,0	22,3	31,0	29,1	20,7	16,7	16,6	12,2	4,6	0,4
Vegetables	7,1	-12,4	-13,5	-12,0	-14,0	-0,5	13,1	9,0	5,5	2,7	8,9	16,5	18,6	30,1	58,2	19,6
Sugar	2,1	19,3	28,8	24,6	27,0	27,9	21,9	21,9	21,8	22,7	19,9	15,0	1,0	3,4	5,2	0,6
Soft drinks	1,1	13,7	19,4	20,3	23,5	24,0	22,0	20,2	20,2	20,1	19,2	19,9	14,2	13,8	10,4	0,0
Catering*	0,9	14,9	16,9	11,7	11,7	11,7	13,9	13,9	20,4	19,4	16,5	19,9	20,5	17,9	17,9	0,0
Alcoholic beverages and tobacco	1,5	15,9	18,8	19,1	23,0	19,5	17,1	16,1	15,4	16,0	14,9	11,8	12,2	10,2	9,3	0,1
Non-food products	27,4	7,9	9,5	9,7	10,3	9,4	8,1	8,2	8,1	7,5	6,6	5,7	5,5	5,0	4,4	0,2
Clothes and shoes	9,3	9,2	16,1	16,5	18,6	18,5	17,2	17,3	16,9	16,6	15,4	14,5	14,8	14,0	12,8	0,0
Repair and construction materials	3,4	2,2	1,3	0,1	0,2	0,2	-0,1	-1,6	-1,8	-0,8	-1,1	-0,9	0,0	0,1	0,0	0,1
Detergents	1,7	15,5	10,4	9,2	8,7	8,7	7,8	6,5	6,5	6,0	4,3	1,2	1,6	1,6	1,1	0,0
Medicine	2,7	24,7	32,6	32,6	32,0	24,8	15,3	16,0	16,0	15,6	18,1	14,1	12,9	7,4	3,9	0,0
Petrol vehicles lubrication products	2,1	-7,0	6,9	10,8	11,6	2,3	2,4	7,9	10,5	8,6	3,3	2,9	-1,1	6,8	14,7	3,1
Other Heating Products	1,4	19,0	17,1	17,1	17,1	17,1	17,1	17,1	17,1	6,1	3,7	3,0	3,5	4,4	2,5	-1,8
Vehicle	0,7	-2,0	-0,4	-0,4	-0,4	-0,4	-0,4	-0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other personal effects	1,3	7,6	9,6	9,4	9,7	9,7	9,1	7,6	6,0	8,4	7,9	7,1	6,8	5,3	5,1	0,2
Services	14,8	2,2	4,5	4,6	4,8	2,8	4,4	6,3	7,0	4,4	5,4	4,5	5,2	5,8	6,3	1,5
Housing and communal	5,1	3,2	1,6	2,7	2,5	1,2	2,5	5,2	5,8	5,4	11,1	9,8	6,7	9,6	12,4	0,3
Rental of property	0,1	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	0,0	0,0
Water and garbage collection fee	0,6	20,1	2,3	2,3	2,3	2,3	2,3	2,3	2,3	5,1	5,1	5,1	6,6	9,8	7,3	0,0
Electricity	2,8	0,0	10,6	10,6	10,6	10,6	10,6	10,6	10,6	10,6	28,6	28,6	16,3	16,3	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	0,0
Gas	1,0	-6,3	-6,5	0,9	0,3	-8,6	-5,5	4,9	9,4	6,9	-2,2	-6,6	-9,4	0,9	13,5	1,6
Transport	4,1	-2,3	7,6	7,6	7,5	3,5	6,9	10,2	10,0	2,3	0,2	-1,4	1,7	1,4	0,2	4,3
communication	1,8	0,8	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,0	1,3	1,3	1,3	0,0
Education	1,5	2,6	2,6	2,6	2,6	2,6	2,6	2,6	12,1	11,8	11,3	11,3	15,0	15,5	15,5	0,0
Health	0,8	14,0	12,2	7,0	7,0	4,3	4,3	4,3	3,7	3,4	1,9	1,9	3,6	1,7	1,7	0,0
Household	1,7	12,3	9,9	8,8	11,6	11,1	11,1	10,7	8,2	7,5	4,9	5,2	5,8	5,8	6,0	0,0

* - The dining room, café and restaurant