



# NATIONAL BANK OF TAJIKISTAN

## Monthly Inflation Review • November 2018

**In November, 2018 the headline inflation<sup>1</sup> continued its stable tendency, reaching 0.4%, 0.3 p.p. below month on month (m/m) and 0.1 p.p. more year on year (y/y) basis.**

For the reporting month it was a detected change in the inflation mainly occurred owing to a rise in prices for non-food products by 0.7% (contribution to inflation 0.2 p.p) and services by 1.0% (0.2 p.p).

It should be noted that a significant share of non-food products is imported products, and price change depends on the conjuncture of world financial markets. Particularly, prices of combustible materials (1.8% m/m or 18.1% y/y) have showed a moderate growth tendency owing to rise in prices for liquefied gas (4.5% m/m or 22.6% y/y) and AI-92 gasoline (0.8% m/m or 19.2% y/y) associated supply factors and upsurge of prices in countries exporting petroleum products.

For the reporting period cost of services has risen in line with administrative factors, particularly, increase in prices for electricity by 14.2% (0.3 percentage points) and cost of personal services by 0.3%. At the same time, tariffs for passenger transport services dropped by 5.4% (-0.2 p.p).

Prices for non-food products had a stable tendency, increasing by 0.1% (contribution to inflation 0.1 p.p.), owing to influence of seasonal and external factors. Particularly price for flour of the first grade grew by 2.3%, granulated sugar 1.3%, eggs 1.6% and apples 3.3%.

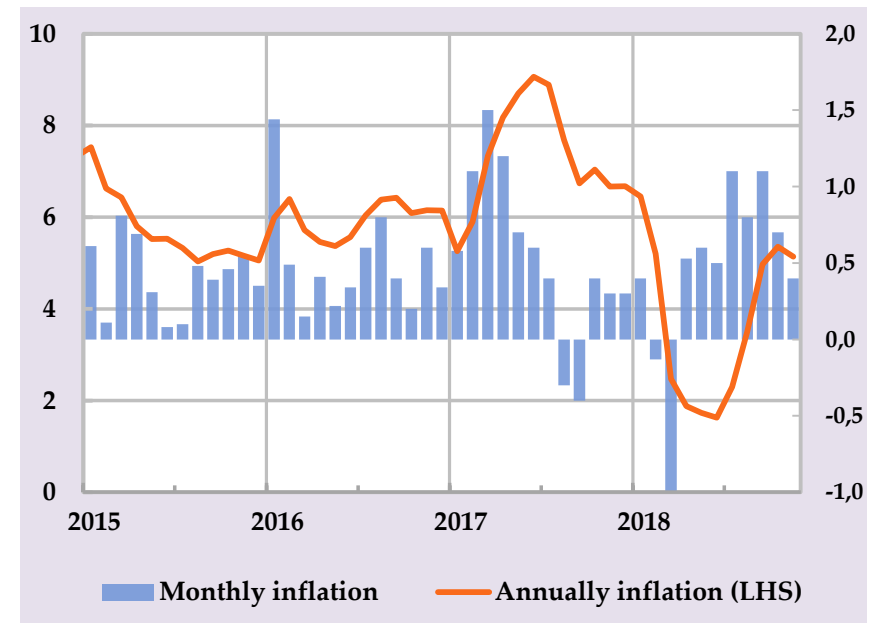
According to the World Bank data, wheat prices in November of this year averaged USD 203.6 per ton, which is 10.6% more than at the beginning of the year.

**Annual inflation, continuing its stable trend, reached 5.5%, compare to the same period of last year was less for 1.2 p.p. This indicator, regardless the impact of external economic and financial shocks in line with projected figure and targeted inflation horizon.**

Core inflation\*\*, which reflects long-term price fluctuation excluding short term price volatility, in November reached 0.2%<sup>2</sup> m/m and 2.4%<sup>3</sup> y/y basis, mostly driven by moderate change in prices for finished food products (meat products, dairy products, vegetable

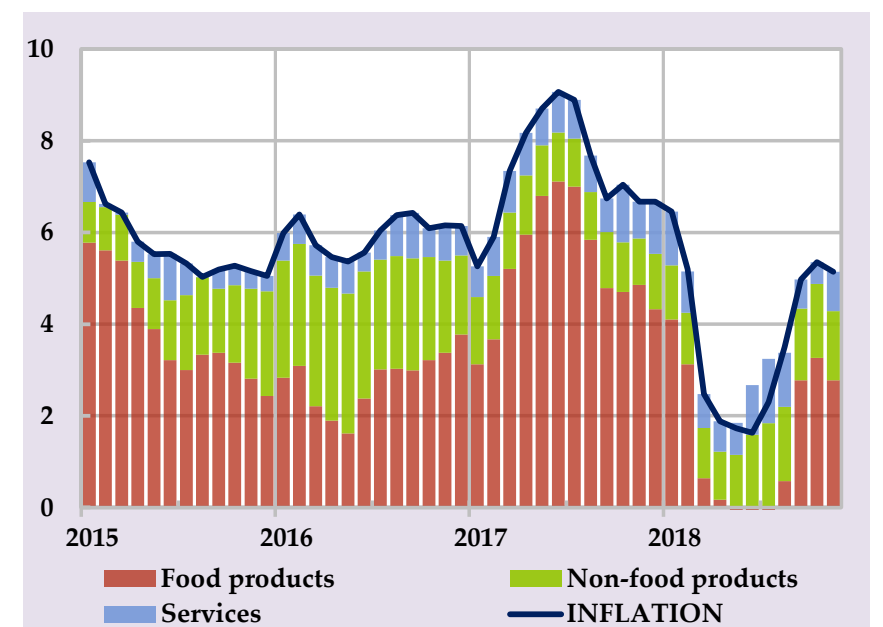
Monthly and Annual Inflation, in %

(source: Statistical Agency, NBT calculations)



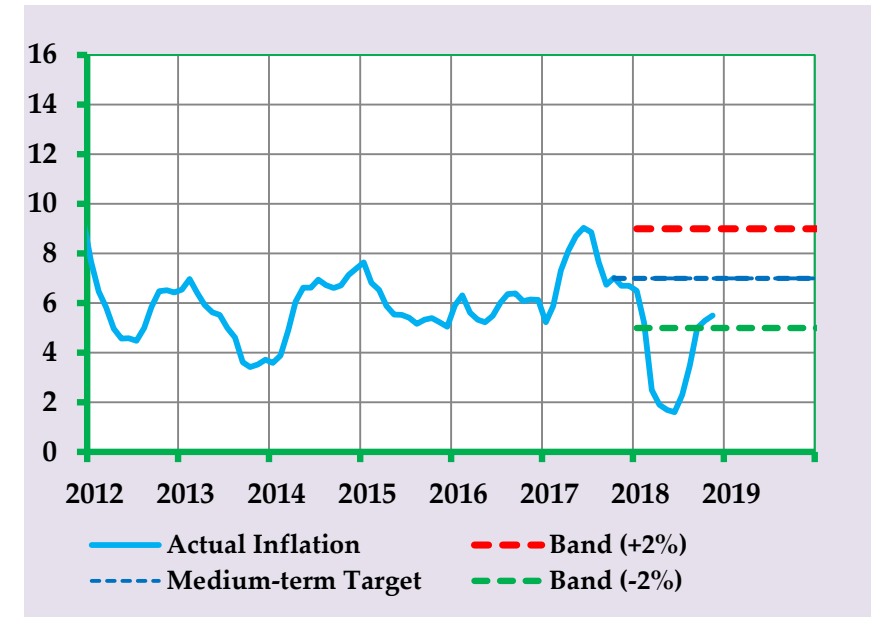
Contribution of Components to Inflation, in %, annual

(source: Statistical Agency, NBT calculations)



Medium term Inflation Target, in %, annual

(source: Statistical Agency, NBT calculations)



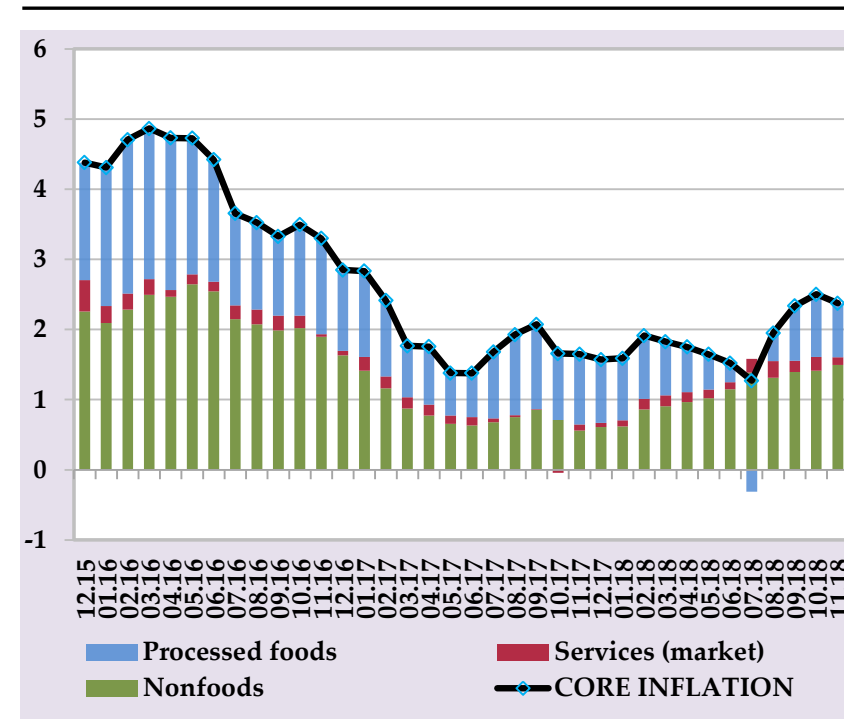
and animal oils), non-food products (detergents and medicines) and services (including personal services).

Non-core inflation dynamics in November, 2018 showed slightly declining price of raw food products, specifically prices for mutton (-0.3% m/m or 4.8% y/y), rice (-0.5% m/m or 17.9% y/y), potatoes (-4.1% m/m or -38.7% y/y), carrots (-18.3% m/m or 62.2% y/y), cabbage (-6.2% m/m or 83.5% y/y), tomatoes (-1.0% m/m or 3.5% y/y), peas (-2.6% m/m or -19.6% y/y), pear (-1.6% m/m or -16.3% y/y), lemon (-28.4% m/m or -21.8% y/y), etc. Along with this, due to influence of external seasonal factors and supply, prices for first grade flour (2.3% m/m or 9.8% y/y), beef (0.3% m/m or 5.7% y/y), chicken (2.1% m/m or 7.5% y/y), cottonseed oil (0.2% m/m or 9.1% y/y), eggs (1.6% m/m or 7.6% y/y), onions (2.2% m/m or 53.5% y/y), pumpkin (1.8% m/m or -16.8% y/y), apple (3.3% m/m or -2.0% y/y), grapes (35.2% m/m or 50.1% y/y) and cucumbers (33.3% m/m or -26.4% y/y) had a tendency of growth.

**The National Bank of Tajikistan implements a prudent monetary policy by using monetary instruments to regulate money supply and to achieve inflation target.**

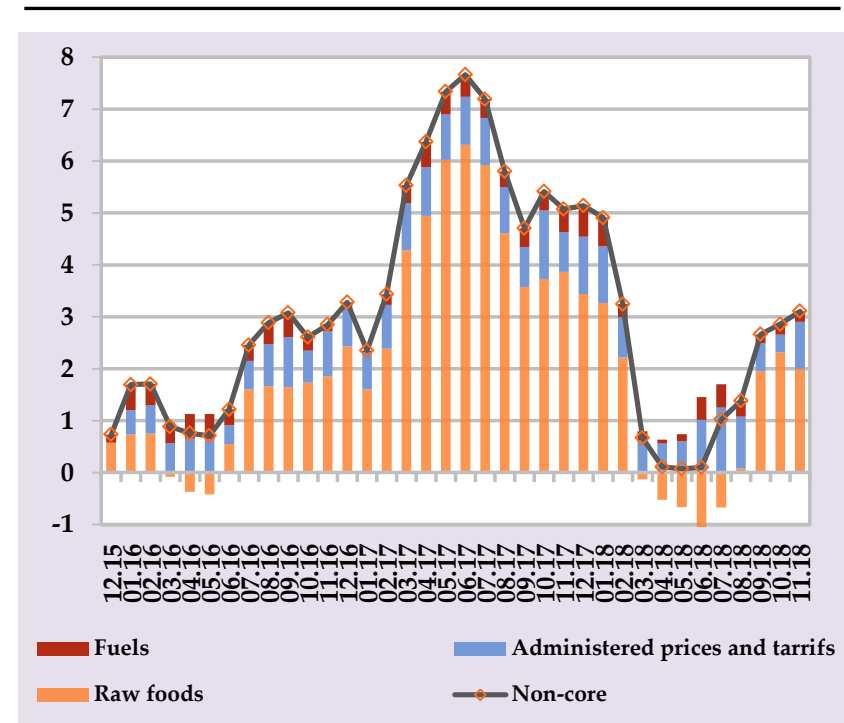
**Core Inflation, in %, annual**

(source: Statistical Agency, NBT calculations)



**Non-core Inflation, in %, annual**

(source: Statistical Agency, NBT calculations)



<sup>1</sup> - Agency on Statistic

<sup>2</sup> - m/m –month on month (monthly change)

<sup>3</sup> - y/y – year on year (annual change)

p.p- percentage point

\* 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.

Monthly Inflation Review • November

Consumer price index*																	
	Weight, %	annual change														November, monthly change, %	
		2015	2016	2017	2018												
					January	February	March	April	May	June	July	August	September	October	November		
<b>Inflation</b>	100,0	5,1	6,1	6,7	6,5	5,2	2,5	1,9	1,7	1,6	2,3	3,5	5,0	5,3	5,5	0,4	
<b>Food and non-alcoholic beverages</b>	53,1	3,8	6,4	7,7	7,3	5,4	0,9	0,0	-0,5	-2,1	-1,9	0,7	4,8	5,6	4,9	0,1	
Bread and bread products	17,5	9,1	-2,5	-0,8	-0,9	-1,4	-3,4	-4,2	-4,7	-4,2	-2,1	-0,8	4,5	6,0	8,6	1,5	
Rise	2,9	11,6	-9,2	-6,9	-7,0	-5,4	1,9	3,2	5,9	8,1	10,2	13,1	15,8	16,3	17,9	-0,5	
Flour	10,7	7,8	-3,0	0,3	0,2	-0,6	-6,0	-7,5	-8,5	-8,2	-5,5	-4,3	3,9	6,3	9,8	2,3	
Meat and meat products	8,3	-10,2	3,7	13,8	14,0	13,4	13,5	8,9	5,2	4,9	4,5	5,8	6,7	5,8	6,0	0,8	
Beef	5,4	-14,3	3,2	14,7	15,0	14,1	14,0	7,8	3,0	3,0	2,8	5,1	6,1	5,7	5,7	0,3	
Eggs	1,5	5,5	12,0	1,0	0,1	1,9	-0,6	2,4	4,7	0,1	-4,2	0,0	7,7	11,5	7,6	1,6	
Milk and dairy products	1,7	7,3	0,4	4,4	3,7	4,6	2,3	5,0	6,1	3,7	3,9	3,9	3,4	6,0	3,9	0,2	
Milk	0,5	16,1	-7,2	6,3	6,3	4,5	-2,2	4,1	7,2	0,7	0,9	0,7	-1,4	5,4	1,3	2,6	
Plant and Animal Oil	5,7	12,7	11,3	1,3	0,0	-1,6	-2,5	-2,2	-3,6	-0,8	3,5	4,0	4,7	7,8	7,5	0,0	
Fruit	4,3	12,3	16,7	-1,8	-0,3	3,9	6,4	15,7	24,5	24,2	51,6	36,9	18,2	7,2	6,9	0,8	
Vegetables	6,6	-12,4	16,5	40,2	37,1	21,2	-6,4	-9,7	-13,1	-23,8	-34,4	-21,9	-1,4	4,2	-6,6	-5,7	
Sugar	2,4	19,3	15,0	-6,7	-7,3	-7,9	-10,1	-17,3	-17,5	-11,2	-16,8	-13,8	-11,3	-6,3	-3,0	1,3	
Soft drinks	1,3	13,7	19,9	1,6	2,7	0,3	0,6	2,0	3,9	3,3	4,0	3,6	3,6	3,3	3,2	0,1	
<b>Catering**</b>	0,9	14,9	19,9	2,7	2,7	3,9	3,9	3,9	3,9	3,9	5,2	5,2	6,9	6,9	3,1	0,0	
<b>Alcoholic beverages and tobacco</b>	1,4	15,9	11,8	6,2	6,2	7,1	8,0	8,2	7,5	4,7	6,2	6,8	6,4	5,7	4,5	-1,1	
<b>Non-food products</b>	29,2	7,9	5,7	4,4	4,3	4,1	4,0	3,8	4,2	5,8	6,7	5,9	5,7	5,9	6,2	0,7	
Clothes and shoes	9,7	9,2	14,5	9,2	2,5	2,7	3,0	3,8	4,0	4,9	5,4	5,2	4,6	4,7	4,9	0,7	
Repair and construction materials	3,7	2,2	-0,9	2,4	2,5	4,9	4,9	5,5	6,0	6,1	6,7	6,0	7,0	6,9	6,9	0,2	
Detergents	1,8	15,5	1,2	4,0	3,1	4,0	4,0	3,3	1,5	0,7	1,9	1,9	3,2	4,9	5,7	0,8	
Medicine	2,9	24,7	14,1	1,0	0,7	2,2	2,2	0,8	1,2	1,9	4,7	4,5	9,2	7,7	9,3	1,7	
Petrol vehicles lubrication products	2,0	-7,0	2,9	27,7	25,9	17,2	14,1	8,9	11,9	26,4	27,1	20,4	14,1	15,5	18,1	1,8	
Other Heating Products	1,3	19,0	3,0	0,9	0,4	-7,7	-8,1	-8,1	-8,1	-8,9	-8,9	-8,9	-8,9	-8,9	-12,5	0,0	
Vehicle	0,9	-2,0	0,0	0,0	0,0	0,1	0,1	0,1	2,9	4,4	4,4	4,4	4,4	4,5	4,5	0,0	
Other personal effects	1,5	7,6	7,1	8,6	7,3	8,5	9,1	9,5	9,7	11,9	13,1	10,6	8,4	9,0	8,7	0,3	
<b>Services</b>	15,2	2,2	4,5	7,7	7,9	6,0	5,0	4,5	4,7	7,3	9,5	8,0	4,3	3,2	6,7	1,0	
Housing and communal	5,2	3,2	9,8	17,5	17,1	12,6	11,7	11,3	13,6	20,5	19,2	14,9	11,3	5,6	14,0	8,0	
Rental of property	0,2	14,3	0,0	0,0	0,0	0,0	1,4	1,4	4,6	4,6	4,6	5,0	5,0	5,0	5,0	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	9,5	9,5	9,5	14,2	9,4	0,0	
Electricity	2,6	0,0	28,6	14,7	15,0	15,0	15,0	14,9	14,9	14,9	14,7	14,7	14,7	0,6	14,9	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	1,5	1,5	
Gas	1,1	-6,3	-6,6	40,1	35,7	13,4	8,5	7,2	17,2	52,3	44,7	24,8	8,7	13,4	20,4	4,3	
Transport	4,4	-2,3	-1,4	2,8	5,0	3,3	0,7	-0,2	-1,9	-0,6	7,2	6,0	-0,7	2,1	5,2	-5,4	
communication	1,6	0,8	0,0	1,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,1	0,0	
Education	1,6	2,6	11,3	5,3	2,0	1,5	1,5	1,5	1,5	1,5	1,5	1,5	0,2	0,3	0,3	0,0	
Health	0,8	14,0	1,9	1,7	1,3	1,3	1,3	1,3	1,3	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	3,1	3,1	1,8	2,5	2,8	0,3	

\*The given name of goods. Products and services in general form or consumer goods. Detailed information about name of goods (on consumer basket from 546 types) which is available on the website of the Statistics Agency under the President of the RT.

\*\* - The dining room, café and restaurant