



# NATIONAL BANK OF TAJIKISTAN

## Monthly Inflation Review • June 2018

**In June, 2018 monthly headline inflation has continued showing moderate tendency as previous months and stood at 0,5% that lower by 0,1 percentage points (p.p.) compare to the same month of the last year.**

Inflation mainly accompanied by growth in non-food products prices of 1,7% (share in inflation 0,5 p.p.) and services of 2,1% (0,3 p.p.). At the same time, food products prices have declined by -0,5% (-0,3 p.p.).

The detected rise in prices for some non-food products and services (mainly combustible materials) considered as nonmonetary factor.

In the structure of non-food products prices for gas raised by 33,0% on the back of reducing import of combustible materials to the country.

According to the statistical data only in June of current year 27,8 thousand tons of gas has been imported to the Republic of Tajikistan, and the given indicator in comparison with the previous month (May, 2018) is less for 22,1% (7,9 thousand tons).

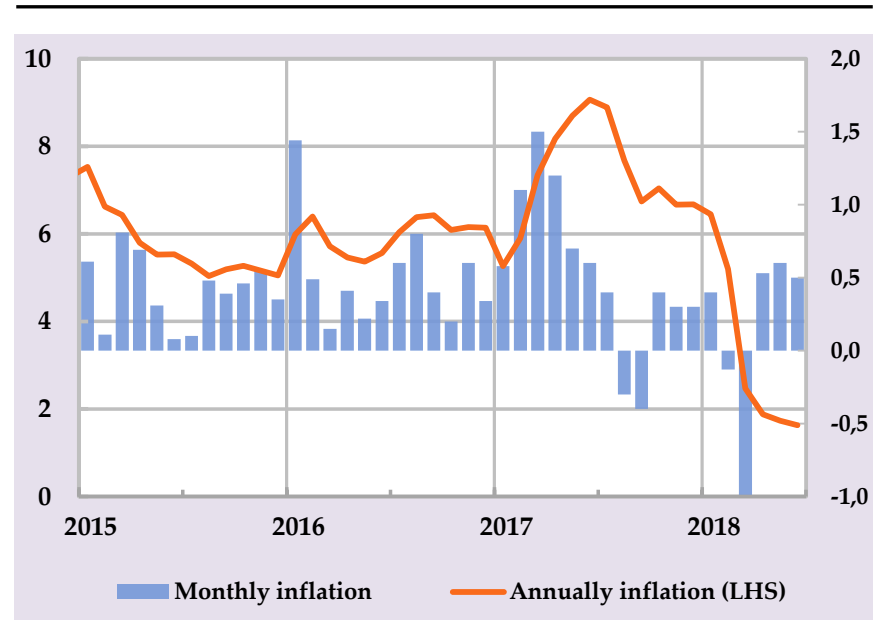
**As it was expected, the annual inflation has continued its downward trend, and in June reached 1,6%, the given figure in comparison with the previous month is less on 0,1 p.p.**

**According to analysis, pace of deceleration of annual inflation is temporary in nature, and to the end of the year it will develop within targeted indicator\*.**

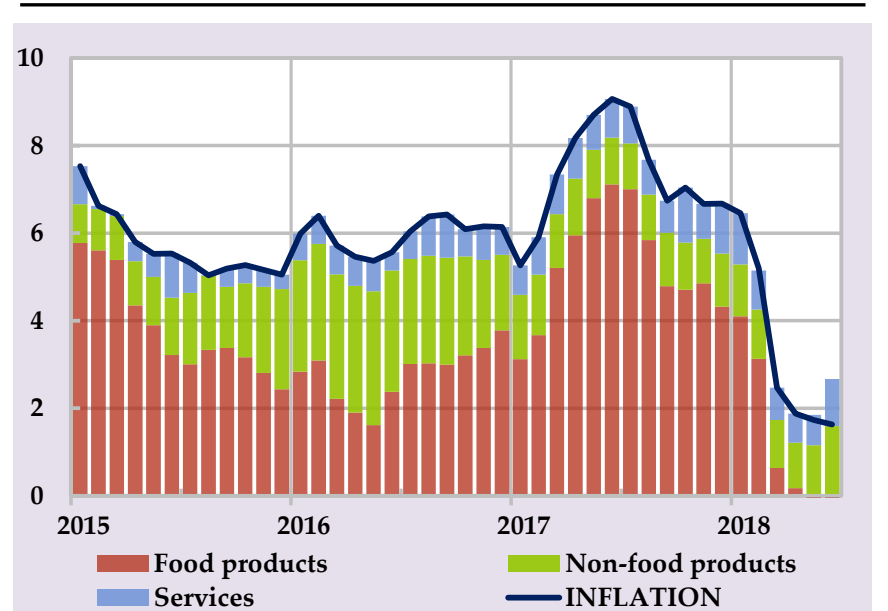
**The core inflation,\*\* reflecting long-term price tendency without influence of short-term fluctuations, in June of the current year has made 0,3%<sup>2</sup>, and in annual term reached 1,5%<sup>1</sup> owing to slightly increase in prices for processed food (meat, dairy products, vegetative and animal oil), non-foodstufs (washing-up liquids and medicines) and services (household services).**

**Non-core inflation dynamics (consumer goods excluded from core inflation) in June of 2018 revealed that decline in raw food products was the main contributing factor to headline inflation deceleration.**

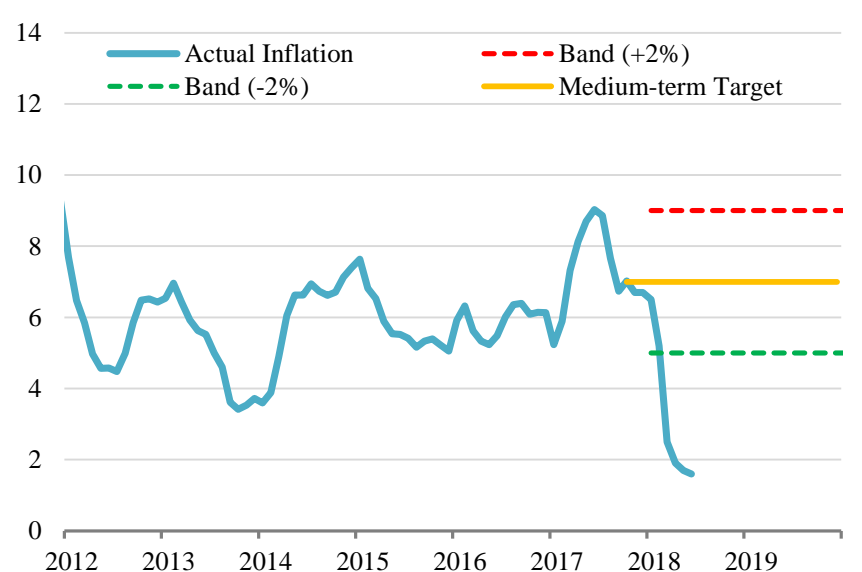
Monthly and Annual Inflation, in %  
(source: Statistical Agency, NBT)



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



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



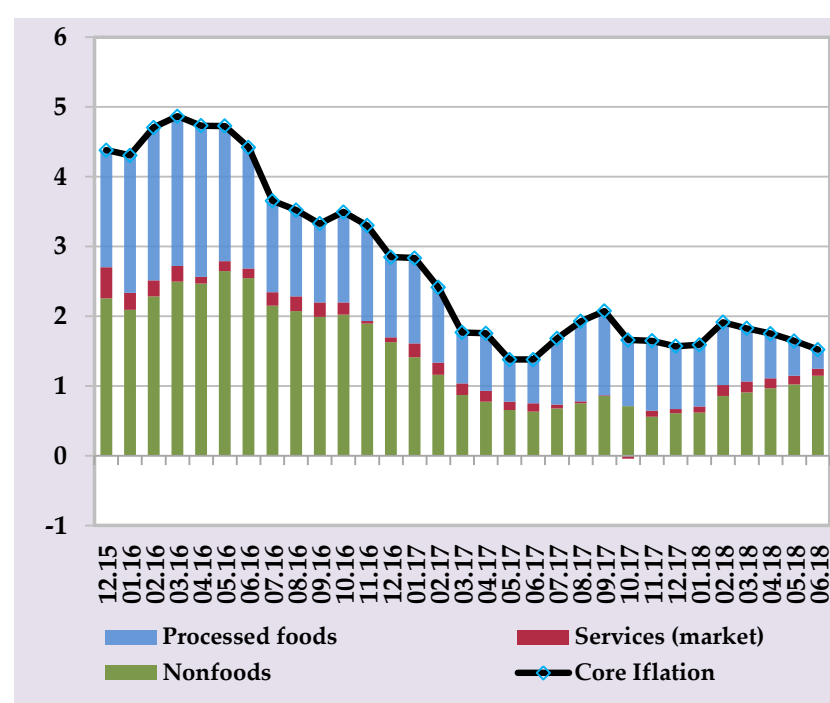
Particularly, fall in prices for apple (-23,8% m/m or 19,8% y/y), potato (-13,3% m/m or -44,6% y/y), onions (-8,0% m/m or -63,9% y/y), tomatoes (-26,4% m/m or 70,6% y/y), cucumbers (-10,0% m/m or 46,5% y/y), cabbage (-6,0% m/m or -32,1% y/y), eggs (3,4% m/m or 0,1% y/y) and etc. At the same time, in turn of influence of seasonal factors and supply factors the price for meat (1,2% m/m or 3,0% y/y), rice (2,7% m/m or 8,1% y/y), sugar (9,1% m/m or -11,2% y/y), cotton oil (3,8% m/m or -6,1% y/y) and lemon (18,8% m/m or 82,5% y/y) had upward tendency.

**The growth of prices for administrative services (0,3% m/m or 1,0% y/y) in June occurred due to rise in price for gas (including in consumer basket as services) has developed with positive figure (31,1% m/m or 52,3% y/y).**

**The National Bank of Tajikistan implements transparent, consecutive monetary policy by using monetary and exchange rate instruments, primarily refinancing rate to regulate money supply and to mitigate overcoming pressure upon price level for achievement of targeted inflation level.**

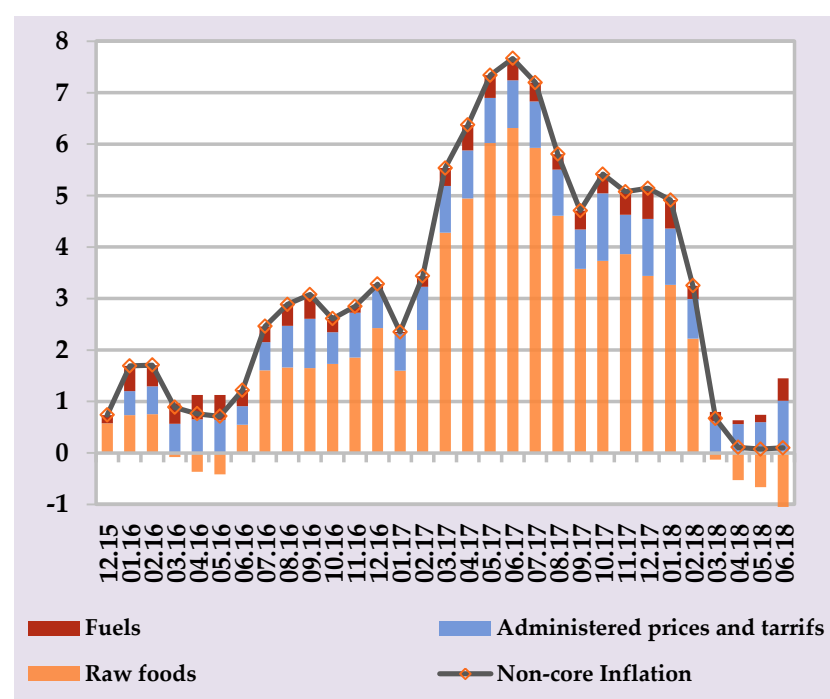
**Core Inflation, in %, annual**

(source: Statistical Agency, NBT estimations)



**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									June, monthly change, %
		2015	2016	2017	2018						
					January	February	March	April	May	June	
<b>Inflation</b>	<b>100,0</b>	<b>5,1</b>	<b>6,1</b>	<b>6,7</b>	<b>6,5</b>	<b>5,2</b>	<b>2,5</b>	<b>1,9</b>	<b>1,7</b>	<b>1,6</b>	<b>0,5</b>
<b>Food and non-alcoholic beverages</b>	<b>53,1</b>	<b>3,8</b>	<b>6,4</b>	<b>7,7</b>	<b>7,3</b>	<b>5,4</b>	<b>0,9</b>	<b>0,0</b>	<b>-0,5</b>	<b>-2,1</b>	<b>-0,5</b>
Bread and bread products	17,5	9,1	-2,5	-0,8	-0,9	-1,4	-3,4	-4,2	-4,7	-4,2	0,6
Rise	2,9	11,6	-9,2	-6,9	-7,0	-5,4	1,9	3,2	5,9	8,1	2,7
Flour	10,7	7,8	-3,0	0,3	0,2	-0,6	-6,0	-7,5	-8,5	-8,2	0,2
Meat and meat products	8,3	-10,2	3,7	13,8	14,0	13,4	13,5	8,9	5,2	4,9	0,0
Beef	5,4	-14,3	3,2	14,7	15,0	14,1	14,0	7,8	3,0	3,0	1,2
Eggs	1,5	5,5	12,0	1,0	0,1	1,9	-0,6	2,4	4,7	0,1	-3,4
Milk and dairy products	1,7	7,3	0,4	4,4	3,7	4,6	2,3	5,0	6,1	3,7	-0,9
Milk	0,5	16,1	-7,2	6,3	6,3	4,5	-2,2	4,1	7,2	0,7	-2,1
Plant and Animal Oil	5,7	12,7	11,3	1,3	0,0	-1,6	-2,5	-2,2	-3,6	-0,8	3,0
Fruit	4,3	12,3	16,7	-1,8	-0,3	3,9	6,4	15,7	24,5	24,2	-8,2
Vegetables	6,6	-12,4	16,5	40,2	37,1	21,2	-6,4	-9,7	-13,1	-23,8	-6,0
Sugar	2,4	19,3	15,0	-6,7	-7,3	-7,9	-10,1	-17,3	-17,5	-11,2	9,1
Soft drinks	1,3	13,7	19,9	1,6	2,7	0,3	0,6	2,0	3,9	3,3	0,6
<b>Catering*</b>	<b>0,9</b>	<b>14,9</b>	<b>19,9</b>	<b>2,7</b>	<b>2,7</b>	<b>3,9</b>	<b>3,9</b>	<b>3,9</b>	<b>3,9</b>	<b>3,9</b>	<b>0,0</b>
<b>Alcoholic beverages and tobacco</b>	<b>1,4</b>	<b>15,9</b>	<b>11,8</b>	<b>6,2</b>	<b>6,2</b>	<b>7,1</b>	<b>8,0</b>	<b>8,2</b>	<b>7,5</b>	<b>4,7</b>	<b>0,0</b>
<b>Non-food products</b>	<b>29,2</b>	<b>7,9</b>	<b>5,7</b>	<b>4,4</b>	<b>4,3</b>	<b>4,1</b>	<b>4,0</b>	<b>3,8</b>	<b>4,2</b>	<b>5,8</b>	<b>1,7</b>
Clothes and shoes	9,7	9,2	14,5	9,2	2,5	2,7	3,0	3,8	4,0	4,9	1,0
Repair and construction materials	3,7	2,2	-0,9	2,4	2,5	4,9	4,9	5,5	6,0	6,1	0,6
Detergents	1,8	15,5	1,2	4,0	3,1	4,0	4,0	3,3	1,5	0,7	-0,9
Medicine	2,9	24,7	14,1	1,0	0,7	2,2	2,2	0,8	1,2	1,9	0,7
Petrol vehicles lubrication products	2,0	-7,0	2,9	27,7	25,9	17,2	14,1	8,9	11,9	26,4	13,7
Other Heating Products	1,3	19,0	3,0	0,9	0,4	-7,7	-8,1	-8,1	-8,1	-8,9	-0,8
Vehicle	0,9	-2,0	0,0	0,0	0,0	0,1	0,1	0,1	2,9	4,4	1,4
Other personal effects	1,5	7,6	7,1	8,6	7,3	8,5	9,1	9,5	9,7	11,9	2,1
<b>Services</b>	<b>15,2</b>	<b>2,2</b>	<b>4,5</b>	<b>7,7</b>	<b>7,9</b>	<b>6,0</b>	<b>5,0</b>	<b>4,5</b>	<b>4,7</b>	<b>7,3</b>	<b>2,1</b>
Housing and communal	5,2	3,2	9,8	17,5	17,1	12,6	11,7	11,3	13,6	20,5	6,2
Rental of property	0,2	14,3	0,0	0,0	0,0	0,0	1,4	1,4	4,6	4,6	0,0
Water and garbage collection fee	0,7	20,1	5,1	9,1	11,6	8,4	8,4	8,4	9,5	9,5	0,0
Electricity	2,6	0,0	28,6	14,7	15,0	15,0	15,0	14,9	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	0,0
Gas	1,1	-6,3	-6,6	40,1	35,7	13,4	8,5	7,2	17,2	52,3	31,1
Transport	4,4	-2,3	-1,4	2,8	5,0	3,3	0,7	-0,2	-1,9	-0,6	-0,1
communication	1,6	0,8	0,0	1,3	0,0	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	1,5	0,0
Health	0,8	14,0	1,9	1,7	1,3	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	2,9	1,2

\* - The dining room, café and restaurant