

*May, 2020*



# NEWSLETTER № 11

Ministry of Finance of the Republic of Uzbekistan

# 1. Key developments

- ✓ The President has approved additional measures to support the population, sectors of the economy and business entities during the coronavirus pandemic by providing **tax preferences, social protection, supporting commercial banks and businesses**; *(page 3)*
- ✓ The strategy aimed at **institutional transformation** and **privatisation of banking system in 2020-2025** has been approved; *(page 3)*
- ✓ **Doubling the share of the digital economy** in the country's GDP by 2023 and **increasing the share of e-government services by 60%** until 2022 have been set as the main tasks in further developing digital economy in Uzbekistan; *(page 3)*
- ✓ IFIs approved loans aimed at mitigating the negative impact of COVID-19 pandemic on the economy:
  - ✓ IMF allocated concessional loans in the amount of **U.S.\$ 375 mn**;
  - ✓ The World Bank approved budget support loans amounted to **U.S.\$ 200 mn**;
- ✓ On April 10, 2020, Fitch Ratings affirms Uzbekistan's rating level **"BB-" with a "stable" outlook**; *(page 4)*
- ✓ On April 8, 2020 Moody's evaluated **the banking system** of Uzbekistan **as stable** despite the impact of the pandemic coronavirus; *(page 4)*
- ✓ Uzbekistan rises by 5 positions in **Press Freedom Index** and increased its position in **BTI Index** compared to the result of 2018; *(page 4)*
- ✓ Central Bank of Uzbekistan decreased refinancing rate from 16% to **15% per annum**.

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# 1. Statistics at a glance



## Economic Statistics

- ✓ The CPI in April 2020 amounted to **14.5%** (yoy);
- ✓ Central Bank: by the end of 2020, the inflation rate in the country will decrease by 1 p.p. relative to initial estimates (12.0-13.5%) and will be **11.0-12.5%**;
- ✓ The volume of industrial production in Uzbekistan increased in the first quarter of 2020 by 4% compared with the first quarter of 2019 and amounted to **UZS 82.2 tn** (U.S.\$ 8.6 bn);
- ✓ BoP statistics for 2019, Current account deficit operations in 2019 amounted to \$ 3.2 billion, or **5.6%** of gross domestic product, in 2018 - U.S.\$ 3.5 bn (7% of GDP);
- ✓ As of April 1, 2020, international reserves reached **U.S.\$ 30.3 bn**;
- ✓ The volume of money transfers to Uzbekistan amounted to **U.S.\$ 296 mn** in March 2020, which is less than February figures by 23%, and over 8 working days in April, it decreased by 3 times compared to March 2020.

### Preliminary forecasts for economic growth in 2020

- ✓ Based on preliminary forecast by the Ministry of Economic Development and Poverty Reduction, the current situation and the assumption that most of the restrictions on the coronavirus pandemic in the world will be removed in 1H2020, economic growth is projected at **2.5%** by the end of 2020.

The maintenance of positive growth rates is ensured by the following factors:

- ✓ The volume of **agricultural production** is expected to be **3.5-4% higher** than the initial forecast. Given that the share of agriculture in GDP is around 30%, the positive dynamics is important in supporting economic growth;
- ✓ Production in the **industrial sector** is projected to **increase by more than 3.4%**, despite the slowdown in growth. As industrial sector accounts for more than 30% of GDP, this positive growth rate also leads to economic growth rate.

Statistics at glance	As of April 1, 2019	As of April 1, 2020
Broad money, UZS tn	79.5	90.5
Budget revenues, UZS bn	23.1	28.5
Construction works, % (yoy)	5.9	6.5
Gross Domestic Products, U.S.\$	11.1	11.6
Industry statistics, % (yoy)	6.8	4.0
Inflation, % (yoy)	13.7	14.5
Official Reserve Assets, U.S.\$ bn	27.6	30.3
Service statistics, % (yoy)	11.1	9.9

Eurobond	Price	Yield
5-year tranche	100.930	4.564%
10-year tranche	101.775	5.121%

### Exchange rates as of May 1, 2020

<b>USD/UZS</b> = 10 130.00	<b>-7.94</b>	↘
<b>RUB/UZS</b> = 135.64	<b>-1.38</b>	↘
<b>EUR/UZS</b> = 10 960.66	<b>-65.36</b>	↘
<b>GBP/UZS</b> = 12 527.77	<b>-143.64</b>	↘
<b>CNY/UZS</b> = 1 430.53	<b>-3.18</b>	↘
<b>CHF/UZS</b> = 10 411.10	<b>-71.72</b>	↘

## 2. Reforms Agenda

3 Apr 2020

**Presidential Decree №5978 «On additional measures to support the population, sectors of the economy and business entities during the coronavirus pandemic» has been adopted**  
**Measures on tax preferences**

- Zero customs duty and excise tax are imposed on the import of primary goods till December 31, 2020;
- The rights to interest-free deferral on sales tax, property tax, land tax, tax for the use of water resource and social tax have been provided.

**Social protection**

- The assignment of benefits to families with children, child care and material assistance, whose payment deadlines expire in March-June, is extended for 6 months;
- Lonely elderly and people with special needs will receive free disposable masks, antiseptics and soaps.

**Aid to commercial banks**

- Providing commercial banks with additional liquid resources in the amount of UZS 2.6 tn by easing requirements for mandatory reserves.
- The introduction of a special mechanism for providing liquidity to commercial banks with a term of up to 3 years in the amount of up to UZS 2.0 tn.

**Supporting businesses**

- Tour operators, travel agents and hotel services entities 1) exempt from land tax from legal entities and property tax of legal entities and 2) pay social tax at a reduced rate of 1 percent;
- The debt on loans of legal entities in the amount of UZS 7.9 tn was delayed.
- The deadline for individual entrepreneur loans amounting to UZS 4.7tn will be prolonged to 6 months.

28 Apr 2020

**Presidential Decree №4699 «On measures for the introduction of the digital economy and E-government» has been adopted**

Main tasks for the further development of the digital economy and e-government:

- **Doubling the share of the digital economy** in the country's GDP by 2023;
- **Complete modernisation of the country's digital infrastructure** and access to modern telecommunications services in all regions by 2020-2021;
- Development of e-government system through the creation and integration of public information systems and resources, unification of information in public databases with a view to increase the share of **e-government services by 60%** until 2022;
- Development of "**digital entrepreneurship**" through the production of software products and the creation of technological platforms, to triple the volume of services in this area by 2023 and increase their exports to U.S.\$ 100 mn;
- Wide introduction of digital technologies at all stages of the education system.
- Establishment of state institution "**Center of research of digital economy**" and to define the following as its main tasks:
  - Assessment of the impact of digitalization process on sectors of the economy and production;
  - Introduction of "smart" and other promising technologies in various sectors of the economy.

12 May 2020

**Presidential Decree «On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025"» has been adopted**

Main directions of medium-term reforms:

- **Institutional transformation and privatisation** of banking sector. State-owned banks, such as, Asaka, Uzpromstroybank, Ipoteka-Bank, Qishloq Qurilish Bank, Alokabank and Turonbank will be gradually privatised with the help of IFIs, in the first stage they will be subject to transformation of activities and in the next stage, the state shares will be offered for the sale.
  - Improvement of **the legal framework** by introducing the standards of the Basel Committee on Banking Supervision, international reporting standards;
  - Improvement and expansion of **the quality of service** through customer-oriented services, lending mechanisms and automation of business process;
  - **Staff development.**

Goals that are planned to be achieved by 2025:

- To increase the share of non-state assets in the total assets of the banking system from the current 15% to 60% by 2025;
  - To increase the share of liabilities to the private sector in the total liabilities of banks from the current 28% to 70% by the end of 2025;
  - To attract at least 3 strategic foreign investors with the necessary experience, knowledge and reputation to at least three SOBs by 2025;
  - To rise the share of non-bank credit institutions in total lending from the current 0.35% to 4% by 2025.
- Project office will be established under MoF directly dealing with transformation and privatisation of SOBs.

### 3. Uzbekistan in Ratings and Indices

Apr 10, 2020

**The international rating agency Fitch Ratings approved the long-term credit rating of the Republic of Uzbekistan at the level of "BB-"**

According to the agency, main factors in maintaining the rating of Uzbekistan in the context of the global crisis caused by the COVID-19 pandemic are the presence of strong external and fiscal reserves, a diversified export base and access to external financial resources.

Anti-crisis measures in Uzbekistan, continued financing of investment projects and restoration of key trading partners are expected to contribute to stimulating high economic growth next year (6.8% for 2021).

Main factors that positively affect the credit rating:

- Strengthening the foundations of policies that enhance macroeconomic stability and slow down the public debt growth;
- Significant improvement in structural indicators, i.e. GDP per capita and institutional factors;

Main factors that negatively affect the credit rating:

- Deviation from ongoing reforms, implementation of irrational measures that increase the risk of macroeconomic imbalance;
- Medium-term GDP growth or public finances;
- A decrease in foreign exchange reserves or a sharp increase in external debt obligations.

**Uzbekistan rises by 4 places in the 2020 Press Freedom Index**

In the annual report of the Press Freedom Index for 2020, compiled by Reporters Without Borders, Uzbekistan ranked 156th out of 180 countries.

Over the past three years, Uzbekistan has shown significant growth in the index. In particular, in 2018 it rose by 4 positions (from 169th to 165th), in 2019 by 5 positions (from 165th to 160 ) and another 4 positions in 2020.

Large-scale reforms on development of mass communication and information, strengthening freedom of speech and the press, protecting the rights of journalists and media representatives and support of their activities played an important role.

**The Bertelsmann Stiftung published its report on the Transformation Index for 2020**

According to the report, Uzbekistan has achieved significant improvement in a number of index indicators and has increased its position compared to the results of 2018. In particular, the main achievements were an improvement in indicators in the Management Index by 9 points compared to the results of 2018, while the Status Index, in turn, rose by an average of 1 point.

The indicator of "Political Transformation" for 2018, Uzbekistan took 115th place from 129 countries with 3.17 points, and in 2020 105th place from 137 countries, an increase of 3.63 points. In particular, experts noted a significant improvement in the sub-indicators "Rule of Law", "Stability of Democratic Institutions", "Political and Social Integration" and "Political Participation".

Apr 8, 2020

**Moody's: Uzbekistan's banking system outlook remains stable despite the impact of Coronavirus pandemic**

According to agency experts, the country has reserves, considering that a significant part of the economy and banks belong to the state, therefore: the coronavirus crisis will not have a strong impact on the quality of banking assets.

The following factors should have a positive impact on the stability of the banking system:

- The predominance of loans to state enterprises in the loan portfolio of the banking system. This increases the reliability of loans and reduces the risk of quality deterioration of bank assets;
- Despite a significant drop in national currencies of the main trading partners of country, the Uzbek sum remained relatively stable in relation to the US dollar. This limits the risk of asset inflation in foreign currency and ensures the stability of capitalization.

The agency lists the following negative factors:

- The unprecedented measures introduced by the government to combat the spread of coronavirus will have a negative impact on small and medium-sized businesses, non-food retail and transport companies, the tourism business and other entities;
- Net interest margins will decrease as financing costs increase;
- Liquidity reserves will come under pressure due to increased lending to state-own.



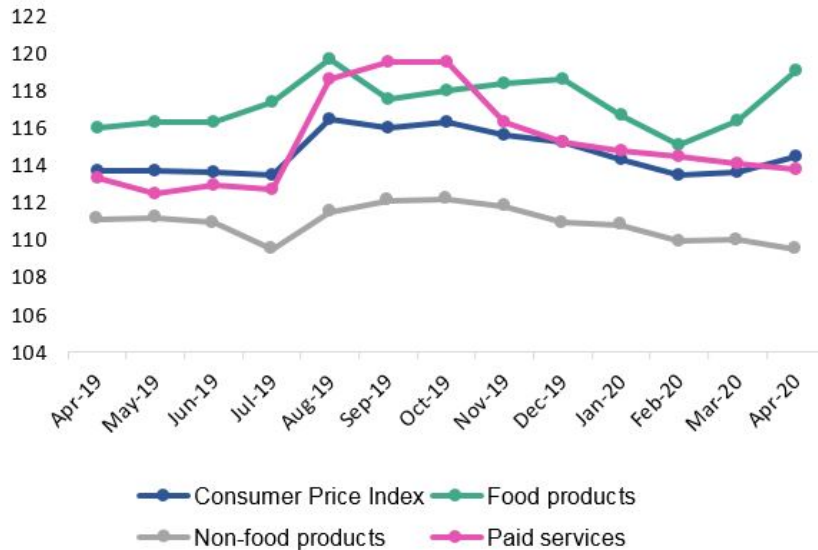
# 4. Macroeconomic Environment

## Inflation rate

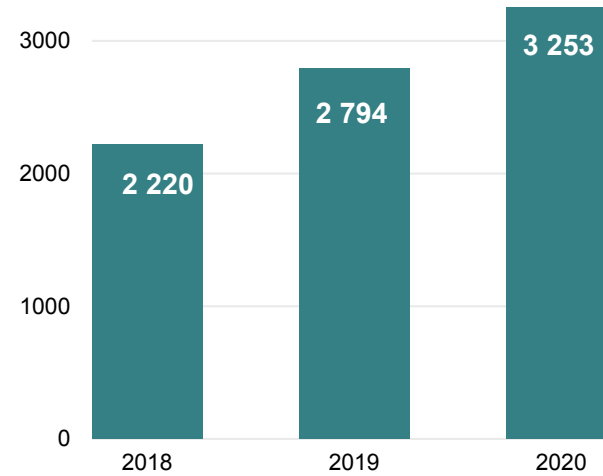
The annual consolidated CPI in April 2020, compared with the same indicator of the previous month, increased by 0.9 points and constituted 14.5%.

As for price changes in the context of enlarged groups, as in previous months, food products rose by 3.3%, while non-food products added 0.7%, and services - 0.3%.

**Inflation rate**  
(As of May 1, 2020)



**GDP per capita**  
(January-March 2020, at current prices, thousand soums)



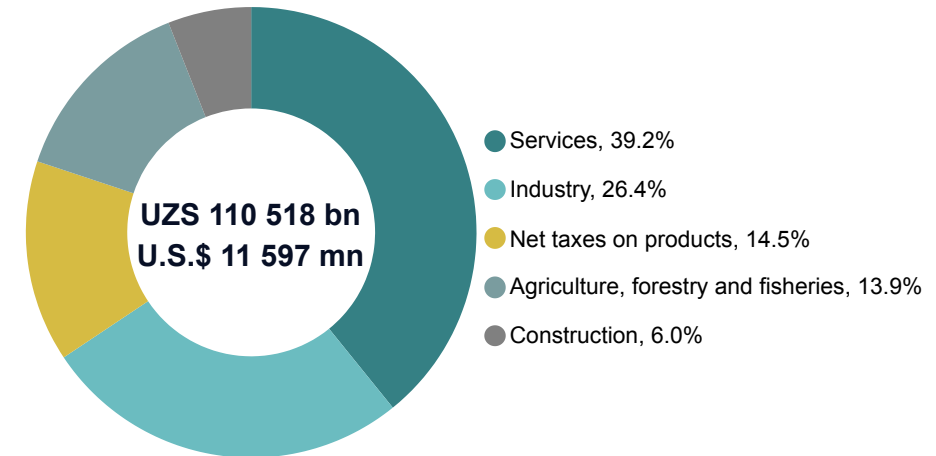
## Gross Domestic Product

In **January-March 2020**, the volume of gross domestic product at current prices amounted to **UZS 110 517.8 bn (U.S.\$ 11 597 mn)**, compared to the corresponding period of 2019, increased in real terms by **4.1 %**.

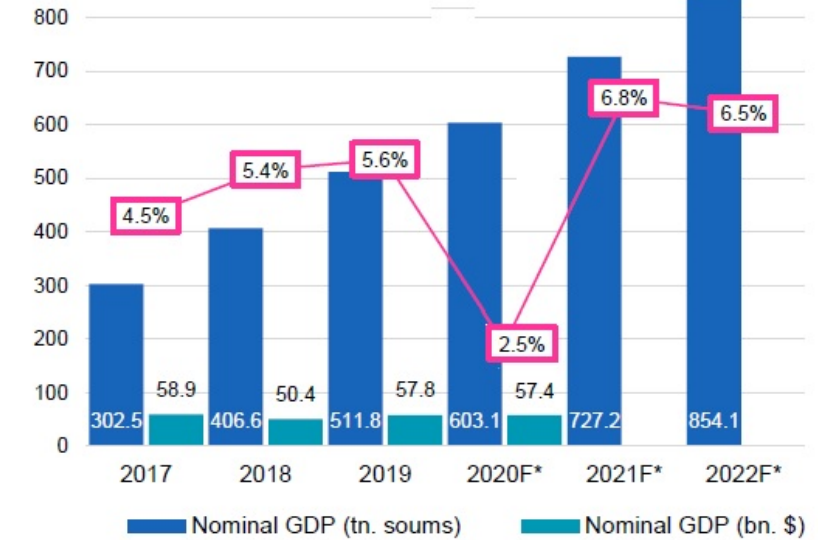
According to the results of January-March 2020, in the structure of GDP produced, the gross value added of the production of goods amounted to UZS 55729.1bn, the services sector - UZS 44172.0bn, and net taxes on products - UZS 10 616.7 bn.

GDP per capita amounted to UZS 3 253 thousand (U.S.\$ 341) and, compared to January-March 2019, increased by 2.0% (yoy) in real terms.

**Gross Domestic Product**  
(January-March 2020, % in total)



**Nominal GDP and GDP growth rate**



Note 1: Average official exchange rate for January-March 2020, USD/UZS = 9 530

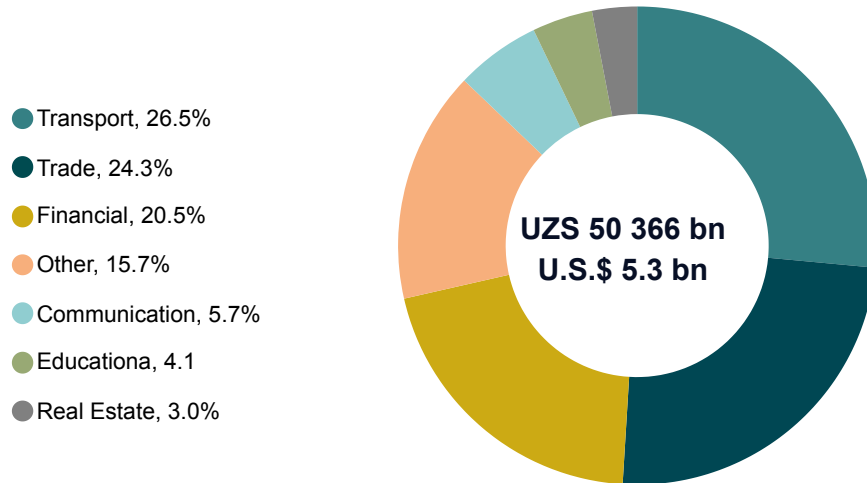
Note 2: GDP statistics includes gross value added of both market rendered services and non-market services

Note 3: GDP statistics for 2020-2022 are based on preliminary forecast of Ministry of Economic Development and Poverty Reduction

## 4. Macroeconomic Environment

### Services statistics

(as of April 1, 2020, % in total)



### Service statistics

The volume of market services provided in **January-March 2020** reached **UZS 50 365.7 bn** with the growth rate of **9.9 %** (yoy).

The number of enterprises operating in the service sector constituted **272 271 units**. The share of enterprises and organizations engaged in the service sector reached 65.7%, industry - 17.7%, construction - 9.0%, and only 7.6% in agriculture, forestry and fisheries.

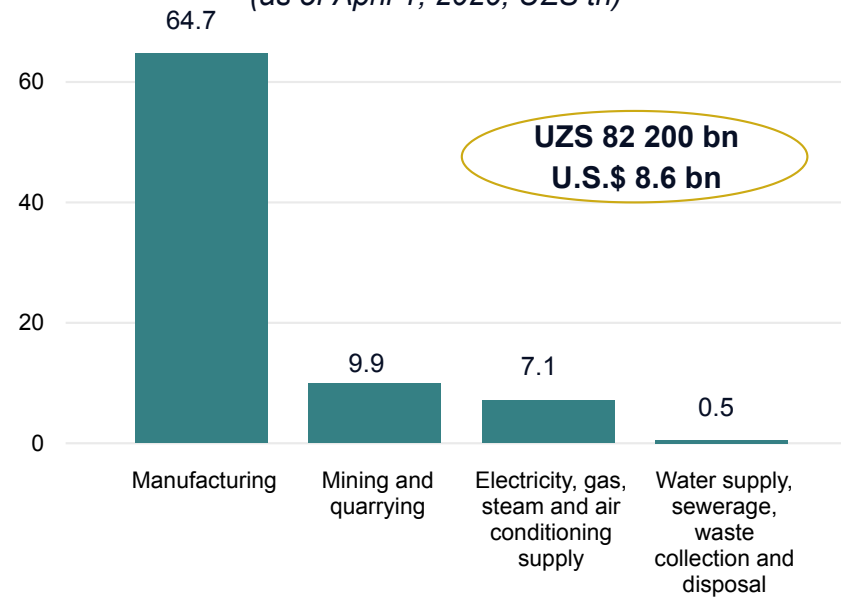
### Industry statistics

In **January-March 2020**, the volume of the industrial products constituted **UZS 82.2 tn** with **4.0%** growth rate compared to the same period of last year. In the structure of production, the largest share falls on manufacturing enterprises (78.6%).

The main factor in the growth of the physical volume of industrial production was an increase in manufacturing by 8.9% and electricity, gas, steam and air conditioning - by 2.3%, while there was a decrease in production at mining enterprises and quarrying - by 11.9% and water supply, sewage, waste collection and disposal - by 9.8%.

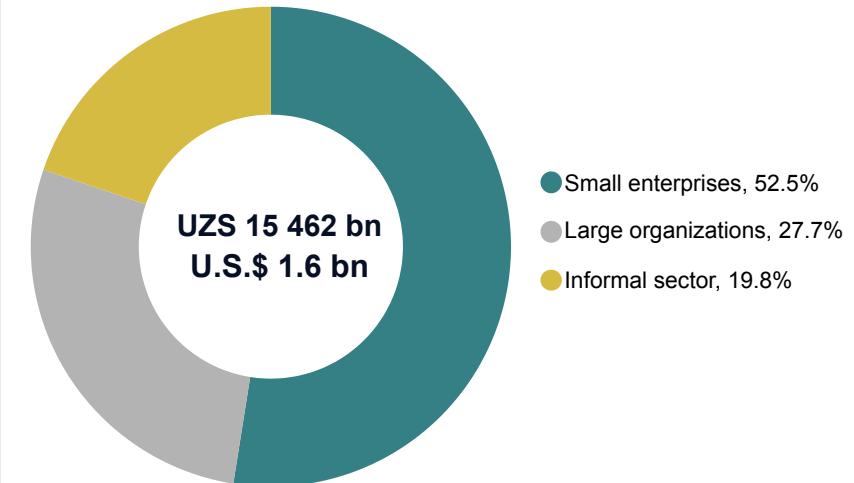
### Industry statistics

(as of April 1, 2020, UZS tn)



### Construction works

(as of April 1, 2020, % in total)



### Construction statistics

In **January - March 2020**, the volume of construction work in country amounted to **UZS 15 462.4 bn**, and the growth rate reached 6.5% in comparison to January - March 2019.

As of April 1, 2020, the number of enterprises and organizations in the construction sector amounted to **37.5 thousand units** and, compared with the same period last year, it increased by **18.9%**.

## 5. Balance of Payments and State Budget

### Balance of payment statistics

Descriptor	2016	2017	2018	2019
I. Current account	292.3	1 475.9	-3 593.5	-3 245.8
II. Capital account	13.6	99.8	143.0	254.0
III. Financial account	123.4	-571.0	-1 411.3	-7 857.7
IV. Net errors and omissions	369.9	-2 402.6	475.5	-3 459.3
Reserves and related items	552.4	-256.0	-1 563.7	1 406.6

U.S.\$, mn

### Balance of Payment

In 2019, the negative current account balance amounted to U.S.\$ 3.2 bn (U.S.\$ 3.5 bn for 2018). At the same time, current account deficit narrowed in comparison with 2018 figures, which is explained by an increase in export growth rates relative to import growth rates.

The surplus of U.S.\$ 873 mn in the primary income for 2019 is associated with a decrease in the number of short-term workers and an increase in the income of non-residents on external loans and investments.

The positive balance of secondary income reached U.S.\$ \$ 5.5 bn, which was provided mainly due to the volume of cross-border remittances of long-term labor migrants.

The positive balance of the capital account for 2019 amounted to U.S.\$ 254 mn (U.S.\$143 mn in 2018) as a result of large transfers.

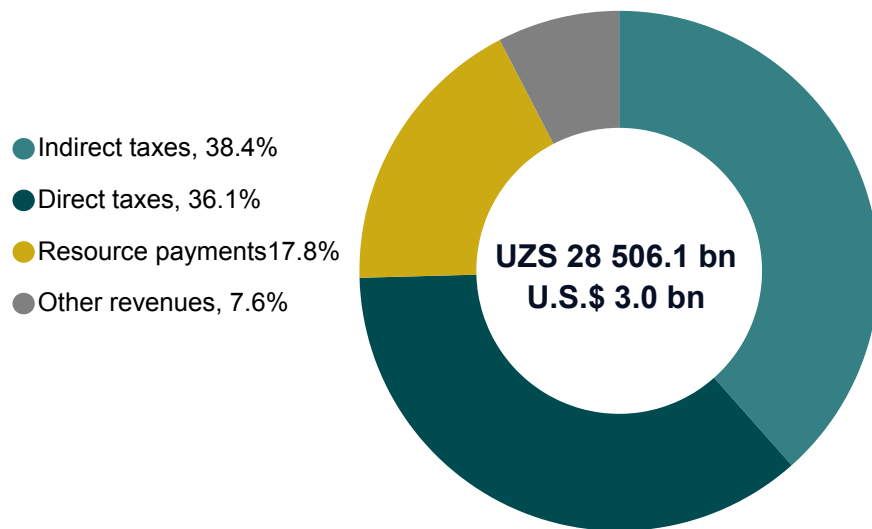
The net inflow of foreign direct investment in 2019 amounted to U.S.\$ 2.3 bn (U.S.\$ 625 mn in 2018). Attracting foreign direct investment in the country was largely offset by an increase in the repatriation of investments made under PSAs.

The balance of operations on portfolio investments adjusted for the amount of coupon payments amounted to U.S.\$ 1.3 bn.

Source: Central Bank of the Republic of Uzbekistan

### Budget revenues

(January-March 2020, % in total)



### State Budget

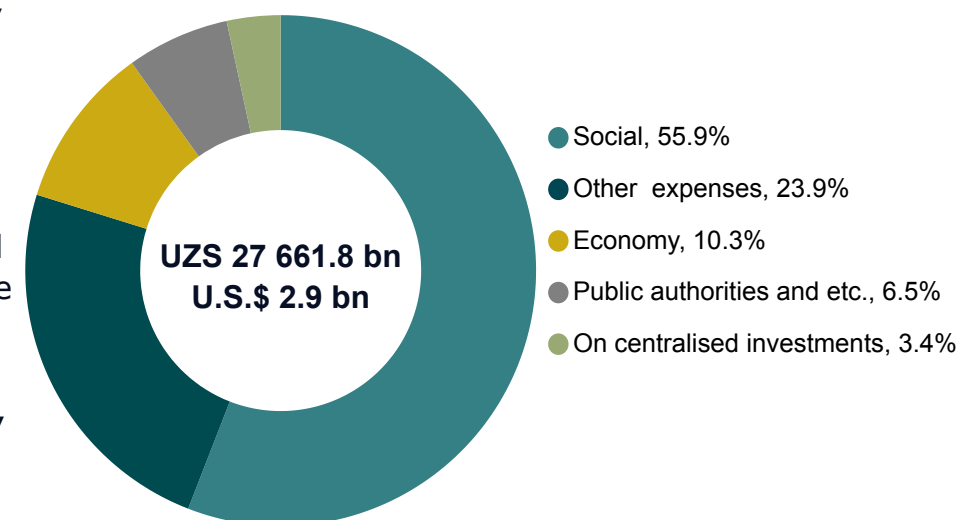
In the structure state budget revenues for the first quarter of 2020, direct taxes increased by – 77.3%, indirect taxes by – 3.4%, resource payments and property tax by – 13.7% and other revenues decreased by – 1.2% compared to the same period of 2019.

In the structure of state budget expenses for the first quarter of 2020, social expenses increased by – 17.8%, public authorities, administration, justice and prosecution by – 66.4%, other expenses by – 31.7%, economic expenses decreased by – 12.0% and expenses on centralized investments by – 31.3%, compared to the same period of 2019.

Budget surplus in the first quarter of 2020, amounted to **UZS 844.3 bn** (U.S.\$ 88.6 mn).

### Budget expenses

(January-March 2020, % in total)



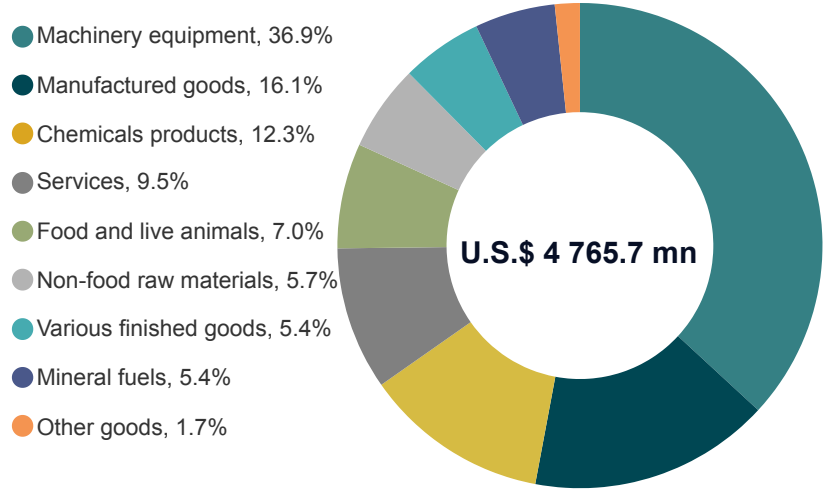
Note: Average official exchange rate for January-March 2020, USD/UZS = 9 530.

Source: State Ministry of Finance of the Republic of Uzbekistan



# 6. Foreign Trade Turnover

**Structure of Imports**  
(January - March, 2020)

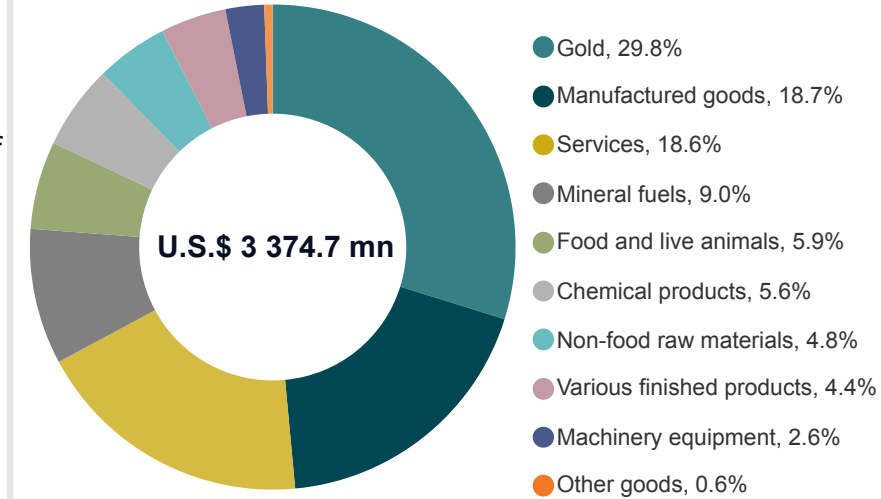


In **January-March 2020** Uzbekistan conducted trade relations with more than 150 countries of the world. The foreign trade turnover constituted **U.S.\$ 8,140.4 mn.** The share of neighboring countries in the total volume of foreign trade constituted more than one thirds (36.2%). Passive balance of foreign trade in the amount of \$ 1,390.9 mn was recorded.

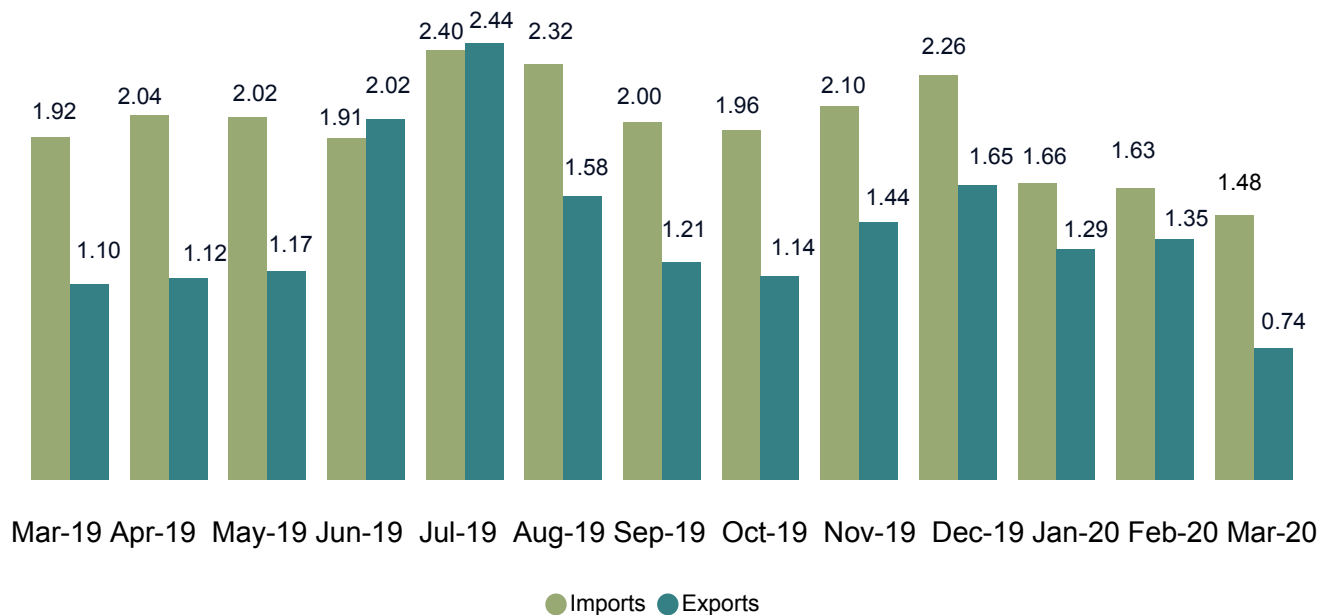
Exports reached **U.S.\$ 3,374.7 mn**, the total number of exporting entities amounted to 3,298 units, and this ensured that the volume of exports excluding special exports was brought up to \$ 2,368.8 mn.

Imports amounted to **U.S.\$ 4,765.7 mn**, the main share of which is occupied by machinery and transport equipment (36.9%), industrial goods (16.1%), as well as services (9.5%).

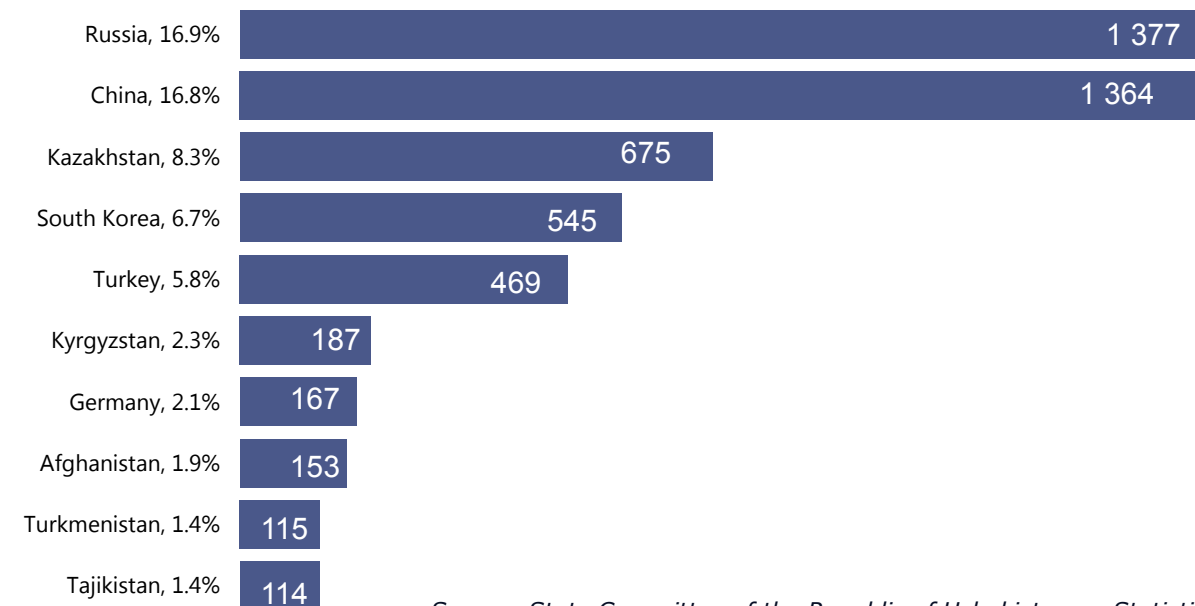
**Structure of Exports**  
(January - March, 2020)



**Imports and Exports of goods and services**  
(U.S.\$ bn)



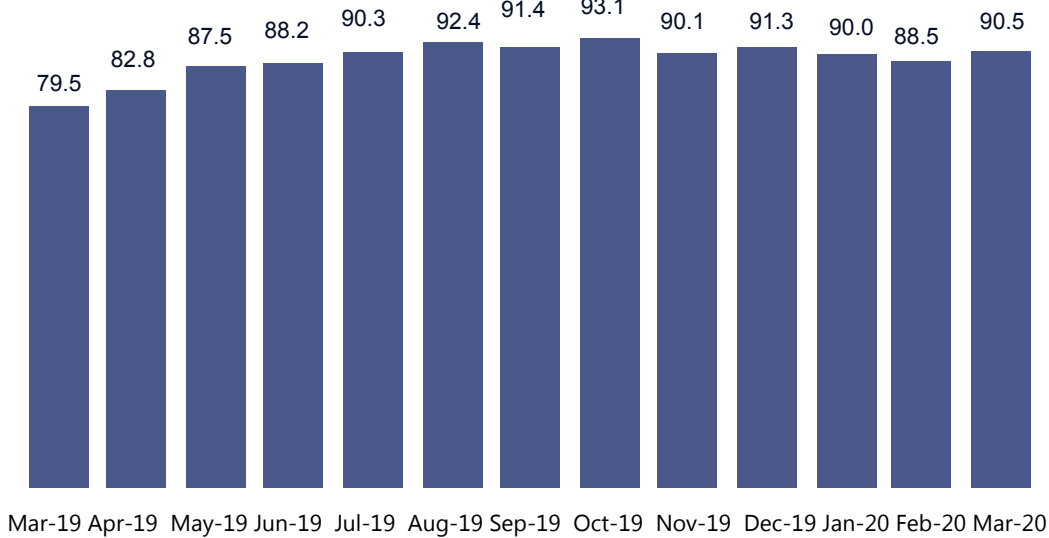
**Top 10 countries in foreign trade with Uzbekistan**  
(as of April 1, 2020, U.S.\$ mn, % share in total FTT)



Source: State Committee of the Republic of Uzbekistan on Statistics

## 7. Monetary Policy and Banking Sector

**Broad Money (M2)**  
(to the end of month, UZS tn)



### Broad Money (M2)

As of April 1, 2020, broad money constituted **UZS 90 455 bn (U.S.\$ 9.5 bn)**, while the growth rate equaled **13.7%** compared to the same period of last year. The volume of money supply in national currency constituted UZS 63 567 bn, of which cash in circulation and transferable deposits in national currency UZS 23 852 bn and UZS 18 592 bn, other deposits in national currency UZS 21 122 bn.

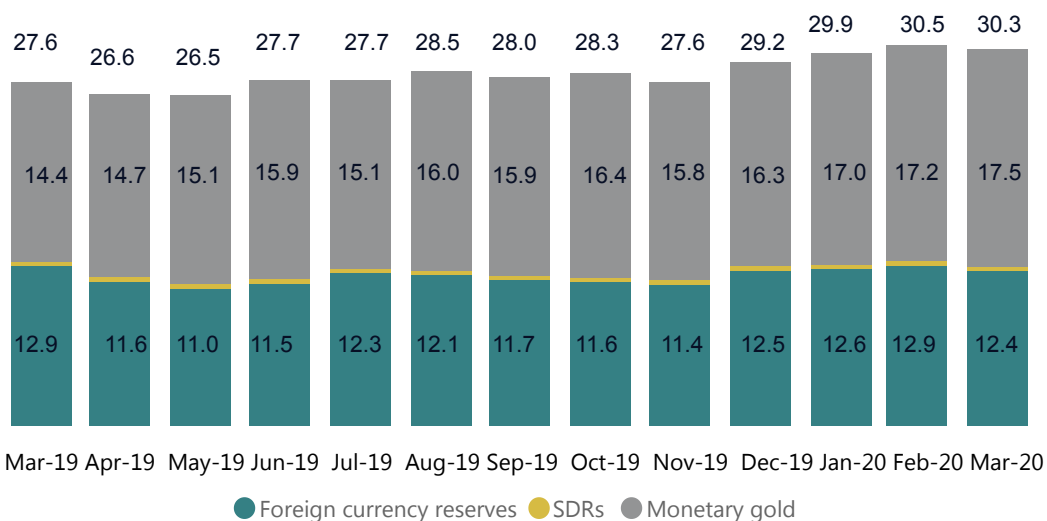
As of April 1, 2020, foreign currency deposits in national currency equivalent reached to UZS 26 887 bn.

### Liquidity in the banking system

Indicator name	January 1, 2020	April 1, 2020
Highly liquid assets (bn UZS)	30 874	32 608
Immediate liquidity ratio (minimum: 10%)	47.8%	48.7%
Liquidity coverage ratio (minimum: 100%)	208.5%	189.8%
Net stable funding ratio (minimum: 100%)	112.8%	109.2%
Ratio of highly liquid assets to total assets (in %)	11.3%	11.3%

In March 2020, HLA/TA ratio increased – by 0.7%, liquidity coverage ratio – by 3.0%, net stable funding ratio decreased – by 1.3%, immediate liquidity ratio coverage ratio increased remained at 11.3 without change compared to the previous month.

**Official Reserve Assets**  
(as of April 1, 2020, U.S.\$ bn)



### Official Reserve Assets

As of April 1, 2020, official reserve assets constituted **U.S.\$ 30 527.99 mn** showing an increase of **9.5%** in comparison to the same period of last year.

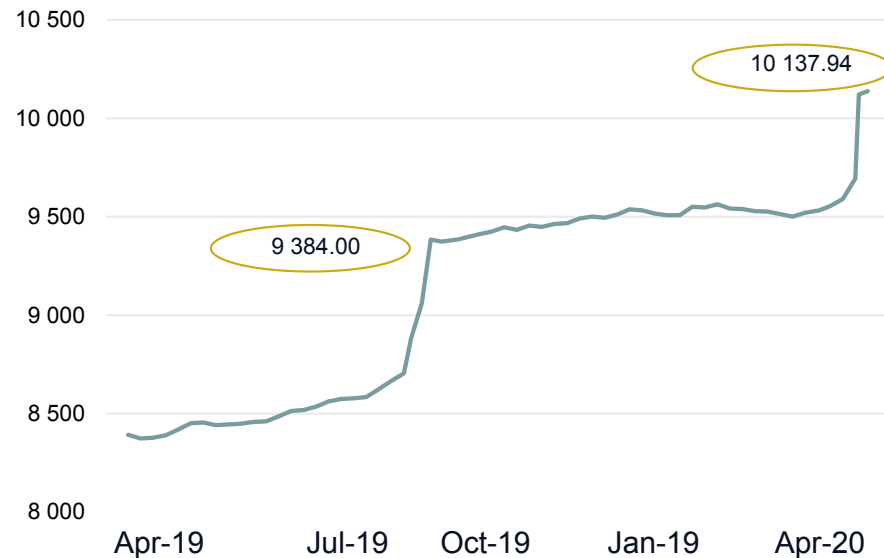
An increase in official reserve assets was mostly related with an increase in gold prices.

● Foreign currency reserves ● SDRs ● Monetary gold

Note: Average official exchange rate for January-March 2020, USD/UZS = 9 530.

Source: Central Bank of the Republic of Uzbekistan

## 7. Monetary Policy and Banking Sector



### The exchange rate (USD/UZS)

Since March of this year, the currencies of developing countries, in particular, Uzbekistan's main trading partners, have begun to depreciate sharply. This situation, of course, also affects our exchange rate. This, in turn, can be considered as a certain adjustment of the exchange rate as a result of the excess of demand for currency in the domestic foreign exchange market over the volume of supply.

The impact of this is, firstly, directly on foreign trade operations and **the decline in remittances**, and secondly, indirectly through **the devaluation expectations** of the population and businesses.

Due to of high expectations of the population and entrepreneurs, the supply on the currency exchange decreased significantly, while the volume of purchases by the population at currency exchange offices increased rapidly. Moreover, since March of this year, Russian ruble has depreciated against US dollar by 9.2%, the Kazakh tenge - by 11.2%, the Turkish lira - by 9.3% and the Kyrgyz som - by 12.8%.

As a result, in March, there was a certain difference in **the real effective exchange rate** of the national currency, the soum.

The Central Bank decided to keep the principle of **neutrality of gold** and **foreign exchange reserves** without affecting the fundamental trend of the exchange rate.

### Banking system stability indicators of the Republic of Uzbekistan

Indicators	2017	2018	2019	1Q2020
Regulatory Tier 1 capital to risk-weighted assets	16.55%	14.29%	19.57%	19.67%
Regulatory Tier 1 capital	17 627	22 146	43 659	47 641
Risk weighted assets	106 511	154 966	223 041	242 178
Liquid assets to total assets	23.63%	13.64%	13.89%	14.26%
Liquid assets	39 375	29 253	37 887	41 139
Total assets	166 632	214 420	272 727	288 396
Capital to total assets	12.41%	12.44%	19.24%	18.48%
Capital at the end of period	20 676	26 679	52 467	53 315
Total assets	166 632	214 420	272 727	288 396
Non-performing loans to total gross loans	1.20%	1.28%	1.48%	2.26%
Non-performing loans	1 324	2 140	3 169	5 021
Total gross loans	110 572	167 391	214 344	221 934

Source: Central Bank of the Republic of Uzbekistan

## 8. Borrowing Statistics

### Domestic Treasury Securities

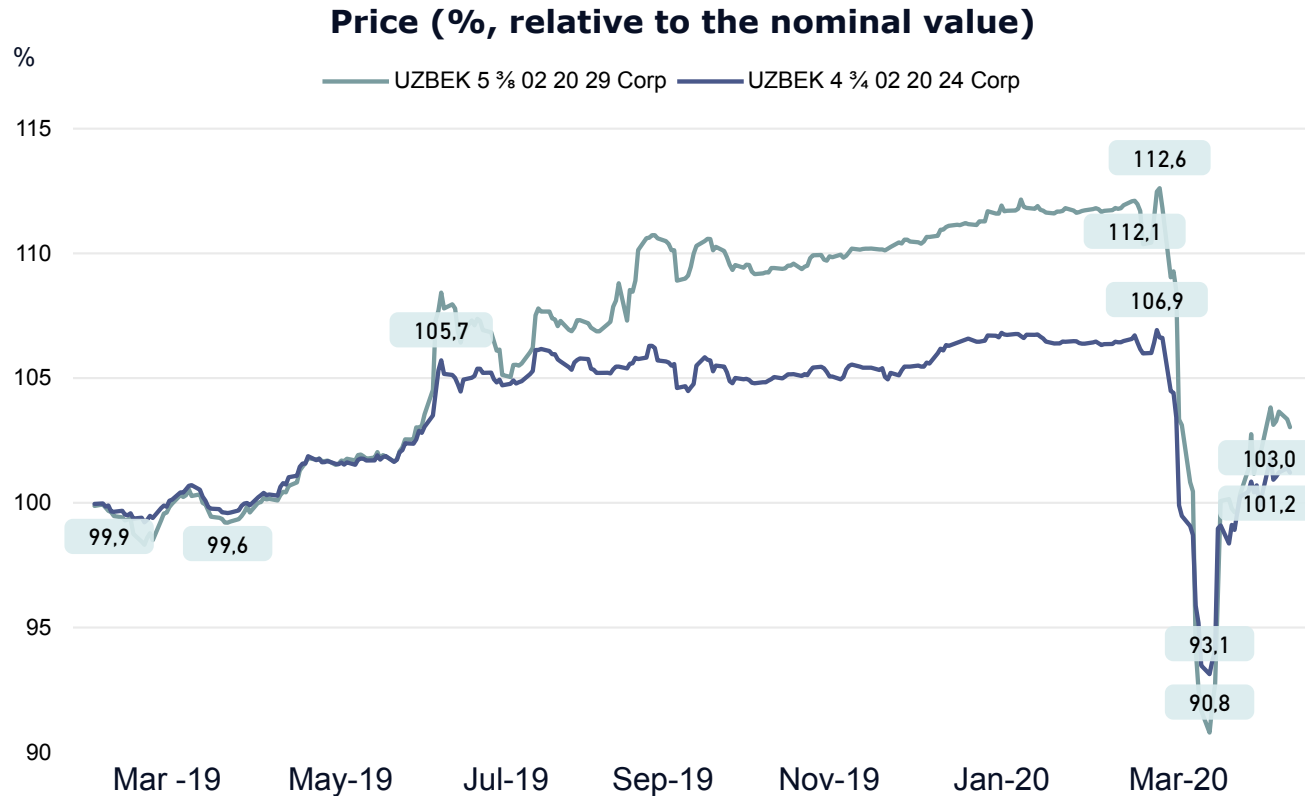
Ministry of Finance had an outstanding treasury bills and bonds amounting **UZS 3 089.8 bn** as of May 1, 2020 at various rates and tenors. Secondary market trades in government bonds and bills are gradually rising depending on fluctuations in the banking system's liquidity. In long term, Ministry of Finance aims at remaining committed to the development of the domestic government debt market, continuous diversification of debt instruments in terms of both tenor and tranche amount and, gradually widening investor base by working in collaboration with the CBU.

No	Date of auction	Maturity date	Fixed coupon rate	Amount, (thousand)	Orderbook, (UZS bn)	Total nominal value of securities placed issued, (UZS bn)	Weighted average annual yield	Total nominal value of securities placed to auction, (UZS bn)
1	12/28/2018	12/24/2021	16%	200.0	216.5	204.9	14.87%	200.0
2	5/8/2019	5/7/2020	15%	100.0	494.1	104.1	11.02%	100.0
3	5/15/2019	5/14/2020	15%	100.0	463.9	104.1	10.47%	100.0
4	5/22/2019	11/18/2020	15%	100.0	283.4	106.5	10.04%	100.0
5	6/4/2019	12/1/2020	15%	100.0	231.4	106.8	9.82%	100.0
6	6/12/2019	6/9/2021	15%	100.0	315.0	110.3	8.93%	100.0
7	6/19/2019	6/16/2021	15%	100.0	479.0	112.6	7.73%	100.0
8	7/5/2019	7/1/2022	15%	100.0	375.0	111.2	10.11%	100.0
9	7/12/2019	7/8/2022	15%	100.0	176.3	110.5	10.41%	100.0
10	1/17/2020	1/16/2021	16%	200.0	628.0	205.3	12.98%	200.0
11	1/20/2020	10/19/2020	zero-coupon	300.0	368.0	271.2	14.18%	300.0
12	1/20/2020	1/17/2022	16%	200.0	453.2	203.5	14.87%	200.0
13	4/6/2020	4/6/2021	16%	750.0	770.0	750.2	15.97%	750.0
14	4/9/2020	4/9/2021	16%	250.0	360.0	250.1	15.95%	250.0
15	4/10/2020	4/10/2021	16%	300.0	310.0	300.1	15.97%	300.0
16	4/13/2020	10/11/2021	16%	150.0	89.8	89.8	15.97%	89.8
17	4/20/2020	10/19/2021	zero-coupon	100.0	No auction	No auction	No auction	No auction
<b>Total as of 01.05.2020</b>				<b>3 250.0</b>	<b>6 013.6</b>	<b>3 141.2</b>		<b>3 089.8</b>

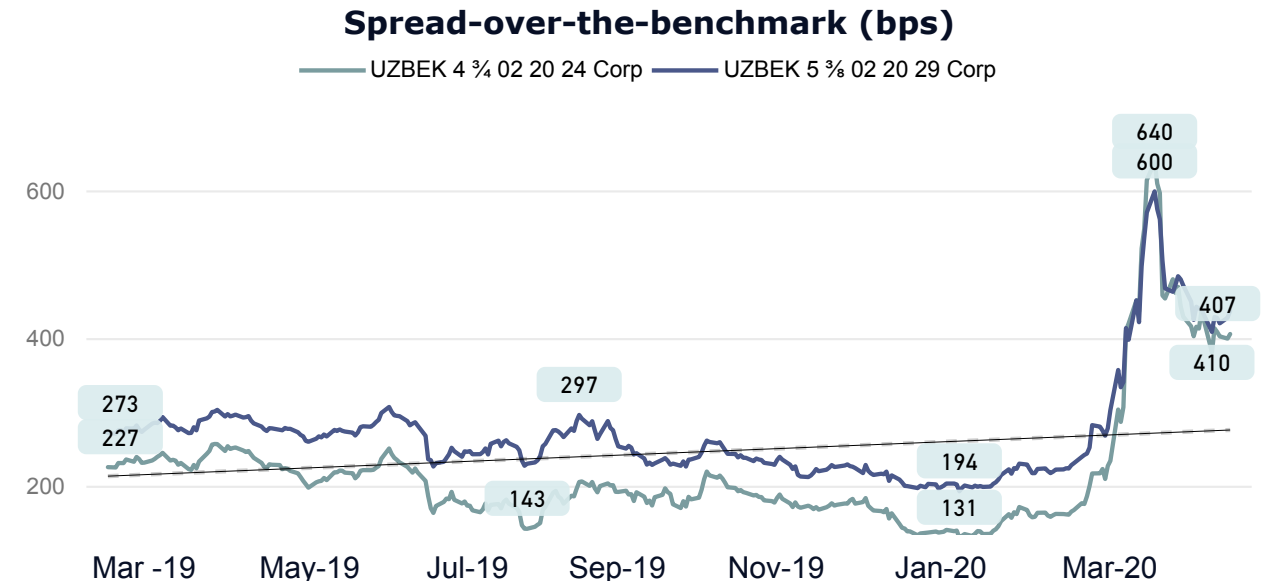
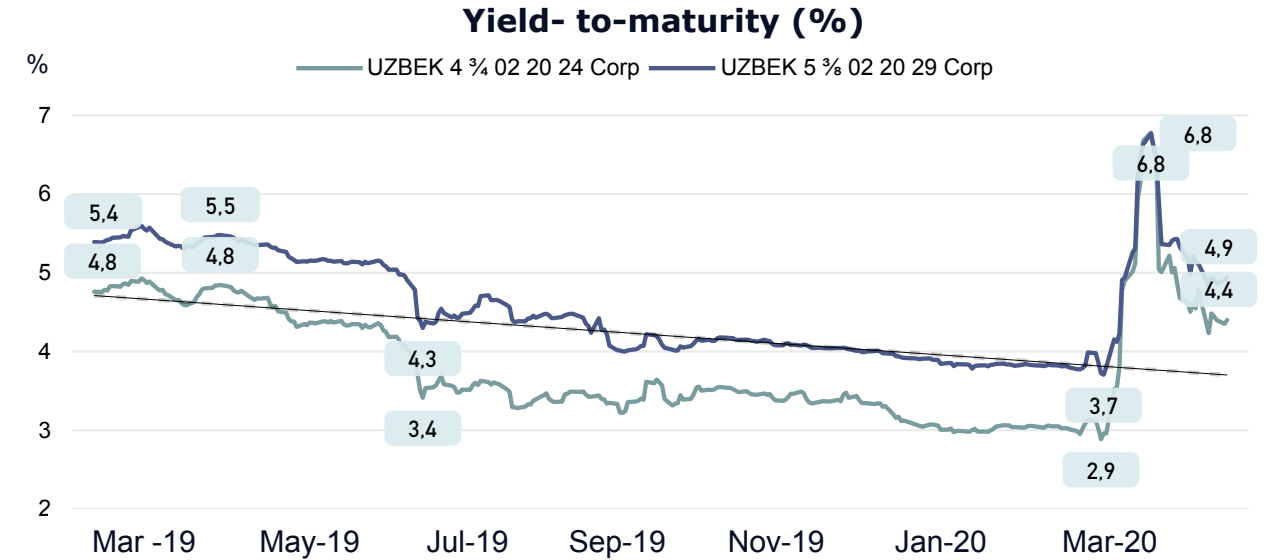
# 9. Sovereign Eurobonds

The secondary market indicators convey the information that **ongoing reforms as well as undertaken liberalisations** in the country are being positively received by the international investors (community) and the international capital markets **are open to new sovereign bonds**.

At the beginning of the March the prices of 5-year and 10-year sovereign international bonds were around **106.0%** and **112.0%**, relative to the nominal value, and the yields are 2.9% and 3.8%, respectively. However, on 24 March, due to the decline in Emerging Market flows, while volatility and uncertainty around the extent and impact of COVID-19 pandemic has continued to negatively impact markets, the prices of 5-year and 10-year sovereign international bonds of the Republic of Uzbekistan in the secondary market have declined to 93.1% and 90.8%, relative to the nominal value, and the yields were 6.78% and 6.77%, respectively.



Issue Date	Issuer	M's	S&P	Fitch	Currency	Coupon(%)	Volume(mn)	Maturity
20 Feb 2019	Uzbekistan	-	BB-	BB-	USD	4.75	500	20 Feb 2024
20 Feb 2019	Uzbekistan	-	BB-	BB-	USD	5.375	500	20 Feb 2029



Source: Bloomberg Terminal



## THE | DIPLOMAT

Read The Diplomat, Know the Asia-Pacific

Apr 6, 2020

### **Uzbekistan Adopts Strict Regulations to Fight COVID-19**

Governments around the world are responding to the COVID-19 pandemic with the best intentions, deploying and mobilizing their resources as effectively as they can.

Uzbekistan is among a number of countries to adopt early strict measures to prevent the sharp spread of the virus. Mirziyoyev, in his latest public address on April 3 said, "If we are not heavy-handed, the situation will worsen... Japan prevented the rapid spread of the virus. Why? Because of strict orders and discipline."

Once the country announced a lockdown, strong enforcement followed. At the forefront of enforcement are Ministry of Interior police officers, assisted by National Guard forces. They are busy ensuring that individuals leave their houses only for allowed activities and that personal vehicles possess permission certificates to conduct allowed activities. In addition, they guard quarantined people being kept at their households.

The significance of the police in the eyes of the current administration has been growing and once the number of COVID-19 cases starts receding, they will be celebrated as heroes for maintaining order.

Source: [www.thediplomat.com](http://www.thediplomat.com)



Apr 22, 2020

### **Uzbekistan builds 10,000-bed infectious disease hospital**

Uzbekistan is preparing to open the first part of a 10,000-bed infectious diseases hospital outside the capital Tashkent as it tries to curb the spread of the coronavirus.

The Central Asian nation of 34 million has confirmed 1,692 cases of the disease and at least 10 deaths and has locked down all provinces.

"The facility is designed both to treat virus-infected residents and to house Uzbekistan citizens returning home from abroad who require quarantine," said private contractor Enter Engineering which is working on the state-commissioned project together with the state railways company.

Enter Engineering said the hospital's first unit, intended to house 1,000 people, would open in early May, with the remainder to be completed within a month.

Source: [www.reuters.com](http://www.reuters.com)

## THE ECONOMIC TIMES

Apr 23, 2020

Uzbekistan, along with several other countries in the world, is facing consequences of Covid-19 pandemic on the economy and social area, including on the lives of people in cities and regions. Uzbekistan has decided on government support to vulnerable population and business sector impacted by Covid-19.

Amid novel coronavirus, the Uzbek head of state places a great emphasis on providing support to vulnerable segments of the population and ensuring full operation of industrial enterprises, construction area and country's infrastructure.

Bearing in mind historic and spiritual values of Uzbek nation, its generosity and care for other people, the President of Uzbekistan suggested establishing "Kindness and Support" nationwide movement.

The initiative expects to be implemented in close collaboration with the Chamber of Commerce and Industry representative offices, banks and social protection related agencies.

Source: [www.economictimes.indiatimes.com](http://www.economictimes.indiatimes.com)



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