

- New investment opportunities in Uzbek oil and gas projects**
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- “UzDaewooAuto” will produce new modification of Damas**
 At present four vehicle models are produced at the plant; these are Nexia, Matiz, Damas, Lacetti, which are exported to Russia as well.
- Steel production has increased**
 In January-October 2005, 525,675 tons of steel were produced that is by 6.2% more than the same indicator in 2004.
- Portion of premium on compulsory insurance is decreasing**
 For 9 months of 2005 all insurance companies have collected insurance premiums in the total amount of more than 30b UZS, that is about 30% more than analogous figure in last year.
- 9 month results on auction trades of Treasury Notes**
 Sum of internal debt on TN, as of October 1, 2005, decreased by 34.6% compared to January 1, 2005.

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

Today

LLC «Buztel », (590m UZS)
Start of 4th coupon payment
 - coupon rate – 27%
 - coupon payment amount – 39.825m UZS

Upcoming events calendar

9 December. Start of payment of 7th coupon of the 1st CB issue of LLC «TETEX» is expected.
10 December. Start of payment of 6th coupon of the 1st CB issue of LLC «Bogiston-non» is expected.
11 December. Start of payment of 2nd coupon of the 3rd CB issue of JV «Tezintom Ltd» is expected.

Business update

7 – 8 December 2005

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

	06.12.2005	29.11.2005	Chg./%
1 USD	1171.04	1167.79	+0.28 ↑
1 EUR	1369.18	1365.26	+0.29 ↑
1 GBP	2025.90	1997.62	+1.40 ↑
10 JPY	96.53	97.45	-0.94 ↓
1 RUR	40.43	40.56	-0.32 ↓

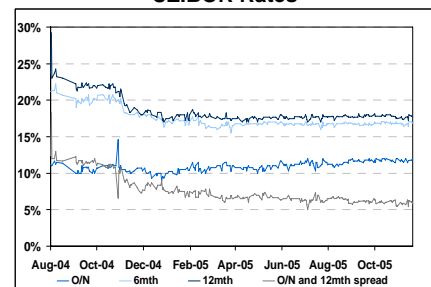
Key interest rates in national currency as of 07.12.2005 (in % per annum)

Refinancing rate of CB RU	16.00
UZIBOR (12 months)	17.80
AWACRI	22.65
CBCAP (UZS)	187.91
CBCAP (USD)	157.96

Corporate Bond Coupon Rates



UZIBOR Rates



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

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New investment opportunities in Uzbek oil and gas projects

National Holding Company (NHC) "Uzbekneftegaz" is going to present 12 new investment blocs for the conducting of oil and gas exploration works, as reported at the website of «*Vesti.uz*». Quoting the speech of Shavkat Majitov, the Chairman first deputy and Chief Manager at NHC "Uzbekneftegaz", at the international conference "Energy market in Central Asia: tendencies and perspectives" (Tashkent, December 6-7), the reporters stated that total probable reserves would amount to 1.5b m³ of gas and 350m tons of liquid carbohydrates. According to the company, in 2000-2004 18 new oil and gas fields were discovered, including 9 in Ustyurt region. There are totally 31 investment blocs on the territory of the Republic of Uzbekistan, which are perspective from the oil and gas exploration viewpoint. Investors who have already concluded contracts with NHC "Uzbekneftegaz" are Russian OJSC "Gazprom" and OJSC "LUKOIL", Chinese CNPC, Malaysian Petronas, etc.

In January-October 2005, at "Uzbekneftegaz" 4.611m tons of oil and gas condensate were produced, that is 17.1% lower than the same indicator in 2004. Natural gas production decreased by 0.4% to 49.207b m³.

"UzDaewooAuto" will produce new modification of model Damas

CJSC "UzDaewooAuto" is going to produce modified model of Damas from January 2005, IA «*REGNUM*» reports. According to the specialist, it is planned to make the body longer by 40cm, change some other parts, to give it more modern design. The works on the production of deliverables for new modification of Damas have already begun. During 2006 it is also planned to produce another modification of Damas. New models will be sold at the local market and will be exported as well. At present four vehicle models are produced at the plant; these are Nexia, Matiz, Damas, Lacetti, which are exported to Russia as well.

Comment: Introduction of new modification of Damas will promote the increase in this vehicle popularity and increase in its competitiveness comparing to foreign vehicles of the same class.

Steel production has increased

In January-October 2005, 525,675 tons of steel were produced, that is by 6.2% more than analogous indicator in 2004, as reported by the Dept. on State Statistics of RU. Output of rolled metals increased by 9.3% and made up 491,712 tons. In Uzbekistan 99% of steel produced at JSPA "Uzmetkombinat". Other producers are Almalyk MMC, SJSRC "Temir Yullari" and holding company "Uzselhozmashholding". In 2004 the steel production rose by 24% (compared to 2003) to 602,161 tons.

Portion of premium on compulsory insurance is decreasing

As reported earlier, for 9 months of 2005 all insurance companies have collected insurance premiums in the total amount of more than 30b UZS, that is about 30% more than analogous figure in last year, IA «*Uzreport*» reports. It is worth to note that during the reported period the tendency on the declining portion of premium on compulsory insurance continued. This indicator made up 6.9% (vs. 10% in 2004). In world practice, it is optimal when revenues from premiums on compulsory insurance account for no less than one-third of total premium amount. Experience of countries with transitional economy shows that major part of compulsory insurance is inevitable when the insurance market is being just shaped.

9 month results on auction trades of Treasury Notes

"*Banking News*" informed that 10 auctions on distribution of TN at Government Notes market were organized. Sum of internal debt on TN, as of October 1, 2005, did decrease by 34.6% comparing to January 1, 2005 (portion of short-term internal debt in total public debt continues to decline, while that of medium-term debt continues to increase). Declared volume of all issues as of October 1, 2005 made up 102.2% to the same indicator on January 1, 2005. Since the beginning of 2005, 160 trade sessions had been organized at secondary market, bond-turnover at TN secondary market made up 101.3% comparing to beginning of 2005. Portion of investors' bonds made up 17.9%, dealers' bonds – 82.1% of all bonds in circulation. The largest Note-holders among bank-dealers are Narodniy bank, NBU, "Pakhtabank", "Uzpromstroybank", etc. Bank-dealers purchase Notes to maintain the liquidity of both own portfolio and that of investors. Since the beginning of 2004, the turnover of bonds at secondary market was 2.5 times more than that in the beginning of the year. This segment of financial market continues to develop, Treasury Bills market volume is about 1.9 times more than volume of TN market. As of October 1, 2005 investors accounted for 5.8% of total amount of TB in circulation, dealers – 94.2%. Major holders are bank-dealers, the most active are "Narodniy bank", bank "Credit-Standart", bank "Asaka", NBU, etc.

Comment: Transfer from short-term to medium-term borrowing is evidence of the stabilization of the macroeconomic situation in the country.

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