



Monthly Inflation Review • May 2019

Since the beginning of the year, the headline inflation has continued its upward tendency owing to external influence, seasonal and supply-side factors (bad weather and reduction of crops sowing). In May, 2019 inflation (m/m) reached 1.0%, which is 0.5 p.p. more than the same month last year.

It should be noted that in the reporting month rise in food prices mainly caused by acceleration of demand in the holy month of Ramadan.

In term of contribution to inflation, increase in prices of food products categories has made 1.8% (share in inflation 1.0%).

At the same time, prices for non-food products categories raised by 0.4%. Prices and tariffs for services dropped by -0.6%.

The prices level growth was mainly occurred by rise in prices for individual of consumer goods, such as beef, lamb, rice, onions, and carrots reflecting temporary nature.

Along with this, in the structure of non-food products, prices for medicines grew by 7.6%, contributing 0.4% of overall level of non-food products.

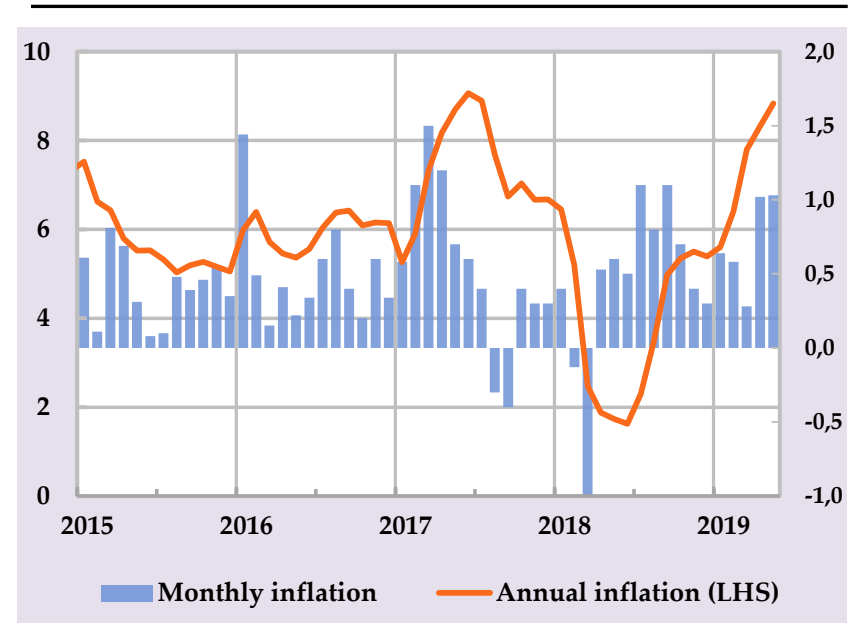
In the reporting month, prices and tariffs for services declined due to fall in cost of transport services by 2.5% (decrease in the cost of air services by 10.8%).

As a result, the pace of annual inflation (over the past 12 months) in May 2019 accelerated, reaching 8.8%, 0.5 p.p. more than in the previous month.

The level of core inflation ** in May, 2019 reached 0.3% (m/m) and 3.0% (y/y), mainly driven by the modest change in non-food products (clothes and footwear, repair and construction materials, household cleaning supplies and other personal items).

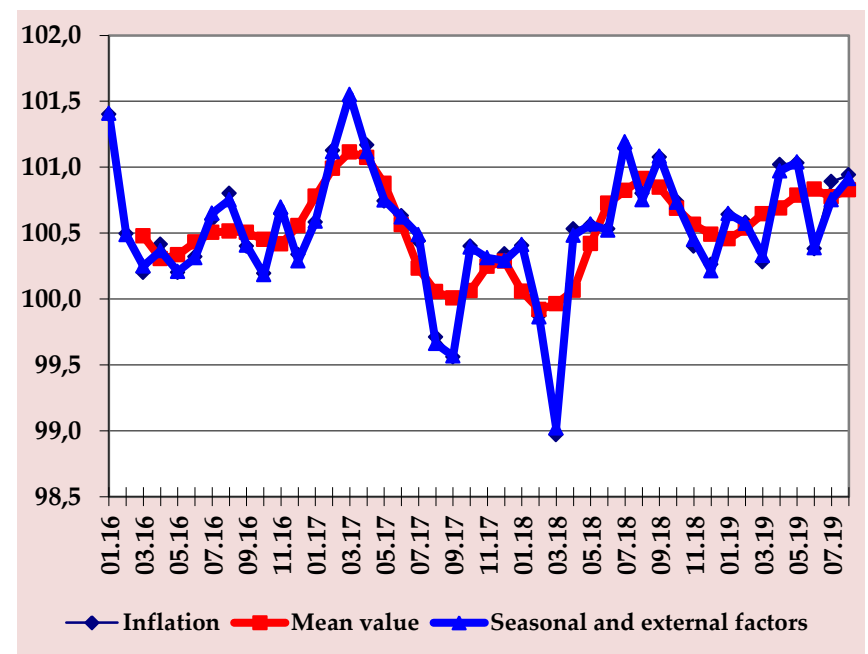
Monthly and annual Inflation, in %

(Source: Agency on Statistic, NBT estimations)



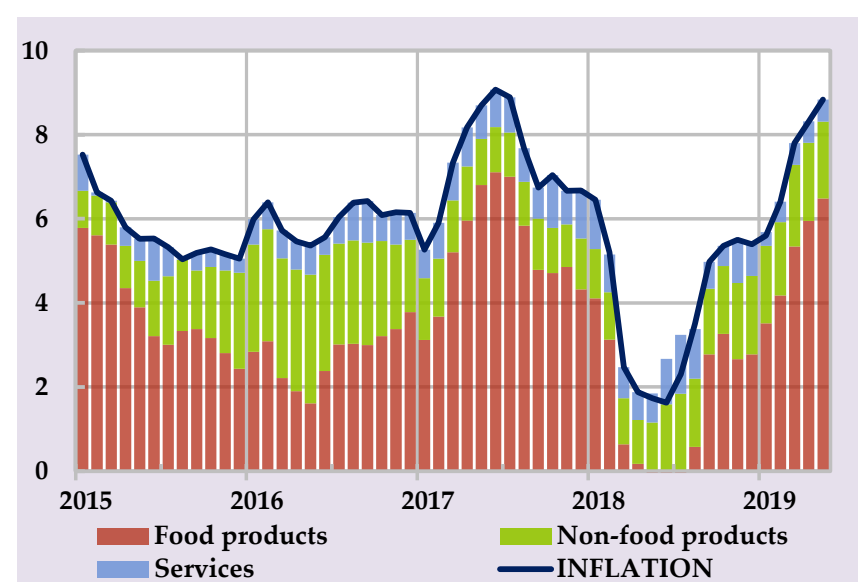
Influence of seasonal and external factors on inflation, in %

(Source: Agency on Statistic, NBT estimations)



Contribution of Components to Inflation, in %, annual

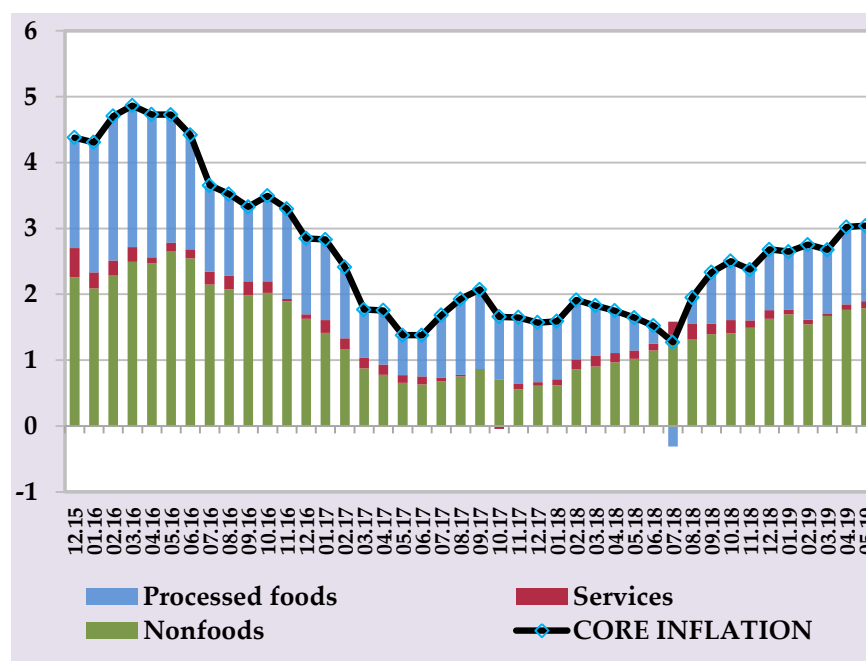
(source: Statistical Agency, NBT calculations)



Analysis reveal, that taking into account “base effect” and influence of external and seasonal factors the trend in inflation appears to be temporary, and at the end of the year inflation will likely to slow to targeted range for the mid-term period

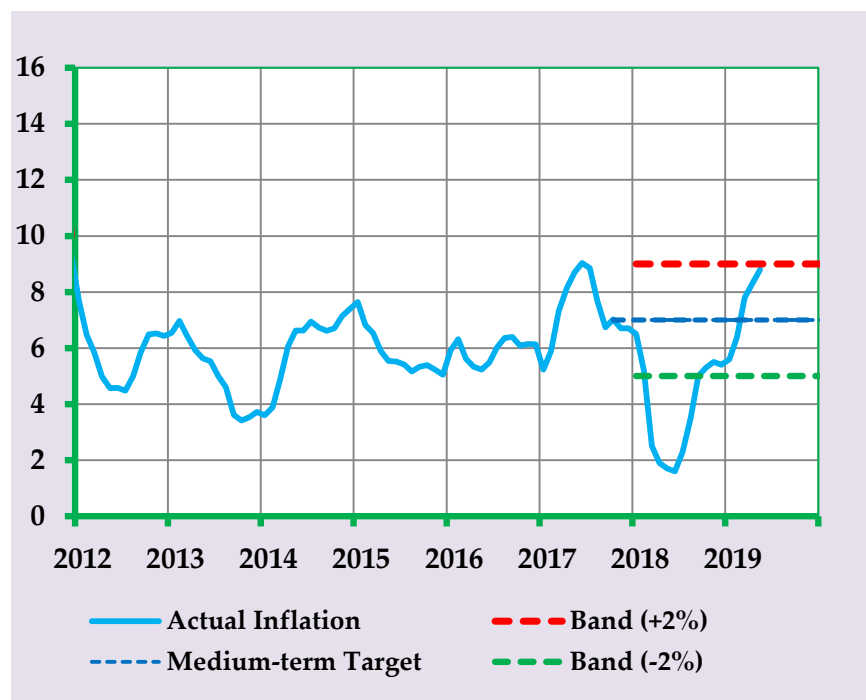
In order to prevent additional pressure on inflation and to achieve the targeted figure by the end of the year, the National Bank of Tajikistan will continue to implement an accommodative monetary policy stance.

Core inflation, in %, annual
(Source: Agency on Statistic, NBT estimations)



Annual Inflation targeted indicators for mid-term period, in %

(Source: Agency on Statistic, NBT estimations)



¹ - Agency on Statistic

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

³ - 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.

Consumer price index*															
	Weight, %	annual change													May, monthly change, %
		2015	2016	2017	2018					2019					
					January	March	June	September	December	January	February	March	April	May	
Inflation	100,0	5,1	6,1	6,7	6,5	2,5	1,6	5,0	5,4	5,6	6,4	7,8	8,3	8,8	1,0
Food and non-alcoholic beverages	53,1	3,8	6,4	7,7	7,3	0,9	-2,1	4,8	4,9	6,3	7,9	10,2	11,4	12,4	1,9
Bread and bread products	17,5	9,1	-2,5	-0,8	-0,9	-3,4	-4,2	4,5	8,9	13,2	15,8	19,7	18,8	18,4	0,7
Rise	2,9	11,6	-9,2	-6,9	-7,0	1,9	8,1	15,8	19,5	20,7	21,9	22,1	25,2	25,4	3,2
Flour	10,7	7,8	-3,0	0,3	0,2	-6,0	-8,2	3,9	9,9	16,0	18,7	25,3	22,7	21,4	0,2
Meat and meat products	8,3	-10,2	3,7	13,8	14,0	13,5	4,9	6,7	8,6	9,4	10,2	10,4	11,4	14,3	2,2
Beef	5,4	-14,3	3,2	14,7	15,0	14,0	3,0	6,1	8,9	9,7	11,2	11,4	12,9	17,2	4,8
Eggs	1,5	5,5	12,0	1,0	0,1	-0,6	0,1	7,7	3,9	1,8	-2,0	6,6	-3,1	7,8	11,5
Milk and dairy products	1,7	7,3	0,4	4,4	3,7	2,3	3,7	3,4	4,1	2,6	2,4	3,1	3,2	2,0	-1,8
Milk	0,5	16,1	-7,2	6,3	6,3	-2,2	0,7	-1,4	1,3	-2,1	-1,6	0,0	2,3	-1,6	-3,8
Plant and Animal Oil	5,7	12,7	11,3	1,3	0,0	-2,5	-0,8	4,7	9,2	9,1	9,6	10,4	8,1	8,5	-0,2
Fruit	4,3	12,3	16,7	-1,8	-0,3	6,4	24,2	18,2	4,0	2,3	-3,0	-4,0	-12,2	-16,0	3,1
Vegetables	6,6	-12,4	16,5	40,2	37,1	-6,4	-23,8	-1,4	-10,7	-9,7	-3,6	3,7	18,7	25,5	3,5
Sugar	2,4	19,3	15,0	-6,7	-7,3	-10,1	-11,2	-11,3	2,7	4,4	4,5	5,7	6,3	6,1	0,4
Soft drinks	1,3	13,7	19,9	1,6	2,7	0,6	3,3	3,6	2,8	2,5	5,4	5,1	8,3	6,7	0,4
Catering**	0,9	14,9	19,9	2,7	2,7	3,9	3,9	6,9	8,0	8,0	6,7	6,7	8,1	8,1	0,0
Alcoholic beverages and tobacco	1,4	15,9	11,8	6,2	6,2	8,0	4,7	6,4	5,4	6,5	4,6	3,8	3,8	3,5	-0,1
Non-food products	29,2	7,9	5,7	4,4	4,3	4,0	5,8	5,7	6,4	6,3	5,6	6,3	6,0	5,9	0,4
Clothes and shoes	9,7	9,2	14,5	9,2	2,5	3,0	4,9	4,6	5,6	14,4	14,3	14,7	14,4	14,4	0,3
Repair and construction materials	3,7	2,2	-0,9	2,4	2,5	4,9	6,1	7,0	7,3	7,8	5,5	6,0	5,9	5,2	-0,2
Detergents	1,8	15,5	1,2	4,0	3,1	4,0	0,7	3,2	6,2	6,2	6,1	7,0	8,0	7,9	-0,2
Medicine	2,9	24,7	14,1	1,0	0,7	2,2	1,9	9,2	10,4	10,7	6,3	6,4	9,2	16,7	7,6
Petrol vehicles lubrication products	2,0	-7,0	2,9	27,7	25,9	14,1	26,4	14,1	12,2	7,2	3,0	5,4	2,3	0,4	0,0
Other Heating Products	1,3	19,0	3,0	0,9	0,4	-8,1	-8,9	-8,9	-8,4	-8,4	-4,5	-5,0	-12,8	-13,2	-0,5
Vehicle	0,9	-2,0	0,0	0,0	0,0	0,1	4,4	4,4	5,2	5,2	8,3	8,1	6,9	2,1	-1,8
Other personal effects	1,5	7,6	7,1	8,6	7,3	9,1	11,9	8,4	8,3	8,7	8,5	8,5	7,8	6,9	-0,5
Services	15,2	2,2	4,5	7,7	7,9	5,0	7,3	4,3	4,9	2,1	3,1	3,4	3,3	3,4	-0,6
Housing and communal	5,2	3,2	9,8	17,5	17,1	11,7	20,5	11,3	10,8	9,8	9,6	12,3	10,5	9,4	0,0
Rental of property	0,2	14,3	0,0	0,0	0,0	1,4	4,6	5,0	5,0	5,0	5,0	6,5	6,5	3,3	0,0
Water and garbage collection fee	0,7	20,1	5,1	9,1	11,6	8,4	9,5	9,5	9,4	8,4	8,4	8,7	8,7	8,2	0,0
Electricity	2,6	0,0	28,6	14,7	15,0	15,0	14,9	14,7	14,9	14,6	14,6	14,6	14,4	14,4	0,0
Hot water	0,0	14,6	0,0	0,0	0,0	0,0	0,0	0,0	1,5	1,5	1,5	1,5	1,5	1,5	0,0
Gas	1,1	-6,3	-6,6	40,1	35,7	8,5	52,3	8,7	6,2	2,8	0,9	14,1	4,8	0,5	-0,2
Transport	4,4	-2,3	-1,4	2,8	5,0	0,7	-0,6	-0,7	2,9	-4,8	-0,7	-2,4	-1,0	-0,2	-2,5
communication	1,6	0,8	0,0	1,3	0,0	0,0	0,0	0,0	0,1	0,1	0,1	0,0	0,1	0,0	0,0
Education	1,6	2,6	11,3	5,3	2,0	1,5	1,5	0,2	0,3	0,7	0,7	0,7	0,7	0,7	0,0
Health	0,8	14,0	1,9	1,7	1,3	1,3	1,3	1,3	1,3	0,0	0,0	0,0	0,0	0,0	0,0
Household	1,9	12,3	5,2	1,1	0,9	1,5	2,9	1,8	3,3	3,3	2,9	3,2	3,4	3,7	0,6

*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