

Macroeconomic Analysis of the 2023 (January-September)

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We are in the final days of 2023. The year is ending, yet year-end economic data will only be revealed in a few months. Therefore, the macroeconomic analysis of 2023 in the Bulletin presented below is based on January-September figures.

It consists of 3 main sections.

The *first section* provides an overview of 2023 state budget revenues and expenditures, looking at key tendencies observed in the macroeconomic situation as well as changes in revenues and expenditures of the consolidated government budget that include both state budget and extra-budgetary funds.

The *second section* focuses on the ongoing monetary policy pursued by the government to control inflation. Imported inflation in our country amid a rally in global prices has led to general increases in the prices of goods and services, and the Central Bank of Azerbaijan (CBA) has focused on measures to combat inflation and tightened monetary policy in the last two years. To that end, the CBA followed a phased response to adjusting interest-rate benchmarks, introducing monetary policy instruments in a new configuration, and pushing an increase and differentiation of required reserve ratios. Beyond that, the CBA for the first time launched a policy of sharing responsibility with the country's banks. This section also reviews preliminary results of the impact of these measures on the banking system.

The *third section* analyses foreign economic relations, detailing the main trends observed there. The focus here is an assessment of the impact on the balance of payments of a significant decrease in revenues from oil and gas exports because of the decline in international energy prices, and a

reduction in net capital outflows from Azerbaijan through various channels.

You can follow this [link](#) to read the bulletin.