The Central Bank
of the Republic of Uzbekistan

MONETARY POLICY REVIEW

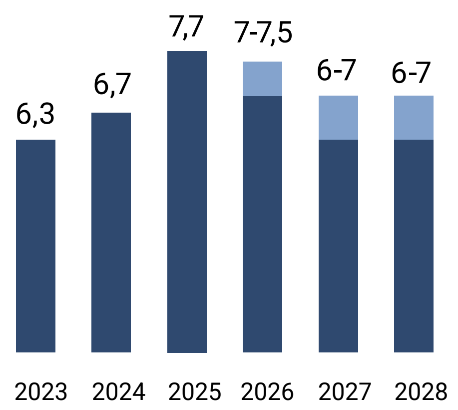
Executive summary

Q1 2026

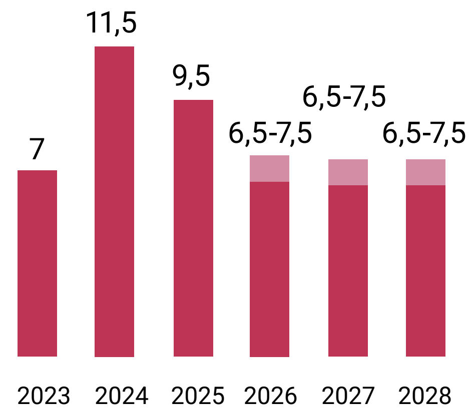
Economic Activity and Aggregate Demand

In the first quarter of 2026, economic activity accelerated further, while aggregate demand factors continued to support economic growth. The increase in investment volumes, growth in the services, construction, and trade sectors, as well as strong domestic demand, contributed to the acceleration of economic growth.

Forecast of real GDP growth rates, *percent*



Real growth rates of private consumption, *percent*

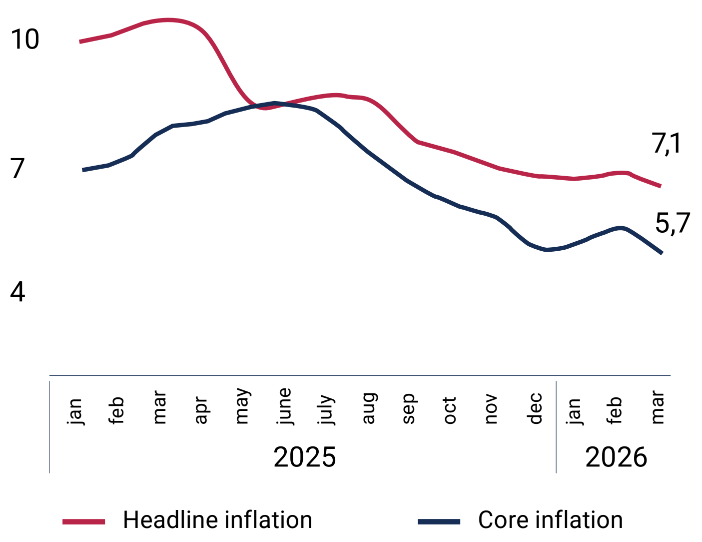


Source: Central Bank calculations.

Inflation and Inflation Expectations

Inflation continued to decline in the first quarter. In March 2026, **annual inflation** slowed to **7.1 percent**, remaining within the projected range. The decline in inflation was mainly driven by the fading impact of last year's high base effect for certain goods. **Core inflation** remained at **5.7 percent** year-on-year. At the same time, the recent moderation in broad-based disinflation indicates that inflationary pressures remain elevated.

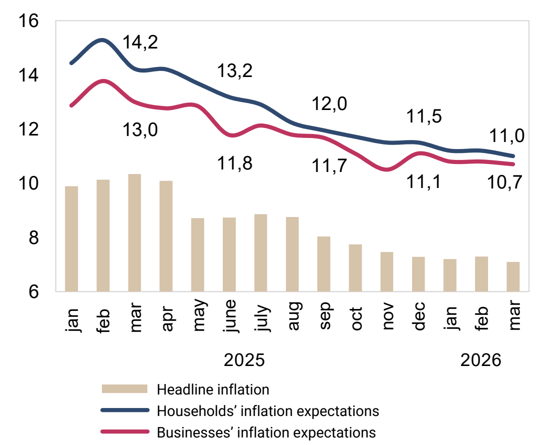
Annual change dynamics of headline and core inflation, *percent*



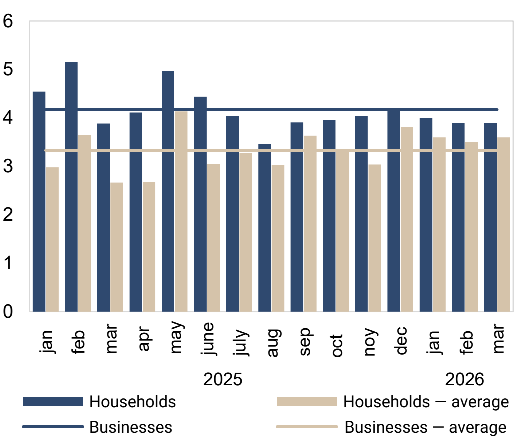
Source: Central Bank calculations.

Inflation expectations of households and businesses also continued to decline in March, although they remain above projected levels. Current inflation dynamics suggest that demand-side pressures in the economy continue to persist in the short term.

Dynamics of inflation expectations for the next 12 months and headline inflation, *percent*



Difference between inflation expectations and headline inflation, *percent*



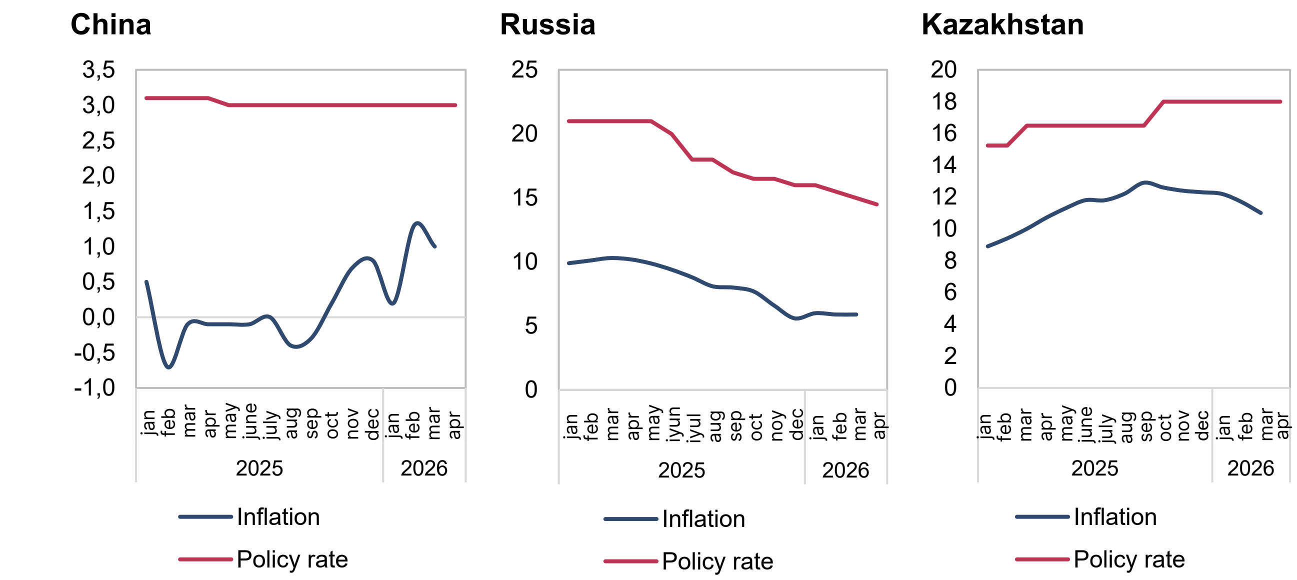
Source: Central Bank calculations.

External Economic Conditions

External economic uncertainty increased in the first quarter of 2026 amid rising geopolitical tensions. Risks associated with higher global energy and food prices, along with rising transportation and logistics costs, may create additional inflationary pressures through import channels.

At the same time, high gold prices, stable export revenues, growing remittance inflows and the appreciation of partner-country currencies continued to support foreign currency supply in the domestic market. These factors contributed to maintaining relatively stable conditions in the foreign exchange market.

Dynamics of the key rate and inflation in main partner countries, *percent*



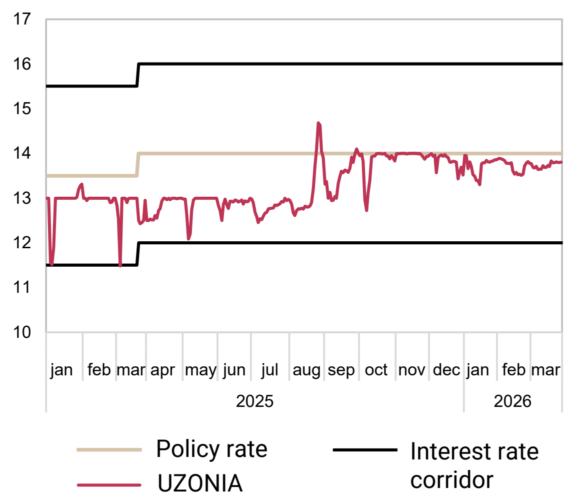
Source: Central Bank calculations.

Monetary Conditions and Policy Outlook

Monetary conditions remained sufficiently tight to ensure inflation gradually converges toward the 5 percent medium-term target. Positive real interest rates continued to support savings in the national currency and contributed to balanced credit growth.

At the same time, elevated aggregate demand factors, including investment activity and consumption demand, continue to maintain inflationary pressures in the economy. Under these conditions, maintaining sufficiently tight monetary conditions remains important for achieving price stability.

Dynamics of the key rate and inflation in main partner countries, *percent*



Source: Central Bank calculations.

Medium-Term Macroeconomic Projections

According to the **updated projections, inflation** is expected to remain around **6.5 percent** by the end of 2026, while **economic growth** is projected at **7–7.5 percent.**

Going forward, the Central Bank will continue to closely monitor inflation dynamics, inflation expectations, aggregate demand conditions, exchange rate trends and external economic risks. Monetary policy will remain focused on bringing **inflation** down to the **5 percent medium-term target**, ensuring macroeconomic stability and preserving households' purchasing power.