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Azerbaijan Economy in the First Quarter in 2016; Brief Overview

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Macro-economic figures for the first quarter in 2016

CESD- Center for Economic and Social Development concluded its macro-economic survey results for the first quarter in 2016. Both independent and official reports show that GDP continued declining in the reporting period. According to the State Statistic Committee of Azerbaijan, GDP decreased 3.5 % in the first quarter in 2016 since CESD calculations found out 4.1 % decline in the economy.

By reason of decline in oil sector, industry output decreased by 0.6 % in the indicated period according to the official report. The State Committee reported 5.0 % growth in non-oil sector the indicated period.

Independently calculated data show that decline in oil income will continue in 2016, too due to low crude oil price in the world market. Meanwhile, less output is forecasted for 2016 compared to 2015.

According to the State Statistics Committee, crude oil production was declined by 1.5%, since gas production fell by 7.9% and electricity production by 6.7 % in the indicated period.

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Main Economic Figures for the first quarter in 2016 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	- 3,5 %	- 4.1 %
Non-oil GDP Growth	5.0 %	3,8 %
Oil GDP	- 1.3 %	- 1.7 %
Inflation Rate	10.8%	14.5 %
Industrial Production Increase	-0.6 %	- 1.2 %
Agriculture Production	2.7 %	2.5 %
Currency Reserve (January 01 st , 2016)	\$ 33. 574	N/A
Monthly Salary	\$ 310	\$ 420
Poverty Line	5,6 %	12,5 %
Exports (January-February 2016)	\$ 1.223 billion	N/A
Imports (January-February 2016)	\$ 979.9 million	N/A
Budget Revenue (January-February 2016)	3.678 billion manat	N/A
Budget Expenditure (January-February 2016)	2.623 billion manat	N/A
Excess/ Deficit (January-February 2016)	1.054 billion manat	N/A
Revenues of citizens Increase	% 9,0	% 7,5
GDP Per Capita (without PPP) created in the first quarter in 2016	\$ 862.8	\$ 780

Source; State Statistic Committee of Azerbaijan Republic and CESD, April 2016

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 3.5 %

According to the State Statistics Committee, Gross Domestic Product (GDP) was 12.589 billion manat (\$ 8.282 billion US) in the first quarter in 2016. GDP declined by 3.5% in comparison with corresponding period of previous year. State Committee reports that the main reason of this was decrease in producing of product and services in construction and transport sector compared to the same period previous year. 39.0% of GDP was produced in industry since 13.3% was in trade; maintenance of transport means, 8.4% was in construction, 6.7% was in transport and warehouse, 3.5% was in accommodation of tourists and public catering, 2.8% was in agriculture, forestry and fishery, 2.0% was in information and communication and 16.0% was in other fields. Net of tax to the product and import made up 8.3% of GDP. Volume of GDP on per capita was equal to 1311.6 manat (\$ 862.8 US).

Decline in the industry

According to the State Committee, industrial products was 7.0 billion manat (\$ 4.605 billion US) or less than 0.6% compared with the corresponding period of the last year were produced by **industrial** enterprises and natural entities on January-March, 2016. The State Statistics Committee reports that the main reason of this was decrease in crude oil production by 1.5%, gas production by 7.9% and electricity production by 6.7%, as well as variety of processing industry production. 63.3% of industry product was produced in mining sector, 28.7% in processing sector, 7.2% in distribution and supply on electricity, gas and steam, 0.8% in the sector of water supply, sewerage, waste management and

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remediation activities.

According to the State Committee, production output in mining sector decreased by 1.2%. Production of food products in processing sector increased by 2.3%, tobacco products by 87.5%, textile industry products by 3.2 times, metallurgical products by 11.5%, production of ready metal products by 80.2%, electrical equipment by 2.3%, computer, electron and optic products by 2.4%, automobile, trailer and semi-trailers by 18.2%, installation and maintenance activities of machine and equipment by 2.4 times and production of beverage decreased by 9.3%, production of clothing by 14.0%, leather and leather products and shoes by 78.1%, wood working and production of products from wood by 18.7%, production of paper and cardboard by 17.2, production of printing products by 4.3%, chemical industrial products by 6.4%, rubber and plastic products by 45.9%, construction materials by 32.6%, machine and equipment by 27.2% and production of furniture by 16.9%.

According to the State Statistics Committee, in comparison with the first quarter of 2015 overall agricultural products increased by 2.7%, as well as production of plant-growing products by 9.2%, production of cattle-breeding products by 2.5%.

According to the data of State Customs Committee in January-February, 2016 volume of foreign trade turnover of the country made up 2203.3 million US dollars. 1223.4 million dollars or 55.5% of commodity turnover made up exported products, 979.9 million dollars (44.5%) imported products and positive balance in amount of 243.5 million dollars has been established as a result of prevail by export into import. Compared to the same period of 2015 volume of foreign trade turnover by comparable prices decreased by 30.0%, as well as export by 20.6% and import by 42.7%.

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46.3% of trade turnover was share of EU countries, 12.0% CIS member countries and 41.7% other countries.

31.7% volume of imported goods was share EU countries, 17.6% of CIS member countries, and 50.7% of other countries.

58.0% of exported goods were sent to EU countries, 7.5% to CIS member countries, and 34.5 to other countries. In comparison with the same period of 2015 export of non-oil products decreased by 46.4% and made up 174.3 million dollars in January-February, 2016.

Is 10.8 % inflation rate real?

According to the State Committee, compared to the corresponding period of 2015 prices of consumer goods and services increased by 10.8%, as well as, prices of food products by 13.1%, prices of non-food products by 15.2% and prices of paid services to population by 4.0%. Meanwhile, CESD's independent price collection project showed that inflation rate was 14.5 % in the indicated period.

The official exchange rate is 1.52 manat to \$1 on April, 19, 2016

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

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