

# MONEY MARKET AND LIQUIDITY REVIEW

## Q3 2025

### Executive summary

December 2025

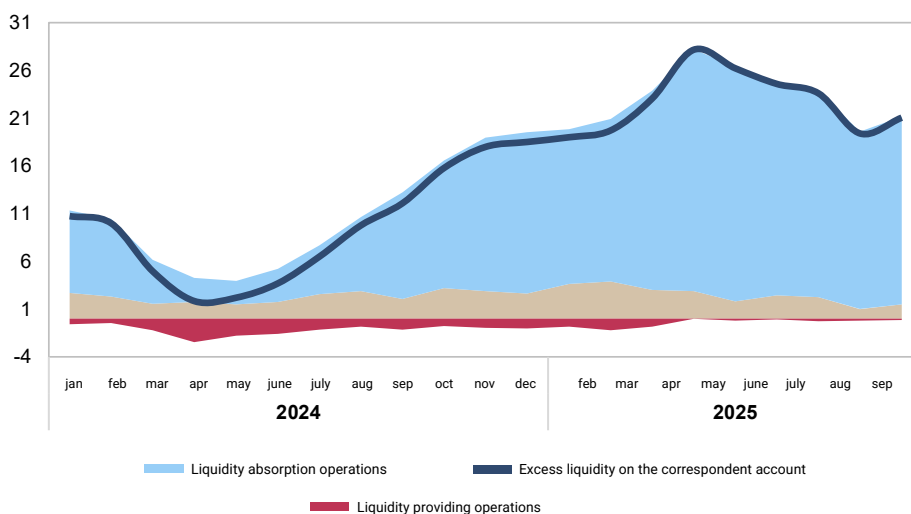
#### THE LIQUIDITY DYNAMICS IN Q3 2025

In Q3 2025, the average level of total liquidity surplus in the banking system amounted to 21.4 trillion soums, which was 18.6 percent lower compared to Q2 2025. In this context, the liquidity surplus declined from an average of 24.6 trillion soums in June to 19.4 trillion soums in August, while averaging 21.1 trillion soums in September.

Due to the expansion of the reserve requirement base, the system's average required reserves increased by almost 1 trillion soums compared to the second quarter and amounted to an average of 16 trillion soums. The additional 1.7 trillion soums of liquidity formed in banks' correspondent accounts served to ensure the continuity of settlements and the stability of the payment system.

At the same time, under the influence of seasonal factors, the increase in demand for cash led to a 3.3 trillion soums reduction in banking system liquidity by the end of the third quarter.

#### Overall liquidity position of the banking system, trillion soums



## IMPACT OF GOVERNMENT OPERATIONS ON LIQUIDITY

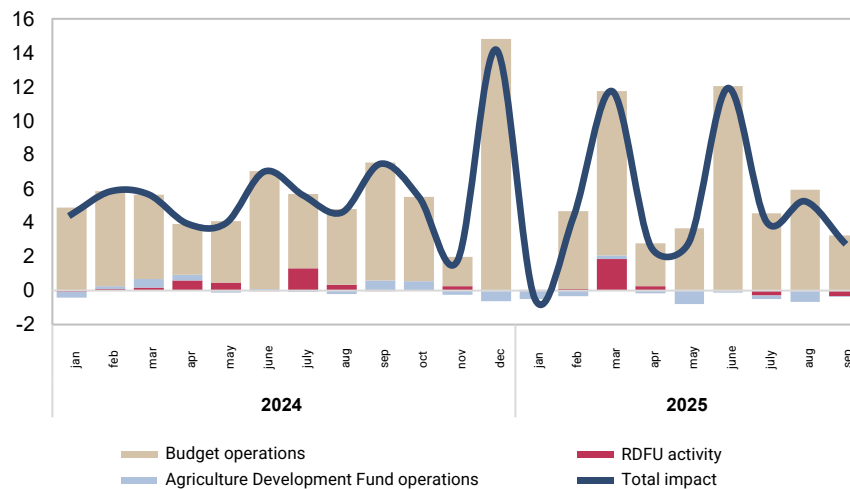
Government operations continued to have a net liquidity-increasing effect on the banking system in Q3 2025, with their volume amounting to about 12.2 trillion soums.

In addition, during the third quarter, 5.7 trillion soums of funds from budget organizations were placed as deposits through auctions via the banking system (in Q2 – 8.5 trillion soums). By September, average interest rates on these bank deposits had declined from 17.5 percent to 15.7 percent.

During the reporting period, the Ministry of Economy and Finance issued 6.3 trillion soums of government securities to finance budget expenditures, as a result of which the volume of securities in circulation reached 46.7 trillion soums as of 1 October 2025. At the same time, the issuance of government securities, the redemption of maturing bonds and the payment of coupons had a net liquidity-increasing effect on the banking system in the amount of 0.1 trillion soums.

Based on the seasonal pattern observed in previous years, it is expected that in the next quarter as well, budget operations will continue to have a liquidity-increasing effect on the banking system (with expenditures exceeding revenues). Furthermore, the continued issuance of government securities will, in turn, positively influence the activity of the primary and secondary markets for government securities, as well as the interbank REPO market.

### Impact of government operations on liquidity, trillion soums



## LIQUIDITY MANAGEMENT OPERATIONS

During Q3 2025, the Central Bank's monetary operations were mainly aimed at absorbing excess liquidity in order to keep money market interest rates within the interest rate corridor and close to the policy rate.

1-week deposit auctions, which traditionally had been the Central Bank's main liquidity-absorbing instrument, remained relatively less attractive. The reason is that these deposits are non-tradable and are not backed by collateral, which makes them less attractive for banks and limits the Central Bank's ability to fully absorb excess liquidity in the system. In order to address these issues, the Central Bank introduced changes to the operational framework of monetary policy and, starting from 1

August, began issuing 1-week Central Bank bonds as the main instrument for absorbing liquidity instead of 1-week deposit auctions.

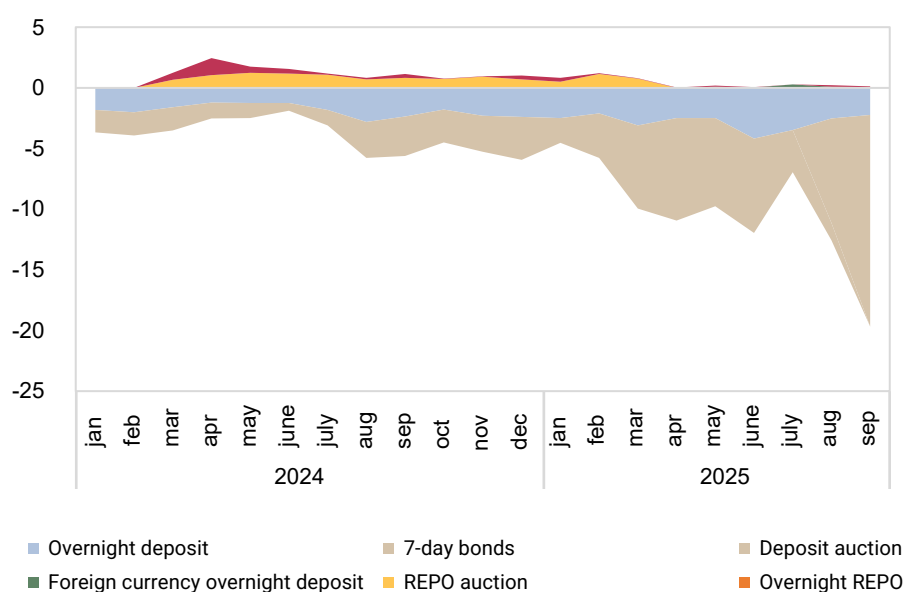
These bonds are securitised instruments, with the maximum yield set at the level of the policy rate. Unlike the previous instrument, these bonds may be used as collateral and can be used by commercial banks in liquidity-raising operations.

In particular, for the purpose of regulating interest rates, 7-day Central Bank bonds in the amount of 104.6 trillion soums were placed among commercial banks in Q3 2025, with an average yield of 14 percent.

As a result, by the end of the quarter, the UZONIA rate in the money market began to form at levels relatively close to the policy rate.

In the context of the continued liquidity surplus in the banking system, the accumulation of relatively longer-term free funds and strong demand for higher-yielding Central Bank bonds led to a decrease in demand for the Central Bank's overnight deposit facility as a liquidity-absorbing instrument. Consequently, the outstanding balance under this facility declined from 3.5 trillion soums in July to 2.2 trillion soums in September. The persistence of the liquidity surplus also resulted in low demand for liquidity-providing operations during Q3 2025. Demand for these operations arose mainly to cover short-term liquidity shortages observed at month-end, driven by seasonal factors. In particular, the main share of liquidity-providing operations consisted of overnight foreign-currency-collateralised loans, the average balance of which increased 1.7 times compared to the second quarter and reached 160 billion soums. At the same time, the daily average outstanding balance of overnight REPO operations remained almost unchanged at 49 billion soums, with 68 percent of such operations conducted in August.

## Monetary policy operations, trillion soums



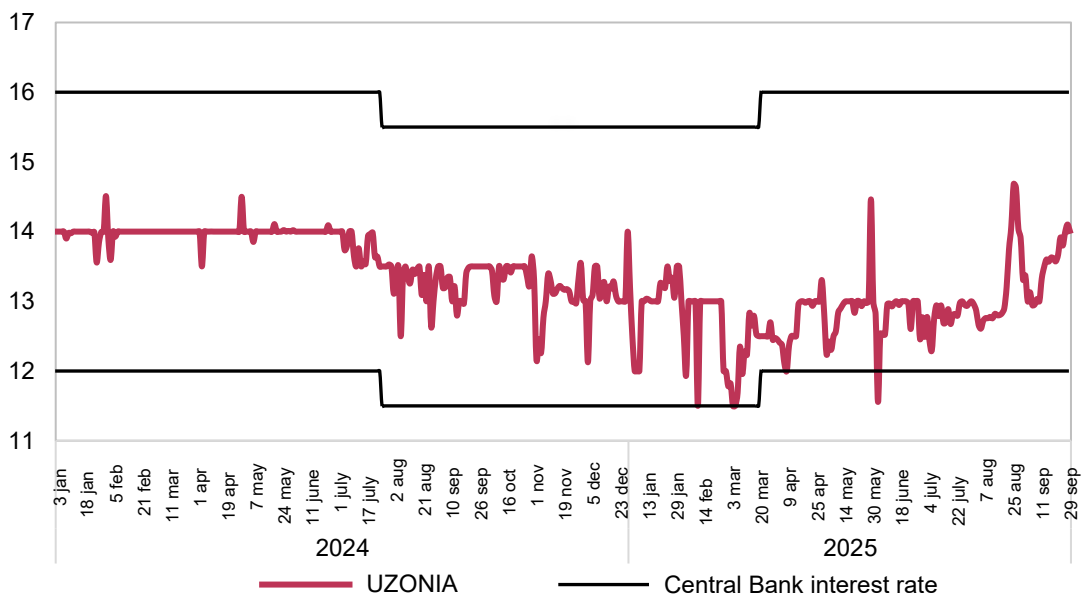
# INTERBANK MONEY MARKET

In Q3 2025, the turnover of the interbank money market totalled 255.6 trillion soums, an increase of 19 percent compared to the second quarter. The ratio of money market operations to quarterly GDP continued to grow and reached 51.5 percent (previous quarter – 45.2 percent).

REPO transactions dominated money market operations, accounting for 69 percent (175.2 trillion soums) of total volume. At the same time, the volume of interbank deposit operations also increased by 15 percent compared to the previous quarter, reaching 80.4 trillion soums. The dominance of REPO operations reflects the high demand for collateralised transactions in interbank dealings, which, in turn, arises from the need to manage liquidity and credit risks under conditions of reduced liquidity at month-end.

The weighted average interest rates on deposit and REPO operations rose to 13.6 and 13.2 percent respectively, although they remained below the policy rate. Interest rates showed an upward trend across all maturity segments: the average rate for overnight operations amounted to 13.5 percent, for 2–7 day operations – 14.4 percent, and for 8–30 day operations – 15.2 percent. Under the new methodology, the UZONIA rate, calculated on the basis of overnight REPO transactions, was formed within the interest rate corridor in September, averaging 13.5 percent.

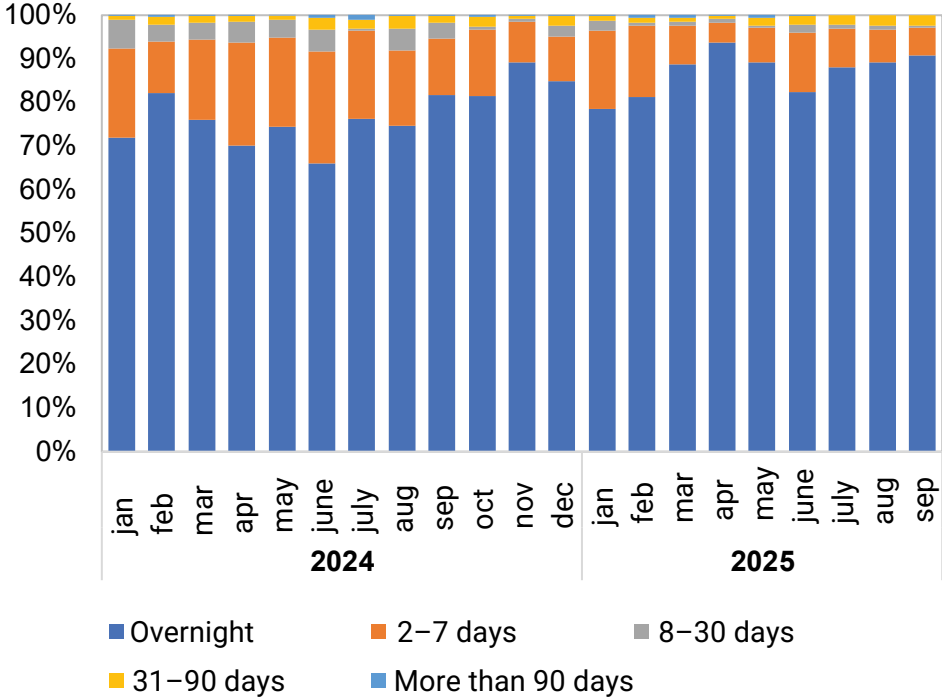
## Benchmark interest rate in the money market, percent



# SEGMENTATION OF THE INTERBANK MONEY MARKET

In Q3 2025, as in previous periods, the interbank money market was formed mainly on the basis of overnight operations, which accounted for 89.2 percent of total operations (in Q2 – 88 percent), with their volume increasing month by month throughout the quarter. The shares of 2–7 day and 8–30 day operations decreased to 7.6 and 0.8 percent respectively, while the share of operations with maturities over 30 days increased to 1.2 percent. The increase in activity in the interbank money market indicates the development of liquidity redistribution mechanisms in the banking system and the increasing efficiency of liquidity management. During the quarter, an average of 13 banks participated daily as providers of liquidity or as participants in need of liquidity, while 9 banks acted as net liquidity absorbers (in Q2 – 12 and 7 banks respectively). This indicates an increase in the number of participants in the interbank money market.

Share of money market operations by maturity, in percent



Herfindahl–Hirschman Index (HHI) indicators show that the segment of liquidity-absorbing operations remains relatively concentrated, while the degree of concentration in the liquidity-providing segment has declined significantly. This suggests that, under conditions of a liquidity surplus in the system, the competitive environment in the market has improved and liquidity is being redistributed across banks in a more balanced manner.

The full text of the Money Market and Liquidity Review is [available via link](#).