



The Central Bank
of the Republic of Uzbekistan

2025 Q4

**MONETARY
POLICY
REPORT**

Central Bank of the Republic of Uzbekistan

**In implementing monetary policy,
the emphasis is placed on ensuring
price stability and achieving
the medium-term inflation
target of 5 percent.**

5%



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SUMMARY

In 2025, economic activity developed at a higher-than-expected level, driven primarily by resilient aggregate demand factors. Inflation has continued on a downward trajectory, with the slowdown in goods price growth becoming broad-based.

Meanwhile, the relatively elevated level of services inflation as a result of demand factors, as well as price increases for certain food items, poses specific risks to a sustained decline in headline inflation. Under these conditions, maintaining the current tight stance of monetary policy will help ensure that inflation continues along a stable downward path.

In order to ensure that inflation follows a stable disinflation trajectory, the policy rate was maintained at 14 percent.

In December 2025, headline inflation evolved within the forecast range and declined to 7.3 percent year-on-year. The disinflation process was supported by a slowdown in core inflation amid tight monetary conditions, appreciation of the exchange rate and the impact of import prices. In particular, core inflation declined to 5.7 percent year-on-year in December.

Despite some moderation, services inflation remains above headline inflation due to demand-side factors. At the same time, inflation expectations in the economy halted their downward trend and recorded a slight increase in December.

These factors indicate the need to maintain tight monetary conditions for a longer period in order to bring inflation down sustainably to the target level.

According to updated forecasts, inflation is expected to be around 6.5 percent by the end of 2026.

High investment activity, fiscal spending, and rising remittances will continue to support income growth and stimulate consumer demand this year as well.

In addition, risks related to the supply of certain key food products and possible supply disruptions during the winter season may exert upward pressure on food and services prices in the coming months.

Despite continued uncertainty in the external environment, overall impacts are expected to remain moderate. Inflation in major trading partner

countries has shifted to a declining trend, while global economic growth has exceeded expectations.

High growth in precious metals prices is projected to continue to account for a significant share of export receipts and budget revenues.

In the domestic foreign exchange market, foreign currency supply supported by export revenue, external borrowing, and remittances contributed to a 6.9 percent appreciation of the soum in 2025. This helped reduce imported inflation pressures and the level of dollarization. In addition, it lowered external debt servicing costs. In the coming months, it is expected that external conditions will stay relatively favorable and the dynamics of the real effective exchange rate will form at a balanced level.

Against the backdrop of current economic and investment activity, economic growth by year-end is expected to be around 6.5-7 percent.

Amid the persistence of excess liquidity in the banking system, liquidity absorption operations have intensified to ensure that money market rates remain close to the policy rate, at around 13.5-13.8 percent. As a result, positive real interest rates continue to encourage savings in the national currency and remain a tightening factor for monetary conditions.

Given strong aggregate demand factors, particularly fiscal stimulus and high growth in retail lending maintaining the policy rate at its current tight level will help contain inflationary risks.

The Central Bank will continue to closely monitor inflation dynamics, inflation expectations, aggregate demand, and external risks.

The Central Bank's monetary policy will remain focused on reducing inflation to the 5 percent medium-term target, ensuring macroeconomic stability, and preserving the purchasing power of the population.

I. MEDIUM-TERM MACROECONOMIC OUTLOOK

1.1. External Economic Outlook

In recent quarters, external economic conditions have been relatively favorable for Uzbekistan's economy. This situation has been reflected in rising global commodity prices and the easing of global financial conditions.

At the same time, geopolitical uncertainties and risks related to global trade remain elevated. In addition, the strengthening of speculative factors may lead to continued volatility in certain markets in the upcoming quarters. Economic conditions among major trading partners remain heterogeneous: although inflation indicators continue to decline, the easing of monetary policy conditions is being implemented cautiously.

In 2025 Q4, external economic conditions were relatively favorable (Figure 1.1.1). Economic growth in both advanced and emerging economies exceeded market expectations, which may help sustain stable global demand in the coming periods. Positive trends observed in financial and commodity markets are expected to reinforce these growth dynamics.

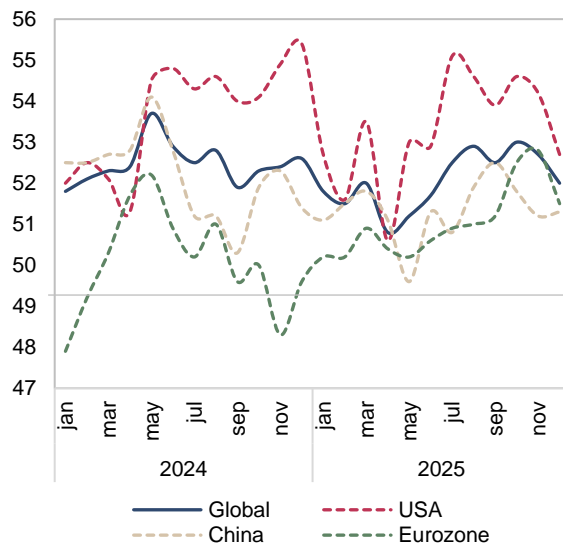
The moderate increase in global economic activity is largely explained by rising capital investment in sectors related to artificial intelligence, as well as expectations regarding its positive impact on labor productivity. In addition, the implementation of several bilateral trade agreements has contributed to the gradual decline in global uncertainty indicators (Figure 1.1.2).

The continuation of expansionary fiscal policies in many economies is expected to remain an important factor supporting economic growth in 2026.

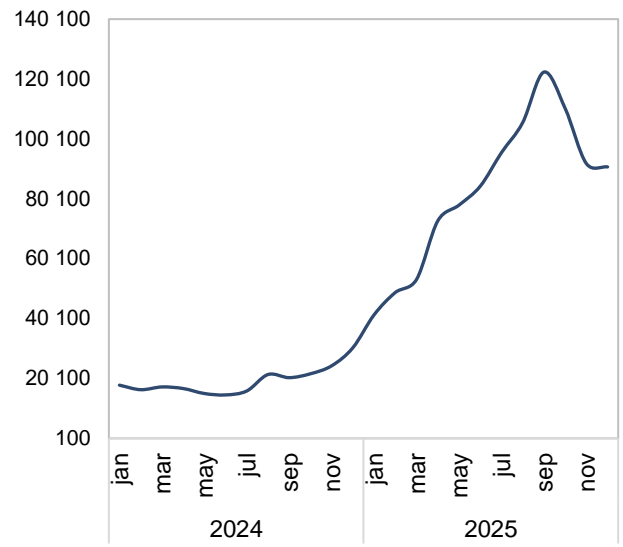
The easing of monetary policy in advanced economies is also having a positive effect on economic activity and is contributing to relatively favorable global financial conditions despite remaining uncertainties.

Taking these factors into account, the International Monetary Fund, in its updated projections, revised upward the global growth forecast for 2026 by 0.2 percentage points and expects global economic growth to reach around 3.3 percent.

Despite the improving global economic outlook, certain risks to future economic growth remain. Particularly, there are concerns about the potential overvaluation of companies associated with artificial intelligence and the possibility of a future correction in the prices of their assets. Moreover, the deterioration of fiscal indicators in some advanced and emerging economies, particularly the widening of fiscal deficits, may negatively affect financial markets, including through higher interest rates.

Figure 1.1.1. Purchasing Managers' Index (PMI), percentage points

Source: S&P Global.

Figure 1.1.2. Global Uncertainty Index, percentage points

Source: www.policyuncertainty.com.

At the same time, geopolitical tensions and frictions in international trade are likely to persist. Although the situation in some regions has relatively stabilized, new disagreements are emerging between certain countries.

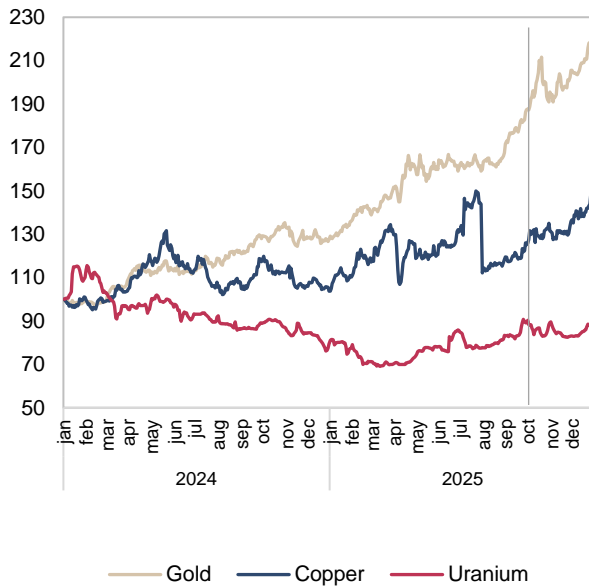
Global inflation has generally evolved in line with forecasts. However, the pace of disinflation and the direction of monetary policy vary across countries. In many economies, inflation remains above target levels, and there are still risks of renewed inflationary pressures.

Global Commodity Markets

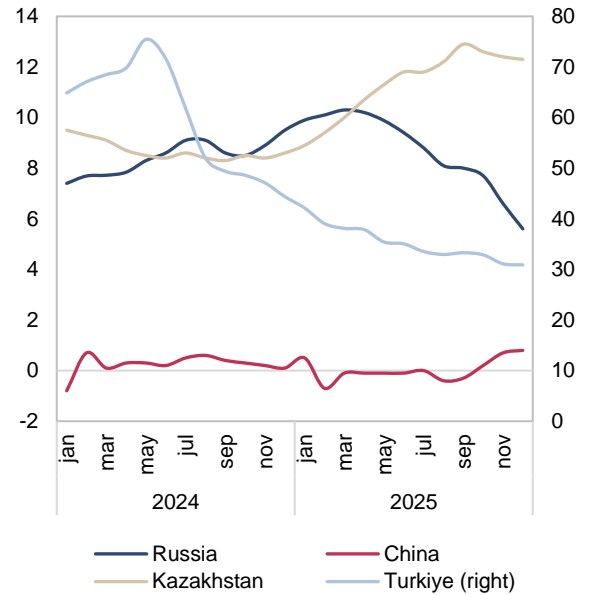
Rising prices in global commodity markets are contributing to an improvement in trade conditions. In particular, gold and copper prices continued to increase, while uranium prices remained relatively stable (*Figure 1.1.3*).

Expectations of declining interest rates, sustained demand for gold from central banks and investors, as well as geopolitical uncertainties continue to support the upward trend in gold prices. According to consensus forecasts, expectations remain that the average price of gold will remain at elevated levels in 2026. (*A more detailed analysis of gold price dynamics is presented in Box 1*).

Developments in the copper market are largely explained by rising demand and constrained supply. Geopolitical tensions, the recognition of copper as a strategically important resource, as well as the rapid development of artificial intelligence and the associated expansion of electricity infrastructure are expected to support demand for copper and may exert upward pressure on its price in 2026.

Figure 1.1.3. Global commodity prices, January 2024 = 100

Source: *investing.com*.

Figure 1.1.4. Inflation in major trading partners, percent, in percent, yoy

Source: *Statistical Agencies of the respective countries*.

Although uranium prices have remained relatively elevated since the beginning of 2025, increasing demand for nuclear energy, particularly amid escalating tensions in the Middle East, is expected to continue supporting uranium prices.

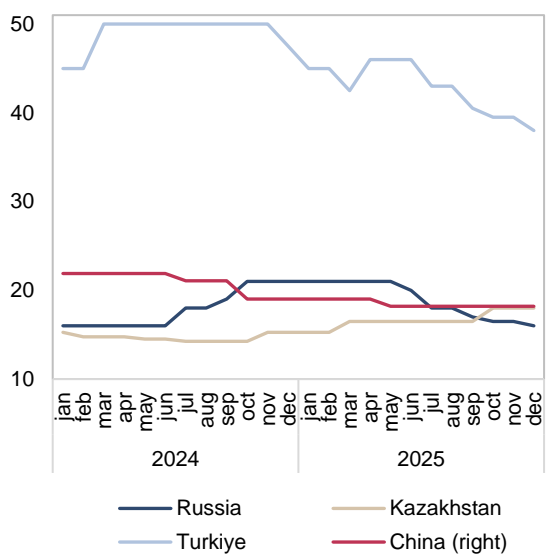
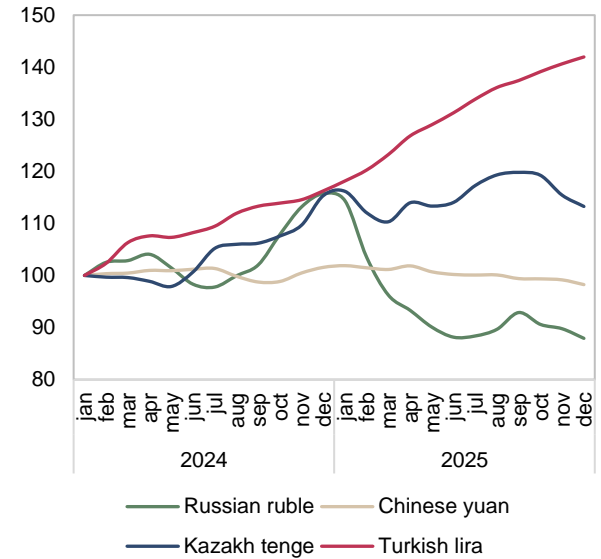
Trends in Major Trading Partners

In 2025 Q4, the Chinese economy maintained stable growth dynamics, although the pace of activity in industrial production and retail trade slowed. In addition, investment activity remains constrained due to persistent problems in the real estate sector.

At the same time, policy measures aimed at supporting domestic demand, enhancing technological capacity, and promoting industrial development are expected to contribute to stronger economic growth in the medium term.

Inflation remains at a low level, while monetary policy conditions remain relatively accommodative. In 2026, inflation is projected to increase moderately to around 1-2 percent year-on-year, mainly driven by a slight increase in food prices (*Figure 1.1.4*).

In Russia, economic growth has slowed in recent quarters. Although export and manufacturing activity declined in certain sectors due to external restrictions, government spending continues to support economic growth.

Figure 1.1.5. Policy rates in major trading partners, percent**Figure 1.1.6. Exchange rate dynamics of major trading partners, 2024 = 100**

Source: Central banks of the respective countries.

Inflation has shown a downward trend. However, certain changes in tax policy, particularly the increase in VAT from 20 percent to 22 percent, may temporarily alter the disinflation trajectory in the short term. Under these conditions, monetary policy is expected to be eased cautiously, with the policy rate declining gradually (*Figure 1.1.5*).

In the foreign exchange market, the ruble has appreciated and continues to strengthen amid structural adjustments and tight monetary conditions. At the same time, uncertainties in the external environment remain one of the key factors affecting the economic outlook.

Kazakhstan's economy continues to maintain strong growth momentum. Economic activity is supported by rising investment, increased oil production, as well as growth in the transport, construction, and industrial sectors. Domestic demand remains stable, with consumer lending continuing to be one of its key drivers. In the coming years, economic growth may moderate somewhat due to base effects and changes in fiscal policy.

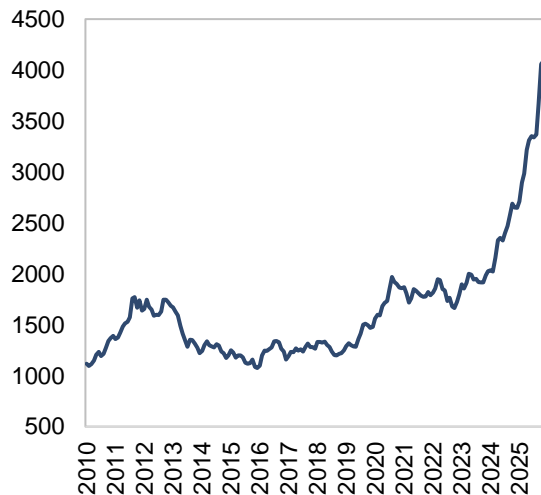
Although inflation has slowed somewhat in recent months, inflationary pressures remain elevated. Under these conditions, monetary policy has remained tight. Meanwhile, the depreciation of the Kazakh tenge, which was observed at the beginning of the year, has been fully reversed, and the currency has strengthened slightly in recent months (*Figure 1.1.6*).

Gold Price Dynamics and Outlook

In 2025, gold prices in global markets increased sharply, reaching historical highs. By the end of 2025, the price of gold had risen by 64 percent year-on-year, increasing from USD 2,624 to USD 4,315 per troy ounce (*Figure 1*).

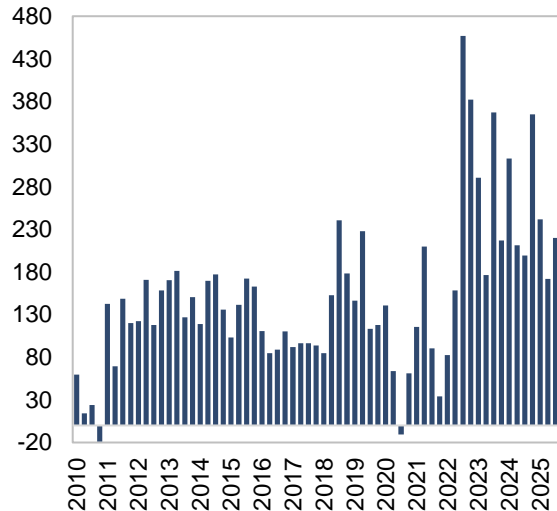
Price drivers. The current dynamics of gold prices are primarily shaped by strong demand from central banks and investors, as well as by geopolitical and macroeconomic factors.

Figure 1. Gold price dynamics, dollars/troy ounce



Source: World Bank.

Figure 2. Net purchases of gold by central banks, tons



Source: World Gold Council.

Central banks continue to increase their gold reserves as part of their diversification strategies and to strengthen resilience amid heightened uncertainty. Overall, net gold purchases by central banks increased from an average of 473 tons per year in the pre-pandemic period to an average of 907 tons annually in 2021-2025 (including 863 tons in 2025) (*Figure 2*).

In 2025, the main central banks recording net gold purchases included those of Poland, Kazakhstan, Azerbaijan, China, Türkiye, the Czech Republic, and Brazil.

Against the backdrop of rising central bank demand and increasing gold prices, the share of gold in countries' international reserves exceeded 20 percent in 2025. The broader trend toward increasing gold reserves began after the 2008 global financial crisis, and the total physical volume of gold held in international reserves has now exceeded 36 thousand tons (*Figure 3*).

Rising gold prices have also supported investor interest in the metal. In 2025, global gold exchange-traded funds (*Gold ETFs*) experienced significant inflows. As of the end of 2025 Q3, assets in gold-backed ETFs increased by 20 percent year-on-year. Another important factor shaping gold prices is geopolitical uncertainty. The impact of uncertainties related to international conflicts, geopolitical tensions, trade disputes, and political developments has increased significantly in recent quarters (*Figure 4*). Ongoing tensions in certain regions, as well as macroeconomic indicators evolving differently from expectations, suggest that these factors will continue to play an important role in determining the future dynamics of gold prices.

In addition, several global macroeconomic factors are also influencing gold prices, including the depreciation of the US dollar and the cautious reduction of interest rates by major central banks. In this macroeconomic environment, together with prevailing uncertainties, relatively low bond yields and concerns about overheating in equity markets (*particularly amid strong investment flows into AI-related companies*) are increasing investors' incentives to diversify their portfolios toward gold.

Figure 3. The role of gold in gold and foreign exchange reserves

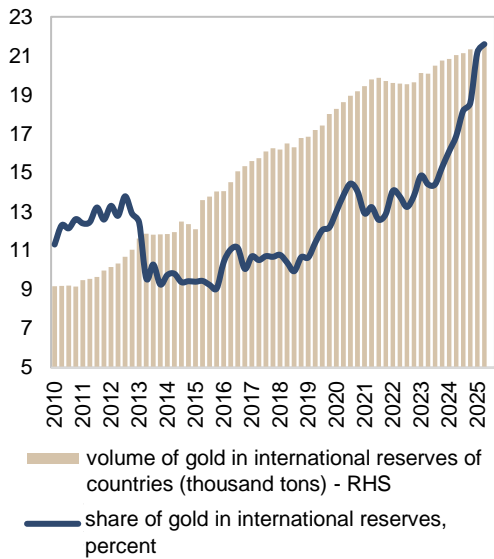
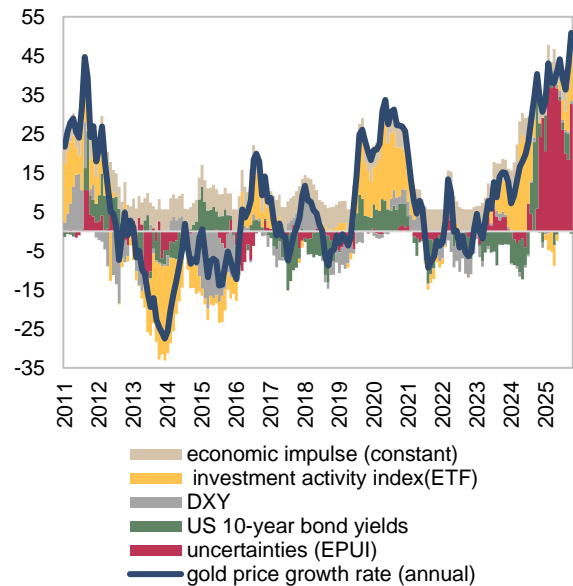


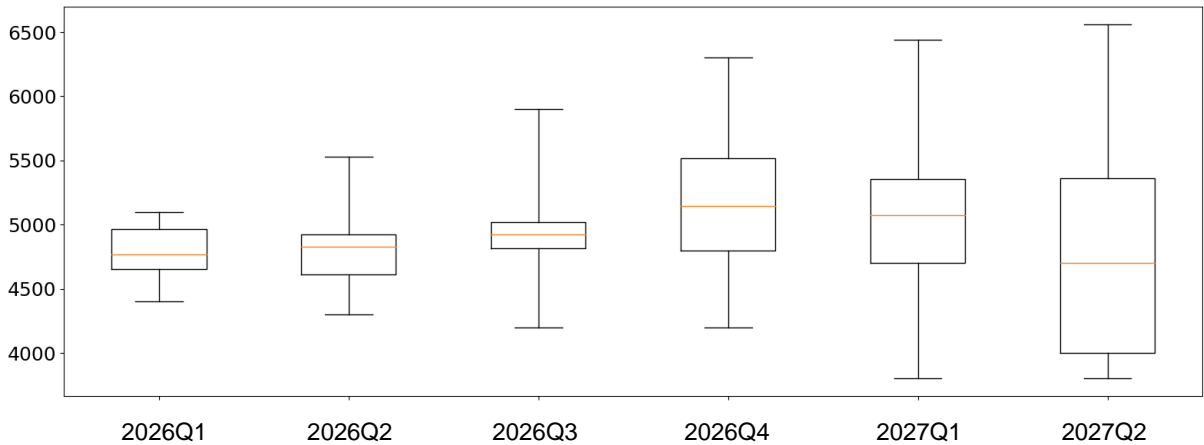
Figure 4. Main factors influencing the price of gold, in percent, percentage points



Source: IMF, World Gold Council.

Source: CBU calculations.

Figure 5. Consensus forecasts for gold



Source: CBU calculations; Bloomberg (as of 25 February).

This chart (a whisker plot, or “box-and-whisker plot”) shows the distribution of forecast values for each quarter. The rectangles (boxes) represent the interquartile range, i.e., the middle 50 percent of the data, from the 25th to the 75th percentile. The line inside the box indicates the median, meaning that half of the observations lie below it and half above it. The “whiskers” extending from the box show the minimum and maximum values.

Outlook. According to consensus forecasts, the average annual price of gold is expected to range between USD 4,400 and USD 5,100 per ounce in 2026, before entering a downward trend in the first quarters of 2027.

Upward revisions of gold price forecasts for 2026 by market participants reflect expectations that several factors supporting price increases, such as sustained demand pressures and prevailing macroeconomic conditions, will remain in place going forward.

At the same time, further escalation of geopolitical tensions in the Middle East and rising uncertainty may increase gold price volatility and lead to stronger upward pressure on prices.

1.2. Macroeconomic Projections

Economic activity accelerated in 2025 Q4, and real GDP growth reached **7.7 percent for the year as a whole**, exceeding the October forecast of **7.0-7.5 percent**.

The increase in GDP was mainly driven by demand-side factors, including sustained growth in domestic consumption and investment demand, expansionary fiscal policy measures, as well as rising export volumes amid higher global commodity prices and stable external demand.

Stronger-than-expected economic activity in Q4, high investment activity in the economy, increased lending volumes, rising household incomes, the lagged effects of fiscal stimulus measures, and relatively favorable external conditions in global commodity and financial markets led to a revision of the medium-term economic growth projections.

As a result, real GDP growth for 2026 is now projected at 6.5-7.0 percent, compared with 5.5-6.5 percent in the baseline scenario of the Monetary Policy Guidelines for 2026-2028 (*Figure 1.2.1*).

The forecast for consumer activity has also been revised upward. Private consumption continues to grow at a strong pace amid rising real household incomes.

In particular, the increase in household incomes has been supported by a significant rise in remittance inflows, expanding economic activity, and sustained demand for labor, which has contributed to consistently strong wage growth.

Figure 1.2.1. Forecast of real GDP growth rates, percent

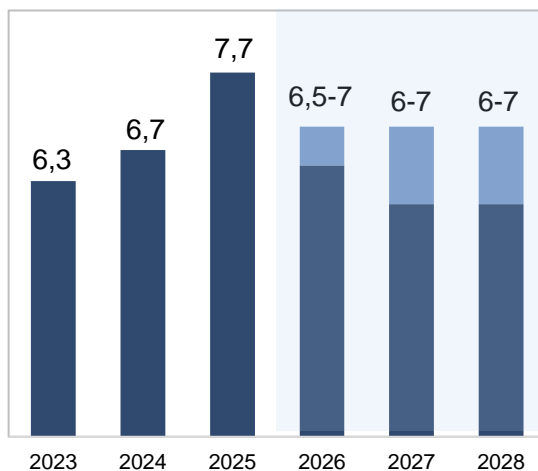
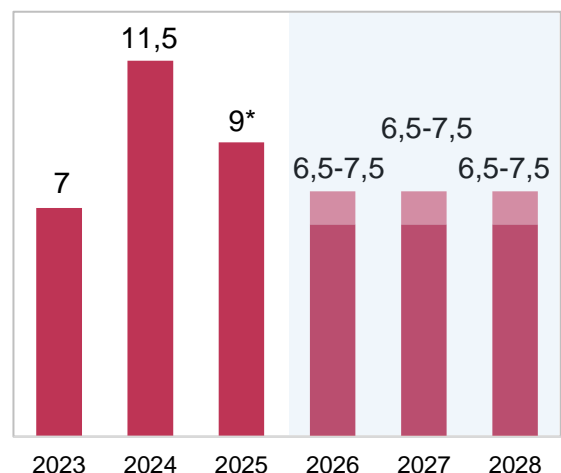


Figure 1.2.2. Real growth rates of personal consumption, percent



Source: CBU calculations.

* expected

Note: The parts with shaded background in the charts represent the forecast values.

Consumer activity is also reflected in the acceleration of retail trade and catering turnover, an increase in the number of transactions in the real estate market, rising imports of consumer goods, as well as growth in imports of tourism services.

According to the updated projections, real household consumption growth is expected to range between **6.5 and 7.5 percent by the end of 2026** (Figure 1.2.2).

In 2025, cross-border remittance inflows increased by **28 percent**, significantly exceeding the forecast range of **16-20 percent**.

This development was driven by the appreciation of currencies in major migrant-hosting countries, strong wage growth, the continued stability of migration flows to traditional destinations, and the expansion of migration flows toward higher-income countries. These factors have contributed to a further diversification of labor migration destinations.

Despite the relatively favorable trends observed, the high base effect in 2025 and continued uncertainties regarding the exchange rate dynamics of currencies in major migrant-hosting countries suggest that remittance growth in 2026 is expected to moderate toward its **medium-term trend of around 6-10 percent**.

If remittance inflows continue to grow at elevated rates in the future, the forecast may be revised upward. In addition, medium-term trend parameters may be reassessed taking into account ongoing demographic and migration developments.

Figure 1.2.3. Forecast of the overall fiscal balance, % of GDP

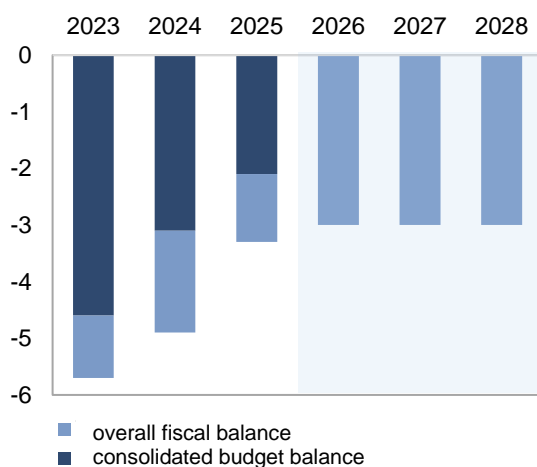
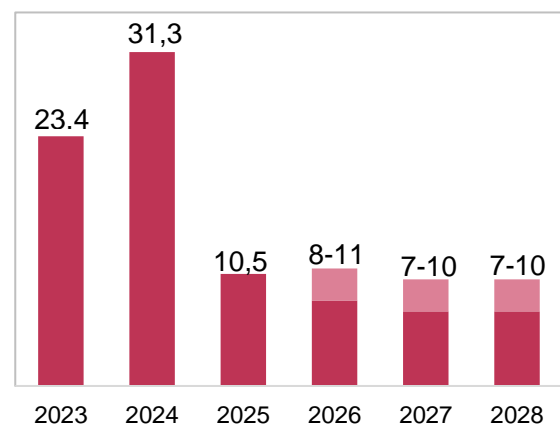


Figure 1.2.4. Real growth rates of capital investments, percent



Source: CBU calculations.

Government consumption also remains at an elevated level. By the end of 2025, the consolidated fiscal deficit amounted to 2.1 percent of GDP, which was lower than the 3 percent forecast announced at the beginning of the year. At the same time, this outcome is explained by the revision of GDP figures as well as by both budget revenues and expenditures exceeding their initially announced parameters.

In particular, according to the parameters set in the Law on the State Budget of the Republic of Uzbekistan for 2025, state budget revenues were initially projected to grow by 12.4 percent, while in practice the increase reached 31 percent. Government expenditures increased by 23.5 percent compared to 2024, exceeding the initial forecast of 11 percent.

Despite the relatively low level of the consolidated fiscal deficit, the increase in expenditures alongside revenue growth driven by factors not directly related to the economic cycle, particularly higher global commodity prices, suggests that the procyclical nature of fiscal policy has persisted.

In addition, certain expenditures financed from the budget to support state programs (*including deposits and loans*) have also contributed to additional pressures on aggregate demand.

If fiscal policy indicators, particularly revenues and expenditures, remain within the announced parameters, the impact of fiscal policy on inflation is expected to remain relatively limited.

At the same time, under conditions of high gold prices, increased expenditures financed by additional revenues may reinforce the procyclical nature of fiscal policy and contribute to stronger inflationary pressures, even if the budget deficit remains within the established limits.

By the end of Q4 of 2025, investment activity slowed somewhat but remained above overall economic growth rates. During this period, investment growth was supported by external investment inflows, external debt instruments, and public investment. Private investment, including corporate investment, remained relatively constrained.

According to projections, external investment inflows are expected to continue in 2026, supported by easing global financial conditions and improvements in the domestic investment environment. Real growth in capital investments is projected to range between 8 and 11 percent.

Table 1.2.1. Main macroeconomic indicators, annual change, percent

Indicator	2024 (actual)	2025 (actual)	Baseline scenario forecast		
			2026	2027	2028
Inflation rate	9,8	7,3	6,5 (7)*	5 (5)	5 (5)
Real GDP growth	6,7	7,7	6,5-7 (5,5-6,5)	6-7 (6-7)	6-7 (6-7)
Final consumption expenditure growth	9,5	7,0**	6-7 (6-6,5)	6-7 (6-7)	6-7 (5,5-6,5)
- households	11,5	7,9**	6,5-7,5 (6-7)	6-7 (5,5-6,5)	6-7 (5,5-6,5)
- general government	1,2	3,3**	2-3 (2-3)	2-3 (2-3)	2-3 (2-3)
Overall fiscal balance (as % of GDP)	-3,1	-2,1	-3 (-3)	-3 (-3)	-3 (-3)
Export (excluding gold)	18,4	21,3	13-17 (8-10)	8-12 (8-12)	8-12 (8-12)
Import growth	4,8	18,5	10-15 (8-12)	8-12 (8-12)	8-12 (8-12)
Remittance growth	30	27,6	6-10 (6-10)	8-12 (8-12)	8-12 (8-12)
Growth of outstanding credit	14	15,3	14-16 (12-14)	12-14 (11-13)	12-14 (10-12)

* in parentheses - forecasts in the Monetary Policy Report for 2025 Q3;

** Data for January-September 2025;

Source: CBU calculations.

Persistently high commodity prices, stable demand for agricultural products, and continued growth in services exports, particularly

in information and communication technologies, tourism, and transport services are expected to remain the main drivers of overall export growth.

The forecast for total exports in 2026 has been revised upward and is expected to reach around 15-20 percent. Excluding gold, export growth is projected at 13-17 percent.

Import growth accelerated significantly in 2025 Q4 and exceeded forecast expectations. Imports of both consumer and investment goods increased, reflecting expanded lending, fiscal stimulus measures, and rising household incomes.

The sustained high level of economic activity is expected to increase production capacity and further expand imports in order to meet growing domestic demand.

According to projections, import growth in 2026 is expected to be around 10-15 percent.

1.3. Monetary policy outlook

The Central Bank will maintain tight monetary policy conditions until inflation stabilizes within the 5 percent target range and the risks of a sharp increase in inflation are fully mitigated.

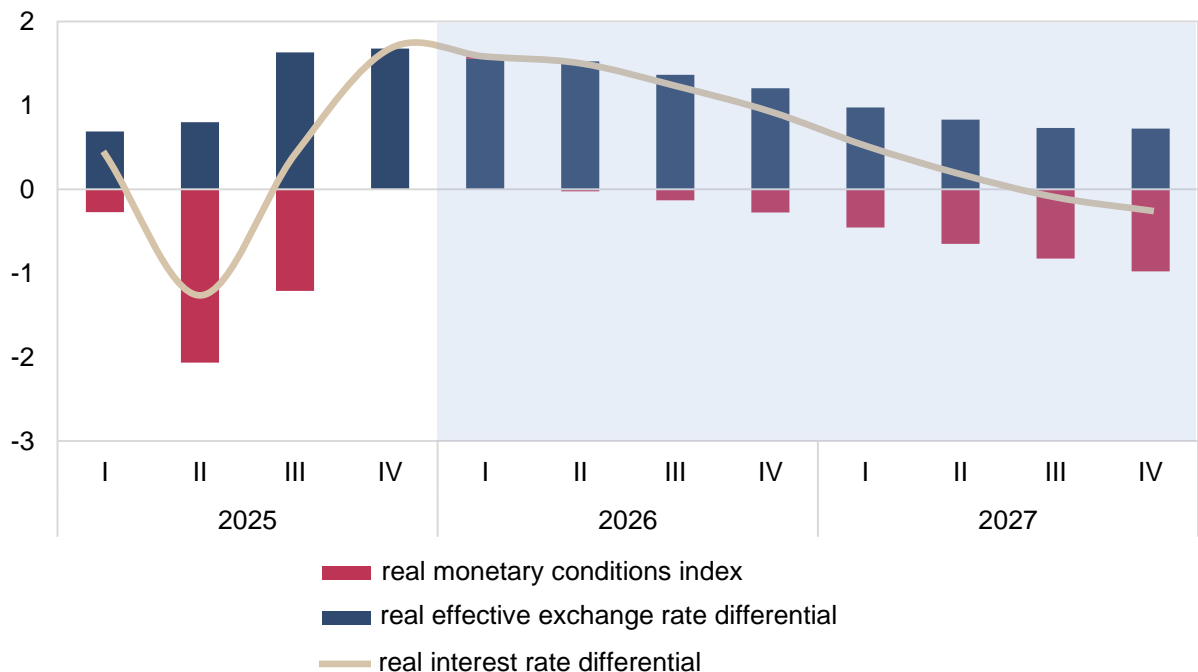
Monetary policy influences monetary conditions primarily through the policy rate, thereby affecting aggregate demand and inflation.

In particular, the Central Bank will continue implementing measures aimed at ensuring sufficiently tight real monetary conditions by maintaining positive real interest rates in the economy. Under this framework, once inflation reaches the target level and stabilizes, monetary conditions are expected to enter an easing phase starting from Q3 of 2027 (*Figure 1.3.1*).

Given the persistence of relatively high services inflation driven by demand factors, as well as rising prices of certain food products, which pose risks to a sustained decline in headline inflation, the Central Bank will maintain tight monetary conditions in the coming quarters.

Maintaining a positive real interest rate differential during the forecast horizon will help contain consumption demand and increase the attractiveness of deposits denominated in the national currency. This, in turn, will create the necessary conditions for core inflation to evolve within the forecast range and for headline inflation to decline toward the 5 percent target.

Figure 1.3.1. Real Monetary Conditions Index



Source: CBU calculations.

The Central Bank will continue to follow a data-driven approach in conducting monetary policy, continuously monitoring current developments and updating its forecasts. If the likelihood of inflationary risks increases, additional policy tightening measures will be considered. Conversely, if inflation and inflation expectations continue to decline steadily in the coming quarters, the Central Bank may reconsider the policy stance toward reducing the policy rate.

The parameters of fiscal policy will also be taken into account when shaping monetary conditions. In particular, the impact of government spending on aggregate demand and the resulting inflationary pressures will be carefully considered in monetary policy decision-making.

Stablecoins and their impact on the banking system

Over the past decade, the digital transformation of the international financial system has led to the emergence and development of stablecoins within the economy. Originally created to hedge against the high volatility of crypto-assets, stablecoins are now becoming a vital element of the financial system.

Stablecoins are digital tokens whose value is pegged (*linked*) to fiat currencies, exchange commodities, or smart contracts; they have become a bridging tool between decentralized finance (*DeFi*)¹ and the traditional financial system.

Unlike other highly volatile crypto-assets, stablecoins perform the three classic functions of money: a medium of exchange, a unit of account, and a store of value.

In contrast to highly volatile crypto-assets like Bitcoin, stablecoins ensure price stability. To understand how this system operates, it is important to distinguish between the various mechanisms used to maintain price stability.

1. Fiat Backing: This is the simplest mechanism, where each digital token is backed by cash funds in a bank account or by bonds. The price stability of the stablecoin is maintained through the ability for direct exchange at a 1:1 ratio.

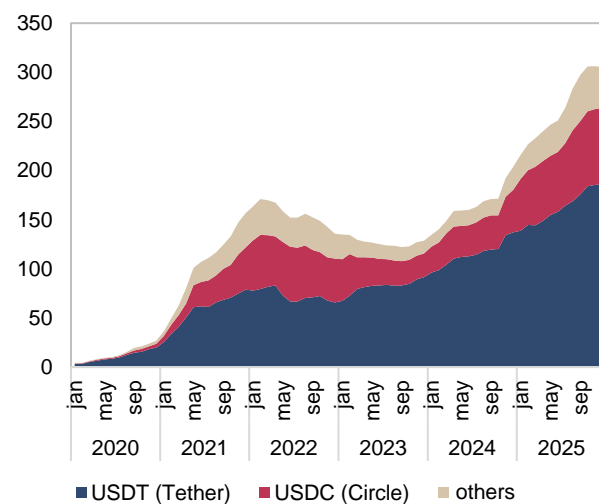
2. Crypto-Collateral Backing: Stablecoins are issued against the collateral of other cryptocurrencies. To prevent the risk of a drop in collateral value, "over-collateralization" and liquidation mechanisms are utilized.

Over-collateralization: To issue 100 stablecoins, a user must provide crypto-assets as collateral with a value higher than the emission amount.

Liquidation (*Redemption*): If the collateral value falls below a critical level, the smart contract automatically sells the collateral to buy back and burn the stablecoins in order to preserve their value.

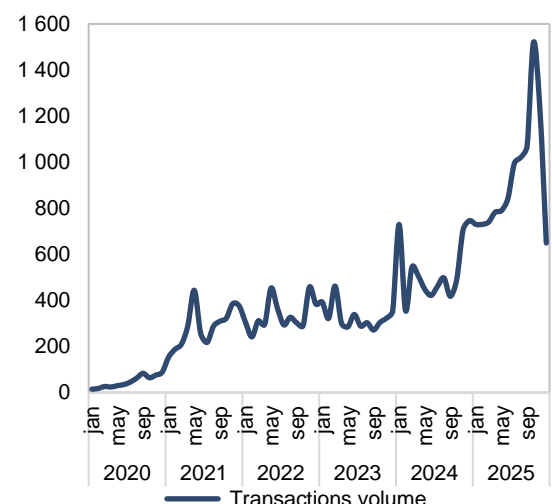
3. Algorithmic Mechanisms: These types of stablecoins do not have direct collateral. Their price is regulated through smart contracts that automatically increase or decrease the supply based on current demand.

Figure 1. Stablecoin Supply, billion USD



Source: Artemis Analytics.

Figure 2. Stablecoin Transaction Volume, billion USD



Source: Visa.

¹ Decentralized Finance (DeFi) refers to financial services and instruments operating on the basis of blockchain technology. The decentralized finance system functions automatically via software code based on smart contracts, without central management or human intervention.

If the stablecoin price is above parity, the algorithm issues new tokens to increase supply (*lowering the price*). If the price is below parity, the algorithm incentivizes users to burn tokens to reduce supply (*raising the price*).

By the end of 2025, the volume of stablecoins issued in the international financial system reached \$305 billion (*Figure 1*), and according to the forecasts of international financial institutions, this figure is expected to grow further in the future.

Alongside the growth in stablecoin volume, the volume of transactions conducted with them is also increasing at high rates. Specifically, according to Visa analysis, monthly average payments in stablecoins in 2025 reached \$925 billion, which is nearly a 75 percent increase compared to 2024 (*Figure 2*).

At the same time, the vast majority of stablecoins in circulation consist of tokens pegged to the US dollar. Within this market segment, Tether USD (*with 186 billion USD as of the end of December 2025*) and Circle USD (*76 billion USD*) hold the highest shares. In turn, the active proliferation of these global tokens has a significant impact on the macroeconomic situation and the banking system.

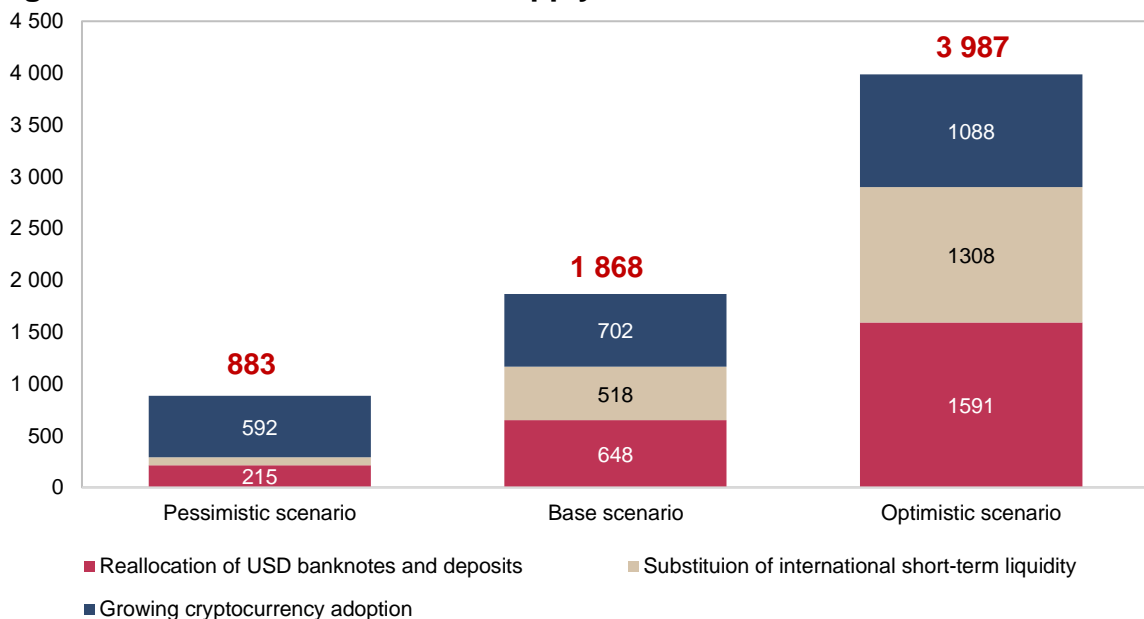
The implementation of stablecoins affects the effectiveness of monetary policy and the stability of the traditional banking system. Specifically:

In terms of the impact on monetary policy effectiveness, the replacement of the national currency with tokens pegged to foreign currencies may reduce the demand for funds in the national currency and lead to an increase in the level of dollarization in the economy. This, in turn, leads to a decrease or loss of Central Banks' ability to effectively manage interest rates.

Furthermore, the widespread use of stablecoins for daily payments causes internal prices to become linked to the monetary policies of foreign central banks. This limits the Central Bank's ability to control inflation and undermines its independence.

According to forecasts by international financial institutions², the volume of stablecoins is expected to reach \$1.9 trillion by 2030 under the base scenario (*Figure 3*). Due to the high level of volatility in cryptocurrency markets, these projections vary significantly between the pessimistic and optimistic scenarios.

Figure 3. Forecast of Stablecoin Supply for 2030, billion USD



Source: Citi Institute.

² Citi Institute – Stablecoins 2030.

According to forecasts, as a result of increased clarity in the regulatory and supervisory systems for crypto-assets, the entry of institutional investors into the international market is expected to have an upward impact of nearly \$700 billion.

Table 1. Foreign Experience in Stablecoin Regulation

Jurisdic-tions	Eligible Reserve Assets	Redemption Rights and Restrictions	Prudential Requirements	Application to Foreign-Issued Stablecoins
European Union (EU)	At least 30% in deposits (60% for systemic issuers).	Immediate redemption at nominal value without fees until a resolution plan is triggered.	Risk-based approach at the regulator's discretion.	Must establish a separate legal entity in the EU and hold reserves in EU-based assets.
USA	Cash, demand deposits, Fed balances, Treasury bills, and reverse REPO operations with them.	Timely redemption based on clear rules.	Risk-based approach.	Must maintain sufficient reserves in US financial institutions to cover the liquidity needs of residents.
Japan	50% in short-term government bonds and time deposits; the remainder in demand deposits.	Immediate buy-back/redemption.	Fixed minimum amount.	Service providers must ensure the security of reserves for Japanese residents (holders).
United Kingdom	"Core backing assets" – short-term deposits (at least 5%) and government securities. For systemic issuers: 40% in Central Bank deposits, 60% in GBP-denominated government securities.	No later than the next business day, with maximum fee limits. For systemic issuers: by end of the request day (real-time), at nominal value, with minimal or no fees.	Risk-based approach.	Currently under discussion.

Source: International Monetary Fund (IMF)

Furthermore, the forecasts indicate that the conversion of international short-term liquidity, as well as US dollar cash and deposits, into stablecoins will have an upward impact of \$518 billion and \$648 billion, respectively.

Developed countries are establishing legal frameworks to assess and manage the risks associated with stablecoins. Based on the general principles of these regulations (*Table 1*), the following aspects should be considered when implementing stablecoins in the Uzbekistan market:

1. Licensing and Supervision: Stablecoin issuers must be legal entities licensed and continuously monitored by an authorized regulator. This must guarantee the issuer's financial stability and compliance with corporate governance standards.

2. Full Collateralization: To ensure the continuous redemption capability of issuers regarding their obligations, stablecoins must be fully backed by high-quality, liquid assets.

3. Asset Segregation: The issuer's own liabilities and the reserve assets must be strictly separated (*segregated*) from one another. This ensures that even in the event of the issuer's bankruptcy, the reserves are directed solely toward covering the debt to stablecoin holders.

4. Redemption Rights at Par Value: Stablecoin holders must have the right to demand the repurchase or payout of their assets at nominal value (*in fiat currency*) at any time. This process must operate based on a clearly defined and transparent mechanism.

5. Prohibition of Interest Payments: To preserve the function of stablecoins as a medium of exchange and to prevent them from functioning as bank deposits or creating a parallel financial system issuers must be prohibited from paying interest to stablecoin holders.

1.4. Inflation Expectations and Inflation Forecast

Dynamics of Inflation Expectations

During 2025, inflation expectations of households and businesses generally followed a declining trend amid the overall decline in inflation, although expectations increased slightly in December. In particular, households' 12-month ahead inflation expectations declined from 14.4 percent at the beginning of the year to 11.5 percent in November, remaining at 11.5 percent in December. Similarly, expectations among business entities decreased from 12.9 percent to 10.5 percent in November, before increasing to 11.1 percent in December (*Figure 1.4.1*).

Although inflation expectations declined during the year, a gap of around 3-4 percentage points between the headline inflation rate and inflation expectations continues to persist (*Figure 1.4.2*).

According to survey results, the main factors shaping inflation expectations during the year were increases in the prices of utilities, fuel and energy resources, as well as rising transportation costs. At the same time, the influence of the exchange rate on expectations declined during the second half of the year (*Figure 1.4.3*).

Figure 1.4.1. Twelve-month ahead inflation expectations and headline inflation dynamics, percent

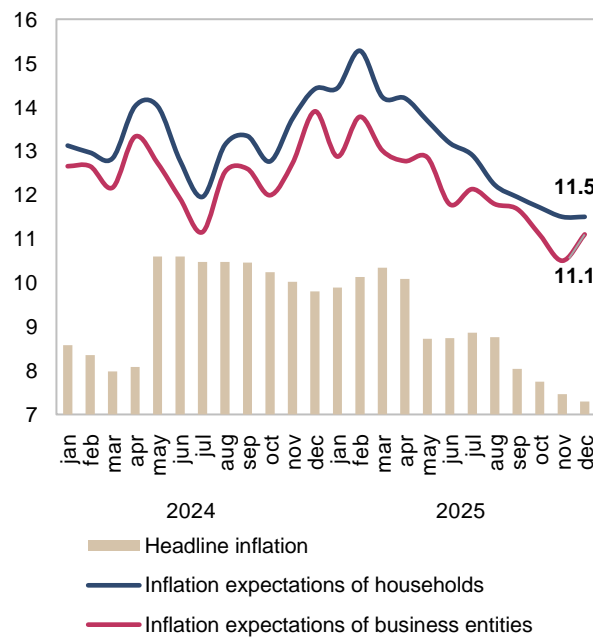
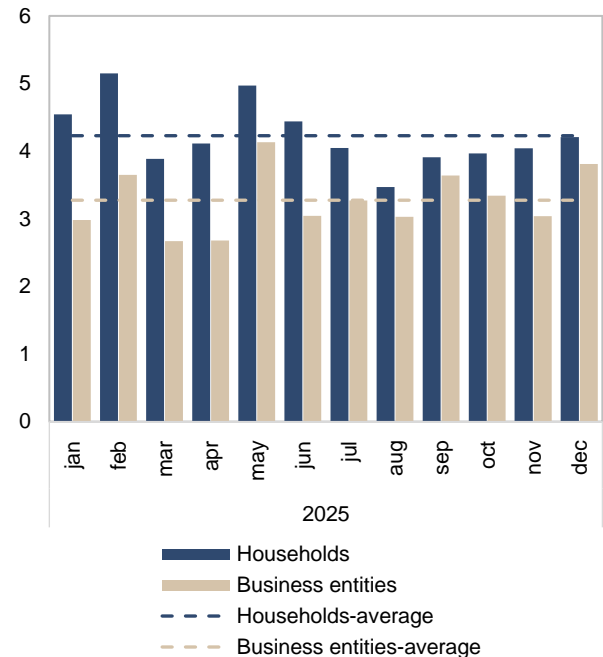


Figure 1.4.2. Gap between inflation expectations and headline inflation, percent



Source: CBU calculations.

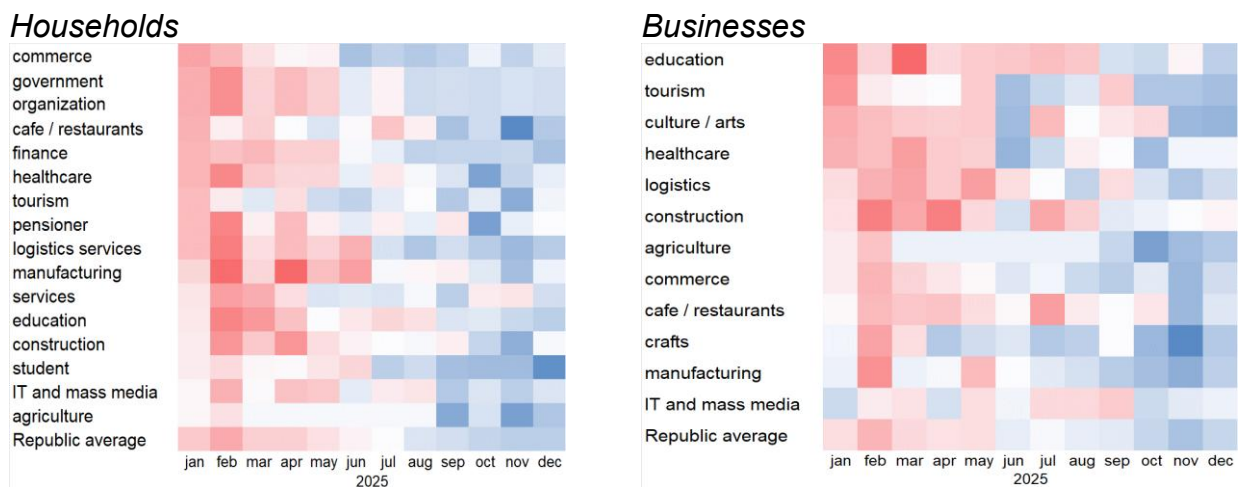
Figure 1.4.3. Factors influencing inflation expectations of households and businesses, share of respondents, percent

Households													Businesses												
Households	2025												Business entities	2025											
	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec		jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec
Increase in utility costs	57	63	59	59	57	50	51	48	46	46	49	50	Increase in utility costs	54	58	52	55	54	47	47	45	44	47	46	46
Increase in fuel and energy prices	50	52	48	47	49	45	45	41	41	42	40	47	Increase in fuel and energy resources prices	49	50	45	46	48	43	42	40	41	45	42	45
Increase in transportation costs	30	31	28	29	32	30	27	26	25	25	24	29	Increase in transportation costs	32	34	31	31	37	32	31	31	30	33	30	37
Increase in prices of essential food products	26	28	28	26	25	22	24	26	25	27	26	26	Increase in wages and pensions	26	22	23	23	24	33	34	33	29	25	23	26
Increase in wages and pensions	22	23	20	18	22	35	34	31	27	26	23	25	Increase in prices of raw materials	25	27	25	27	28	25	25	24	26	28	26	25
Monopoly and artificial price increases	25	32	26	26	26	24	24	22	22	23	20	24	High tax burden	24	27	26	27	27	25	26	24	24	23	21	24
Exchange rate fluctuations	46	41	39	38	37	27	30	24	22	22	20	23	Exchange rate fluctuations	51	43	43	43	40	31	31	25	22	21	19	23

Source: CBU calculations.

In particular, the share of households identifying exchange rate movements as a factor influencing future price developments declined from 46 percent at the beginning of the year to 23 percent by the end of the year. Among businesses, this share decreased from 51 percent to 23 percent. This trend is largely explained by the appreciation of the Uzbek soum against the US dollar during 2025 (Figure 1.4.3).

While inflation expectations among representatives of most sectors remained elevated in the first half of 2025, a decline in expectations across all sectors was observed in the second half of the year. At the same time, relatively higher expectations were recorded among households working in the construction, healthcare, tourism, and manufacturing sectors (Figure 1.4.4).

Figure 1.4.4 Expectations of the population and entrepreneurs by industry


Source: CBU calculations.

Among businesses, the broad-based decline in inflation expectations has been progressing at a somewhat slower pace. In particular, expectations remain relatively higher among business representatives in the healthcare, hospitality (*cafés and restaurants*), information technology, and media sectors.

In 2025, the increase in economic activity, steady growth in real household incomes, rising remittance inflows, and elevated government spending stimulated investment and consumption activity among economic agents. In this environment, maintaining relatively tight monetary conditions played an important role in balancing demand-side pressures and reducing inflation expectations.

Inflation Forecast

In the second half of 2025, the stabilization of the exchange rate and improved supply conditions for certain consumer goods contributed to a decline in the prices of imported goods. As a result, both headline and core inflation declined faster than previously expected by the end of the year. This, in turn, provided grounds for revising the 2026 inflation forecast downward.

Amid a sustained decline in inflationary pressures and inflation expectations, headline inflation is expected to decrease gradually, reaching around 6.5 percent by the end of 2026, declining further to the 5 percent target in 2027, and stabilizing around the target from 2028 onward (*Figure 1.4.5*).

The persistence of relatively tight monetary conditions in the economy is expected to stimulate saving activity and help balance aggregate consumption demand to some extent, thereby supporting the continued decline in core inflation.

According to projections, core inflation is expected to decline to 5-6 percent by the end of the current year, and further to 4-5 percent in 2027-2028, stabilizing at this level in the medium to long term (*Figure 1.4.6*).

In this context, the impact of marginal costs on core inflation is expected to persist during this period, reflecting the continued expansion of economic activity above its potential level until the end of the next year.

It should be noted that maintaining the current tight monetary conditions for a longer period will contribute to economic activity converging toward its potential level, which will have a disinflationary effect on core inflation.

Figure 1.4.5. Headline inflation forecast, percent

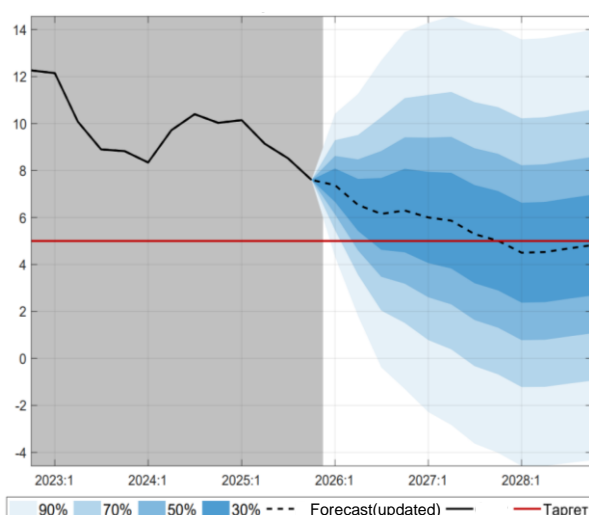
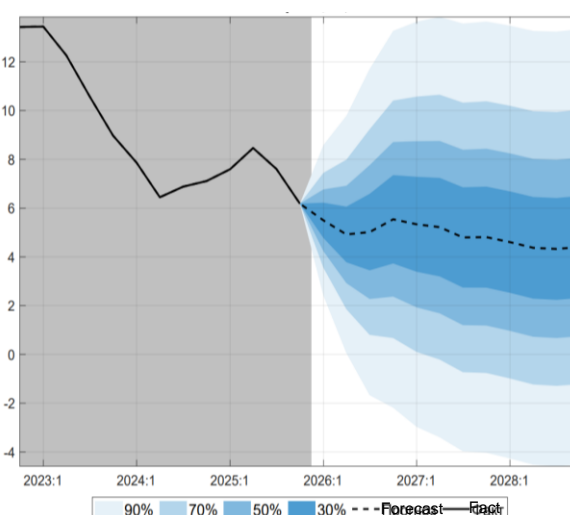


Figure 1.4.6. Core inflation forecast, percent



Source: CBU calculations.

Due to the high base effect from fruit and vegetable prices in 2025 (18.9 percent in December), inflation in this category is expected to stabilize in the current year (around 9.1 percent by the end of 2026), while still exerting a moderate upward contribution to headline inflation.

The current forecast also incorporates planned increases in certain regulated prices in 2026. At the same time, inflation in this group is expected to follow a declining trend, reflecting the fading of the first-round effects of energy price increases introduced in May 2025.

Figure 1.4.7. Decomposition of the median of the headline inflation forecast, quarterly percentage

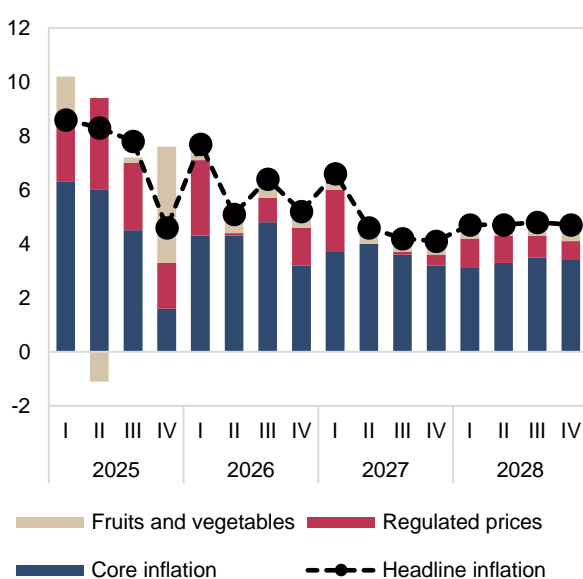
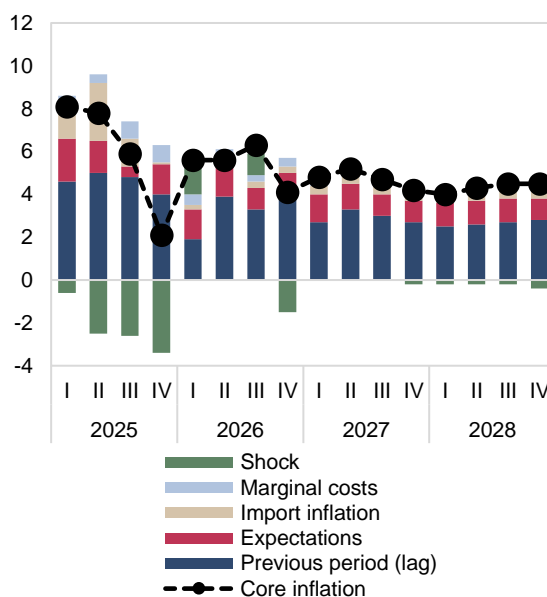


Figure 1.4.8. Core inflation forecast median decomposition, quarterly percentage



Source: National Statistics Committee

In addition, coordinating the indexation of utility tariffs across all regions and implementing these adjustments during a specific period of the year would help contain their impact on inflation expectations.

At the same time, sharp fluctuations in global commodity prices, persistent external uncertainties, and potential risks and supply disruptions related to key food products in global and neighboring markets may lead to stronger imported inflation.

Given the relatively high share of imported goods in the consumption basket, a resurgence of imported inflation could become one of the key factors shaping overall inflation dynamics.

1.5. Uncertainties and Risks to Macroeconomic Development

The slowdown in price growth has become more broad-based, with declining inflation observed across a wide range of goods and services. At the same time, factors that may lead to renewed price pressures continue to prevail.

Domestic uncertainties. First, the persistence of elevated aggregate demand in the economy may limit a sustained decline in prices. Rapid growth in lending, rising remittance inflows, and increasing household incomes are stimulating consumption and contributing to stronger aggregate demand.

High gold prices may increase budget revenues and, correspondingly, lead to higher government spending, which could generate additional demand in the economy.

Disruptions in energy and fuel supply, as well as external constraints affecting the supply of food products, may increase production costs and exert additional pressure on prices.

In addition, persistently elevated inflation expectations among households and businesses may limit the pace of disinflation and could require maintaining tight monetary conditions for a longer period in order to anchor expectations.

External uncertainties. Uncertainty in the external environment remains elevated. Geopolitical developments and the high volatility of global commodity and energy prices may affect export revenues as well as domestic inflation through import prices.

II. CURRENT MACROECONOMIC CONDITIONS

2.1. Domestic economic activity and aggregate demand factors

Economic activity remained elevated in 2025 Q4, with real GDP growth reaching 7.7 percent for the entire year. High investment activity, fiscal spending, remittance inflows, and a significant increase in lending to households have supported income growth and consumption demand in the economy.

From the supply side, sustained and robust growth in the industrial, services, and construction sectors was among the main drivers of economic expansion.

Economic Growth. In Q4, economic growth was primarily driven by the construction and services sectors (Figure 2.1.1). In 2025, the volume of construction work increased by 14.2 percent. This growth was supported by the implementation of infrastructure projects by both the public and private sectors, expanding private investment, increased housing construction activity, as well as the development of production and logistics facilities (Figure 2.1.2).

Strong growth in the services sector has been driven by robust domestic demand as well as the accelerated pace of digitalization. In 2025, services sector growth reached 14.7 percent. Particularly strong performance was observed in financial services, information and communication services, and the hospitality and food services sector.

Figure 2.1.1. The contribution of industries to the acceleration of economic growth, percentage points

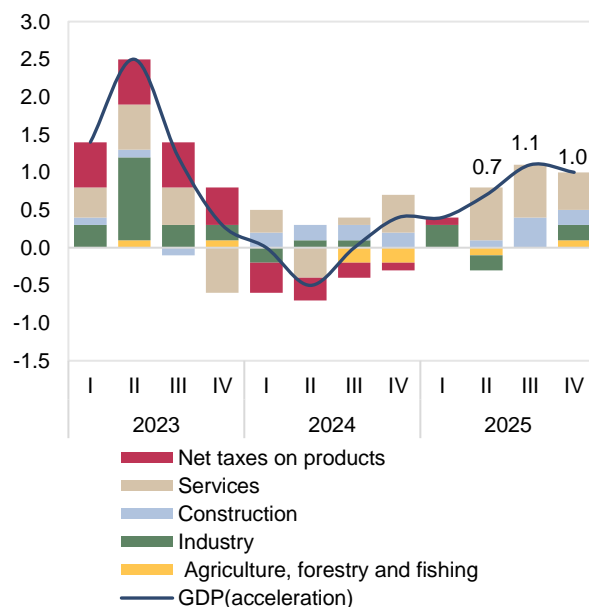
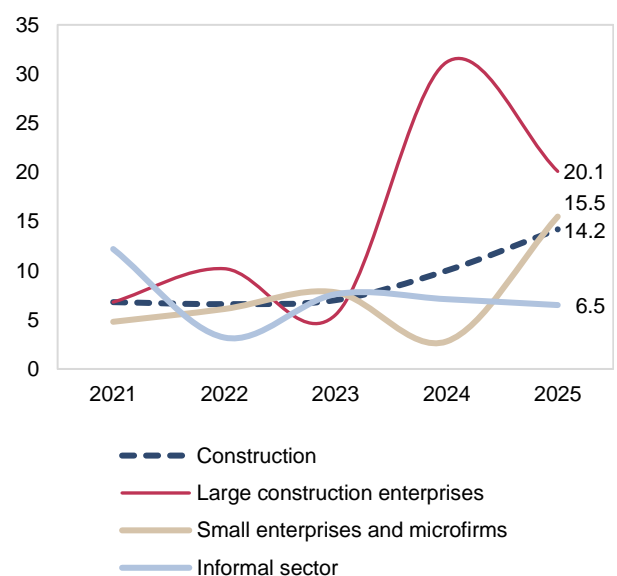


Figure 2.1.2. Construction growth rates, cumulative, percent



Source: National Statistics Committee.

The expansion of financial services is largely explained by the rapid development of financial technologies, online banking, and digital payment instruments, the emergence of new financial products, and the increasing demand for these services from both households and businesses.

Growth in information and telecommunications services has also been supported by the continued expansion of the information technology sector and its deeper integration into other sectors of the economy, including finance, trade, and logistics.

Developments in the hospitality and food services sector reflect rising real household incomes and the increasing share of services in household consumption (Figure 2.1.3).

Economic growth has been supported by steadily increasing domestic consumption demand, strong investment activity, and favorable external conditions for exports. Despite some moderation, investment growth remained at a relatively high level.

The main investment inflows were driven by foreign direct investment, as well as loans and borrowings attracted amid the gradual easing of financial conditions in global financial markets. Domestic investment was largely financed by public investment and household funds directed toward housing construction (Figure 2.1.4).

Figure 2.1.3. Dynamics of market services, by industry, percent

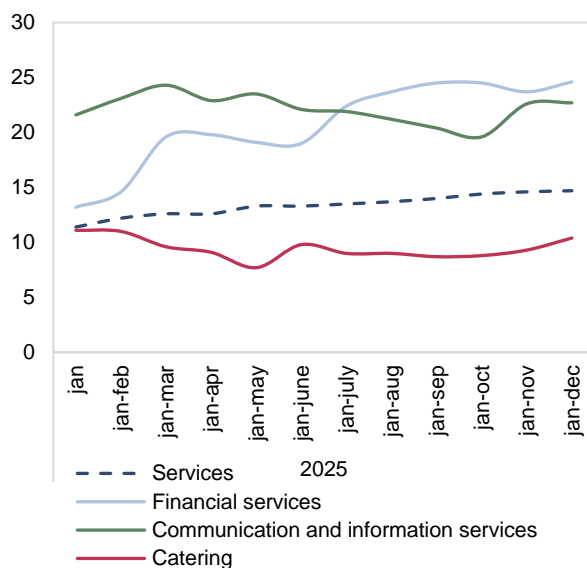
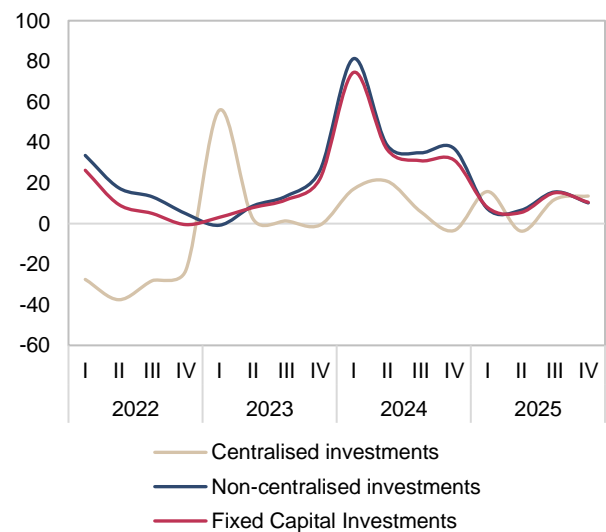
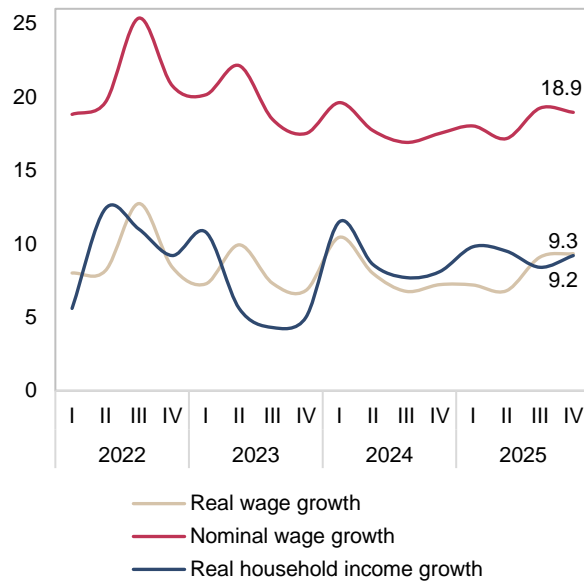


Figure 2.1.4. Real growth of assimilated investments in fixed assets, cumulative, percent



Source: National Statistics Committee.

Figure 2.1.5. Growth rates of real wages and incomes, percent

Source: National Statistics Committee.

Figure 2.1.6. Dynamics of state budget expenditures, percent

Source: Ministry of Economy and Finance.

The acceleration of economic activity was also reflected in increased demand for labor and a rise in the number of job vacancies. Nominal wages continued to grow at a strong pace, while the slowdown in inflation supported an increase in real wages (*Figure 2.1.5*). As a result, real wage growth reached 9.3 percent by the end of 2025.

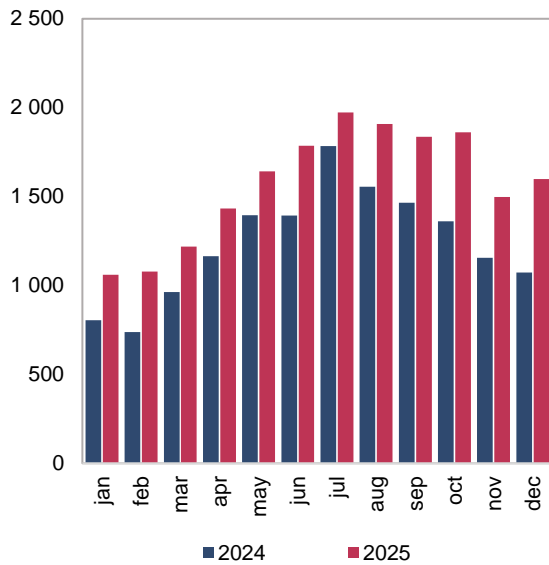
In addition, the sharp increase in global commodity prices led to a significant rise in government budget revenues, which was accompanied by a corresponding expansion in public expenditures. In particular, government spending increased by 23.5 percent year-on-year by the end of the year (*Figure 2.1.6*).

At the same time, the volume of cross-border remittance inflows remained strong in 2025 Q4, increasing by 27.2 percent. This supported the growth of real household incomes and created additional upward pressure on aggregate demand (*Figure 2.1.7*).

External trade. In Q4, strong growth was recorded in food exports and services exports. The main drivers of export growth were developments in global commodity prices in line with external market conditions, as well as increasing export volumes of certain industrial and agricultural products. The rise in services exports was largely explained by the growing number of foreign tourists visiting the country (*Figures 2.1.8*).

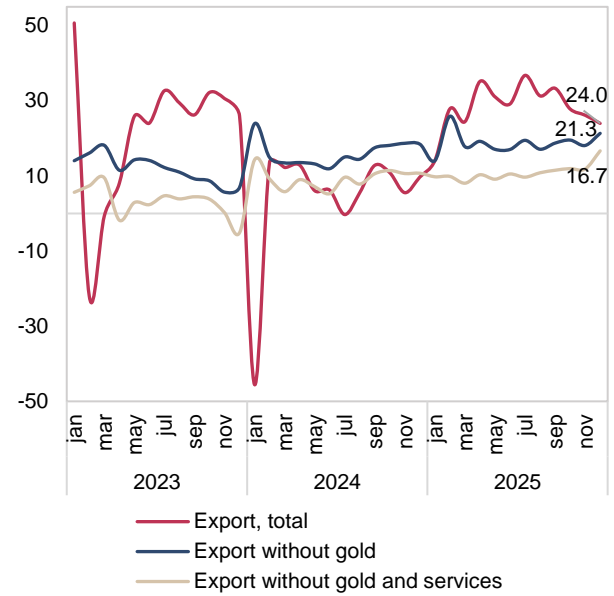
Positive growth was observed across all components of imports. Imports of manufactured goods and capital equipment made the largest contribution to overall import growth (*Figure 2.1.9*).

Figure 2.1.7. Volume of cross-border remittances, million dollars



Source: Central bank of Uzbekistan.

Figure 2.1.8. Export growth rates, cumulative, in percent

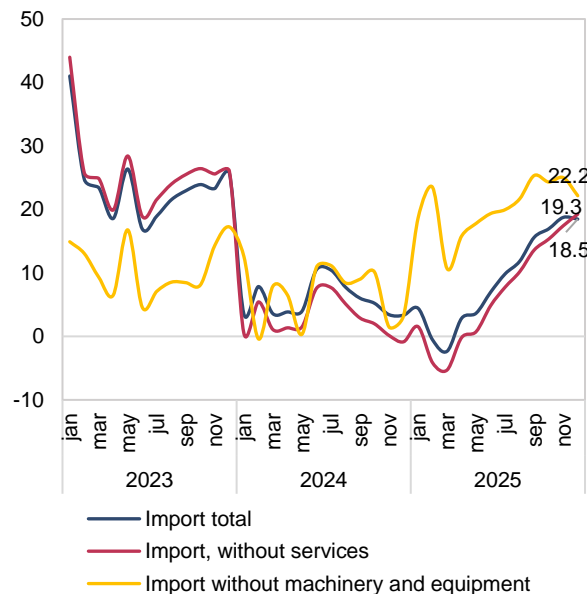


Source: National Statistics Committee.

The real effective exchange rate strengthened by 15.4 percent in December 2025 relative to the base period (*September 2019*), while it depreciated slightly by 0.1 percent compared to the beginning of the year (*Figure 2.1.10*).

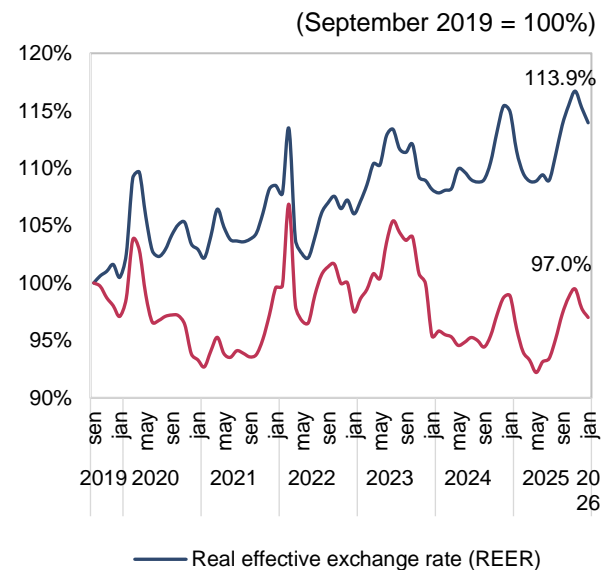
This development is explained by the gradual slowdown in inflation and its convergence toward the average level of major trading partners, as well as the moderate appreciation of the Uzbek soum in line with exchange rate movements in partner countries.

Figure 2.1.9. Import growth rates, percent



Source: CBU calculations.

Figure 2.1.10. Real effective exchange rate



2.2. Analysis of inflation dynamics

In 2025, headline inflation evolved in different directions under the influence of a range of demand and supply-side factors. In particular, at the beginning of the year, disruptions in the external supply of certain food products, along with the secondary effects of energy price increases implemented in the previous year, led to an increase in headline inflation from 9.9 percent in January to 10.3 percent in March.

Starting from May, disinflation began to dominate in the economy, and headline inflation followed a declining trend, falling to 7.3 percent at the end of the year.

The main driver of this decline was the gradual fading of the high base effect that emerged in 2024 following increases in energy tariffs and the removal of certain subsidies.

Core inflation also declined during the year, falling from 7.3 percent to 5.7 percent, indicating increasing stability in price formation in the economy. Nevertheless, demand-side pressures persisted to some extent during the year, driven by rising household incomes and strong demand for consumer credit.

Inflation in **the food products** group followed an upward trend during 2025, rising from annual 2.6 percent in January to 5.5 percent in December. Price dynamics in this group were mainly driven by the fading effects of relatively low fruit and vegetable inflation observed in 2024, the subsequent upward trend in prices of these products during the year, and significant increases in the prices of meat and vegetable oils.

Figure 2.2.1. Dynamics of annual changes in general and core inflation, percent

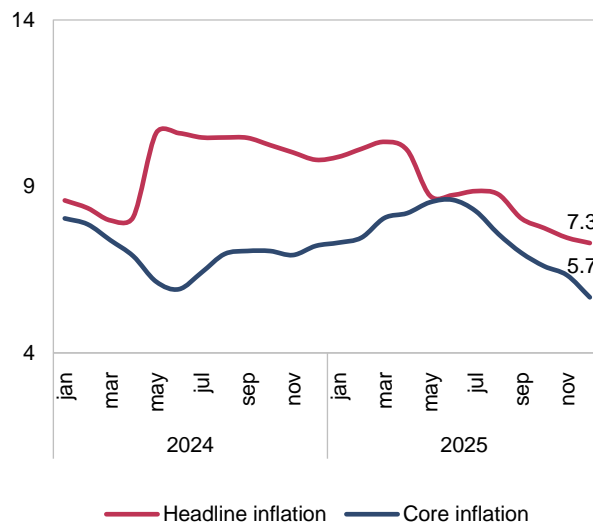
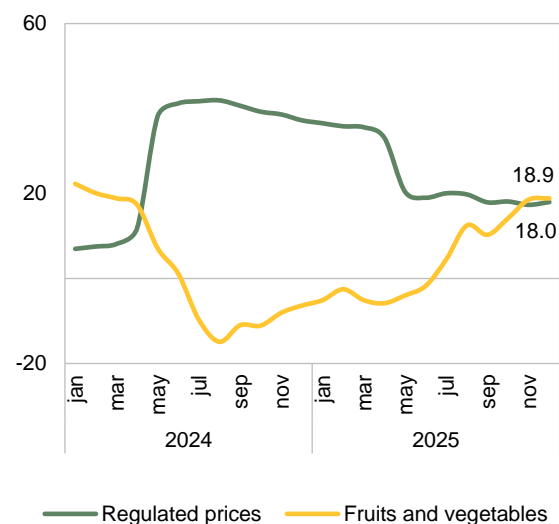


Figure 2.2.2. Regulated prices and inflation of fruits and vegetables, percent



Source: CBU calculations based on data from National Statistics Committee.

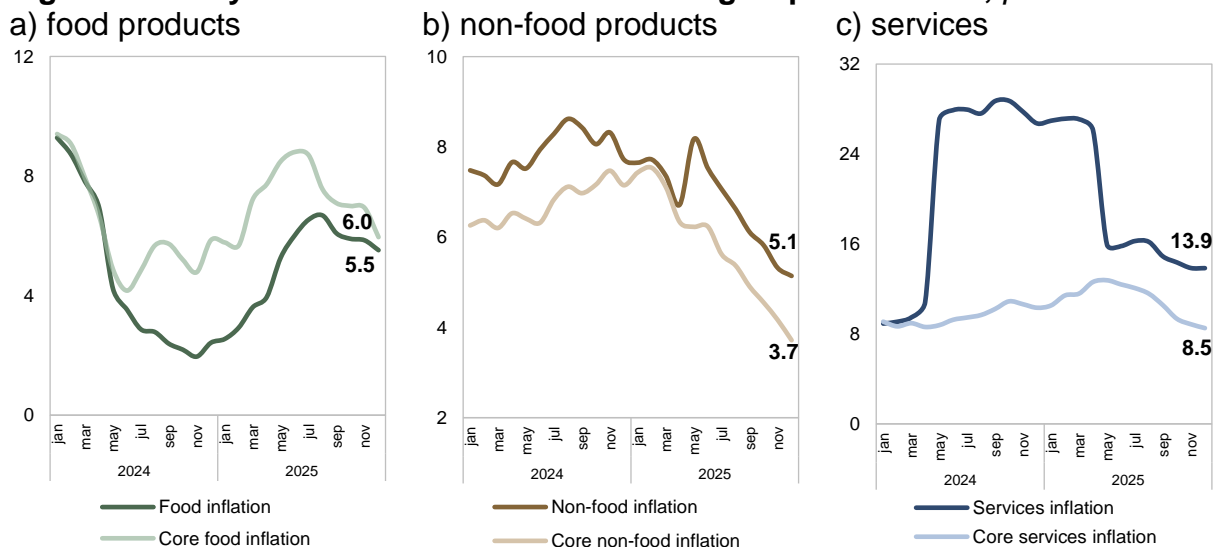
In particular, inflation for meat products rose to 23.6 percent in July, before declining to 18.4 percent by the end of the year. Prices for fruits and vegetables shifted from 5.1 percent deflation at the beginning of the year to 18.9 percent growth by year-end.

Inflation for **non-food products** slowed during the year from 7.7 percent to 5.1 percent. This decline was largely driven by a sharp reduction in inflation for the pharmaceutical products group, which fell from 25.5 percent to 4.6 percent. The appreciation of the national currency also helped contain prices of imported goods. However, motor fuel prices remained elevated throughout the year, recording 20.3 percent year-on-year growth in December.

Services inflation played a significant role in the overall decline in inflation, falling from 27.0 percent in January to 13.9 percent in December. This was mainly due to the fading of the first-round effects of energy tariff increases implemented in 2024. In particular, inflation for utility services declined from 66.6 percent in January to 26.0 percent in December.

Nevertheless, services inflation remains higher than headline inflation, indicating the persistence of demand-side pressures in this sector. Although core inflation declined compared to the previous year by the end of the year, its dynamics varied throughout the year. In particular, rising inflation in the food and services components of core inflation during the first half of the year contributed to an increase in core inflation. However, the steady slowdown in non-food price growth throughout the year, together with the decline observed across all components in the second half of the year, led to an overall decline in core inflation by year-end.

Figure 2.2.3. Dynamics of inflation of the main groups of the CPI, percent



Source: CBU calculations based on data from the National Statistics Committee.

At the same time, core services inflation has been declining more slowly than in other groups. This may be explained by the persistence of strong aggregate demand pressures in the economy, as well as the second-round effects of changes in energy supply conditions that have passed through to production costs. These factors have been particularly reflected in the prices of transportation, logistics, and hospitality services, thereby sustaining inflationary pressures in the sector.

In parallel, declines in alternative measures of core inflation, namely the trimmed CPI and the median CPI confirm, that the stabilization of prices in the consumer basket has been broad-based.

In particular, the trimmed CPI declined from 5.8 percent at the beginning of the year to 4.1 percent in December, while the median CPI fell from 4.9 percent to 3.2 percent over the same period.

Overall, 2025 marked a period of gradual easing of inflationary pressures and strengthening price stability. Amid strong economic activity, steady growth in nominal wages, and rising remittance inflows, the maintenance of relatively tight monetary conditions played an important role in restraining demand-side pressures and anchoring inflation expectations.

In addition, the appreciation of the national currency throughout the year helped reduce external inflationary pressures transmitted through imported goods. Declining prices for certain key food commodities in global markets, particularly grain and sugar, also contributed to stabilizing prices in the domestic market.

Figure 2.2.4. Dynamics of core inflation, trimmed inflation, and the median CPI, percent

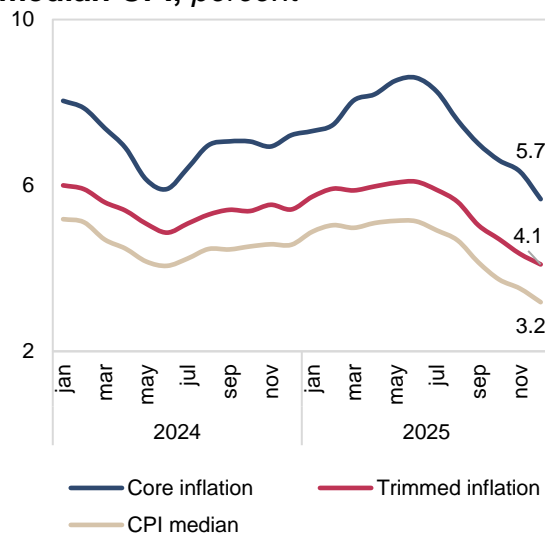
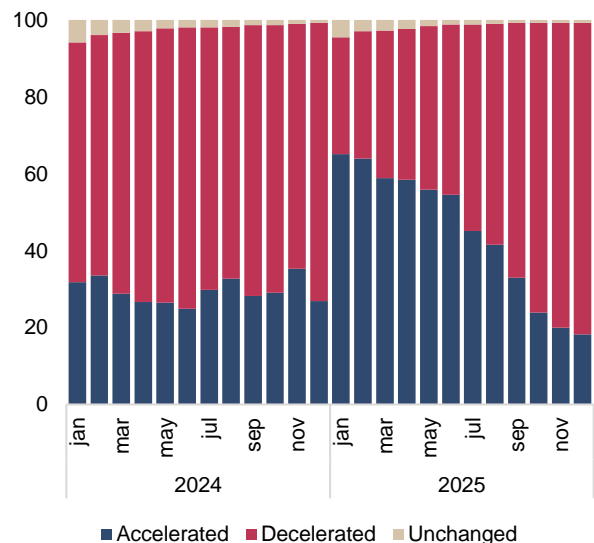


Figure 2.2.5. Annual comparative price changes, percent



Source: CBU calculations based on data from the National Statistics Committee.

Price stabilization in the domestic economy covered a broad range of goods and services in the consumer basket. Nevertheless, the relatively elevated level of services inflation, together with rising household incomes and strengthening consumption demand, suggests the need to maintain a cautious monetary policy stance and to closely monitor potential risks that may arise from the supply side.

Box 3.

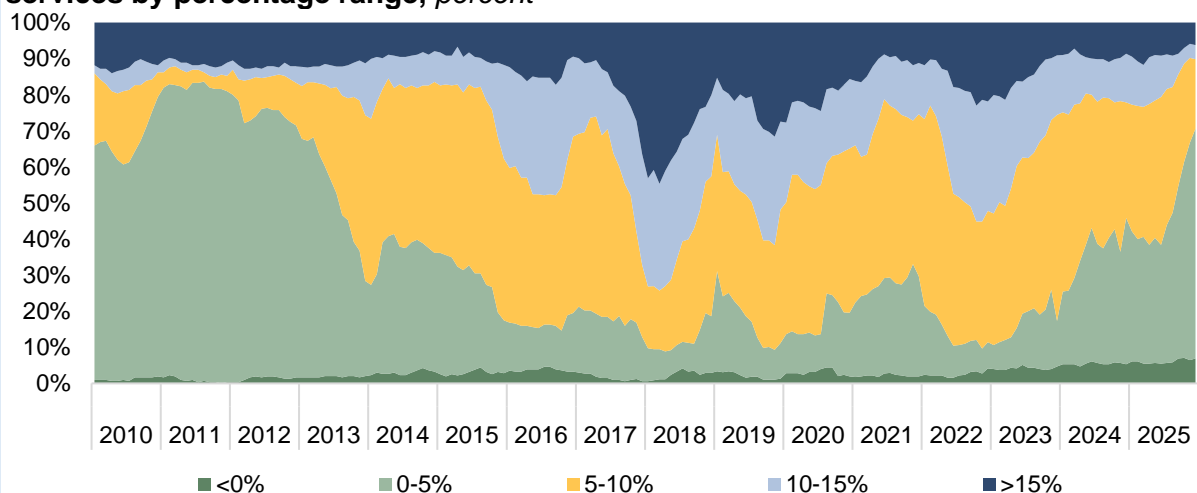
Structural Analysis of Price Changes in Goods and Services within the Consumer Price Index

In 2025, inflation entered a stable disinflation trajectory, declining from 9.8 percent at the beginning of the year to 7.3 percent by year-end. Although this represents the lowest level recorded since 2016, focusing solely on headline inflation does not provide a complete assessment of whether price dynamics have become sustainably stable.

For the disinflation to be considered sustainable, the slowdown in price growth should cover the majority of goods and services in the consumer basket. In some cases, the decline in headline inflation may be driven primarily by price decreases in highly volatile components, such as fuel or fruits and vegetables. At the same time, prices of core goods and services in the consumer basket may continue to grow at relatively high rates.

Under such conditions, once the prices of temporarily cheaper goods begin to rise again, inflation may quickly return to an upward trend. While core inflation, which excludes highly volatile components such as fruits, vegetables, and fuel, generally provides a more accurate picture of underlying inflation dynamics compared to headline inflation, this indicator can still be sensitive to sharp price changes in certain goods and services within its composition.

Figure 1. Dynamics of the distribution of annual changes in prices for goods and services by percentage range, percent



Source: CBU calculations based on data from National Statistics Committee.

Therefore, in order to assess whether inflation is broad-based and sustainable, it is important not to rely solely on aggregate indicators. Instead, distributing goods and services in the consumer basket according to their price changes and analyzing the structural shifts over time can provide more informative conclusions.

For this purpose, the analysis uses data on goods and services included in the Consumer Price Index basket for the period 2010-2025. During the calculation process, the price change of each good and service relative to the corresponding period of the previous year (*year-on-year inflation*) was determined. Based on their growth rates, the items were grouped into five main intervals: below 0 percent, 0-5 percent, 5-10 percent, 10-15 percent, and above 15 percent.

It should be noted that the results of this analysis were constructed based on the number of items in the consumer basket. The share of each interval was calculated as the ratio of the number of goods and services falling within a given interval to the total

number of items observed. This approach makes it possible to assess the breadth of inflation across different goods and services.

According to the results of the analysis, during 2010-2016 inflation for nearly 80 percent of goods and services included in the CPI basket remained below 10 percent. However, these figures do not fully reflect the actual inflationary environment of that period.

First, the coverage of the consumer basket differed across the compared periods. In particular, during 2010-2016 the CPI basket included slightly more than 300 goods and services, while from 2020 onward the number increased to over 500 items.

Second, prices of many essential goods and services that play a key role in daily household consumption increased by more than 10 percent. For example, among key food products, high price growth was observed for onions (*average annual increase of 40 percent*), potatoes (*30 percent*), carrots (*27 percent*), meat (*13 percent*), and bread (*11 percent*). Similarly, substantial increases were recorded in utility tariffs, including piped gas (*31 percent*), cold and hot water (*23-24 percent*), heating (*21 percent*), and electricity (*16 percent*). This trend was also observed in important services and non-food products such as higher education (*29 percent*), preschool education (*18 percent*), mobile communication services (*15 percent*), and gasoline (*14 percent*).

At the same time, the relatively “low” headline inflation observed during 2010-2016 can also be explained by macroeconomic factors restraining aggregate demand. In particular, relatively low real household incomes, limited credit expansion, restrained fiscal stimulus, and modest volumes of cross-border remittances reduced demand-side pressures on prices.

Economic liberalization reforms initiated in 2017, particularly the liberalization of the foreign exchange regime and external trade, brought previously accumulated demand-side inflationary pressures to the surface. As prices began to form based on market principles and aggregate demand strengthened, supported by rapid credit growth and increased fiscal spending, inflation became more broad-based across the entire consumer basket. As a result, during 2017-2021, nearly half of the goods and services included in the CPI basket (*on average 44 percent*) recorded annual price increases of above 10 percent (*Figure 2*).

The Central Bank’s active transition to the inflation targeting regime starting in 2020, accompanied by the broader use of monetary policy instruments and the maintenance of relatively tight monetary conditions, contributed to a slowdown in price growth during 2022–2025. This is also reflected in the increasing share of goods and services with annual price increases below 10 percent and below 5 percent. In particular, during this period nearly 70 percent of goods and services recorded inflation below 10 percent.

Since the beginning of 2024, the number of goods with inflation exceeding 10 percent has declined sharply, and by the end of 2025 their share had fallen to around 10 percent. This suggests that elevated price increases are no longer systemic in nature but are instead concentrated in specific product groups.

The decline in inflation during 2025 became increasingly broad-based. By the end of the year, the share of goods and services with annual price increases of up to 5 percent or with price declines approached 70 percent of all observed items. For comparison, this indicator averaged only 30-40 percent during 2022-2023, which indicates a clear stabilization of price dynamics (*Figure 3*).

Figure 2. Average distribution of price changes across different periods

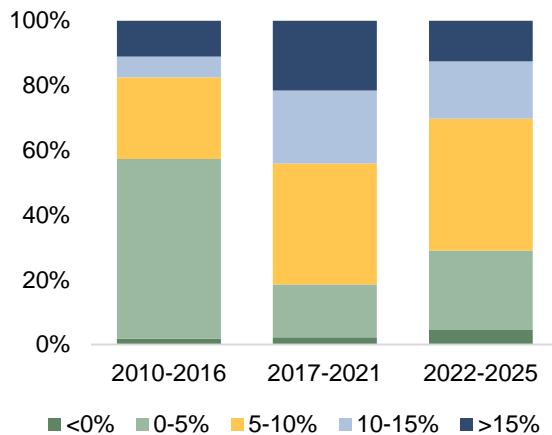
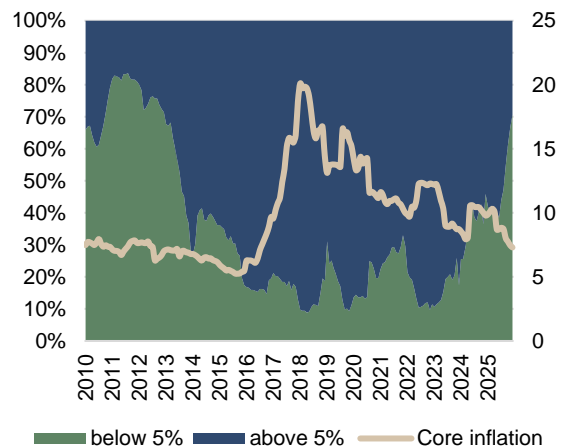


Figure 3. Headline inflation and the share of goods and services with price changes above and below 5 percent



Source: CBU calculations based on data from National Statistics Committee.

In addition, since the second half of 2025, the increasing number of goods whose prices have declined compared with the previous year (*deflation*) also indicates the stabilization of price dynamics.

In conclusion, the declining trend in headline inflation observed in recent years has not been driven solely by price declines in specific groups of goods and services. Rather, it reflects a broad-based slowdown in price growth across most items in the consumer basket. The widespread nature of this price stabilization suggests that the disinflation process is increasingly supported by fundamental macroeconomic conditions rather than short-term factors.

Looking ahead, maintaining sufficiently tight monetary conditions will be crucial to ensure that these positive structural developments remain stable and persistent, thereby supporting the continued decline of inflation toward the 5 percent target.

2.3. Monetary conditions

In Q4, certain inflationary risks persisted in the economy due to factors supporting aggregate demand and the relatively high price dynamics in the services sector. Under these circumstances, the Central Bank maintained the policy rate unchanged in order to preserve tight monetary conditions.

In the last quarter, the presence of tight monetary conditions in the economy can be observed through the alternative indicators of monetary conditions (Figure 2.3.1).

According to the analysis of these indicators, the decline in inflation in the final months of 2025, together with the Central Bank’s liquidity-absorbing operations and the growth of term and savings deposits in the national currency, contributed to tightening monetary conditions.

At the same time, the liquidity position of the banking system and the growth of loans denominated in the national currency extended to the economy exerted a moderating (*easing*) influence on monetary conditions.

In addition, the real policy rate continued to increase (*calculated relative to the current inflation rate*) and reached 6.2 percent at the end of December 2025, contributing to the maintenance of tight monetary conditions in the economy (Figure 2.3.2).

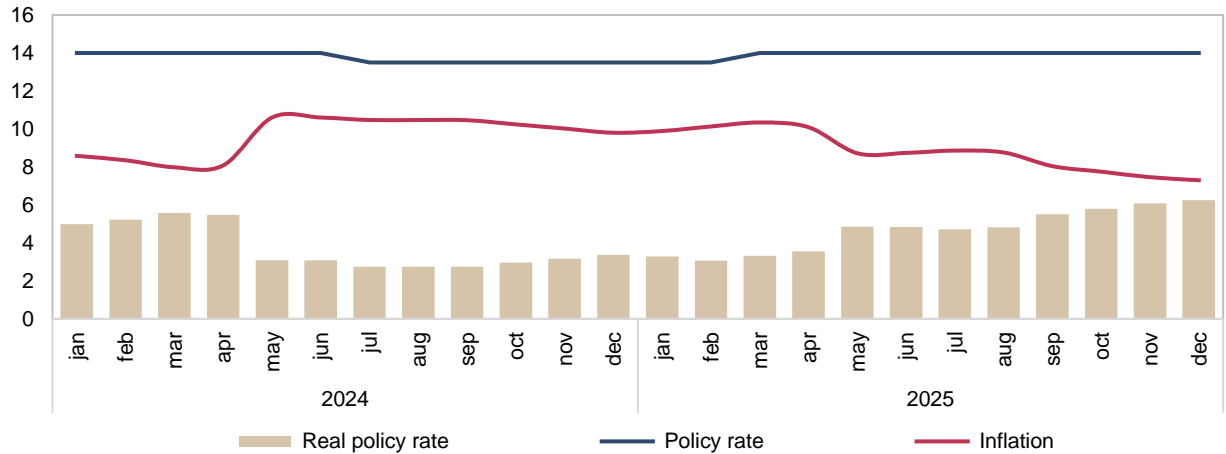
In 2025 Q4, the liquidity surplus in the banking system increased by 48.8 percent compared to Q3, largely reflecting the significant increase in government budget expenditures relative to previous quarters.

Figure 2.3.1. Indicators of monetary conditions

Indicators (Level of tightness) Loose Tight	2024												2025											
	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec
Policy rate (in real terms)	Red	Red	Red	Red	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	
UZONIA (in real terms)	Red	Red	Red	Red	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	
Liquidity position	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	
Average yield on government securities	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	
Growth of term and saving deposits in national currency	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	
Growth of loans in national currency	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	
Spread between inflation and households inflation expectations	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	
Spread between inflation and enterprises inflation expectations	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	

Source: CBU calculations.

Figure 2.3.2. Dynamics of the real rate of the key rate, percent



Source: CBU calculations.

In particular, during this period the total impact of budget operations amounted to UZS 28.8 trillion, with the largest share occurring in December (UZS 17.3 trillion). It is noteworthy that budget operations accelerated sharply in December, reaching the highest level recorded during 2024-2025 (Figure 2.3.3).

As a result, the system-wide liquidity surplus continued to increase during the last quarter, reaching an average daily level of UZS 41.7 trillion in December, compared with UZS 21.1 trillion in Q3.

To prevent sharp fluctuations in money market interest rates and to regulate banking system liquidity, the Central Bank actively utilized monetary policy instruments for liquidity absorption (Figure 2.3.4). In particular, 7-day Central Bank bonds were the main instrument used for liquidity absorption. During the quarter, the average daily outstanding volume of these bonds amounted to UZS 25.5 trillion, compared with UZS 13.5 trillion in Q3.

Figure 2.3.3. Impact of budget operations, trillion soums

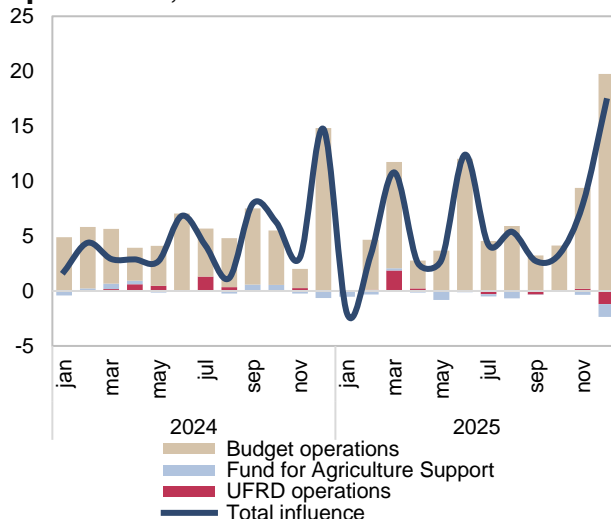
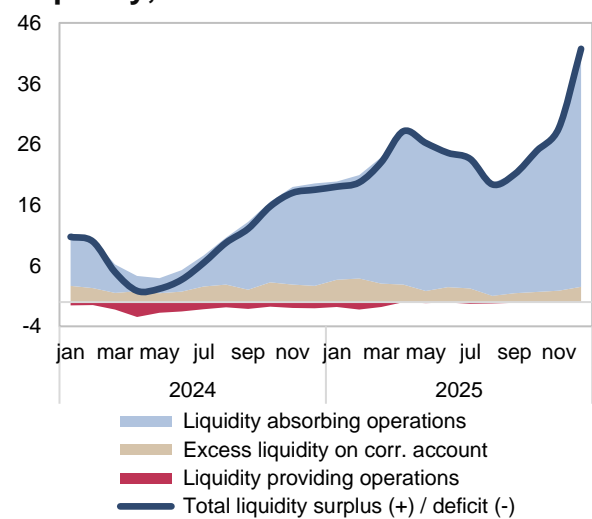


Figure 2.3.4. State of Banking System Liquidity, trillion soums



Source: CBU calculations.

In addition, demand for overnight deposit operations by banks remained high. While the average daily balance of these operations amounted to UZS 2.2 trillion in September, this figure increased to UZS 6.4 trillion by December (*Figure 2.3.5*).

At the same time, under conditions of system-wide liquidity surplus, there was virtually no demand for Central Bank liquidity-providing operations (*excluding the intraday credit facility*).

As a result, money market interest rates stabilized, and the average UZONIA rate during the quarter increased by 0.8 percentage points compared to the previous quarter, reaching around 13.9 percent, close to the policy rate. This indicates that the Central Bank successfully achieved its operational target during the period (*Figure 2.3.6*).

In Q4, the total volume of interbank money market transactions amounted to UZS 184 trillion, representing a 28 percent decline compared to the Q3 (*UZS 256 trillion*) (*Figure 2.3.7*).

The decline in the volume of interbank money market transactions compared to the previous quarter can be explained by the high level of liquidity surplus in the banking system, as well as by the greater attractiveness of the Central Bank’s liquidity absorption operations, given prevailing interest rate conditions.

In terms of maturity structure, the share of overnight operations averaged 86 percent, declining by 3 percentage points compared to Q3 (*Figure 2.3.8*).

Figure 2.3.5. Central Bank's monetary and credit operations, trillion soums

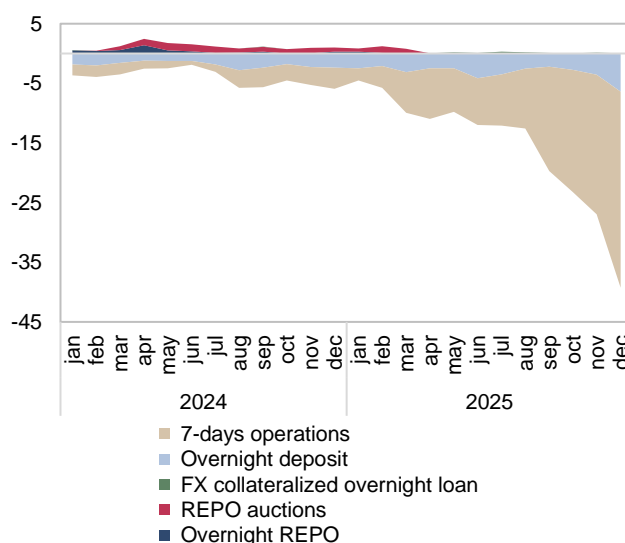
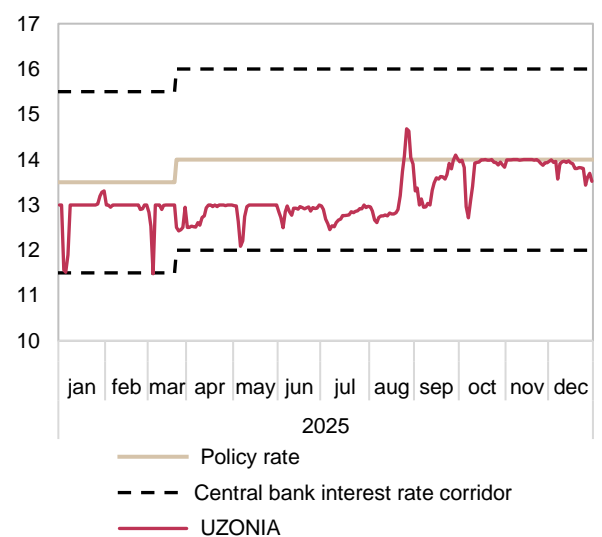


Figure 2.3.6. Dynamics of the UZONIA indicator, percent



Source: CBU calculations.

Figure 2.3.7. Money market volume, trillion soums

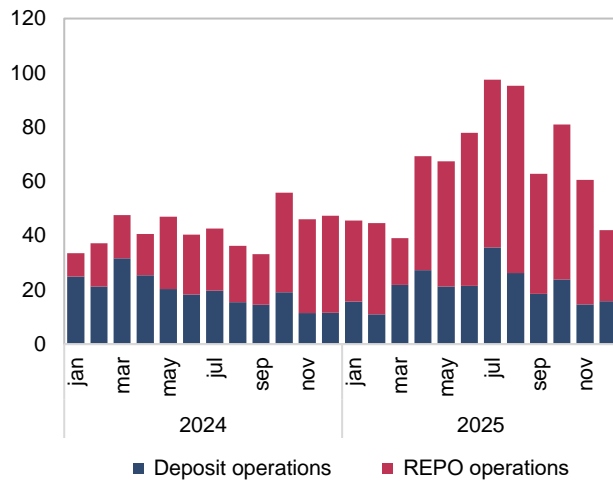
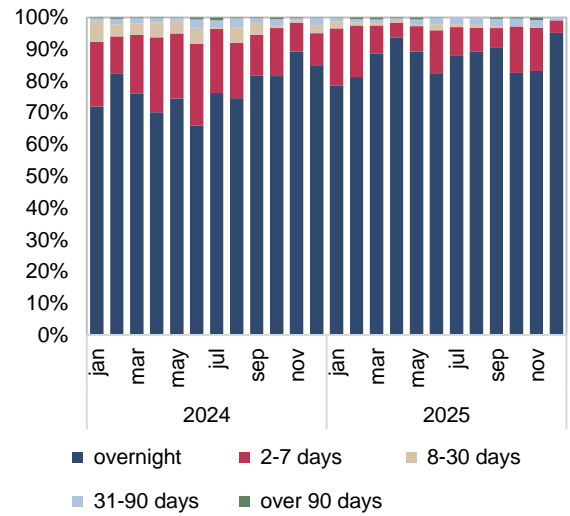


Figure 2.3.8. Money market transactions by term, percent



Source: CBU calculations.

Against the backdrop of relatively tight monetary conditions, the attractiveness of interest rates on deposits denominated in the national currency remained high. In particular, real interest rates on time deposits of households and businesses amounted to 8.2 percent and 4.8 percent, respectively, in December 2025 (Figure 2.3.9).

During 2025 Q4, relatively high real interest rates, together with the appreciation of the national currency, further increased the attractiveness of deposits denominated in Uzbek soums. As a result, strong growth in local currency deposits was observed.

Figure 2.3.9. Real interest rates on deposits in national currency, percent

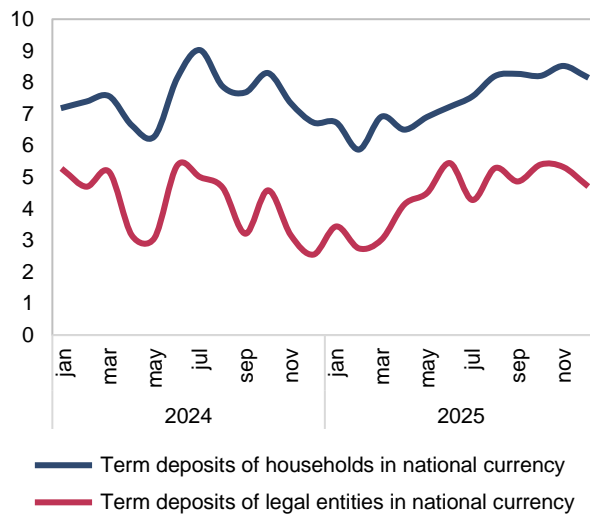
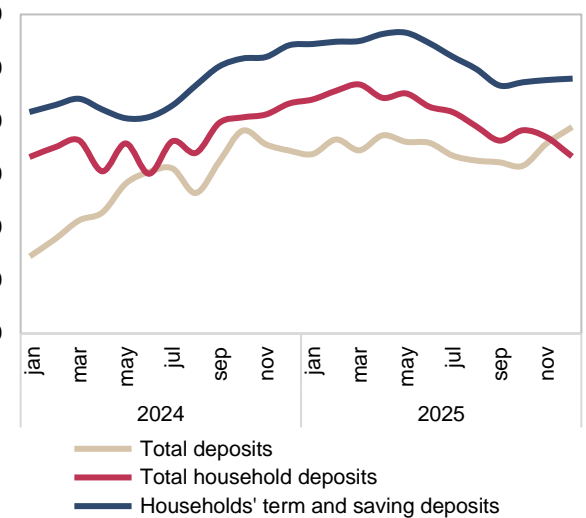


Figure 2.3.10. Dynamics of growth of deposits in national currency, annual, percent



Source: CBU calculations.

In particular, the annual growth of total deposits in national currency in the banking system reached 38.5 percent since the beginning of the year, with the outstanding stock of deposits reaching UZS 310 trillion as of January 1, 2026. Within this total, household deposits in soums increased by 33.7 percent, including a 47.9 percent increase in time and savings deposits (*Figure 2.3.10*).

The high level of real interest rates on deposits has, in turn, contributed to an increase in real lending rates. In particular, the real interest rate on loans to households and legal entities amounted to 10.7 percent in December (*Figure 2.3.11*).

At the same time, the annual growth of outstanding credit to the economy accelerated by 1 percentage point compared to the end of Q3, reaching 15.3 percent, with the total stock of loans amounting to UZS 653 trillion (*Figure 2.3.12*). The main driver of this growth was lending to households. Specifically, while the annual growth of household loans stood at 22.7 percent as of October 1, 2025, the annual growth rate of lending to individuals accelerated to 24 percent by the end of December.

Figure 2.3.11. Real interest rates on loans, percent

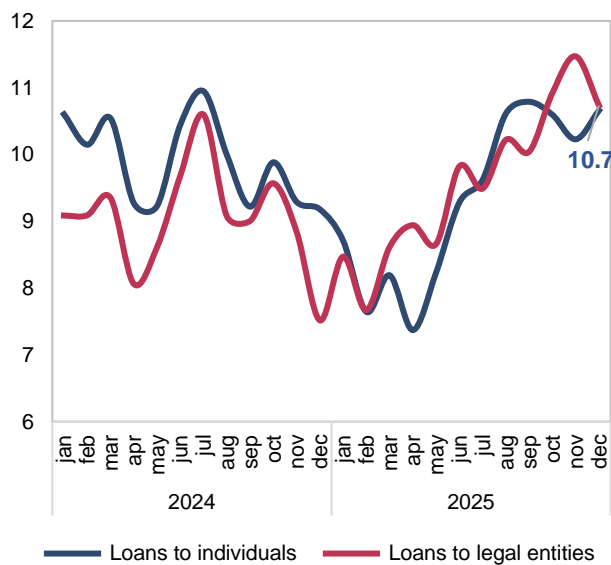
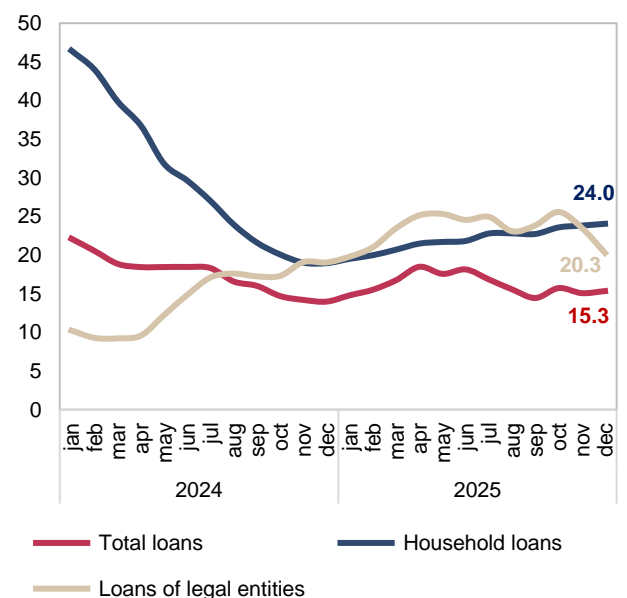


Figure 2.3.12. Change in the balance of loans allocated to the economy, annual, percent



Source: CBU calculations.

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