



THE MARKET OF EUROBLIGASIES OF UZBEKISTAN PARTICIPATION ANALYSIS

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ABSTRACT: - Today, the formation of a new stage in the development of public and private partnership relations is relevant by expanding the practice of financing various methods of financing the activities of economic entities, in particular, through bonds, and increasing the role of public eurobligasias in this process. Currently, we can see the growing development of eurobligasias around the world, including in the economy of our country. The article analyzes the participation of Uzbekistan in the Eurobonds market and examines forecasts.

KEYWORDS: Issuer, soap international bond, coupon range, deposit, face value, benchmark.

INTRODUCTION

Eurobond or eurobligasias are long-term securities issued in foreign currency for issuers, that is, a state, bank or office that has the right to issue securities and paper money, and issued by governments, international organizations, local government bodies, large corporations interested in obtaining funds for

a period of 1 to 40 years. In short, it is a debt obligation, after a certain time the Eurobonds must be re-purchased.

In recent years, radical changes have begun to occur in the socio-economic life of Uzbekistan. In this, the development of the economy has entered a completely new stage, aimed primarily at improving the level and quality of

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life of the population. All the reforms carried out in the economic sphere were ultimately based on the principle that "human interests and well-being are above all". In this regard, first of all, the main attention was paid to further strengthening macroeconomic stability in our country, maintaining a strict monetary policy, ensuring the stability of prices in the national currency and the domestic market, and conducting tax and budget reforms. As one of such important reforms, one can cite the ongoing reforms to develop the securities market in our republic, in particular, it can be noted that the country's sovereign credit rating was obtained in 2018, and as a result, the possibility of placing sovereign international bonds in the global financial markets was created.

Countries, as a rule, issue such securities with the aim of implementing a planned social or economic project. Tajikistan, for example, was the first to deploy Eurobonds for the construction of the rogue in September 2017.

The more relevant the reason for the release of eurobligias, the higher the trust in the issuer and the more effective the conditions for their sale. Before obtaining a sovereign credit rating of Uzbekistan and issuing Eurobonds, it is necessary to make the system of collection and distribution of economic information, the relevant regulatory framework in accordance with international standards, to form the system of economic regulation in a more transparent and understandable way for investors.

In February 2019, on the London Stock Exchange, which is considered one of the most prestigious exchanges in the world, Uzbekistan for the first time put up for sale eurobligias. In doing so, it placed 5-year 500-million-dollar Eurobonds at 4.75 percent and 10-year 500-million-dollar Eurobonds at 5.375 percent. The repayment periods for debt bonds were set for

2024 and 2029. At first, the range of coupons was set at 5,625 - 5,75 percent and 6 percent, but due to high demand, Uzbekistan revised interest rates and lowered them to 4,75 percent and 5,375 percent. About 150 institutional investors received a \$ 3.8 billion proposal for the purchase of bonds. From the point of view of states, most of the 5-year and 10-year bonds purchased are British investors (39 percent and 32 percent, respectively), while American investors purchased 23 and 31 percent bonds. European investors accounted for 32 percent and 27 percent, and investors from Asia, the Middle East and North African countries-6 and 10 percent. Most of the Eurobonds-75% and 78% - were purchased by management funds, 20% and 16% by insurance companies and pension funds, 5% and 6% by banks.

The debut emission of eurobligias was carried out by the National Bank in conjunction with internationally recognized underwriting banks such as Citibank (USA), Natixis (France), SMBC Nikko (Japan) and Gazprombank (Russia). As a result of the operations on these eurobligias, very successful agreements were reached by Uzbekistan in the eurobligias market, with strong support from investors who, having revised the price, managed to place it at an acceptable final price, and ultimately these results served as a base benchmark or, in other words, a template, direction for the release of eurobligias in the future by

In particular, an example of this is the fact that on November 25 of this year, orders from more than 150 investors in the amount of US \$ 1.2 billion were received in trading on the London exchange on international bonds in the amount of \$ 300 million issued by the "Uzsanoatqirilishbank" ATB, and international bonds were placed at a coupon rate of 5.75 It should be noted that these international bonds were placed among investors from

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Great Britain (30 percent), the USA (16 percent), Europe (40 percent) and Asia and the Middle East (14 percent).

Particular attention was paid to the placement of these funds on the basis of market mechanisms in order to effectively use the funds received from the placement of sovereign international bonds. In particular, taking into account the need for long-term financial resources for commercial banks in the process of expansion and modernization of production facilities, in accordance with the decree of the president of the Republic of Uzbekistan dated April 2, 2019 PQ-4258, 889.2 million US dollars of funds received from the placement of sovereign International Bonds by auction among commercial banks, that is,

Of the total amount of \$ 999.1 million invested in the capital market of Uzbekistan in the form of a deposit and allocated as a loan, a total of \$ 428.1 million in interest income was received for 10 years and 387.55 million in interest expenses were spent, and 5.4 million in the first five years, and 2.72 million in the next In a general conclusion, the profit collected on international bonds placed in terms of 5 and 10 years will grow regularly, and this figure will reach 40.6 million dollars after 10 years. US dollars. It should be noted that the placement of the main part of the funds received from the placement of sovereign international bonds in the deposits of commercial banks is also significant in that they do not increase the costs of the state budget and are not subject to additional expenditure from the budget.

The successful placement of eurobligias by the Bank is a sign that the reforms carried out in our country are positively evaluated by international investors. The funds raised by the Bank are planned to be directed to the financing of large investment projects of strategic importance of the economy and the development of entrepreneurship.

Currently, we can see the growing development of eurobligias around the world, including in the economy of our country. A number of activities are being carried out and discussed in our country in order to increase the importance of eurobligias, their circulation and placement. Also, the placement of State eurobligias in World Markets is being carried out not in order to attract funds, but in order to create a benchmark for the Uzbek market. The benchmark obtained for market valuation is the benchmark for others. The process of placing government bonds in the financial markets of the world and borrowing government from foreign investors in this way becomes an example for domestic companies and encourages them to actively attract funds to expand their business.

The circulation of eurobligias is not organized through the economic and legal norms of the regulation of the circulation of bonds of a particular state, but eurobligias are regulated mainly by international legal norms, eurobligias are placed on the stock markets of several countries or different countries at the same time.

In the current context of economic reforms, the importance of eurobligias is increasing. It is also proof of our opinion that eurobligias are currently being deployed and put into circulation in the territory of developing countries and our country.

The purchase and sale of 5-year Eurobonds of the Republic of Uzbekistan to the London Stock Exchange was carried out, which amounted to 4.75% of the coupon income. Market profitability, on the other hand, is 3,37% interest (as of 23.09.2019). The nominal price of eurobligias is \$ 100. It will be extinguished on February 20, 2024. After eurobligias were placed on the London Stock Exchange, its market profitability was formed.

The trend of market profitability of eurobligations in Uzbekistan is reflected in Figure 1. The market revenue of 5-year eurobligations is 105.79%. When placed on February 20, 2019, the income of this security was almost 100 percent. This situation means that these securities had a profitability of 103.08% in June 2019 compared to February 2019, and by September 2019 it is seen to be 5.2% higher. The increase in the market

profitability of these securities leads to an increase in the interest of foreign investors and international financial organizations in the secondary purchase of 5-year euroobligations. In conclusion, it can be said that since the market profitability of 5-year euroobligations has increased by 5.2%, foreign financial investors are striving to buy these securities.

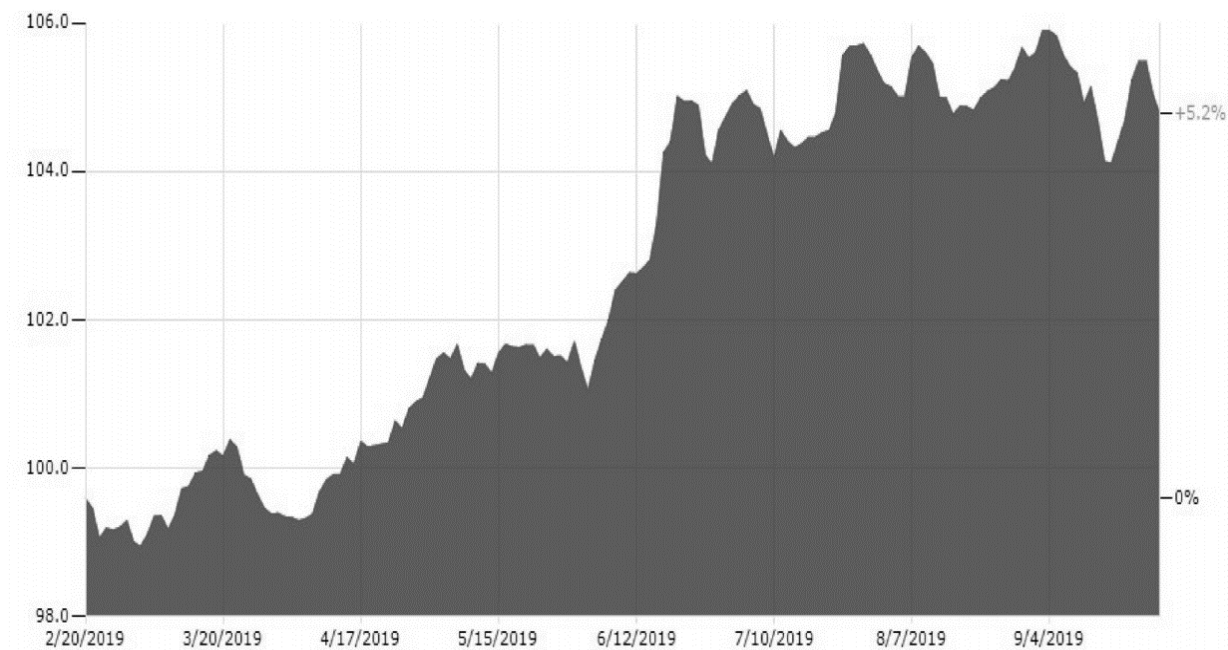


Figure 1. The dynamics of the market profitability of the five-year euroobligation of the Republic of Uzbekistan.

In Figure 2 we can see the dynamics of 10 years of Eurobonds of Uzbekistan. The market revenue of 10-year euroobligations is 4,012 percent (as of 23.09.2019). When placed on February 20, 2019, the income of this security was almost 100 percent. This situation indicates that these securities have a higher profitability in June 2019 compared to February 2019. The increase in the market profitability of these securities leads to an increase in the interest of foreign investors

and international financial organizations in the secondary purchase of 10-year euroobligations. In conclusion, it can be said that since the market profitability of 10-year euroobligations increased by 10.48%, foreign financial investors are striving to buy these securities. When we compare the market profitability of 10-year and 5-year euroobligations, we can see that the level of profitability of 10-year euroobligations is high.

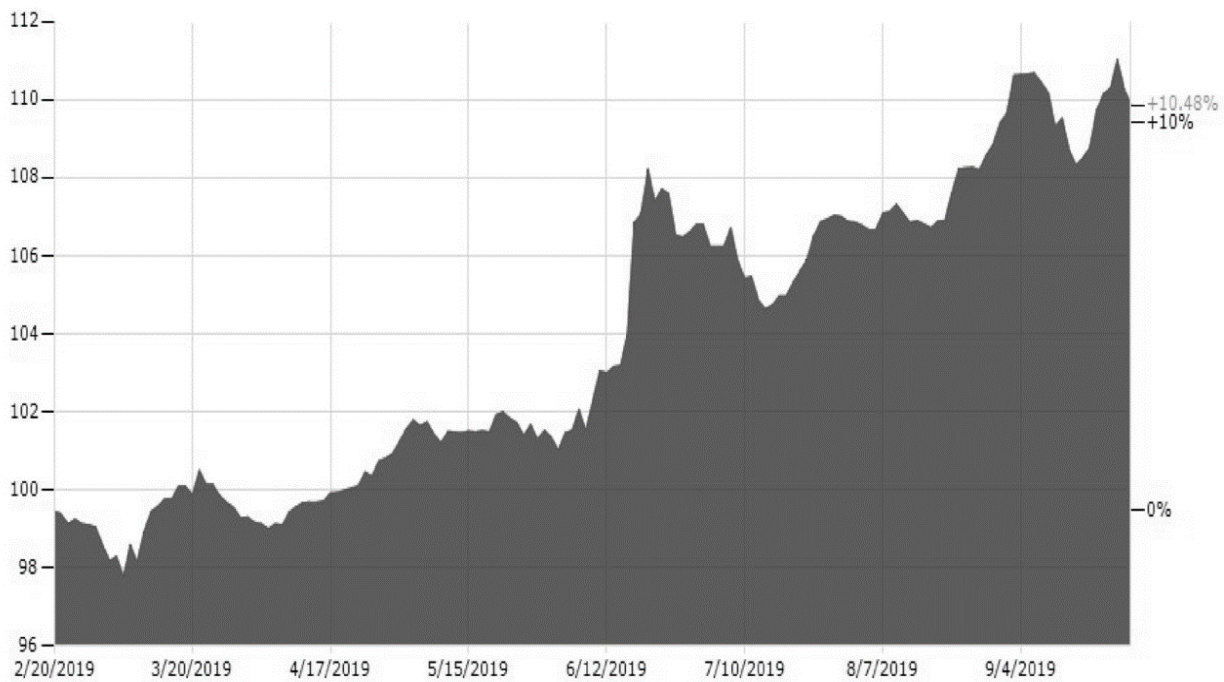


Figure 2. Dynamics of market profitability of the 10-year euro-finance of the Republic of Uzbekistan.

The rate of 5.75 percent is higher than that of eurobligasies(4.75 percent) that the Republic of Uzbekistan has placed for 5 years, and state and large banks of other countries are selling sovereign issues on 100-125 base point requirements; it is projected that due to the low secondary level of bonds of the Republic of Uzbekistan, it can create potential for In addition, on the basis of the release of Eurobonds by the ICRC and the dynamics of the secondary market, conditions have been created for other large banks of the country to enter the financial market as well.

In conclusion, it can be noted that in the regulation of the financial market, the Ministry of Finance implements the state policy along with the regulation of the issuance of state securities. In addition, it carries out cooperation activities and corporate activities with financial market institutions. First of all, taking into account the growing demand for Eurobonds in today's rapidly developing world, it can be said that the importance of

Eurobonds has spread almost to the whole world. The largest number of Eurobonds belongs to Europe and America, and the smallest number includes Asian countries. Also, in Uzbekistan, the attention paid to Eurobonds is very noticeable. Second, Eurobonds are a source of financing for large and long-term investments. Third, it provides an opportunity to expand the range of investors and diversify investment sources.

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