

MONETARY POLICY GUIDELINES FOR 2026-2028

Executive summary

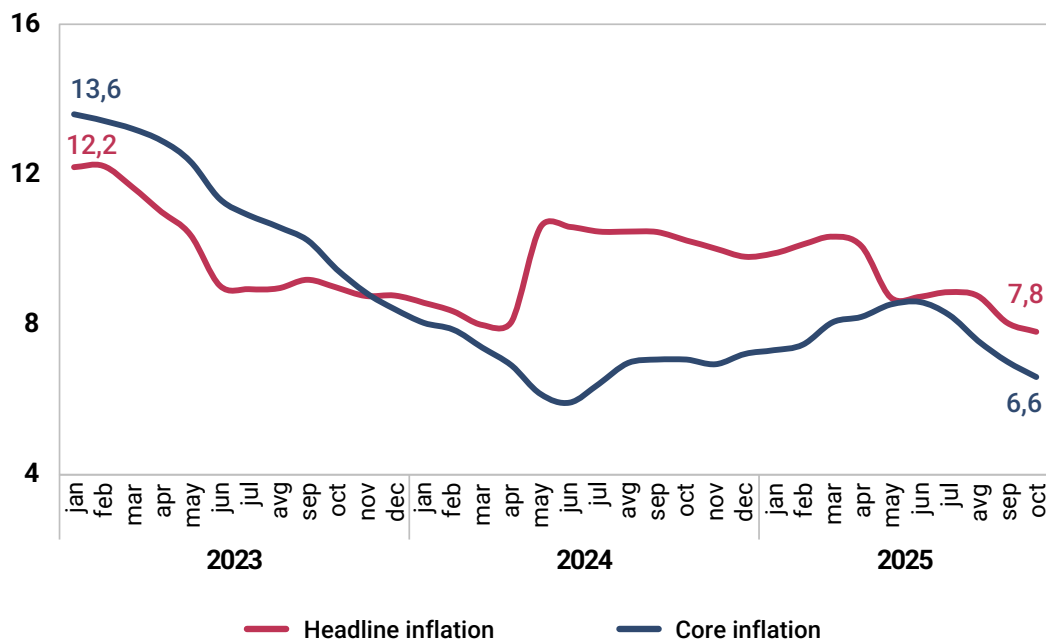
December 2025

The Central Bank of the Republic of Uzbekistan has published “Monetary Policy Guidelines for 2026-2028”. The publication provides detailed information on the current state of monetary policy and presents macroeconomic forecasts for 2026-2028 based on various scenarios, along with corresponding monetary policy measures and directions for further improving the monetary policy framework.

The Central Bank remains committed, under all circumstances, to pursuing a monetary policy aimed at ensuring price stability and reducing inflation to the 5-percent target.

Economic developments and monetary policy decisions in 2025

During 2025, Uzbekistan’s economy has maintained robust growth. Strengthening investment activity, robust consumer demand supported by rising household incomes, and expanding exports have been among the main drivers of the country’s economic development. The improvement in investment activity has been largely reflected in higher inflows of foreign investment and rapid expansion of credit volumes.



Moreover, this increased economic activity has contributed to significant expansion in the services, industrial, and construction sectors. At the same time, budget revenues grew faster than budget expenditures, helping maintain fiscal indicators within balanced and targeted parameters.

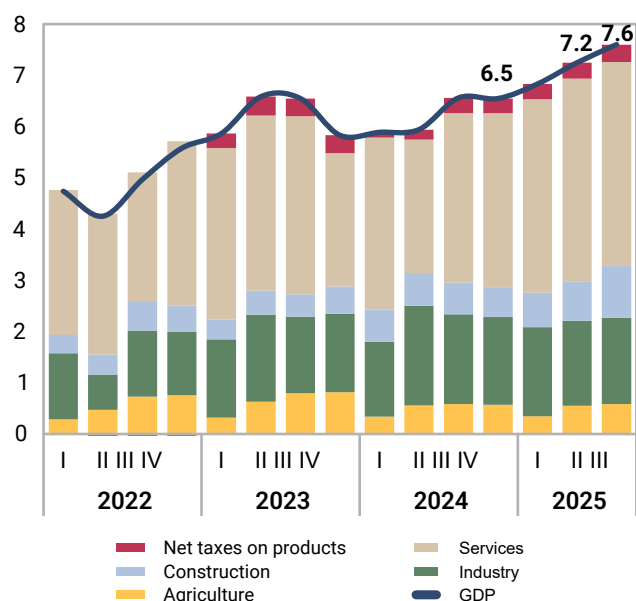
As a result, aggregate demand remained stable from the beginning of the year. However, risks related to import supply for certain consumer goods led to higher inflation in the first quarter of 2025, which in turn increased inflation expectations. In response, the Central Bank decided to tighten monetary policy and raised the policy rate by 0.5 percentage points in March, setting it at 14 percent.

Relatively tight monetary policy conditions and the appreciation of the national currency helped reduce inflationary pressures and expectations in the third quarter of this year.

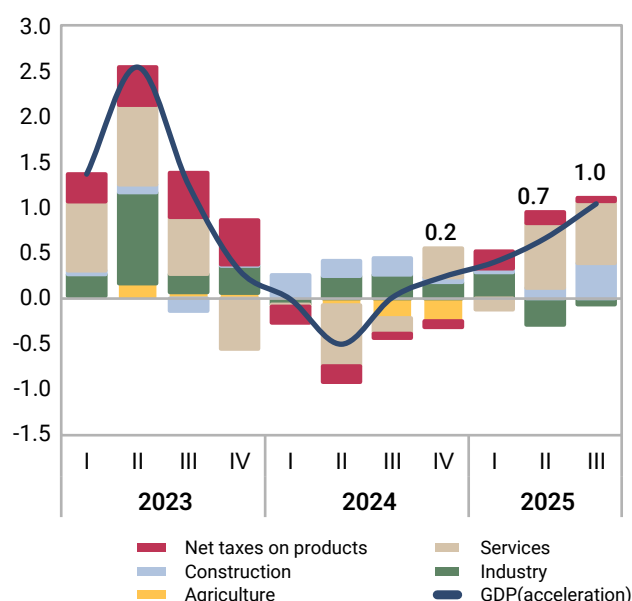
To preserve this trend amid strong economic activity and demand-side pressures, monetary conditions were kept relatively tight.

By the end of the year, inflation is expected to be close to 8 percent, whereas GDP growth is projected at 7-7.5 percent.

Decomposition of GDP growth by sectors, cumulative, in percent



Contribution of sectors to the acceleration of economic growth compared to the corresponding period of the previous year, in percent



Medium-term outlook for 2026–2028

Medium-term forecasts for 2026–2028, and accordingly the directions of monetary policy for the coming years, have been prepared based on a baseline macroeconomic scenario developed from expectations about the possible evolution of both external and internal conditions.

It is assumed that on the external side due to the persisting uncertainties global economic growth will remain relatively weak, while achieving inflation targets will take longer, no sharp movements to be observed in foreign exchange markets, and gold prices will stay relatively high.

On the domestic side, the baseline scenario assumes:

- a gradual stabilization of aggregate demand;
- a normalization of credit growth;
- wage rise in line with increase in labour productivity;
- remittance growth returning to its medium-term trajectory;
- a stable inflow of investment, and a fiscal deficit that does not exceed 3 percent of GDP in the medium term.

Under the baseline scenario, real GDP growth is projected at 5.5–6.5 percent in 2026 and at 6–7 percent in 2027–2028.

The Central Bank of the Republic of Uzbekistan remains committed to the 5-percent inflation target, both under the baseline scenario and in the event of potential shocks.

Inflation is projected to decline to 7 percent by the end of 2026. With external inflationary pressures projected to ease, thereby moderating domestic inflation expectations, inflation in Uzbekistan is forecasted to converge to the 5-percent target in 2027 and stabilize around this level from 2028 onward. These projections are based on assumptions that privatization continues, both domestic and foreign investment volumes maintain steady growth, and no climate-related risk to intensify.

Risks and shocks

In developing macroeconomic scenarios each risk is analysed separately in terms of its impact on the macroeconomic situation.

The main shocks, which potentially might be responsible for increasing inflation include:

- a sharp depreciation of partner countries' currencies;
- a significant decline in gold prices;
- a substantial rise in global prices for imported food products;
- an expansion of the fiscal deficit;
- disruptions in energy supply;
- a deterioration in weather and climate conditions;
- stronger consumer demand driven by broader financial inclusion;
- sizeable increases in administered prices above the prevailing inflation rate.

On the other side, shocks that might contribute to drops in inflation include a sharp rise in gold prices, an acceleration of privatisation processes, and improvements in the investment and competitive environment. For all these scenarios, parameters have been set for making appropriate adjustments to monetary policy, with primary attention given to achieving the 5 percent inflation target in the medium term.

Strengthening monetary policy and supply-side factors

The document also outlines plans and actions for further increase in the effectiveness of the monetary policy in the coming years. Ensuring that inflation remains low and stable requires addressing the supply side factors that are driving inflation. These factors include strengthening competition in domestic markets, gradually reducing tariff and non-tariff restrictions, improving trade openness, lowering concentration in imported goods, development of competitive transport infrastructure and maintaining higher supply of goods and services by improving reliability of energy supplies.

In the monetary and financial markets, macroprudential measures aimed at strengthening competition in the banking sector will be evaluated with respect to their effects on overall monetary conditions. At the same time, accelerating the transformation and privatisation of state-owned enterprises, reducing the use of directed and preferential lending, and further developing the capital market will all play an important role in increasing the effectiveness of monetary policy decisions. Successful implementation of these structural reforms will raise the capacity and productivity of economic sectors, which in turn will help ensure low and stable inflation alongside strong economic growth.

The full text of the Monetary Policy Guidelines for 2026–2028 is available via link below.