
TAJIKISTAN SEES FURTHER DRASTIC SLIDE IN CURRENCY

-

15.07.2016

Eurasianet, July 14, 2016

Tajikistans Finance Ministry has conceded that the national currency will continue to lose value, although it only expects it to happen gradually, over the coming three years.

Reuters reported on July 14 that Finance Ministry forecasts, drawn up as part of budget planning, see the somoni slipping from its current 7.9 to the dollar to 9.6 in 2017, 10.4 in 2018 and 11.2 in 2019. Inflation for those years is seen at 7 percent.

This is just a forecast. There will be no devaluation. The rate depends on many factor, mainly external ones, and indicators of the gold and currency reserves, a National Bank source told Reuters.

External factors indeed.

Russias Central Bank announced in March that the amount of money transferred to Tajikistan last year has fallen almost 67 percent, from \$3.8 billion in 2014 to \$1.28 billion last year. The figure in 2013 was \$4.16 billion.

Still the National Bank appears bullish about the prospects.

We believe that there will not be so much external pressure as in 2014, since we see a certain degree of progress in the Russian economy, despite the negative prognosis, the National Bank source told Reuters.

Tajikistans arsenal for stabilizing the currency is severely depleted. Foreign reserves are dwindling at dangerously low levels. And the banking system is teetering on the verge of a total meltdown.

Accountholders at the main two banks – Tojiksodirotbank and Agroinvestbank – have for months had trouble getting their hands on their savings or withdrawing salaries paid through the lenders. And there is anecdotal evidence the rot is now spreading to more of the countrys half a dozen or so systemic banks. Customers at Eshkata Bank and Imon International have reported some instances of reduced liquidity.

Finance Minister Abdusalom Kurboniyon met on July 13 with the recently appointed country representative for the International Monetary Fund, from which Tajikistan remains hopeful of receiving bailout assistance.

As a Finance Ministry statement on the encounter plaintively declared: [The minister] expressed certainty that cooperation with the International Monetary Fund would in future develop and expand on a constructive basis.

Any loan from the IMF is going to require some pretty cast-iron guarantees this time around, however, since the fund has had its fingers burnt before. This means nothing soon should be expected before some help arrives, during which time Tajikistan will have to hang by its fingernails over an alarming economic precipice.

Kaynak/Source: