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Azerbaijan Economy in the first two months of 2017; Brief Overview

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CESD- Center for Economic and Social Development concluded its macro-economic survey results for the first two months of 2017. Both independent and official reports show that GDP slightly increased in the reporting period. According to the State Statistic Committee of Azerbaijan, GDP increased by 0.4 % in the first two months of 2017 compared with the period of 2016 since CESD calculations found out only 0.1 % growth in the economy.

The committee has reported that 10.04 billion manat (\$ 5.57 billion US, with the official average rate for the indicated period) GDP was produced in the indicated period.

GDP was at the level of 5.2 billion manat in January 2017 and 4.8 billion manat in February. So, GDP declined in February 2017 compared to previous month by 8.3 %.

The State Statistics Committee announced 2.3 % growth in non-oil GDP and 3.7 % decline in the industry output for the same period.

Meanwhile, both Azerbaijani oil export and oil output have been dramatically decreased in the first two months of 2017.

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Main Economic Figures in the first 2 months of 2017 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	0.4 %	0.1 %
Non-oil GDP Growth	2.3 %	1.1 %
Inflation Rate	12.5 %	18.9 %
Industrial Production Increase	- (negative) 3.7 %	- (negative) 4.2 %
Agriculture Production	3.2 %	3.2 %
SOFAZ Assets (January 01 st , 2017)	\$ 33, 147 US	N/A
Monthly Salary (January, 2017)	\$ 280.4 US	\$ 330.0 US
2016Poverty Line	5,6 %	12,5 %
Exports (January, 2017)- The State Customs Committee's figure	1,222 billion US	N/A
Imports (January, 2017)- The State Customs Committee's figure	\$ 450,0 million US	N/A
Excess/ Deficit (January, 2017- The State Customs Committee's figure	\$ 0.77 billion US	N/A
Budget Revenue	2, 370 billion manat (\$ 1.516 billion US, with the official average rate)	N/A
Budget Expenditure	2 191 billion manat (\$ 1.217 billion US with the official average rate)	N/A
Excess/ Deficit	178.8 million manat (\$ 99.33 with the official average rate)	N/A
Revenues of citizens increase	% 4.7	% 4,1
GDP Per Capita (without PPP)	1.035 thousand manat (\$ 0.575 thousand US)	\$ 0.490 thousand US

Source; State Statistic Committee of Azerbaijan Republic and CESD, March 2017

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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Annual GDP increased but GDP in February declined compared to January 2017

The State Statistics Committee of Azerbaijan Republic has reported that Gross Domestic Product (GDP) in amount of 10.04 billion manat (\$ 5.57 billion US, with the official average rate for the indicated period) in the first 2 months of 2017. The committee has reported that for the first 2 months of 2017, the real GDP increased by 0.4 % compared with the period of 2016 versus 0.8 % annual growth in January 2017.

GDP was at the level of 5.2 billion manat in January 2017 and 4.809 billion manat in February, this means that there is a month-to-month decline.

According to the committee, GDP per capita for the reported period totaled 1,035 manat. GDP per capita was 539.8 manat in January and 495.8 manat in February 2017.

Industrial Production Declined by 3.7 %

The State Statistics Committee has reported that Azerbaijan's industrial production made **6,539** billion manat (3.632 billion US) in January-February 2017. The industrial production decreased by 3.7 % in the first 2 months of 2017 compared to the same period of 2016.

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BTC oil export declined by 6.9 %

Azerbaijani oil exports through the Baku-Tbilisi-Ceyhan (BTC) pipeline via Georgia and Turkey declined 6 percent year-on-year in January-February to 4.4 million tonnes, State Oil Company of Azerbaijan Republic (SOCAR) has reported.

Oil exports through the BTC in 2016 had totalled 28.86 million tonnes, up 1.3 %.

Azerbaijan exports oil via the pipeline from the Azeri, Chirag and Guneshli (ACG) oil fields operated by BP.

Oil output declined by 7.3 %

The oil production in Azerbaijan in the first 2 months of 2017, decreased by 7.3% compared to the same period last year, the State Statistics Committee has reported.

Meanwhile, the State Oil Company of Azerbaijan (SOCAR) has announced that its oil production for February of the year decreased by 10.7% versus January 2017 and decline of 6.7% for 2016.

According to the Company, in February 2017 it produced 576,200 tons of oil against 645,100 tons in January 2017 and 605,000 tons in February 2016. In January 2016 it was produced 647,000 tons that became the best index for 2016.

In 2017 the Company has produced 1.22 million tons against 1.25 million manat tons of oil a year before.

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In February Azerbaijan produced totally 2.975 million tons of oil against 3.367 million tons in January. This year the oil production still reaches 6.34 million tons versus 6.9 million for January-February 2016.

SOFAZ assets declined by 1.27 %

Assets of the State Oil Fund of Azerbaijan (SOFAZ) totaled 33.2 billion in January 1st, 2017 which is 1.27 % lower than the figure fixed on January 1st, 2016. Revenues of the Oil Fund was 9.410 billion manats (\$ 5.881 billion US) meanwhile expenditures of the fund totaled and 9.022 billion manats (\$ 5.638 billion US) in 2016.

Is inflation rate 12.5 %?

The State Statistics Committee of Azerbaijan has reported the data on the consumer price index (CPI) in Azerbaijan for the first 2 months of 2017.

The Committee informs that for Jan-Feb 2017 the inflation rate amounted to 12.5% against the same term of 2016 and 12.4% for entire 2016.

In February CPI grew by 1.6% versus 2.3% in January. This year consumer inflation of 3.9% has been accumulated against 14.7% in 2016.

Food prices rose by 15.6% year-on-year and 2.5% in February 2017, while nonfood prices by 12.5% and 0.9%, respectively, tariffs for services by 8.4% and 1%.

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Meanwhile, CESD price calculations found out 18.9 % annual inflation rate for the first 2 months of 2017.

The official average exchange rate for March 30, 2017 was 1.7220 manat to \$1 according to the Central Bank of Azerbaijan.

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

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