



THE PRACTICE OF INFLATION TARGETING IN THE CONDITIONS OF UZBEKISTAN

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Annotation: This article examines the importance of inflation expectations in the context of an inflation targeting regime. Scientific conclusions have been drawn on the impact and importance of inflation expectations.

Keywords: Central Bank, inflation, inflation targeting regime, inflation expectations.

The President of the Republic of Uzbekistan on November 18, 2019 "Inflation by gradually switching to targeting mode to the Decree No. PF-5877 on improvement of monetary policy in accordance with the inflation targeting regime, relying on advanced foreign experience Central Bank of the Republic of Uzbekistan and Ministers for implementation The task of carrying out coordinated preparatory work of the court was placed. Pursuant to this Decree, to ensure macroeconomic stability use of market mechanisms and instruments of economic regulation expansion, as well as radical improvement of monetary policy efficiency In order to increase the inflation rate of the Central Bank of the Republic of Uzbekistan in 2021 A reduction to 10 percent and constant inflation of 5 percent in 2023 money-credit from January 1, 2020 by setting a target gradual transfer of policy mechanisms to the mode of inflation targeting provision was made. II of 2020 according to the data of the Central Bank from half, the relative stability of regulated prices, consumption sluggish demand and generally changing macroeconomic conditions of prices served to slow down annual growth rates. By the end of 2020 inflation rate slowed down to 11.1% compared to 15.2% in 2019 organized.

Inflationary expectations consumption of the population and business entities, important in influencing savings and investment decisions is one of the indicators. In this case, inflationary expectations are aggregated in the economy economic growth through the effect on the price level, the formation of demand significant impact on indicators and formation of investment resources shows. The implementation of measures to further reduce the level of inflation is an important factor in ensuring the effectiveness of economic reforms aimed at improving the living standards of the population and creating conditions for sustainable economic growth.

International experience shows that one of the effective methods of conducting monetary policy in a market economy is the inflation targeting regime, in which the active participation of the central bank in the monetary market, as well as the regular analysis of economic development and the wide coverage of state policy plans, ensure the achievement of the quantitative goals of inflation. provides

At the same time, the introduction of the inflation targeting regime requires coordinated preparatory work of the Central Bank of the Republic of Uzbekistan and the Cabinet of Ministers in the following directions:

gradual reduction of the role of non-monetary factors of inflation, including the reform of tariff regulation, ensuring the effectiveness of structural economic reforms in the real sector of the economy and filling the domestic market with consumer goods;

Improving the quality of macroeconomic analysis and communication policy of the Central Bank;

introduction of new instruments of money market regulation, ensuring effective influence of the regulator on the credit market.

In order to expand the use of market mechanisms and instruments of economic regulation to ensure macroeconomic stability, as well as to fundamentally increase the effectiveness of monetary policy:

The Central Bank of the Republic of Uzbekistan will reduce the inflation rate to 10 percent in 2021 and set a permanent inflation target of 5 percent in 2023, starting from January 1, 2020, to step-by-step monetary policy mechanisms. ensure the transition to the inflation targeting regime.

The following should be defined as the main principles of monetary and credit policy of the Central Bank of the Republic of Uzbekistan:

- setting a permanent inflation target and communicating it to the general public;
- use of comprehensive instruments of monetary and credit policy in order to regulate interest rates in the money market and manage inflationary processes;
- implementation of detailed macroeconomic analysis and forecasts, taking into account open information available in domestic and foreign markets, in order to make objective decisions in the field of monetary policy;
- improving the communication policy of the Central Bank of the Republic of Uzbekistan in order to convey the objectives of the monetary and credit policy to the general public, to ensure the predictability of the macroeconomic situation and to build the confidence of market participants;
- conducting a coordinated monetary-fiscal and anti-monopoly policy;
- continue to implement structural reforms in economic sectors by accelerating the transition to a competitive market economy, increasing the competitiveness of local producers, and forming full-fledged markets for goods and services;
- gradual liberalization of regulated prices aimed at combating monopoly and switching to modern methods of price regulation, as well as expanding the production infrastructure;
- reforming the banking system and financial markets in order to develop financial intermediation institutions for the transformation of savings into investments, as well as creating an opportunity for long-term planning of financial flows;
- The concept of joint efforts of the Cabinet of Ministers and the Central Bank of the Republic of Uzbekistan to reduce inflation and ensure price stability is appropriate;
- To approve the "Roadmap" (hereinafter referred to as the "Roadmap") on reducing inflation and ensuring price stability in 2020.

The Central Bank of the Republic of Uzbekistan should take measures to align monetary and credit policy instruments, mechanisms and processes with the standards of the inflation targeting regime by introducing the following:

- Until January 1, 2020, market instruments affecting money market interest rates, including Central Bank bonds, overnight deposits, permanent deposit auctions, government securities and foreign currency collateralized loan auctions and overnight loans;
- During 2020, the role of derivative instruments (swaps, options and futures) and commercial banks in the formation of the exchange rate will be gradually increased in the management of interest and currency risks;
- the interest corridor mechanism of the main interest rate in the implementation of flexible interest policy through the regular intervention of the Central Bank in the interbank money market for a period of one month;
- Until April 1, 2020, the macroeconomic analysis and forecasting system, which provides for the development of econometric modeling instruments based on the technical support of international financial institutions and advanced international experience;
- modern principles of communication policy, which provide timely coverage of the current situation in the economy, the main factors of inflationary processes and measures of monetary policy by the Central Bank within two months;

➤ constant study of factors of inflation and inflationary expectations, study of advanced foreign experience by attracting technical support from international financial institutions and central banks of other countries.

The commission for coordination of measures to reduce the level of inflation and ensure price stability (hereinafter referred to as the Commission) should be established with appropriate composition.

The following should be defined as the main tasks of the Commission:

➤ to analyze and critically assess the factors of inflation and the reasons that lead to price increases;

➤ focusing the efforts of all ministries and agencies on reducing the level of inflation in the economy and ensuring the compatibility of the implemented policies;

➤ to identify shortcomings and problems in the timely and effective implementation of measures aimed at transferring the monetary and credit policy of the republic to the inflation targeting regime, as well as to develop proposals for their elimination and to increase the responsibility of the heads of competent bodies and organizations in this field exit;

organize a discussion of the implementation of measures aimed at stabilizing prices and reducing inflation in the domestic market at least twice a month with the participation of heads and other representatives of authorized bodies and organizations, as well as providing information to the President of the Republic of Uzbekistan about the work done.

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