



# NATIONAL BANK OF TAJIKISTAN

## Monthly Inflation Review • September 2018

**The headline inflation<sup>1</sup> for 6 months (April-September) has showed a stable upward trend and made 1.1% in September, 2018, which is 1.5 p.p. more than in the same month of last year.**

Inflation was mainly driven due to rise in foodstuffs prices by 2.8% (share in inflation 1.5 p.p) and non-foodstuffs prices by 0.6% (0.2 p.p.). At the same time, costs of services have declined by 3.8% (0.6 p.p.).

**Analysis reveals that inflation stood slightly above targeted horizon due to influence of seasonal and supply factors, also accelerating aggregate demand.**

In September the average prices for first grade flour increased by 9.3%. Flour is one of the main consumer goods of population (share in consumer basket is 10.7%), and growth in its price began from April and for last 6 months (April – September 2018) has reached 14.1%.

According to customs statistics, the price for flour imported into the republic in August of this year averaged USD 236.5 per ton, which is 7.2% more than in August.

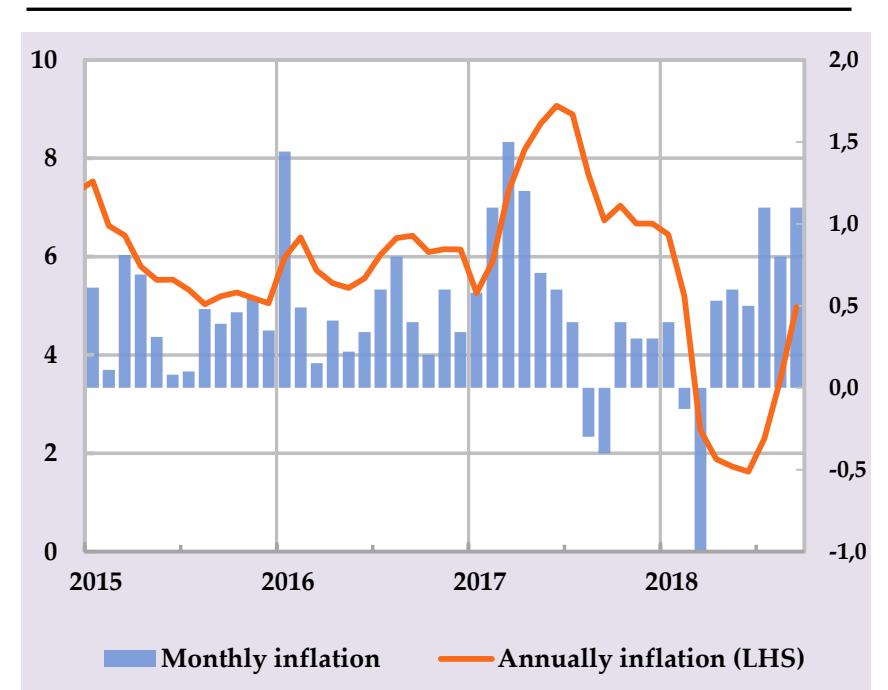
**Thus, in September, 2018 the annual inflation (for last 12 months) reached 5.0%, increasing by 1.5 p.p. compare to the previous month.**

It is expected that the annual inflation rate will continue moderate upward trend and at the end of the year will fluctuate within targeted indicator range \*.

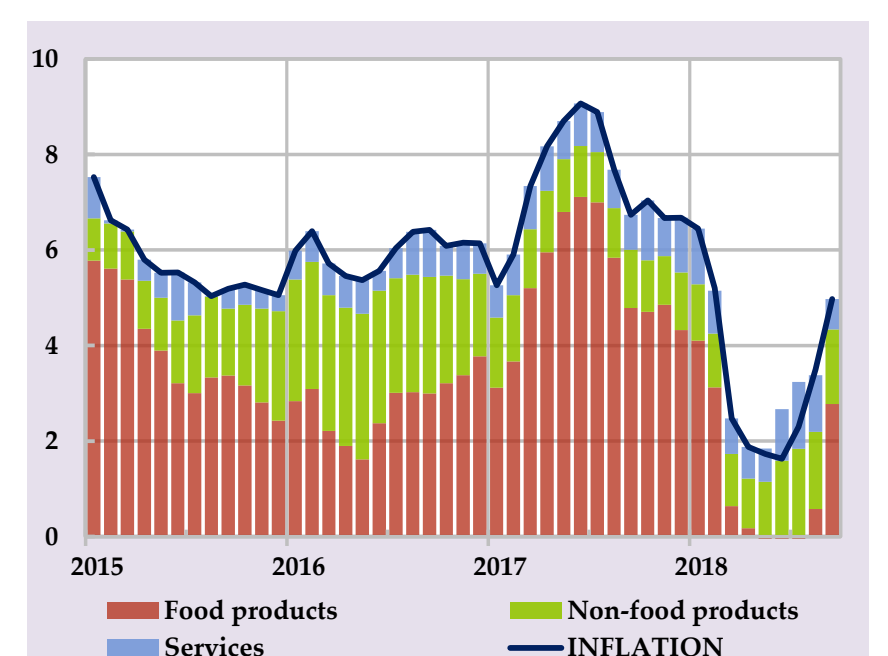
In September, 2018, the core inflation\*\* has made -0.1% m/m and 2.3% y/y., driven mostly due to gradual stabilizing finished foodstuffs prices (meat products, dairy products, vegetable and animal oils), non-foodstuffs (detergents and medicines) and services (including household services).

In September 2018, the non-core inflation dynamic change mainly accompanied drop in prices for same raw foodstuffs. Particularly, decline in prices for apple (-14.3% m/m or -7.5% y/y), grapes (-15.1% m/m or 20.7% y/y), pears (-6.3% m/m or -15.0% y/y), lemons (-27.6% m/m or 7.0% y/y), watermelons (-10.2% m/m or -1.9 times y/y), granulated sugar (-2.1% m/m or -13.3% y/y), pumpkin (-3.9 m/m or -9.6% y/y) and others. At the same time, owing to influence of seasonal and supply factors prices for first-grade flour (9.3% m/m or 3.9% y/y), beef (0.7% m/m or 6.7% y/y), rice (3.7% m/m or 15.8% y/y), cottonseed oil (1.9% m/m or 3.0% y/y), potatoes (25.0% m/m or -30.4% y/y), onions (20.1% m/m or 1.6 times y/y), carrots (27.0% m/m or 27.0% y/y) and cabbage (32.9% m/m or 1.7% y/y) had increased.

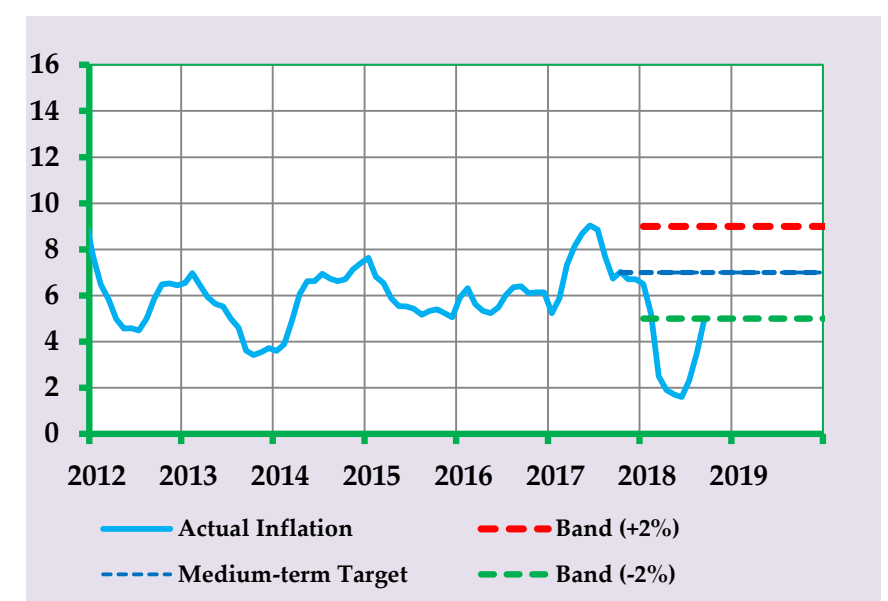
Monthly and annual inflation, in %  
(source: Statistical Agency, NBT calculations)



Contribution of components to inflation, in %, annual  
(source: Statistical Agency, NBT calculations)



Medium term inflation target, in %, annual  
(source: Statistical Agency, NBT calculations)

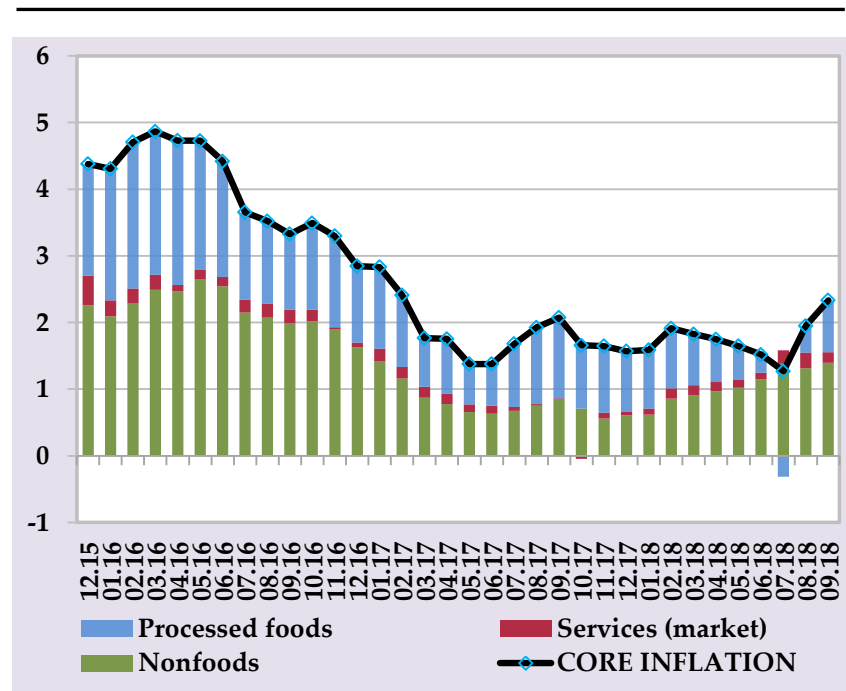


**Deceleration of prices for combustible materials** (-1.6% m/m or 14.1% y/y) occurred due to the decline in prices of liquefied gas (-5.1% m/m or 9.5% y/y) and gasoline-92 (0.1% m/m or 19.9% y/y), mainly caused by balancing of supply and demand.

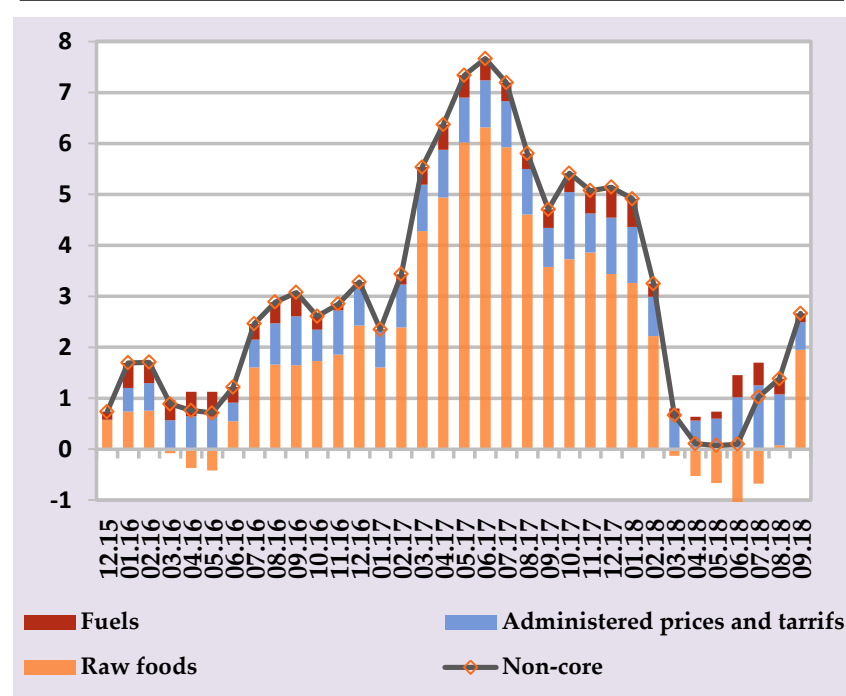
**Prices for administrative services** (-0.5% m/m or 0.5% y/y) in this month due to decrease in cost of transport services (-10.3% m/m or -0.7% y/y) had a negative figure.

**The National Bank of Tajikistan implements consistent monetary policy aimed at regulating money supply and preventing monetary pressures on the prices level for achieving inflation targets.**

**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 to month (monthly change)  
<sup>3</sup> - 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.

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Consumer price index*														
	Weight, %	annual change												September, monthly change, %
		2015	2016	2017	2018									
					January	February	March	April	May	June	July	August	September	
<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>2,3</b>	<b>3,5</b>	<b>5,0</b>	<b>1,1</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>-1,9</b>	<b>0,7</b>	<b>4,8</b>	<b>2,9</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	-2,1	-0,8	4,5	6,2
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	3,7
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	9,3
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	-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	0,7
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	11,3
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	0,0
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	-0,5
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	1,2
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	-11,2
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	15,0
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	-2,1
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	0,0
<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>5,2</b>	<b>5,2</b>	<b>6,9</b>	<b>1,9</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>6,2</b>	<b>6,8</b>	<b>6,4</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>6,7</b>	<b>5,9</b>	<b>5,7</b>	<b>0,6</b>
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	0,0
Repair and construction materials	3,7	2,2	-0,9	2,4	2,5	4,9	4,9	5,5	6,0	6,1	6,7	6,0	7,0	1,0
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	1,3
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	4,4
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	-1,6
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	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	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	0,7
<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>9,5</b>	<b>8,0</b>	<b>4,3</b>	<b>-3,8</b>
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	-1,1
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	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	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	0,0
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
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	-4,9
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	-10,3
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	0,0
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	0,2
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	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	-0,4

\*\*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