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Azerbaijan Economy in the First Seven Months of 2016; Brief Overview

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CESD- Center for Economic and Social Development concluded its macro-economic survey results for the first seven months in 2016. Both independent and official reports show that GDP continued declining in the reporting period. According to the State Statistic Committee of Azerbaijan, GDP decreased 3.0 % in the first seven months in 2016 since CESD calculations found out 3.7 % decline in the economy. According to the State Statistic Committee reports, the main reason of economic slowdown was economic decline in the construction sector. The committee has reported that 32.12 billion manat (\$ 19.11 billion US) GDP was produced in the indicated period.

In spite of the fact that declining GDP, the State Statistics Committee announced 2.1 % growth in the industry output.

Meanwhile, the State Committee reported 5.4 % decline in non-oil sector the indicated period.

Independently calculated data show that decline in oil income will continue in 2016, too due to low crude oil price in the world market. Meanwhile, less output is forecasted for 2016 compared to 2015.

Main Economic Figures for the first seven months of 2016 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	- 3.0 %	- 3.7 %
Non-oil GDP Growth	- 5.4 %	- 6.1 %
Inflation Rate	10.6%	16.8 %
Industrial Production Increase	2.1 %	1.7 %
Agriculture Production	3.1 %	2.7 %
SOFAZ Assents (July 01 st , 2016)	\$ 33, 57 billion US	N/A
Monthly Salary	\$ 313.7 US	\$ 420.0 US
Poverty Line	5,6 %	12,5 %
Exports	\$ 4.589 billion	N/A
Imports	\$ 4.757 billion	N/A
Budget Revenue	7.007 billion manat (\$ 4.17 billion US)	N/A
Budget Expenditure	8.19 billion manat (\$ 4.87 billion US)	N/A
Excess/ Deficit	- 1.186 million manat (\$ 705.9 million US)	N/A
Revenues of citizens Increase	% 8,5	% 7,5
GDP Per Capita (without PPP) in the first seven months of 2016	\$ 1 .672 US	\$ 1. 540 US

Source; State Statistic Committee of Azerbaijan Republic and CESD, August 2016

Note; CESD used different methods to calculate macro-economic figures including GDP growth while an aggregation method and a weighting variable are chosen. Reasons how choices of the data source, the aggregation method and the weighting variable create are based on CESD estimation. CESD also used oil production forecast and non-oil import and export, the volume of household and public consumption, capital formation and private and public investment data, as well as the impact of changing inflation on output to forecast GDP. The Center organized focus group discussions where estimations of macroeconomic data are included among the subject issues.

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GDP Decline by 3.0 %

According to the State Statistics Committee of Azerbaijan Republic, 32.12 billion manat (\$ 19.11 billion US) GDP was produced in first seven months of 2016. The committee has reported 3.0 % economic decline in the indicate period compared to the same period of 2015.

The committee has reported that, the main reason of the Azerbaijani economy's reduction is the decline by 30.7 percent in volumes of production and services in the construction sector.

Over the seven months of 2016, non-oil sector of the Azerbaijani economy decreased by 5.4 percent compared to January-July 2015 and its share in the country's GDP was 64.8 percent.

During the reporting period, 53.8 percent of Azerbaijan's GDP was formed in the production sphere, 38.8 percent (almost 12.46 billion manat) of which accounted for the industry, 9.36 percent (3.0 manat) – for construction, almost 5.6 percent (1.8 billion manat) – for agriculture, forestry and fish farms.

Net taxes on products and import accounted for 7.46 percent of GDP in Azerbaijan.

According to the committee, the volume of value added production in Azerbaijan's industry sphere increased by 2.1 percent compared to January-July 2015, trade and repair of vehicles – by 2 percent, tourist accommodation and public catering – by three percent, information and communication services – by 12.5 percent, agriculture, forestry and fish farms – by 2.6 percent in the first seven months of 2016.

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\$ 167 million deficit in the foreign trade

According to the State Statistics Committee of Azerbaijan Republic, the foreign trade turnover totaled \$9.347 billion US (-26.89% year-on-year) with 145,628 customs declarations in the first seven months of 2016 versus \$ 20.65 billion US for 2015, \$31.016 billion US in 2014, \$34.687 billion US for 2013, \$33.56 billion US in 2012 and \$54.92 billion US in 2008. In June 2016 turnover was estimated in \$1.49 billion US.

Azerbaijan exported commodities of 2,234 names on 26,742 customs declarations registered for \$4.589 billion US (-38.37%) in the indicated period. Over the past 7 months the country imported goods of 6,695 names on 118,886 customs declarations for \$4.76 billion US (-10.46 %).

Deficit on import and export operations for Jan-Jul 2016 amounted to \$167 million US versus \$2.2 billion US surplus for 2015, \$12.64 billion US surplus in 2014, \$13.262 billion US surplus in 2013 and \$16.918 billion US surplus in 2012.

Inflation Rate in Azerbaijan

State Statistics Committee has reported 10.6 % annual inflation rate in the first seven months of 2016, including for foodstuff products - 12.0%, non-food products - 15.5% , tariffs for paid services rendered to population - by 4.7%.

Meanwhile, CESD price calculations has concluded that annual inflation rate was 16.8 % in the first seven months of 2016.

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Report informs referring to the State Statistical Committee, the prices for consumer goods and tariffs for services in July fell by 0.3% on a monthly basis, including food products fell by 1.6%, non-food prices and tariffs for paid services rendered to the population grew by 0.2% and 1.0% respectively.

Budget deficit was to 3.7% of GDP

The deficit of the State Budget of Azerbaijan increased sharply by the end of July.

The State Statistics Committee informs, citing the Ministry of Finance, that for Jan-Jul the State Budget revenues amounted to 7.007 billion manat and expenditures 8.19 billion manat

The state budget deficit was estimated at 1.186 billion manat or 3.7% of GDP according to the official report.

The exchange rate is 1.68 manat to \$1 on August 17h, 2016

For more information, please contact us at info@cesd.az