



## NATIONAL BANK OF TAJIKISTAN

### Monthly Inflation Review • October 2017

**In October, 2017, the headline inflation has reached 0,4% (MoM), and 7,0% in the annual basis (for last 12 months), gradually approaching to targeted indicator of the National Bank of Tajikistan for mid-term period.**

The observed prices change in October was not unexpected, and as 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 tariffs of housing-and-municipal services.

The growth dynamics of consumer prices group shows that the share of non-foods and services to the developed inflation, as before, continues to keep the usual behavior. The share of food products on the back of significant influence of seasonal and supply-side factors, i.e. decline in the output and inadequate supply of some foods promoted acceleration of inflation in the first half of the year, demonstrated downward tendency.

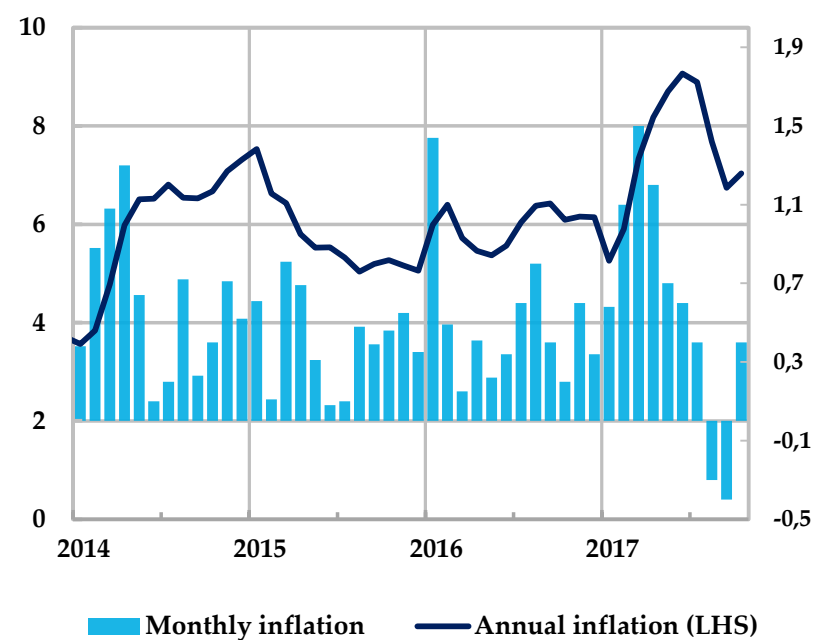
**According to the analyses and forecasts it is expected, that inflation in 2017 and in the medium term period has hovered around targeted indicator (7,0%).**

The National Bank of Tajikistan implements transparent and consecutive monetary policy by using monetary and exchange rate tools, primarily refinancing rate, directed on regulation of money supply and elimination of pressure on price level, and achievement of targeted inflation indicator.

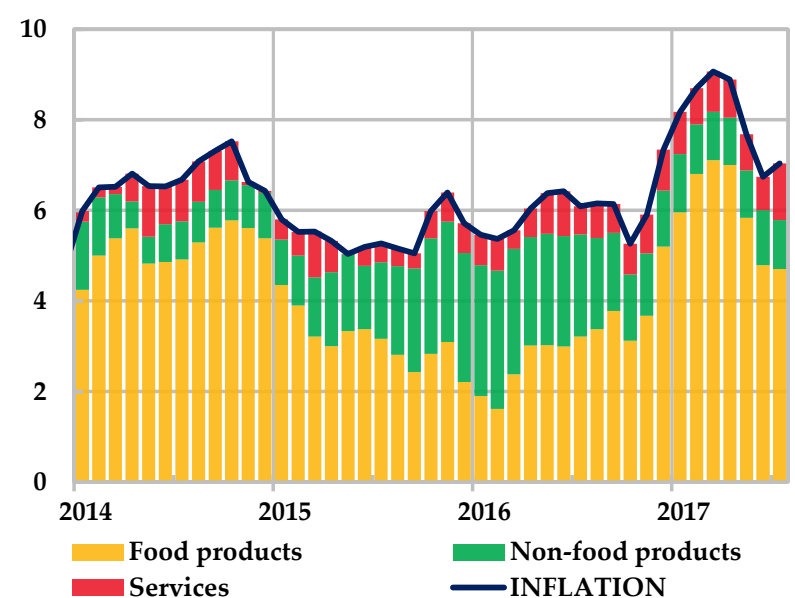
**Core inflation rate,\* which reflects the long-term tendency of the prices without short-term fluctuations, in October, 2017 has developed without alteration<sup>2</sup>, and in the annual basis has reached 1,7%.** Stabilization of prices for ready food production (meat and meat products, milk and dairy products, vegetative and animal oil), non-food production (washing liquids and medicines) and services included in core inflation (personal services), made significant contribution on this process.

**In the dynamics of non-core inflation (group of consumer prices excluded core inflation) prices of some raw food production in October, 2017 dropped in compare to the previous month, mainly prices for onions (-1,3% m/m or 2,1 times y/y), carrots (-17,7% m/m or 3,5% y/y), cabbage (-28,4% m/m or -0,8% y/y), apples**

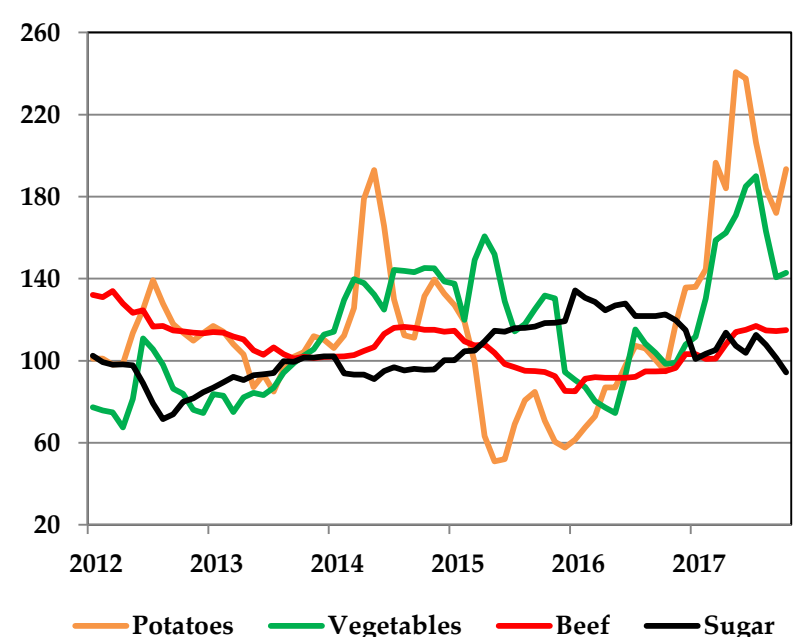
Monthly and Annual Inflation, in %  
(source: Statistical Agency, NBT)



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



Food price index, in %, annual  
(source: Statistical Agency, NBT calculations)



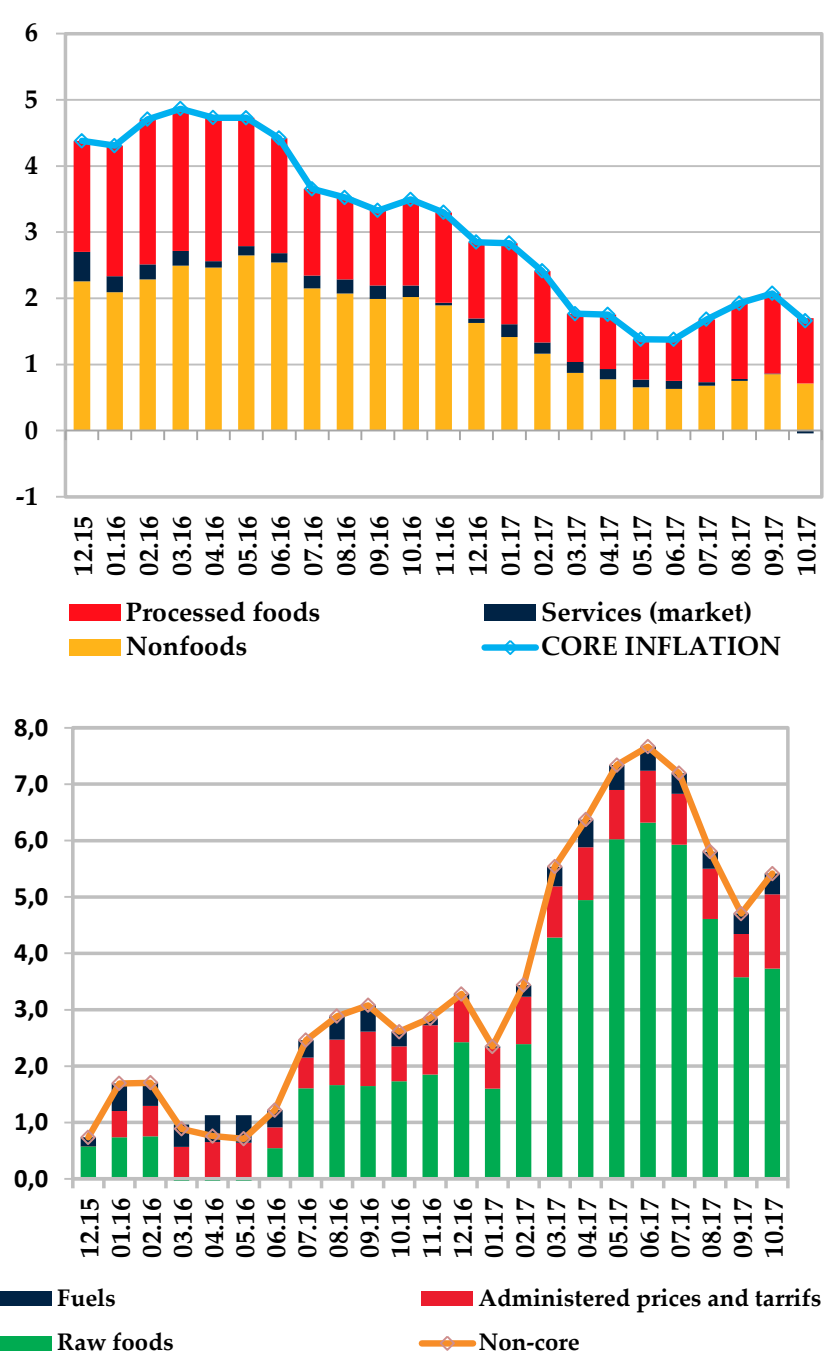
(-5,3% m/m or -20,6% y/y), lemon (-6,5% m/m or 10,7% y/y) and granulated sugar (-5,3% m/m or -5,8% y/y). At the same time, in October on the account of seasonal and supply factors prices for tomatoes (1,8 times m/m or -1,7% y/y), cucumbers (2,0 times m/m or 1,8 times y/y), potato (4,5% m/m or 1,9 times y/y) and water melon (1,5 times m/m or 5,1% y/y) has raised.

**The prices for combustible materials** in October slightly declined (-1,0% m/m or 15,9% y/y), which is connected to stabilization of their import price.

**The prices for administrative services** in October regardless of transport services decline (-5,9% m/m or 3,2% y/y), price of tariffs for the electric power (14,2% m/m or 33,4% y/y) increased.

**The National Bank will take necessary actions to continue conducting prudent monetary policy for achieving price stability in the medium term period.**

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



<sup>1</sup>- y/y – year to year (annual change)

<sup>2</sup>- 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												October, monthly change, %
		2015	2016	2017										
				January	February	March	April	May	June	July	August	September	October	
<b>Inflation</b>	<b>100,0</b>	<b>5,1</b>	<b>6,1</b>	<b>5,3</b>	<b>5,9</b>	<b>7,3</b>	<b>8,1</b>	<b>8,7</b>	<b>9,0</b>	<b>8,9</b>	<b>7,7</b>	<b>6,7</b>	<b>7,0</b>	<b>0,4</b>
<b>Food and non-alcoholic beverages</b>	<b>55,4</b>	<b>3,8</b>	<b>6,4</b>	<b>4,8</b>	<b>6,0</b>	<b>8,8</b>	<b>10,2</b>	<b>11,8</b>	<b>12,3</b>	<b>12,2</b>	<b>10,2</b>	<b>8,4</b>	<b>8,3</b>	<b>0,6</b>
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	-0,1
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	-0,1
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	-0,3
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	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	0,1
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	3,4
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	0,8
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	1,8
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	-1,0
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	6,2
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	2,0
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	-5,3
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	0,4
<b>Catering*</b>	<b>0,9</b>	<b>14,9</b>	<b>19,9</b>	<b>19,9</b>	<b>17,9</b>	<b>17,9</b>	<b>17,9</b>	<b>17,9</b>	<b>17,9</b>	<b>14,3</b>	<b>14,3</b>	<b>4,9</b>	<b>2,5</b>	<b>0,0</b>
<b>Alcoholic beverages and tobacco</b>	<b>1,5</b>	<b>15,9</b>	<b>11,8</b>	<b>12,2</b>	<b>10,0</b>	<b>9,1</b>	<b>8,6</b>	<b>6,2</b>	<b>8,1</b>	<b>6,7</b>	<b>6,8</b>	<b>6,9</b>	<b>6,7</b>	<b>0,7</b>
<b>Non-food products</b>	<b>27,4</b>	<b>7,9</b>	<b>5,7</b>	<b>5,2</b>	<b>5,0</b>	<b>4,4</b>	<b>4,6</b>	<b>4,0</b>	<b>3,9</b>	<b>3,8</b>	<b>3,8</b>	<b>4,4</b>	<b>3,9</b>	<b>0,1</b>
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	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	0,6
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	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	0,1
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	-1,0
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	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
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	0,0
<b>Services</b>	<b>14,8</b>	<b>2,2</b>	<b>4,5</b>	<b>5,0</b>	<b>5,8</b>	<b>6,2</b>	<b>6,3</b>	<b>5,6</b>	<b>6,0</b>	<b>5,6</b>	<b>5,4</b>	<b>5,0</b>	<b>8,5</b>	<b>0,4</b>
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	6,4
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
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	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	14,2
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
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	-3,5
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	-5,9
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	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	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	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	0,0

\* - The dining room, café and restaurant