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

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Azerbaijan Economy in the first eight months (January-August) of 2017; Brief Overview

CESD- Center for Economic and Social Development concluded its macro-economic survey results for the first eight months of 2017. Both independent and official reports show that GDP declined in the reporting period. According to the State Statistic Committee of Azerbaijan, GDP decreased by 1.1 % in January-August of 2017 compared with the period of 2016 since CESD calculations found out 1.3 % decline in the economy.

The Gross Domestic Product (GDP) made up 43,713 billion manat (\$ 25.714 billion US) in the first eight months of 2017.

The State Statistics Committee announced Non-oil GDP increased by 2.4 %, meanwhile, oil GDP declined by 7.6 % in January-August 2017

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

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

Main Economic Figures	Government Report	CESD Report
GDP Growth	Negative 1.1 %	Negative 1.3 %
Non-oil GDP Growth	2.4 %	2.2 %
Inflation Rate	14.0 %	19.7 %
Oil GDP	- (negative) 7.7 %	- (negative) 7.8 %
Agriculture Production	2.5 %	2.5 %
SOFAZ Assets (July 01 st , 2017)	\$ 34,790 US	N/A
Monthly Salary (September, 2017)	\$ 280.4 US	\$ 330.0 US
Poverty Line	5,6 %	12,5 %
Exports (first 7 months of 2017)- The State Customs Committee's figure	8.5 billion US	N/A
Imports (first 7 months of 2017)- The State Customs Committee's figure	\$ 4,4 billion US	N/A
Excess/ Deficit (first 7 months of 2017)- The State Customs Committee's figure	\$ 4.1 billion US	N/A
Budget Revenue first 7 months of 2017)	9,410,billion manat (\$ 5,535 billion US, with the official average rate)	N/A
Budget Expenditure first 7 months of 2017)	9 765, billion manat (\$ 5,744billion US with the official average rate)	N/A
Excess/ Deficit first 7 months of 2017)	354,9 million manat (\$ 208,765 with the official average rate)	N/A
Revenues of citizens increase	% 7.5	% 7,0
GDP Per Capita (without PPP)	4,498 thousand manat (\$ 2.647 thousand US)	\$ 2,455 thousand US

Source; State Statistic Committee of Azerbaijan Republic and CESD, September 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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GDP declined by 1.1 %

According to the State Statistics Committee, the Gross Domestic Product (GDP) made up 43,713 billion manat (\$ 25.714 billion US) in the first eight months of 2017. GDP declined by 1.1 in the indicated period compared with the period of 2016. Non-oil GDP increased by 2.4 %, meanwhile, oil GDP declined by 7.6 % in January-August 2017.

At the same time, 40.1% of the value added was formed in industry, 10.5% in trade and repair of transport facilities, 7.2% in transport and storehouse, 8.8% in construction, 5.6% in agriculture, forestry and fishery, 2.6% in tourist accommodation and catering, 1.7% in information and communication and 16.2% in other spheres. Net taxes to product and import made up 7.3% of GDP. GDP per capita amounted to 4,498 thousand manat.

Non-oil export increased by 27.0 %

Azerbaijan increased non-oil exports by 27 % in January-August 2017 compared to the same period of 2016, according to the State Statistics Committee.

Export of agricultural products increased by 37 percent, while export of industrial products increased by 25.4 percent, the committee has reported

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Oil output continues declining

In August, the daily oil production in Azerbaijan amounted to 734,800 barrels, 704,000 barrels of which accounted for crude and 30,800 barrels accounted for condensate.

The Energy Ministry has reported that 617,600 barrels of crude, 30,800 barrels of condensate and 6,600 barrels of petroleum products were exported daily in August. Azerbaijan was producing 793,900 barrels of oil per day in January, 776,400 barrels per day in February, 733,300 barrels per day in March, 781,100 barrels per day in April, 785,300 barrels per day in May, 793,700 barrels per day in June and 796,700 barrels per day in July.

Export through the BTC declined by 9.7 %

Azerbaijani oil exports through the Baku-Tbilisi-Ceyhan (BTC) pipeline via Georgia and Turkey fell by 9.7 percent year on year to 18.062 million tonnes in the January-August period, according to the State Oil Company of Azerbaijan Republic (SOCAR).

The BTC pipeline is used to export oil via from the Azeri, Chirag and Guneshli (ACG) oilfields operated by BP. Azerbaijan also exports oil via Russia, through the Baku-Novorossiisk pipeline and via Georgia by rail and through the Baku-Supsa pipeline.

Meanwhile, SOCAR exported 254,363 tons of oil through Novorossiysk port, 1,733,484 tons through Ceyhan port in August 2017.

The company reported that in January-August SOCAR totally exported 988,28 tons of oil through Novorossiysk port, 1,579,673 tons through Supsa and 11,400,551 tons through Ceyhan port.

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Is inflation rate 14.0 %?

Compared to the corresponding period in 2016 in January-August 2017, prices for consumer goods and tariffs for services in Azerbaijan increased by 14,0% as well as food products, beverages increased by 18.2%, non-food products - 12.6%, tariffs for paid services rendered to the population - 9.6%.

In August 2017, prices for consumer goods and tariffs for services increased by 0.2%, compared to July, including non-food products and tariffs for paid services rendered to population up by 0.2%

Notably, in January-July 2017, prices for consumer goods and tariffs for services in Azerbaijan increased by 14% year-on-year. Foodstuffs went up by 18.2%, non-food products - 12.6%, tariffs for paid services rendered to the population - by 9.6%. In July 2017, prices for consumer goods and tariffs for services increased by 0.1% compared to June, including non-food products - 1.6%, tariffs for paid services rendered to population - 0.4%, prices for food products decreased by 1.0%.

Meanwhile, CESD price calculations found out 19.7 % annual inflation rate for the same period of 2017.

The official average exchange rate for September 26, 2017 was 1.70 manat to \$1 according to the Central Bank of Azerbaijan.

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

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