

CESD, www.cesd.az

Better Research, Better Policy, Better Reform



Azerbaijan Economy in the First Half of 2016; Brief Overview

**Center for Economic and Social Development (CESD)
ShirinMirzeyev 76 "a"/33,
Baku, Az1002,
AZERBAIJAN**

**Phone; (99412) 5970691
(99412) 4975684
Fax (99412) 4975684
Email; info@cesd.az
URL; www.cesd.az**

Baku, July 18th, 2016

Azerbaijan Economy in the First Half in 2016; Brief Overview

Macro-economic figures for the first half of 2016

CESD- Center for Economic and Social Development concluded its macro-economic survey results for the first half 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 3.4% in the first half in 2016 since CESD calculations found out 4.1 % decline in the economy. According to the State Statistic Committee reports, the main reason of economic slowdown is economic decline in the construction sector. The committee has reported that 27.002 billion manat (\$ 17.3 billion US) GDP was produced in the indicated period.

In spite of the fact that declining GDP, the State Statistics Committee announced 0.6 growth in the industry output.

Meanwhile, the State Committee reported 6.1 % 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.

Azerbaijan Economy in the First Half in 2016; Brief Overview

Main Economic Figures for the first half of 2016 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	- 3.4 %	- 4.1 %
Non-oil GDP Growth	- 6.1 %	- 7.2 %
Inflation Rate	10.5%	15.2 %
Industrial Production Increase	0.6 %	0.2 %
Agriculture Production	3.1 %	2.7 %
Currency Reserve (April 01 st , 2016)	\$ 34. 246 billion US	N/A
Monthly Salary	\$ 313.7 US	\$ 420 US
Poverty Line	5,6 %	12,5 %
Exports (January-May 2016)	\$ 5 .036billion	N/A
Imports (January-March 2016)	\$ 3.331million	N/A
Budget Revenue	6.134billion manat (\$ 3.932 billion US)	N/A
Budget Expenditure	6.821billion manat (\$ 4.372 billion US)	N/A
Excess/ Deficit (January-March 2016)	- 687.7 million manat (\$ 440.8 million US)	N/A
Revenues of citizens Increase	% 8,4	% 7,5
GDP Per Capita (without PPP) created in the first half of 2016	\$ 1 .810 US	\$1. 690 US

Source; State Statistic Committee of Azerbaijan Republic and CESD, July 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.

Azerbaijan Economy in the First Half in 2016; Brief Overview

Economic Slowdown

A total volume of Azerbaijan's GDP amounted to 27.002 billion manat (\$ 17.3 billion US) in first half of 2016. The GDP declined by 3.4 % in the indicated period. According to the official reports, the main reason of economic slowdown was the decline in the construction sector which decreased by 33.6 % in the first half of 2016.

According to the State Statistics Committee, the value added share generated in trade and vehicle repair reached 11.8 percent, construction - 9.1 percent, transport and warehousing - 6.8 percent, agriculture, forestry and fishery - 5.1 percent, tourist accommodation and catering - 2.8 percent, information and communication - 2 percent, other spheres - 16 percent, the report said.

Big decline in the non-oil sector

According to the State Statistics Committee, non-oil GDP decreased by 6.1 percent in the first half of 2016 compared to the same period in 2015 and its share in the country's GDP was 65.2 percent.

The volume of value added production in the oil and gas extraction and processing reached 34.8 percent of GDP. Some 2.1 percent growth was observed in this area for the year, the committee has reported..Net taxes on products and imports amounted to 7.6 percent of Azerbaijan's GDP. Some 2 809,7manat accounted for GDP per capita according to the committee.

Azerbaijan Economy in the First Half in 2016; Brief Overview

Deficit in the State Budget

The State Budget of Azerbaijan has turned out deficit by the end of the first half of the year. The State Statistics Committee, budget revenue was 6.1 billion manat since its expenditure was 6.8 billion manat. The budget deficit was 687.7 million manat or 2.5% of GDP.

Azerbaijani oil export declined by 7 %

Azerbaijani oil export decreased by 6.86% in June 2016 compared with previous month.

According to the State Oil Company of Azerbaijan Republic (SOCAR) reports total export was 1.676 million tons of oil in June against 1.799 million tons in May. Meanwhile, Azerbaijani oil export was 1.449 million tons in April, and 1.9 million tons in March 2016.

At that, June's oil export via Baku-Novorossiysk oil pipeline reached 159,574 tons (versus 79,963 tons in May), Baku-Supsa – 176,120 tons (264,748 tons), and Baku-Tbilisi-Ceyhan (BTC) n.a. Heydar Aliyev oil pipeline – 1.34 million tons (1.45 million tons).

Over Jan-Jun export of oil via Baku-Novorossiysk pipeline made up 479,073 tons, Baku-Supsa – 1.217 million tons, and BTC – 8.536 million tons. Also in February it was recorded the export of Azerbaijan's crude oil through the Black Sea port of SOCAR in Georgian Kulevi – 14,946 tons, but for March-June transshipment of crude oil through it was not carried out.

Azerbaijan Economy in the First Half in 2016; Brief Overview

Total export in the first half of 2016 was 10.2 million tons.

Is 10.5 % inflation rate real?

According to the State Committee, compared to the corresponding period of 2016 prices of consumer goods and services increased by 10.5%, as well as, prices of food products by 12,2%, prices of non-food products by 15.2% and prices of paid services to population by 4.2%. Meanwhile, CESD's independent price collection project showed that inflation rate was 15.2% in the indicated period.

The official exchange rate is 1.56manat to \$1 on July 18h, 2016

For more information, please contact us atinfo@cesd.az

Azerbaijan Economy in the First Half in 2016; Brief Overview