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The Azerbaijani economy in the first quarter of 2019: 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

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The Azerbaijan economy in the first quarter (January-March) of 2019: Brief Overview

CESD – the Center for Economic and Social Development – concluded its macro-economic survey results for the first quarter of 2019. According to the State Statistic Committee of Azerbaijan, Gross Domestic Product (GDP) increased by 3.0 % in January-March 2019 compared with the same period of previous year: The CESD’s figure for the same period was 2.4 %.

The GDP totaled 18,111 billion manat (\$10.653 billion USD) in the first quarter of 2019.

The State Statistics Committee announced non-oil GDP increased by 1.7 % in the same period compared with the first quarter of 2018. According CESD’s calculations, non-oil GDP increased by 1.2 % in the first quarter of 2019.

After tourism boom, the State Border Service reports that Azerbaijan registered arrival of 610,800 foreign citizens and individuals without citizenship from 157 countries of the world in the first quarter of 2019.

According to the State Statistics Committee, the number of visitors decreased by 2.9% against the same term of 2018.

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Main economic figures for the first quarter of 2019 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	3.0 %	2.4 %
Non-oil GDP Growth	1.7 %	1.2 %
Inflation Rate	2.1%	6.4 %
Industrial Production	4.4 %	3.8 %
Agriculture Production	3.6 %	2.8 %
SOFAZ Assets (January 2019)	\$ 38 515billion USD	N/A
Monthly Salary	\$305.0 USD	\$355.0 USD
Exports (Jan-February 2019)- The State Customs Committee's figure	\$ 2, 955,billion USD	N/A
Imports (Jan-February 2019)- The State Customs Committee's figure	\$ 2 165 billion USD	N/A
Excess/ Deficit (Jan-February 2019)- The State Customs Committee's figure	\$ 790 million USD	N/A
Budget Revenue	5,439 billion manat (\$ 3.199 billion USD, with the official average rate)	N/A
Budget Expenditure	5,035 billion manat (\$2.961 billion USD with the official average rate)	N/A
Excess/ Deficit	403,8 million manat (\$237.5 million USD with the official average rate)	N/A
Revenues of citizens increase	5,5 %	5.1 %
GDP Per Capita (without PPP)	1,835 manat (\$ 1.079 USD)	\$1.000 USD

Source: State Statistic Committee of Azerbaijan Republic and CESD, April 2019

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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Azerbaijan GDP in the first quarter of 2019

According to the State Statistics Committee of Azerbaijan, In January-March 2019 GDP was 18,111 billion manat (\$10.653 billion USD) or 3.0 % compared to the corresponding period of the previous year in the country.

46.0 % of GDP was produced in industry, 10.2 % trade; vehicle repair areas, 6.6 % transport and warehouse, 5.5 % construction, 2.8 % agriculture, forestry and fishing, 2.6 % tourists' accommodation and public catering, 1.7 % information and communication, 16.4 % other fields, 8.2 % net taxes on product and import. GDP per capita had been equal to 1835.1 manat.

Industrial Production in the first quarter of 2019

According to the State Statistics Committee of Azerbaijan, in January-March 2019 industrial products at 11.5 billion manat (\$ 6.76 billion USD) or more for 4.4 % compared to the corresponding period of the 2018 were produced by industrial enterprises and individual entrepreneurs operating in this field. Product output in non-oil sector of industry increased by 15.6 %.

71.7 % of industrial products were produced in mining sector, 22.9 % in manufacturing sector, 4.8 % in production, distribution and supply of electricity, gas and steam, 0.6 % in the sector of water supply, waste management and remediation activities.

Marketable gas production in mining sector increased by 0.4 %, while marketable gas production it increased by 36.0%.

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Production of automobile, trailers and semi-trailers in manufacturing sector increased by 85.6 %, beverage by 78.8 %, wood manufacturing and production of wood products by 72.4 %, textile industry products by 61.4 %, rubber and plastic products by 59.3 %, furniture by 58.7 %, pharmaceutical products by 44.0 %, paper and cardboard by 34.6 %, chemical industrial products by 32.6 %, installation and maintenance activities of machine and equipment by 30.0 %, machine and equipment by 13.2 %, construction materials by 8.5 %, tobacco products by 7.2 %, computer, electronic and optical products by 5.0%, polygraphic products by 3.3 %, other vehicles by 2.6 %, while production of metallurgical industrial products decreased by 13.9 %, electrical equipment by 15.0 %, finished metal products by 22.6 %, clothes by 28.9 %, leather and leather products and shoes by 36.0 %.

Production volume in the sector of electricity, gas and steam production, distribution and supply increased by 3.2 % and in the sector of water supply, waste management and remediation activities it increased by 9.3 %.

Number of tourists decreased by 2.9 %

The State Border Service reports that Azerbaijan registered arrival of 610,800 foreign citizens and individuals without citizenship from 157 countries of the world in the first quarter of 2019.

According to the State Statistics Committee, the number of visitors decreased by 2.9% against the same term of 2018.

"Of them, 28% came from Georgia, 27.4% from Russia, 11.3% from Turkey, 9.2% from Iran, 3.5% from UAE, 1.8% from Ukraine, 1.7% from India, 1.4% from Iraq, 15.6% from other countries and 0.1% of them were stateless," the Committee said.

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The rate of visitors reduced mainly from Qatar (48.5%), Iran (43.4%), Israel (41.7%), UAE (28.1%) and Iraq (24.8%).

At the same time, the flow of citizens from Egypt increased by 2.3 times, India by 1.8 times, Saudi Arabia by 1.8 times, Turkmenistan by 1.6%, Pakistan by 1.5 times, China by 46.1%, Japan by 32.5%, Georgia by 22.9%, Oman by 17.4%.

"The flow from European countries grew by 2.8% up to 19,100 people, from the Persian Gulf countries fell by 33.1% up to 106,800 people, from the CIS countries dropped by 1.1% to 202,300 people," the SSC said.

According to the Committee, 64% of foreign citizens and stateless persons arrived in Azerbaijan by rail and bus, 35.2% by air and 0.8% by water transport.

Export of petroleum products decreased

The State Customs Committee has informed that in the 1st quarter of the year Azerbaijan exported 201,940 tons of petroleum products (on codes of 2,710 goods). The cost of exported petroleum products amounted to \$100.987 million. For the same term of 2019 the country exported 276,550 tons of petroleum products for \$135.958 million.

Crude oil export decreased in March 2019

The daily oil production in Azerbaijan in March 2019 amounted to 798 thousand barrels against 806 thousand b / d in February of this year, the republic's Ministry of Energy said. "The daily oil

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production in March amounted to 798,000 barrels in Azerbaijan, of which 714,000 barrels fell to crude oil, and 84,000 barrels – to condensate,” the report says. According to the Ministry of Energy, the daily volume of oil exports from Azerbaijan in March 2019 amounted to 586 thousand barrels of crude oil (in February – 572.9 thousand), 84 thousand barrels of condensate and 19.7 thousand barrels of oil products. “Data on daily oil production in Azerbaijan in March were sent to the Joint Technical Commission of the OPEC Monitoring Committee,” the report says.

According to the Ministry of Energy, the average daily oil production in Azerbaijan in the first quarter of 2019 amounted to 799,000 barrels.

Is the inflation rate really 2.1 %?

According to the State Statistic Committee, prices of consumer goods and services in January-March of 2019 compared to the same period of 2018 increased by 2.1%, including food products, beverage and tobacco products 1.5%, non-food products 1.2%, paid services provided to population 3.6%.

In March of 2019 compared to February prices of consumer goods and services increased by 0.6%, including food products, beverage and tobacco products 1.3%, non-food products and paid services provided to population 0.1%.

During the month increasing in prices of flour, bread, macaroni products, mutton, sausage products, fish products, nonpasteurized skimmed milk, yoghurt, cottage cheese, olive oil, lemon, tangerine, orange, banana, apple, pear, quince, pomegranate, kiwi, cabbage, greens, cucumber, tomato, pumpkin, pepper, beet, potato, onion, garlic, energy drinks and decreasing in prices of beef and chicken meat, sterilized skimmed milk, sour cream, table margarine, corn oil, egg, nut,

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hazel-nut, chestnut, egg-plant, carrot, dried peas and beans, lentil, sugar, salt were observed. No significant changes were observed in prices of other food products.

During the month increasing in prices of non-food products such as carpet and other floor coverings, furniture and home goods, bicycles, TV sets, stationary, cement, brick, nitro and oil paint and decreasing in prices of cut wood boards, water colour, air conditioner, mobile phones and tablet computers were observed. No significant changes had been observed in prices of other non-food products.

In March compared to February there was rise in prices of paid services provided to population – renting apartments, repair of domestic appliances, international passenger transportation services by air transport, dentistry, barbers and cosmetology services, vacation tours and reducing in prices of passenger transportation to CIS countries by railway transport, hotel services. No significant changes were observed in prices of other paid services.

Meanwhile, CESD price calculations found a 6.4 % annual inflation rate for the same period of 2018.

The official average exchange rate for April 2019 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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