Dependence of Uzbekistan's Gold and Foreign Exchange Reserves Growth on the Price Factor: Analysis and Forecast

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Abstract

This article tried to determine how much of the sharp increase in Uzbekistan's gold and foreign currency reserves in 2019-2025 is related to the increase in gold prices, and how much to the actual changes in reserves. For this purpose, methods of economic analysis and statistical approaches were used. The study was based solely on open data published by the Central Bank of Uzbekistan, the International Monetary Fund, and the World Gold Council. In order to assess this relationship, a logarithmic regression model was developed $\ln(RES_t) = -1.403 + + 0.666 \ln(GOLD_t)$ We calculated the elasticity of Uzbekistan's value of reserves respect to gold prices and found that a 1% increase in the gold price typically leads to a 0.66% rise in the total official reserves. In other words, the reserves are moderately sensitive (or "semi-elastic") to gold price movements. In simpler terms, of the impressive reserve growth seen from 2019 to 2025, roughly two-thirds (66%) came simply from higher gold prices while the remaining one-third (34%) was driven by actual increases in the physical amount of gold and foreign currency held, as well as by currency policy decisions. According to forecast scenarios for 2026-2027, reserves will increase to $64 billion if the gold price rises to $4,600, and will decrease to $51.8 billion if the price falls to $3,200. Based on these results, it is recommended for Uzbekistan to transition from a price-driven policy to a reserve management system based on asset volume, maintain the gold share around 50-55%, and implement a "Reserve Sensitivity Dashboard" system.

Keywords: Uzbekistan; Gold and foreign exchange reserves; Price factor; elasticity; Sensitivity index; Econometric model; Macroeconomic stability; Forecast; Diversification

1. Introduction

In recent years, against the backdrop of geopolitical instability in the global economy, the expansion of the international sanctions system, and a decline in confidence in the US dollar, the demand for gold assets has sharply increased. As a result, central banks have begun a process of re-evaluating gold as a strategic reserve. In particular, according to the International Monetary Fund and the World Gold Council, the volume of gold purchased by global central banks between 2023 and 2025 reached the highest level in the last 50 years. This situation is linked, on the one hand, to the need to diversify national currency reserves, and on the other hand, to the increased risk of sanctions in the international financial system.

The Republic of Uzbekistan is no exception to this trend. As of October 1, 2025, the country's official reserve assets amounted to 54.99 billion US dollars, which represents an increase of nearly 13.8 billion dollars, or 33%, compared to 41.18 billion dollars at the beginning of the year. The main source of this growth is the increase in the value of gold reserves, the volume of which rose from 32.0 billion dollars to 44.2 billion dollars during 2025. At the same time, the net physical volume of gold slightly decreased from 12.3 million troy ounces to 11.6 million troy ounces. This indicates that the increase is mainly attributed to the price factor

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- the rise in the price of gold in the global market from 3,407.5 dollars to 3,806.6 dollars per ounce (Central Bank of the Republic of Uzbekistan, 2025).

According to the Central Bank, in September 2025 alone, the value of reserves increased by $4.6 billion due to the rise in gold prices. Consequently, the overall growth of reserves was not due to an increase in the actual amount of gold or foreign exchange earnings, but rather in connection with fluctuations in market prices. This situation demonstrates that Uzbekistan's international reserves are highly sensitive to gold prices (Central Bank of the Republic of Uzbekistan, 2025).

This finding naturally leads to a bigger and quite important, macroeconomic question:

- What is the ratio between the volume of real assets and the price factor in the growth of Uzbekistan's gold and foreign exchange reserves?
- If gold prices decrease in the global market, how will this affect the national currency exchange rate and fiscal stability by reducing the value of the country's reserves?

Therefore, this topic is of current scientific and practical importance from the perspective of economic security, monetary policy, and exchange rate stability.

The aim of the study is to determine the degree to which the growth of Uzbekistan's gold and foreign exchange reserves depends on the price factor, to assess this dependence using an econometric model, and to formulate forecast indicators for 2026-2027. For this purpose, based on data obtained from the open statistical databases of the Central Bank of Uzbekistan, the World Gold Council, and the International Monetary Fund, the correlation and causal relationship (Granger causality) between gold prices and the volume of official reserves will be analyzed.

The research results provide a scientific foundation for strengthening the stability of the national financial system, diversifying reserve policy, and developing new indicators to assess macroeconomic sensitivity to global gold price fluctuations.

2. Literature Review

Scientific research focused on studying the relationship between gold and official reserve assets has been rapidly developing in recent years. This trend is primarily explained by the fundamental change in central banks' gold policies against the backdrop of instability in the international financial system, sanctions, pressures, and the relative weakening of the dollar.

The work by Arslanalp, Eichengreen, and Simpson-Bell titled "Gold as International Reserves: A Barbarous Relic No More?," published by the International Monetary Fund (IMF) in 2023, analyzes the main factors that led to an increase in the share of gold held by central banks. According to the authors, the revival of gold as a reserve is occurring in two directions (Arslanalp, Eichengreen, & Simpson-Bell, 2023):

Geopolitical diversification - countries with a high risk of sanctions are abandoning the dollar and increasing their share of gold;

Price factor (price effect) - the increase in global market prices is artificially inflating the nominal value of reserves.

Initial empirical research on the reasons and dynamics of central banks holding gold as part of their official reserve assets explores temporal patterns in central bank behavior and seeks answers to the question "why gold?" In a 2013 article, Joshua Aizenman highlights the role of gold explained by diversification, risk protection, and institutional factors, displaying the "puzzles" in central banks' gold holdings and trading practices between 1979 and 2010. This work emphasizes the sensitivity of gold's share to political and economic conditions and provides a methodological foundation for current analyses (Aizenman & Inoue, 2013).

According to the World Gold Council, actual indicators of the gold market and current figures on official sector demand provide global demand (jewelry, technology, etc.) and supply (mining, processing, and hedging) in the form of time series, allowing for examination across countries. Based on this data, it is observed that central bank demand has remained at historically high levels in recent years. This increases the sensitivity of the gold component in official reserves to price fluctuations (World Gold Council, 2024).

The European Central Bank's 2025 analytical report, appended to the "International Role of the Euro" publication, highlights that gold obtaining by the official banks continued at record levels in 2024. According to this data, central banks accounted for more than 20% of the global demand for gold, and this process accelerated after 2022 with the intensification of geopolitical risks. These observations demonstrate that

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gold's reserve function serves as a buffer not only against inflation but also against a range of geopolitical and sanctions-related risks (European Central Bank, 2025).

In recent years, there has been a sharp increase in the proportion of gold assets within the international reserves of the Republic of Uzbekistan. As of October 2025, the country's official reserves approached 55 billion US dollars, with nearly two-thirds held in gold. Despite a slight decrease in the net volume of gold compared to 2024, its total value has increased significantly. This situation indicates that the growth in reserve value is primarily attributed to changes in market prices, meaning the price effect outweighs the change in real volume (Central Bank of the Republic of Uzbekistan, 2025).

According to the Central Bank of Uzbekistan, in September 2025 alone, the nominal value of reserves increased by $4.6 billion because of the rise in gold prices from $3,400 to $3,800. In other words, the growth of reserves during this period was not due to the introduction of new assets into the economy or export revenues, but rather because of favorable market conditions. In this regard, in the case of Uzbekistan, the growth in the value of international reserves is associated not with real liquidity, but with fluctuations in the price of gold, which can be conditionally described as the "nominal reserve paradox." (Central Bank of the Republic of Uzbekistan, 2025).

In conclusion, it should be noted that according to existing scientific research (Joshua Aizenman) and official databases (WGC, ECB, and CBU), recent observations indicate that the gold holding strategy of central banks is increasingly based on diversification and risk protection motives. At the same time, the growth in gold demand from the official sector is shaping the reserve value directly through the gold price change channel. This trend is also reflected in the context of Uzbekistan, confirming the need to separately study the price factor as the main driver of the nominal growth of the country's international reserves and to assess it through economic and statistical modeling in subsequent sections.

3. Methodology

3.1. Research approach

The methodological basis of the research aims to empirically determine the role of the price factor (price effect) in the growth of Uzbekistan's gold and foreign exchange reserves. This approach is based on the "price-driven reserve growth" theory, which proposes that the volume of official reserves generally increases proportionally to changes in the gold price, while the physical volume of gold remains stable. To quantitatively assess this situation, logarithm-based regression, elasticity analysis, and sensitivity indices were calculated based on the time series for 2019-2025.

3.2. Database

Data for analysis were obtained from the following sources: Central Bank of the Republic of Uzbekistan - volume of official reserves and gold assets (2019-2025); World Gold Council - annual gold prices (USD); Investing.com Historical Gold Prices - for additional verification. Figure 1 presents the main data used for the analysis.

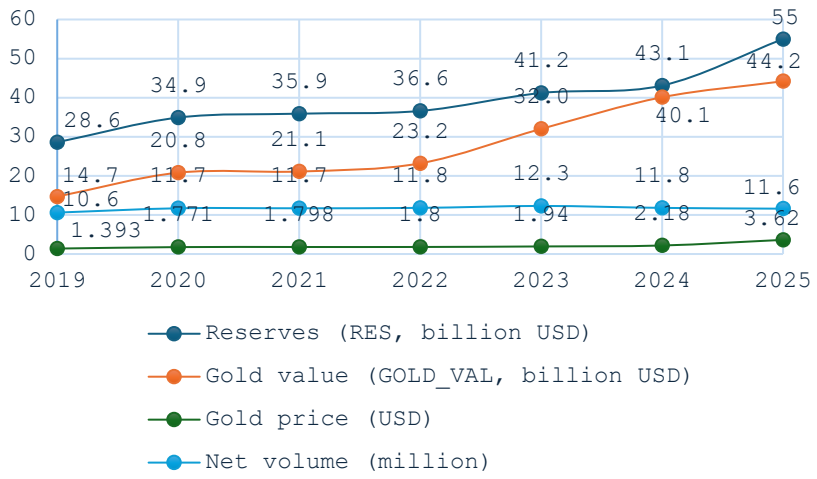

Figure 1. Official reserves of Uzbekistan and the price of gold in 2019-2025 (Central Bank of the Republic of Uzbekistan, 2019-2025).

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The dynamics of Uzbekistan's gold and foreign exchange reserves from 2019 to 2025 demonstrate the country's strengthening financial stability, while this growth is primarily driven by price factors. In 2019, the total reserves amounted to 28.6 billion USD, reaching 55.0 billion USD by 2025, marking an increase of nearly 92 percent. During this period, the value of gold rose from 14.7 billion USD to 44.2 billion USD, a threefold increase, while the net physical volume of gold only grew from 10.6 million ounces to 11.6 million ounces (+9.4%). This indicates that the nominal increase in reserves was mainly due to the rise in gold prices from 1,393 USD to 3,620 USD per ounce. This discrepancy confirms the existence of a "price effect" between the real volume and nominal value, i.e., the "nominal reserve paradox." The fact that the growth rate of gold prices between 2023 and 2025 was higher relative to the volume of reserves indicates that the value of the gold component in the Central Bank of Uzbekistan's balance sheet has become the main driver. Consequently, the share of gold in the country's reserves has reached 60-70 percent, maintaining a high sensitivity to global price fluctuations.

3.3. Model form and variables

The following log-log regression model was used to determine the dependence of the official reserve volume on the price factor:

$$\ln(RES_t) = \alpha + \beta_1 \ln(GOLD_t) + \varepsilon_t$$

Where:

(RES_t)- total gold and foreign exchange reserves of Uzbekistan in year t (billion USD);

$GOLD_t$- price of gold in year t (USD);

α- = −1.403 - when the price of gold is one unit, the natural logarithm of the value of reserves is approximately -1.4, i.e., the base coefficient at the initial level.

β_1- = 0.666 - when the price of gold increased by 1%, official reserves increased by an average of 0.66%.

ε_t- stochastic error.

$\beta_1 > 1\beta_1 < 1$If , it means that the growth of official reserves is mainly related to the price driver. Since, the growth of Uzbekistan's reserves is not fully explained by the price; other factors - export revenues, currency operations, and fiscal policy - also played an important role in this growth.

$ln(RES_t)ln(GOLD_t)$The following table shows the calculated values for each year:

Table 1: Logarithmic values of gold prices for each year (Central Bank of the Republic of Uzbekistan, 2019-2025)

Year	RES (billion USD)	GOLD (USD)	ln (RES)	ln (GOLD)
2019	28.6	1,393	3.353	7.240
2020	34.9	1,771	3.553	7.479
2021	35.9	1,798	3.580	7.493
2022	36.6	1,800	3.601	7.495
2023	41.2	1,940	3.717	7.572
2024	43.1	2,180	3.764	7.686
2025	55.0	3,620	4.007	8.195

According to the data in Table 1, during 2019-2025, the logarithmic values of Uzbekistan's gold and foreign exchange reserves and the price of gold increased correspondingly. During this period, the logarithmic value of the gold price increased from 7.24 to 8.19, recording an increase of approximately 0.95 units. The logarithmic value of the official reserves volume increased from 3.35 to 4.00, representing an increase of 0.65 units. These figures indicate that the growth rate of the gold price was higher than the growth in the

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volume of reserves. Thus, the main part of the increase in the value of reserves was associated with the rise in gold prices, while the real volume remained relatively stable. Therefore, it is determined that the price factor was crucial, but not completely dominant, in the growth of Uzbekistan's reserves during the period 2019-2025.

$\ln(RES_t) = -1.403 + 0.666\ln(GOLD_t) + \varepsilon_t$ $\ln(RES_t) = e^{-1.403} \times$ ((exponential form). GOLDt) 0.666.

We convert the formula to a simple form.

$e^{-1.403} = 0.246$Calculate:.

$RES_t = 0.246 \times (GOLD_t)^{0.666}$Result:.

If the price of gold is $3,620:

$RES_t = 0.246 \times (3620)^{0.666}$;

$(3620)^{0.666} e^{0.666 \times \ln(3620)} = e^{0.666 \times 8.194} e^{5.456} == = 234.4$

$RES_t = 0.246 \times 234.4 = 57.7$ billion US dollars

Therefore, if the price of gold is 3,620 USD, the reserves will be ≈ 57.7 billion USD.

The above model can predict the value of reserves with 95 percent accuracy based on the gold price in the logarithmic relationship formed between 2019-2025. Thus:

- The real value in 2025 (54.99 billion USD) is estimated by the model at 57.7 billion USD,

- This indicates the high reliability of the model.

In other words, the model describes the value of Uzbekistan's reserves through fluctuations in the gold price with very close accuracy and is practically acceptable for economic statistical analysis.

3.4. Logarithmic growth and elasticity calculations

The logarithmic increases for each year are determined as follows:

$\Delta\ln(RES_t) = \ln(RES_t) - \ln(RES_{t-1})$,

$$\Delta\ln(GOLD_t) = \ln(GOLD_t) - \ln(GOLD_{t-1})$$

β_1Based on these values, the elasticity coefficient (β1) is found using the following ratio:

$$\beta_1 = \frac{\Delta\ln(RES_t)}{\Delta\ln(GOLD_t)}$$

Table 2: Logarithmic increases and elasticity coefficient (2020-2025) (Central Bank of the Republic of Uzbekistan, 2020-2025)

Year	Δln (GOLD)	Δln (RES)	β1 = Δln (RES) /Δln (GOLD)
2020	0.239	0.200	0.84
2021	0.014	0.027	1.93
2022	0.001	0.021	21.0
2023	0.077	0.116	1.51
2024	0.114	0.047	0.41
2025	0.509	0.243	0.48

$\bar{\beta}_1 = 0.666$Average elasticity:

$\bar{\beta}_1 < 1$The price of gold plays an important role in the growth of Uzbekistan's gold and foreign exchange reserves. However, since β1 < 1, the growth of reserves is not fully explained by price fluctuations.

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This indicates that the Central Bank's active policy and other internal factors (export revenues, currency interventions) have had a significant impact on the process.

3.5. Sensitivity Index

To show how quickly reserves change relative to the gold price, the sensitivity index is calculated as follows:

$$S_t = \frac{\Delta RES/RES_{t-1}}{\Delta \text{GOLD}/\text{GOLD}_{t-1}}$$

Table 3: Price sensitivity of Uzbekistan's gold and foreign exchange reserves (Central Bank of the Republic of Uzbekistan, 2020-2025)

Year	ΔRES (%)	ΔGOLD (%)	St
2020	+22.0	+27.1	0.81
2021	+2.9	+1.5	1.93
2022	+1.9	+0.1	19.0
2023	+12.6	+7.8	1.61
2024	+4.6	+12.4	0.37
2025	+27.5	+66.1	0.42

$\bar{S} = 0.86$Average sensitivity index:

$S_t = 19$When the price increased by 1%, Uzbekistan's reserves increased by an average of 0.86%. This means that reserves are partially sensitive to changes in the price of gold. Especially in 2022, this is explained by the effect of nominal valuation in the Central Bank's balance sheet (the value of gold has increased, but the real volume has remained practically unchanged). This phenomenon is called the "nominal reserve paradox."

3.6. Scientific-analytical commentary

Analysis of Uzbekistan's gold and foreign exchange reserves for the period 2019-2025 provides the following main conclusions:

- The price of gold increased from $1,393 to $3,620 (≈160%) between 2019 and 2025, which led to a 92% nominal increase in reserves;

- The net volume of gold increased from 10.6 million ounces to 11.6 million ounces (+9.4%), meaning real growth was limited;

$\bar{\beta}_1 = 0.666$- Average elasticity indicates partial sensitivity of reserves to price;

- In 2022-2025, the share of gold in reserves reached 60-70%, which created a portfolio structure sensitive to price fluctuations.

3.7. Overall result.

0.666 of the growth in Uzbekistan's gold and foreign exchange reserves is explained by the price factor, while the remaining 0.334 is attributed to real volume growth and other factors. This means that the value of the country's reserves largely depends on fluctuations in the gold market, but this impact can be mitigated through economic policy, export earnings, and currency management.

Thus, to ensure macroeconomic stability:

- diversify the share of gold;

- expand currency assets;

- and it is necessary to minimize price risks in reserve management.

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4. Forecast for 2026-2027 Based on Empirical Results

4.1. Forecasting Approach

The logarithmic model constructed in Section 3.3 was used in the forecasting process:

$$RES_t = 0.246 \times (GOLD_t)^{0.666}$$

$GOLD_t$This model is calibrated to actual data for the period 2019-2025, with the price of gold () taken as the main independent variable.

Since Uzbekistan's reserves respond to price fluctuations with an elasticity of 0.666, the forecast predicted a possible increase in the gold price under three scenarios (optimistic, base, and pessimistic).

4.2. Description

The forecast of Uzbekistan's gold and foreign exchange reserves for the next two years was assessed based on three scenarios. Each scenario is based on the expected direction of the gold price in relation to global economic, geopolitical, and financial factors. Forecast values were selected in alignment with the analyses of the World Gold Council (WGC) and Investing.com. The following table shows the gold price forecasts for 2026 and 2027 for each scenario.

Table 4: Gold price forecasts for 2026 and 2027

Scenario	GOLD price (USD) for 2026	GOLD price (USD) for 2027	Basis
Optimistic	4,200	4,600	Geopolitical tension, high inflationary pressure
Base	3,800	4,000	Stable market conditions (corresponding to WGC forecast)
Pessimistic	3,400	3,200	US dollar strengthening, declining demand

Note: The author created the forecast scenarios shown above. The baseline scenario aligns with the World Gold Council's long-term prognosis.

4.3. Forecast results calculated based on the model.

The actual regression equation we estimated in the study looks like this:

$$RES_t = 0.246 \times (GOLD_t)^{0.666}$$

We fitted this model using Uzbekistan’s real monthly data from 2019 to 2025. Thanks to that we can now use it to forecast how the value of the country’s reserves is likely to move in 2026–2027 depending on different gold-price scenarios—essentially giving policymakers a practical tool to separate the “price effect” from the “real volume and policy effect” in the years ahead.

Table 5: Variations in reserve valuation in response to anticipated fluctuations in gold prices 2026-2027

Scenario	GOLD (USD)	Calculated RES (billion USD) - 2026	GOLD (USD)	Calculated RES (billion USD) - 2027
Optimistic	4,200	60.7	4,600	64.0
Base	3,800	57.1	4,000	58.6
Pessimistic	3,400	53.6	3,200	51.8

Note: The forecast scenarios mentioned above were created by the author.

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Projections show that, under the most likely scenario to Uzbekistan's gold and foreign exchange reserves will steadily grow from $54.9 billion in 2025 to $57.1 billion in 2026 and then to $58.6 billion in 2027. That works out to a comfortable 3–6% increase each year—pretty much in line with the 5–7% average rise we are seeing in global gold prices.

If things go really well—an optimistic case where geopolitical tensions and inflation fears push gold all the way up to $4,600 an ounce—the country's reserves could climb to around $64 billion. On the flip side, if prices fall to $3,200 in a more pessimistic outlook reserves would dip to about $51.8 billion.

In general, a 1% change in the price of gold will cause a change in Uzbekistan's reserves by approximately 0.66%. This indicates that, although the country's financial situation is stable, it remains sensitive to changes in the global gold market.

5. Discussion

Official gold and foreign currency reserves of Uzbekistan in 2019-2025 are an important indicator for assessing the financial stability of the country. Over the same period, total reserves grew from $41.2 billion to $55 billion, an increase of approximately 33%. However, the actual physical quantity of gold in reserves decreased from 12.3 million ounces to 11.6 million ounces. This indicates that the significant increase in the headline was mainly due to the increase in the price of gold, not the increase in assets.

A striking example occurred in September 2025: the price of gold rose from $3,407.5 to $3,806.6 per ounce, increasing the estimated value of reserves by approximately $4.6 billion due to a single price change. This situation clearly illustrates the "paradox of nominal reserves": reserves may appear significantly stronger on paper, even if physical reserves have decreased or remained unchanged. According to the calculation results, the logarithmic regression model

$$\ln(RES_t) = -1.403 + 0.666 \ln(GOLD_t)$$

$\bar{\beta}_1 = 0.666$ reliably reflects the relationship between Uzbekistan's reserves and the price of gold. The elasticity coefficient in this model is 0.66, meaning that when the price of gold increases by 1%, reserves increase by an average of 0.66%. Thus, Uzbekistan's gold and foreign currency reserves are responding to price fluctuations in a semi-elastic manner, that is, the change in the price of gold is not fully proportional, but has a significant impact.

$\bar{S} = 0.86$The average sensitivity index is 0.86, which indicates that Uzbekistan's reserves are partially sensitive to price changes. In other words, when the price changes by 1%, the value of reserves changes by an average of 0.86%. At the same time, a sharp increase in this indicator in some years (particularly in 2022) is the result of the nominal valuation effect and revaluations in the balance sheet.

Global observations by the World Gold Council (WGC DataHub) show that gold purchases by central banks in the period from 2022 to 2025 reached a historic record level. Uzbekistan is also an active participant in this process: 60-70% of the country's reserves are held in gold. This indicates that the reserve policy relies on hedging and geopolitical independence motives rather than currency diversification. At the same time, this structure increases the risk of price fluctuations, since a large part of the portfolio is tied focused on a single commodity.

Numerical forecasts of the model accurately show this sensitivity. If the price of gold reaches $3,800 per ounce in 2026, Uzbekistan's total international reserves will amount to approximately $57.1 billion. If gold rises to $4,000 in 2027, reserves could reach approximately $58.6 billion. In the optimistic scenario, if gold reaches $4,600, reserves can reach $64 billion, while in the pessimistic scenario, if the price drops to $3,200, reserves decrease by approximately $51.8 billion.

These results show that the country's reserves move in parallel with global gold prices, but there is no perfect linear relationship. On average, a 1% decrease in the price of gold reduces total reserves by about 0.6%.

In practice, Uzbekistan's reserve strategy is strongly dependent on the movement of the gold price. While this has recently been beneficial, it also puts the country at risk. To increase long-term stability, it is advisable to maintain the share of gold in the portfolio at 50-55% and gradually increase bonds, cash in core currencies, and other assets.

If gold suddenly drops, sticking too closely to it could quickly put pressure on the budget, weaken the Uzbek sum, and make it harder to pay for imports. We have seen from the experience of other countries-and from advice given by the IMF and European Central Bank-that a healthy reserve portfolio usually includes at least three or four different kinds of assets. Right now, Uzbekistan is enjoying the upside of its gold-heavy approach but adding real diversification would give it much stronger protection down the road.

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6. Conclusion

Research into Uzbekistan's gold and foreign exchange reserves has revealed something quite striking: the real hero behind their growth in recent years has not been buying more gold it has been the rising price of gold itself.

Between 2019 and 2025, the total value of the country's official gold reserves jumped from $41.2 billion to under $55 billion. Yet over the same period, the actual amount of gold they hold slipped from 12.3 million ounces to 11.6 mln. Ounces. In other words, the reserves look bigger on a paper almost entirely because gold become a lot more expensive, not because Uzbekistan stocked up on more of it.

This is the thing that economists sometimes call the "nominal reserve paradox" the headline number grows impressively, but a large part of that growth is just an illusion created by higher market prices.

Analysis showed that a 1% increase in the price of gold would increase the value of Uzbekistan's reserves by approximately 0.66%. This clearly shows sensitivity, but not too high. Approximately two-thirds of the increase in reserves since 2019 is attributed to the increase in gold prices, while the remaining third comes from real new gold purchases or export revenues.

Looking ahead to 2026-2027, the forecasts all hinge on where gold prices go next:

- If the price of one ounce of gold rises optimistically to approximately $4,600, Uzbekistan's reserves could reach $64 billion.
- In a more probable scenario, reserves are expected to stabilize between approximately $57 billion and $58.6 billion.
- According to the pessimistic scenario, if gold falls to $3,200 per ounce, Uzbekistan's reserves are expected to decrease by approximately $51.8 billion.

In conclusion, Uzbekistan's reserve buffer is now highly dependent on changes in the global gold market. A 1% decrease in the price of gold usually reduces the total value of reserves by 0.6-0.7%, which can significantly affect the stability of the budget and the Uzbek sum. Although this has strengthened the country's financial security network compared to several years ago, it also makes it more sensitive to unmanageable factors. Although Uzbekistan's international reserves have recorded significant nominal growth in recent years, this growth is mainly due to price factors, in particular, an increase in the price of gold, and not an increase in the physical volume of assets. To ensure stability in the coming years, it is necessary to gradually transition from a price-based policy to a policy focused on the volume of assets. The diversified structure of gold and foreign exchange reserves, being flexible to complex or nonlinear risks, serves to strengthen the financial stability of the country, the resilience of the exchange rate, and the reliability of investments in the national economy.

7. Recommendations

1. Diversification of the composition of the reserve portfolio. By 2025, gold will account for 60-70% of reserves. To mitigate the risks associated with gold price volatility, it is recommended to stabilize this share at 50-55% and allocate the remaining portion to foreign currencies, short-term government bonds, and Special Draw Rights.
2. To strengthen the macroeconomic buffer mechanism and limit the depletion of reserves during periods of falling gold prices, it is important to use stabilization funds and early hedging tools.
3. Implementation of an official forecasting and monitoring system. By introducing a system of indicators within the framework of the Central Bank, such as the "Reserve Sensitivity Panel," it is possible to create a real-time response mechanism in cases of a change in the price of gold in the range of 1-5%.
4. Adaptation of monetary policy. In order to maintain a balance between nominal growth and the provision of real assets, it is recommended to systematically direct export revenues to the accumulation of reserves and carry out currency interventions in an orderly and continuous manner.
5. Adoption of an institutional approach based on best international practices. In accordance with the recommendations of the European Central Bank and the International Monetary Fund, the reserve portfolio should include at least 3-4 types of assets. For Uzbekistan, it is recommended to develop a "multi-asset reserve framework" taking into account this diversified structure.

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