



The NBT's Monetary Policy Committee Meeting

№16 / July 25, 2019

Monetary Policy, Research and Development Department



The Agenda of the Meeting

01

Current Macroeconomic situation

- ✓ Inflationary Process and its Main Factors;
- ✓ Economic Development
- ✓ Trade Balance
- ✓ Financial Sector
- ✓ Real Effective Exchange Rate Index

02

The Implementation of the Monetary Policy

03

Macroeconomic Forecast

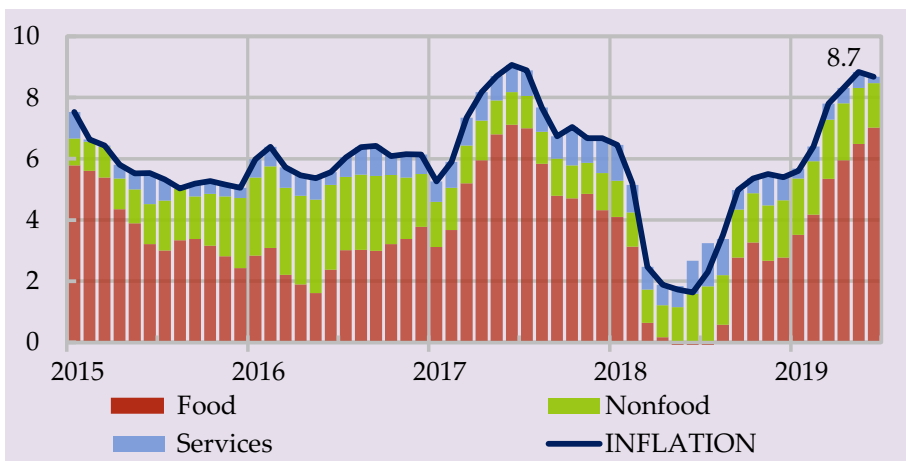
04

Recommendations and Decision Making

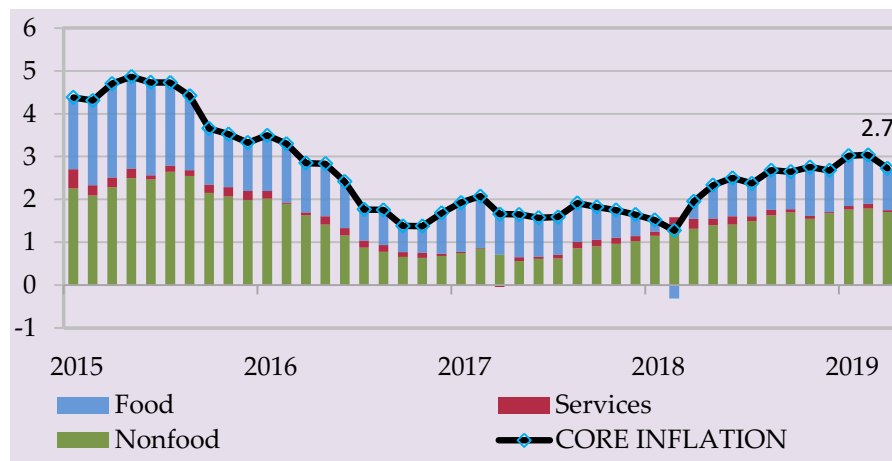


Current Macroeconomic Situation: Inflation

Headline Inflation (% Annual)



Core Inflation* (% Annual)



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

**The core inflation, which reflects the trend of long-term prices without the impact of short-term fluctuations, is regularly calculated by the National Bank of Tajikistan to assess and analyze the change of prices on the basis of official data of the Statistical Agency under the President of the Republic of Tajikistan.*

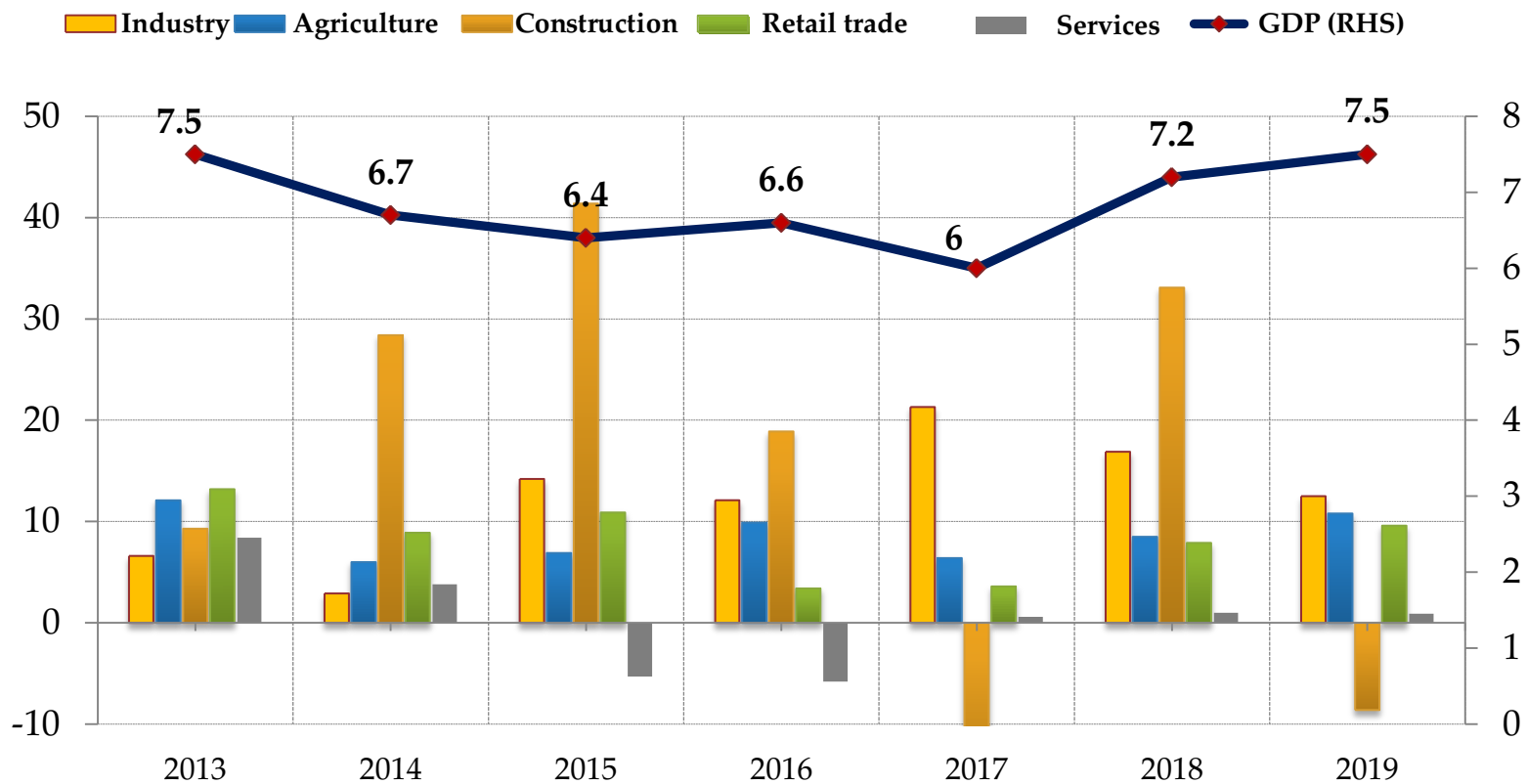


Current Macroeconomic Situation: Inflation

	Weights 2019	January - June 2018	January - June 2019	Annual (June) 2018	Annual (June) 2019
Headline Inflation	100	0,9	4,0	1,6	8,7
Food	53,6	-0,6	3,5	-1,0	7,0
Bakery products and cereals	16,0	-0,6	0,9	-0,7	↑ 3,0
Rice	2,6	0,2	0,3	0,2	0,6
Wheat flour	9,5	-0,7	0,4	-0,9	↑ 2,1
Meat	5,6	0,1	0,8	0,2	↑ 1,2
Hen's egg	1,4	-0,1	-0,1	0,0	0,1
Oils and fats	5,3	0,0	-0,2	-0,1	↑ 0,3
Vegetables	8,5	-1,1	2,0	-1,6	2,8
Potato	2,4	-0,6	-0,4	-0,7	-0,6
Onion	1,7	-0,7	2,3	-0,7	↑ 3,2
Carrot	1,0	0,5	0,8	-0,4	0,7
Fruits	3,9	0,8	-0,1	1,1	-0,6
Apple	1,1	0,4	0,0	0,2	-0,3
Sugar	2,4	0,1	0,0	-0,3	0,0
Nonfood	31,0	0,8	0,3	1,6	1,5
Fuels for transportations	2,2	0,2	-0,2	0,5	-0,2
Clothing and footwear	9,7	0,3	1,0	0,5	↑ 1,1
Medicaments	2,8	0,0	0,2	0,1	0,5
Services	15,4	0,7	0,2	1,0	0,2
Utilities	5,2	0,2	-0,1	1,1	↑ 0,2
Transportation	4,1	0,4	0,2	-0,1	0,0
Education	1,8	0,0	0,0	0,0	0,0

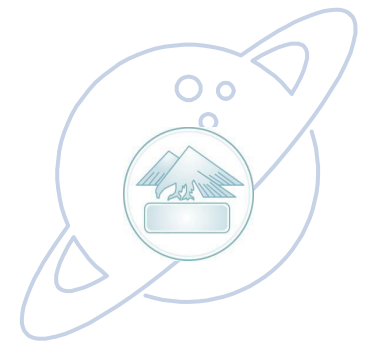


GDP Growth (January-Jun, %)

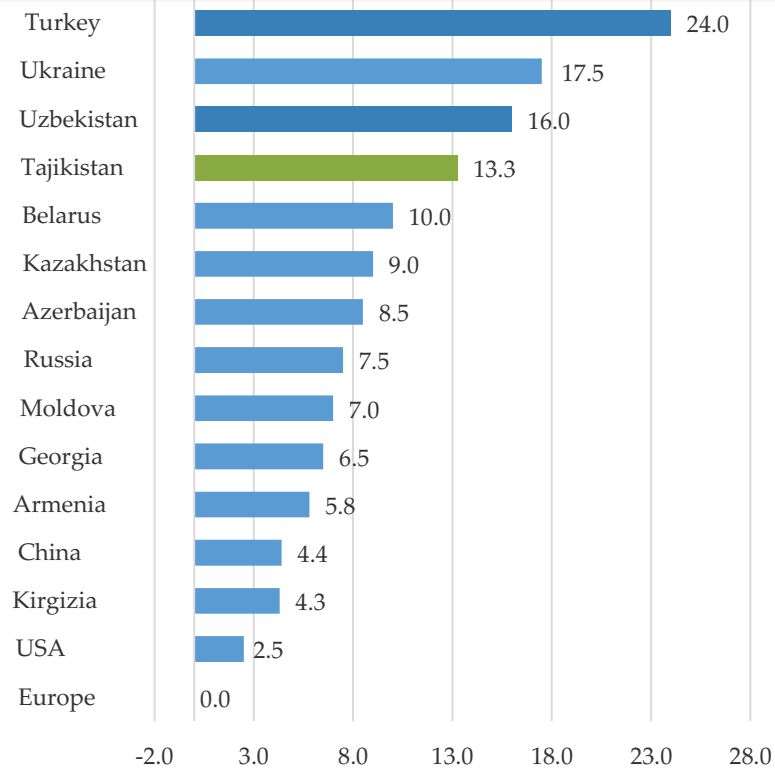




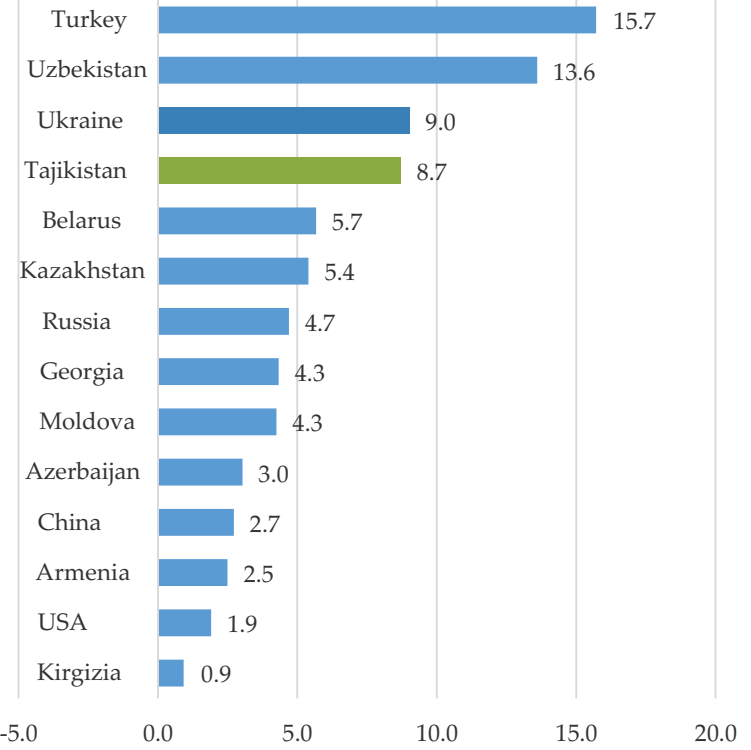
The comparison of Refinancing Rates and Inflation levels.



Refinancing rate 2019 (in %)



Annual Inflation (June 2019, in %)



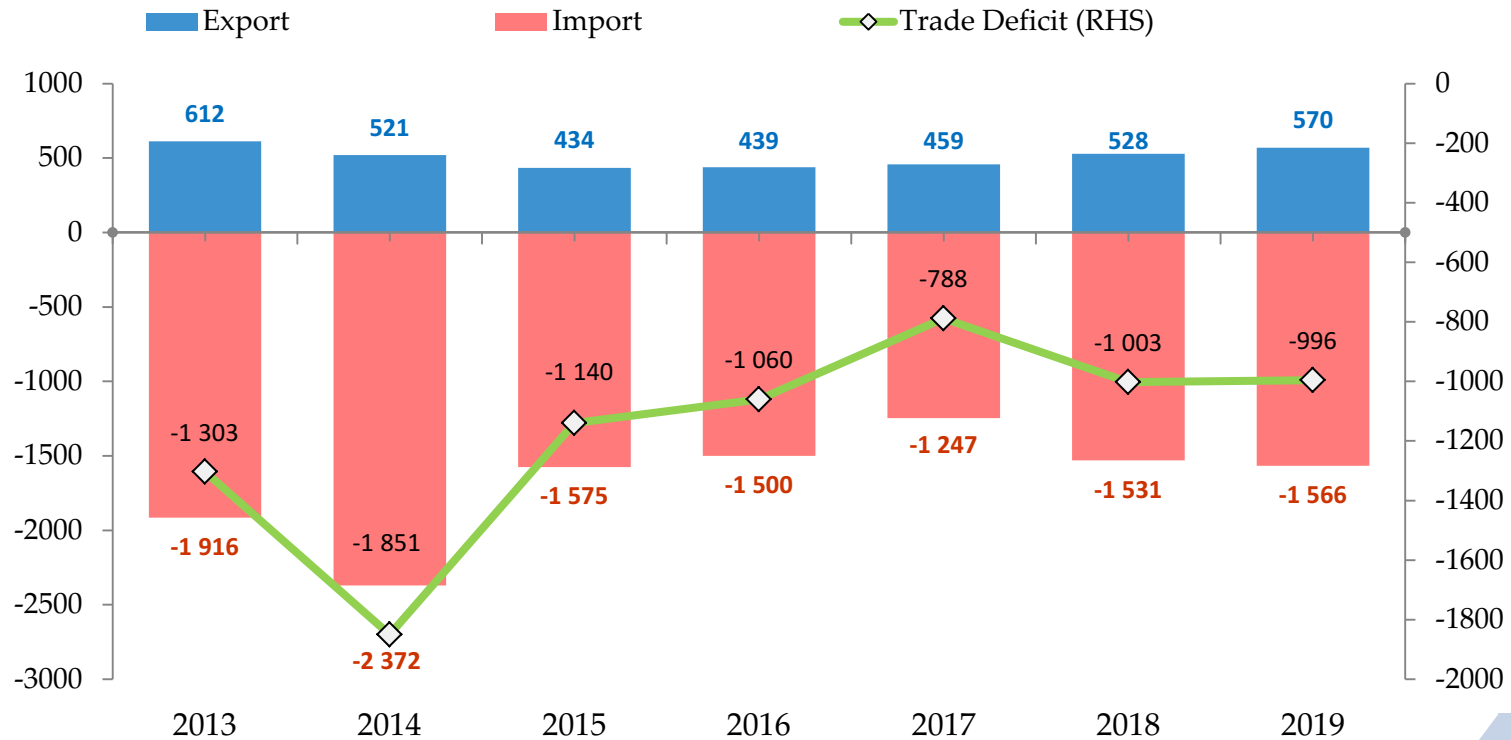
The inflation in the region was driven by uncertainties, increase of fuel and food prices.



External Sector



Trade Balance (Jan – Jun, mln. \$)

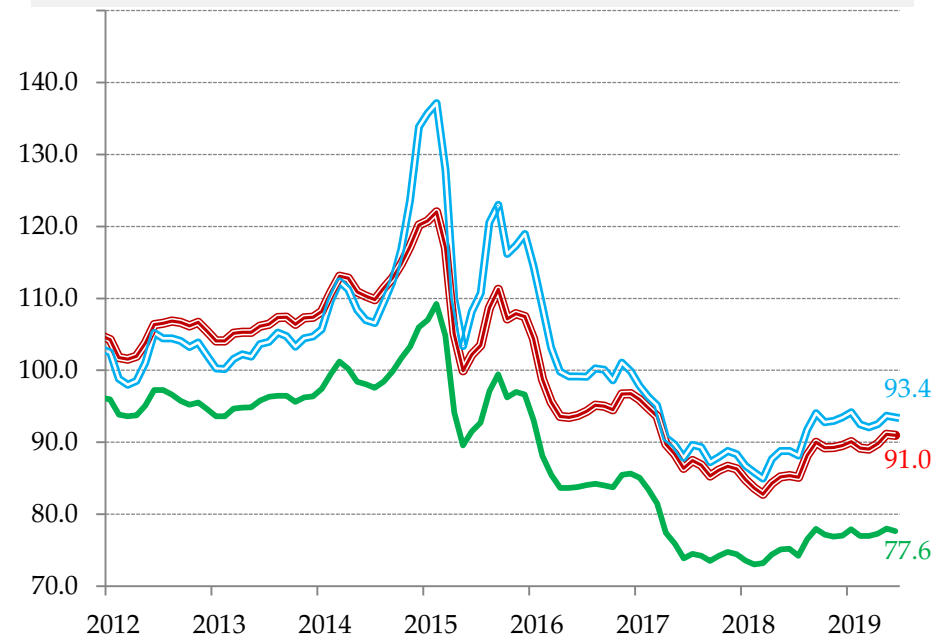




External Sector

NEER and REER Indices of Somoni (Dec.2009=100)

- REER Index
- REER (including remittances)
- NEER



Nominal Exchange Rate of Somoni Against Foreign Currencies (Dec. 2009=100)

- Somoni/Euro
- Somoni/Ruble
- Somoni/USD

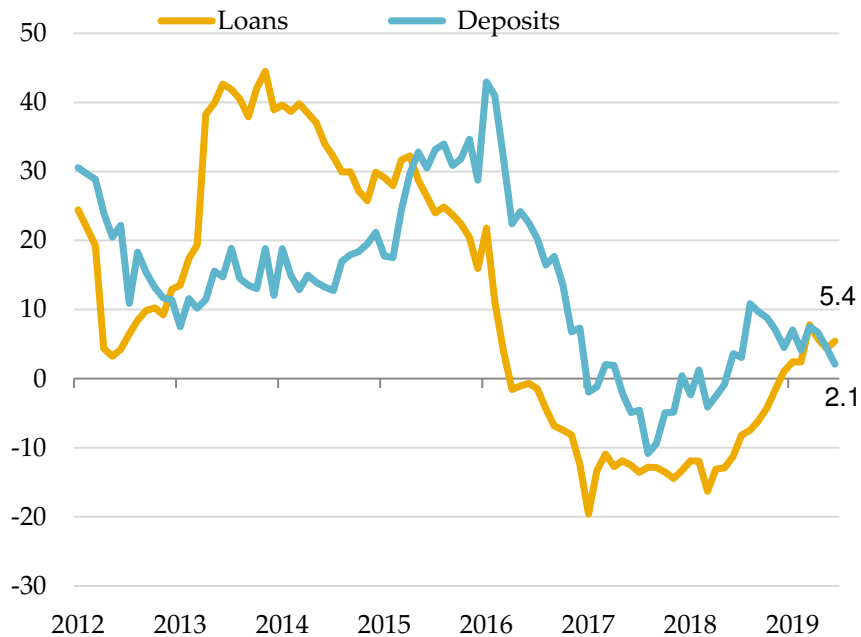




Financial Sector



Total Deposits and Loans (annual growth, in %)



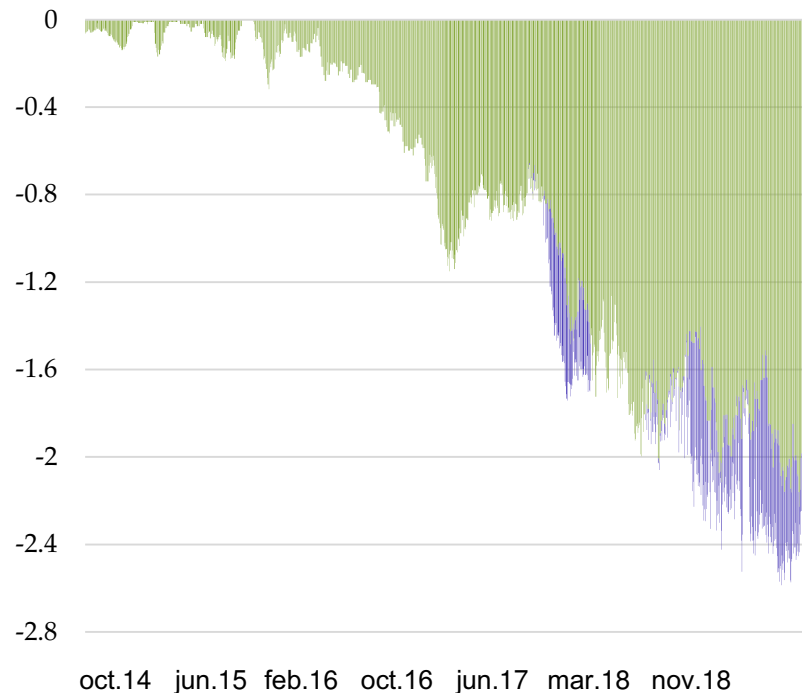
Dollarization (Deposits in Foreign Currencies)





The Implementation of the Monetary Policy

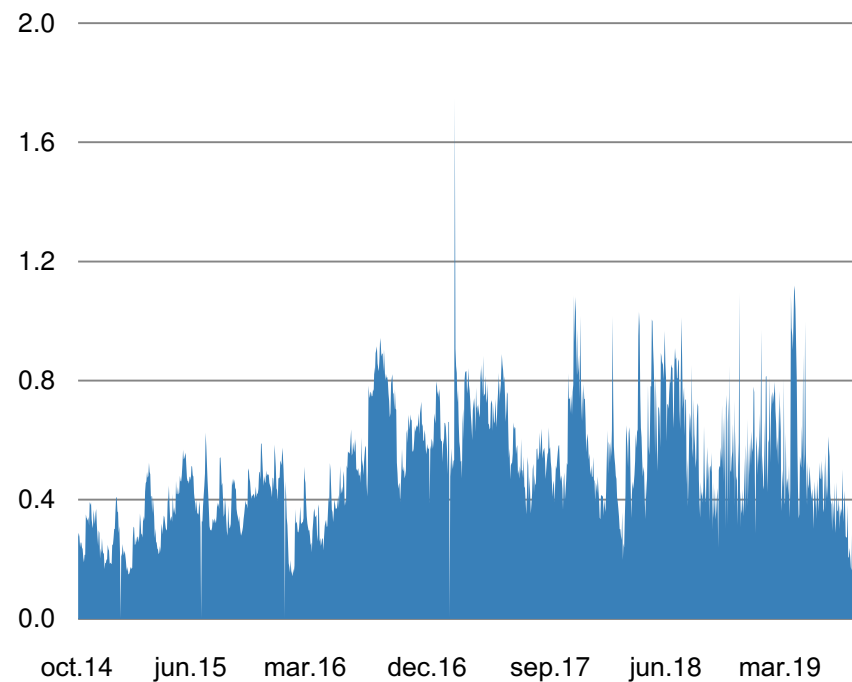
NBT's Securities (balance, billion somoni)



■ Overnight deposits

■ NBT's CD - Volume of sterilization operations

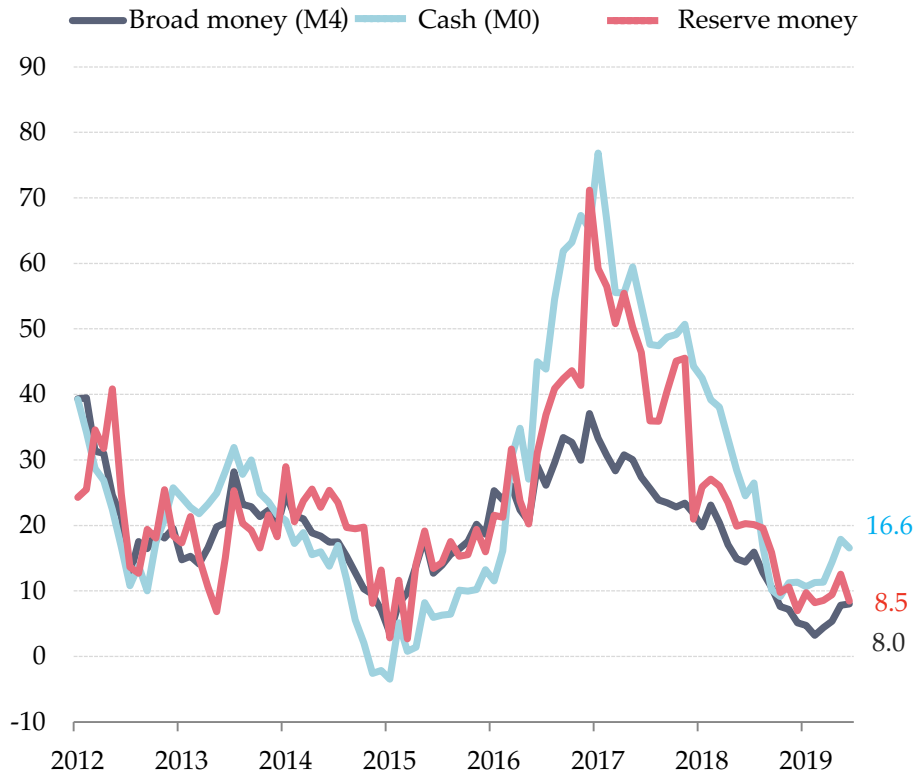
Liquidity of the Banking System (corr. accounts, billion somoni)



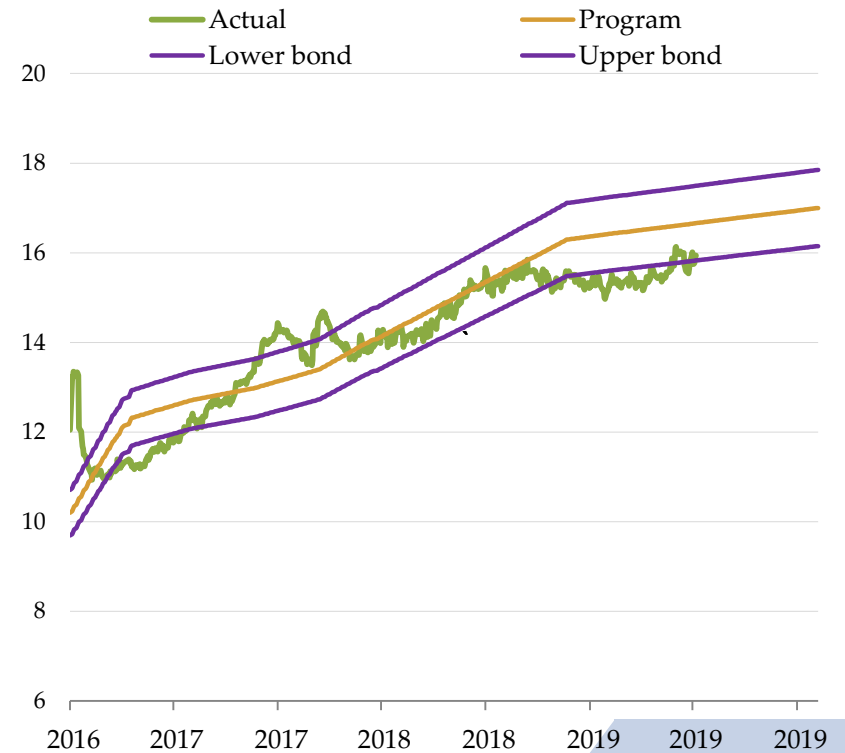


The Implementation of the Monetary Policy

Monetary Aggregates (annual change, in %)

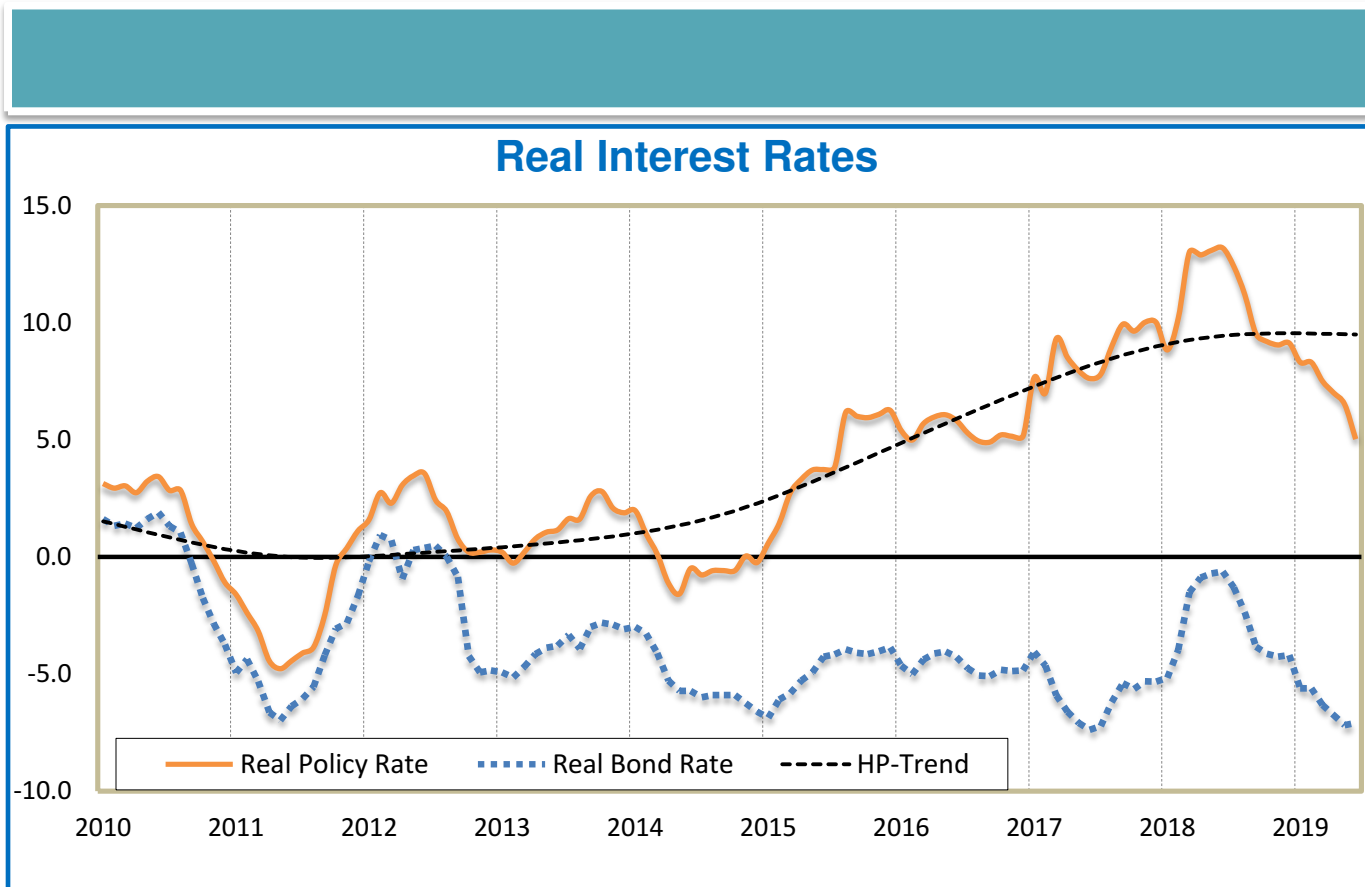


Reserve Money (annual change, in %)





The Imp...

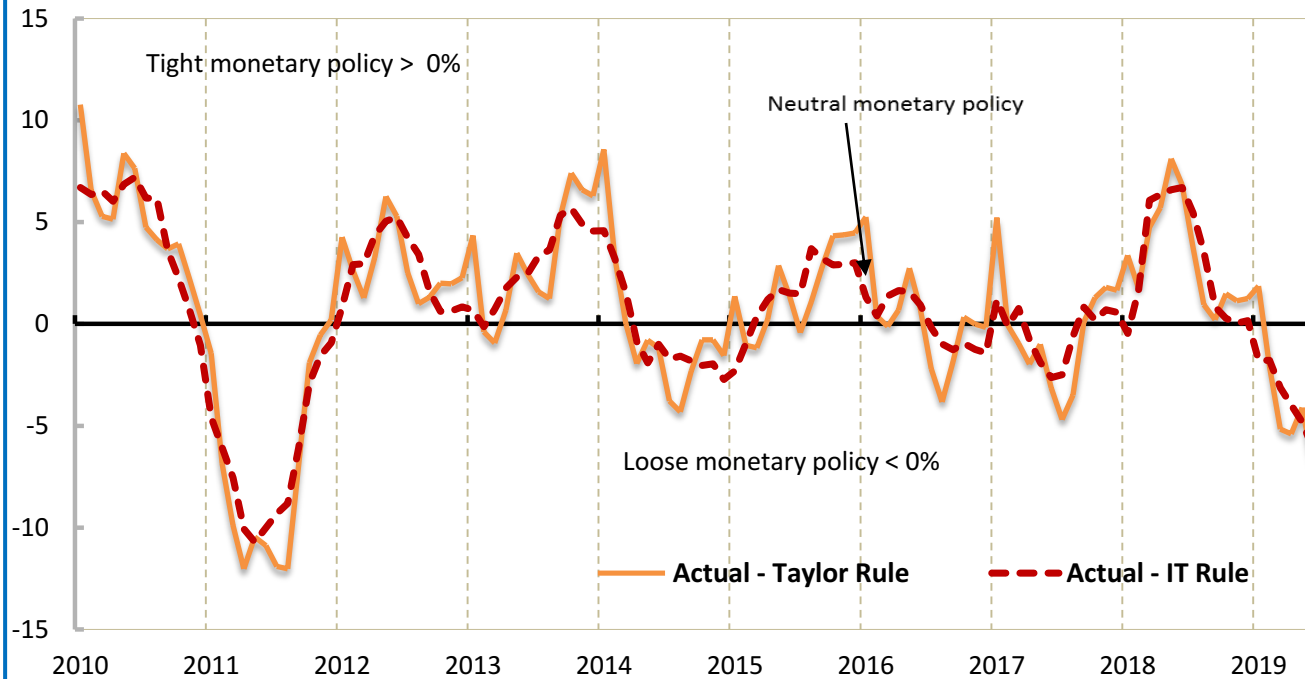




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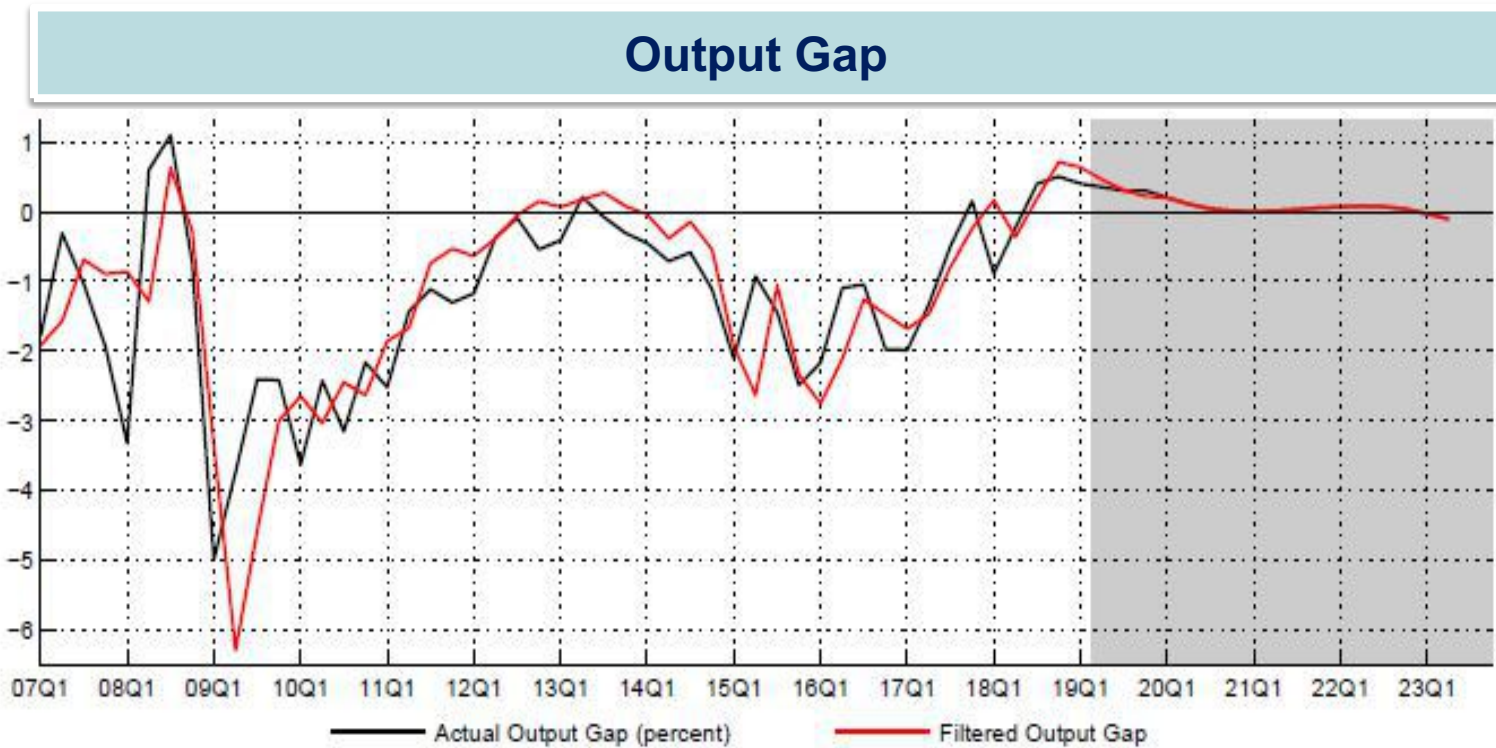


Taylor & IT rule





The Impl...





The Impl...

The Real Monetary Condition Index

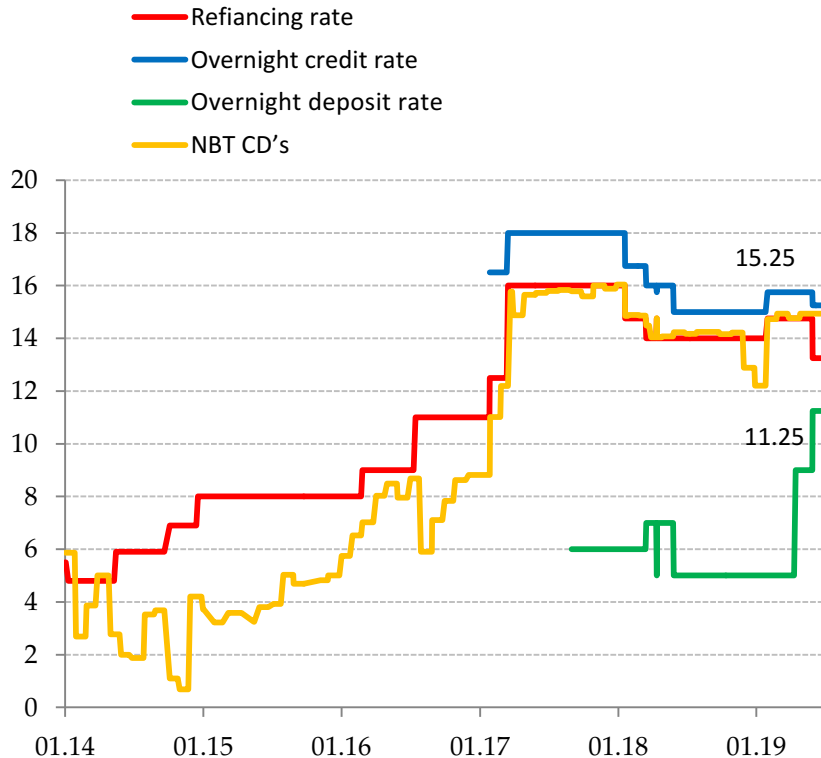




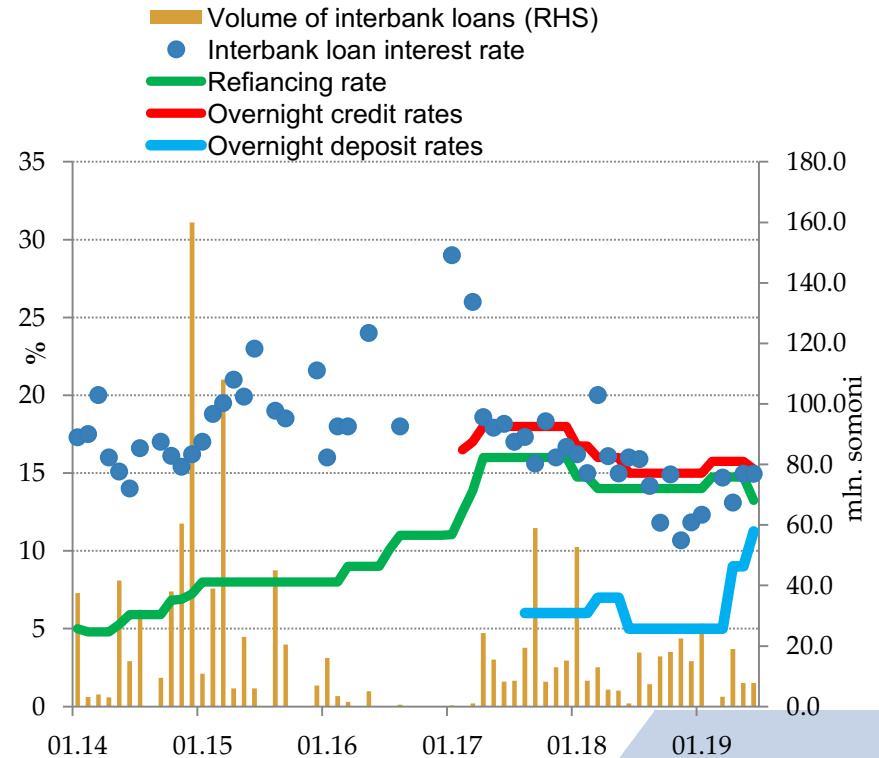
Interest Rate Policy and Operational Mechanism of NBT



Monetary instruments (% , annual)



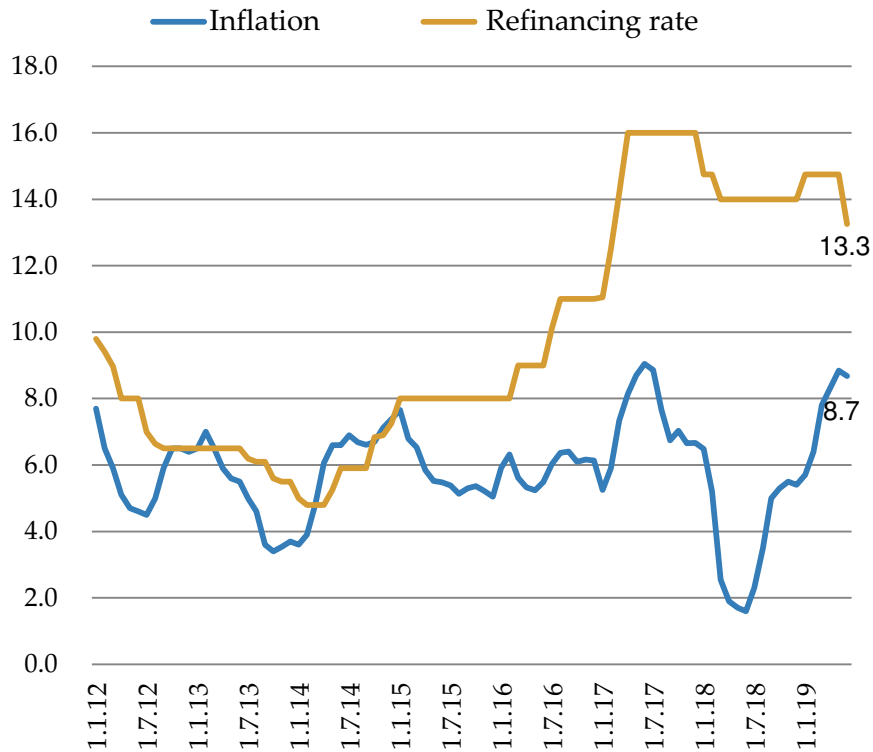
Interest rate corridor and interbank credit market



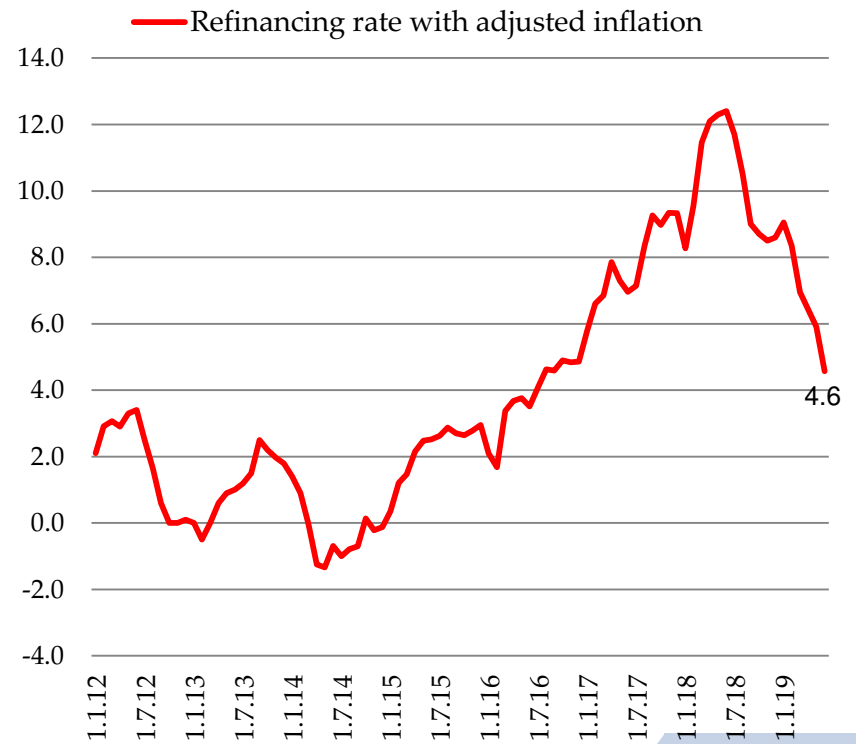


Refinancing Rate and Inflation

Refinancing Rate and Inflation



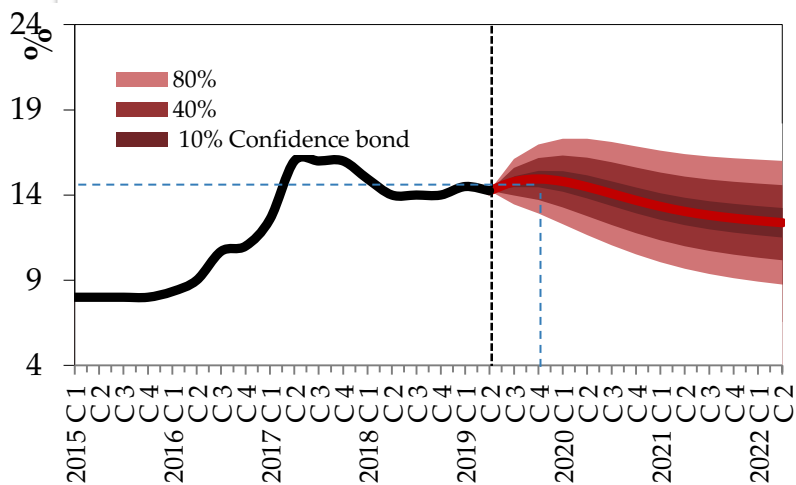
Real Interest Rate



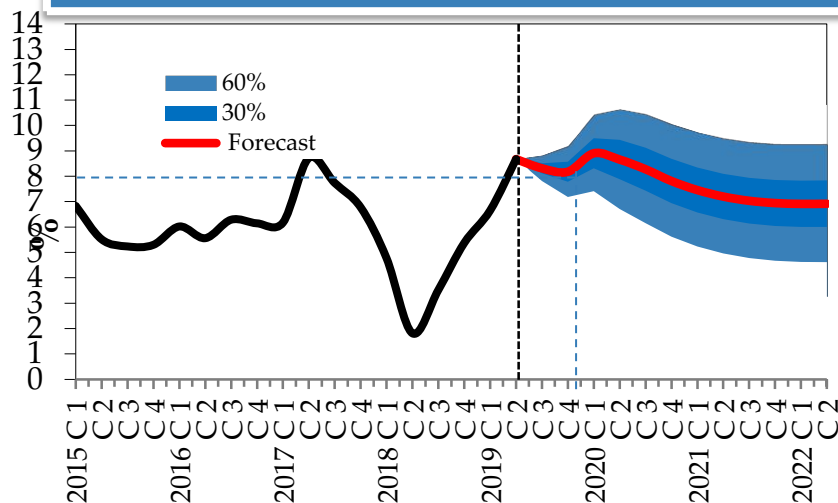


Forecast of the Main Indicators

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 rising of world prices and utility prices (water and electricity);
- The growth of population income.



Recommendation to MPC

- 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. The next MPC meeting should be held according to the schedule.



Thank you for attention!