

Snap | 16 September 2026

UZBEKISTAN

Uzbekistan's dovish hold keeps a fourth-quarter rate cut in view

The Central Bank of Uzbekistan left its policy rate unchanged at 14.00%, matching expectations. The September statement includes a subtle dovish shift, favouring a modest rate cut in 4Q26 as a base-case scenario. Still, this view would be subject to domestic and external risks that cannot be neglected



We see a modest rate cut in the fourth quarter as the most likely scenario following today's dovish hold from the CBRU

14.00 **CBRU policy rate, %**

Unchanged

As expected

Why did the CBRU stay on hold?

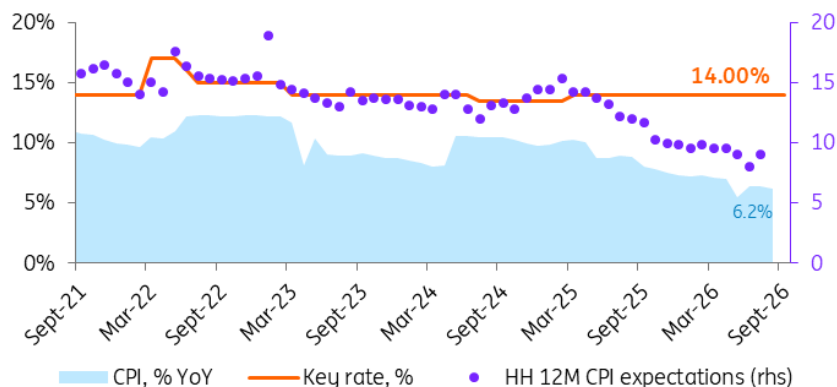
The Central Bank of Uzbekistan (CBRU) kept its policy rate unchanged at 14.00%, extending the pause that began in the first half of 2025. The decision comes despite continued progress on inflation. Headline CPI slowed to 6.2% year-on-year in August from 6.4% in June-July and c.10% at the beginning of 2025; core inflation eased to 5.5% YoY; household inflation expectations continued to trend lower, and the Uzbek soum remained a source of

disinflationary support through its appreciation in real effective terms.

Nevertheless, policymakers continue to see several reasons for caution. The CBRU [statement](#) highlights the broad-based nature of price pressures, noting that a sizeable share of goods and services still records inflation above the 5% target. The central bank also remains concerned about potential second-round effects from the ongoing liberalisation of regulated domestic tariffs.

External risks remain another important consideration. The CBRU argues that elevated commodity, food and energy prices continue to create inflationary pressures through import prices, transport and logistics costs. We find this part of the argument particularly convincing, given the [sensitivities in CIS-4](#) we outlined earlier this year. The recent global backdrop has become less supportive of policy easing, with core-market rates remaining elevated, commodity prices moving higher, and central banks in the region, such as [Armenia](#), [turning hawkish](#).

CBRU remains cautious despite steady disinflation



Source: National sources, CEIC, ING

Guidance becomes more dovish

Also in line with [our expectations](#), CBRU communication appears more dovish than the July statement.

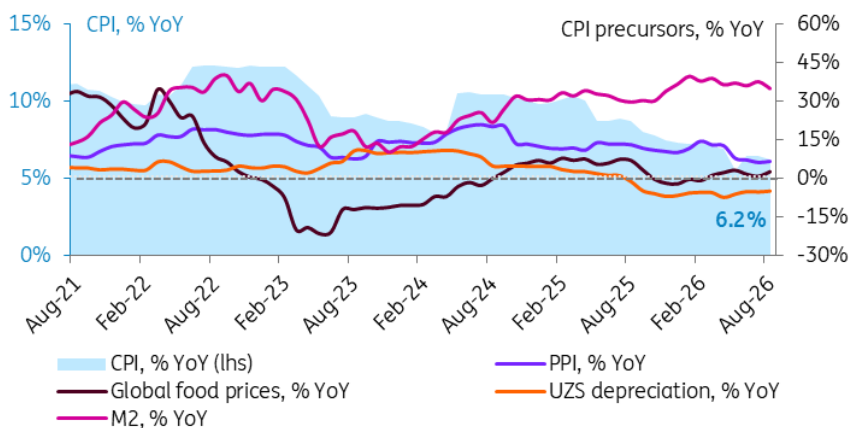
Most notably, the CBRU now acknowledges that inflation continues to trend downward and that the economy is showing signs of more balanced dynamics. Policymakers also recognise that credit growth is gradually moderating under the impact of tight monetary conditions and that some components of aggregate demand are beginning to stabilise. This contrasts with July's emphasis on rapidly growing domestic demand and persistent inflationary pressures.

The statement also highlights the disinflationary role of the stronger soum, an argument that was largely absent from previous communications. Together with lower headline and core

inflation, moderating credit growth and improving inflation expectations, this suggests that policymakers are increasingly confident that current monetary conditions are sufficiently restrictive.

Importantly, the central bank is not signalling an imminent rate cut. However, for the first time in several meetings, the communication appears consistent with policymakers starting to contemplate eventual easing if disinflation continues.

Proinflationary risks appear contained for now



Source: National sources, CEIC, ING

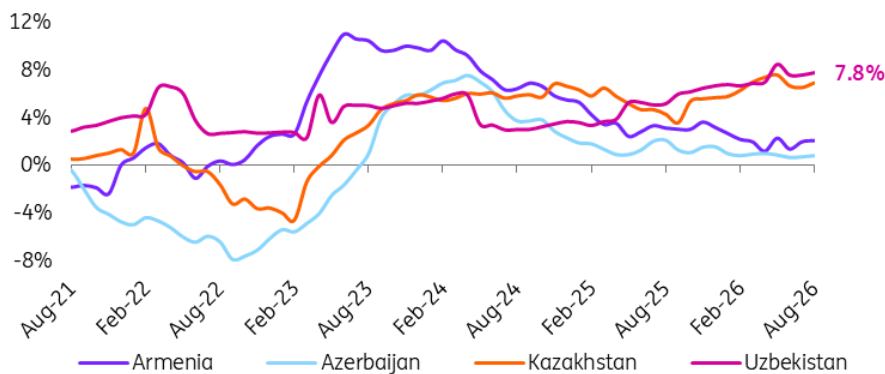
Why we expect easing in 4Q26

We view a modest rate cut in 4Q26 as the most likely scenario.

One important reason is the degree of monetary restrictiveness already embedded in the economy. With headline inflation at 6.2% YoY and the policy rate at 14.00%, Uzbekistan currently has a policy rate-inflation differential of roughly 7.8 percentage points, the highest across our CIS/CCA coverage universe. While inflation expectations remain above current CPI, the gap between policy rates and realised inflation remains sizeable and should allow some room for policy normalisation as upside inflation risks become more manageable.

At the same time, the currency continues to benefit from supportive balance-of-payments dynamics, while inflation expectations are moving in the right direction. Assuming these trends persist, the current policy stance may become increasingly restrictive relative to the inflation outlook.

Uzbekistan's real rates are sufficiently high



Source: National sources, CEIC, ING

What could delay a cut?

The main risk to our easing call remains robust domestic demand.

Uzbekistan has repeatedly surprised on the upside in terms of growth and consumer spending, and the CBRU's concerns about demand-driven inflation should not be dismissed lightly. GDP grew 8.5% YoY in 1H26, substantially above the original official full-year growth assumption of 6.6%. While some components of demand appear to be stabilising and credit growth is moderating, the economy continues to expand at a very strong pace. A stronger-than-expected growth backdrop could therefore make policymakers more reluctant to begin easing.

A second risk comes from imported inflation. Renewed tensions in the Middle East, higher global commodity prices and hawkish shifts in core and regional rates could reduce room for policy rate cuts in Uzbekistan.

By contrast, we view the regulated price story as a somewhat less convincing obstacle to easing than in previous years. While tariff liberalisation remains an important inflation risk in theory, experience from the 2024-25 adjustment cycle suggests that the resulting second-round effects have been more limited than initially feared.

The currency should remain an important disinflationary factor. Even following a roughly 3% appreciation since the outbreak of the Iran conflict earlier this year, the Uzbek soum continues to benefit from strong remittance inflows and supportive external accounts. In addition, a catch-up in official gold exports, following periods of reduced export activity from late 2025 until March 2026 and again in May-June 2026, could provide further support to the balance of payments.

Overall, the September meeting represents a dovish hold. The CBRU is not ready to cut rates yet, but the tone of the statement suggests that the discussion is gradually shifting from whether easing is possible to when it can begin.

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