



The NBT's Monetary Policy Committee Meeting

№17 /November 28, 2019

Monetary policy, research and development Department



The agenda of meeting

01

Current Macroeconomic situation

- ✓ Inflationary process and its main factors;
- ✓ Economic development
- ✓ Trade balance
- ✓ Financial sector
- ✓ Real effective exchange rate

02

The implementation of the monetary policy

03

Macroeconomic forecast

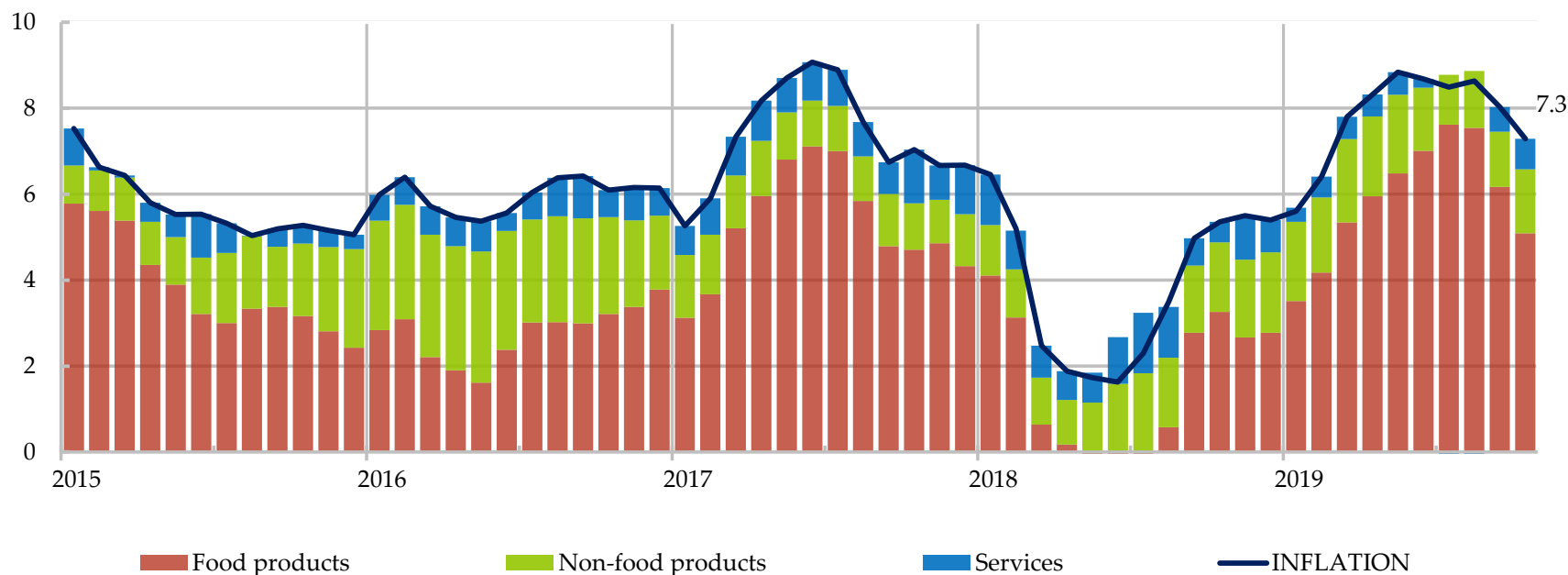
04

Recommendation and decision making



Macroeconomic situation: inflation

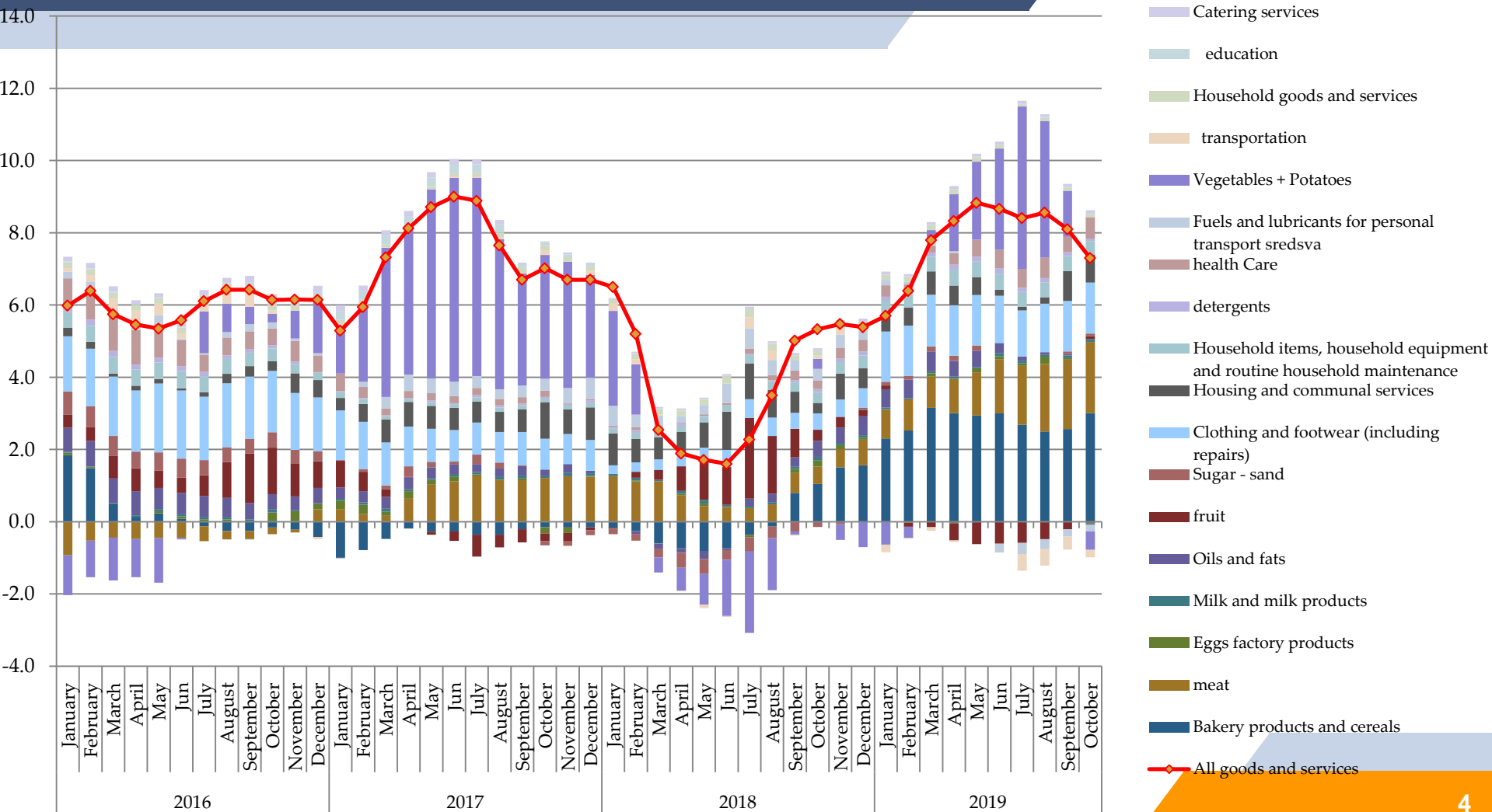
Inflation and its composition (% , annual)



Changes in annual inflation mostly were driven by seasonal, supply and administrative factors.

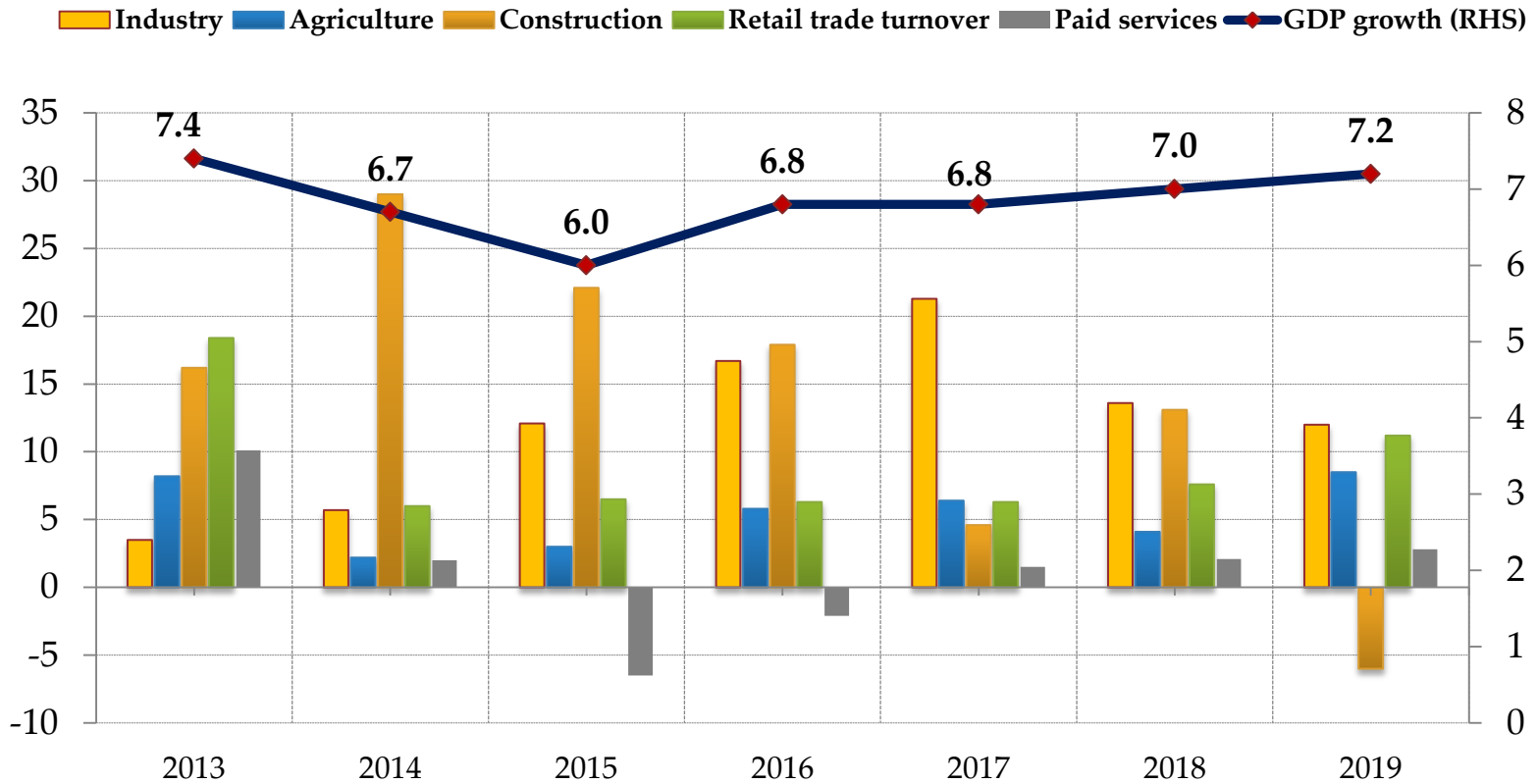


Real situation: inflation



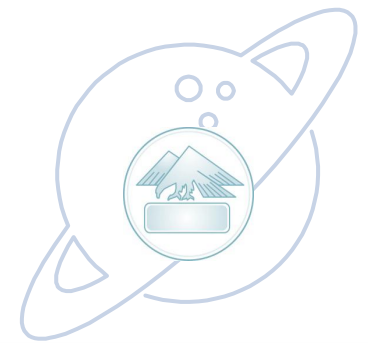


GDP growth (Jan-Oct, %)

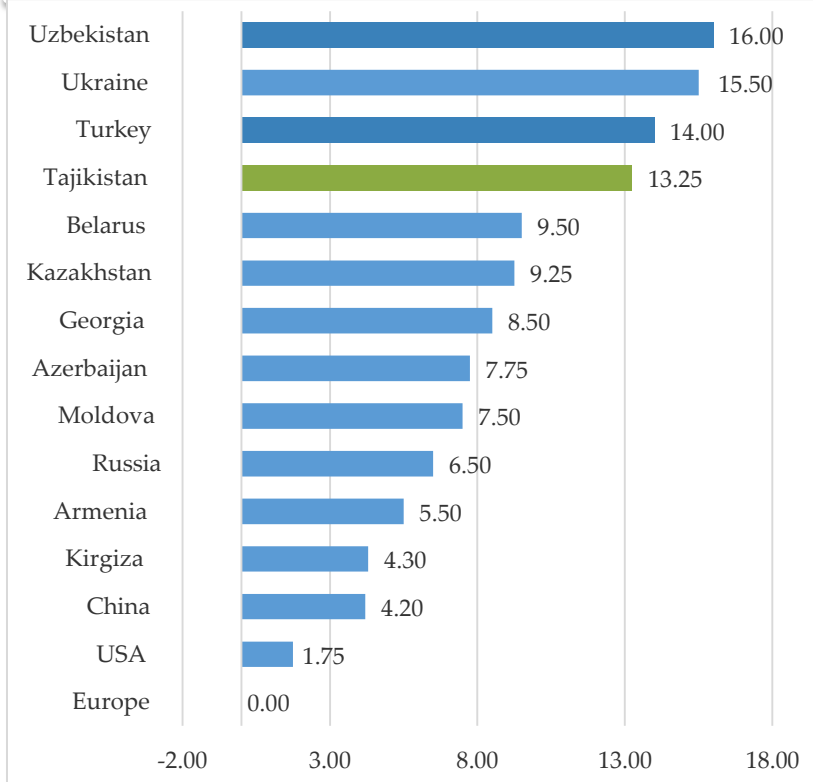




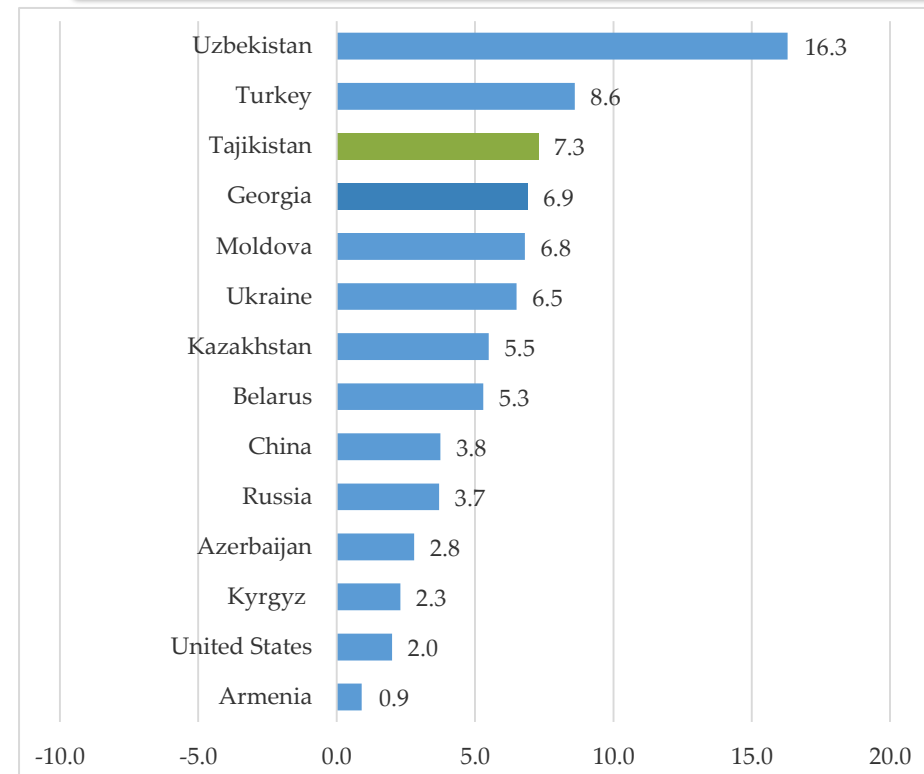
The comparison of Refinancing Rates and inflation levels



Refinancing rate 2019 (in %)



Annual inflation (October 2019, in %)



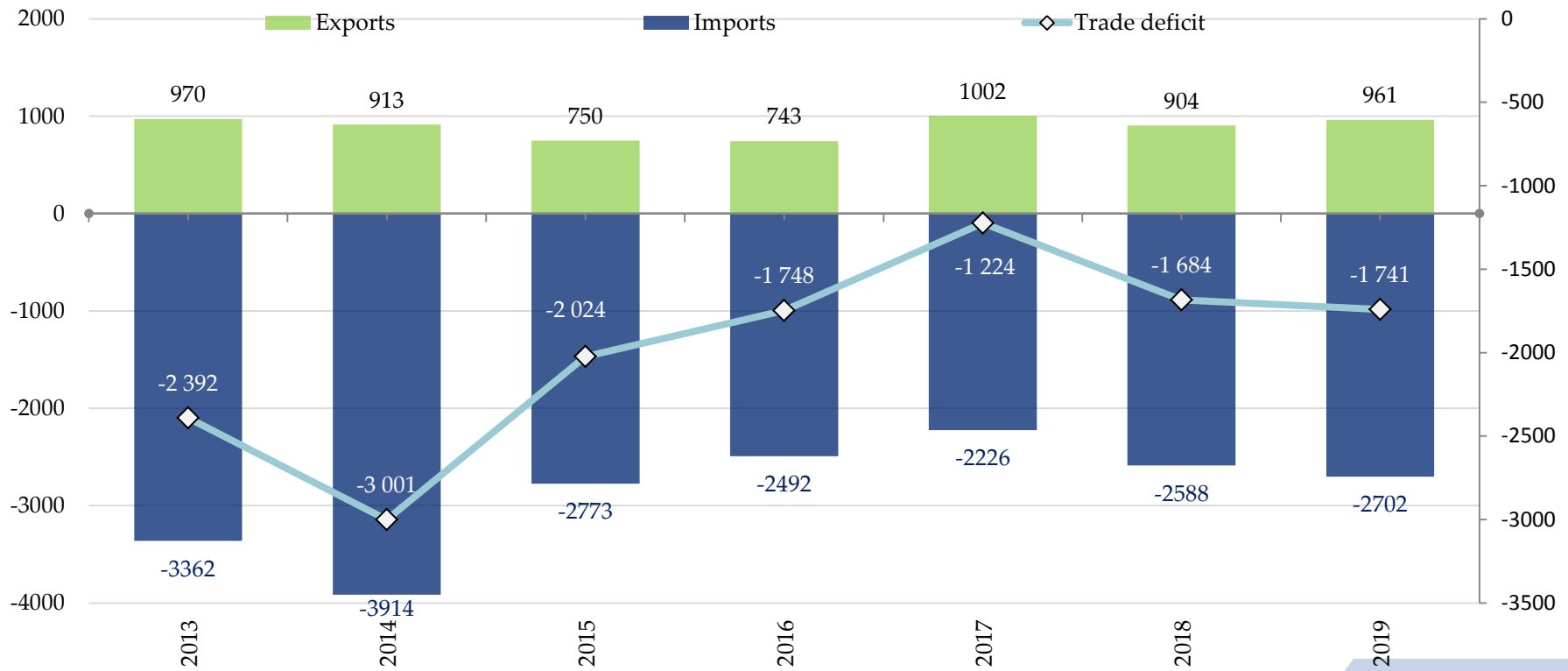
The inflation in the region was driven by uncertainties, increase of fuel and food prices.



External sector



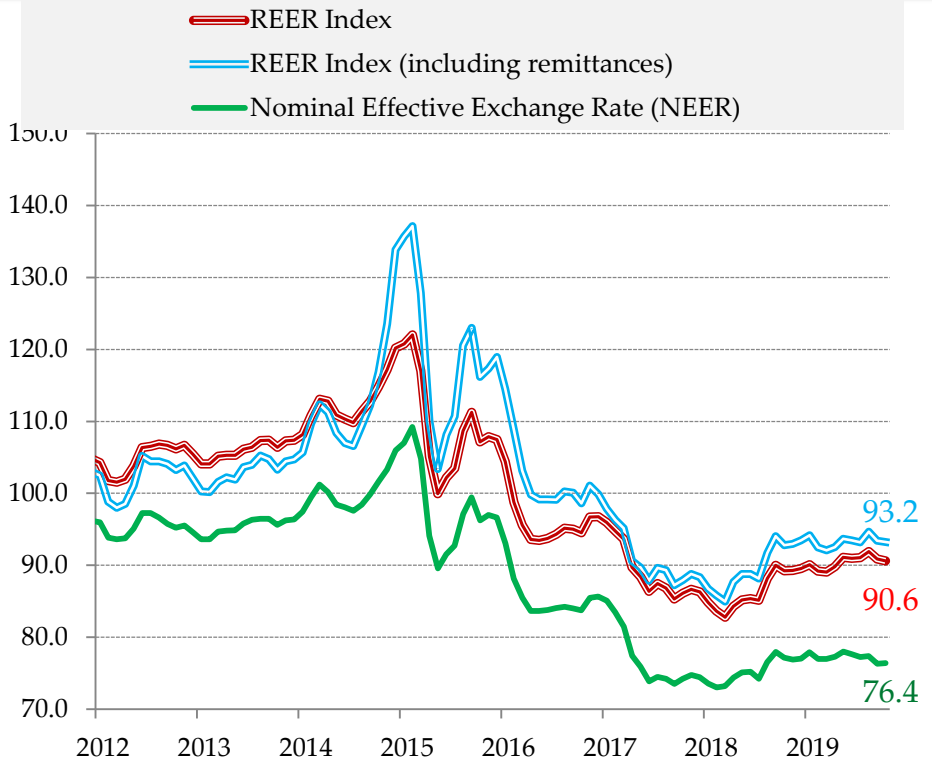
Trade balance (Jan-Oct, mln. \$)



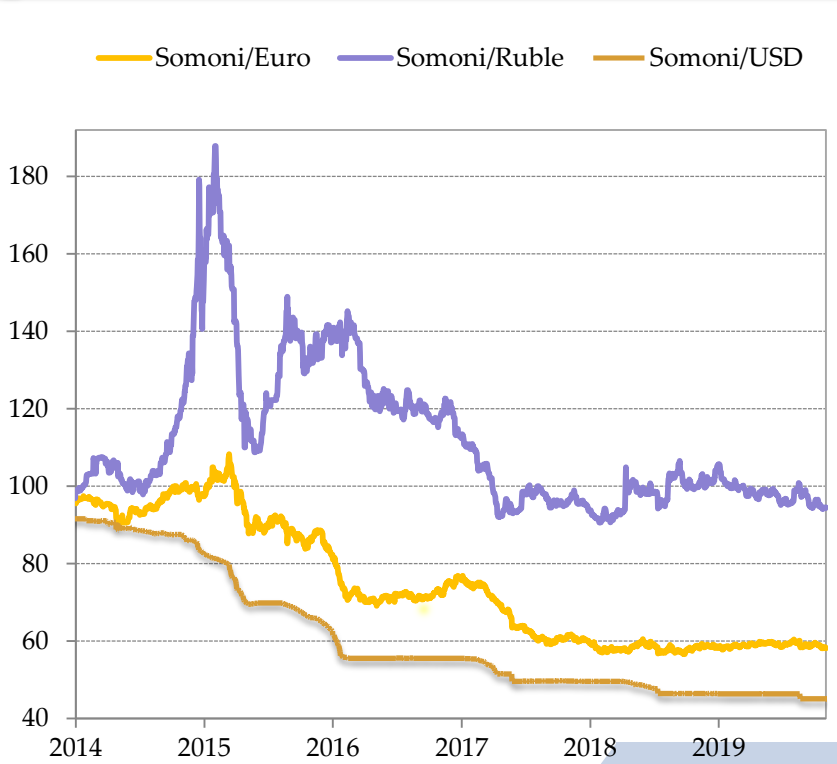


External sector

NEER and REER indices of somoni (Dec.2009=100)



Nominal Exchange rate of somoni against foreign currencies (Dec.2009=100)

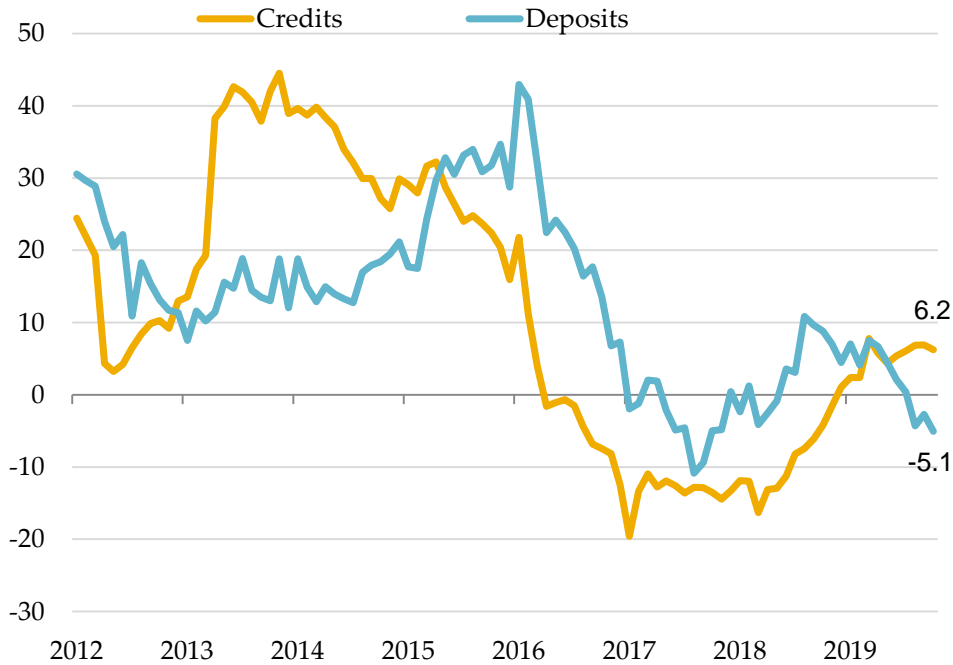




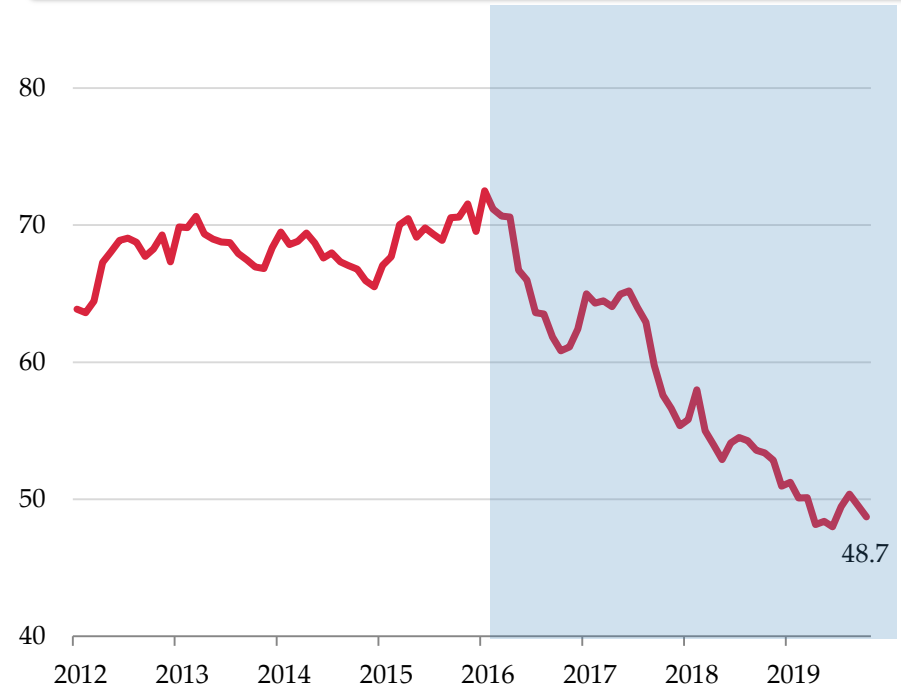
Financial sector



Total deposits and loans (annual growth, in %)



Dollarization (Deposits of foreign currencies)

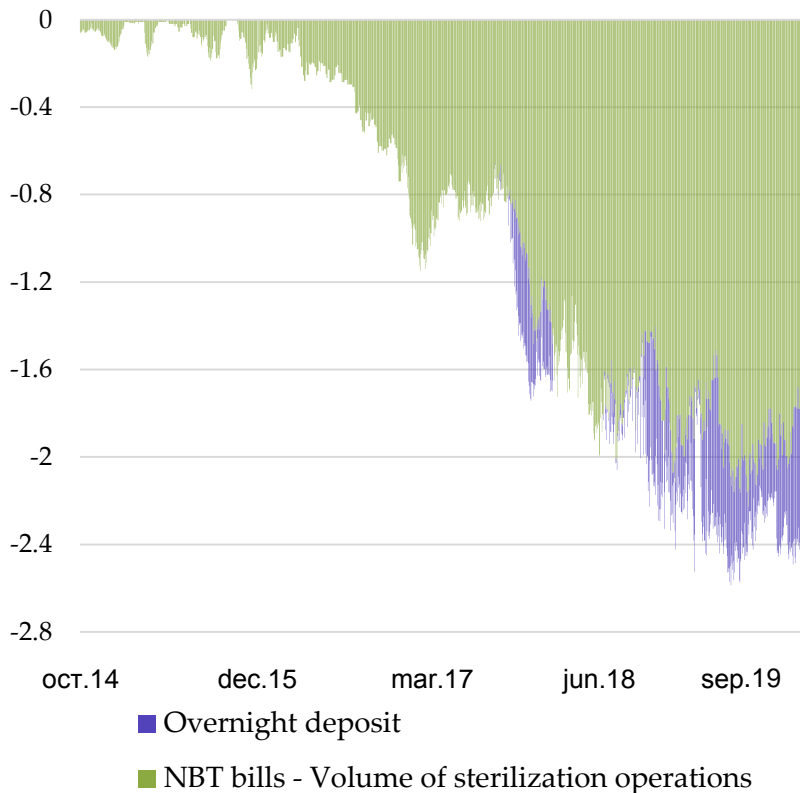




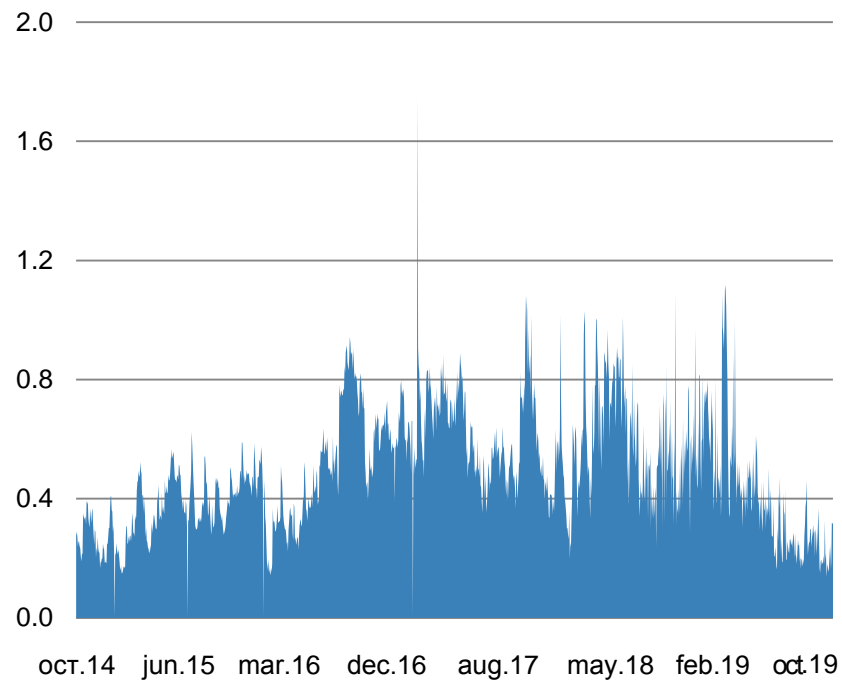
The implementation of the monetary policy



NBT's securities (balance, billion somoni)



Liquidity of the Banking System (corr. Accounts, billion somoni)

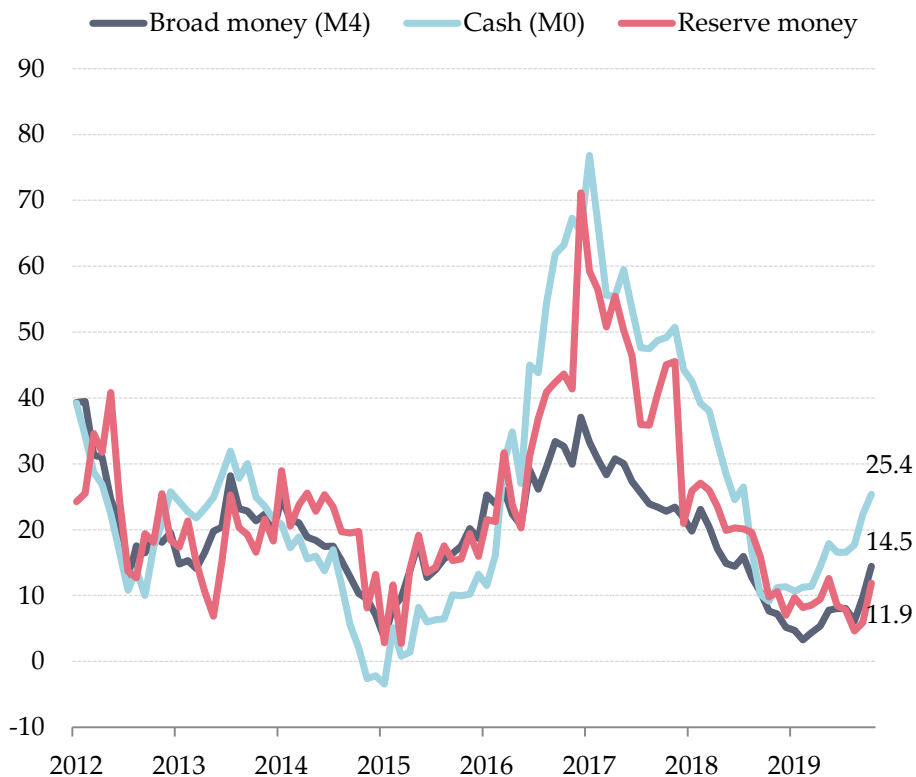




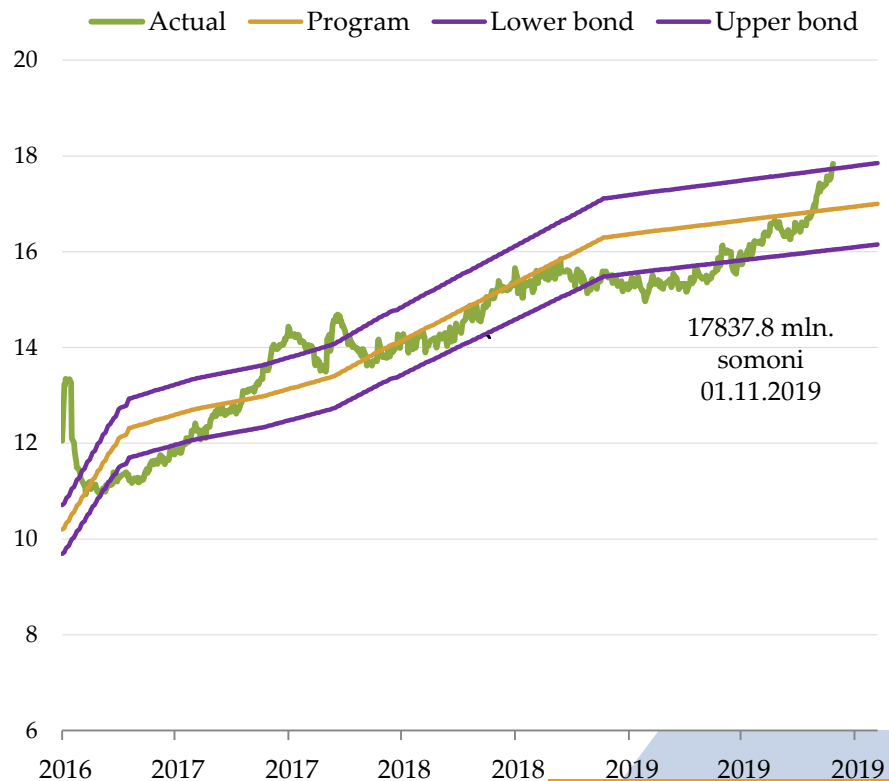
The implementation of the monetary policy



Monetary aggregate (annual change, in %)

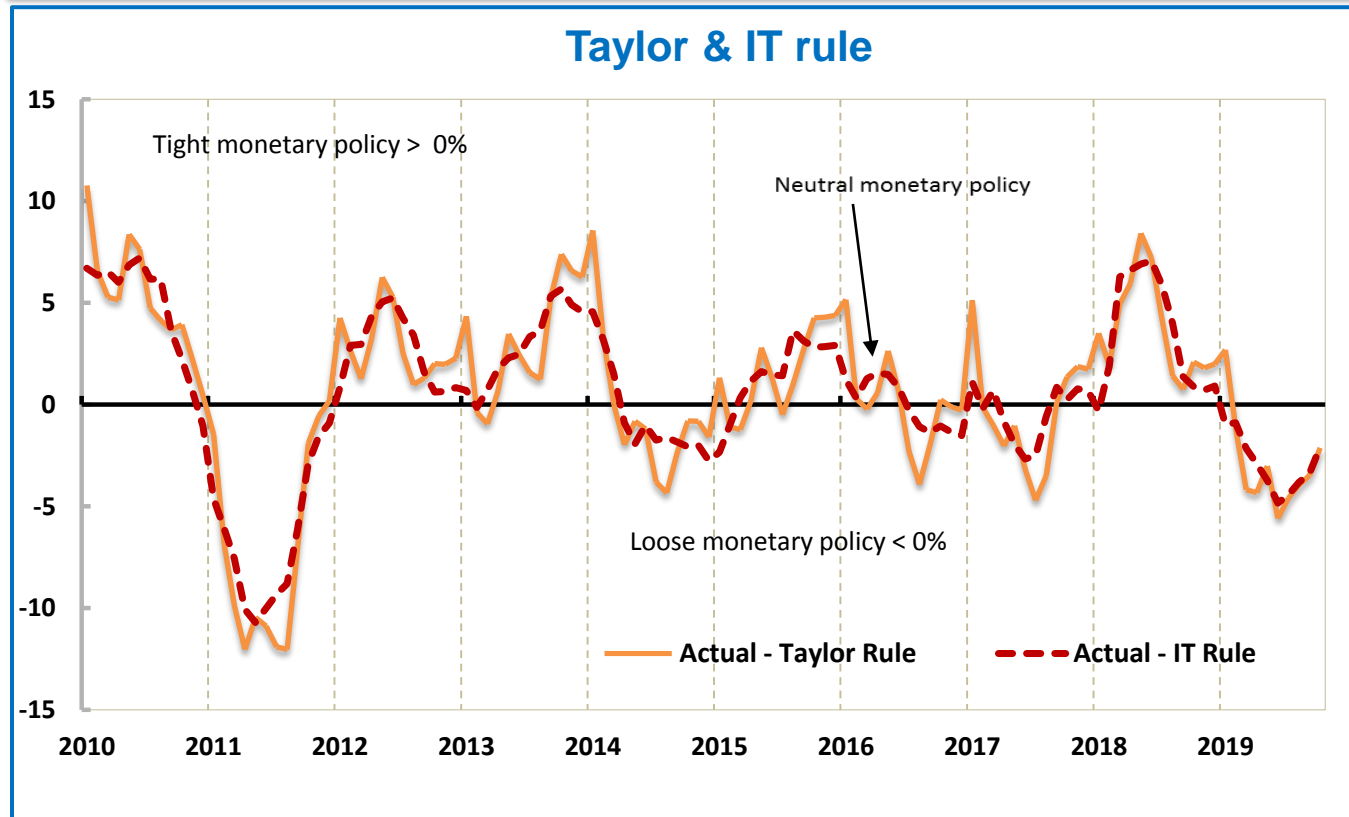


Reserve money (annual change, in %)





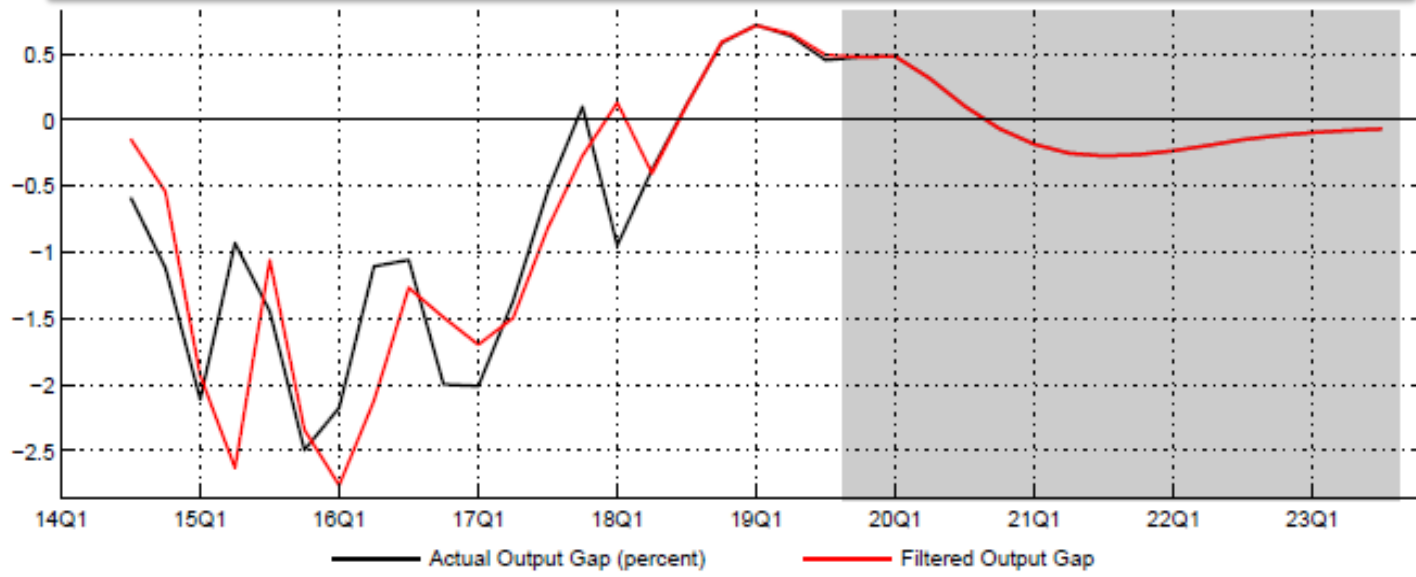
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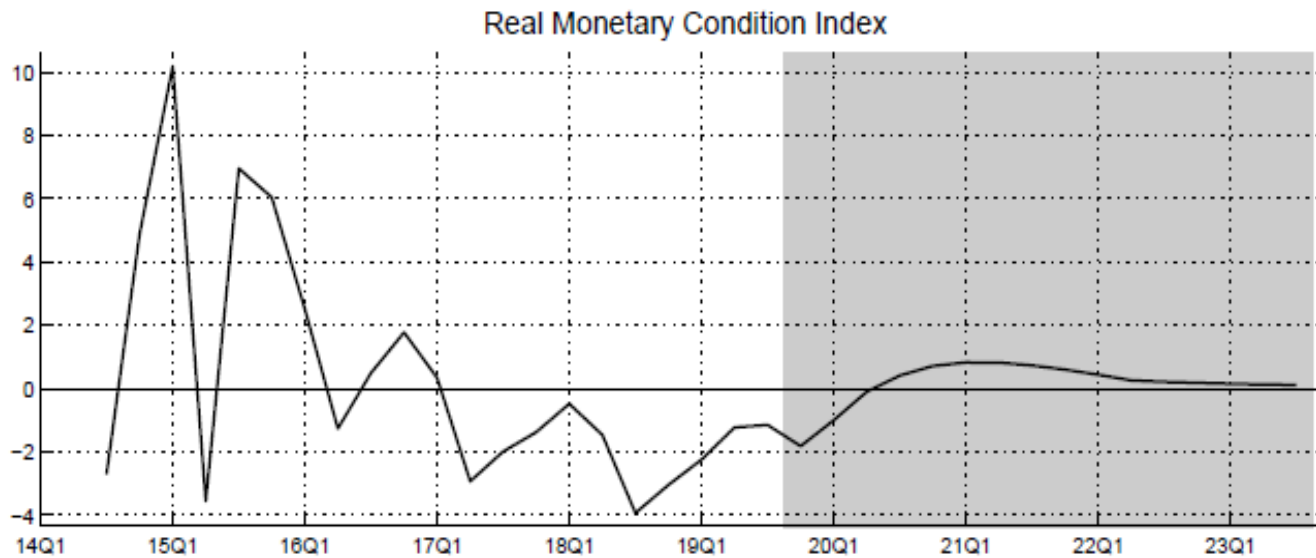
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Output Gap





The Imp..



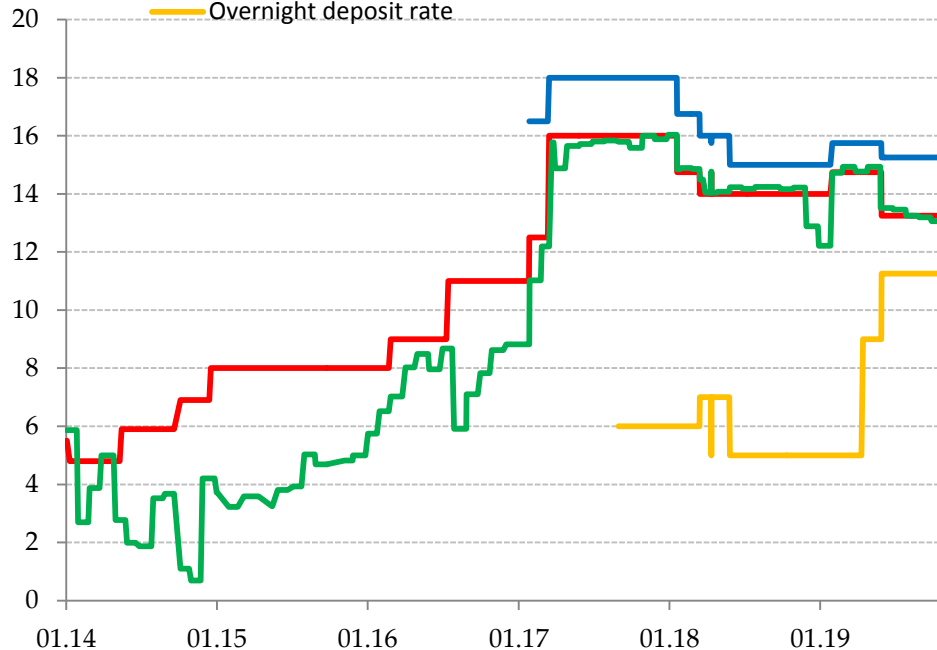


Interest rate policy and operational mechanism of NBT



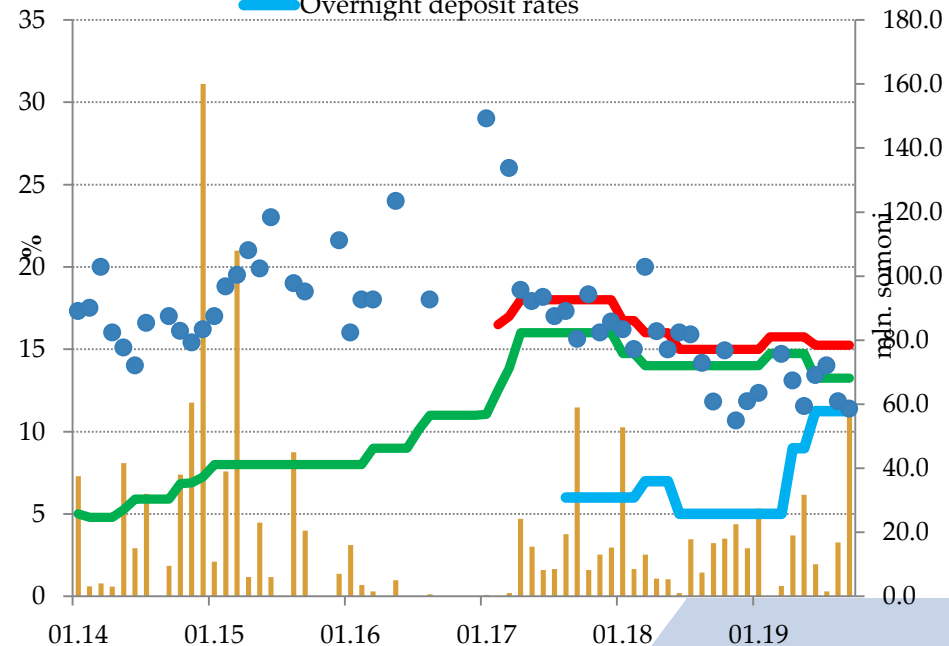
Monetary instruments (% , annual)

- Interest rate
- Overnight credit rate
- Average interest rate of NBT certificate
- Overnight deposit rate



Interest rate corridor and interbank credit market

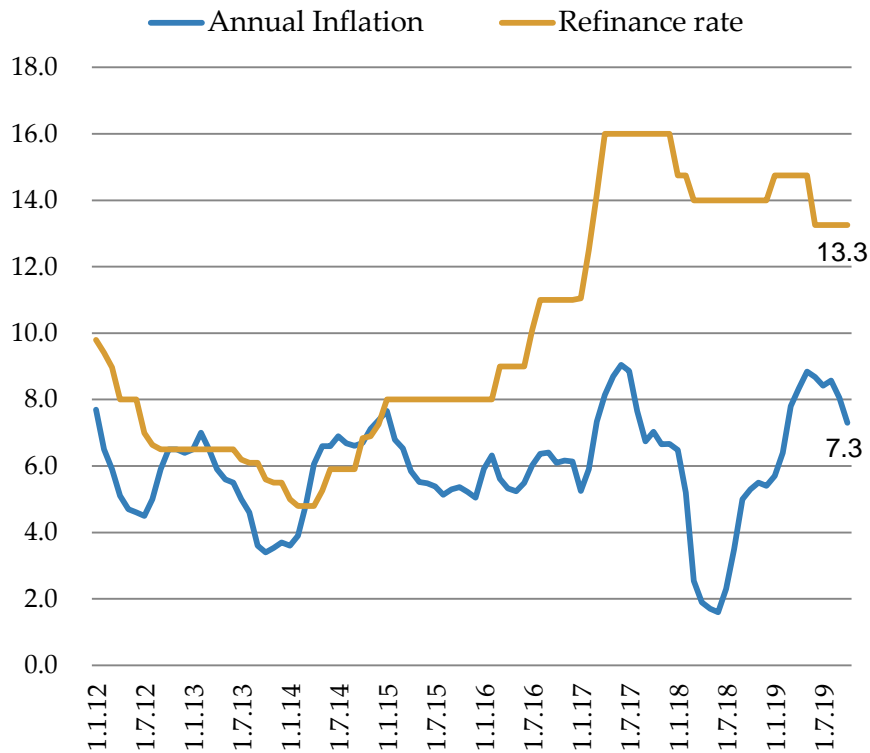
- Volume of interbank loans (RHS)
- Interbank loan Interest rate
- Refinance rate
- Overnight credit rates
- Overnight deposit rates



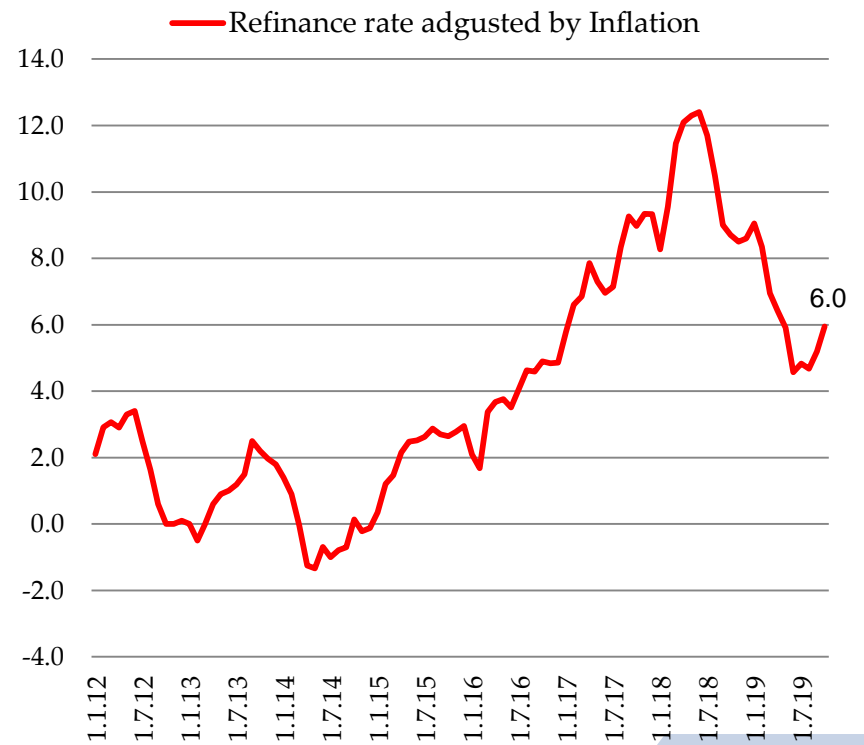


Refinancing rate and inflation

Refinancing rate and inflation



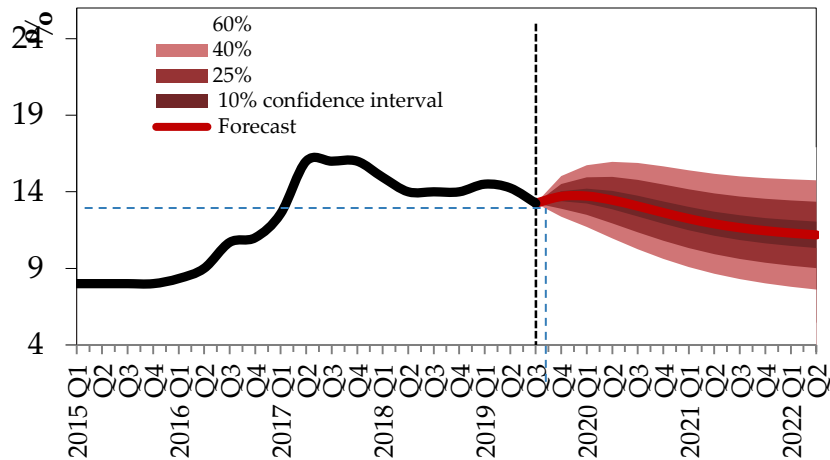
Real interest rate



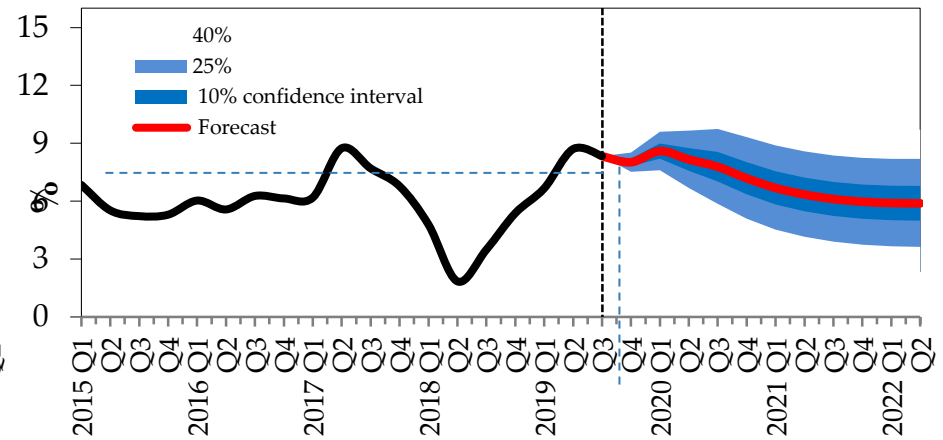


Forecast of the main indicators

Refinancing rate (in %)



Headline inflation (in %)



The following risks and factors are considered in the projection:

- The probability of rising world prices for goods and services and decrease of FRS interest rate;
- Increase of inflation level in the foreign countries (main trading partners);
- Increase of Real Marginal Cost due to the rising of world prices and utility prices (water and electricity);
- The growth of population income and capital in flow.



Proposals to the Committee

- I. The refinancing rate should be determined by taking into account the all existing inflationary risks in the economy.
- II. To publish the press release on resolution adopted in MPC on the NBT official webpage before 5:00pm. (at the day of meeting).
- III. To adopt the Monetary Policy committee schedule of the National bank of Tajikistan for the 2020.
- IV. To adopt the implementation schedule of Communication strategy of National Bank of Tajikistan on monetary policy for 2020.



Thank you for attention!