



NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review • May 2018

In May, 2018 headline inflation has stood at 0,6%, -0,1 percentage points (p.p.) less the same period last year. According to analysis, during the last months (April and May) inflation upsurged from negative to positive figure, along with short-term factors.

The acceleration reflected price increases of 0,9% (share in inflation 0,5 p.p) for food and 0,5%, (0,1 p.p.) for other goods. Tariffs for services declined by -0,7%.

Inflation was mainly driven by rise in price of some foods (meat, carrots, apple and sugar), and factors underlining these trend is observed as seasonal and temporary. Meanwhile, decrease in prices for 1st grade flour was 1,3%.

According to the World Bank data the flour prices grew from beginning of the year through April by 16,1%, and reached USD 213,8 per ton.

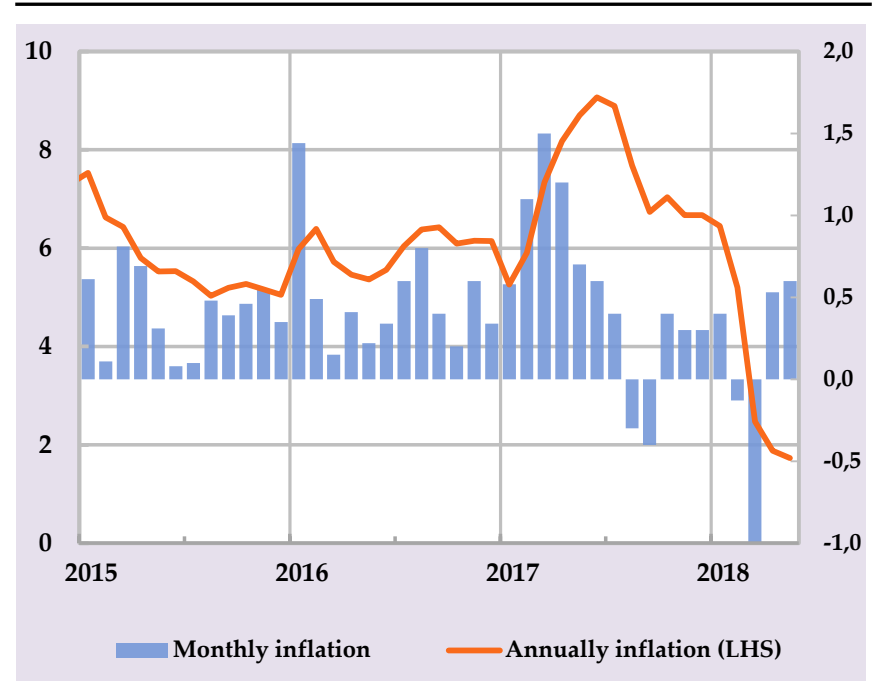
In line with expectation, annual inflation in May has continued showing moderate downward trend to 1,7%, in comparison the same period last year less 0,2 p.p.

The pace of deceleration and lower than projected inflation is temporary, and to the end of the year it will develop within targeted range.

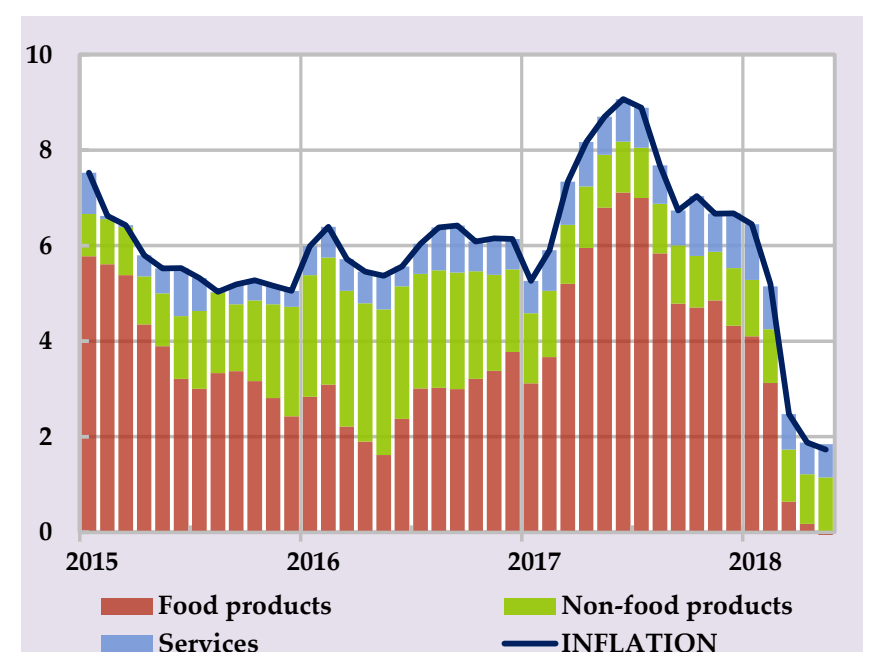
The core inflation,* reflecting long-term price tendency in May of the current year² reached 0,2%, and in annual figure has made 1,6%¹. Moderate rise in prices for ready food production (meat products, dairy products, vegetative, animal oil and other goods (washing-up liquids and medicines), also services (including household services) contributed in core inflation.

In May of 2018, non-core inflation (consumer goods excluding core inflation) decelerated slightly due to decline in prices of some raw food production, specifically, prices for potato (-14,5% m/m or -39,9% y/y), onions (-31,2% m/m or -47,8% y/y), tomatoes (-14,4% m/m or 51,8% y/y), cucumbers (-24,7% m/m or 21,5% y/y), pea (-0,9% m/m or -1,7% y/y) and etc. At the same time, in line with influence of seasonal and supply factors price for flour (1,3% m/m or -8,5% y/y), meat (0,9% m/m or 3,0% y/y), rice (3,0% m/m or 5,9% y/y), apple (17,2% m/m or

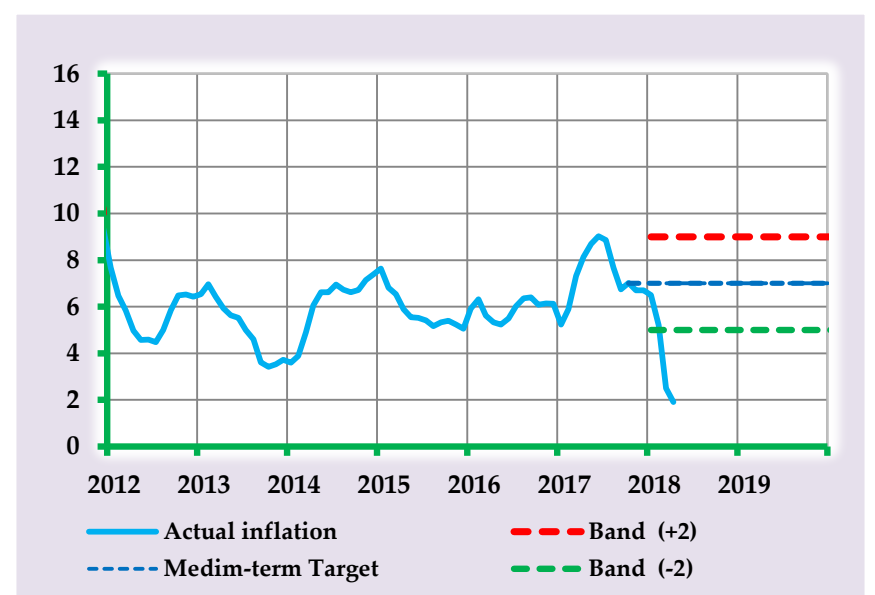
Monthly and annual inflation, in %
(Source: Agency on Statistic)



Growth of group of consumer prices and its contribution to Inflation structure, in % annual
(Source: Agency on Statistic, NBT estimations)



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



34,8%, y/y), carrots (23,0% m/m or -33,5% y/y) and cabbage (25,4% m/m or in -14,3 times, y/y) had upward tendency trend.

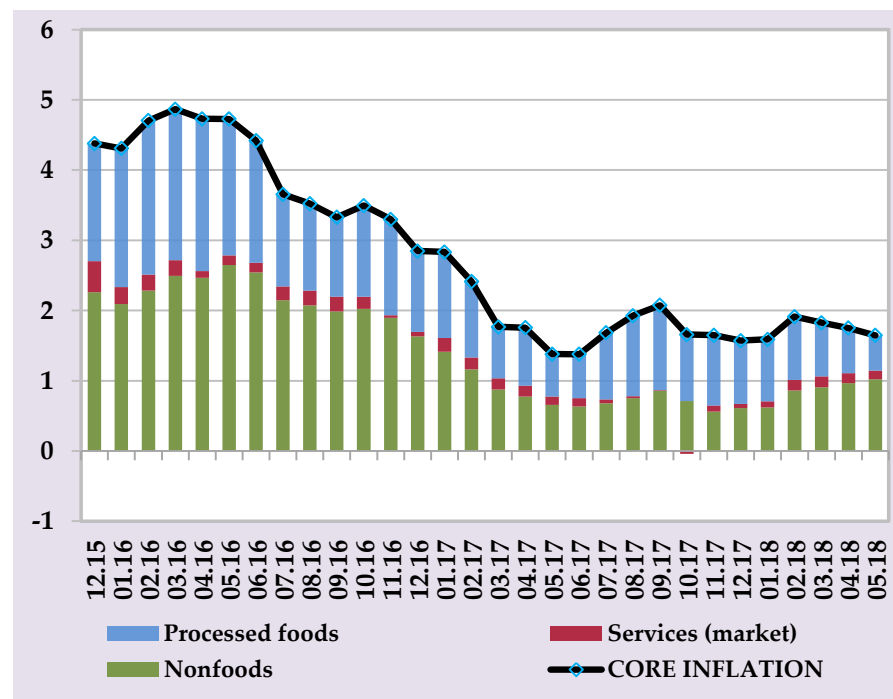
The prices for combustible materials grew slightly (-1,9% m/m or 11,9% y/y), that mainly driven by rise of world prices for combustible materials, leading to price rises in oil importing countries. According to the World Bank data in May, 2018 price of a barrel oil has made USD 76,7, 19,5% more from the beginning of the year.

The prices for administrative services (-0,1% m/m or 0,6% y/y) over this month irrespective of price for gas rise have shown a stable tendency (4,4% m/m or 21,3% y/y) that given process was provided by depreciation of costs of air tickets (-12,1% m/m or -20,3% y/y).

The National Bank of Tajikistan implements transparent, 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 overcoming of pressure upon a price level, and also achievement of a target indicator of inflation.

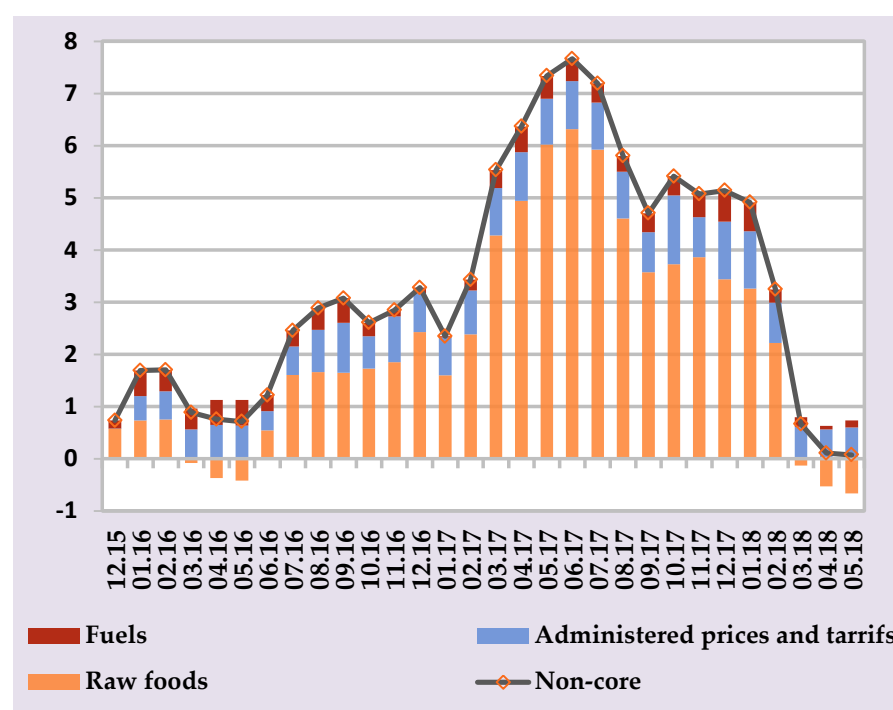
Core Inflation, in % annual

(Source: Agency on Statistic, NBT estimations)



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.

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

* - The dining room, café and restaurant