

Uzbekistan holds rates steady, takes a more hawkish tone on external risks

Uzbekistan's central bank, the CBRU, kept its policy rate unchanged at 14.00%, but the March statement struck a more hawkish tone. Rising risks of imported inflation combined with strong domestic demand suggest restrictive rates may need to remain in place for longer



A view of the Uzbek capital, Tashkent

14.00 CBRU policy rate
unchanged

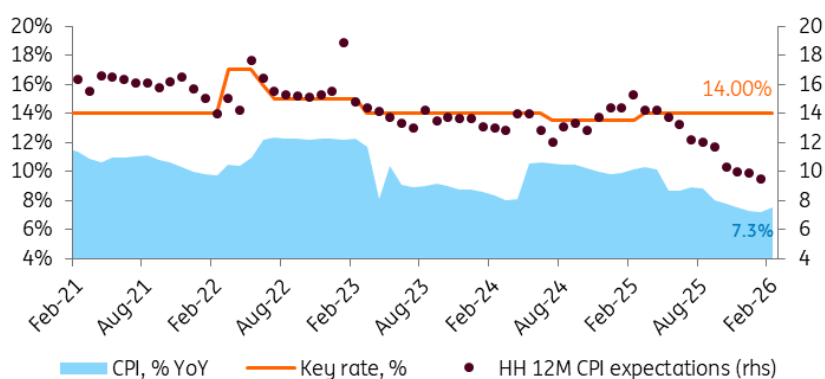
As expected

Decision: rates on hold, tone more cautious

The Central Bank of Uzbekistan (CBRU) kept its key policy rate unchanged at 14.00%, in line with our [expectations](#). The tone of the [press release](#) turned more hawkish compared to January, reflecting a reassessment of inflation dynamics and the balance of risks.

- The CBRU acknowledged that the disinflation process has stalled, with headline CPI remaining unchanged at 7.3% YoY in February and core inflation picking up to 6.3% YoY (vs. 5.7% YoY in December 2025).
- Inflation expectations are now described as persistently elevated rather than stabilising.
- The external environment is increasingly seen as pro inflationary, as geopolitical tensions are pushing up global energy and food prices.
- January's [conditional easing language](#) was replaced with an explicit statement that policy may be tightened further should risks materialise.

CBRU policy rate left unchanged amid stabilising CPI expectations



Source: CBRU, CEIC, ING

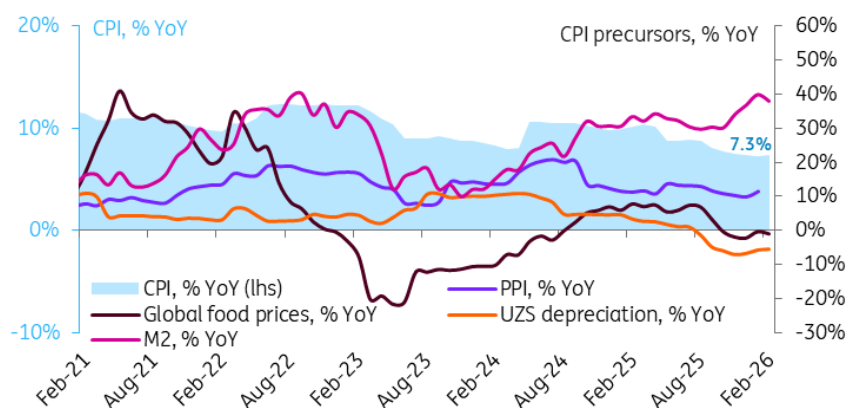
New external pressures add to the old domestic ones

Uzbekistan’s decision to keep the policy rate unchanged and adopt a more cautious tone follows similar moves by [Kazakhstan](#) and [Armenia](#) made after the outbreak of the conflict in the Middle East. The CBRU’s assessment that rising geopolitical tensions increase the risk of higher global food and energy prices is in line with ING’s recent [upward revision](#) to its commodity price baseline amid concerns over prolonged supply disruptions.

Uzbekistan’s food and energy imports total around \$9bn per year, or 6% of GDP. We estimate that each \$10/bbl increase in oil prices adds \$500–600mn to annual energy imports (c. 0.4% of GDP), while a 10% rise in global food prices could add 1.0 – 1.5pp to CPI.

The FX backdrop for inflation is no longer as supportive as in 2025. After appreciating by around 7% last year, the Uzbek soum has recently stopped providing disinflationary support and has remained broadly flat since early March. This coincides with a roughly 5% correction in gold prices following strong gains of 65% in 2025 and a further 21% in January-February 2026. We remain moderately [constructive on USZ in the near-term](#) as Uzbekistan may still accelerate gold sales from around 85 mt in 2025 towards its estimated capacity of 90-100 mt. However, limited gold price gains so far in 2026 and the country’s persistent twin deficits suggest that the medium to long-term appreciation potential remains constrained.

CPI precursors suggest further deceleration is under question



Source: National sources, CEIC, ING

Elevated rates may have to stay longer

While cost side inflationary risks alone do not necessarily warrant a material shift in the monetary policy stance, in Uzbekistan, they coincide with persistently strong domestic demand pressures. Above expected GDP growth of 7.7% in 2025, robust credit expansion and rapid money supply growth of 38% YoY in February point to elevated inflationary pressures in the medium term. This combination increasingly puts the CBRU's expectation of CPI slowing to 6.5% by year end at risk.

Against the backdrop of a more challenging external environment, we raise our forecast for Uzbekistan's inflation by 1pp to 8% in 2026 and reduce the expected scope for policy rate cuts from 200bp to 100bp. We now see any easing being pushed closer to year end and contingent on a stabilisation in external volatility.

Author

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

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