

CESD, www.cesd.az

Better research, better policy, better reform

CESD | CENTER FOR ECONOMIC
& SOCIAL DEVELOPMENT

Global Think-Tank

Azerbaijan Economy in the first nine months 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
URL: www.cesd.az

Baku, 30 October 2017

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

Azerbaijan Economy in the first nine months (January-September) of 2017; Brief Overview

CESD- Center for Economic and Social Development concluded its macro-economic survey results for the first nine 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 0.6 % in January-September of 2017 compared with the same period of 2016 since CESD calculations found out 1.0 % decline in the economy.

The Gross Domestic Product (GDP) made up 50.067 billion manat (\$ 29.451 billion US) in the first nine months of 2017.

The State Statistics Committee announced non-oil GDP increased by 2.5 %, meanwhile, oil GDP declined by 6.5 % in January-September 2017

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

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

Main Economic Figures in the first ninemonths of 2017 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	Negative 0.6 %	Negative 1.0 %
Non-oil GDP Growth	2.5 %	2.2 %
Inflation Rate	13.9 %	19.7 %
Oil GDP	- (negative) 6.5 %	- (negative) 6.9 %
Agriculture Production	2.5 %	2.5 %
SOFAZ Assets (July 01 st , 2017)	\$ 34,790 US	N/A
Monthly Salary (October, 2017)	\$ 308.6 US	\$ 355.0 US
Poverty Line	5,6 %	12,5 %
Exports (first 8 months of 2017)- The State Customs Committee's figure	9.720 billion US	N/A
Imports (first 8 months of 2017)- The State Customs Committee's figure	\$ 5,300 billion US	N/A
Excess/ Deficit (first 8 months of 2017)- The State Customs Committee's figure	\$ 4,419billion US	N/A
Budget Revenue first 8 months of 2017)	12.045,billion manat (\$7.08 billion US, with the official average rate)	N/A
Budget Expenditure first 8 months of 2017)	12.78 billion manat (\$ 7.51 billion US with the official average rate)	N/A
Excess/ Deficit first 8 months of 2017)	783.6 million manat (\$ 430 million US with the official average rate)	N/A
Revenues of citizens increase	% 7.5	% 7,0
GDP Per Capita (without PPP)	5,149 thousand manat (\$3.028 thousand US)	\$ 2,846 thousand US

Source; State Statistic Committee of Azerbaijan Republic and CESD, October 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 nine months of 2017; Brief Overview

GDP declined by 0.6 %

In January-September 2017, the Gross Domestic Product (GDP) amounted to 50 billion 067 million manat. The GDP was declined by 0.6% in the first nine months of 2017 compared with the same period of previous year.

According to State Statistical committee, the value added in non-oil sector rose 2.5%, its share in GDP made up 62.6%. The value added in oil sector declined 6.5%.

In the reporting period, 40.2% of GDP was formed in industry, 10.4% in trade: maintenance of transport vehicles, 8.7% in construction, 6.9% in transport and storage economy, 5.9% in agriculture, forestry and fishery, 2.5% in tourist accommodation and public catering, 1.7% in information and communication, 16.3% in other areas. Net taxes to production and import made up 7.4% of GDP. GDP per capita was 5.149 thousand manat (\$ 3.028 thousand US)

Non-oil industry increased, oil industry decreased

Azerbaijan produced industrial products for 28.3 billion manat (\$ 16.64 billion US) in the first nine months of 2017. The State Statistics Committee has reported that production of non-oil industry for the reported period increased by 3.1% and oil industry decreased by 6.6%. "70.2% of industrial output was produced in the mining sector, 24.6% in the processing sector, 4.4% in the electricity sector, production and distribution of gas and steam, 0.8% in the sphere of water supply, purification and waste treatment," the committee has reported.

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

Oil exports via BTC pipeline declined by 8 %

Azeri oil exports through the Baku-Tbilisi-Ceyhan (BTC) pipeline via Georgia and Turkey fell by 7.8 percent year-on-year to 20.326 million tonnes in the January-September period, state energy company SOCAR has reported

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 -Supsa pipeline. Oil from Kazakhstan and Turkmenistan is also exported through the BTC pipeline

IMF forecasts 1,4 %, ADB 1.0 % economic growth for 2018

International Monetary Fond expects Azerbaijan's gross domestic product to decline 1.0 % in 2017, then grow 1.4 % in 2018. The IMF also expects double-digit inflation in the oil-producing country in 2017.

The Asian Development Bank (ADB) has forecasted Azerbaijan's GDP growth to be one percent in 2018. The Bank expects the recession to continue in 2017, but its pace to slow down, according to the "Asian Development Outlook 2017 Update: Sustaining Development through Public-Private Partnership".

The ADB says that the Azerbaijani GDP growth rate will decrease by 1.3 percent in 2017. Azerbaijan's economy contracted by 3.8 percent in 2016 compared to 2015. The non-oil GDP decreased by 5.4 percent in 2016.

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

Budget deficit was 783.6 million manat

Over Jan-Sept of the year the deficit of the State Budget of Azerbaijan totaled 783.6 million manat.

The Ministry of Finance reports that country's budget revenues for the reporting period amounted to 12.045 billion manat and expenditures 12.78 billion manat, and as a result, deficit in the amount of 783.6 million manat formed.

"Budget revenues were implemented for 12.045 billion mana tagainst the forecast of 12.019 billion manat (0.2% more) that is by 1.94 billion manat or 19.2% more than for the same period of last year. With implementation of profitable part of budget by 100.1% it was provided transfer of 5.224 billion manat to the State Budget that is by 298.5 million manat or 6.1% more than for the 2016 same term. 73.2% of those revenues were provided due the non-oil sector," the MoF said.

The State Customs Committee transferred 1.95 billion manat to the State Budget for January-September that means meeting of the forecast by 117.8%. The country's budget was transferred 4.3 billion manat from the State Oil Fund of Azerbaijan (SOFAZ) that is by 275 million manat or 6.0% less against the forecast.

The State Budget expenditure part was implemented for January-September of 2017 for 12.78 billion manat or 100.7% that was by 2.16 billion or 20.3% more than for the first 9 months of 2016. Social expenditures for the reported period amounted to 38.1% of total expenditures or 4.865 billion manat that is by 351.4 million manat or 7.8% more than for the first 9 months of last year.

Over January-September of the year the deficit of the State Budget formed at the level 738.6 million manat that was covered at the expense of privatization proceeds, and proceeds from external borrowing and the balance on the single treasury account of the State Budget by 1 January 2017.

Consolidated budget revenues for January-September 2017 amounted to 17.586 billion manat and expenditures 16.97 billion manat and thus the surplus of the consolidated budget formed at the level of 614.5 million manat.

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

Is inflation rate 13.9 %?

Compared to the corresponding period in 2016 in January-September 2017, prices for consumer goods and tariffs for services in Azerbaijan increased by 13,9 %.

The State Statistics Committee of Azerbaijan reports that in particular prices for foods increased by 17.9%, nonfoods by 12.5%, and services by 9.6%.

"Compared to August, in September prices grew by 0.7%, including for foods by 1.4%, nonfoods by 0.4% and services by 0.1%," the SSC said in a statement.

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

The official average exchange rate for October, 2017 was 1.702 manat to \$1 according to the Central Bank of Azerbaijan.

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

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