AVESTA INVESTMENT GROUP

EUROMONEY AWARDS FOR EXCELLENCE 2025 UZBEKISTAN BEST INVESTMENT BANK

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Uzbekistan External Sector Update

Balance of Payments, External Position, and Debt

Summary

Uzbekistan's external position strengthened during the first nine months of 2025. The current account deficit narrowed sharply, supported by gradual export growth, a sustained increase in international remittance inflows, and favorable global commodity price dynamics, particularly for gold.

Strong capital inflows, mainly in the form of foreign direct investment and portfolio investments, strongly financed the residual external gap. International reserves rose substantially, reinforcing external buffers, while the pace of international reserves accumulation moderated. Together with moderating external debt dynamics, these developments point to a notable improvement in Uzbekistan's external resilience, although the outlook remains sensitive to global growth conditions and commodity price volatility

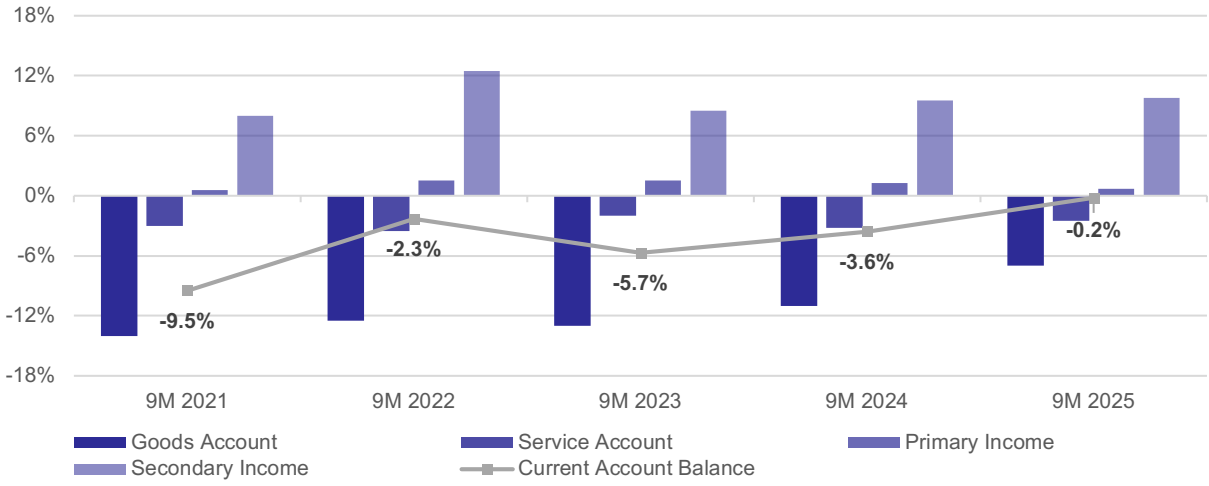
Current Account Developments

The current account deficit declined to USD 207.3 million (around 0.2% of GDP) in the first nine months of 2025, compared to USD 3.1 billion (about 3.6% of GDP) in the same period of 2024. This marked improvement was driven by faster export growth relative to imports and a strong surplus in secondary income.

Export growth significantly outpaced imports due to high investment activity, indicating improving external competitiveness and expanding productive capacity. It was witnessed that total export volume reaches USD 26.1 billion, up from 19.6 billion a year earlier, as well as total import have also increase to 36.7 billion. Resulting in a 12.6 % annual reduction in the trade deficit, to USD 10.6 billion.

Importantly, the combined surplus in primary and secondary income (over USD 10.4 billion) fully offset the trade deficit, suggesting that Uzbekistan's current account dynamics are increasingly supported by diversified income streams rather than solely by capital inflows.

Dynamics of Current Account (as a percentage of GDP)



Source: Central Bank of the Republic of Uzbekistan, Avesta Investment Group estimates

Macroeconomics

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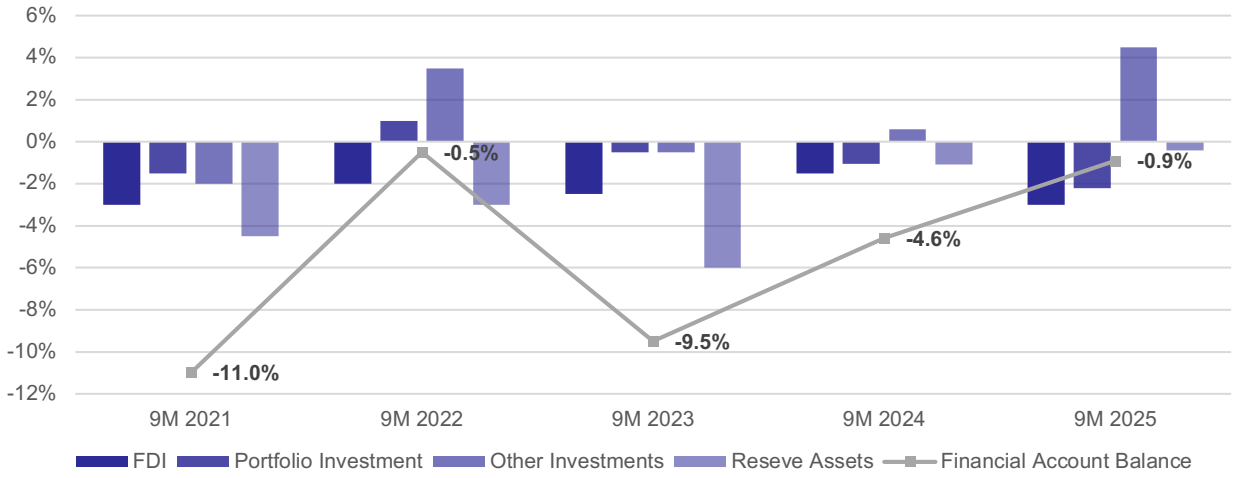
Financial Account Developments

The current account deficit was fully financed by net inflows through the financial account. Net foreign direct investment inflows increased to USD 2.9 billion, up from USD 1.7 billion in the same period of 2024, reflecting continued investor interest in the Uzbek economy. Net portfolio investment inflows reached USD 3.8 billion, more than doubling year-on-year, primarily due to operations involving international bonds. Other investment flows were more moderate, resulting in an overall financial account deficit of USD 955.8 million, consistent with reserve accumulation.

Additionally, international reserves increased by USD 13.8 billion compared to the beginning of the year, reaching USD 55.0 billion as of 1 October 2025. This increase reflected both balance of payments transactions and valuation effects from higher gold prices. Foreign currency reserves increased by USD 1.5 billion, while the value of monetary gold rose sharply in line with global price developments. Reserve levels remain comfortable by standard adequacy metrics, providing strong buffers against external shocks.

Net capital inflows not only financed the reduced current account gap but also supported an increase in reserve buffers, easing pressures on external financing requirements.

Dynamics of Financial Account (as a percentage of GDP)



Source: Central Bank of the Republic of Uzbekistan, Avesta Investment Group estimates

International Investment Position and External Debts

Over the period under review, residents' foreign currency assets increased by USD 21.9 billion (23%) compared with the beginning of the year, supported by higher export receipts, remittance inflows, and continued reserve accumulation. External liabilities rose by USD 13.7 billion (16%), reflecting ongoing investment activity and access to external financing. As the expansion of assets outpaced liability growth, Uzbekistan's net external position improved, enhancing resilience to external shocks and strengthening the economy's external buffers.

The external public debt slowed noticeably in 2025, with quarterly growth easing from 5.7% in Q1 to 1.2% in Q3, bringing the debt amount to USD 37.4 billion as of 1 October. Corporate external borrowing totaled USD 38.0 billion and was primarily linked to investment activity. The external debt burden remains moderate, reflecting favorable financing terms and limited short-term servicing risks

External Sector Outlook and Forward Projections

Looking ahead, Uzbekistan's external position is expected to remain broadly stable in 2026, supported by continued export growth, sustained remittance inflows, and manageable external financing conditions.

Exports are projected to expand by around 14–16 percent, driven by favorable price dynamics for key commodities and further growth in services exports, particularly in tourism, transport, logistics, and IT-related activities. Imports are expected to increase at a slightly slower pace of about 12–14 percent, reflecting ongoing investment demand and resilient domestic consumption.

At the same time, secondary income inflows are projected to rise by 12–15 percent, helping to offset the trade deficit and contain the current account deficit at approximately 3–4 percent of GDP. On the financing side, continued inflows of foreign direct investment and access to international capital markets are expected to support external balance, while comfortable reserve buffers should help mitigate potential volatility arising from shifts in global financial conditions.

Overall, these factors point to a broadly favorable external outlook, reinforcing confidence in the sustainability of Uzbekistan's external position over the near term

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