

National Bank of the Kyrgyz Republic

Inflation Report

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This edition contains the description of the consumer price trends in the Kyrgyz Republic and its regions, analysis of major inflation factors, decisions made by the National Bank of the Kyrgyz Republic on monetary policy, and also presents inflation forecast for the upcoming period. It is published on a quarterly basis in the Kyrgyz, Russian and English languages.

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Other publications of the National Bank of the Kyrgyz Republic

Annual Report of the National Bank of the Kyrgyz Republic

This document is an overall report of the National Bank for the last year. It includes summary on economic development of the republic and monetary policy, as well as the National Bank financial statements, general information and statistical reviews. It is published in 3 languages: Kyrgyz, Russian and English.

Bulletin of the National Bank of the Kyrgyz Republic

Informational publication includes statistical data on the basic macroeconomic indicators and economy sectors of the Kyrgyz Republic. It is published in 3 languages: Kyrgyz, Russian and English.

Balance of Payments of the Kyrgyz Republic

“The Balance of Payments of the Kyrgyz Republic” reflects development trends of the external sector and information about the balance of payments, foreign trade, international reserves, foreign debt and the international investment position of the Kyrgyz Republic. It is published quarterly in January, May, July, and October in Kyrgyz, Russian, and English.

Report on Stability of the Financial Sector of the Kyrgyz Republic

The report reflects the NBKR’s evaluation of foreign and domestic economic factors influencing the financial stability, the conditions of banks and other financial intermediary institutions, as well as the analysis of the current state of affairs in the financial markets and the stability of financial sector of Kyrgyzstan.

National Bank Normative Acts

The purpose of the document, called "Normative Acts of the National Bank of the Kyrgyz Republic" is to publish normative acts of the National Bank in order to provide commercial banks and public with normative acts of the National Bank and official information on the National Bank activity, as well as propaganda of the Kyrgyz Republic law. Presumable publication frequency is once a month in Kyrgyz and Russian languages.

Press-Release of the National Bank of the Kyrgyz Republic

"Press-release of the National Bank" describes current events, which take place in National Bank and provides with the major data on the financial market. It is published weekly in Kyrgyz and Russian languages.

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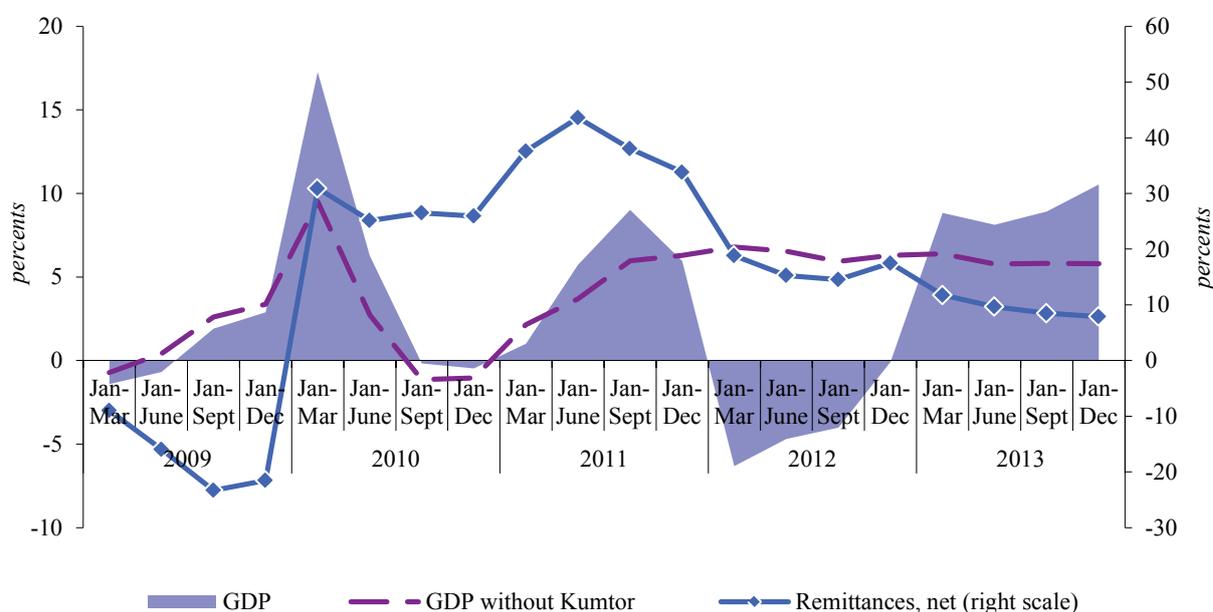
Chapter 1. Economic Situation in the Kyrgyz Republic

1.1. Demand and Supply in Commodities and Services Market

1.1.1. Demand

According to the preliminary data in 2013, the nominal value of GDP constituted 350.0 billion KGS, having increased in real terms by 10.5 percent as compared to 2012, whereas in 2012, according to verified data of the NSC KR, GDP decreased by 0.1 percent. Exclusive of enterprises on exploration of gold-mining deposit “Kumtor”, the GDP volume in 2013 increased by 5.8 percent (in 2012, growth constituted 6.3 percent). GDP deflator constituted 2.0 percent against 8.7 percent in 2012.

Chart 1.1.1. Dynamics of Changes in GDP and Remittances
(period to the corresponding period of the previous year)



Growth rates of remittances keep decreasing. During the reviewed period, net inflow of remittances increased by 7.9 percent and constituted 1 908.1 million USD, whereas in 2012, growth rates constituted 17.5 percent.

Table 1.1.1. Remittances of Individuals by Money Transfer Systems*
(million USD)

	2010	2011	2012	2013**
Balance	1,124.9	1,505.4	1,768.5	1,908.1
Inflow	1,252.6	1,695.4	2,017.9	2,269.2
CIS countries	1,199.3	1,639.4	1,980.4	2,246.3
Kazakhstan	35.0	41.2	33.8	25.4
Russia	1,164.3	1,597.5	1,946.2	2,220.5
Others	0.0	0.7	0.5	0.4
Far-abroad countries	53.3	56.0	37.5	22.9
Belgium	0.2	1.4	0.0	0.1
Great Britain	1.4	1.5	1.2	1.5
Germany	9.9	15.7	9.5	1.8
USA	41.7	36.1	25.0	16.4
Others	0.1	1.3	1.8	3.1
Outflow	127.6	190.1	249.4	361.1
CIS countries	125.8	185.8	243.8	355.3
Kazakhstan	0.4	0.7	0.6	0.7
Russia	125.4	184.9	242.8	351.9
Others	0.0	0.3	0.4	2.7
Far-abroad countries	1.8	4.3	5.6	5.8
Belgium	0.5	0.6	0.3	0.5
Germany	0.3	1.4	1.4	0.4
USA	0.9	2.0	2.5	3.0
Others	0.2	0.3	1.4	1.9

* Anelik, Blizko, Contact, Migom, MoneyGram, Western Union, Unistream, Zolotaya Korona, Leader, Bystraya Pochta, Allyur and other money transfer systems and remittances via the PE "Kyrgyzpochtasy".

** Preliminary data.

According to the preliminary data of the Central Treasury of the Ministry of Finance, the state budget deficit at the end of January-December 2013 amounted to 2.3 billion KGS or 0.7 percent to GDP¹ (in the corresponding period of 2012 – 6.5 percent to GDP).

Total state budget revenues, including revenues from sales of non-financial assets constituted 101.9 billion KGS (29.1 percent to GDP), having increased by 17.1 percent or by 14.9 billion KGS as compared to the corresponding index in January-December of the last year. Revenues from operating activity constituted 101.8 billion KGS or 29.1 percent to GDP. The largest contribution to growth in operating income was made by tax revenues (10.3 percentage points), the contribution of received official transfers constituted 4.1 percentage points, while the contribution of non-tax revenues was 2.9 percentage points.

Total expenditures of the state budget, including expenditures for purchase of non-financial assets constituted 104.3 billion KGS or 29.8 percent to GDP, having increased by 2.8 percent or 3.0 billion KGS against the comparable index of January-December 2012.

Expenses for operating activity constituted 86.6 billion KGS or 24.7 percent to GDP. High share of expenditures directed to current consumption is preserved in the structure of expenditures by economic classification. In the reviewed period, increase by 7.1 percentage points in the share of expenses for subsidies and social allowances was primarily due to growth of expenditures for payment of pension basic component.

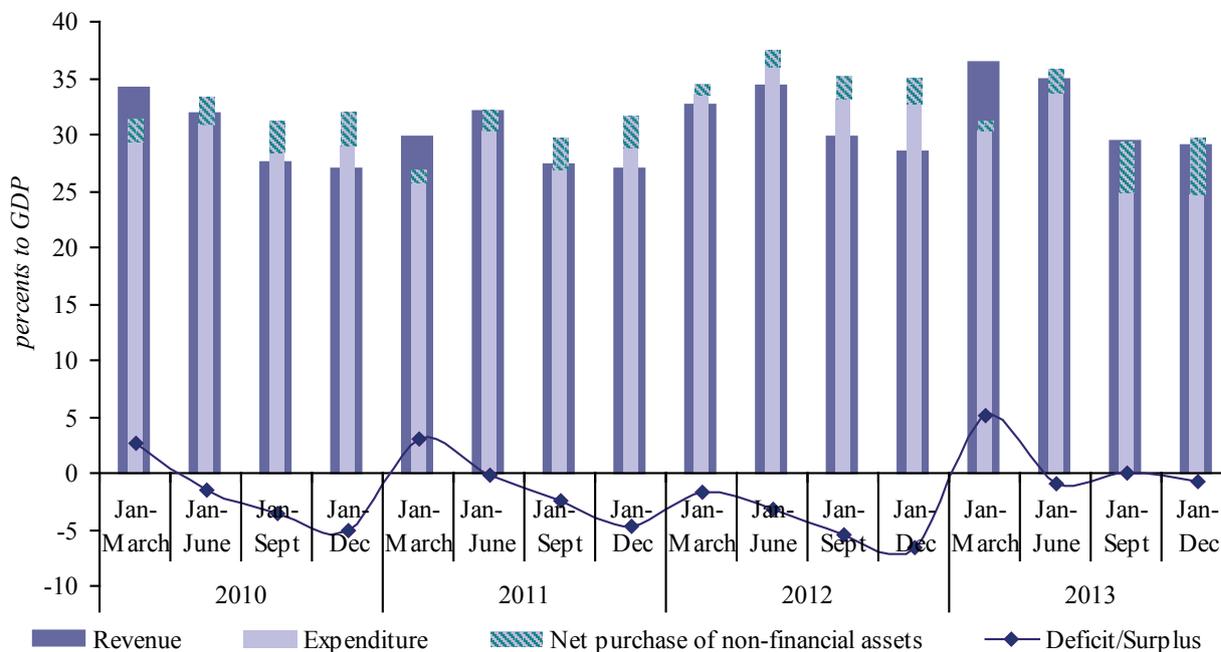
According to the preliminary data of the Social Fund of the Kyrgyz Republic, surplus of the Social Fund budget amounted to 0.5 billion KGS or 0.1 percent to GDP, revenues – 33.7 billion KGS or 9.6 percent to GDP, expenditures – 33.2 billion KGS or 9.5 percent to GDP.

¹ Since September 2013, submitted data calculated on the basis of updated approach to methodology of budget indices calculation.

Consolidated budget deficit (state budget + the budget of the Social Fund) for the reviewed period amounted to 1.9 billion KGS or 0.5 percent to GDP. Revenues amounted to 118.8 billion KGS or 34.0 percent to GDP and expenditures – 120.7 billion KGS or 34.5 percent to GDP.

Chart.1.1.2. State Budget Implementation

(for the period)



In 2013, the volume of investments into fixed capital increased by 2.3 percent (in comparable prices) as compared to the corresponding period of 2012 and amounted to 78.2 billion KGS.

In the sectoral structure of investments, the major share is attributed to the mining industry (33.1 percent), transport and communication (13.8 percent), processing industry (11.1 percent), electricity, gas and water generation and distribution (9.1 percent).

Financing of the mining industry was implemented by means of funds submitted by the enterprises and organizations (77.0 percent) and by means of direct foreign investments (22.3 percent), which conditioned increase in the volume of investments into fixed capital for construction of the mining industry objects by 22.2 percent.

The volume of investments into the processing industry increased by 10.9 percent, where 78.0 percent was implemented for construction of oil products manufacturing facilities, as well as for construction of oil refinery in Kara-Balta town. Moreover, increase in the volume of investments in the processing industry was conditioned by rehabilitation of production at gold-mining deposit “Kumtor”. Financing of this sector was primarily implemented by means of foreign credits (80.1 percent) and funds submitted by the enterprises and organizations (12.6 percent).

Financing of construction objects in the sphere of transport and communication was primarily implemented by means of foreign credits (54.3 percent); funds submitted by the enterprises and organizations (26.5 percent), republican budget (10.7 percent), moreover, the volume of investments into this sector decreased by 6.9 percent. Investments are still directed for reconstruction of such automobile roads as “Talas-Taraz-Suusamyr”, “Osh-Irkeshtam”, “Osh-Isfana”, “Bishkek-To-rugart”, “Southern transport corridor”, rehabilitation of roads within the framework of the project “Improvement of Regional Road Corridor”

Financing in the sector of electricity, gas and water generation and distribution was mainly implemented by means of the foreign funds (67.7 percent), 28.7 percent – by means of funds submitted by the enterprises and organizations, moreover, the volume of investments implementation decreased by 37.1 percent compared to the corresponding volume of 2012.

Table 1.1.2. Investments in the Fixed Capital by Sources of Finances

	2012	2013	2013	
	total, million KGS		share, percent	real growth rate ¹ , percent
Total	73,222.1	78,202.6	100.0	102.3
Internal investments	49,023.5	50,153.1	64.1	98.1
Republican budget (including funds intended for emergencies)	3,120.1	2,679.7	3.4	82.2
Local budget	697.8	589.7	0.8	80.8
Funds of enterprises and organizations	29,441.3	29,854.5	38.2	97.2
Bank credit	858.7	210.0	0.3	23.8
Population assets	14,905.6	16,819.2	21.5	108.3
External investment	24,198.6	28,049.5	35.9	110.7
Foreign credit	17,880.1	18,733.8	24.0	100.1
Foreign direct investments	3,875.1	7,407.3	9.5	by 1.8 times
Foreign grants and humanitarian aid	2,443.4	1,908.4	2.4	75.7

Source: NSC KR

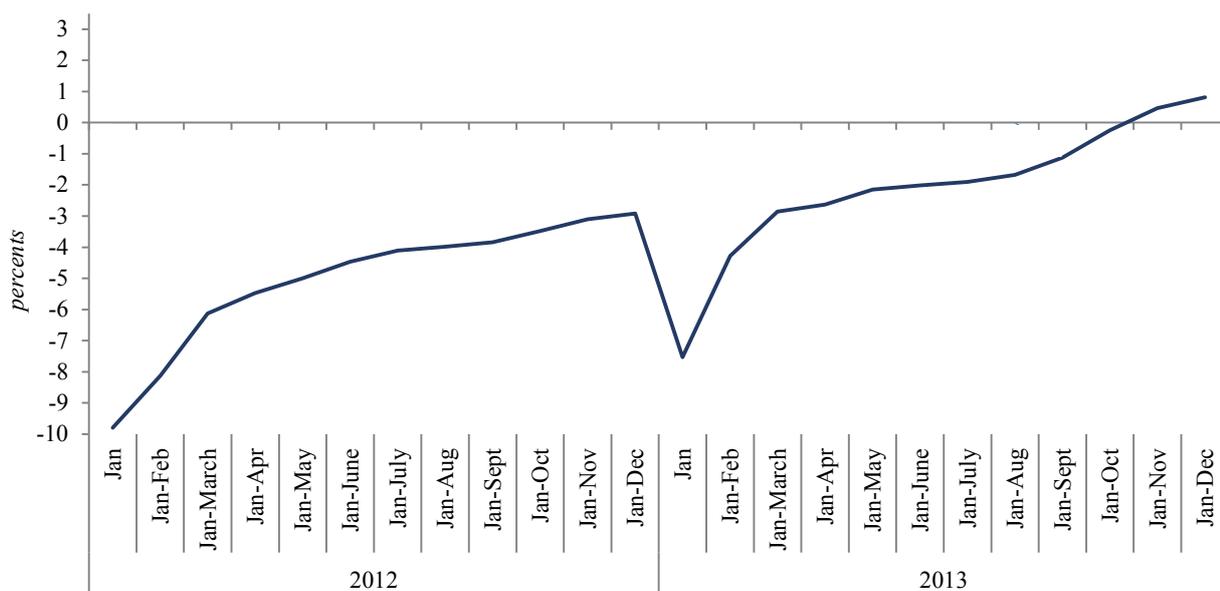
¹ Growth rates are calculated in comparable prices

1.1.2. Supply

In 2013, there was registered a GDP gap closing, which passed zero index towards positive value. Negative value of GDP gap existing since 2012 indicated insufficient use of production capacities. However, the recovery process was observed by the end of the reviewed period resulting in positive GDP gap, which constituted 0.8 percent in 2013.

Chart 1.1.2.1. GDP Gap

(the period from the beginning of the year to the corresponding period of the previous)



Based on the results of 2013, the largest contribution in GDP formation was made by the processing enterprises (5.5 percentage points) due to rehabilitation of production output at the enterprises on exploration of gold-mining deposit “Kumtor”. Moreover, the contribution of the sector of services provision constituted 2.5 percentage points, the contribution of agriculture increased by 0.3 percentage points in 2013 and amounted to 0.5 percentage points.

In the sectoral subdivision, growth was observed in production output of the processing industry (+ 45.4 percent), construction (+ 12.4 percent), transport and communication (+ 12.3 percent). Herewith, the negative contribution in GDP growth was made by the sector on electricity, gas and water generation and distribution (-0.05 percentage points), the volume of production output thereof decreased by 1.7 percent, conditioned by reduction in electricity generation by 4.9 percent due to low-water season at the Toktogul water reservoir, as well as in the volume of services on electricity distribution by 1.4 percent.

Table 1.1.2.1. Contribution of Individual Activities to GDP Increase/Decrease
percent

	Share		Growth rate		Contrib. to growth	
	2012	2013	2012	2013	2012	2013
Agriculture, hunting and forestry	16.7	15.2	1.2	2.9	0.2	0.5
Mining industry	0.9	0.7	37.6	-4.6	0.3	-0.04
Processing industry	12.1	13.4	-28.0	45.4	-5.1	5.5
including Kumtor	5.7	7.8	-46.3	88.8	-5.6	5.1
Electricity, gas and water generation and distribution	2.7	2.0	5.2	-1.7	0.2	-0.05
Construction	6.5	6.8	29.7	12.4	1.5	0.8
Trade; cars repair	16.0	16.1	10.7	7.0	1.6	1.1
Transport and communication	9.2	9.5	9.4	12.3	0.8	1.1
Other	22.9	22.0	2.5	0.9	0.5	0.2
Net tax on products	13.1	14.4	-0.1	10.5	-0.01	1.4
GDP	100.0	100.0	-0.1	10.5	-0.1	10.5
GDP without Kumtor			6.3	5.8	-0.1	5.5

Source: NSC KR, NBKR calculations

Based on the results of 2013, the physical volume index (PVI) of industrial production increased by 34.3 percent. Positive dynamics was generally observed in many sectors of the processing industry. Increase in PVI of industrial production was mainly due to increase of production output in the processing industry (by 45.4 percent), as well as due to leather, leather products and footwear manufacturing (by 43.3 percent), chemical manufacturing (by 29.0 percent), production of other non-metallic, non-mineral products (27.3 percent). There was increase in PVI of industrial production at the level of 3.5 percent excluding enterprises on exploration of gold-mining deposit “Kumtor” (in 2012, growth by 6.1 percent). In 2013, besides growth in the separate sectors of the processing industry, decrease in production output was observed in the textile and garment industry (-16.5 percent), in production of oil products and nuclear materials (-13.9 percent). Decline in the textile and garment industry was conditioned by decrease of demand for finished products in the consuming countries.

In 2013, the most significant growth of PVI by 2.9 percent was observed in agriculture due to increase in production output of basic crops in the reviewed period (in 2012, PVI growth constituted 1.2 percent).

In 2013, the gross trade turnover operations constituted 325.8 billion KGS, meanwhile, the volume of trade operations in real terms increased by 7.0 percent compared to the corresponding

index of 2012 (in 2012, growth of trade constituted 11.3 percent). Growth of the trade turnover, repair of cars, household appliances and articles observed in the reviewed period was provided by increase in retail trade of motor fuel (+13.7 percent), by retail trade, excluding cars and motor fuel trade (+7.5 percent).

Table 1.1.2.2. Dynamics and Structure of Gross Turnover of Trade Operations

	2012		2013	
	share, percent	growth rate, percent	share, percent	growth rate, percent
Trade	100.0	111.3	100.0	107.0
Trade in cars, motor vehicles and their spare parts	3.2	122.8	3.0	105.2
Car maintenance and repair	0.5	102.3	0.4	102.7
Wholesale trade	32.5	112	31.8	104
Motor fuel retail trade	11.2	125.2	11.3	113.7
Retail trade, excluding cars and motor fuel	52.5	107.9	53.3	107.5
Repair of household appliances and articles	0.2	95.9	0.2	102.3

Source: NSC KR

1.2. Monetary Trends

Monetary Base

According to the results of 2013, the monetary base increased by 13.4 percent or by 8.6 billion KGS and, as of January 1, 2014 amounted to 73.1 billion KGS (in 2012, growth by 17.7 percent was observed). The monetary base increased by 10.4 billion KGS due to operations of the Government. The operations of the National Bank reduced the monetary base by 1.8 billion KGS. (For comparison: in 2012, the monetary base increased by 9.7 billion KGS. The operations of the Government increased the monetary base by 12.3 billion KGS. The operations of the National Bank reduced the monetary base by 2.6 billion KGS).

In 2013, taking into account existing inflation risks connected primarily to high level of expected state budget deficit, the National Bank carried out specialized operations for the purposes of restricting monetary component of inflation. The NBKR notes remained the main instruments for withdrawing excessive liquidity, the volume thereof in circulation at the end of 2013 increased to 6.6 billion KGS from 3.1 billion KGS as of the beginning of the year. During 2013, the NBKR conducted operations on sales of the government securities under REPO terms in order to additionally withdraw the NBKR excessive liquidity, excluding the third quarter, as it was not necessary to conduct thereof in the third quarter due to the average daily level of excessive liquidity of 1.4 billion KGS. The government securities in circulation sold under REPO terms as of the end of 2013 amounted to 584.4 million KGS (as of the beginning of the year – 795.8 million KGS).

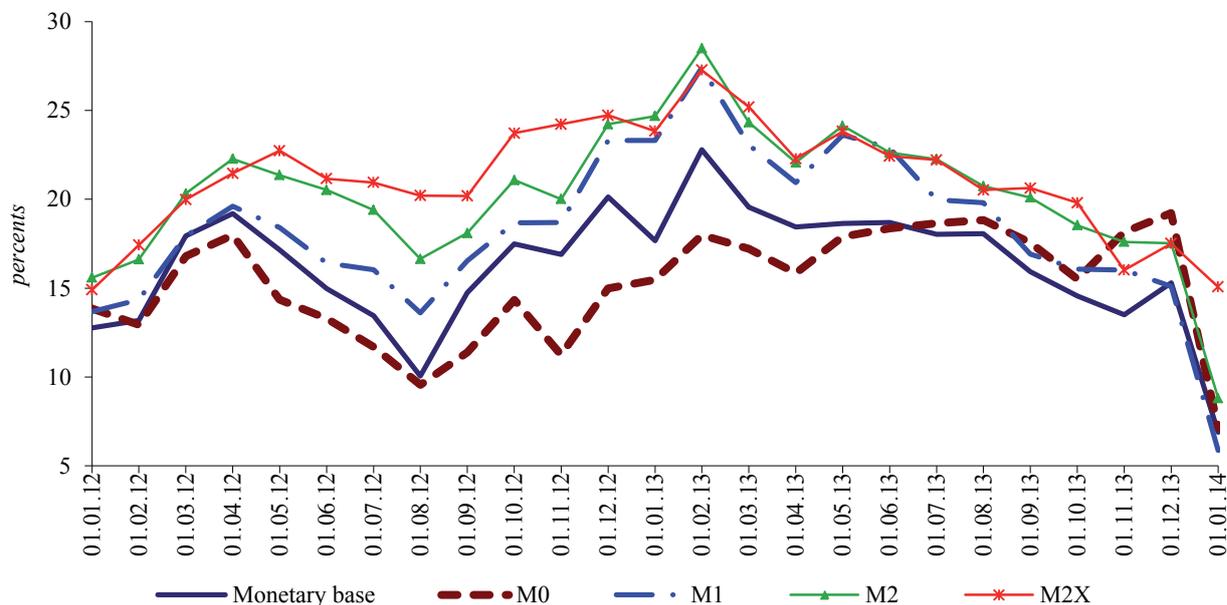
According to the results of 2013, the share of cash in circulation increased by 14.9 percent or by 8.7 billion KGS and amounted to 67.0 billion KGS as of January 1, 2014 (in 2012 – by 16.8 percent).

M2 Aggregate

As of January 1, 2014, money stock M2 (M0 + deposits in the national currency) amounted to 91.0 billion KGS, having increased in 2013 by 17.4 percent (in 2012, increase by 24.7 percent).

The components of the monetary aggregate M2 changed as follows: money outside the banks (M0) increased by 13.5 percent, deposits in the national currency – by 26.7 percent, including term deposits – 55.5 percent, transferable deposits (demand deposits) – 13.4 percent.

Chart 1.2.1. Annual Nominal Growth Rates of Monetary Aggregates



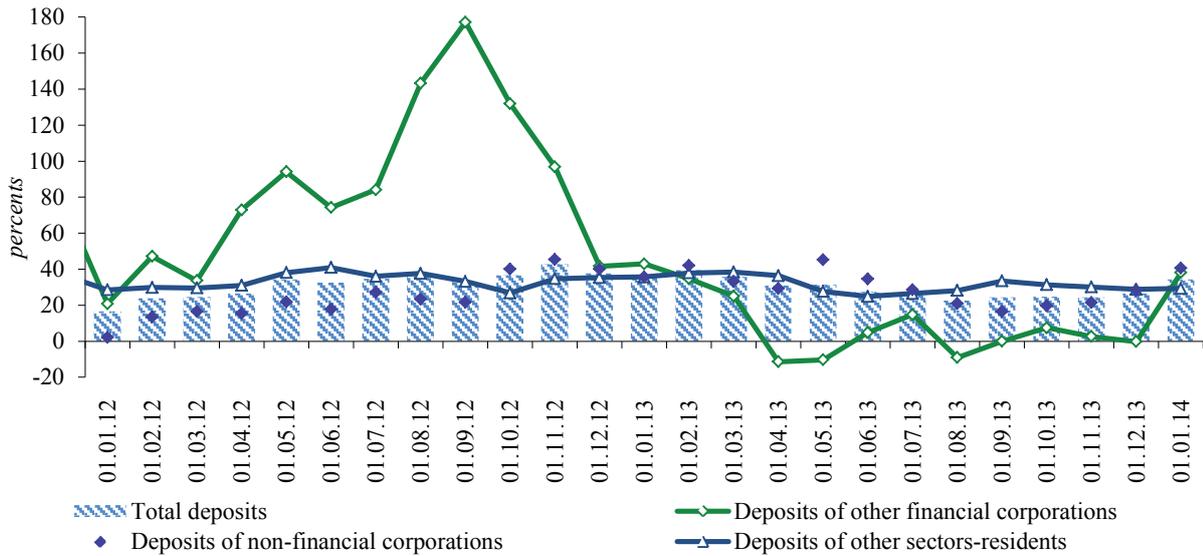
M2X Aggregate

The volume of M2X broad money stock (M2 + deposits in foreign currency) as of January 1, 2014 amounted to 120.9 billion KGS, having increased in 2013 by 22.8 percent or by 22.4 billion KGS (growth in 2012 – by 23.8 percent). The total amount of deposits, included in the definition of M2X broad money stock increased by 34.2 percent, including deposits in foreign currency increased by 42.4 percent (in 2012 the total volume of deposits increased by 36.1 percent, while money outside the banks – 15.5 percent).

In the sectoral structure among the components of M2X broad money stock the most rapid growth was observed in the deposits of non-financial corporations and deposits of other financial corporations, the growth thereof constituted 40.7 and 38.1 percent respectively according to 2013. The deposits of other sectors-residents increased by 29.3 percent.

CONTENT

Chart 1.2.2. Annual Nominal Growth Rates of Deposits in Commercial Banks



According to the results of 2013, the structure of money stock M2X changed as follows:

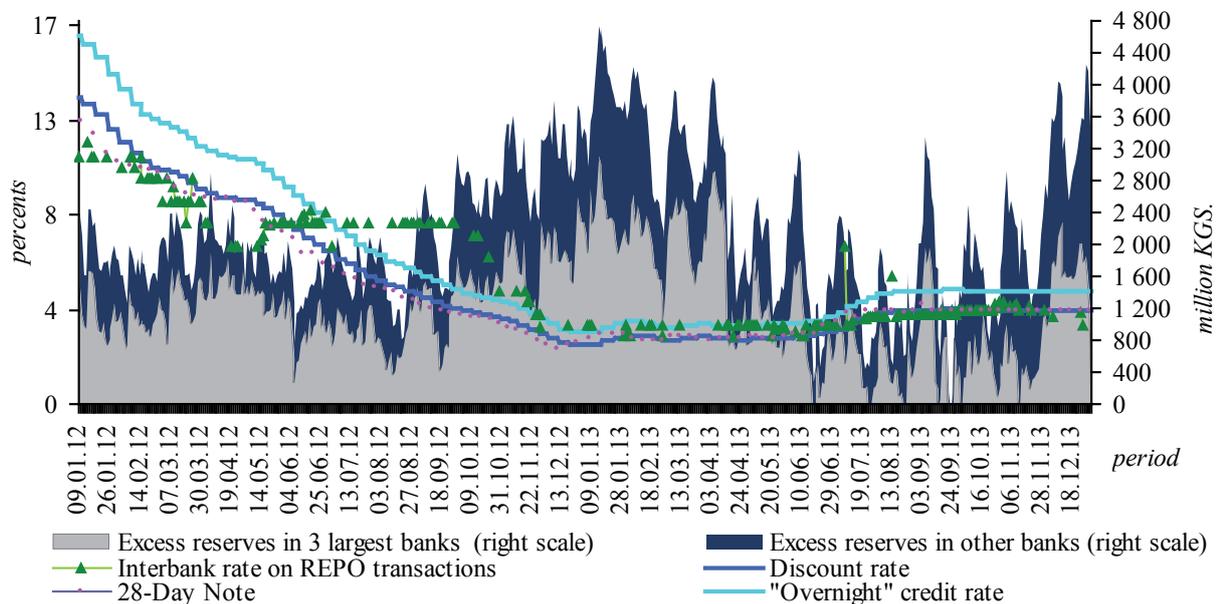
- the share of money outside the banks decreased from 55.4 to 51.2 percent;
- the share of deposits in the national currency increased from 23,3 to 24.0 percent;
- the share of deposits in foreign currency increased from 21.3 to 24.8 percent.

The multiplier of M2X broad money, which is a measure of financial intermediation, has increased during the reviewed period from 1.527 at the beginning of the year to 1.653 as of the end of 2013 due to increase of deposits in the volume of M2X broad money stock.

Coefficient of the economy monetization, calculated on the basis of M2X monetary aggregate, increased from 29.0 percent at the beginning of the year to 30.8 percent at the end of 2013, as a result of advanced growth rates of money stock as compared to the economic growth rates. The velocity of M2X broad money circulation decreased from 3.4 percent at the beginning of the year to 3.2 percent at the end of 2013.

Operations in the Inter-Bank Market

Chart 1.2.3. Dynamics of Monetary Market Rates



Aggregate volume of loans in the national currency increased by 52.5 percent and amounted to 18.6 billion KGS, due to increase in the total volume of standard credit transactions in the national currency in the internal inter-bank market of credit resources (+35.8 percent), which constituted 1.8 million KGS with an average interest rate of 7.2 percent per annum (-0.5 percentage points). Transactions in foreign currency were not carried out in the reporting period.

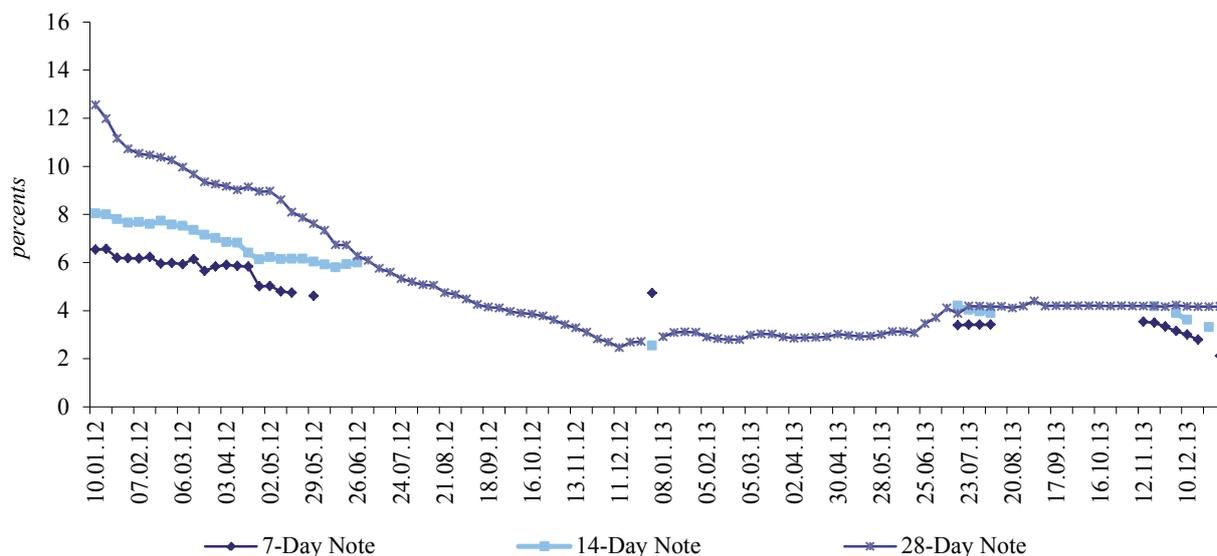
As of the end of December 2013, the discount rate amounted to 4.2 percent, having increased by 1.6 percentage points. “Overnight” credit rate decreased by 4.4 percentage points as compared to the indices of January-December 2012 and constituted in average 4.1 percent for the period, the volume of such credits increased by 64.8 percent, to 8.1 billion KGS.

The average weighted interest rate on repo-transactions decreased by 3.9 percentage points, to 3.8 percent. The volume of repo-transactions amounted to 8.7 billion KGS (+46.1 percent).

In January-December 2013, the auctions with credits to be provided for 3 months were carried out in order to support liquidity. The total volume of these credit resources provided to the commercial banks amounted to 318.1 million KGS. In the reviewed period, the average weighted interest rate constituted 5.8 percent. In addition, there were conducted the conducted the auctions of refinancing for the period of 6 months, the total amount of which was equal to 582.8 million KGS. The average weighted interest rate was 5.7 percent.

The focus of investors was drawn towards the most profitable 28-day notes of the National Bank. In January-December 2013, the total volume of declared emission amounted to 50.6 billion KGS, having increased by 62.2 percent as compared to the corresponding period of 2012. Aggregate sales of the NBKR notes amounted to 44.6 billion KGS, having increased by 2.0 times compared to the corresponding of January-December 2012. In the reviewed period, the average weighted yield of the NBKR notes constituted 3.5 percent.

Chart 1.2.4. Dynamics of the NBKR Notes Yield



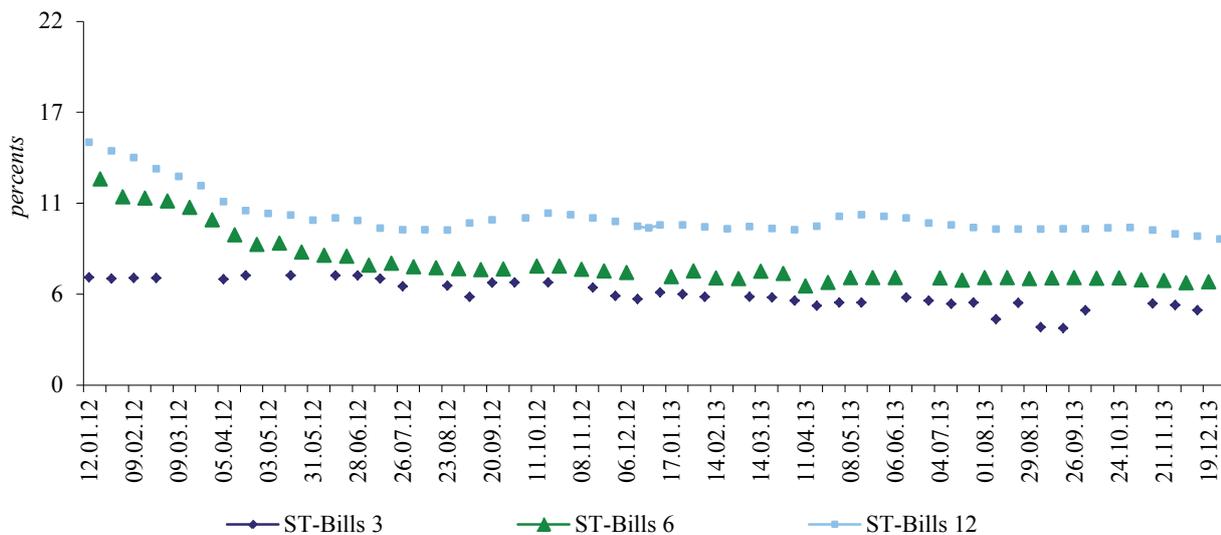
In January-December 2013, the volume of declared ST-Bills emission amounted to 5.9 billion KGS (+21.1 percent). The total sales volume of ST-Bills in the reporting period increased as compared to the corresponding period of 2012 by 20.7 percent, to 5.7 billion KGS. The average weighted index of ST-Bills yield as compared to the corresponding period of 2012 decreased to 8.5 percent (-1.4 percentage points) due to decline in the profitability on all types of securities, par-

ticularly the profitability of 3-, 6- and 12-month ST-Bills decreased by 1.3; 2.0 and 1.3 percentage points respectively.

In the reviewed period, including additional allocations, the total amount of allocated bonds constituted 2.4 billion KGS, having decreased by 10.1 percent as compared to the corresponding period of 2012. In January-December 2013, the total volume of declared emission amounted to 1.9 billion KGS (-29.4 percent).

Certain decrease of market activity that occurred on the background of decline in the volume of the ST-Bonds emission was followed by slight decrease of the average monthly interest rate by 0.1 percentage points to 14.8 percent.

Chart 1.2.5. Dynamics of ST-Bills Yield



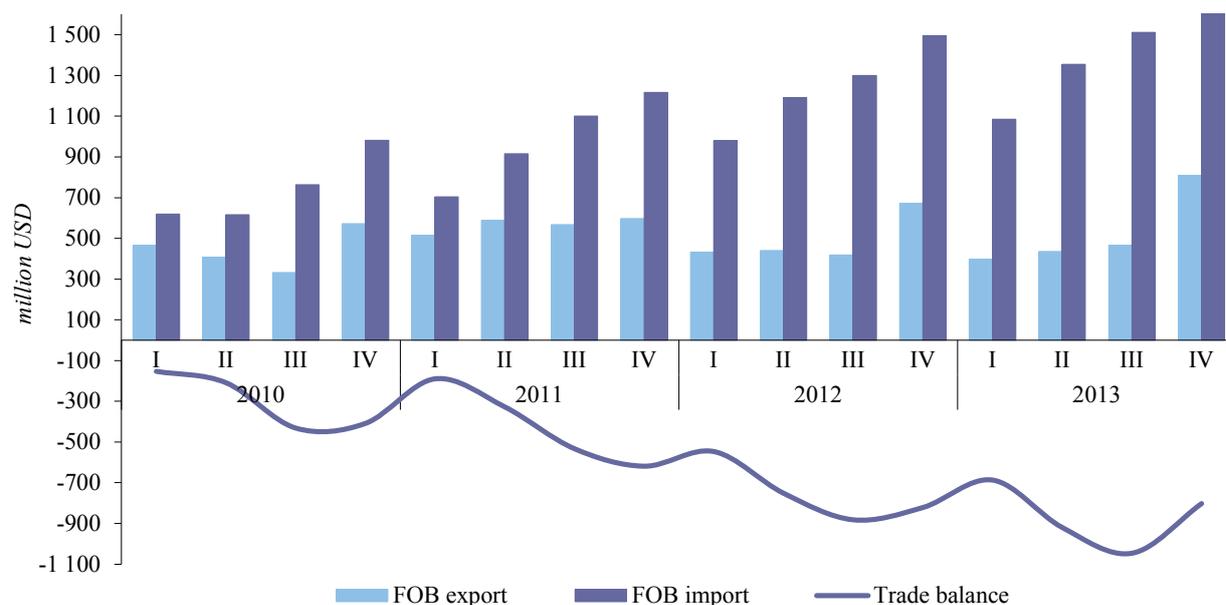
1.3. External Economic Conditions¹

According to the preliminary data, the deficit of trade balance of the Kyrgyz Republic in 2013 increased by 15.1 percent and amounted to 3 455.0 million USD as compared to the corresponding index of 2012.

The external trade turnover in the reporting period amounted to 7 671.4 million USD, having increased by 10.7 percent as compared to the corresponding index of 2012.

¹ According to the data submitted by the NSC KR and SCS KR, including the NBKR additional estimates unless otherwise indicated.

Chart 1.3.1. Foreign Trade
(million USD)



Export of goods (in FOB prices) at the end of 2013 amounted to 2 108.2 million USD, having increased by 7.3 as compared to 2012. During the reporting quarter, the volume of gold export increased by 31.0 percent (by 174.5 million USD in absolute terms). This growth was caused by increase in the physical volume of supplies by 62.7 percent, meanwhile, the actual average export price for gold supplies decreased by 19.5 percent. Besides, growth was observed in exports of jet fuel, vegetables, rubber tires, rolled glass, cast iron and steel, etc. Along with this, there was reduction in the supplies of vehicles for cargo transportation and vehicles of special assignment, clothes and clothing accessories, ores and concentrates of precious metals, electric power, cotton, etc. Thus, the volume of export excluding gold decreased by 2.2 percent and amounted to 1 371.5 million USD.

During the reporting period, the shares of main exported goods¹ have not significantly changed. For all products groups, with the exception of intermediate goods, there was decrease in the value, which resulted in decrease of their share in the total volume of export.

Exports of consumer goods decreased by 5.3 percent and constituted 408.8 million USD. Meanwhile, there was decline in the volume of exported non-food products by 14.8 percent, while export of food products increased by 5.4 percent.

Increase in the supplies of food products was mainly caused by growth of vegetable's supply. Thus, due to rise in export prices by 16.4 percent and physical volume of supplies by 7.3 percent, export of fresh and frozen vegetables in the reporting period increased by 24.9 percent or by 22.0 million USD. Moreover, the value of exported meat and meat products increased (by 18.2 percent or by 1.1 million USD), due to growth of the physical volume of supplies by 28.4 percent on the background of decline in prices by 8.0 percent. Moreover, the value of exported milk, cream and dairy products, except for butter and cheese, decreased (reduction by 34.6 percent or by 7.3 million USD) due to decline in the physical volume of supplies by 69.1 percent, while contract prices increased by 24.8 percent. In addition, there was decrease in the supplies of fruits and nuts (by 2.0

¹ Hereinafter, according to the data submitted by the NSC KR and SCS KR, including the NBKR additional estimates.

percent or by 1.1 million USD), due to reduction in export prices by 4.6 percent and increase in the physical volume by 2.8 percent.

In the structure of non-food products the largest reduction was accounted for clothes and clothing accessories (decrease by 30.3 percent or by 47.5 million USD). Moreover, there was decrease in exports of jewelry made of precious metals (by 52.0 percent or by 1.7 million USD) and pre-owned cars (by 23.4 percent or by 1.3 million USD). At the same time, export of incandescent lamps increased by 7.0 percent or by 1.5 million USD.

In the reporting period, import of goods¹ in FOB prices increased by 12.0 percent and amounted to 5 563.2 million USD. Growth of import was primarily conditioned by increase in the supplies of oil products by 16.5 percent or by 168.3 million USD (due to growth in the physical volume of supplies by 20.8 percent with decrease of prices by 3.9 percent). Significant contribution to growth in the volume of imported goods was also made by the constructions from cast iron, steel and aluminum, as well as cast iron and steel, pre-owned cars, motor cars and vehicle for transportation of people, electric transformers, etc. Besides, there was reduction in the volumes of imported vehicles for cargo transportation and vehicles of special assignment, coffee, tea and cocoa, clothes and clothing accessories, natural gas, footwear, other inorganic chemicals, etc.

In the functional structure of imports² during the reviewed period increase of value was observed in all groups of goods. Nevertheless, the share of food products and raw materials decreased slightly due to outpacing import growth of other groups.

In the reporting period, the imports of consumer goods reached the amount of 2 000.1 million USD (increase by 6.0 percent). Growth was primarily conditioned by increase in the supplies of food and non-food products by 9.1 and 4.5 percent, respectively.

In the structure of food products, growth in the supplies of fruits and nuts by 59.0 percent (or by 13.4 million USD) was observed due to increase in the physical volume by 29.9 percent and average contract prices by 22.4 percent. Growth in the physical volume by 23.3 percent and the import prices by 16.1 percent conditioned increase in imports of wheat and mangcom flour (growth by 43.2 percent or by 13.3 million USD). Moreover, decrease of the import price by 11.8 percent and the physical volume of imports by 10.5 percent conditioned decrease in the value of imported coffee, tea and cocoa by 21.0 percent (or by 16.6 million USD). Besides, the volume of imported sugar decreased (by 11.2 percent or by 7.3 million USD) due to decline in import prices by 9.0 percent and the physical volume by 2.4 percent.

In the structure of non-food products, increase was observed in the imports of pre-owned motor (by 8.4 percent or by 32.1 million USD) due to growth of the physical volume by 36.9 percent against price decline by 20.8 percent. Growth in prices by 9.2 percent and the physical volume by 5.9 percent resulted in increase of essential oils and perfume materials imports by 15.6 percent (or by 13.8 million USD). Moreover, significant decrease was observed in the imports of clothes and clothing accessories (by 8.8 percent or by 20.8 million USD) and footwear (by 15.6 percent or by 12.7 million USD).

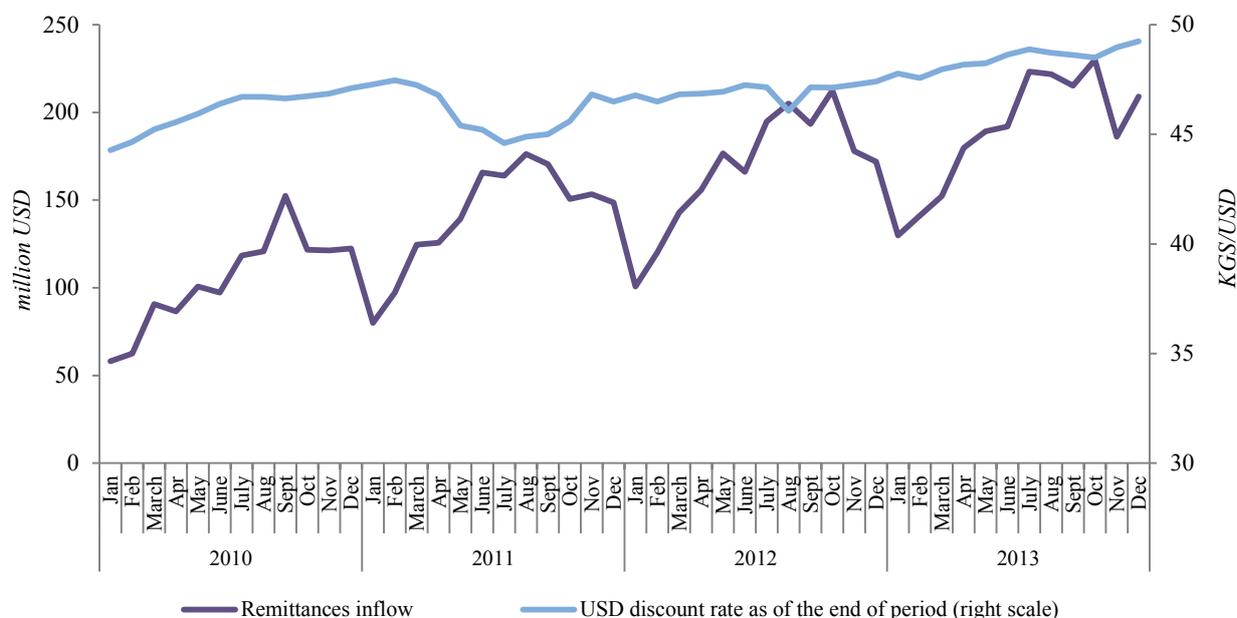
¹ CIF import amounted 6 015.2 million USD, deficit of trade balance in CIF prices – 3 906.9 million USD.

² Hereinafter in CIF prices, according to the data submitted by the NSC KR and SCS KR excluding NBKR additional estimates.

1.4. Exchange Rate

In January-December 2013, the exchange rate of the Kyrgyz som increased from 47.4012 KGS/USD to 49.2470 KGS/USD. The exchange rate reached its' peak at the end of the reviewed period, i.e. in December, when the main indicator of the foreign exchange market amounted to 49.2470 KGS per 1 U.S. dollar, having increased by 3.9 percent since the beginning of the year. The U.S. dollar strengthening was primarily conditioned by increased demand for the foreign currency on the part of the commercial banks due to seasonal factor and decline in the supply of the foreign currency in the foreign exchange market. The secondary reason was necessity to pay for imported goods, particularly, petroleum, oil and lubricants, cars, metal and other consumer goods. The major volume of the foreign currency supply in the domestic market was traditionally formed by means of export revenues and remittances of the migrant workers. According to the preliminary data, in January-December 2013, cash inflow from abroad increased by 12.4 percent as compared to the corresponding period of 2012.

Chart 1.4.1. Dependence of the U.S. dollar Exchange Rate on the Inflow of Remittances



Relative stability of the foreign exchange market in the reviewed period allowed the National Bank to continue reducing its presence in the foreign exchange market in accordance with the stipulated objectives of monetary control. Generally, in 2013, net sales of the U.S. dollars of the part of the NBKR amounted to 14.7 million USD, having decreased by 65.9 percent as compared to the corresponding index of 2012.

CONTENT

Chart 1.4.2. Monthly Rates of Change of the USD Discount Rate



Chapter 2. Inflation and its Components

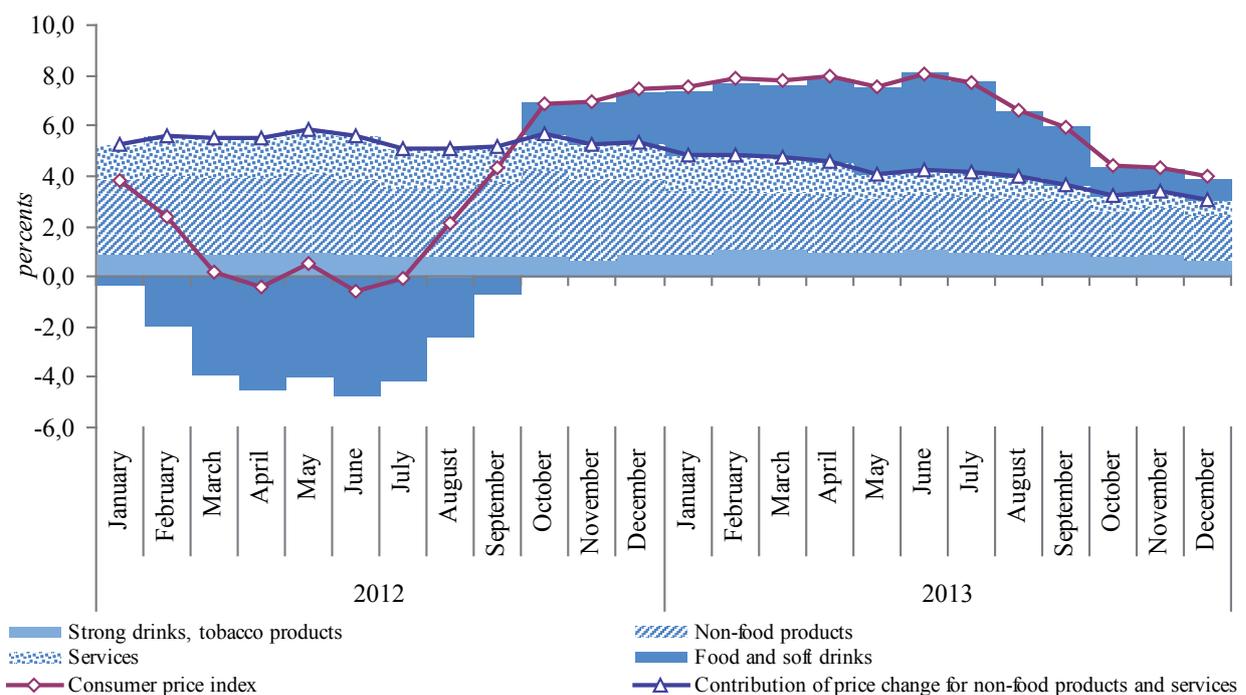
2.1. Consumer Price Index Development

According to the data of the National Statistics Committee, inflation index at the end of 2013 (December 2013 against December 2012) constituted 4.0 percent, the average annual inflation index was at the level of 6.6 percent.

In 2013, dynamics of the general price level in 2013 formed on the background of reduction in the world prices for basic food products (cereals, oil-bearing crops, sugar). Favorable conditions of the foreign trade, rich harvest of basic crops in Kyrgyzstan and in the countries-major trade partners, moderate growth rates of salaries had also positive influence on inflation rate in the country. Thus, according to the results of the year, inflation rate formed within the limits of single-value indices declared by the National Bank.

According to the results of 2013, prices for food products increased by 1.8 percent, strong drinks and tobacco products – by 7.3 percent, non-food products – by 6.3 percent, paid services – by 4.3 percent.

Chart 2.1.1. Annual Dynamics of CPI Structure



2.2. Dynamics of Prices for Food Products

Significant slowdown in growth rates of consumer prices was observed in 2013. According to the results of the year, the prices for food products increased by 1.8 percent. According to the results of the year, prices for bakery products and cereals, this group has the major share in the structure of food products, decreased by 0.8 percent, moreover, the price for first grade wheat flour decreased by 3.4 percent. Record harvest of cereals in the region followed by decline in export prices in Kazakhstan by 34.6 percent had the most significant influence on dynamics of prices for bakery products.

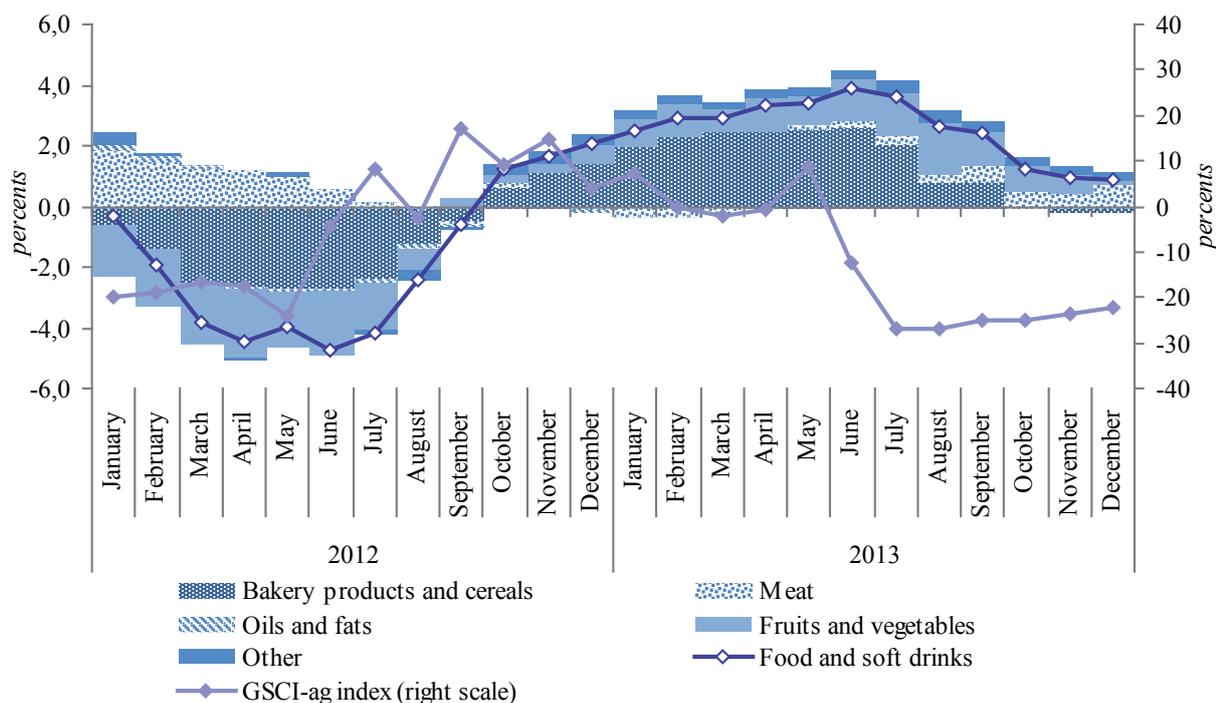
CONTENT

Multidirectional dynamics of prices for fruits and vegetables was observed in the reviewed period: the prices for fruits increased by 25.2 percent, the prices for vegetables decreased by 6.7 percent. Moreover, growth of price index for fruits and vegetables constituted 2.0 percent.

Rich harvest of oil-bearing crops in Russia and Ukraine, the countries importing the major share of these products to Kyrgyzstan, contributed to decline in the domestic prices for vegetable fats. Prices in the “oils and fats” group decreased in annual terms by 2.2 percent.

Price index for dairy products increased in annual terms by 6.6 percent.

Chart 2.2.1. Contribution Dynamics of Prices for Food Products to Annual CPI



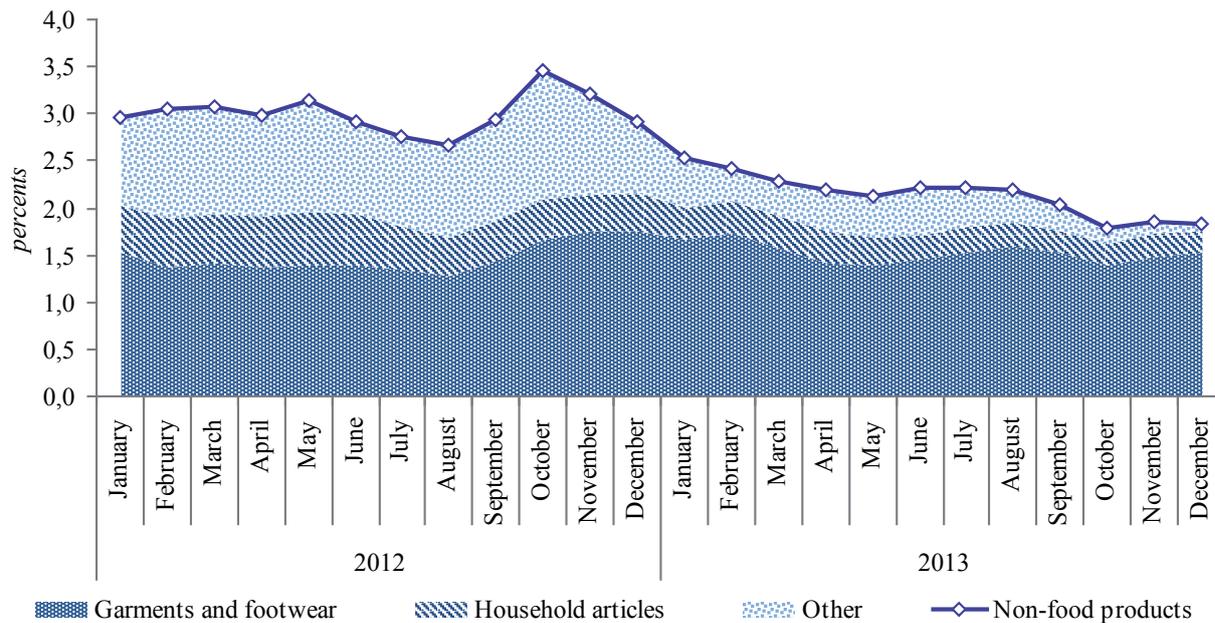
Significant dependence of internal prices for food products on dynamics of world prices is generally conditioned by high dependence of economy in Kyrgyzstan on imported food products. Thus, according to the NSC KR in January-September 2013, the share of import in the structure of bakery products consumption constituted 49.7 percent, import of vegetable fat in consumption made 64.3 percent, sugar consumption was provided by import which constituted 96.7 percent.

2.3. Dynamics of Prices for Non-Food Products

The price index for non-food products demonstrated significant slowdown in the reporting year. In December, growth of this index in annual terms constituted 6.3 percent against 8.8 percent in the beginning of the year. According to the results of the year, the price index for non-food products was the lowest since July 2007.

The most significant growth was observed in the group “garments and footwear”, the prices thereof increased by 13.6 percent. Prices for household articles and appliances increased by 6.2 percent. Prices for petroleum, oil and lubricants in annual terms increased by 0.1 percent, prices for gasoline remained unchanged, prices for diesel fuel increased by 1.0 percent.

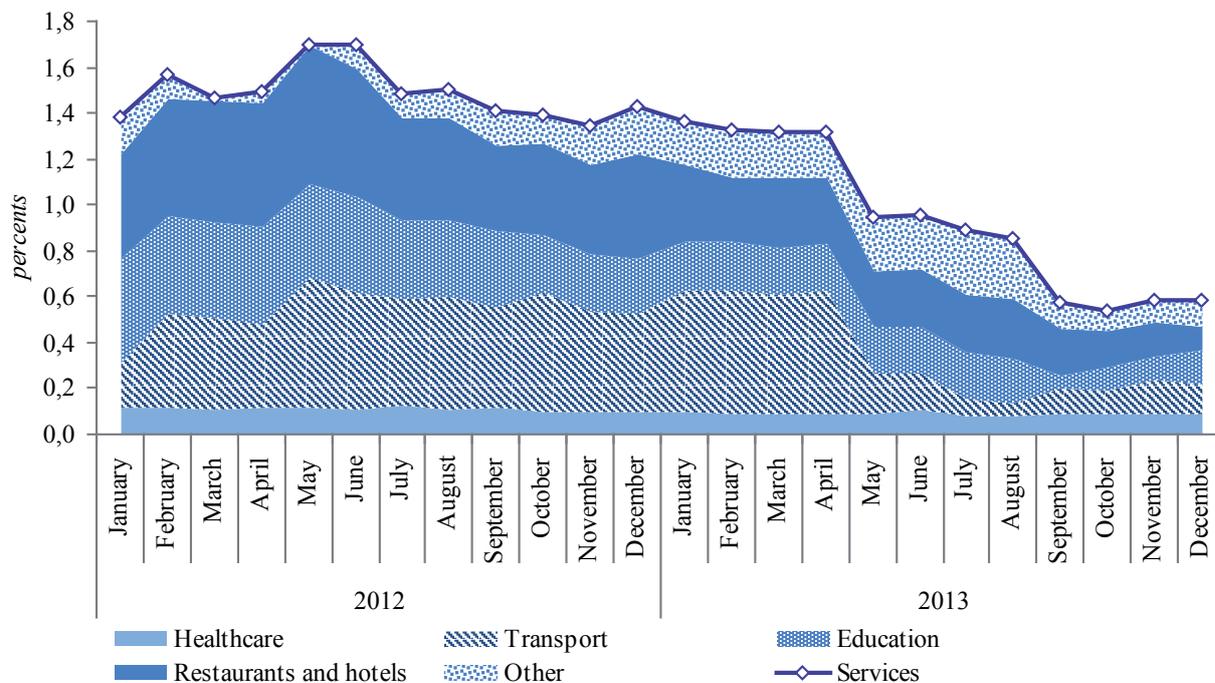
Chart 2.3.1. Contribution Dynamics of Prices for Non-Food Products to Annual CPI



2.4. Dynamics of Prices for Services

The price index for paid services increased in annual terms by 4.3 percent (in 2012 – by 9.8 percent). The index growth in this group occurred mainly due to the rise in prices for restaurants and hotels services by 3.9 percent, education service (+6.1 percent) and transportation services (+2.1 percent). Prices for healthcare services increased by 10.6 percent.

Chart 2.4.1. Contribution Dynamics of Prices for Services to Annual CPI



CONTENT

2.5. Dynamics of Consumer Prices in Regions

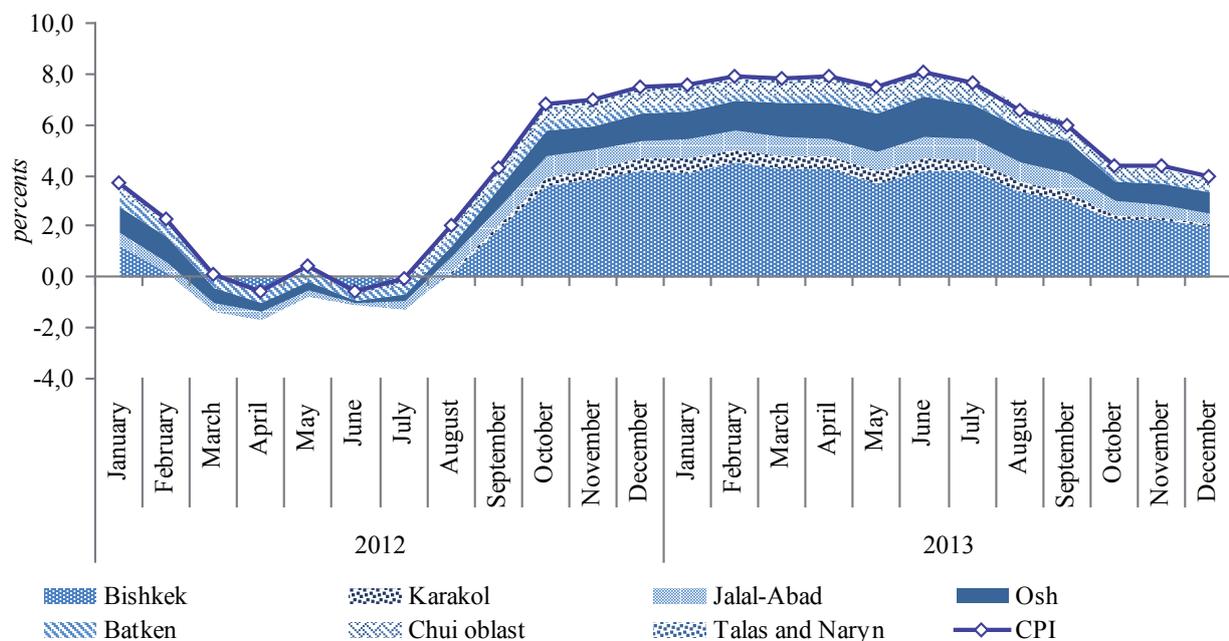
Since the beginning of the current year, rise in the price index was observed in all regions of the republic. Fluctuation of the index was within the limits of 1.9-5.8 percent in annual terms. The most significant rise in prices was observed in Jalal-Abad, Osh and Chui regions, primarily due to growth in prices for non-food products, strong drinks and tobacco products.

Table 2.5.1. Dynamics of Consumer Prices in Regions
(percent)

	December 2013 to	
	December 2012	December 2013
CPI	104.0	101.1
Barkent oblast	102.8	101.5
Jalal-Abad oblast	104.5	101.0
Issyk-Kul oblast	102.5	101.9
Naryn oblast	101.9	101.4
Osh oblast	105.8	101.9
Talas oblast	104.4	102.1
Chui oblast	105.8	101.7
Bishkek	103.5	100.8

In Bishkek city consumer prices increased by 3.5 percent in annual terms, while the prices for food products rose by 1.2 percent, the prices for strong drinks and tobacco products increased by 7.3 percent, for non-food products – by 6.5 percent and for paid services – by 2.2 percent.

Chart 2.5.1. Regional Structure of Annual Inflation
(percent)

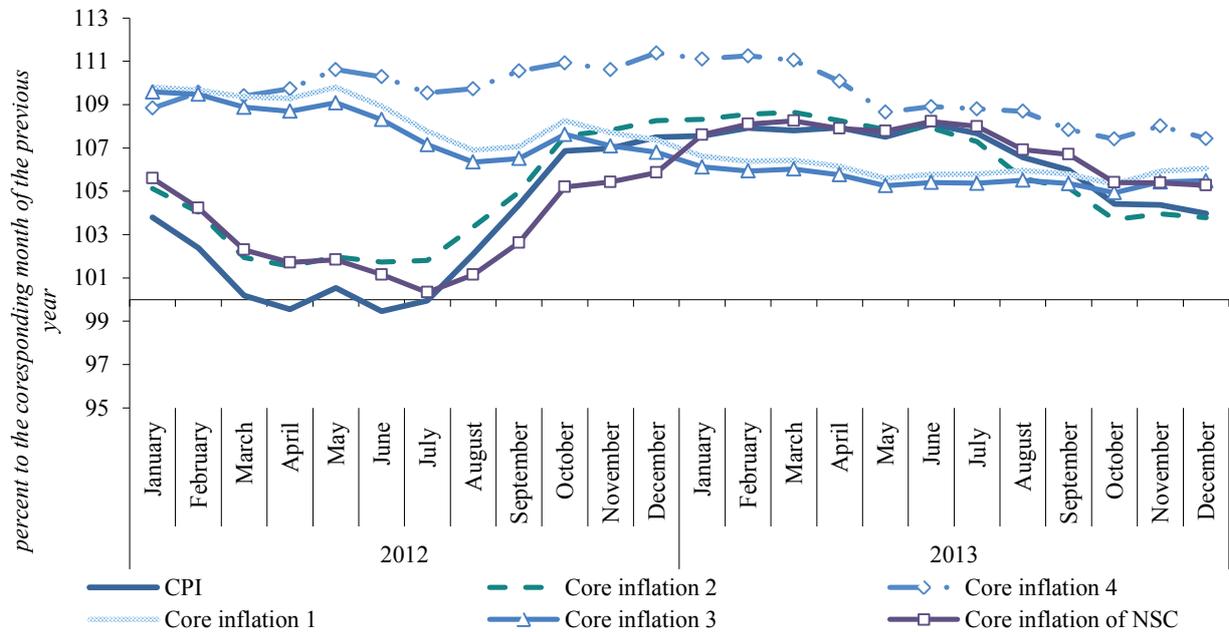


2.6. Core Inflation

The annual value of the core inflation estimated in accordance with the methodology of the NSC KR amounted to 5.3 percent, while the inflation rate on consumer goods basket was 4.0 per-

cent. It should be noted that the graphical representation of core inflation indicator 4 (completely excluding food products, electricity, gas and other types of fuel) indicates that the emerging trends in the food market are the determinants for the dynamics of consumer prices in the country. The core inflation indicator 4 has a stable dynamics and a small dispersion of values.

Chart 2.6.1. Annual Dynamics of the Estimated Core Inflation Indicator



Core inflation 1 – excluded the following types of goods: (1) bakery products and cereals, (2) oils and fats, (3) fruits and vegetables, (4) gas, (5) materials for repair and construction.

Core inflation 2 – excluded the following types of goods: (1) meat, (2) fruits and vegetables, (3) gas, (4) materials for repair and construction.

Core inflation 3 – excluded the following types of goods: (1) bakery products and cereals, (2) dairy products, (3) fruits and vegetables, (4) gas, (5) materials for repair and construction.

Core inflation 4 – excluded all food products and electricity, gas and other fuels.

Core inflation of NSC – excluded milk, sugar, certain types of fruits and vegetables, strong drinks and tobacco products, petroleum products, product group “electricity, gas and other types of fuel”, passenger transport services, communication and some other.

Chapter 3. World Commodity Markets Survey

3.1. Survey of the World Commodity Markets

In 2013, the situation in the commodity markets was generally stable. Saturation of the commodity markets with rich harvest of 2013-2014 MY, allowed balancing supply and demand in the markets and, as a result, preserving moderate price stability.

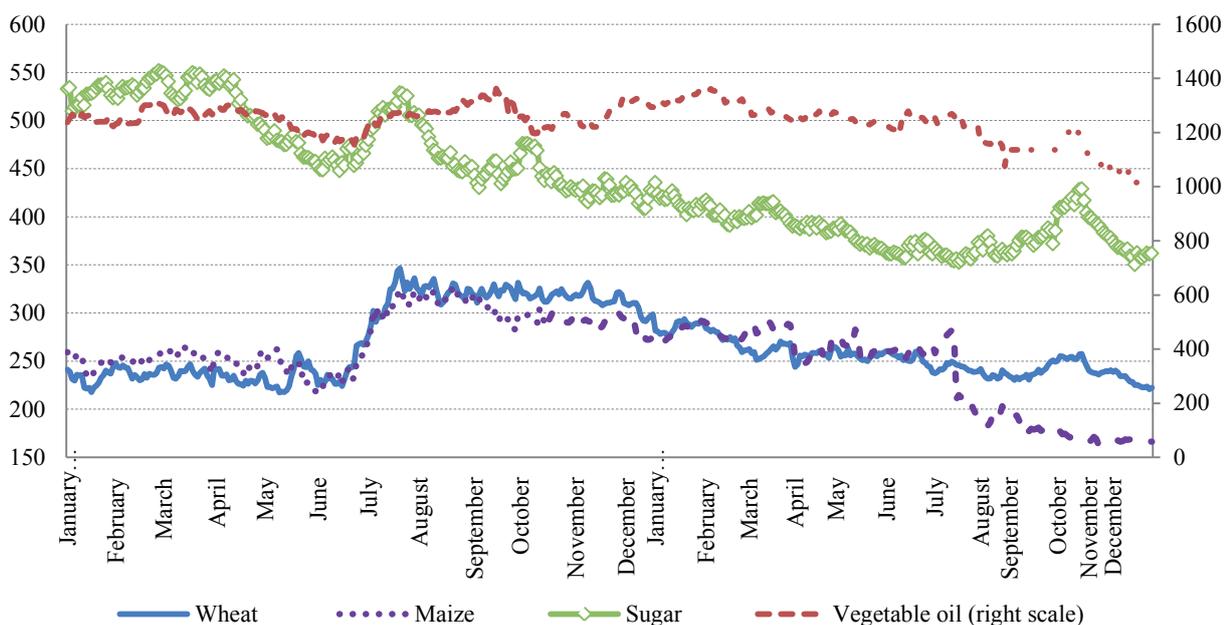
In the fourth quarter of 2013, there were slight price fluctuations for separate products groups. In October, growth of the FAO food price index was observed for the first time since April, which resulted primarily from rapid rise in the prices for sugar and sunflower oil. However, rise in prices was temporary, which was followed by gradual decline in the futures prices.

Generally, record harvest of crops in 2013-2014 MY contributed to improvement the situation with supply in the world and, respectively, to reduction in the world prices for crops, including wheat, maize and rice. Moreover, significant reserves of oil-bearing crops and sugar contributed to reduction in prices for these goods.

The average value of the FAO food price index constituted 209.9 points, having decreased by 1.6 points as compared to the corresponding index of the last year.

Chart 3.1.1. Dynamics of the Food Products Prices in 2012-2013

(USD per ton)



Source: NA "Reuters"

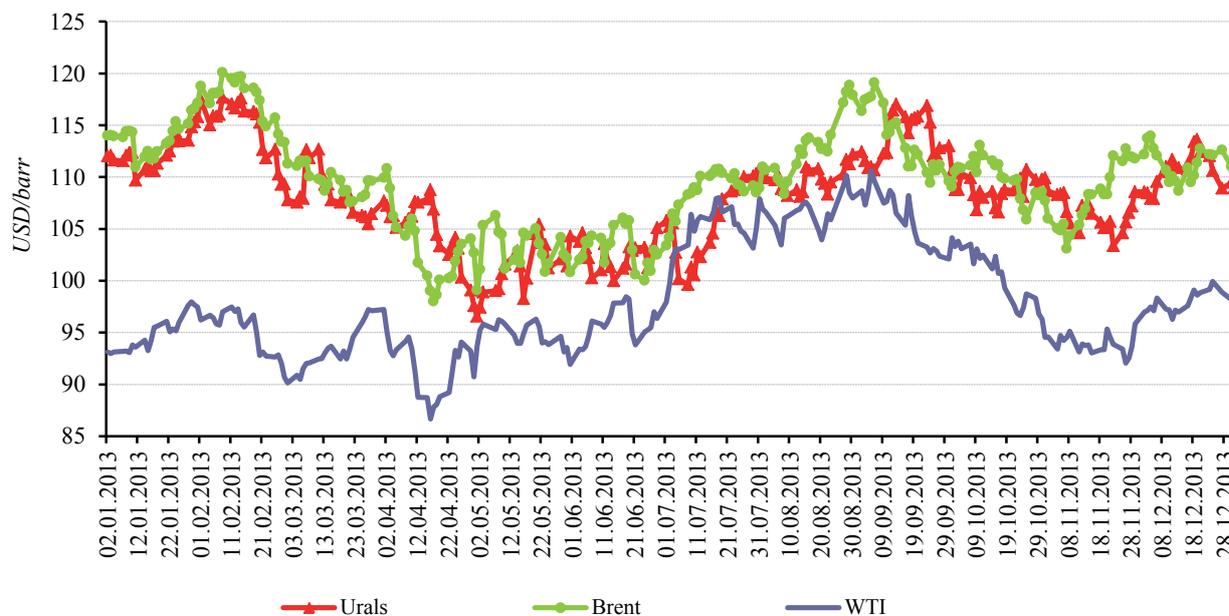
According to the forecasts of the International Grains Council, the world production of crops will slightly decrease in 2014-15 marketing year after record harvest in 2013. Gradual increase of production is expected thereafter: average annual growth in 2015-2019 years will constitute approximately 1.6 percent. According to the IGC estimates, planting areas will be expanded, moreover increase in the volume of production will be primarily conditioned by growth of production capacity in the major exporting countries of crops (the CIS countries and Brazil).

3.2. Survey of the World Energy Markets

According to the previous surveys, the world energy market remained volatile. Thus, in 2013, the world energy market generally dependant on the news of the world economy was characterized by price volatility, meanwhile, at the end of 2013, the prices were within the price range, which characterized early 2013. In the reviewed period, the current situation in the world market of oil was primarily conditioned by political and economic situation, environmental factors in the major oil importing and exporting countries, news about macrostatistics from the USA, China and the Euro-zone, the current situation in the Middle East.

In 2013, the prices for basic oil grades (Urals, Brent, WTI) fluctuated between 86.7 – 120.1 USD per barrel. At that, the average price for oil of “Brent” grade in the reviewed period amounted to 109.6 USD, having decreased by 2.6 percent as compared to the corresponding index of 2012 (112.5 USD), meanwhile, the average price for oil of “WTI” grade increased by 4.2 percent or by 4.0 USD and amounted to 98.0 USD per barrel.

Chart 3.2.1. Dynamics of Prices for Oil in 2013



Source: NA “Reuters”

According to the forecasts of the international agencies, in 2014, daily consumption of oil is expected to increase. Thus, the International Energy Agency reported about increase in the world demand for oil in 2014 up to 92.5 million barrel per day against the forecast of 92.1 million barrel per day, i.e. by 0.4 percent. Expected positive dynamics is explained by increase in industrial production and, consequently, rehabilitation of economic growth in many countries – members of the OECD. Market analysts expect ongoing increase in the oil consumption in China, and growth of oil consumption in the USA, taking into account expectations of economic rehabilitation in the country.

Generally, the situation in the market of petroleum products in Kyrgyzstan in 2013 was rather stable taking into account increase in prices for petroleum, oil and lubricants observed in the third quarter due to seasonal factor and rise in prices at the oil refineries of the supplying country.

Chapter 4. Monetary Policy Decisions of the National Bank of the Kyrgyz Republic

4.1. Major Decisions of the NBKR Board

The major monetary policy decisions of the National Bank of the Kyrgyz Republic Board (hereinafter referred to as the NBKR Board) approved in the fourth quarter of 2013 are given below:

1. On November 27, 2013, in order to regulate and improve the procedure of conducting credit auctions for refinancing purposes the NBKR Board approved new version of the Regulation “On the procedure of conducting credit auctions by the National Bank of the Kyrgyz Republic for the purposes of refinancing and liquidity supporting” (hereinafter referred to as “Regulation”) (Resolution №45/13). New version of the Regulation stipulates (1) increase in prolongation of credit resources received by the banks one-three times by means of credit auctions; (2) prolongation of the period for credit funds implementation by the banks from 10 to 30 days (since the date of credit receipt); (3) opportunity provided to the banks for use of credit resources received within the framework of credit auctions for refinancing of credits provided earlier to the legal entities and individuals; (4) restriction on interest rate – in case of absence of special operating programs of the Kyrgyz Republic Government on providing subsidies at the moment of auction conducting, nominal annual interest rate on credits provided by the banks by means of refinancing credits should not exceed interest rate, by more than 10 percentage points, at which the NBKR submitted credit funds to these banks. Refinancing credit was introduced by the NBKR at the end of 2012 to increase the range of instruments for providing banking system with liquidity and it provides maturity from 3 to 6 months.
 - “The rules for determining the official exchange rates of the foreign currencies against the Kyrgyz som”, approved by Resolution of the Board №10/15 dated March 28, 2013, for the purposes of regulating the procedure of determining by the NBKR the official exchange rates of the foreign currencies against the Kyrgyz som and the rules of their declaring (Resolution of the Board №45/14).
2. On December 4, 2013, the NBKR Board reviewed the following documents and:
 - approved the report on monetary policy for January-September 2013 (Resolution №48/1) for assessment of the current situation in the monetary sphere and analysis of the economic development. The Board also approved the monetary programs for the period to come, which determines the key directions of the monetary policy in the short-term period, as well as the indicative parameters for implementation thereof.

The report on monetary policy for January-September 2013 for information purposes was sent to Jogorku Kenesh, President’s Office, Government Office, Ministry of Finance and Ministry of Economy of the Kyrgyz Republic, as well as posted on the official website of the NBKR.
 - approved the document “Main Monetary Policy Guidelines for 2014-2017” (Resolution №48/2), where objectives and tasks of the monetary policy for the medium term were determined on the basis of the current economic situation analysis and forecast for development of the main sectors of economy. The strategic measures and objectives in the sphere of monetary policy stipulated by the document will contribute to implementation of the national

strategy regulations for sustainable development of the Kyrgyz Republic for 2013-2017.

The document for information purposes was sent to Jogorku Kenesh, President's Office, Government Office, as well as posted on the official website of the NBKR.

- approved the text of the Statement of the National Bank of the Kyrgyz Republic on the monetary policy for 2014 (Resolution №48/4), which contains a quantitative criterion of the monetary policy (inflation rate) and main directions of the NBKR operation.

This document was directed to the Government Office and the Ministry of Economy of the Kyrgyz Republic in order to develop Joint Statement of the Government and the National Bank of the Kyrgyz Republic on the main directions in economic policy for 2014.

3. On December 20, 2013, the NBKR Board:

- resolved to introduce amendments into the mechanism for determining the size of the NBKR discount rate since March 1, 2014 (Resolution №51/9). The size of the NBKR discount rate will be regularly determined by separate resolutions of the NBKR Board based on the analysis and forecast of the economic situation, meanwhile, the main focus will be placed on the forecast of the inflation rate in the medium term. Currently, the size of the discount rate is equal to the average yield of the NBKR 28-day notes after the last 4 auctions on placement of the NBKR notes. Introduction of amendments into the mechanism for determining the size of the discount rate is conditioned by transition to the new basis for the monetary policy by the National Bank in 2014 – from the regime of the monetary aggregates targeting to the regime of the interest rate targeting.
- introduced amendments into the Procedures of the Board of the National Bank of the Kyrgyz Republic in order to develop the system of providing information to the public about conducted monetary policy (Resolution №51/10). According to this amendment, press-releases on the results of discussions should be published on the official web-site of the National Bank within to working days after considering monetary policy issues by the Board.

In 2014, the National Bank of the Kyrgyz Republic adopts a new basis for the monetary policy, within the framework of which the focus for the National Bank will be the level of interest rate, rather than the volume of monetary base and broad money. New basis for the monetary policy in the medium term will allow strengthening operation of the interest rate channel in the transmission mechanism of the monetary policy, having direct impact on market rates, as well as enhance the role of the NBKR discount rate in the economy. Discount rate, as a key interest rate, will inform the market on the monetary policy trends. Moreover, the purpose of the monetary policy conducted by the NBKR remains the same – to achieve and support price stability.

Within the framework of operations on transition to a new basis of the monetary policy, the National Bank introduced amendments into the mechanism of determining the size of the discount rate. Since March 2014, the size of discount rate will be determined by the decision of the NBKR Board on the basis of economic situation, trends and forecasts assessment. The system of macroeconomic forecasting and economic policy analysis is introduced by the National Bank for this purpose.

In 2013, the National Bank took measures on improvement of the monetary policy instruments. In 2014, new instruments are to be introduced – “overnight” deposit and 7-day credit.

“Corridor” will be established around the discount rate, the “floor” will be determined

by the interest rate on “overnight” deposits, the “ceiling” – the interest rate on “overnight” credits.

The communication policy of the NBKR will be strengthened in order to guarantee transparency and provide information to the public on the issues of the monetary policy. Press-releases about the results of the discussion will be issued upon the meeting conducted by the NBKR Board on the monetary policy issues.

4. The Schedule of the meetings for 2014 conducted by the NBKR Board on the size of the discount rate was approved on December 23, 2013 (hereinafter referred to as the Schedule). In order to provide information to the public on the issues of the monetary policy carried out within the framework of transition to a new basis of the monetary policy, the Schedule is posted on the official website of the NBKR in the section “Monetary policy”, subsection “Schedule of the Board’s meeting on monetary policy issues”.

4.2. Major Decisions of the Monetary Regulation Committee

Monetary Regulation Committee (hereinafter referred to as the MRC) develops and takes operative decisions in the monetary sphere. The MRC takes decisions every week based on the situation assessment results in the monetary market. The volumes of operations on liquidity regulation in the banking system are determined by the MRC on the basis of the goals and objectives defined by the NBKR Board, specified in the Main Monetary Policy Guideline for 2013-2015, monetary program for the coming period, as well as taking into account the state of the banking system and the situation in the fiscal sphere.

In the fourth quarter of 2013, 15 meetings were held by the MRC. The issues of the exchange rate stability were regularly considered by the MRC. Regulations of liquidity in the banking system were carried out through weekly auctions on the NBKR notes. Transactions for the sale of government securities under reverse REPO terms were carried out for the purposes of additional exemption of excessive liquidity. Due to relatively stable situation in the foreign exchange market, the National Bank did not conduct currency interventions in the interbank foreign exchange market.

At the end of 2012, the NBKR increased the range of instruments of the monetary policy for providing banking system with liquidity by means of conducting credit auctions for the purposes of refinancing, liquidity supporting and economy crediting. New instrument – refinancing credit – allows the commercial banks expanding their opportunities for liquidity supporting and economy crediting. In the fourth quarter of 2013, 3 auctions for refinancing credit were declared to the total amount of 600.0 million KGS. All declared auctions were conducted, refinancing credits to the amount of 195.1 million KGS were provided within the framework thereof.

Chapter 5. Inflation Forecast

5.1. Forecast of Key Inflation Factor Dynamics

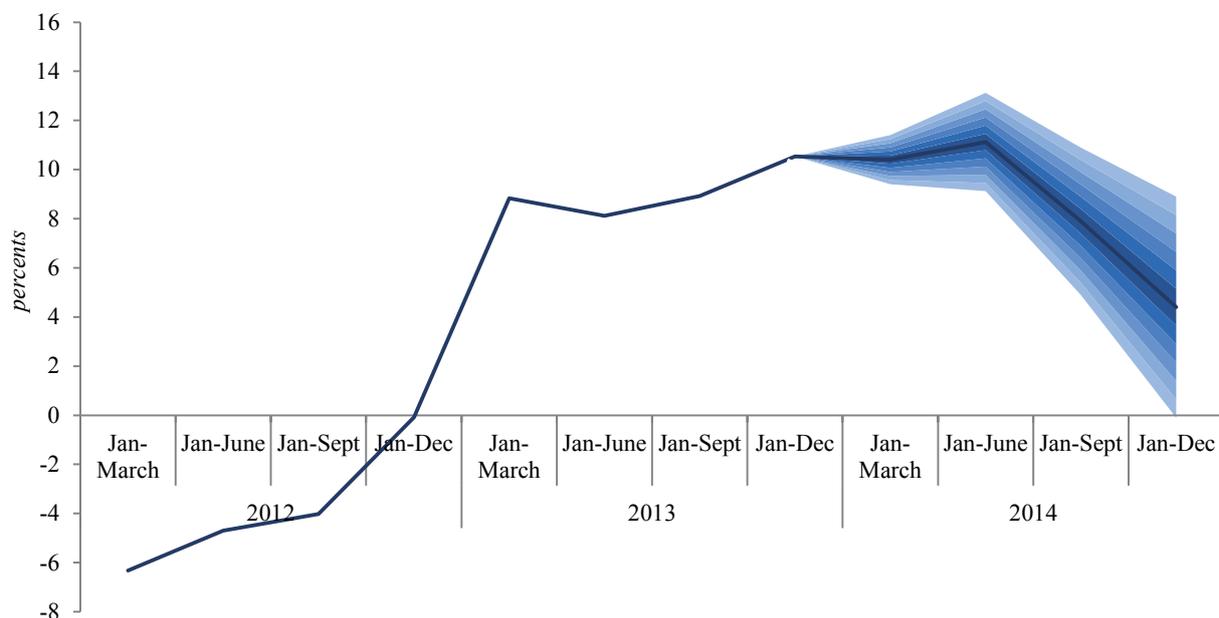
In 2013, the real economic growth, as was it abovementioned in Chapter 1, constituted 10.5 percent, against decrease by 0.1 percent in 2012. Exclusive of the enterprises on exploration of gold-mining deposit "Kumtor", the GDP growth constituted 5.8 percent. Current growth in the current year was conditioned by rehabilitation of gold exploration at the deposit "Kumtor", the activation in the construction sector, rich harvest in the agricultural sector and low base in 2012.

Economic growth expected in 2014 was forecasted taking into account high base and economic return to its potential level. Forecast for economic development was developed taking into account the following expected factors: preserving business activity at the current level, supporting operations at the enterprise on exploration of gold-mining deposit "Kumtor" at the level of 2013 (550-600 thousand ounces¹), preserving construction growth rates at the current level, and traditionally positive contribution of the service provision sector. Along with aforementioned factors, the factor of low-water season was taken into account in forecasting, which can have impact on moderate growth rates of the agricultural sector.

Thus, according to the results of the year, positive economic growth is expected at the level of 4.4 percent, deflator – at the level of 7.0 percent.

Chart 5.1.1. Forecast of GDP Growth

(percent, period from the beginning of the year to the corresponding period of the previous year)



Moreover, there are still some risks of weakening in economic growth. Achievement of forecasted gold production index at the deposit "Kumtor", launching planned investment projects will generally determine final indices of growth. Besides, exposure to demand shocks from the side

¹ **Centerra Gold Inc.** declared that, according to the preliminary estimations, the volume of gold production at the deposit "Kumtor" in 2014 will constitute 550 – 600 thousand ounces of gold (17.1 – 18.7 tones). Meanwhile, as in the previous year, more than 50% of the total volume will be produced in the last quarter of 2014, when the site with great amount of gold in the SB zone will be reached.

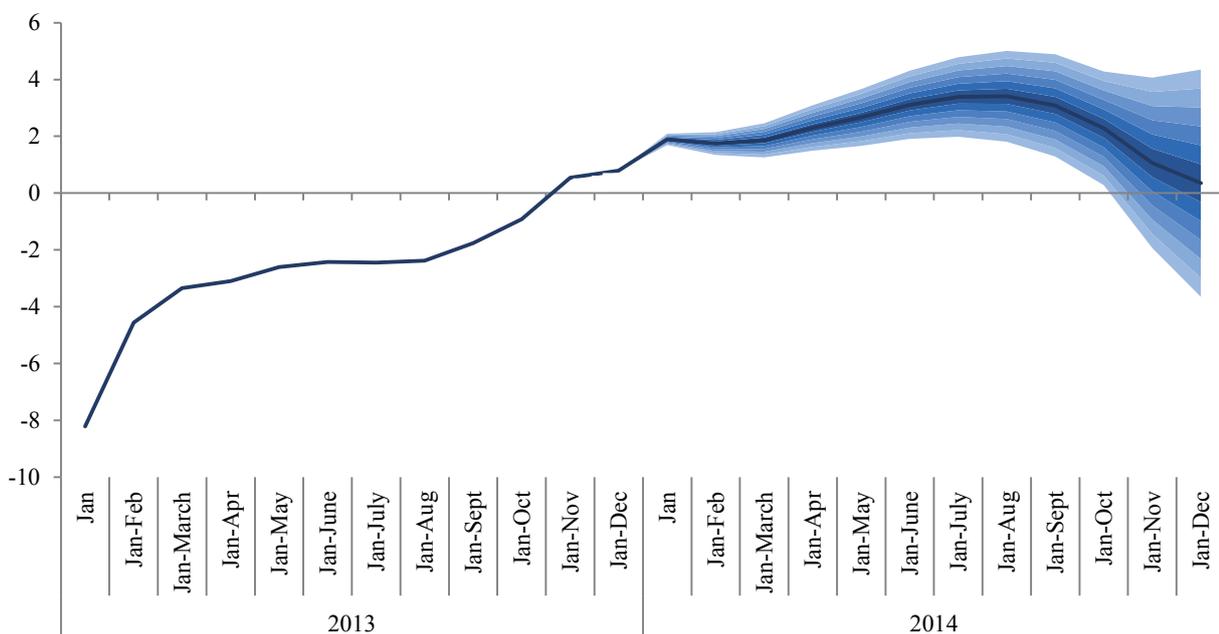
of economies that belong to our major trading partners, changes in the terms of foreign trade and slow rehabilitation of economic growth in Russia in the medium term can decrease development in some tradable sectors of economy and the rates of effective demand of the population.

According to the forecasts of the Government of the Kyrgyz Republic, the GDP growth in 2014 will constitute 6.9 percent, the GDP deflator will be at the level of 6.8 percent, the nominal level of GDP is expected at the level of 401.0 billion KGS.

Ongoing positive dynamics of the GDP gap is expected according to the results of 2014, which indicates that production capacities in the economy of Kyrgyzstan will be involved in the volume of their opportunities. Moreover, the positive GDP gap in the medium term can result in intensification of inflation processes in the economy.

Chart 5.1.2. Forecast of GDP Gap

(period since the beginning of the year to the corresponding period of the previous year)



CONTENT

5.2. Inflation Forecast for 2014

In 2014, inflation consensus forecast constitutes 7 percent with moderate growth of prices for food products, decrease in accumulated inflation expectations of the population and absence of any significant external or internal demand and supply shock.

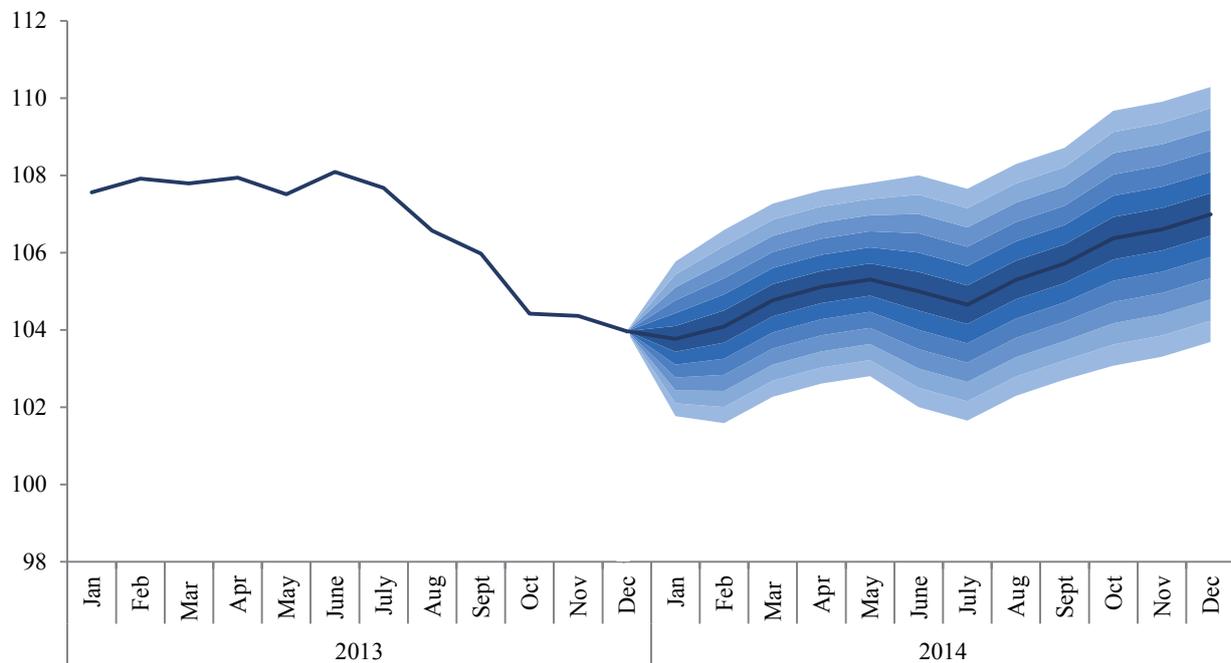
Optimistic forecast for winter crops, as well as rich world forecast of the basic food products in autumn of 2013 allows expecting absence of shocks for food products in the first half of 2014. Moreover, slight decrease in the world production of crops is forecasted in 2014-15 marketing year, which can contribute to growth in the futures prices in the second half of the current year. The prices for sugar in the next marketing season are expected to increase insignificantly as compared to the prices of 2013-2014 MY on the background of supposed reduction in the world production due to market overstocking with goods. These factors can have negative impact on food inflation on the part supply.

Reduction of demand for raw materials used in production of biofuel, demand of the part of China and currency weakening in the producing countries will also be the major external factors, having impact on the prices for agricultural production in 2014. Thus, conservative estimates of

the harvest of 2014 contributed to acceleration of inflation rates in the second half of the current year.

Chart 5.2.1. Annual Inflation Forecast

(month to the corresponding month of the previous year)



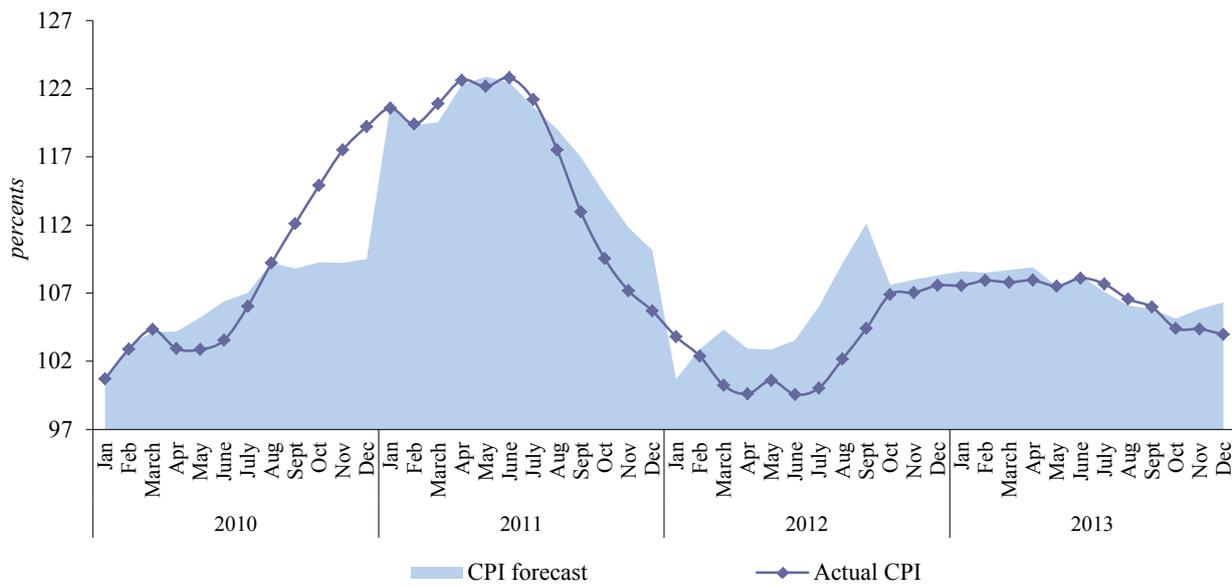
Forecast of the price index for non-food products fluctuated within 7-10 percent. The “garments and footwear” group is expected to have traditionally the most significant contribution to index growth.

With regard to price index for services, planned policy of tariffs for electricity, gas and transportation services carried out by the Government remains unclear in the medium term. According to the information provided by the mass media, tariffs for electricity are expected to increase by 10 percent in the second half of 2014.

Dynamics of the U.S. dollar exchange rate in the world foreign exchange markets and the countries – major trade partners pose some inflation risk in Kyrgyzstan. Winding-up the program on the USA quantitative easing contributed to weakening the national currency of many countries. In case of rapid devaluation of the Kyrgyz som, increase in prices for imported goods will put inflationary pressure on the consumer market.

Thus, inflation rate in 2014 will primarily form under the influence of external factors.

Chart 5.2.2. Comparison of Forecasted and Actual Inflation
(month to the corresponding month of the previous year)



Statistical Annex

Table 1. Consumer Price Index
(month to the previous month, percent)

	2012												2013													
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.		
Consumer price index	100.8	100.1	100.1	99.8	100.7	99.6	100.3	99.7	99.1	99.3	100.4	100.2	100.7	101.6	100.2	99.5	99.6	100.3	99.7	99.1	99.3	100.4	100.2	100.7	101.6	
Food products and soft drinks	100.6	99.3	99.5	98.8	100.1	98.7	99.6	101.3	100.8	102.6	101.3	101.8	101.4	100.2	99.5	99.6	100.3	99.7	99.1	99.3	100.4	100.2	100.7	101.6		
Strong drinks and tobacco products	100.2	100.9	100.1	100.8	100.6	100.7	100.5	101.0	100.4	101.1	100.4	103.5	100.2	101.9	100.4	100.3	100.4	101.3	100.0	100.1	101.0	101.0	99.7	101.1	100.8	
Non-food products	101.3	100.6	100.8	100.5	100.7	100.2	100.4	100.6	101.1	101.8	100.7	100.9	100.2	100.2	100.3	100.2	100.5	100.5	100.4	100.6	100.6	100.6	100.9	101.0	100.7	
Services	100.7	100.6	100.2	100.6	102.6	100.2	100.8	100.4	102.2	100.6	100.1	100.8	100.5	100.3	100.6	100.2	100.1	100.2	100.4	100.1	100.3	100.3	100.3	100.5	100.8	
Food and soft drinks	101.8	101.4	100.2	99.5	99.6	100.3	99.7	99.1	99.3	100.4	100.2	100.7	101.6	100.2	99.5	99.6	100.3	99.7	99.1	99.3	100.4	100.2	100.7	101.6	101.6	
Bakery products and cereals	100.2	100.1	100.4	100.0	99.4	99.5	99.4	99.3	100.4	100.7	99.8	99.9	100.2	100.4	100.0	99.4	99.5	99.4	99.5	99.4	99.3	100.4	100.7	99.8	99.9	100.2
Meat	99.5	99.7	100.0	100.2	100.6	101.0	100.5	100.0	100.9	102.3	100.7	99.6	101.8	100.0	100.2	100.6	101.0	100.5	100.0	100.9	102.3	100.7	99.6	101.8		
Fish	100.2	99.9	100.2	100.1	100.0	100.1	99.4	98.3	100.0	99.3	100.4	100.9	101.3	100.2	100.1	100.0	100.1	99.4	98.3	100.0	99.3	100.4	100.9	101.3		
Dairy products, cheese and eggs	104.5	101.3	99.3	98.7	97.7	97.1	97.6	99.5	99.7	104.0	104.4	102.7	104.8	99.3	98.7	97.7	97.1	97.6	99.5	99.7	104.0	104.4	102.7	104.8		
Oils and fats	100.4	100.1	99.7	100.0	99.4	99.9	100.0	100.4	99.8	100.0	100.1	98.9	99.5	99.7	100.0	99.4	99.9	100.0	100.4	99.8	100.0	100.1	98.9	99.5	99.5	
Fruits and vegetables	112.5	107.8	100.3	97.1	99.1	101.5	99.7	95.9	94.2	96.9	99.1	105.2	106.0	100.3	97.1	99.1	101.5	99.7	95.9	94.2	96.9	99.1	105.2	106.0		
Sugar, jam, honey, chocolate and candies	100.5	99.9	99.9	99.4	100.3	102.3	99.6	99.9	99.8	99.5	100.8	100.1	99.9	99.9	99.4	100.3	102.3	99.6	99.9	99.8	99.5	100.8	100.1	99.9	99.9	
Other food products	100.4	100.4	100.2	100.2	100.0	100.4	100.0	100.1	99.3	99.2	96.0	100.6	101.6	100.2	100.2	100.0	100.4	100.0	100.1	99.3	99.2	96.0	100.6	101.6		
Soft drinks	100.9	103.4	102.0	100.4	100.2	100.6	100.6	100.2	100.1	100.3	100.5	98.6	100.2	102.0	100.4	100.2	100.6	100.6	100.2	100.1	100.3	100.5	98.6	100.2		
Strong drinks and tobacco products	103.5	100.2	101.9	100.4	100.3	100.4	101.3	100.0	100.1	101.0	99.7	101.1	100.8	101.9	100.4	100.3	100.4	101.3	100.0	100.1	101.0	99.7	101.1	100.8	100.8	
Strong drinks	104.8	100.0	102.4	100.2	100.1	100.5	101.6	100.0	100.1	100.5	99.7	101.2	100.9	102.4	100.2	100.1	100.5	101.6	100.0	100.1	100.5	99.7	101.2	100.9		
Tobacco products	100.1	100.8	100.2	101.1	100.9	100.0	100.0	100.0	100.5	103.1	99.9	100.6	100.2	100.2	101.1	100.9	100.0	100.0	100.5	103.1	99.9	100.6	100.2	100.2		
Garments and footwear	101.4	100.7	100.8	100.9	100.7	101.0	101.1	100.9	100.8	101.0	101.4	101.9	101.7	100.8	100.9	100.7	101.0	101.1	100.9	100.8	101.0	101.4	101.9	101.7	101.7	
Services for dwelling premises maintenance and repair, water supply, electricity, gas and other types of fuel	100.6	99.5	99.1	99.4	100.0	100.2	100.2	100.2	100.2	100.2	99.9	100.3	100.1	100.2	99.1	99.4	100.0	100.2	100.2	100.2	100.2	99.9	100.3	100.1	100.2	
Household articles and household appliances	100.7	100.4	100.9	100.9	100.5	100.2	99.9	100.2	100.3	100.2	100.9	101.5	100.2	100.9	100.9	100.5	100.2	99.9	100.2	100.3	100.2	100.9	101.5	100.2		
Healthcare	100.3	103.5	100.5	100.2	101.0	100.6	101.7	99.6	100.8	101.7	100.0	99.9	100.7	100.5	100.2	101.0	100.6	101.7	99.6	100.8	101.7	100.0	99.9	100.7	100.7	
Transport	100.2	100.0	100.4	100.3	99.5	99.8	99.9	99.8	100.5	100.9	100.1	101.0	99.9	100.4	100.3	99.5	99.8	99.9	99.8	100.5	100.9	100.1	101.0	99.9		
Petroleum, oil, lubricants	99.9	99.2	99.5	99.5	98.9	97.6	99.2	98.3	102.1	105.6	102.9	99.9	97.8	99.5	99.5	98.9	97.6	99.2	98.3	102.1	105.6	102.9	99.9	97.8		
Communication	100.0	100.0	100.0	100.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Recreation, entertainment and culture	100.9	100.3	101.3	100.2	99.9	100.1	100.0	100.0	100.6	100.6	100.1	100.6	100.5	101.3	100.2	99.9	100.1	100.0	100.0	100.6	100.6	100.1	100.6	100.5		
Education	100.0	100.3	100.0	100.0	100.0	100.0	100.1	100.0	102.1	101.6	100.1	101.8	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	102.1	101.6	100.1	101.8	
Restaurants and hotels	102.2	100.4	100.3	101.0	100.4	100.2	100.1	100.8	100.0	100.0	100.5	99.8	100.5	100.3	101.0	100.4	100.2	100.1	100.8	100.0	100.0	100.5	99.8	100.5	99.8	
Various goods and services	100.8	100.4	100.2	100.2	99.9	100.0	100.6	100.8	100.1	99.1	100.3	99.9	100.8	100.2	100.2	99.9	100.0	100.6	100.8	100.1	99.1	100.3	99.9	100.3	99.9	

Table 2. Consumer Price Index
(month to the corresponding month of the previous year, percent)

	2012												2013											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Consumer price index	103.8	102.4	100.2	99.6	100.6	99.6	100.0	102.2	104.4	106.9	107.0	107.6	107.6	107.9	107.8	107.9	107.5	108.1	107.7	106.6	106.0	104.4	104.4	104.0
Food products and soft drinks	99.3	95.8	91.8	90.4	91.5	89.8	91.0	94.8	98.5	102.6	103.5	104.4	105.2	106.1	106.0	106.9	107.1	108.1	107.6	105.5	105.0	102.6	102.0	101.8
Strong drinks, tobacco products	109.8	110.6	109.8	110.6	110.5	110.3	109.0	109.3	109.0	109.0	107.9	110.6	110.5	111.7	112.0	111.4	111.1	111.8	111.3	110.4	111.0	109.6	110.3	107.3
Non-food products	110.0	110.3	110.4	110.1	110.7	109.9	109.4	109.1	110.0	111.7	110.9	109.9	108.8	108.4	107.9	107.6	107.3	107.7	107.6	107.6	107.1	106.1	106.4	106.3
Services	109.5	110.6	109.9	110.1	111.7	111.4	110.7	110.0	109.9	109.5	110.1	109.9	109.6	110.0	109.6	110.0	109.6	106.9	106.5	106.2	104.2	103.9	104.3	104.3
Food products and soft drinks	99.3	95.8	91.8	90.4	91.5	89.8	91.0	94.8	98.5	102.6	103.5	104.4	105.2	106.1	106.0	106.9	107.1	108.1	107.6	105.5	105.0	102.6	102.0	101.8
Bakery products and cereals	96.1	91.1	84.3	83.2	83.1	83.1	85.0	92.1	96.8	104.1	107.0	109.1	111.2	113.1	114.0	113.8	114.4	114.6	111.7	104.4	104.4	99.9	99.2	99.2
Meat	120.8	117.1	114.5	113.7	111.5	107.0	102.4	100.6	98.5	101.0	100.6	98.8	96.7	96.9	98.4	99.6	100.9	102.1	102.5	103.5	106.1	105.5	105.2	107.6
Fish	115.1	114.2	114.4	116.5	117.8	116.6	117.6	119.3	122.2	123.8	122.7	119.9	117.2	117.4	116.3	113.7	113.0	112.6	109.0	107.3	103.6	99.2	98.7	99.8
Dairy products, cheese and eggs	107.3	105.4	107.7	106.3	105.0	103.9	103.9	103.1	105.0	108.1	108.0	107.9	107.0	105.9	105.6	106.0	107.2	108.7	111.5	111.3	108.7	105.8	106.2	106.6
Oils and fats	105.0	104.2	101.2	98.9	97.1	97.4	96.9	97.0	98.0	98.9	99.0	99.1	99.3	99.6	99.9	100.2	101.2	101.5	102.1	101.7	100.7	99.6	98.6	97.8
Fruits and vegetables	76.0	73.4	70.7	68.0	74.6	70.2	78.2	89.7	103.9	104.1	103.6	108.1	112.6	114.7	109.9	115.1	113.7	118.5	119.2	122.6	115.6	111.7	108.2	102.0
Sugar, jam, honey, chocolate and candies	98.3	93.5	92.4	91.3	95.4	94.2	90.6	86.3	91.6	97.0	98.7	98.9	97.6	98.0	97.3	98.1	96.1	96.5	98.2	98.7	100.1	101.8	101.9	101.3
Other food products	107.6	105.4	105.9	105.4	105.8	105.7	105.2	103.7	104.3	104.8	104.8	105.0	104.4	104.2	104.9	105.1	105.0	104.8	104.9	103.9	100.9	96.2	96.7	97.9
Soft drinks	110.6	110.9	106.7	106.2	107.4	105.0	104.1	104.2	103.8	104.0	104.5	104.4	106.9	107.8	109.6	109.1	109.4	109.5	109.7	109.1	109.3	109.4	107.9	107.1
Strong drinks and tobacco products	109.8	110.6	109.8	110.6	110.5	110.3	109.0	109.3	109.0	109.0	107.9	110.6	110.5	111.7	112.0	111.4	111.1	111.8	111.3	110.4	111.0	109.6	110.3	107.3
Strong drinks	108.8	110.1	109.9	111.0	110.7	110.2	108.0	108.8	108.3	108.8	108.5	112.3	112.2	113.5	113.7	112.8	112.7	114.3	114.1	112.6	112.6	110.7	111.4	107.3
Tobacco products	112.3	112.0	109.4	109.5	110.0	110.9	111.4	110.7	110.5	109.3	106.5	105.9	106.1	106.4	107.1	107.6	106.6	104.6	103.5	103.9	107.0	106.8	107.3	107.5
Garments and footwear	113.8	112.4	112.9	112.6	112.7	112.7	112.4	111.8	113.2	115.3	116.1	116.0	114.7	115.4	113.9	112.6	112.4	113.0	113.6	114.2	113.7	112.4	113.2	113.6
Services for dwelling premises maintenance and repair; water supply, electricity, gas and other types of fuel	103.3	104.6	104.7	104.8	106.9	106.0	106.8	107.5	107.2	110.4	108.0	105.2	103.4	101.8	102.0	103.1	103.2	103.7	102.9	102.3	101.9	100.1	99.8	99.3
Household articles, household appliances	112.5	112.7	112.7	112.9	113.9	113.3	110.8	109.9	110.6	110.4	109.4	110.0	109.3	109.0	109.4	108.9	107.9	107.0	107.3	106.9	106.1	105.9	106.8	106.2
Healthcare	112.0	112.0	111.7	112.1	112.6	111.2	113.4	111.6	111.9	110.3	110.4	109.7	111.9	110.9	110.6	110.9	110.4	112.9	109.4	109.9	110.3	110.7	110.2	110.6
Transport	103.4	106.9	106.6	106.2	109.5	108.6	108.0	108.9	108.0	109.5	108.1	108.1	108.7	108.9	109.3	108.8	102.9	102.6	101.3	100.8	101.8	101.7	102.4	102.1
Petroleum, oil, lubricants	99.0	110.4	111.1	110.3	106.3	103.7	100.8	100.0	100.3	103.0	103.7	102.2	101.9	103.2	102.8	101.3	98.5	98.6	96.6	97.5	102.9	103.7	102.2	100.1
Communication	103.1	103.1	100.0	100.0	100.0	100.0	100.2	100.2	100.2	100.2	100.2	100.2	100.2	100.2	101.1	101.1	101.1	101.1	100.9	100.9	100.9	100.9	100.9	100.9
Recreation, entertainment and culture	111.5	111.9	111.4	112.3	110.0	110.1	109.1	108.5	109.8	109.4	107.8	108.2	108.1	108.3	107.3	105.9	107.4	107.3	106.9	105.6	104.8	104.3	104.8	104.4
Education	116.0	114.9	114.9	114.9	114.8	114.8	112.1	112.2	111.8	108.5	108.6	108.4	108.5	108.5	108.4	108.4	108.3	108.3	108.2	108.1	102.4	104.2	104.3	106.1
Restaurants and hotels	115.9	118.0	118.4	119.0	120.9	119.5	115.4	115.4	113.0	114.1	113.7	115.8	112.9	110.9	111.5	111.1	109.5	109.6	109.6	109.6	107.7	105.9	105.6	103.9
Various goods and services	106.4	106.5	106.6	106.5	107.1	106.8	106.1	105.8	109.0	109.2	108.8	108.9	108.1	107.9	107.6	106.6	105.7	106.4	107.1	106.7	103.1	102.8	102.4	102.4

Table 3. Indices of prices and physical volume of imports in January-October 2013

Product name	11 mon. 2013	11 mon. 2012	11 mon. 2012	Indices		
	mln. USD	mln. USD	mln. USD	price	phys. vol.	value
	n13*p13	n13*p12	n12*p12			
	A	B	C	A/B	B/C	A/C
Petroleum, petroleum products and related materials	1,044.9	1,082.5	918.9	0.97	1.18	1.14
Cast-iron and steel	255.8	273.5	209.0	0.94	1.31	1.22
Medicaments (including veterinary medicaments)	151.4	181.0	135.8	0.84	1.33	1.11
Vehicles for cargo transportation and vehicles of special assignment	104.7	181.5	174.2	0.58	1.04	0.60
Constructions from cast iron, steel and aluminum not included into other categories	96.3	89.8	39.0	1.07	2.30	2.47
Essential oils, resinoids and perfume materials	96.2	91.1	80.4	1.06	1.13	1.20
Coffee, tea, cocoa, spices and other products	79.9	90.9	91.8	0.88	0.99	0.87
Sugar, sugar products and honey	77.9	80.7	82.1	0.97	0.98	0.95
Meat and meat products	77.6	52.9	72.7	1.47	0.73	1.07
Crops (including eincorn) and mangcorn, unmilled	75.6	57.4	80.3	1.32	0.71	0.94
Rubber tires	75.6	63.6	70.4	1.19	0.90	1.07
Paper, cardboard and products made of paper stock, paper and cardboard	75.3	68.4	62.4	1.10	1.10	1.21
Woven fabrics made of artificial textile materials	69.6	52.3	68.6	1.33	0.76	1.02
Sawed or spitted lengthwise conifer wood	69.0	68.6	58.7	1.01	1.17	1.18
Vegetable oils and fats, raw materials, refined or fractionated	61.5	61.5	54.7	1.00	1.12	1.12
Plastics in prime form	60.1	63.4	47.9	0.95	1.32	1.26
Natural gas in gaseous state	58.3	56.3	73.4	1.04	0.77	0.79
Electric wire telephone or telegraph sets	57.7	68.5	61.2	0.84	1.12	0.94
Food products and preparations not included into other categories	57.7	144.1	51.6	0.40	2.79	1.12
Plastics in non-prime form	56.3	67.3	39.4	0.84	1.71	1.43
Inorganic chemicals	55.5	69.4	48.7	0.80	1.42	1.14
Fertilizers	55.4	64.9	54.4	0.85	1.19	1.02
Electric transformers	48.4	16.5	28.1	2.94	0.59	1.72
Vegetables and fruits	47.1	42.4	31.6	1.11	1.34	1.49
Footwear with rubber or synthetic sole and upper	45.8	36.8	55.9	1.25	0.66	0.82
Coal, coke and briquette	44.9	39.0	34.6	1.15	1.13	1.30
Products from grain, flour or starch	42.2	44.7	36.0	0.94	1.24	1.17
Cars and vehicles for transportation of people	42.2	34.1	18.4	1.24	1.86	2.29
Wheat and mangcorn flour	40.7	33.2	25.8	1.23	1.28	1.58
Imperfect metal products not included into other categories	38.1	39.8	38.5	0.96	1.03	0.99
Self-contained mechanical shovels, excavators and scoop loaders	37.4	79.0	42.2	0.47	1.87	0.89
Compressed wood and restored wood	36.9	41.2	36.8	0.90	1.12	1.00
Sugar-sweetened mineral water and soft drinks	35.0	31.1	28.1	1.13	1.10	1.24
Electrical distribution equipment not included into other categories	34.4	35.3	29.0	0.98	1.21	1.19
Coloring and tanning matters and dyes	33.1	34.0	27.2	0.97	1.25	1.22
Jackets, pullovers, cardigans, waistcoats and similar knitted or crocheted articles	31.8	28.7	22.5	1.11	1.28	1.42
Articles made of wire and protective nets	30.3	56.5	27.6	0.54	2.04	1.10
Planes and other aircrafts	30.1	22.3	20.3	1.35	1.10	1.48
Strong drinks	29.2	25.2	30.5	1.16	0.83	0.96
Machines for soil, stones, ores sorting, sifting and sizing	26.5	10.8	15.2	2.45	0.71	1.75
Glazed ceramic tiles	26.4	20.0	19.0	1.32	1.05	1.39
Machines for automatic data processing and their blocks	22.4	15.7	15.2	1.42	1.04	1.48
Stone, sand and gravel	20.7	13.1	8.0	1.58	1.64	2.60
Trousers, coveralls, breeches and shorts	19.1	14.6	22.1	1.30	0.66	0.86
Medical and pharmaseutical products	18.9	13.2	13.0	1.43	1.01	1.45
Floor coverings	18.6	13.4	13.5	1.40	0.99	1.38
Other equipment for food processing and their spare parts	17.7	12.3	5.8	1.44	2.11	3.04
Fittings and fastenings	17.5	21.7	6.9	0.81	3.12	2.52
Gold, nonmonetary (except gold ores and concentrates)	17.5	1.2	10.2	15.14	0.11	1.72
Tractors	17.1	19.0	11.9	0.90	1.59	1.44
Aluminum	17.1	18.9	7.8	0.91	2.43	2.20
Various chemical products not included into other categories	15.7	21.4	12.7	0.74	1.68	1.24
Self-contained bulldozers, road graders and land levelers	15.6	26.5	6.7	0.59	3.93	2.31
Hand and machine tools	15.5	4.9	25.5	3.15	0.19	0.61
Knitted or crocheted garments for men and boys	15.5	23.6	15.1	0.65	1.56	1.02
Hardboard	15.2	13.2	15.0	1.15	0.88	1.02

Table 3. Indices of prices and physical volume of imports in January-October 2013 (continue)

<i>Product name</i>	<i>11 mon. 2013</i>	<i>11 mon. 2012</i>	<i>11 mon. 2012</i>	<i>Indices</i>		
	<i>mln. USD</i>	<i>mln. USD</i>	<i>mln. USD</i>	<i>price</i>	<i>phys. vol.</i>	<i>value</i>
	<i>n13*p13</i>	<i>n13*p12</i>	<i>n12*p12</i>			
	A	B	C	A/B	B/C	A/C
Hosiery, knitted or crocheted	14.9	9.6	21.0	1.56	0.46	0.71
Reciprocating internal combustion engines for vehicles	14.7	6.7	4.1	2.21	1.64	3.63
Knitted or crocheted garments for women and girls	14.7	16.6	16.6	0.89	1.00	0.89
Household refrigerators and freezers	14.7	15.2	16.8	0.96	0.91	0.87
Trousers, coveralls, breeches and shorts	14.6	11.1	16.6	1.31	0.67	0.88
Margarine and combined fats	14.6	15.0	13.1	0.97	1.15	1.11
Milk, cream and dairy products, except butter and cheese	14.4	13.7	13.0	1.05	1.05	1.10
Thermal electrical devices not included into other categories	14.4	24.1	16.1	0.60	1.49	0.89
Nails, screws, nuts, bolts, rivets, etc. of iron, steel or copper	14.2	15.3	11.1	0.93	1.37	1.27
Fish, crustacean mollusks and aquatic invertebrates	14.1	13.2	12.5	1.07	1.06	1.13
Products made from non-metallic minerals not included in other categories	13.8	12.8	12.4	1.08	1.03	1.11
Plastic construction equipment	13.3	12.3	6.4	1.08	1.92	2.07
Pottery	13.0	7.0	9.4	1.86	0.74	1.38
Other mineral raw materials	11.7	15.9	10.8	0.74	1.47	1.08
Dishwashers; machines for filling, capping caps	11.4	10.0	6.3	1.15	1.57	1.80
Trailers and semi-trailers for cargo transportation	11.2	9.9	12.2	1.14	0.81	0.92
Ready additives for mineral oils; ready liquids for hydraulic transp.	11.1	11.5	10.4	0.96	1.10	1.06
Rice	10.8	9.6	11.2	1.12	0.86	0.96
Radiators and electric accumulators; their spare parts	10.7	5.1	12.7	2.11	0.40	0.84
Electric accumulators	10.4	13.0	12.4	0.80	1.05	0.84
Other locomotives; electric locomotives tenders	10.3	0.5	0.1	19.31	4.00	77.24
Filtering and purifying machinery for liquids or gases	10.2	10.1	10.5	1.01	0.96	0.97
Gold and silver ware, jewellery from platinum group metals	9.9	491.4	4.8	0.02	102.74	2.06
Household washing equipment	9.1	9.5	8.7	0.96	1.10	1.05
TV receiver	9.0	9.0	6.4	1.00	1.41	1.41
Ores and base metal concentrates not included into other categories	8.6	11.8	7.8	0.73	1.52	1.11
Other harvesting machinery and threshing mills	8.6	46.7	3.6	0.18	13.09	2.41
Glass containers	8.6	6.1	10.3	1.39	0.60	0.83
Fluid pumps not included into other categories	8.5	15.6	5.5	0.55	2.81	1.53
Machinery and mechanical equipment of particular sectors	8.3	19.1	9.4	0.44	2.04	0.89
Machines for earth moving, levelling, excavating or drilling	8.0	0.5	15.8	17.36	0.03	0.50
Textile yarn	7.9	7.2	9.6	1.10	0.75	0.82
Machines, units with/without electric heating	7.8	8.1	6.9	0.97	1.16	1.13
Dresses	7.7	7.0	5.6	1.11	1.25	1.38
Footwear not included into other categories	7.1	6.1	8.0	1.17	0.76	0.89
Lifting, transportation, loading and unloading equipment	7.1	13.7	3.5	0.52	3.93	2.03
Furnaces, kitchen stoves, electric stoves, boilers and roasters	7.1	6.7	7.1	1.05	0.94	0.99
Insecticides, rodenticides, fungicides, herbicides	7.0	7.9	8.7	0.88	0.91	0.81
Fittings and fastenings for railway and tram lines	6.9	7.1	3.3	0.98	2.16	2.12
Copper	6.9	7.8	6.3	0.89	1.24	1.10
Containers	6.7	9.4	4.2	0.71	2.21	1.57
Bags and packets from textile materials	6.5	1.6	1.3	4.12	1.25	5.15
Coats, short coats, wraps, raincoats and similar clothes	6.4	7.1	5.6	0.89	1.28	1.14
Fodder (except unmilled grain)	6.3	5.3	4.7	1.19	1.13	1.34
Other types of glued wood	6.3	15.0	4.9	0.42	3.07	1.28
Other medical instruments and devices	6.2	5.6	6.0	1.11	0.94	1.04
Skirts and pants-skirt	6.1	5.0	6.4	1.23	0.77	0.95
Starch, inulin and gluten flour; substances containing albumines; glues	6.0	6.1	5.3	0.98	1.15	1.12
Cultery, kitchen and other household appliances and their spareparts	5.9	2.9	6.4	2.00	0.46	0.92
Construction materials of asbestos cement and fiber-reinforced cement	5.9	5.1	4.8	1.16	1.05	1.21
Nomenclature Total (mln. USD)	4,266.2	4,935.0	3,768.8	0.86	1.31	1.13
Nomenclature Total (% of total exports)	79%		78%			
Total export	5,424.1		4,829.4			

According to the NSC at CIF prices; the Table demonstrates the first 106 export large items

n - physical volume of goods exports

p - estimated export price of the goods

Table 4. Indices of prices and physical volume of exports for January-November 2013

<i>Product name</i>	<i>11 mon. 2013</i>	<i>11 mon. 2012</i>	<i>11 mon. 2012</i>	<i>Indices</i>		
	<i>mln. USD</i>	<i>mln. USD</i>	<i>mln. USD</i>	<i>price</i>	<i>phys. vol.</i>	<i>value</i>
	<i>n13*p13</i>	<i>n13*p12</i>	<i>n12*p12</i>			
	A	B	C	A/B	B/C	A/C
Gold, nonmonetary	582.9	703.7	411.7	0.83	1.71	1.42
Vegetables and fruits	151.5	140.3	134.6	1.08	1.04	1.13
Petroleum, petroleum products and related materials	129.1	141.1	101.2	0.92	1.39	1.28
Cast-iron and steel	33.4	33.0	23.6	1.01	1.40	1.42
Inorganic chemicals	28.4	31.8	38.4	0.90	0.83	0.74
Rolled glass and glass with polished surface	27.6	37.5	14.3	0.73	2.62	1.93
Vehicles for cargo transportation and vehicles of special assignment	27.4	70.3	70.3	0.39	1.00	0.39
Rubber tires	24.8	19.6	10.3	1.26	1.90	2.40
Incandescent lamps	21.4	21.0	19.3	1.02	1.08	1.11
Electricity	20.5	18.8	46.0	1.09	0.41	0.45
Dresses	17.7	23.6	23.6	0.75	1.00	0.75
Cotton	17.3	17.1	30.5	1.01	0.56	0.57
Ores and precious metal concentrate	17.1	42.3	51.2	0.40	0.83	0.33
Portlandcement, cement	15.6	15.6	11.4	1.00	1.37	1.37
Blouses, jackets and jacket-blouses	15.1	19.1	22.0	0.79	0.87	0.69
Raw tobacco; tobacco waste	14.2	12.5	11.9	1.14	1.05	1.19
Trousers, coveralls, breeches and shorts	13.8	18.9	18.9	0.73	1.00	0.73
Various base metals	12.7	16.8	10.5	0.76	1.61	1.22
Hosiery, knitted or crocheted	12.3	17.6	17.2	0.70	1.02	0.71
Milk, cream and dairy products, except butter and cheese	11.1	9.9	21.0	1.12	0.47	0.53
Metal scrap and waste of base non-ferrous metals	10.6	13.8	11.1	0.77	1.24	0.96
Live animals	9.7	134.7	7.1	0.07	18.87	1.36
Cars and vehicles for transportation of people	9.1	9.0	4.5	1.00	1.99	2.00
Paper, cardboard and products made of paper stock, paper and cardboard	8.7	8.7	8.8	1.00	0.98	0.98
Coats, short coats, wraps, raincoats and similar clothes	8.2	8.9	12.4	0.93	0.72	0.67
Plastics in prime form	8.0	5.9	2.8	1.34	2.09	2.80
Meat and meat products	7.2	7.8	6.1	0.92	1.29	1.18
Stone for construction, worked stone, and articles made from stone	7.2	7.3	4.6	0.99	1.57	1.55
Food products and preparations not included into other categories	7.1	10.5	5.6	0.67	1.88	1.25
Trousers, coveralls, breeches and shorts	7.0	8.4	9.0	0.84	0.92	0.77
Self-contained mechanical shovels, excavators and scoop loaders	7.0	3.6	2.6	1.93	1.41	2.73
Hand and machine tools	6.4	4.1	6.0	1.58	0.67	1.07
Planes and other aircrafts	6.3	9.2	7.2	0.68	1.29	0.88
Self-contained bulldozers, road graders and land levelers	5.7	4.4	3.5	1.31	1.25	1.63
Knitted or crocheted garments for women and girls	5.6	7.5	11.2	0.74	0.67	0.49
Tractors	5.0	4.7	2.3	1.07	2.04	2.18
Products made from non-metallic minerals not included in other categories	4.8	5.5	3.1	0.87	1.75	1.52
Metal scrap and waste of ferrous industry	4.7	5.0	7.1	0.94	0.70	0.66
Coal, coke and briquette	4.7	3.3	4.4	1.40	0.75	1.06
Woven fabrics made of artificial textile materials	4.2	8.2	4.6	0.51	1.76	0.90
Skirts and pants-skirt	4.0	5.2	7.8	0.77	0.66	0.51
Fittings and fastenings for railway and tram lines	4.0	3.9	1.7	1.02	2.34	2.39
Reciprocating internal combustion engines, not included in other categories	3.6	0.8	2.6	4.50	0.31	1.42
Nomenclature Total (mln. USD)	1,342.6	1,690.7	1,224.4	0.79	1.38	1.10
Nomenclature Total (% of total exports)	87%		86%			
Total export	1,548.1		1,431.9			

According to the NSC at FOB prices, excluding additional estimates; the Table demonstrates the first 43 export large items
n - physical volume of goods exports
p - estimated export price of the goods

Glossary

Core inflation is inflation which excludes short-term, structural and seasonal changes of prices. That is, the growth in prices of goods due to seasonal and external factors (such as poor harvest, the price shock in the market of oil products, the administrative changes in tariffs for gas and electricity, etc.) is excluded from the calculation of the inflation rate.

NBKR calculates the core inflation dynamics by the method of simple exclusions. The given method means the exclusion from the CPI of specific categories or an entire group of goods and services which prices are highly sensitive to shocks. Traditionally, such goods include some food products, energy resources and tariffs established by the Government.

From April 2010 the National Statistics Committee of KR started the calculation of core inflation using the method of simple exclusions (according to the approved method No. 9 dated April 29, 2010). Such goods as milk, sugar, certain types of fruits and vegetables, alcoholic and tobacco products, petroleum products, product group "electricity, gas and other fuels", passenger transport and communication services, and others are excluded in calculation. In general, the proportion of excluded goods is 25 percent of the total consumer goods basket.

Discount rate is the tool used as the basic reference point when determining the value of monetary resources in the economy. The size of the discount rate is equal to the average value of the yield of 28-day NBKR Notes for the recent 4 auctions on allocation of the NBKR Notes.

GDP deflator is a composite index of the economy branches prices characterizing the GDP change with regard to growth of prices in the economy. GDP deflator is calculated as the proportion between nominal GDP in prices of the current year against GDP rate of the previous year.

GSCI-ag (Goldman Sachs Commodity Index-agricultural) – index of prices for actively traded future contracts for food (agricultural) products – developed by the investment bank “Goldman Sachs” in order to present these exchange goods as a single group.

Inflation represents the increase in the general level of consumer prices in the economy. The consumer price index is used to quantitatively estimate the rate of inflation. The CPI shows the change in the price level for the goods and services purchased by the population for non-productive consumption. The prices of buyers of 342 selected goods and services are used when calculating the index, the sample size is up to 45 thousand prices per month for 1496 enterprises of trade and services in seven urban and two regional centers.

Monetary aggregate is the money supply classified according to degrees of liquidity: M0; M1; M2; M2X.

M0 – currency in hands.

M1 – M0 + demand deposits in national currency.

M2 – M1 + time deposits in national currency.

M2X – M2 + deposits in foreign currency.

Monetary base – obligations of the National Bank on cash in circulation, and the obligations

of the National Bank to other depository corporations in the national currency of the Kyrgyz Republic.

Money in circulation – the cash money in circulation, issued by the National Bank of the Kyrgyz Republic, except for the cash in the NBKR cash desks.

NBKR Repo Operations – operations on purchase (direct repo)/sale (reverse repo) of government securities with the obligation to sell them back/purchase on the specified date in future at the predetermined price.

Non-financial assets include the following categories of economic assets: fixed assets, stocks of tangible current assets, valuables and non-produced assets (natural and intangible assets).

Non-financial corporation is a corporation, which produces and sells goods and non-financial services, which do not refer to the financial sector of economy.

Notes are the government short-term securities issued by the NBKR for 7, 14, 28, 91 and 182 days through the weekly auctions. The profitability rate is determined depending on the supply and the demand on the part of commercial banks. The goal of conducting the auctions of notes is the withdrawal of liquidity in national currency from the banking system.

Other depository corporations – all resident financial corporations, except for the central bank, which activities are aimed at financial intermediation and which issue obligations included into the national definition of the broad money stock (M2X).

Other financial corporations are institutional units not issuing liabilities included in the national definition of M2X broad money (which include for example non-banking financial institutions).

Other sectors-residents include all households and noncommercial organizations servicing thereof.

Output gap (or GDP gap) is the difference between potential and actual GDP volume. The output gap may serve as an indicator of activation or stagnation of the economy. If actual GDP is less potential ($y < y^*$), then it is assumed that there is so-called "recessionary gap" in the economy, which indicates the possible existence of deflationary processes. And vice-versa, if actual GDP is greater than the potential one ($y > y^*$), then it is assumed that the growth of aggregate demand exceeds aggregate supply growth, which contributes to increased inflationary pressure.

GDP gap is calculated as actual-potential GDP ratio:

$$GAP_t = \frac{GDP_t}{GDP_{POT}} - 1, \text{ where:}$$

GAP_t – GDP gap at the moment t;

GDP_t – actual GDP at the moment t;

GDP_{POT} – potential GDP.

“Overnight” credit is given in national currency for one day, upon the collateral, to support short-term liquidity of the bank. Government securities of the Kyrgyz Republic placed through the NBKR, with maturity up to 12 months from the date of “overnight” credit are accepted as collateral. The interest rate is set at the rate of 1.2 of the NBKR discount rate. The credit is used on the initiative of the commercial bank.

Producer price index measures the average changes in selling prices received by domestic producers for their products. Information used in the calculation of the PPI is collected from 148 enterprises that represent almost every branch in the industrial sector of the economy. The list of enterprises includes those most typical for the given industry, characteristic for the given region, and irrespective of patterns of ownership.

Refinancing credit – credit resources/monetary funds provided by the NBKR to the banks by means of conducting credit auction for purposes of refinancing and liquidity support. Refinancing credit is extended to the banks on conditions of maturity (from 1 to 6 months), interest payment and repayment, at the fixed interest rate, with state securities of the Kyrgyz Republic provided as collateral. Terms and volumes of credits to be provided are determined by the resolution of the NBKR Monetary Policy Committee.

State budget operating expenditures – all the operations that lead to a decrease in the net value of assets of the government sector, except for operations on purchase of non- financial assets.

State Treasury Bills are the short-term (3-, 6-, 12-month) discount government securities of the Government of the Kyrgyz Republic. The Ministry of Finance is the emitter of ST-Bills. Placing issues of ST-Bills is made through weekly auctions conducted by the NBKR. Direct participants (primary dealers, finance and credit institutions that have entered into an agreement with the NBKR) enjoy the right to participate in the auctions. The owners of ST-Bills of the Kyrgyz Republic can be both legal entities and individuals. The admission of foreign investors to the market of ST-Bills is not limited. The transactions in the secondary market of ST-Bills are conducted through the electronic trading system of the NBKR, which allows the primary dealers and their clients to conduct transactions on purchase/sale of ST-Bills from their workplaces.

State Treasury Bonds are the long-term government securities of the Government of the Kyrgyz Republic with the interest income (coupon) and maturity over 1 year. The emitter of ST-Bonds is the Ministry of Finance. The NBKR is the general agent servicing issues of ST-Bonds.

Structure of money income of the population by quintile groups reflects the differentiation of the population by size of income into five (quintile) groups, each of which consists of 20 percent of the population. This approach of determination of the population income involves division of the ranged total population into five equal groups, thus determining the proportion of the total income of society attributable to the population group with the highest income or the group with the lowest income.

Swap operations – operations for the exchange of cash in national currency for an equivalent amount in foreign currency or vice versa, with the obligation of the reverse exchange of principal amounts and accrued interest on pre-specified conditions.

Abbreviations

CIF	Cost on the importer's border (Cost, Insurance, Freight)
CIS	Commonwealth of Independent States
CPI	Consumer Price Index
FAO	Food and Agricultural Organization of the United Nations
FOB	Cost on exporter's border (Free on Board)
GDP	Gross Domestic Product
GSCI-ag	Goldman Sachs Commodity Index-agricultural
IGC	International Grain Council
ISO	International Sugar Organization
KR	Kyrgyz Republic
LLC	Limited Liability Company
MM	Mass Media
MoA	Ministry of Agriculture
MRC	Monetary Regulation Committee
MY	Marketing year
NBFI	Non-banking financial institution
NBKR	National Bank of the Kyrgyz Republic
NCOSh	Non-commercial organizations servicing households
NSC	National Statistics Committee
POL	Petroleum, oil, lubricants
PPI	Producer Price Index
ST-Bills	State Treasury Bills
ST-Bills(s)	State Treasury Bills for settlement
ST-Bonds	State Treasury Bonds
SCS	State Customs Service under the KR Government
SE	State Enterprise
USA	United States of America