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

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Azerbaijan Economy in the first seven months (January-July) of 2017; Brief Overview

CESD- Center for Economic and Social Development concluded its macro-economic survey results for the first seven 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 1.0 % in January-July of 2017 compared with the period of 2016 since CESD calculations found out 1.2 % decline in the economy.

The Gross Domestic Product (GDP) made up 37,645 billion manat (\$ 20.320 billion US) in the first seven months of 2017.

The State Statistics Committee announced 4.6 % growth in non-oil GDP and 5.4 % decline in the industry output for the same period.

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

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

Main Economic Figures	Government Report	CESD Report
GDP Growth	Negative 1.0 %	Negative 1.2 %
Non-oil GDP Growth	4.6 %	4.3 %
Inflation Rate	14.0 %	19.7 %
Industrial Production Increase	- (negative) 5.4 %	- (negative) 5.8 %
Agriculture Production	2.5 %	2.5 %
SOFAZ Assets (July 01 st , 2017)	\$ 34,790 US	N/A
Monthly Salary (January, 2017)	\$ 280.4 US	\$ 330.0 US
Poverty Line	5,6 %	12,5 %
Exports (first half of 2017)- The State Customs Committee's figure	7,283 billion US	N/A
Imports (first half of 2017)- The State Customs Committee's figure	\$ 3,409 billion US	N/A
Excess/ Deficit (first half of 2017)- The State Customs Committee's figure	\$ 3,873 billion US	N/A
Budget Revenue	9,410, billion manat (\$ 5,535 billion US, with the official average rate)	N/A
Budget Expenditure	9 765, billion manat (\$ 5,744 billion US with the official average rate)	N/A
Excess/ Deficit	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)	3, 875 thousand manat (\$ 2.279 thousand US)	\$ 2,100 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 1.0 %

According to the State Statistics Committee, the Gross Domestic Product (GDP) made up 37,645 billion manat (\$ 20.320 billion US) in the first seven months of 2017. Compared with the same period of 2016, GDP declined by 1.0 % in the indicated time. GDP per capita was 3,875 thousand manat, which is 2% lower in the annual comparison.

The state committee reports that 61,8% of GDP produced in the non-oil sector of the economy, 38% - in the oil and gas sector. Production of GDP in the non-oil sector increased by 2.2%.

During this period, 10,6% of GDP has been manufactured in the field of industry, 10,6% in trade and repair of transport means, 8,9% in construction, 7% in transport and warehousing, 5,4% in agriculture, forestry and fishery, 2,6% in tourist placement and catering, 1,7% in information and communications services, 15,6% in other sectors. The net taxes on production and import have reached 7,1% of GDP.

Industrial output declined by 5.4 %

Industrial output declined by 5.4 % in the seven months of 2017. According to the State Statistics Committee, industrial out was 21,8 billion manat (\$ 12.824 billion US) in the indicated period. The commodity production has increased by 4,6% in the non-oil sector, and reduced by 7,1% in the oil sector.

Some 70% of the industrial products have been manufactured in the mining sector, 24,8% - in the processing sector, 4,4% - in the electric power, gas and steam production, distribution and supply and 0,8% - in water supply, cleaning and processing of waste.

The oil production in the mining sector has declined by 8,9%, and gas production – by 1,3%.

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The production volume in electric power, gas and steam production, distribution and supply sector has increased by 0,6%, and by 1,1% - in water supply, cleaning and processing of waste sector.

CBA's foreign exchange reserves increased

The currency reserves of the Central Bank of Azerbaijan (CBA) has reached to \$5,033 billion US. CBA's reserves increased by \$69 million (1.4 percent) for the month, while by \$1,058.7 million (26.6 percent) since early 2017, according to the CBA's report.

CBA's currency reserves have started to decrease since July 2014. The reduction was at a slower rate (within a range of \$20 million to \$50 million) at the beginning, but a sharp decline began in December 2014 due to an increase in demand for dollar in the country.

During 2016, the currency reserves increased by 0.9 percent in March, 1.35 percent in April, 3.97 percent in May, 0.7 percent in August and 0.14 percent in November

Refined oil product exports decreased

Exports of refined oil products fell 26 percent year-on-year in January-July this year to 513,244 tonnes from 692,987 tonnes in the same period last year according to the State Oil Company of Azerbaijan Republic (SOCAR). Reminded that In 2016, Azerbaijan exported 1.13 million tonnes of oil products, down from 1.50 million in 2015, with exports of fuel oil, jet fuel and diesel falling.

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Is inflation rate 14.0 %?

The State Statistics Committee of Azerbaijan has renewed the data on the consumer price index (CPI) in Azerbaijan for the first seven months of 2017. The Committee informs that for the first seven months of 2017 the inflation rate amounted to 14.0 % against the same term of 2016.

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

The official average exchange rate for September 07, 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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