

# Uzbekistan

## Opening towards the world

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- Following the change in political leadership, Uzbekistan embarked on a path of structural reforms and economic opening.
- Growth is expected to pick up driven by large public investments, but high unemployment remains a key challenge.
- Rapid credit expansion, price liberalization, and sharp devaluation of the currency raised inflationary pressures.
- Monetary policy needs to remain tight to lower the pace of credit expansion and contain inflation.
- The large current account deficit will narrow only gradually, but large official reserves represent a buffer for now.
- Continued credit boom, slowing reform momentum and external shocks present key challenges to the outlook.

### A new beginning

Uzbekistan is the most populous country in Central Asia and the second-largest economy in terms of GDP after Kazakhstan. Following more than two decades of isolation, Uzbekistan began opening under the new president Shavkat Mirziyoyev. Since taking office in late 2016, Mirziyoyev shifted the course of the ex-Soviet republic and pushed for market-friendly reforms (including sharp devaluation of the som, unification of the official and black-market rates, and improvement in the business environment) with the aim to modernize the command-style economy and raise the living standard which is among the lowest in the region.

### Shifting towards a market economy

The land-locked economy grew by an average of 8% from 2005-2015, driven by heavy investment in manufacturing, and exports of metals, gas, cotton, and gold. However, growing inefficiencies and weaker demand for Uzbekistan's exports - due to moderation in growth in China, and sanctions on Russia - led to slower growth in recent years (Exhibit 2).

Growth picked up to 5.1% in 2018, as underperformance in the agriculture sector (30% of GDP) was more than offset by strong performance in mining, manufacturing, and construction (Exhibit 1). With the completion of the first wave of reforms, including exchange rate liberalization, easing of trade barriers and price controls, we expect growth to pick up to 5.5% this year and 5.7% in 2020. Uzbekistan has ample potential to raise its growth beyond the short term by improving infrastructure, positioning itself as a regional transit hub, and integrating into regional supply chains.

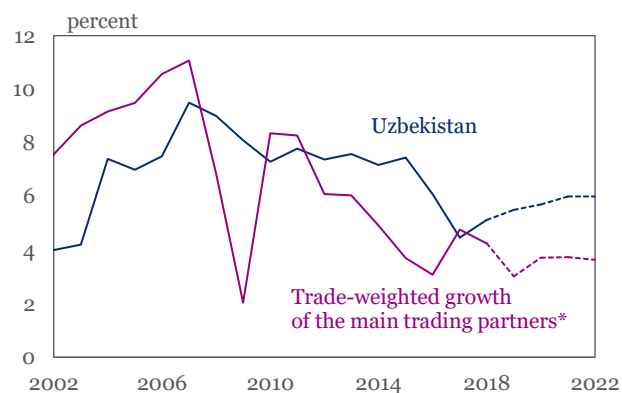
Despite the steady growth, unemployment remains very high, as half of the population are young (less than 30), leading to rapid growth in the working-age population (an increase of about half a million annually). With the country's

Exhibit 1: Main Macroeconomic & Financial Indicators

	2016	2017	2018	2019	2020
Nominal GDP, \$ billion	81.8	59.0	50.5	61.8	72.0
Real GDP, % change	6.1	4.5	5.1	5.5	5.7
Agriculture % change	6.2	1.2	0.3	2.5	3.0
Non-agriculture % change	6.1	6.0	7.2	6.7	6.7
Unemployment %	5.2	5.8	9.3	10.4	11.3
CPI Inflation, Avg., %	8.0	13.8	17.7	13.6	12.4
Fiscal Balance, % GDP	1.9	-2.0	-1.2	-1.8	-1.7
Current Acc., % GDP	0.4	2.5	-7.1	-6.6	-6.1
Reserves ex. gold, \$bn	14.2	14.0	12.4	12.8	13.5
In months of imports	7.5	6.6	4.1	4.0	4.0
Gold Reserves, \$bn	12.3	14.0	14.6	16.3	17.7
Government debt, % GDP	8.6	20.2	19.2	21.2	22.5
Policy rate, eop, %	9.0	14.0	16.0	16.0	15.5

Source: National authorities; IIF forecast for 2019-20.

Exhibit 2: Growth is accelerating despite external shocks.



Source: IIF

\* Russia, China, Kazakhstan, Turkey

heavy reliance on remittances, comprehensive reforms are needed to support the creation of adequate jobs and equip new labor entrants with necessary skills.

**Need to restrain credit boom and contain inflation**

Inflation remains high at 14%, driven by the pass-through effect from a large currency depreciation and strong domestic demand. After letting the official rate depreciate by 50% in September 2017 and unify the official and the parallel rates, the central bank continued liberalizing the currency market by removing the daily limit on FX movement in August of this year (Exhibit 3).

With continuous price adjustments and buoyant economic growth, we expect inflation to remain elevated in the near term. Private credit soared in the past two years despite monetary policy tightening. Given the limited effectiveness of the rate hikes, further credit tightening will have to come from restraints in government-directed lending.

**Current account deficit will narrow gradually**

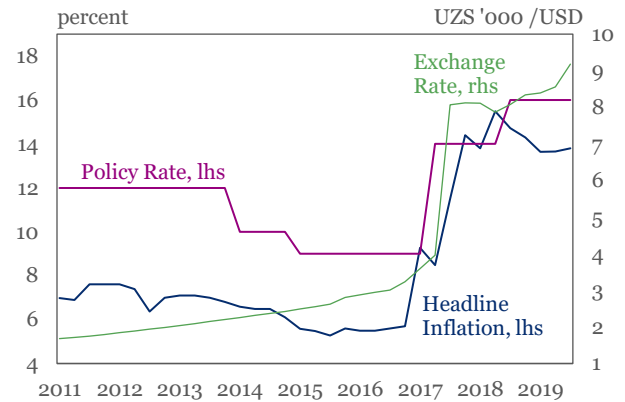
A domestic credit boom and easing of trade restrictions spurred a surge in imports of capital goods, causing the current account to shift from a small surplus to a deficit of 7.1% of GDP in 2018. We foresee only a small narrowing of the deficit, as market liberalization continues, and growth remains robust. A sustained credit boom and buoyant domestic demand present challenges, however. Unless restrained, high credit growth can lead to wider current account deficit and deterioration of external position over the medium-term. Nonetheless, total public foreign assets, half of which are in the form of gold, are at a comfortable level (Exhibit 4). Going forward, it is possible that authorities may use some of the reserve deposits to clean up balance sheets of local banks. Nonetheless, with the recent spike in gold prices and Eurobond issuance, the overall level of reserves should remain stable.

**The fiscal position is strong, but risks are looming**

A Traditionally conservative fiscal stance and low government debt (Exhibit 5) allow Uzbekistan to proceed with reforms from a strong position. However, announced restructuring of SOEs may create a dent in revenues as a large share of taxes is collected from such enterprises. With the move to a more market-based economy, comprehensive tax reform will be needed to avoid the risk of a drastic decrease in tax revenue. On the expenditure side, the government will have to strike a balance between meeting large social and investment needs through directional lending and fueling pro-cyclical fiscal policies, which may destabilize the economy.

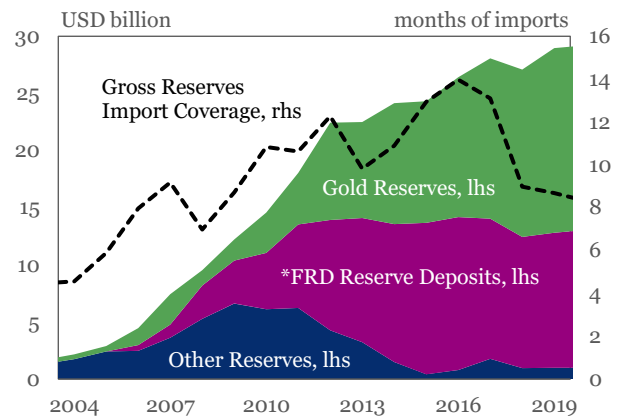
Despite low fiscal financing needs, the authorities issued their first international bond in February this year and announced further issuance to attract attention from investors and raise the profile of the country. The drop in the yield

**Exhibit 3: Liberalization of the exchange rate will keep inflation elevated.**



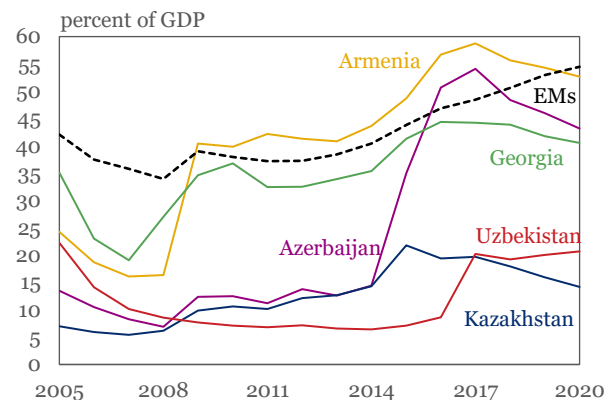
Source: IIF

**Exhibit 4: Official reserves represent a significant buffer against external shocks.**



Source: Central Bank of Uzbekistan, IIF  
\*Fund for Reconstruction and Development

**Exhibit 5: Low government debt is supported by conservative fiscal stance.**



Source: Haver, IIF.

from 5.4% at issuance to 4.3% at the end of July, only 100bps spread over Georgia’s comparable debt, shows that investors have confidence in Uzbekistan’s fundamentals and reforms (Exhibit 6). Given the investors’ interest, it wouldn’t be a surprise to see Uzbek banks and energy companies tapping the bond market before the end of this year and in 2020.

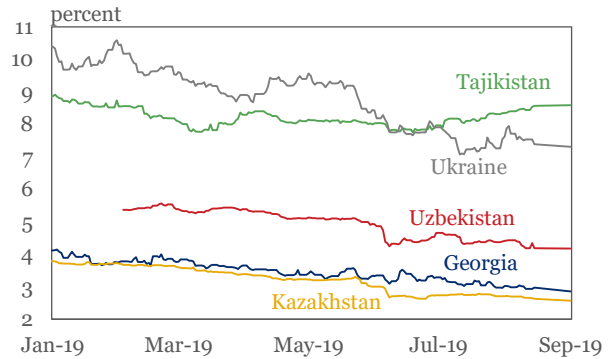
**Banking sector reform**

The banking system appears to be sound. Tier I capital exceeds 14% of risk weighted assets, NPLs are low at 1.3% of total loans, and profitability of banks is high with ROA at 2% and ROE at 16.2% in 2018. The authorities have been working steadily to address vulnerabilities in Uzbekistan’s financial sector associated with inadequate governance and oversight. The Central Bank of Uzbekistan adopted a new regulation that requires commercial banks to form their required reserves in national currency in an aim to reduce the dollarization rate in the economy. Furthermore, this rule is expected to improve the efficiency of market mechanisms for liquidity regulation in the banking system.

**Better outlook hinges on deeper reforms**

The key short-term risks to the outlook include a continued credit boom and drop in revenues due to the restructuring of SOEs while slowing reform momentum can challenge the medium-term prospects. Therefore, the authorities must remain committed to prudent policies and reforms, including lowering business costs, tax reform, price liberalization, curbing corruption, and improving public governance.

Exhibit 6: Uzbekistan Eurobond yield



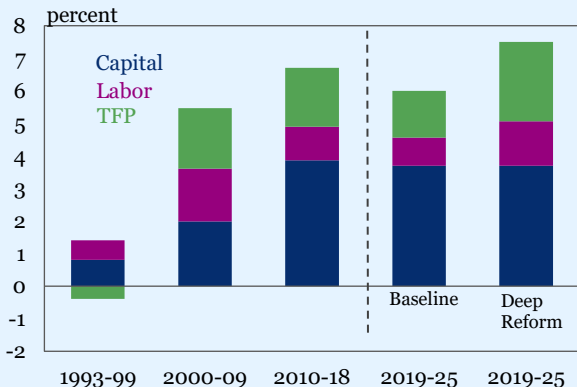
Source: Haver, IIF.

**BOX 1: MAXIMIZING GROWTH POTENTIAL**

Our growth structure assessment shows that Uzbekistan has the potential to increase its economic performance by implementing structural reforms and foreign investments. Conventional growth accounting analysis based on Cobb-Douglas framework ( $Y = A[L^\alpha, K^{1-\alpha}]$ ) shows that the country’s growth in the last two decades has been largely driven by capital accumulation, especially since 2011 when the government-led industrial modernization program was launched. Despite the increased investment in industrial modernization, total factor productivity (TFP) contribution dropped. Unlike in the mid-2000s when education attainment propped up economic growth, future sources of higher growth will have to come from increases in TFP.

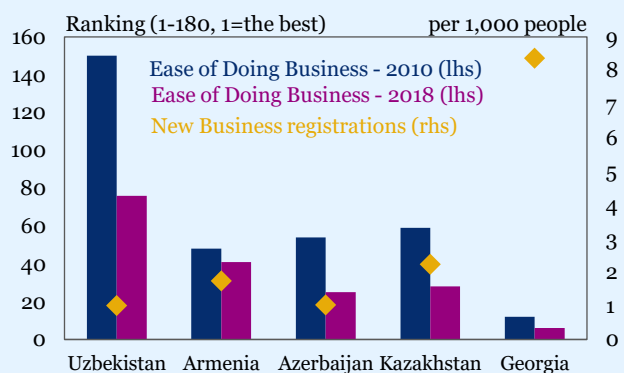
Studies have shown a significant relationship between progress in macroeconomic stabilization and market reforms on one hand, and TFP on the other (see Iradian, Garbis. 2009. “What Explains the Rapid Growth in Transition Economies,” IMF Staff Papers, Vol. 56, No. 4, pp. 811-851). Opening towards the world and successful implementation of the second generation of reforms can improve capital efficiency, attract foreign investments, and enhance adoption of modern technology and management practices. While Uzbekistan made a commendable improvement in its *Ease of Doing Business* ranking, there is a lot more to be done to create a competitive business landscape, such as the one in Georgia where reforms begun in early 2000s.

Exhibit 7: TFP contribution has declined.



Source: IIF.

Exhibit 8: Lowering business costs can support growth.



Source: World Bank, IIF.

Code	DOMESTIC ECONOMY	2013	2014	2015	2016	2017	2018	2019f	2020f
<b>NATIONAL ACCOUNTS (2010 PRICES)</b>									
<b>EXPENDITURE BASIS</b>									
E100	Real GDP (Billion 2010 UZS)	92,192	98,811	106,170	112,640	117,665	123,692	130,495	137,933
E101	Real GDP % change	7.6	7.2	7.4	6.1	4.5	5.1	5.5	5.7
E201	Domestic demand % change	10.3	10.2	10.7	7.3	7.1	7.7	5.1	5.0
E211	Private consumption % change	10.3	10.7	12.0	9.4	3.9	4.3	2.7	3.0
E221	Public consumption % change	8.6	8.4	6.7	2.7	1.5	3.1	7.1	6.3
E231	Gross fixed capital % change	11.3	9.8	9.4	4.1	19.4	18.1	9.5	8.6
E262	Change in stockbuilding % GDP								
E301	Exports of goods and services % change	11.1	-7.5	2.3	11.1	1.3	10.7	7.7	4.5
E311	Imports of goods and services % change	8.8	0.3	-11.2	-2.2	15.5	39.4	8.4	4.1
E322	Change in net foreign balance % GDP	0.7	-2.0	3.1	2.8	-2.4	-5.1	-0.3	0.0
E400	Real GNP (UZS billion)	97,046	102,791	108,083	113,975	120,211	127,680	134,881	142,627
E401	Real GNP % change	9.1	6.2	5.4	5.5	5.5	6.3	5.8	5.9
E500	Nominal GDP (UZS Billion)	144,548	177,154	210,183	242,496	302,537	407,514	524,522	642,592
E501	Nominal GDP % change	20.2	22.6	18.6	15.4	24.8	34.7	28.7	22.5
E505	GDP deflator % change	11.7	14.3	10.4	8.7	19.4	28.1	22.0	15.9
E510	Nominal GDP (\$ billion)	69.0	76.6	81.8	81.8	59.0	50.5	61.9	72.2
<b>OUTPUT BASIS</b>									
S211	Agriculture % change	6.4	6.0	6.1	6.2	1.2	0.3	2.5	3.0
S212	Agriculture % of GDP	31.9	31.6	31.2	31.2	30.2	28.8	28.0	27.3
S221	Mining (incl oil and gas) % change	6.5	4.9	4.8	4.4	3.7	28.2	4.5	16.4
S222	Mining (incl oil and gas) % of GDP	3.2	3.2	3.1	3.0	3.0	3.7	3.6	4.0
S231	Manufacturing % change	7.5	4.5	5.3	5.4	5.2	6.4	6.8	5.8
S232	Manufacturing % of GDP	15.9	15.5	15.2	15.1	15.2	15.4	15.6	15.6
S241	Construction % change	18.4	17.6	18.8	7.2	6.0	9.9	5.9	7.3
S242	Construction % of GDP	6.8	7.5	8.3	8.4	8.5	8.9	8.9	9.0
S251	Services % change	7.5	8.3	8.3	6.3	6.4	5.4	6.8	6.0
S252	Services % of GDP	42.9	43.3	43.7	43.8	44.6	44.7	45.2	45.4
<b>INVESTMENT AND SAVING (% GDP)</b>									
S305	Gross domestic investment	24.4	25.0	25.5	25.0	28.6	32.1	33.3	34.3
S315	Gross national saving	21.4	23.3	24.8	24.6	25.4	42.2	42.6	42.6
S325	Net foreign balance	2.5	1.4	0.6	0.4	2.5	-7.1	-6.5	-5.8
<b>EMPLOYMENT AND EARNINGS</b>									
S430	Employment (million)	12.5	12.8	13.1	13.3	13.5	13.3	13.5	13.7
S431	Employment % change	2.5	2.4	1.9	1.8	1.7	-1.8	1.8	1.5
S440	Unemployment rate (%)	4.9	5.1	5.2	5.2	5.8	9.3	10.4	11.3
S441	Participation rate (%)	68.1	68.3	68.5	68.7	69.0	69.2	69.4	69.6
S400	Population (million)	30.5	31.0	31.6	32.1	32.7	33.3	33.8	34.4
S401	Population % change	1.7	1.7	1.8	1.7	1.7	1.8	1.7	1.7
S411	Per capita real GDP % change	5.8	5.3	5.6	4.3	2.7	3.2	3.7	3.9
S420	Per capita \$ GDP	2,262	2,471	2,591	2,545	1,806	1,518	1,830	2,099
E701	Average nominal earnings % change	13.9	13.6	13.4	-16.5	12.3	25.4	28.7	22.5

Source: National Authorities and IIF estimates through 2018, and IIF forecast for 2019-2020.

Code	TRADE AND BALANCE OF PAYMENTS	2013	2014	2015	2016	2017	2018	2019f	2020f
<b>CURRENT ACCOUNT (\$million)</b>									
B100	Trade Balance	-498	-1,338	-1,465	-2,392	-2,216	-6,867	-7,508	-7,716
B110	Merchandise exports	12,500	11,526	9,997	8,645	10,162	11,386	12,161	12,779
	Gold	1,648	1,240	1,921	2,808	3,260	2,910	2,689	2,953
	Energy	3,435	3,110	2,685	1,714	1,608	2,666	2,995	3,094
B120	Merchandise imports	-12,997	-12,864	-11,463	-11,037	-12,377	-18,252	-19,668	-20,495
	Machines and Equipment	-6,095	-5,522	-5,027	-5,018	-4,997	-8,322	-9,412	-9,666
	Food	-1,336	-1,510	-1,585	-1,440	-1,274	-1,582	-1,715	-1,845
B200	Balance on Services, Income & Transfers	2,216	2,419	1,935	2,687	3,696	3,273	3,502	3,499
B205	Services Balance	-3,603	-3,119	-1,620	-1,539	-1,842	-2,442	-2,529	-2,609
B212	Services receipts	1,796	1,849	1,868	1,905	2,251	2,750	2,937	3,086
B241	Transportation	981	1,051	1,034	1,067	1,190	1,254	1,340	1,408
B242	Travel	407	385	434	458	689	1,144	1,222	1,284
B222	Services payments	408	413	399	380	372	351	375	394
B243	Transportation	-5,399	-4,968	-3,488	-3,444	-4,093	-5,191	-5,465	-5,695
B244	Travel	-2,345	-2,607	-1,534	-1,788	-1,991	-2,413	-2,533	-2,640
B206	Income balance	3,149	2,936	1,460	934	1,215	1,507	1,697	1,644
B213	Income receipts	3,847	3,581	2,159	2,213	2,599	3,181	3,499	3,744
B214	Interest								
B225	Income payments	-697	-645	-699	-1,278	-1,384	-1,674	-1,802	-2,100
B224	Interest	-182	-172	-206	-360	-408	-495	-367	-68
B227	Dividends				-286	-383	-279	-301	-350
B230	Transfers, net	2,670	2,602	2,096	3,292	4,323	4,208	4,334	4,463
B232	Private transfers, net				3,289	4,320	4,194	4,320	4,450
B234	Official transfers, net				3.2	2.8	13.3	13.4	13.6
B250	Current Account Balance	1,719	1,081	470	295	1,480	-3,594	-4,006	-4,217
B252	% GDP	2.5	1.4	0.6	0.4	2.5	-7.1	-6.5	-5.8
<b>TERMS OF TRADE</b>									
T102	Goods exports: value % change	2.4	-7.8	-13.3	-13.5	17.5	12.0	6.8	5.1
T103	Goods exports: volume % change	10.4	-2.1	3.3	-12.4	12.4	3.1	7.7	4.5
T105	Goods exports: unit value % change	-7.2	-5.8	-16.0	-1.3	4.6	8.7	-0.9	0.5
T202	Goods imports: value % change	22.1	-1.0	-10.9	-3.7	12.1	47.5	7.8	4.2
T203	Goods imports: volume % change	28.9	1.7	-2.2	0.6	8.9	42.4	8.4	4.1
T205	Goods imports: unit value % change	-5.3	-2.7	-8.9	-4.3	3.0	3.6	-0.6	0.1
T305	Terms of trade % change	-2.0	-3.2	-7.9	3.1	1.5	4.9	-0.3	0.5
T400	Exchange rate, end-period (UZS/\$)	2,202	2,422	2,810	3,231	8,120	8,340	9,180	9,639
T410	Exchange rate, average (UZS/\$)	2,095	2,311	2,569	2,966	5,129	8,072	8,476	8,900
T420	Exchange rate, average (UZS/Euro)	2,781	3,089	2,863	3,303	5,864	9,540	10,017	10,518
T430	Nominal effective exchange rate (2010 = 100)	79.2	76.9	83.0	75.2	42.8	36.4	36.2	36.2
T440	Real effective exchange rate (2010 = 100)	97.3	99.1	110.4	104.6	64.6	60.3	60.1	60.2
T441	Real effective exchange rate % change	-1.1	1.9	11.4	-5.3	-38.3	-6.7	-0.2	0.1
<b>DIRECTION OF TRADE</b>									
Export destination % total:									
S112	China	34.4	34.4	34.4	15.6	15.3	19.3		
S113	Russia	19.0	19.0	19.0	13.8	14.7	15.5		
S114	Kazakhstan	4.7	4.7	4.7	9.8	9.5	12.1		
Import origin % total:									
S132	China	18.7	18.7	18.7	19.7	22.4	20.4		
S133	Russia	19.2	19.2	19.2	20.1	21.3	19.5		
S134	Kazakhstan	6.8	6.8	6.8	8.3	8.1	8.9		
<b>STRUCTURE OF TRADE</b>									
S115	Exports % GDP	18.1	15.0	12.2	10.6	17.2	22.6	19.7	17.7
S135	Imports % GDP	18.8	16.8	14.0	13.5	21.0	36.2	31.8	28.4

Source: National Authorities and IIF estimates through 2018, and IIF forecast for 2019-2020.

Code	EXTERNAL FINANCING, DEBT AND ASSETS	2013	2014	2015	2016	2017	2018	2019f	2020f
<b>FINANCING (\$ million)</b>									
F250	External Financing, net:	-1,719	-1,081	-470	-295	-1,480	3,594	4,006	4,217
F100	Nonresident capital flows	1,814	2,297	2,472	2,914	3,349	3,351	5,327	3,976
F110	Foreign direct investment	608	726	855	1,663	1,797	624	1,016	1,327
F111	Equity	413	493	581	1,129	1,914	639	960	1,248
F113	Debt	195	233	274	533	-116	-14	56	79
F120	Portfolio investment	-69	5	18	2	3	13	1,022	18
F121	Equity	-1.2	0.3	-1.4	2.0	3.2	13.0	16.5	18.1
F122	Debt	-67.9	4.6	19.4	0.0	0.0	0.0	1,005.6	0.0
F130	Other investment	1,275	1,567	1,599	1,249	1,548	2,714	3,289	2,631
F131	Private	792	1,187	952	872	1,105	2,304	2,792	2,233
F132	Official	483	380	647	377	443	410	497	397
F133	w/IMF								
F400	Resident capital flows	-2,764	-3,662	-2,584	-2,973	-2,733	-1,523	511	2,221
F284	Foreign direct investment	-20.6	37.9	-13.9	-5.8	-9.0	-1.9	-3.8	-5.8
F420	Portfolio investment	1.2	-0.1	2.8	0.0	0.0	0.0	0.0	0.0
F286	Equity	-2.6	-3.8	-2.6	0.0	0.0	0.0	0.0	0.0
F422	Debt	3.8	3.6	5.4	0.0	0.0	0.0	0.0	0.0
F430	Other investment	-2,745	-3,700	-2,573	-2,967	-2,724	-1,521	515	2,226
F440	Net financial derivatives								
F450	Errors and omissions	-595	2,051	-93	1,872	-547	629	0	0
F480	Monetary gold (- = increase)	102	-2,194	-48	-1,616	-1,777	-607	-1,637	-1,396
F500	Reserves excluding gold (- = increase)	-152	536	-119	-506	129	1,602	-353	-756
<b>EXTERNAL DEBT (\$ million)</b>									
D100	Total External Debt	10,682	13,292	14,802	16,291	17,708	18,886	23,752	28,688
D102	% GDP	15.5	17.3	18.1	19.9	30.0	37.4	38.4	39.7
D105	% Exports goods, services & income	58.9	78.4	105.5	127.6	118.0	109.1	127.7	146.3
D202	Medium/Long term debt	10,269	12,796	14,141	15,945	16,617	17,723	22,289	26,921
D203	Short term debt	413	495	661	346	1,091	1,163	1,463	1,767
D205	Nonresident holdings of domestic debt	3.1	7.2	25.9	22.8	12.8			
<b>DEBT SERVICE AND AMORTIZATION (\$ million)</b>									
P100	Total debt service	702	889	1,253	1,370	1,941	1,638	1,278	1,171
P105	% Exports goods, services & income	3.9	5.2	8.9	10.7	12.9	9.5	6.9	6.0
P110	Interest payments due	172	206	291	364	485	367	68	315
P115	% Exports goods, services & income	0.9	1.2	2.1	2.8	3.2	2.1	0.4	1.6
P120	Amortization paid	530	683	962	1,007	1,456	1,271	1,210	856
P125	% Exports goods, services & income	2.9	4.0	6.9	7.9	9.7	7.3	6.5	4.4
P204	Average interest rate on external debt	1.9	1.9	2.2	2.5	3.0	2.1	0.4	1.3
<b>AMORTIZATION</b>									
R100	Total principal repayments due	1,271	1,210	856	970	1,253	978		
<b>EXTERNAL ASSETS (\$ million)</b>									
A500	Reserves excluding gold	14,082	13,547	13,666	14,172	14,043	12,441	12,794	13,550
A505	% Imports goods, services, & income	73.8	73.3	87.3	89.9	78.7	49.5	47.5	47.9
A506	Months imports goods, services & income	6.1	6.1	7.3	7.5	6.6	4.1	4.0	4.0
A510	Gold value (market prices)	8,399	10,593	10,641	12,257	14,034	14,641	16,277	17,673
A512	Gold (million ounces)	6.0	8.4	9.2	9.8	11.2	11.5	11.5	11.5
A700	Deposits in BIS banks	16,035	15,233	15,513	16,772	17,385	14,566	15,294	16,059

Source: National Authorities and IIF estimates through 2018, and IIF forecast for 2019-2020.

Code	MONETARY POLICY VARIABLES	2013	2014	2015	2016	2017	2018	2019f	2020f
<b>MONETARY AGGREGATES (UZS Billion)</b>									
M100	Net foreign assets	51,088	58,314	66,435	83,658	222,633	211,123	217,166	230,574
M101	Central bank	48,629	57,575	67,287	84,525	225,484	223,346	241,612	262,354
M102	Commercial banks	2,459	739	-852	-867	-2,851	-12,223	-24,446	-31,780
M200	Domestic credit	-10,062	-11,389	-9,978	-5,861	-14,204	26,320	82,937	123,067
M201	Domestic credit % change		13.2	-12.4	-41.3	142.3	-285.3	215.1	48.4
M210	Claims on government	-37,306	-45,453	-51,814	-59,504	-123,833	-138,477	-147,662	-158,377
M250	Claims on the private sector	27,244	34,064	41,836	53,643	109,629	164,797	230,599	281,445
M251	Claims on the private sector % change	43.5	25.0	22.8	28.2	104.4	50.3	39.9	22.0
M252	Claims on the private sector % of GDP	18.8	19.2	19.9	22.1	36.2	40.4	44.0	43.8
M300	Other liabilities	11,629	13,147	14,166	25,571	135,206	153,709	200,709	225,709
M400	Broad money (M3)	29,397	33,778	42,291	52,226	73,223	83,734	99,394	127,932
M401	M3 % change	24.7	14.9	25.2	23.5	40.2	14.4	18.7	28.7
M411	M3 velocity % change		6.7	-5.2	-6.6	-11.0	17.8	8.4	-4.8
M500	Money (M1)	23,616	28,188	36,224	43,469	47,525	58,464	63,843	77,697
M501	M1 % change		19.4	28.5	20.0	9.3	23.0	9.2	21.7
M600	Reserve money	11,992	14,246	19,599	23,646	31,924	31,663		
M601	Reserve money % change	52.1	18.8	37.6	20.6	35.0	-0.8		
<b>PRICES</b>									
M805	Consumer Prices % change average	11.7	9.1	8.5	8.0	13.8	17.7	13.6	12.4
M815	Consumer Prices % change end-period	10.8	9.2	8.4	7.9	14.4	14.3	13.6	11.6
M825	Core CPI % change average								
M835	Core CPI % change end-period								
M845	Producer Prices % change average				8.3	17.4	31.7		
M855	Producer Prices % change end-period	12.7	14.8	13.8	12.9	31.0	39.6		
<b>INTEREST RATES (% average)</b>									
K500	Policy rate	12.0	10.0	9.0	9.0	11.9	14.7	16.0	15.5
K501	Policy rate (cop)	12.0	10.0	9.0	9.0	14.0	16.0	16.0	15.5
K200	Interbank rate	10.3	12.1	9.6	8.9	13.1	14.9	14.9	14.4
K210	Lending rate	15.6	15.3	13.9	13.9	18.5	21.8	22.2	22.0
K220	Deposit rate	13.6	12.9	7.2	7.2	13.0	16.1	16.4	15.5
K230	Real deposit rate	1.9	3.8	-1.3	-0.8	-0.8	-1.6	2.8	3.1

Source: National Authorities and IIF estimates through 2018, and IIF forecast for 2019-2020.

Code	FISCAL ACCOUNTS AND PUBLIC DEBT	2013	2014	2015	2016	2017	2018	2019f	2020f
<b>CONSOLIDATED GOVERNMENT (UZS Billion)</b>									
G310	Total revenue	38,708	47,350	56,666	66,755	73,876	113,400	131,432	160,528
G311	Total revenue % change	22.0	22.3	19.7	17.8	10.7	53.5	15.9	22.1
G312	Total revenue % GDP	26.8	26.7	27.0	27.5	24.4	27.8	25.1	25.0
G314	Tax revenue	23,862	27,938	34,204	48,489	53,212	80,435	108,356	134,914
G315	Tax revenue % change	20.6	17.1	22.4	41.8	9.7	51.2	34.7	24.5
G316	Nontax revenue	14,846	19,412	22,462	18,266	20,664	32,965	23,076	25,614
G317	Nontax revenue % change	24.5	30.8	15.7	-18.7	13.1	59.5	-30.0	11.0
G320	Total expenditure	37,862	46,920	58,652	62,141	79,857	118,114	140,617	171,243
G321	Total expenditure % change	19.9	23.9	25.0	5.9	28.5	47.9	19.1	21.8
G322	Total expenditure % GDP	26.2	26.5	27.9	25.6	26.4	29.0	26.8	26.6
G323	Current expenditure	34,019	42,253	52,408	55,863	71,699	103,989	122,254	148,282
G324	Current expenditure % change	19.8	24.2	24.0	6.6	28.3	45.0	17.6	21.3
G325	o/w Wages and Salaries	11,910	13,785	19,589	19,332	21,883	28,019	43,352	54,190
G326	Interest payments	110	120	90	60	135	345	784	1,222
G327	Economy	9,214	10,944	14,513	16,965	19,366	24,069	28,883	35,237
G328	Capital expenditure (Public Investment)	1,848.0	2,136.0	3,187.0	3,843.0	4,667.0	6,244.0	6,278.0	8,158.0
G329	Capital expenditure % change	20.6	21.4	33.8	0.5	29.9	73.1	30.0	25.0
G300	Overall balance	846	430	-1,986	4,614	-5,981	-4,714	-9,185	-10,715
G302	Overall balance % GDP	0.6	0.2	-0.9	1.9	-2.0	-1.2	-1.8	-1.7
G306	Financed by external credits	315	1,569	2,823	243	85	-1,056	30,000	30,000
G307	Financed by domestic credits	-1,161	-1,999	-837	-4,857	5,896	5,770	-9,185	-10,715
G308	Financed by privatization proceeds	30	66	102	165	193	203	215	230
<b>PUBLIC DEBT (UZS Billion)</b>									
G500	General government debt	9,548	11,373	14,884	20,923	61,192	78,359	111,115	144,329
G502	General government debt % GDP	6.6	6.4	7.1	8.6	20.2	19.2	21.2	22.5
G600	Central government debt	8,621	9,548	11,373	14,884	20,923	61,192	78,359	111,115
G602	Central government debt % GDP	7.2	6.6	6.4	7.1	8.6	20.2	19.2	21.2
G610	Central government domestically issued debt					6,599	17,376	18,169	20,925
G620	Central government foreign issued debt					14,324	43,816	60,190	90,190

Source: National Authorities and IIF estimates through 2018, and IIF forecast for 2019-2020.



Code	BANKING AND FINANCIAL MARKETS	2013	2014	2015	2016	2017	2018	2019f	2020f
<b>BANKING SOUNDNESS INDICATORS</b>									
Capital Adequacy									
K400	Regulatory Capital to Risk Weighted Assets %	24.3	23.8	14.7	14.7	18.8	15.6		
K401	Tier 1 Capital to Risk Weighted Assets %	15.8	15.5	12.5	12.5	16.6	14.3		
Asset Quality									
K410	Non-Performing Loans to Gross Loans %	2.8	2.1	1.5	0.7	1.2	1.3		
K411	Book Provisions to Non-Performing Loans %	53.8	52.6	46.9	50.2	54.0	46.7		
Banking Sector Performance									
K420	Return on Assets %	1.8	1.9	2.0	2.0	1.9	2.1		
K421	Return on Equity %	15.5	16.8	17.5	18.0	17.1	16.2		
Liquidity									
K430	Liquid Assets to Total Assets %	27.7	23.0	23.7	25.4	23.6	13.6		
K431	Total Loans to Total Deposits %				159.2	202.9	269.9		
<b>EQUITY MARKETS</b>									
K100	UCI All-share Index, Local Currency terms				1000.9	999.0	854.8		
K101	UCI All-share Index, LC terms % change					-0.2	-14.4		
K110	UCI All-share Index, \$ terms				0.3	0.1	0.1		
K111	UCI All-share Index, \$ terms % change					-60.3	-16.7		
K120	Equity market capitalization (\$ billion)								
K121	Equity market capitalization (% GDP)								
<b>WORLD ECONOMIC FRAMEWORK</b>									
W304	Brent spot oil price (\$/bbl, average)	108.9	98.9	52.4	44.0	54.4	71.7	66.0	62.0

Source: National Authorities and IIF estimates through 2018, and IIF forecast for 2019-2020.