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The Azerbaijani economy in the first quarter of 2022: Independent View

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The Azerbaijan economy in the first quarter (January-March) of 2022: Brief Overview

CESD – the Center for Economic and Social Development – concluded its macro-economic survey results for the first quarter of 2022. According to the State Statistic Committee of Azerbaijan, Gross Domestic Product (GDP) increased by 6.8 % in January-March 2022 compared with the same period of previous year: The CESD’s figure for the same period was 6.1 %.

The GDP totaled 30, 037 billion manat (\$17,668 billion USD) in the first quarter of 2022.

The State Statistics Committee announced non-oil GDP increased by 10.3 % in the same period compared with the first quarter of 2021. According CESD’s calculations, non-oil GDP increased by 9.7 % in the indicated period.

Azerbaijan increased oil output by 7.0 thousand barrel per day, reached to 675.0 thousand in March. Azerbaijan's daily oil production amounted to 696.4 thousand barrels and 579.4 thousand barrels were crude out of this output. Most of the oil exports were destined for European countries, with Italy receiving 34% of Azerbaijan’s crude oil.

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Main economic figures for the first quarter of 2022 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	6.8 %	6.1 %
Non-oil GDP Growth	10.3 %	9.7 %
Inflation Rate	12.2 %	17.4 %
Industrial Production	3.9 %	3.4 %
Agriculture Production	3.4 %	2.9 %
SOFAZ Assets (January 1st, 2022)	\$ 45,025 billion USD	N/A
Monthly Salary	\$452.0 USD	\$490.0 USD
Exports (Jan-February 2022)- The State Customs Committee's figure	\$ 5,822 billion USD	N/A
Imports (Jan-February 2022)- The State Customs Committee's figure	\$ 1,972,5billion USD	N/A
Excess/ Deficit (Jan-February 2022)- The State Customs Committee's figure	\$ 3,850 billion USD	N/A
Budget Revenue	7,009,billion manat (\$ 4.122 billion USD, with the official average rate)	N/A
Budget Expenditure	5,629 billion manat (\$ 3,311 billion USD with the official average rate)	N/A
Excess/ Deficit	1,380 billion manat (\$ 811.7 million USD with the official average rate)	N/A
Revenues of citizens increase	18.9 %	17.4 %
GDP Per Capita for the first quarter of 2022 (without PPP)	2990 manat (\$ 1758 USD)	\$ 1674 USD

Source: State Statistic Committee of Azerbaijan Republic and CESD, April, 2022

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 Growth in Azerbaijan

According to the State Statistics Committee of Azerbaijan, in January-March 2022 gross domestic product in amount of 30, 037,0 billion manats or 6,8 percent more compared to the corresponding period of previous year was produced in the country.

Value added produced in oil-gas sector of the economy increased by 0,6 percent, while in non-oil and gas sector it increased by 10,3 percent.

54,1 percent of GDP was produced in industry, 7,9 percent trade; vehicle repair areas, 5,8 percent transport and warehouse, 3,7 percent construction, 2,2 percent agriculture, forestry and fishing, 1,3 percent information and communication, 1,3 percent tourists' accommodation and public catering, 15,7 percent other fields, 8,0 percent net taxes on product and import.

GDP per capita had been equal to 2990,9 manats.

Oil industrial production increased by 1.1 %

According to the Committee, in January-March 2022 industrial products at 20,6 billion manats or more for 3,9 percent compared to relevant period of 2021 were produced by industrial enterprises and individual entrepreneurs operating in this field. The product output in oil and gas sector increased by 1,1 percent, non-oil and gas sector by 18,1 percent.

73,7 percent of industrial products were produced in mining sector, 21,6 percent in manufacturing sector, 4,2 percent in production, distribution and supply of electricity, gas and steam, 0,5 percent in the sector of water supply, waste management and remediation activities.

Marketable oil production in mining sector decreased by 5,4 percent, marketable gas production increased by 16,4 percent.

Production of other vehicles in manufacturing sector increased by 6,6 times, automobile, trailers and semi-trailers 2,3 times, electrical equipment by 2,1 percent, construction materials 83,8 percent, production of furniture by 70,0 percent, chemical industrial products by 69,1 percent, pharmaceutical products by 67,4 percent, production of clothes by 50,2 percent, metallurgical industrial products by 34,9 percent, rubber and plastic products by 29,3 percent, paper and cardboard by 27,3 percent, polygraphic products by 25,2 percent, production of machine and equipment by 23,0 percent, oil products by 16,2 percent, finished metal products by 15,2 percent,

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food products by 9,4 percent, wood manufacturing and production of wood products by 5,4 percent, tobacco products by 4,5 percent, computer, electronic and optical products by 4,1 percent, while production of textile industry products decreased by 10,1 percent, installation and maintenance activities of machine and equipment by 14,8 percent, production of beverage by 20,0 percent, leather and leather products and shoes by 21,6 times.

Production volume in the sector of electricity, gas and steam production, distribution and supply increased by 2,2 percent, while in the sector of water supply, waste management and remediation activities it increased by 10,2 percent.

Import increased

According to the State Statistics Committee of Azerbaijan, on January-February 2022 legal and natural entities of the Republic of Azerbaijan realized trade operations with their partners in 139 countries of the world, goods were exported to 91 countries and imported from 130 countries. Taking into account statistically estimated value of exported crude oil and natural gas registered in the customs agencies but customs formalities of which not completed, the foreign trade turnover of the country in January-February 2022 made 7794.5 million USD. 5822.0 million USD or 74.7% of trade turnover made the export value, 1972.5 (25.3%) million USD - import value and consequently positive trade balance reached to 3849.5 million USD.

In comparison with January-February 2021, foreign trade turnover increased in actual prices 1.7 times, 12.8% in real terms, including exports by 18.8%, and imports - 1.8%. On January-February 2022 the export of non-oil gas products compared to the same period of the previous year increased in actual prices by 39.4%, in real terms by 32.2% and made 461.8 million USD. According to the State Customs Committee data, 39.3% of the country foreign trade turnover was formed due to trade operations with Italy, 11.8% – Turkey, 5.1 % – Russia, 4.2% - Ukraine, 3.9% - China, 3.3% – Israel, 2.6% – Greece, 2.3% – Portugal, per 2.2% - Georgia and Thailand, per 2.0% – UK and Kazakhstan, 1.8% – Germany, 1.6% – India, 1.5% - Tunisia, 1.2% - Czech Republic, per 1.1% – Spain and Romania, 10.8% – other countries.

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Inflation Rate Increased

According to the State Statistics Committee of Azerbaijan, consumer price index in January-March 2022 compared to January-March 2021 became 112,2%, including food products, beverages and tobacco products 117,0%, non-food products 106,2% and paid services provided to population 110,1%. In March of the current year, the consumer price index was 101,1% compared with the previous month and 112,1% compared with the March of the previous year.

In March 2022, consumer price index for food products, beverages and tobacco products became 101,5% compared with the previous month, 116,8% compared with the March of the previous year. In March of the current year compared to the previous month, more increasing was observed in prices of food products such as waffle, biscuit, rice, flour, chicken meat, fresh fish, sweetened condensed milk, cheese, yoghurt, sour cream, table margarine, butter, tangerine, quince, pomegranate, onion, potato, tomato, sugar and sugar powder, candies, tea, coffee and cocoa, coke, lemonade, vodka, while the decreasing was mainly noticed in the prices of egg, banana, lemon, cabbage and cucumber. No significant changes were observed in prices of other food products.

In March 2022, consumer price index for non-food products reached 100,8% compared to the previous month, 106,6% compared to March of the previous year. In March of the current year, compared with the previous month, more increasing was observed in prices of non-food products such as writing paper, construction materials, furniture, domestic appliances, soaps, toothpaste, deodorant and jewelry products. No significant changes were noticed in prices of other non-food products. In March 2022, consumer price index for paid services provided to population was 100,8% compared to the previous month, 110,0% compared to March of the previous year. In March of the current year compared to previous month, more increasing in prices of paid services provided to population was observed in the prices of international passenger transportation services by air transport and domestic passenger transportation services by railway, public catering, hairdressing and clothing repair. No significant changes were observed in prices of other paid services.

Meanwhile, CESD price calculations found a 17.4 % annual inflation rate for the same period of 2022.

The official average exchange rate for April 2022 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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