

Main economic events

- Uzbekistan can join EurAsEC as early as this year**
 Besides member-countries of EurAsian Economic Community (EurAsEC) plan to complete the formation of Customs Union during next year.
- Uzbekistan increased the main pipeline transportation in January-September by 5.4%**
 While it is observed the increasing goods and passenger traffic; the popularity of railway transport is falling.
- The volume of communication services provided in January-September stepped up by 1.4 times to 277.5B UZS**
 This growth is mainly explained by the strong competition in the communication market and decreasing service price. This process can result in the fundamental changes in market structure.
- Uzbekistan has raised the export of cotton-fiber by 2.5%**
 The portion of cotton in country export decreases, besides the fact the cotton production rises.

Official exchange rate of the CB RU to major world currencies (USZ)

	08.11.2005	01.11.2005	Chg./%
1 USD	1158.28	1155.14	+0.27 ↑
1 EUR	1368.86	1392.75	-1.7 ↓
1 GBP	2027.34	2050.14	-1.1 ↓
10 JPY	98.35	99.85	-1.5 ↓
1 RUR	40.56	40.64	-0.2 ↓

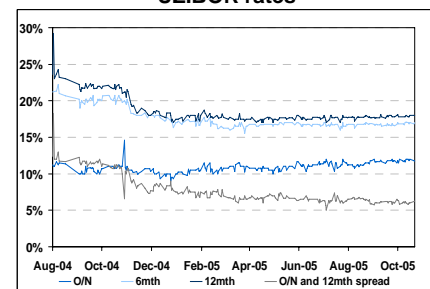
Key interest rates in national currency as of 09.11.2005 (in % per annum)

Refinancing rate of CB RU	16.00
UZIBOR (12 months)	17.80
AWACRI	23.18
CBCAP (UZS)	181.96
CBCAP (USD)	153.80

Corporate Bond Coupon Rates



UZIBOR rates



Main macroeconomic Indicators of Uzbekistan, 2002-2005

Indicators	2002	2003	2004	2004 1st Q	2005 1st Q
GDP, trillion sums	7.45	9.84	12.2	2.1	2.5
Real GDP growth, %	4.0	4.4	7.7	4,8	4,8
State budget execution, % to GDP (-def./+prof.)	-0.8	-0.4	-0.4	4.0	1.9
Foreign trade turnover, billion USD	5.7	6.7	8.7	2.1	2.3
Inflation (CPI), %	-	3.8	3.7	1.1	2.2

Source: State Statistics Committee, Avesta Research

Sources: Avesta Research, Central Bank of RU, Uzbekistan Banking Association

Today

Coupon payments are not expected

Upcoming events calendar

- 11 November:** Start of 5th coupon payment on the 1st CB issue of «Stamford Capital, Inc Tashkent» is expected.
- 12 November:** Start of 7th coupon payment on the 2nd CB issue of «Biznes Vestnik Vostoka».
- 12 November:** Start of 3rd coupon payment on the 2nd CB issue of LLC «Nuron Savdo» is expected.
- 13 November:** Start of 5th coupon payment on the 2nd CB issue of OJSC «Almalyk MMC» is expected.
- 13 November:** Start of 5th coupon payment on the 1st CB issue of LLC «RUNDIS».

Uzbekistan can join EurAsEC yet/as early as this year

Uzbekistan can join EurAsian Economic Community (EurAsEC) yet this year, as reported by *“RIA Novosti”* with reference to Secretary General of EurAsEC Gregory Rapota. Besides this, member-countries plan to complete the formation of Customs Union during next year, as stated by G. Rapota. He said that at present the secretariat of EurAsEC prepared documents on formation the CU for Common Economic Area (CEA), whose members are Russia, Belarus, Kazakhstan, and Ukraine. During the CEA summit session held in Kazan' it was determined that the documents were scheduled to be prepared by March 1, 2006. In addition, he stated that the main issues were the creation of the common customs borders and national body.

Comment: Forthcoming joining the EurAsEC and Customs Union will favour the influx of additional foreign investments and speeding-up the process of reformation of national economy.

Uzbekistan increased the main pipeline transportation in January-September by 5.4%

Uzbekistan increased the main pipeline transportation in January-September by 5.4% (comparing to analogical period in 2004) to 51.6Mt, as reported by *Kazkommertsbank* referencing to data of State Statistics Committee of Uzbekistan. Turnover through tank pipeline (without transit of Turkmen gas) went up by 5.2% to 27.389B tkm, mainly to increasing export of gas to CIS countries. Railway transportation of goods increased by 1.1% to 34.6 Mt, turnover – by 1.2% to 13.4B tkm. Total volume of all types transportation rose by 8.7% to 588.7 Mt, goods turnover – by 7.9% to 51.3B tkm. Freight export jumped up by 15.8% to 27.7Mt. Passenger transportation at national airline company “Uzbekiston Havo Yullari” stepped up by 6.4% to 712.2 thousand passengers, turnover – by 1.6% to 3.469B passenger/km. 3.59 Mt (-10.7%) or 12.9% of total freight export was transported by railways, including 1.652 Mt (+32.8%) exported to far foreign countries. The volume of freight import increased by 9.6% to 4.23 Mt (78.1% accounted to CIS countries).

Comment: Growth of transit and goods transportation volume indicates the increasing activity of economic subjects. Formation of Customs Union and farther integration into world community will promote the speeding-up the development of transportation industry in the country.

The volume of communication services provided in January-September stepped up by 1.4 times to 277.5B UZS

Total volume of communication services provided in January-September stepped up by 1.4% (comparing to analogical period of 2004) to 277.5B UZS, as reported at *“Kazkommertsbank”* website referring to data of State Statistics Committee of RUz. The portion of services provided by the companies with foreign investments made up 47.5% (vs. 50.1% in 2004). The volume of services to population jumped up by 41.6% to 128.5 bln soums or 46.3% of total services provided (vs. 44.4% in 2004). Tariff index of services to juridical persons made up 103.55 (99.6%). The revenues of service suppliers increased by 1.6 times to 143.7B UZS. At present 7 providers operate at the market. The number of subscribers jumped up by 68.7% to 917.8 thousand. The coverage of the urban area reached up 96.4%, region centers – 72.5%. The coverage of rural area made up 77.2%. The total number of transformation ports aggregated 14.9 thousand units, the speed of access to international information nets reached 106.5 MB/sec. The number of Internet users made up 811.62 thousand (+32.5%).

Comment: Considering the positive development dynamics of the communication services and decreasing tariff rates, the certain changes in branch structure and decline in portion of fixed communication providers are expected.

Uzbekistan has risen the export of cotton-fiber by 2.5%

Export of cotton-fiber in January-September 2005 went up by 2.5% (compared to the same period in 2004) to 636.6M USD, as reported at *“Kazkommertsbank”* website based on data of State Statistics Committee of RUz. The portion of cotton in total export volume decreased to 16.5% (vs. 17.6% in January-September of 2004). The amount of exported fiber jumped up by 41%. Main importers in far foreign countries were Great Britain - \$231.4M (-12.4%), Switzerland – \$94.7M (decline by 1.4 times), Iran- \$189.3M (growth by 2.2 times), Latvia– \$58.7M (-12.8%). Main importers among CIS countries are Russia – \$16.8M (growth by 1.4 times), Ukraine– \$22.3M (+21.4%). At present Uzbekistan takes 6th place by production and 2nd place by export of cotton-fiber in the world. Harvest of raw cotton in 2005 increased by 6.5% compared to 2004 and made up 3.77 Mt.

Comment: The growth of cotton export will favor the attraction of additional hard currency funds into country and development of national economy, including cotton industry.

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