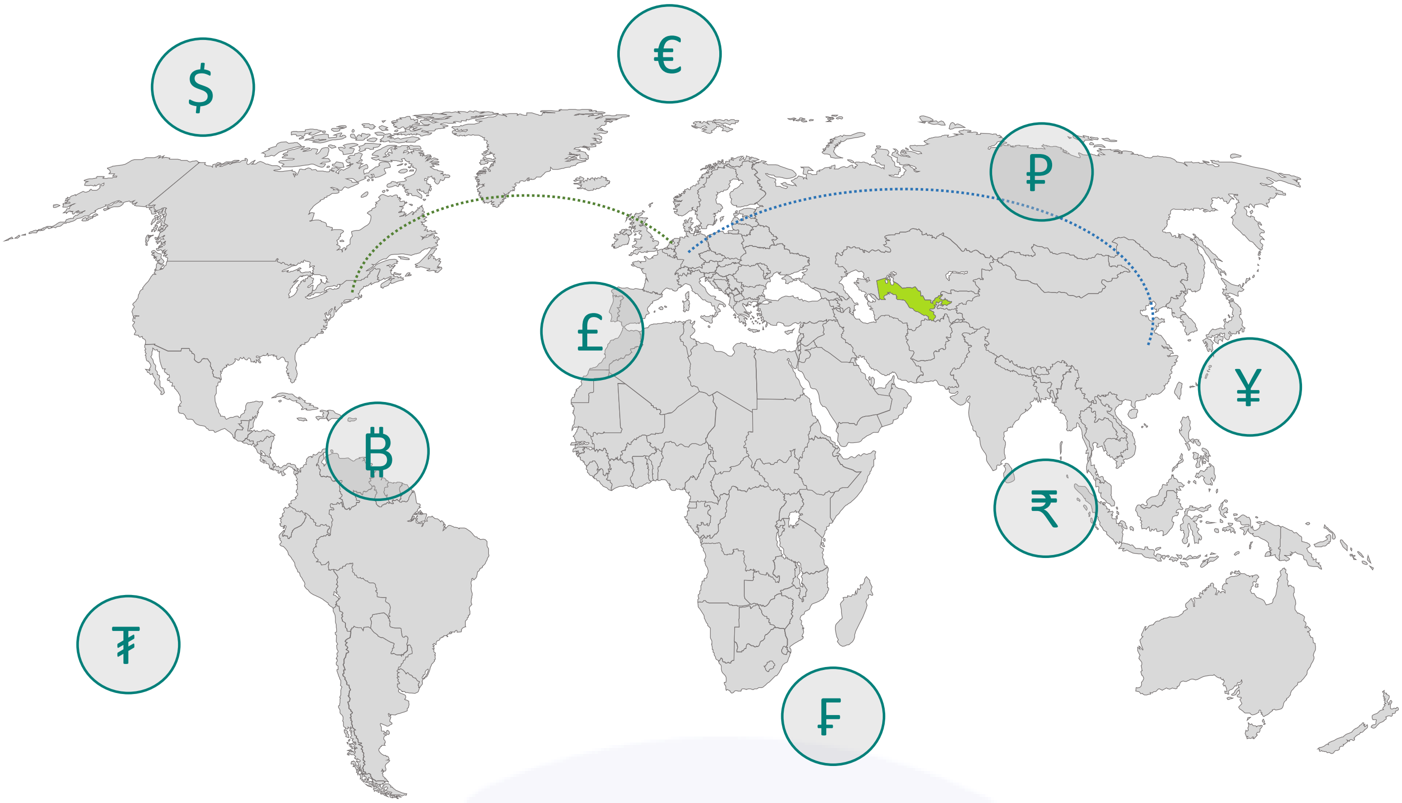
Asia Alliance Bank

Issue №11



Weekly Review

Local and global financial markets

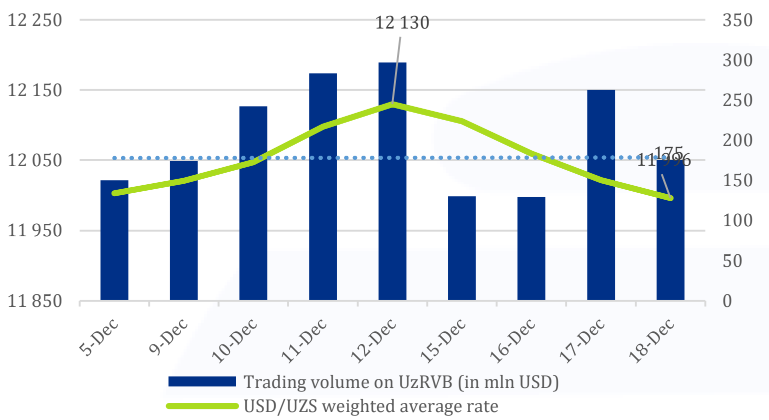
Treasury Department

December 22, 2025

Local markets

FX market

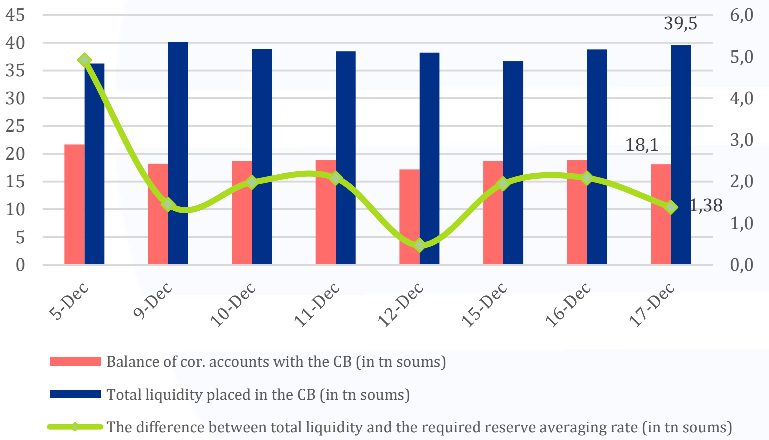
Currency pair	Value as of 19 December	Week over Week	Month over month	Year to date
USD/UZS	12 021,6	-0,6%	0,7%	-6,8%
EUR/UZS	14 092,9	-0,7%	1,8%	4,8%
CNY/UZS	1 707,3	-0,4%	1,7%	-3,4%
RUB/UZS	150,4	-0,9%	2,1%	18,9%
JPY/UZS	77,1	-0,7%	0,2%	-5,7%



Strengthening of the sum

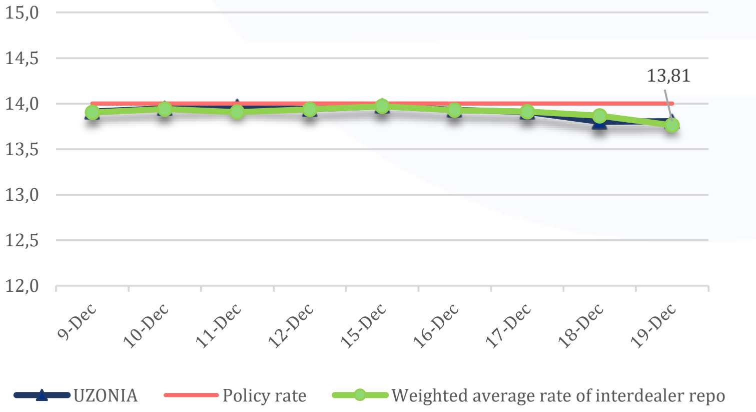
USD/UZS rose for eight consecutive days amid increased demand for foreign currency to meet external obligations, which was accompanied by an increase in **trading volumes** and their peak on **December 15**. Following this, a **decline** in the **exchange rate** began on **December 16th**, likely due to the saturation of demand and the closure of core currency needs. An additional effect could have been the increase in the supply of foreign currency from exporters. The decrease in trading volumes in subsequent days confirms the market's transition from growth to adjustment.

Money market



Liquidity Dynamics

The total volume of liquidity placed in the Central Bank increased significantly over the past two weeks, from **30 trillion soums** to **40 trillion soums.** This trend is due to the fact that the volume of the announced auction for the placement of Central Bank bonds increased by **5 trillion soums**, while the volume of submitted and satisfied applications increased by an average of **7-8 trillion soums.**



Rates Remain Stable

Both key market rates (**UZONIA** and interdealer **REPO**) remained **stable** and fluctuated near the policy rate of **14.0%**, reflecting the balanced state of the money market. Small fluctuations (within **13.7-14%**) indicate the effective functioning of the interest rate corridor and the absence of excessive pressure from the liquidity demand side.

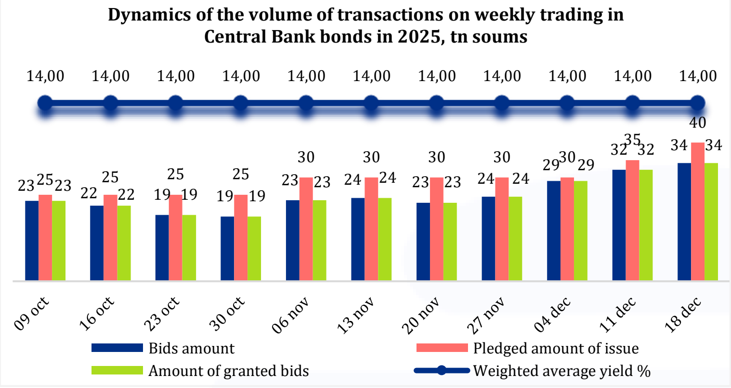
Sources: cbu.uz, uzrvb.uz

Local markets

Government securities market

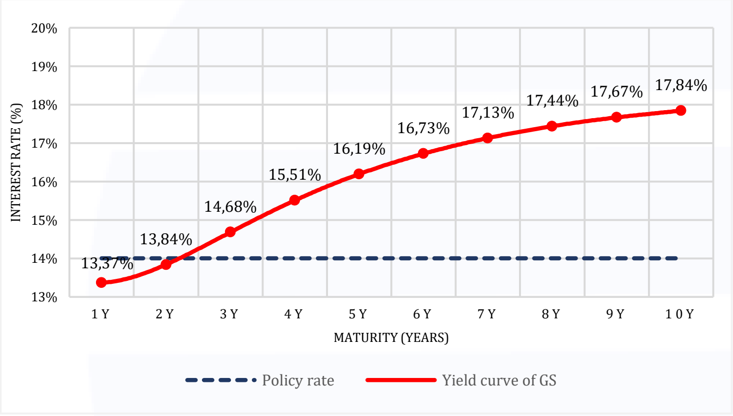
The last auction of the Ministry of Economy and Finance's treasury bonds took place on **December 16.** The Ministry of Economy and Finance placed securities with a maturity of **3 years.** The average weighted interest rate on bonds with a maturity of 3 years was **14.34%.** The auction of Central Bank bonds took place on **December 18. 25 dealers** participated in the Central Bank bond auction, with the total volume of bids received amounting to **34.1 trillion** soums, and the average weighted interest rate was **14.00%.**

Date posted	Ident. Number	Maturity (days)	Pledged amount of issue (k units)	Bids amount (bn soums)	Amount of granted bids (bn soums)	Weighted average yield
18.12.2025	21211CBUSS	7	40 000	34 093	34 093	14,00%
16.12.2025	28038UMFS	1 081	200	1 755	1 755	14,34%



Central Bank Bond Trades

According to the results of the Central Bank's weekly bond auctions, the volume of bids continues to increase significantly. In particular, on **18 December** the total volume of bids reached **34.1 trillion** soums. In this context, the maximum yield is linked to the policy rate and amounts to **14.00%** per annum. The announced volume amounted to **40.0 trillion** soums.



Yield curve

The government securities yield curve (a graph reflecting the relationship between prices and maturities of government debt instruments denominated in the national currency) as of **December 17** for securities with maturities of **3** and **5 years** was **14.68%** and **16.19%**, respectively. The yield curve makes it possible to form expectations about future economic conditions and inflationary processes and is one of the important indicators.

№	Ident. Number	Sale price %	Profitability	Purchase price %	Profitability
1	28031UMFS	103,02	14,41%	102,76	14,54%
2	28030UMFS	104,41	14,40%	104,14	14,54%
3	28017UMFS	104,86	14,15%	104,59	14,33%
4	28015UMFS	107,13	14,11%	106,85	14,31%
5	26043UMFS	106,56	13,35%	106,29	13,82%
6	26031UMFS	103,80	12,82%	103,53	13,81%
7	26029UMFS	105,67	11,93%	105,40	13,80%
8	24118UMFS	99,36	9,78%	99,10	13,76%

Sources: cbu.uz, uzrvb.uz

Cbonds

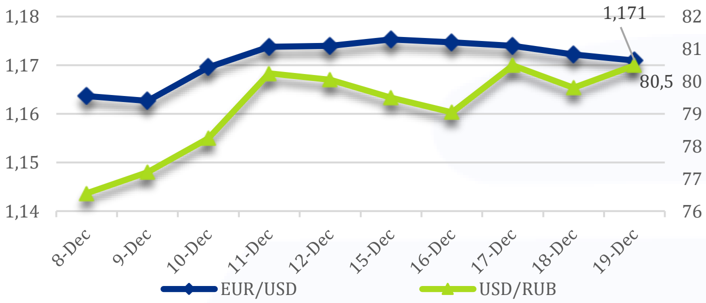
JSCB "Asia Alliance Bank" is actively participating in the development of the bond market of Uzbekistan. The bank has become the supplier of Uzbekistan's government securities quotations for **Cbonds**, the largest portal in the CIS that provides the most accurate and complete information on bonds. Currently, the Bank provides trade data for **8 publications** (22.12.2025).

Global markets

Asia Alliance Bank

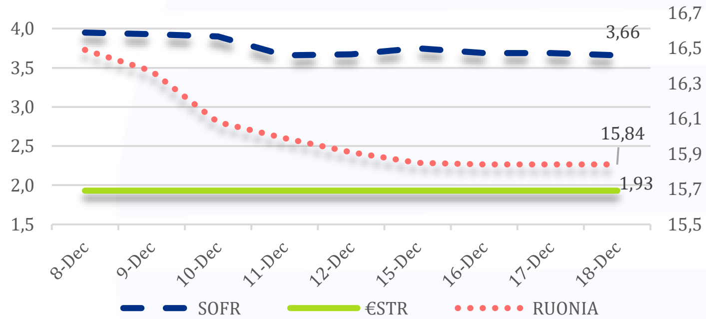
FX market

Currency pair	Value as of 19 December	Week over Week	Month over month	Year to date
EUR/USD	1,1710	-0,37%	1,49%	13,60%
USD/RUB	80,50	1,26%	-0,06%	-27,15%
DXY	98,60	0,29%	-1,63%	-9,50%
XAU/USD	4 338,6	0,83%	6,29%	64,39%
USD/CNY	7,0411	-0,09%	-0,99%	-3,82%
USD/JPY	157,76	1,64%	0,38%	0,31%



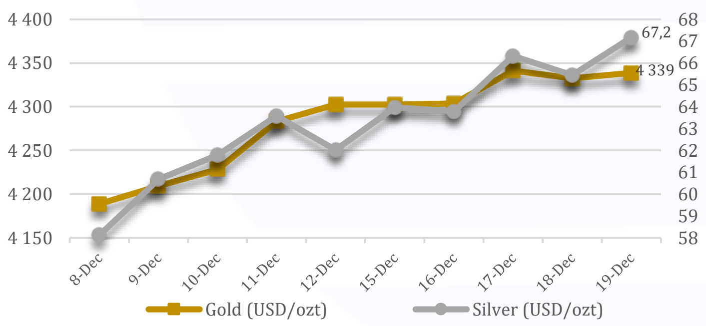
EUR/USD remained above the **1.17** level, as the dollar demonstrated weakness against the backdrop of **Fed policy easing expectations**, which supported demand for euros. At the same time, the ECB maintained the rate, strengthening investors' confidence in the eurozone's economic stability, although the decline in consumer confidence in the region put moderate pressure on the euro, resulting in quotations remaining within a moderately rising range. The ruble weakened after its recent strengthening, analysts pointed to pressure from the Bank's decision expectations and external factors, including oil price dynamics and geopolitical risks.

Money market

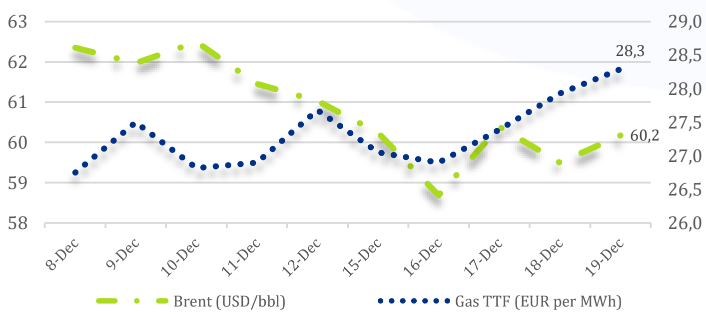


RUONIA remained at approximately **15.8%-15.9%,** reflecting stable conditions in the interbank market in Russia, **SOFR** in the USA remained in the range of **3.6%-3.7%**, and the European rate of **€STR** remained practically unchanged at around **1.93%**. During the **December 19th** meeting of **the Bank of Russia**, the key rate was reduced by **50 bp** to **16%**, marking the fifth consecutive policy easing against the backdrop of slowing inflation, but the regulator emphasized that the conditions will remain relatively tight. **On December 18**, **the European Central Bank** decided to **keep interest rates unchanged**, noting the moderate growth of the eurozone economy and the stability of inflation near the target level.

Commodity market



During this week, **gold** continued to **trade** at very high levels, staying close to historical highs after a sharp rise in December, reflecting a strong demand for safe assets amid expectations of further Fed easing of monetary policy. Silver also remained at record high levels, with quotations above **$66-67 per ounce**, supported by both investment and industrial demand.



Sources: investing.com, index.minfin.com.ua, newyorkfed.org, cbr.ru, data.ecb.europa.eu

Brent crude oil prices remained under pressure, continuing to fall below **$60** per barrel due to expectations of global demand weakening and potential geopolitical risk settlement prospects, which led to lower price levels remaining low for most of the week. On **December 17**, Brent showed corrective growth in geopolitical news but generally maintained a moderate trading range near **$60-61**. In December, gas prices in Europe remained around **€27-28 per MWh** due to **high supplies** of **LNG** from the **US** and gas from **Norway**, however, expectations of cold weather, lower stocks in the EU, and a **failure** at the **s** plant in Texas are increasing the risks of demand and price increases.

Events calendar

Asia Alliance Bank

Key events of the past week

S&P Global's preliminary data showed that **manufacturing PMI** in the **US slowed down** to its lowest levels in the last **6 months** of **December**: there was a decrease in new orders in both manufacturing and service sectors. This signaled weak dynamics in the economy at the end of the year and increased **expectations** for a **softer monetary policy.**

On December 15, Argentina's Central Bank announced a currency policy reform: **from January 1, 2026**, the peso **exchange rate** range will be **tied** to **inflation** instead of a fixed monthly adjustment. This is aimed at stabilizing the economy, increasing international reserves, and supporting growth. The market reaction was positive: the peso strengthened, and the country's stocks and bonds managed to grow.

The **Bank of Japan** raised its key interest rate to **0.75%**, the highest level in **30 years**, reflecting attempts to **curb inflation** and begin monetary policy normalization after a prolonged ease.

The Bank of England at its meeting on **December 18**, **2025**, reduced the base interest rate from **4.0%** to **3.75%,** which was another step of a soft monetary policy against the backdrop of slowing economic growth and falling inflation.

World stock markets were diverse on Monday: Asian and American stocks were rising, while European markets were opening down as investors started a short holiday trading week. The Japanese yen fell to its lowest point, and Asian indices were supported by a strong surge in technology stocks on Wall Street.

The **Senate of Uzbekistan approved** the **state budget** for **2026** with revenues of about **368.9 trillion soums** and expenditures of about **402.6 trillion soums**, with a deficit of **3 percent of GDP**. About **55 percent** of budget expenditures will be allocated to the social sphere, primarily to education (**100 trillion soums**) and healthcare (**49 trillion soums**).

Economic growth of about **6.6%** and **inflation** of about **7%** is projected in **2026**, as well as the main directions of fiscal policy with the **preservation** of **current tax rates** and support for budget stability have been approved.

Uzbekistan and **Japan** agreed to **expand strategic partnership**, securing it during the official visit of the President of Uzbekistan to Tokyo. The parties signed agreements on cooperation in the fields of energy, industry, infrastructure, education, and technology with a total volume of joint projects worth billions of dollars. Special attention was paid to the development of **educational** and **humanitarian ties**, including the creation of joint training programs and the exchange of specialists.

Most of the Gulf countries' stock markets closed with rising prices, supported by rising oil prices and increasing expectations of declining interest rates in the US, which is important for markets with dollar-pegged currencies. **Oil prices have risen** amid potential supply disruptions due to **tank blockades** near **Venezuela** and uncertainty surrounding peace talks between Russia and Ukraine. **Saudi Arabia** and **Qatar's** indices rose, while **Saudi Aramco** and the **banking sector's** shares grew most actively in Saudi Arabia. Inflation and unemployment data in the US strengthened rates by **two possible reductions in Fed rates in 2026**, positively impacting investor sentiment.

Upcoming events for the month

On December 24, financial markets in most countries are operating in a reduced mode. In the USA, stock exchanges and banks, as a rule, close earlier than usual, similar practice operates in Great Britain and a number of European countries. **On December 25**, most global financial markets and banks are completely closed: the stock exchanges of the USA, Great Britain, Eurozone countries, Canada, and Australia are not operating. Interbank settlements and clearing have practically stopped. **December 26** remains a day off for financial institutions in the UK, Canada, Australia, and several other countries, while the US and part of Europe are working.

Between December 31, 2025, and **January 2, 2026**, most global financial markets and banks are closed or operating in a significantly reduced mode due to the **New Year holidays**. **January 1** is a **global day off** in almost all major economies. **December 31** is passing with minimal liquidity, and **January 2** remains a transition day with partially closed markets (China, Japan, Switzerland).

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Thank you for your attention!

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