

ASIAN DEVELOPMENT OUTLOOK 2020

UPDATE

WELNESS IN WORRYING TIMES

Uzbekistan: Development Outlook

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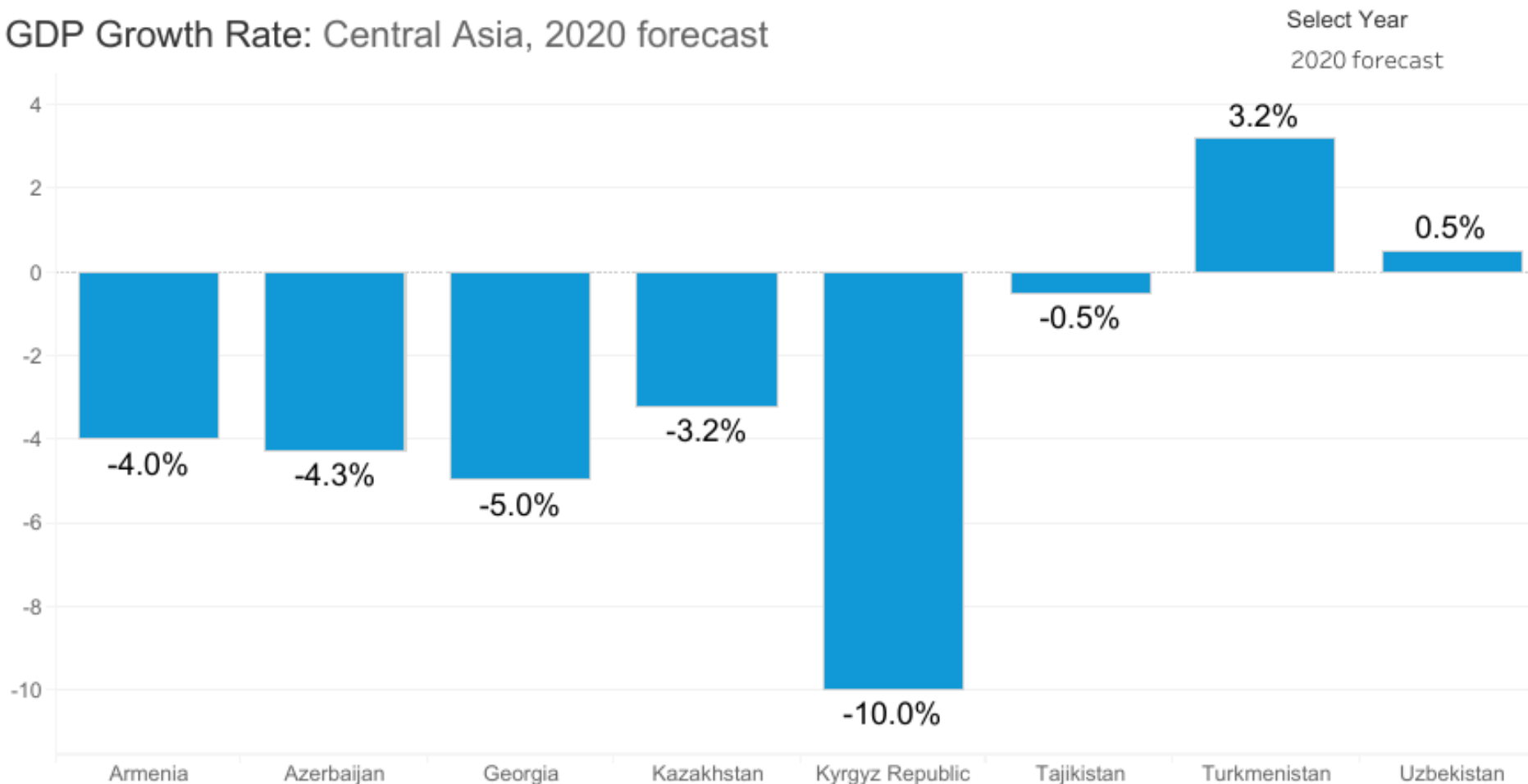
Asia

- **Developing Asia is projected to contract by 0.7% in 2020, and rebound to 6.8% in 2021**
- **Inflation is forecast at 2.9% in 2020 with anticipation if further ease to 2.3%**
- **Ongoing COVID-19 pandemic is the biggest risk to growth**



Sub-regional GDP is to contract by 2.1% in 2020

GDP Growth Rate: Central Asia, 2020 forecast



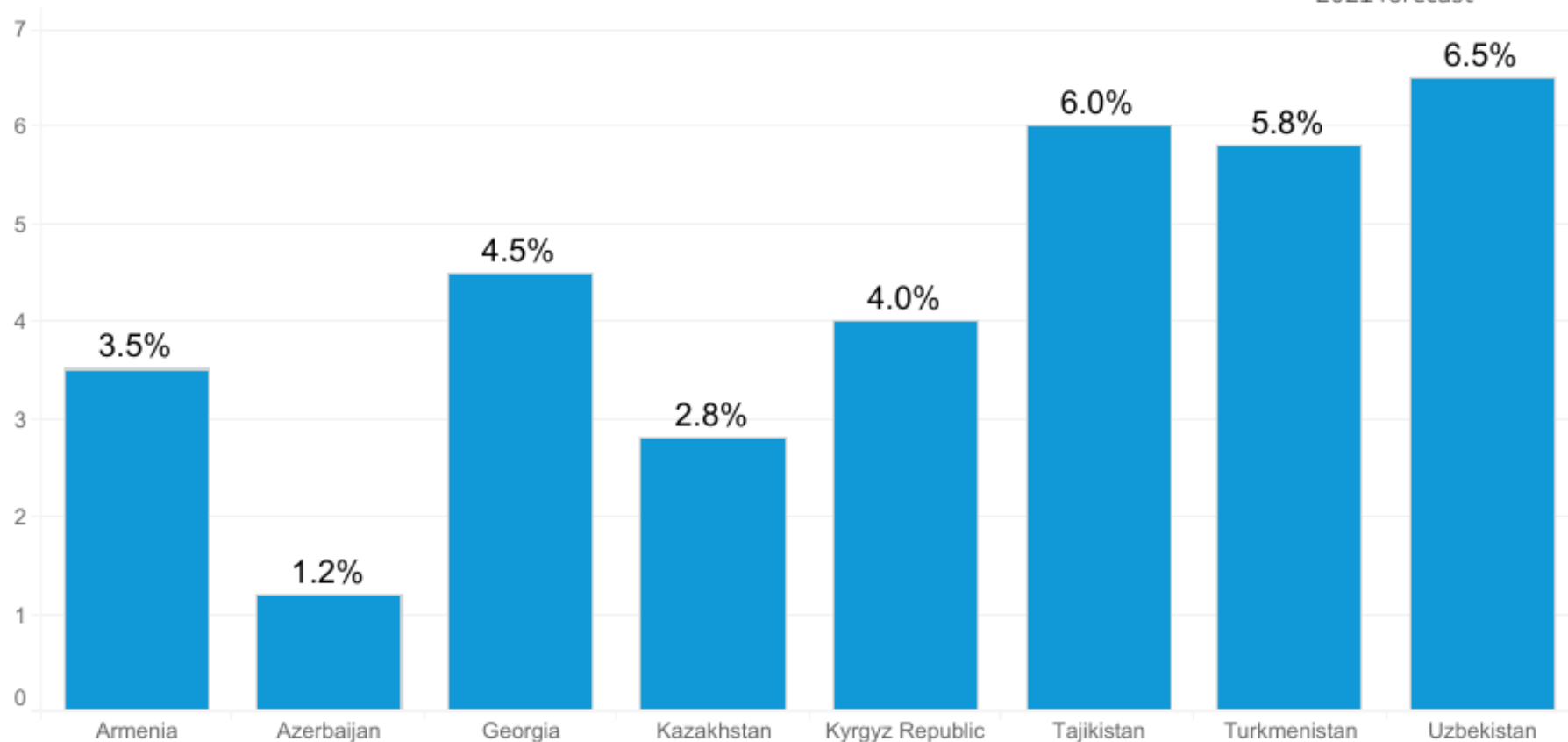
Source: Asian Development Bank. Asian Development Outlook 2020 Update (September 2020)



Region's GDP is forecast to grow at 3.9% (2021)

GDP Growth Rate: Central Asia, 2021 forecast

Select Year
2021 forecast



Source: Asian Development Bank. Asian Development Outlook 2020 Update (September 2020)



Uzbekistan: Key Messages

- Growth continues falling in 2020 with recovery next year
- Inflation is expected to slow down in 2020-2021
- Current account deficit is widening
- **Protracted pandemic poses risks to growth**

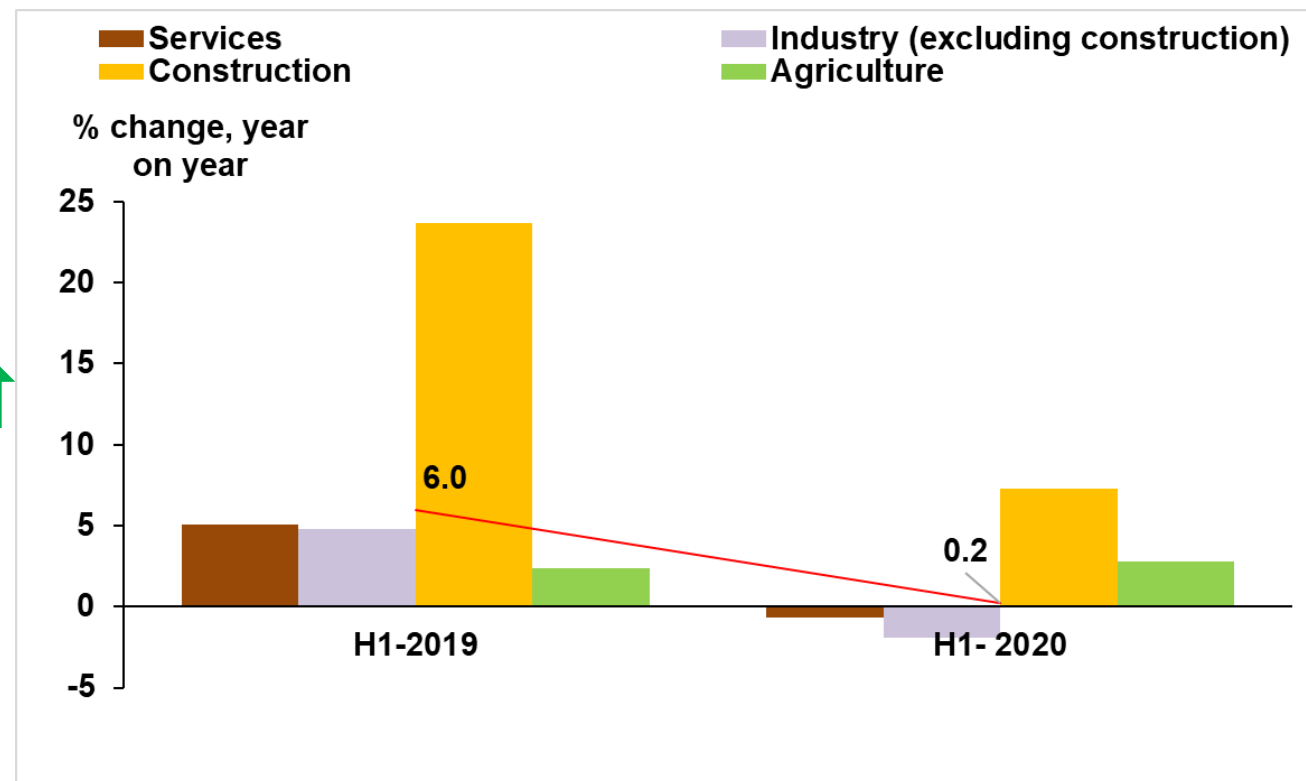




Economic Performance:

GDP Growth

- Growth reported at 0.2% in H1-2020, down from 6.0% a year earlier
- On supply side: Agriculture 2.4% ↑ and construction 7.3% ↑
- On demand side: Fixed capital investment 12.8% ↓





Economic Performance:

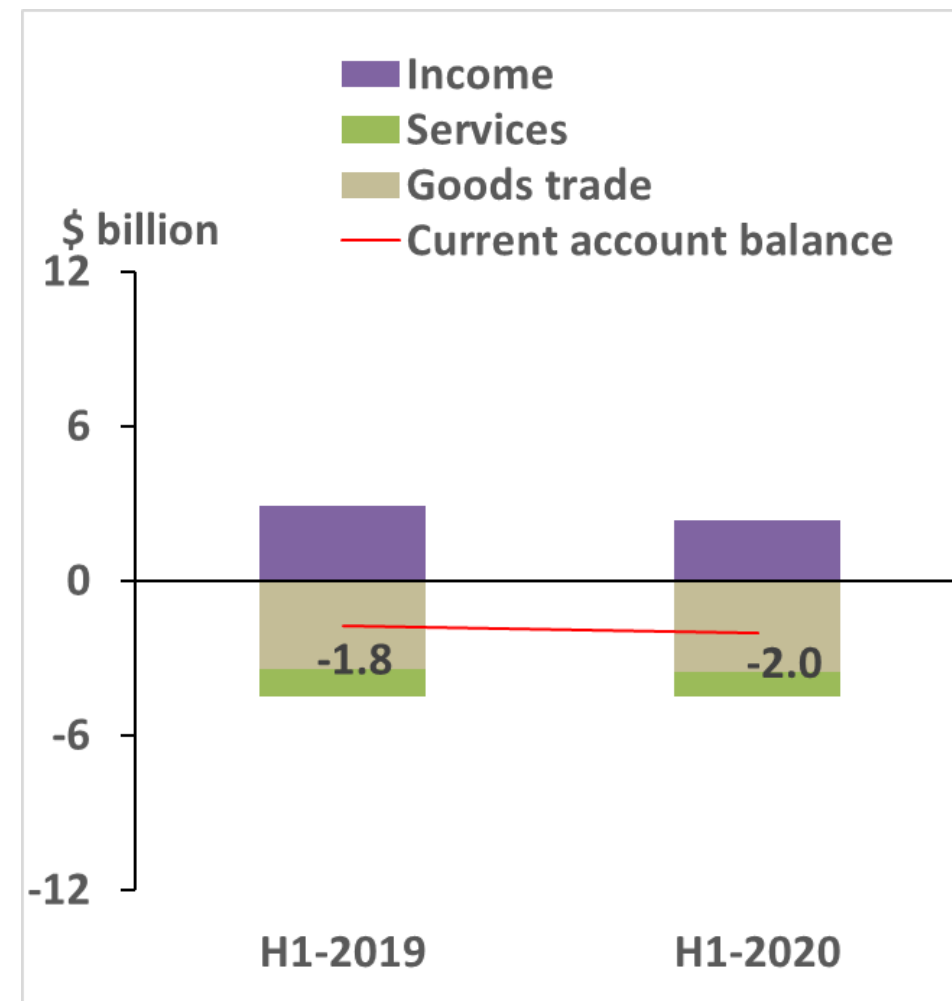
Inflation

- **Inflation (annual average) remained at the projected trajectory of about 13%**
- **Pandemic-related disruptions not significant impact on food prices**
- **Inflation for other goods and services down**
- **Monetary authorities cut policy rate**
- **UZS/\$ rate depreciated by about 6.7%**



Economic Performance: Current Account Balance

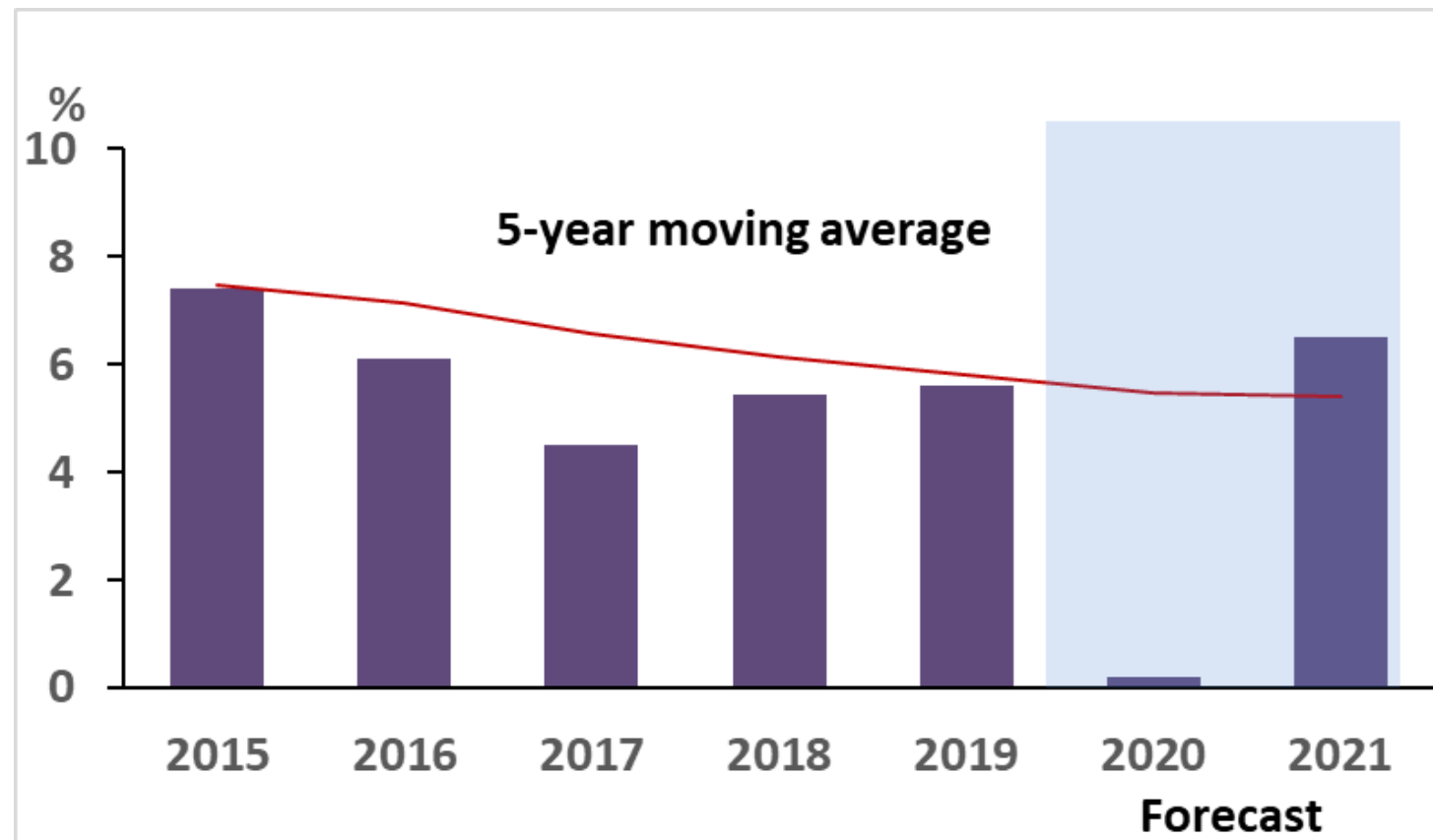
- Current account deficit—preliminary estimate 7.7% of GDP vs 6.8% (H1-2019) ↑
- Exports of goods fell by 19.7% and services 38.6% ↓
- Imports of goods down by 14.1% and services 28.4% ↓
- Foreign reserves—\$32.0 billion (as of 1 June 2020)





Economic Prospects: Growth

- **2020: COVID-19 impact and low commodity prices**
- **Government's stabilization measures**
- **2021: Low base GDP from 2020**
- **Recovery in services and industry**
- **Higher investments**

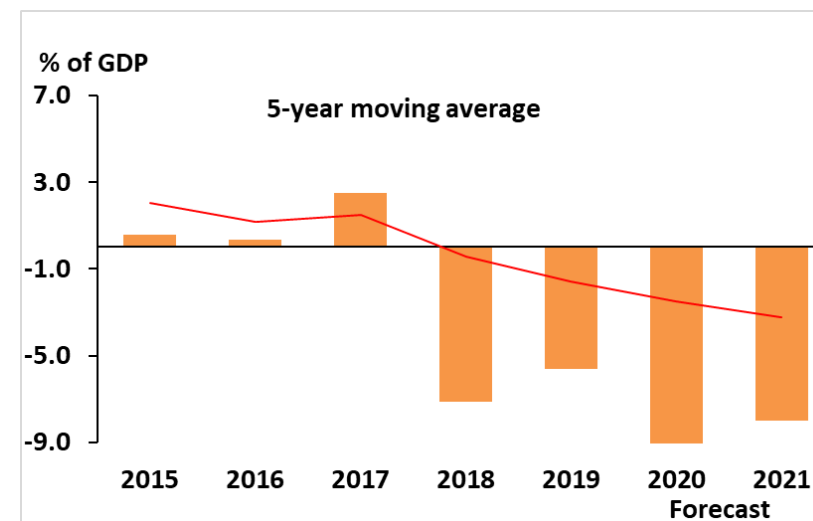
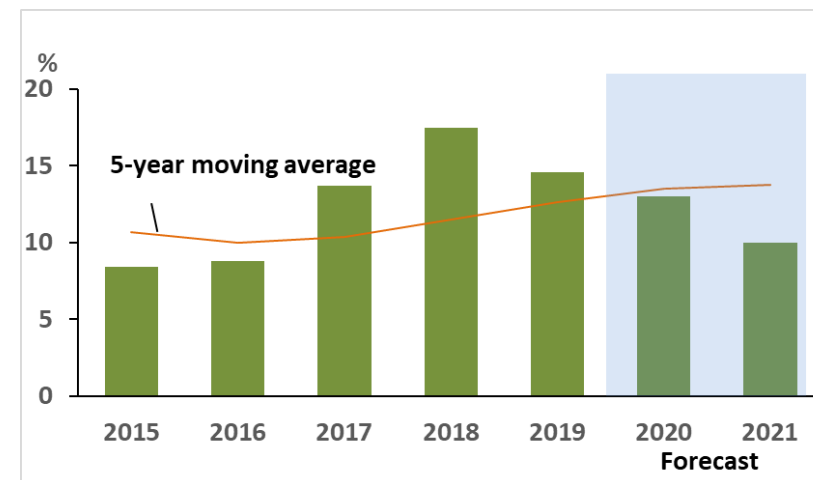


Forecasts quickly become outdated in this fast-changing environment; we will update as needed



Economic Prospects: Inflation and Current Account Balance

- **Inflation—13.0% (2020) and 10.0% (2021)**
- **Inflationary targeting towards 5% by 2023**
- **Energy tariff hikes are not expected in 2020**
- **Forecast current account balance largely remains negative**
- **2020: Gold is offsetting natural gas drop, but overall export decline is expected**
- **2021: Deficit is expected to narrow due to moderate recovery in exports and remittances**



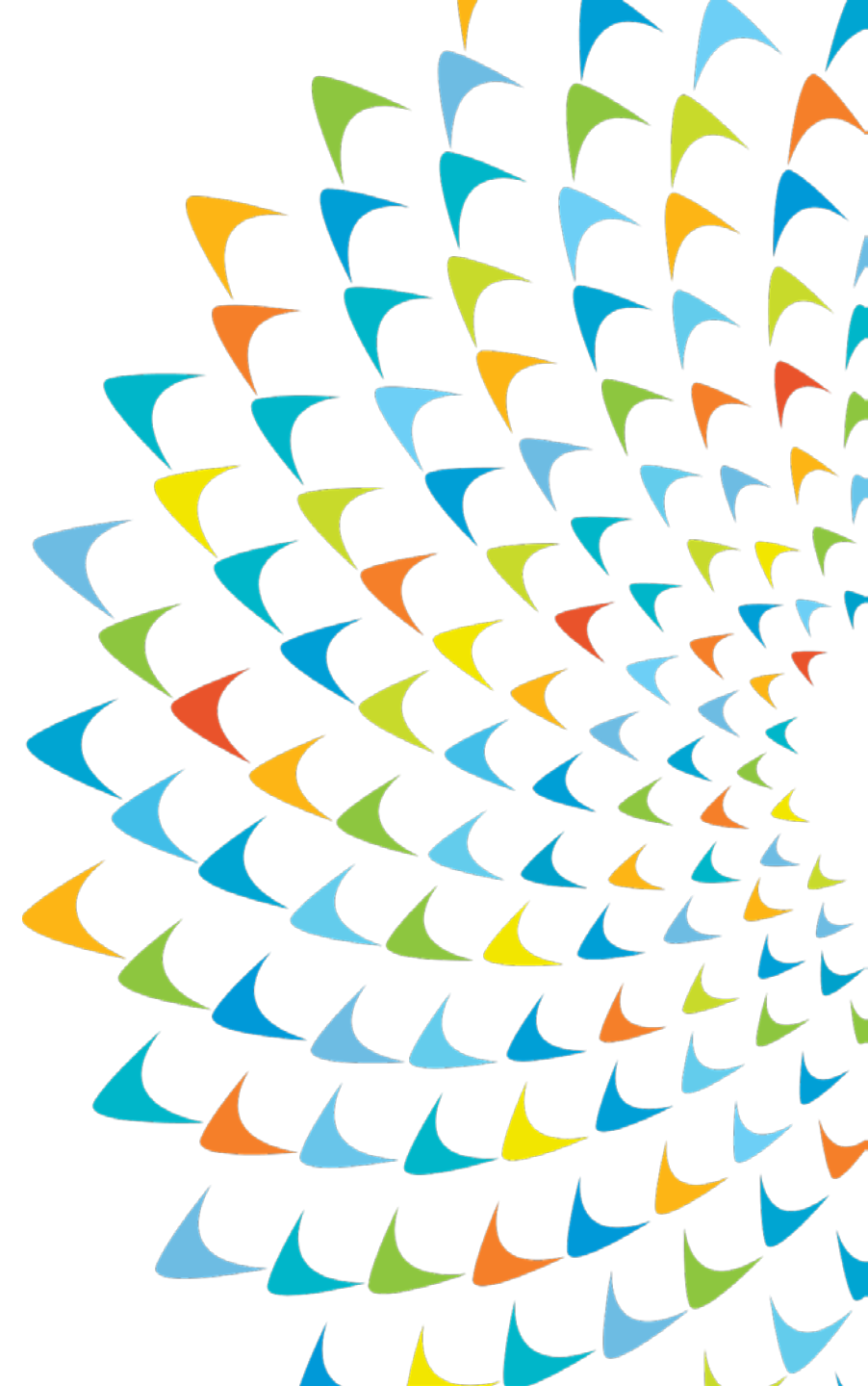


Risk to Macroeconomic Stability

- **The main risk stems from the prospect of a prolonged COVID-19 pandemic, which can derail the recovery**

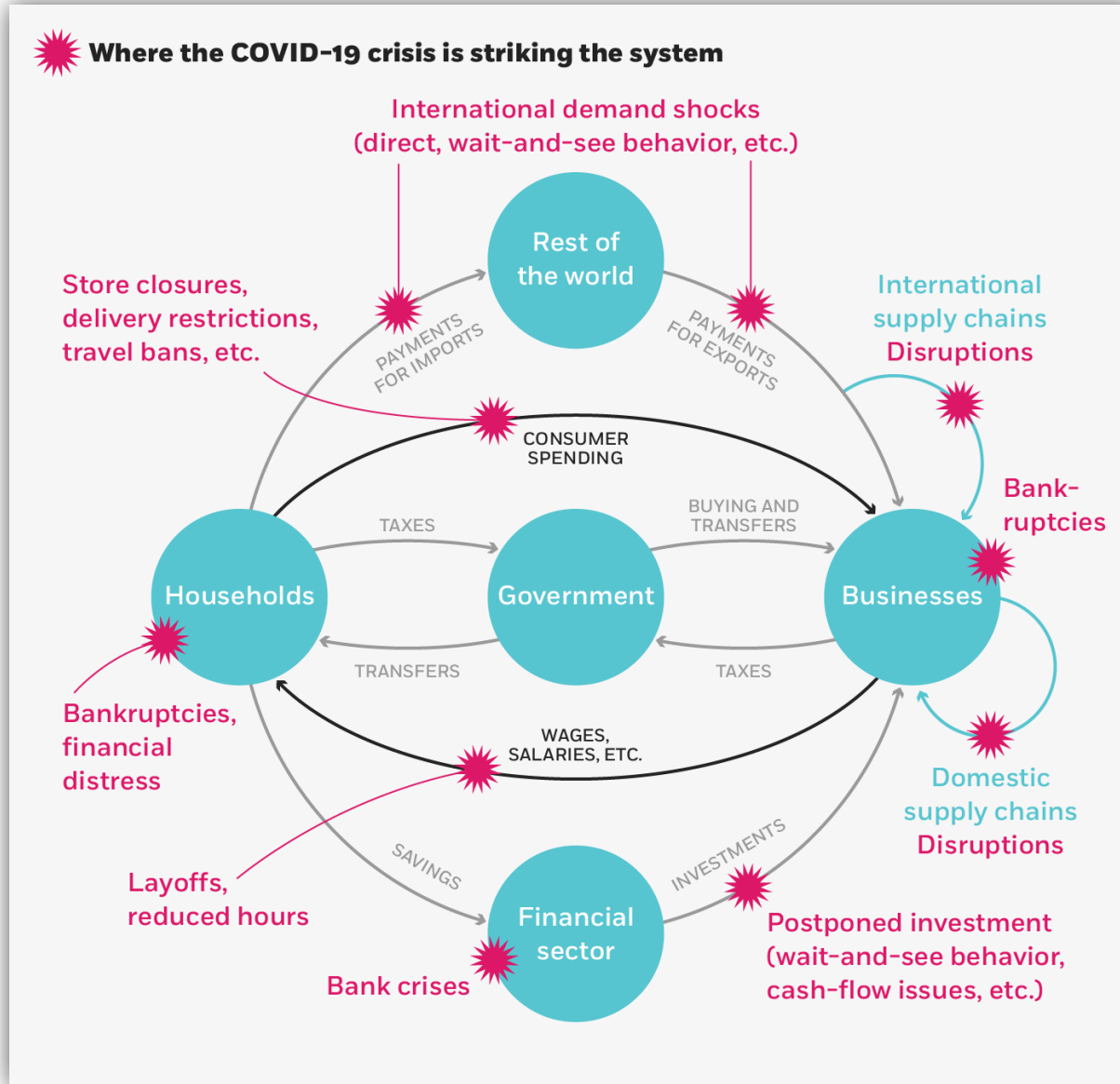


Thank you.

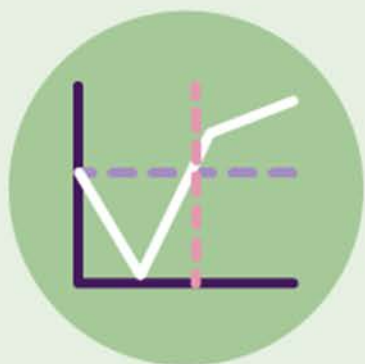




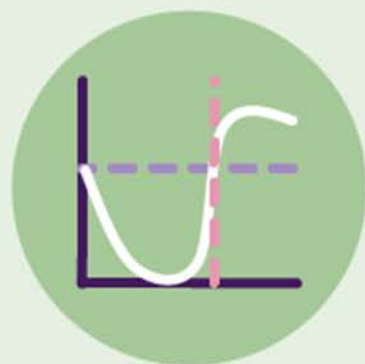
How does COVID-19 affect economy?



Source: Baldwin 2020 (<https://review.chicagobooth.edu/economics/2020/article/treat-covid-19-s-economic-impact-start-keeping-lights>)



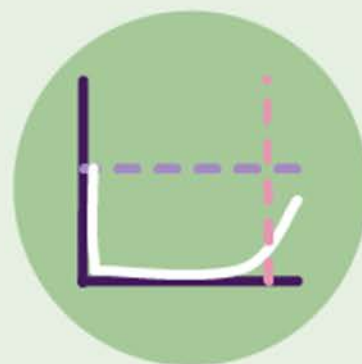
“V-shaped”
rebound



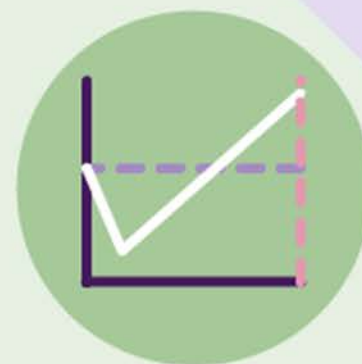
“U-shaped”
rebound



“W-shaped”
rebound



“L-shaped”
rebound



“Swoosh/tick/
italicised V-shaped”
rebound



GDP Growth Rate (% per year)

	2019	2020			2021		
		<i>April ADO 2020</i>	<i>June ADOS</i>	<i>September Update</i>	<i>April ADO 2020</i>	<i>June ADOS</i>	<i>September Update</i>
Central Asia	4.9	2.8	-0.5	-2.1	4.2	4.2	3.9
Armenia	7.6	2.2	-3.5	-4.0	4.5	3.5	3.5
Azerbaijan	2.2	0.5	-0.1	-4.3	1.5	1.2	1.2
Georgia	5.1	0.0	-5.0	-5.0	4.5	5.0	4.5
Kazakhstan	4.5	1.8	-1.2	-3.2	3.6	3.4	2.8
Kyrgyz Republic	4.5	4.0	-5.0	-10.0	4.5	4.0	4.0
Tajikistan	7.5	5.5	-3.6	-0.5	5.0	7.0	6.0
Turkmenistan	6.3	6.0	3.2	3.2	5.8	5.8	5.8
Uzbekistan	5.6	4.7	1.5	0.5	5.8	6.5	6.5