



NATIONAL BANK OF TAJIKISTAN

Monthly Inflation Review • October 2018

According to statistical data, inflation¹ in October, 2018 has made 0.7%, 0.4 percentage points below than previous month and 0.3 percentage points (p.p.) more the same month of last year.

The acceleration reflected inflation increases of 1.4% (share in inflation 0.7 p.p) for food prices, along with seasonal factors, decline in certain agricultural goods production (particularly, cucumbers 86.5% (0,3 p.p.) and tomatoes 23.2% (0.1 p.p.). Price of flour (the share in consumer basket 10.7%) has also risen by 2.0% (0.2 p.p.), along with external and seasonal factors.

According to the World Bank data, price of flour in October averaged \$213.5 per ton, 16.0% more than the beginning of year.

The prices for non-food goods remained relatively stable, increasing by 0.3% (0.1p.p.). It is should be noted that significant share of non-food stuffs are imported products, and price changes mostly depends on world prices. Particularly, prices for combustible materials (0.2% m/m or 15.5% y/y) due to change in prices for liquefied gas (0.6% m/m or 14.9% y/y) and AI-92 gasoline (0.1% m/m or 19.0% y/y) showed moderate growth, reflected supply factor and increase of prices in countries exporting petroleum products.

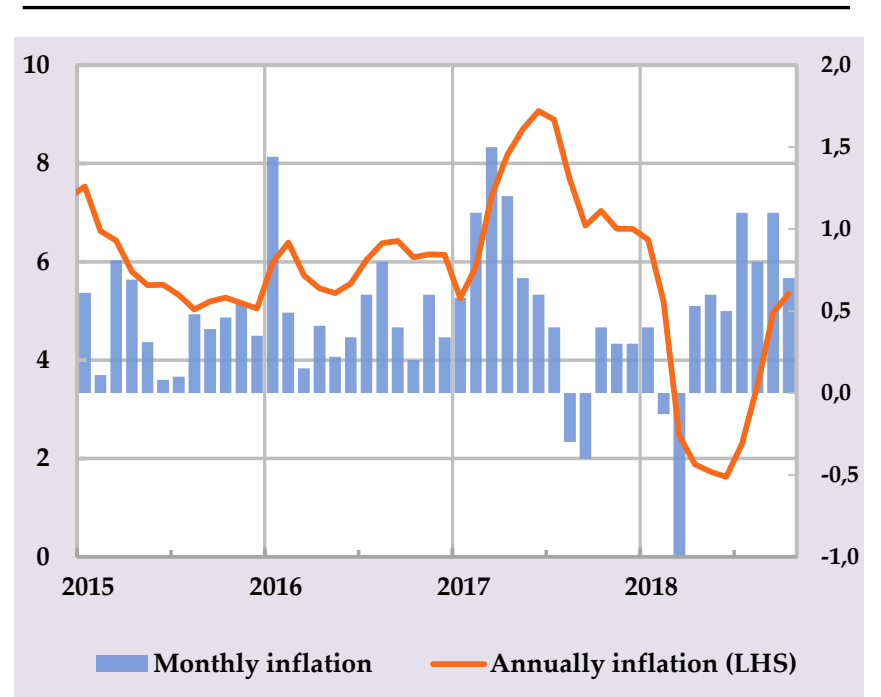
For the reporting period price services declined by -0.6% (-0.1 p.p.) mainly caused drop 3.2% in tariffs for passenger transport services. At the same time, tariffs for housing and public utility services increased by 1.0%, consumer services, 0.7% and educational services, 0.1%.

The annual inflation rate (covering the past 12 month), has a stable trend, reaching 5.3%, 1.7 p.p. below the same period of last year. It is expected that annual inflation will continue its moderate growth tendency and by the end of the year will develop within the targeted horizon.

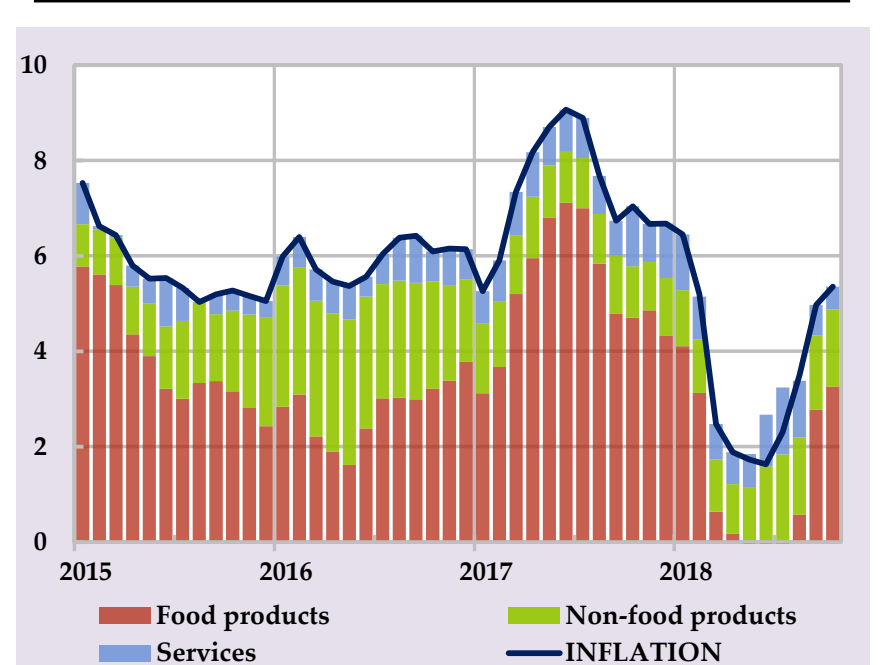
Core inflation** in October reached 0.1%² m/m and 2.5%³ y/y, owing to relatively stabilizing of prices for finished foodstuffs (meat products, dairy products, vegetable and animal oils), non-food stuffs (detergents and medicines) and services (including personal services).

Non-core inflation dynamics showed a relative decline in prices for some raw foodstuffs compared to September

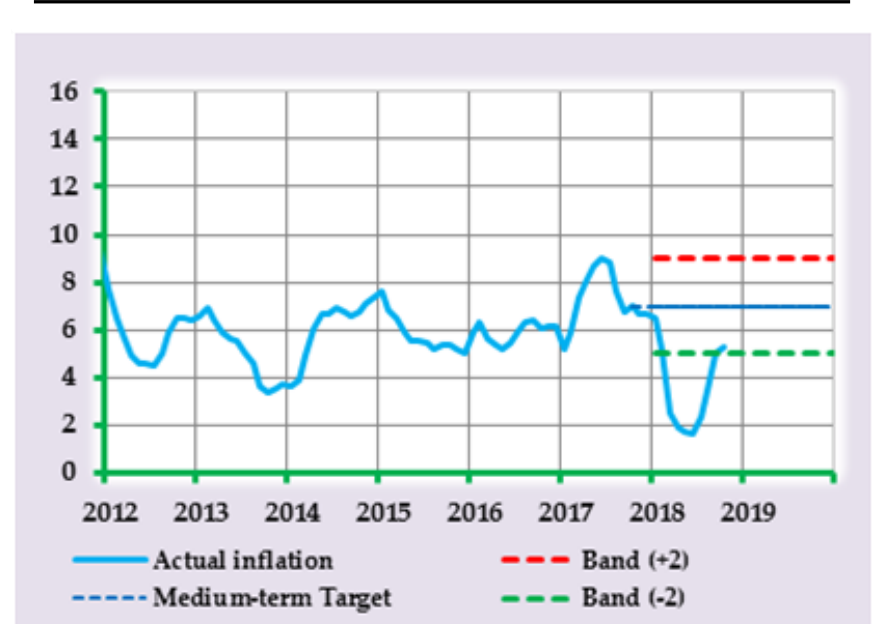
Monthly and Annual Inflation, in %
(source: Statistical Agency, NBT calculations)



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



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

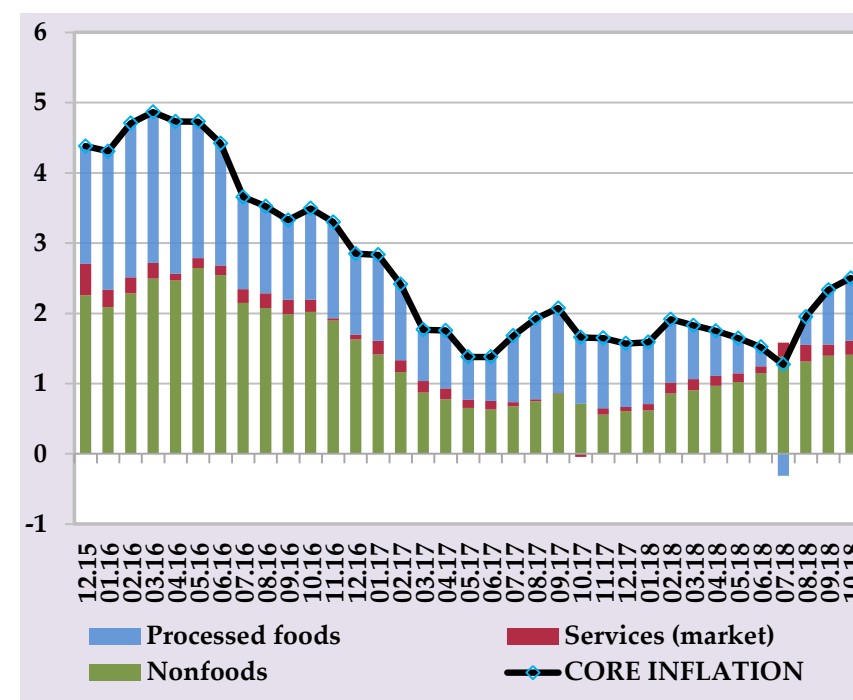


was the main contributor to inflation deceleration. Particularly, fall in prices for apple (-0.4% m/m or -2.8% y/y), grapes (-2.8% m/m or 18.1% y/y), pear (-23.0% m/m or -13.5% y/y), lemon (-8.6% m/m or 4.6% y/y), peas (-5.0% m/m or -21.2% y/y), beef (-0.3% m/m or 5.7% y/y), potatoes (-1.0% m/m or -34.1% y/y), pumpkin (-10.4% m/m or -16.7% y/y), etc. However, in line with external, seasonal and supply factors, price of first-grade flour (2.0% m/m or 6.3% y/y), cucumbers (86.5% m/m or -34.4% y/y), tomatoes (23.2% m/m or 89.3 % y/y), rice (0.3% m/m or 16.3% y/y), cottonseed oil (3.1% m/m or 8.0% y/y), eggs (7.1 % m/m or 11.5% y/y), onions (14.8% m/m or -50.7% y/y), carrots (11.3% m/m or 65.0% y/y), cabbage (17.5% m/m or 67.0% y/y) have risen.

The National Bank of Tajikistan implements prudent monetary policy by using instruments to regulate money supply in order to preserve inflation within targeted horizon.

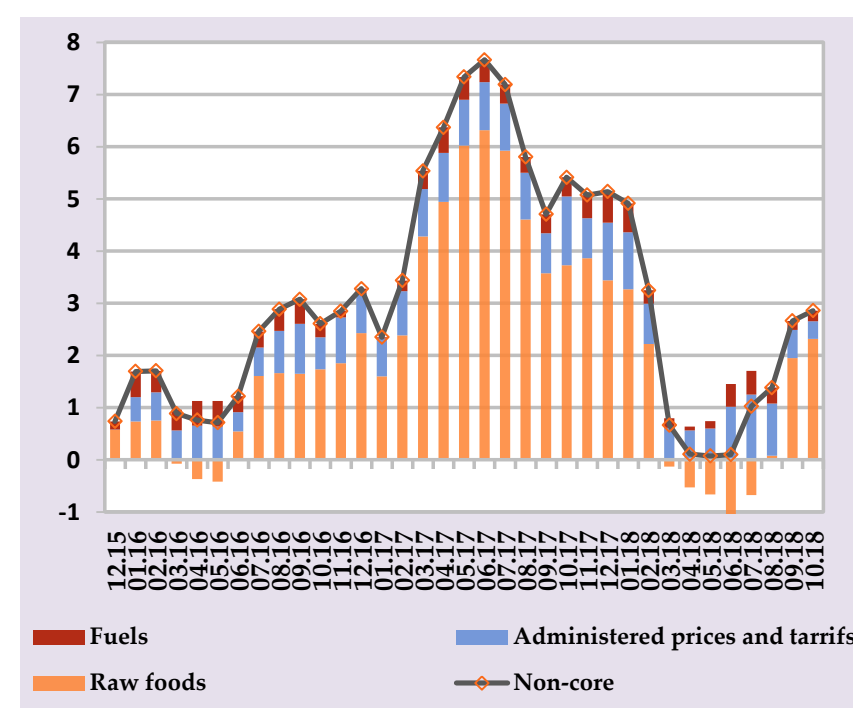
Core Inflation, in %, annual

(source: Statistical Agency, NBT calculations)



Non-core Inflation, in %, annual

(source: Statistical Agency, NBT calculations)



¹ - Agency on Statistic

² - m/m –month to month (monthly change)

³ - y/y – year to 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.

Consumer price index*															
	Weight, %	annual change													October, monthly change, %
		2015	2016	2017	2018										
					January	February	March	April	May	June	July	August	September	October	
Inflation	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	0,7
Food and non-alcoholic beverages	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	1,5
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	1,3
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	0,3
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	2,0
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	0,1
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	-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	7,1
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	3,3
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	8,8
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	1,9
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	-3,7
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	7,8
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	0,0
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	0,0
Catering**	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	0,0
Alcoholic beverages and tobacco	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	0,0
Non-food products	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	0,3
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	0,3
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	0,5
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	1,7
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	-1,2
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	0,2
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	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	0,1
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	0,5
Services	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	-0,7
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	1,0
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	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	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	0,2
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	0,0
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	0,6
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	-3,2
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	0,0
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	0,1
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	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	0,7

*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