

CESD, [www.cesd.az](http://www.cesd.az)

*Better research, better policy, better reform*

**CESD** | CENTER FOR ECONOMIC  
& SOCIAL DEVELOPMENT

*Global Think-Tank*

## **Azerbaijan Economy in the first quarter of 2017; Brief Overview**

Center for Economic and Social Development (CESD)

Caspian Plaza, 3rd Block, 13th floor  
J.Jabbarli str. 44,  
Baku, Azerbaijan  
Phone: (99412) 5943665  
Fax: (99412) 5943665  
Email: [info@cesd.az](mailto:info@cesd.az)  
URL: [www.cesd.az](http://www.cesd.az)

Baku, April 2017

## **Azerbaijan Economy in the first quarter of 2017; Brief Overview**

## **Azerbaijan Economy in the first quarter of 2017; Brief Overview**

CESD- Center for Economic and Social Development concluded its macro-economic survey results for the first quarter of 2017. Both independent and official reports show that GDP decreased in the reporting period. According to the State Statistic Committee of Azerbaijan, GDP decreased by 0.9 % in the first quarter of 2017 compared with the period of 2016 since CESD calculations found out 1.2 % decline in the economy.

The committee has reported that 15.229 billion manat (\$ 8.958 billion US, with the official average rate for the indicated period) GDP was produced in the indicated period.

The State Statistics Committee announced 2.4 % growth in non-oil GDP and 6.8 % decline in the industry output for the same period.

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

## **Azerbaijan Economy in the first quarter of 2017; Brief Overview**

## Main Economic Figures in the first quarter of 2017 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	Negative 0.9 %	Negative 1.2 %
Non-oil GDP Growth	2.4 %	1.5 %
Inflation Rate	13.2 %	19.4 %
Industrial Production Increase	- (negative) 6.8 %	- (negative) 8.1 %
Agriculture Production	3.2 %	3.2 %
SOFAZ Assets (April 01 <sup>st</sup> , 2017)	\$ 33.207 US	N/A
Monthly Salary (January, 2017)	\$ 280.4 US	\$ 330.0 US
Poverty 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)	1.570 thousand manat (\$ 0.924 thousand US)	\$ 0.810 thousand US

**Source;** State Statistic Committee of Azerbaijan Republic and CESD, April 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.*

## Azerbaijan Economy in the first quarter of 2017; Brief Overview

### **GDP Declined by 0.9 %**

According to the State Statistic Committee of Azerbaijan, the country's GDP declined by 0.9% in the first quarter of 2017 compared to the same period of 2016. Oil GDP for the same period declined by 6.6%.

### **Non-Oil GDP increased by 2.4 %**

According to the committee, the nonoil GDP in Azerbaijan reached 8.566 billion manat that was by 2.4% higher than the first quarter of 2016. The committee has reported that in March 2017 the nonoil sector kept the status of the engine of the national economy, returned this January, although last year it was the epicenter of the crisis – the economic downturn in it was 1.42-fold stronger than in the economy as a whole.

### **Oil Output declined by 9.9 %**

The oil production in Azerbaijan is falling essentially, including in connection with commitments undertaken within the OPEC/NOPEC deal. The State Statistics Committee reports that for Jan-Mar 2016 the country produced 9.46 million tons of oil that was by 9.9% less than production for Jan-Mar 2015. Oil stocks as of 1 April 2017 reached 629,300 tons against 410,200 tons by 1 January 2017.

## **Azerbaijan Economy in the first quarter of 2017; Brief Overview**

Over the 1st quarter of 2017 production of commercial oil totaled 9.45 million tons (-9.9% year-on-year).

In 2015 the country produced 41.029 million tons of oil that was less than production for 2015 by 1.5%. Last year production of commercial oil totaled 40.977 million tons (-1.4% year-on-year).

### **IMF adjusted its forecast for Azerbaijan from positive to negative**

The IMF updated its World Economic Outlook and confirmed the long-term absence of accelerated economic growth in Azerbaijan. According to WEO, the Azerbaijani economy, which fell by 3.8% in 2016, is going to remain in recession in 2017 - GDP will decrease by 1%. In 2018, economic growth may reach 2%, not covering the fall of 2016-2017. In 2022 alone GDP can grow by 3%.

As a result, surplus on the current account of the balance of payments, which is expected to reach 1.3% of GDP in 2017, 3.8% in 2018 and 6.3% of GDP in 2022, will not have a positive impact on the economic growth of Azerbaijan.

## **Azerbaijan Economy in the first quarter of 2017; Brief Overview**

### **SOFAZ's assets has grown**

The assets of the State Oil Fund of Azerbaijan (SOFAZ) grew by 0.18% for the quarter of 2017. SOFAZ has reported that for the reported term Fund's assets increased from \$33.147 million US up to \$33.207 million US.

SOFAZ revenues were estimated at the level of 3.272 billion and expenditures at 3.847 billion manat.

The basis of revenues for 2017 included earnings within the PSA contracts (2.899 billion manat), including 2.89 billion manat from sale of oil and gas, 100,000 manat of bonuses, and 4.6 million manat from transit fees.

The basis of expenditures was provided by SOFAZ transfer to the State Budget for 1.525 million manat.

SOFAZ extra-budgetary expenditures from exchange rate difference were estimated at the level of 873.9 million manat.

For the reported term, with the purpose of ensuring macroeconomic stability, it was carried out the transfer to the Central Bank of Azerbaijan in the amount of 2.279 million manat.

## **Azerbaijan Economy in the first quarter of 2017; Brief Overview**

**Is inflation rate 13.2 %?**

The State Statistics Committee of Azerbaijan has renewed the data on the consumer price index (CPI) in Azerbaijan for 2017. The Committee informs that for the first quarter of 2017 the inflation rate amounted to 13.2% against the same term of 2016 and 12.4% for entire 2016.

In March CPI grew by 1.6% versus 1.8% in February and 2.3% in January. This year consumer inflation of 5.5% has been accumulated against 14.7% in 2016.

Food prices rose by 17% year-on-year and 3.1% in March 2017, while nonfood prices by 12.6% and 0.6%, respectively, tariffs for services by 8.6% and 0.5%.

Meanwhile, CESD price calculations found out 19.4 % annual inflation rate for the first quarter of 2017.

*The official average exchange rate for April 24, 2017 was 1.70 manat to \$1 according to the Central Bank of Azerbaijan.*

*For more information, please contact us at [info@cesd.az](mailto:info@cesd.az)*

## **Azerbaijan Economy in the first quarter of 2017; Brief Overview**