



NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review • February 2018

According to official statistics data, one of the main macroeconomic indicators - inflation, in February, 2018 had negative figure (-0,1%), decreasing in comparison with the same month of the previous year by 1,2 percentage points (p.p.).

The decline in consumer prices occurred mainly due to moderate tendency of non-foodstuffs prices dropping, fall of some food products prices and services.

At the same time, for the reporting month the factors affecting the decrease of inflation level were excess of supply over demand and relatively stable exchange rate of national currency.

The annual inflation rate (covering 12 months) in February has reached 5,2%, 1,3 p.p. that is less compare to the previous month.

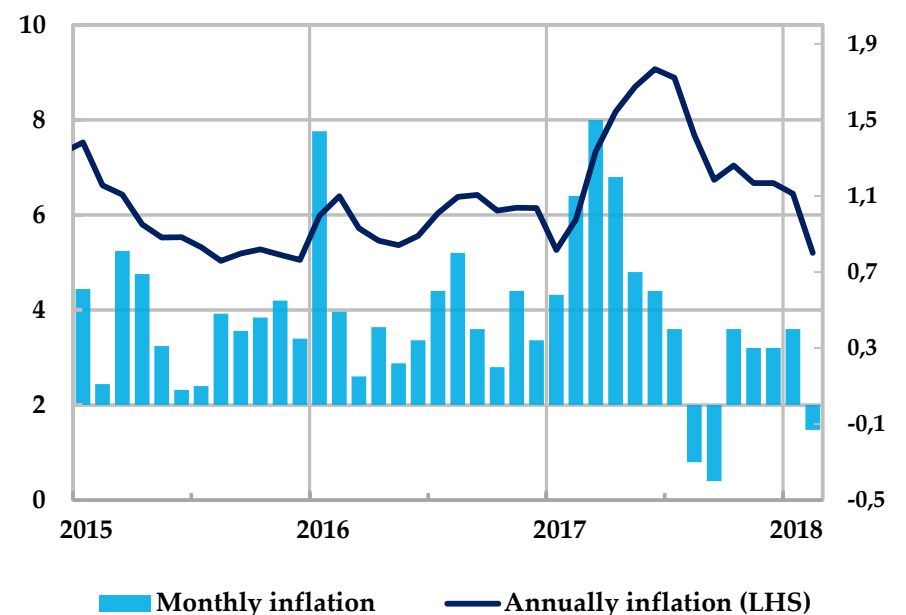
The share of food products (55,5% of consumer basket) in the annual inflation structure was 3,1 p.p., non-food products 1,2 p.p. and services 0,9 p.p.

In line with situation and relative decrease of potential risks it is expected that annual inflation rate will have a stable tendency, and to the end of the year will remain within the targeted indicator of 7 ($\pm 2\%$).

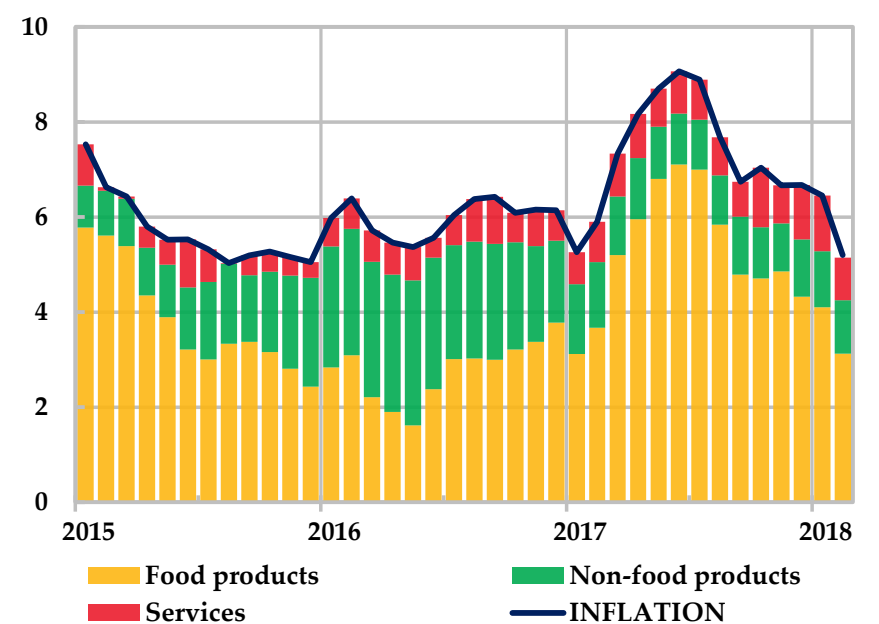
The core inflation,* excluding short-term fluctuations, in February, 2018¹ has made 0,2%², and reached 1,9%¹ (YoY), driven mostly by moderate change in prices for ready foodstuffs (meat products, dairy products, vegetative and animal oil), non-foodstuffs (washing-up liquids and medicines) and services (including household services).

In the dynamics of change of headline inflation, group of consumer prices excluding core inflation in February of 2018 declined in comparison to the previous month. Particularly, prices for raw foodstuffs have decreased mainly at the expense of monthly lowering of prices for flour (-1,4% m/m or -0,6% y/y), meat (-0,2% m/m or 14,1% y/y), cotton-seed oil (-2,0% m/m or -6,1% y/y), potato (-4,3% m/m or 17,1% y/y), onions (-5,3% m/m or 30,5% y/y), granulated sugar (-0,9% m/m or -7,9% y/y), green tea (-3,6% m/m or

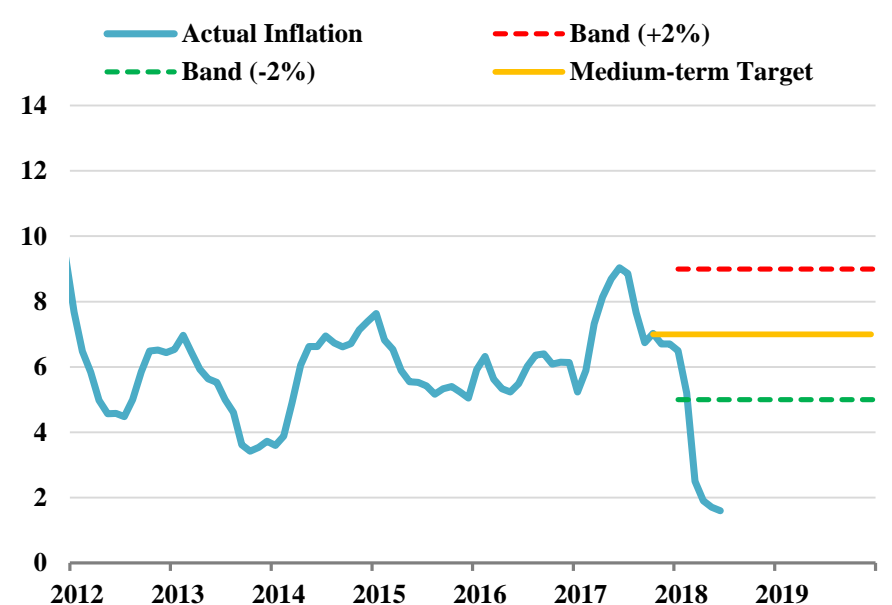
Monthly and Annual Inflation, in %
(source: Statistical Agency, NBT)



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



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



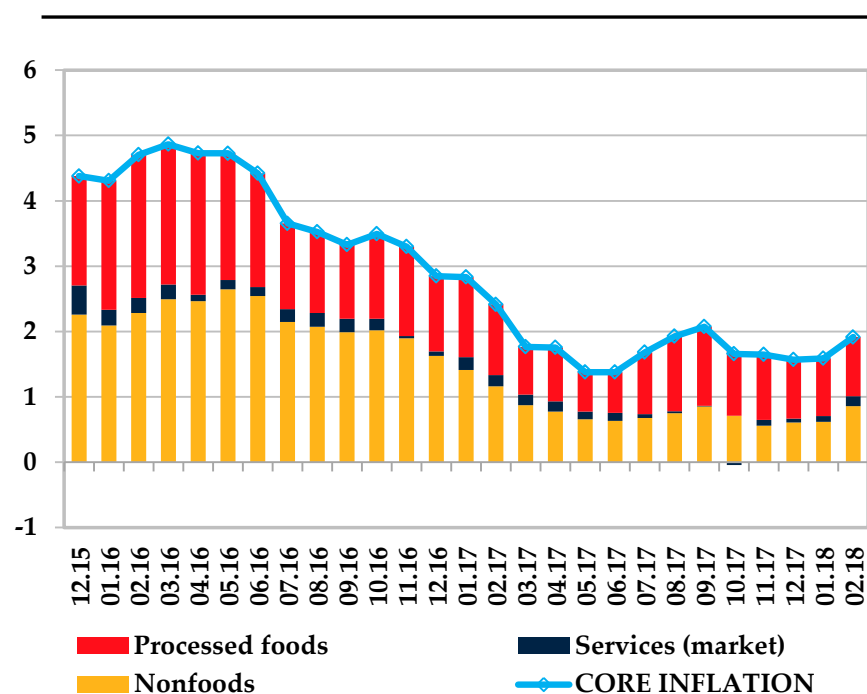
-2,0% y/y) and etc. At the same time, in February in line with influence of seasonal and supply factors the price for lamb (2,0% m/m or 13,0% y/y), an apple (6,2% m/m or -11,8%, y/y), grapes (14,0% m/m or 49,6% y/y), cucumbers (4,1% m/m or in 2,3 times, y/y) and eggs (0,9% m/m or -1,9% y/y) had an upward trend.

The prices for combustible materials in February, including the prices for gas, have shown a tendency of decrease (-3,1% m/m or 17,2% y/y) on back of stabilization of its import prices.

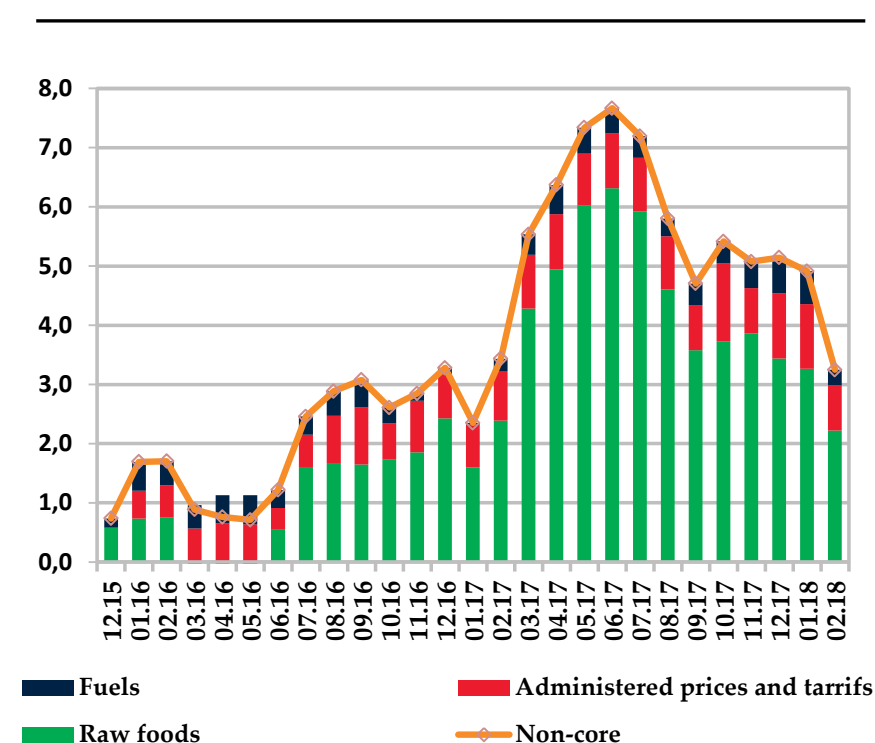
The prices for administrative services in February regardless of rising costs of air tickets (6,0% m/m or 4,4% y/y) have developed negatively (-0,1% m/m or 0,8% y/y) mainly due to drop in tariffs for utility services.

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 prices level, also achievement of targeted indicator of inflation.

Core Inflation, in %, annual
(source: Statistical Agency, NBT estimations)



Non-core Inflation, in %, annual
(source: Statistical Agency, NBT estimations)



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.

Consumer price index																		
	Weight, %	annual change															February, monthly change, %	
		2015	2016	2017												2018		
				January	February	March	April	May	June	July	August	September	October	November	December	January		February
Inflation	100,0	5,1	6,1	5,3	5,9	7,3	8,1	8,7	9,0	8,9	7,7	6,7	7,0	6,7	6,7	6,5	5,2	-0,1
Food and non-alcoholic beverages	55,4	3,8	6,4	4,8	6,0	8,8	10,2	11,8	12,3	12,2	10,2	8,4	8,3	8,6	7,7	7,3	5,4	-0,3
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	-0,8	-0,8	-0,9	-1,4	-1,2
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	-7,8	-6,9	-7,0	-5,4	0,3
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	0,7	0,3	0,2	-0,6	-1,4
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	14,0	13,8	14,0	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	15,8	14,7	15,0	14,1	-0,2
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	-10,2	1,0	0,1	1,9	0,8
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	5,0	4,4	3,7	4,6	1,2
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	8,4	6,3	6,3	4,5	0,0
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	4,7	1,3	0,0	-1,6	-0,7
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	-5,2	-1,8	-0,3	3,9	4,0
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	49,3	40,2	37,1	21,2	-1,3
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	-6,0	-6,7	-7,3	-7,9	-0,9
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	2,4	1,6	2,7	0,3	-2,3
Catering*	0,9	14,9	19,9	19,9	17,9	17,9	17,9	17,9	17,9	14,3	14,3	4,9	2,5	5,7	2,7	2,7	3,9	1,2
Alcoholic beverages and tobacco	1,5	15,9	11,8	12,2	10,0	9,1	8,6	6,2	8,1	6,7	6,8	6,9	6,7	6,6	6,2	6,2	7,1	0,8
Non-food products	27,4	7,9	5,7	5,2	5,0	4,4	4,6	4,0	3,9	3,8	3,8	4,4	3,9	3,7	4,4	4,3	4,1	0,1
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	9,0	9,2	2,5	2,7	0,3
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	2,6	2,4	2,5	4,9	2,4
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	2,5	4,0	3,1	4,0	1,2
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	0,2	1,0	0,7	2,2	1,4
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	19,8	27,7	25,9	17,2	-3,1
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	1,9	0,9	0,4	-7,7	-9,7
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	0,0	0,0	0,1	0,1
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	8,1	8,6	7,3	8,5	1,0
Services	14,8	2,2	4,5	5,0	5,8	6,2	6,3	5,6	6,0	5,6	5,4	5,0	8,5	5,4	7,7	7,9	6,0	-0,2
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	13,2	17,5	17,1	12,6	-2,1
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	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	9,1	9,1	11,6	8,4	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	14,7	14,7	15,0	15,0	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	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	19,3	40,1	35,7	13,4	-10,5
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	-0,2	2,8	5,0	3,3	1,6
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	1,3	1,3	0,0	0,0	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	5,3	5,3	2,0	1,5	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	1,7	1,7	1,3	1,3	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	2,1	1,1	0,9	1,3	0,4

* - The dining room, café and restaurant