



EUROBONDS AS AN EFFECTIVE INSTRUMENT OF PUBLIC DEBT POLICY

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Annotation: This article identifies problems related to the quality of Eurobonds as an effective instrument of public debt policy and develops scientific proposals to address them.

Keywords: Eurobonds, underwriter, international capital market, stock exchange.

Eurobonds are called Eurobonds in the financial dialect. These are long-term securities issued in foreign currency for the issuer (government, bank or agency that has the right to issue securities and paper money). The issuer's reliability is monitored by rating agencies. Eurobonds are issued by governments, international organizations, local governments, large corporations interested in obtaining financial resources for a period of 1 to 40 years.

In other words, it is a debt obligation and Eurobonds must be repurchased after a certain period of time. The prefix "euro" is associated with the appearance of such bonds in 1963 in Europe (Italy). At the same time, this traditional name is used in different markets and in different currencies.

Eurobonds are placed in the financial markets of various countries other than the country of issue. This is done by an international syndicate of underwriters. It includes some of the most powerful financial institutions in the world. This is a factor that ensures the reliability of this debt obligation as a financial instrument. Underwriters, issuers, investors (insurance companies, pension funds and other structures) are united in the Association of International Capital Market Participants. His residence is in Zurich, Switzerland. First, Eurobonds are placed on the stock exchange through an open subscription. After the initial trade, they go down to the secondary market. Here it is purchased by investment companies and other authorized financial institutions.

Eurobonds are purchased mainly by institutional investors: insurance and pension funds, investment companies. The buyer can make a profit by repurchasing the Eurobond. Eurobonds have profitability indicators depending on the stock quote, supply and demand in this or that financial market. It is possible to receive a permanent profit from this liquid instrument depending on the change in the exchange rate until the issuer defaults on its debt.

as the economy recovers in the country, the government faces an obstacle associated with the stereotype of non-acceptance of loans formed among the population. The government believes that this situation can be overcome by placing Eurobonds and creating a credit orientation for companies on this basis. By borrowing from abroad, the government becomes a role model for local companies and encourages them to actively raise funds to expand their businesses.

Countries typically issue such securities for the purpose of carrying out a planned social or economic project. For example, in September 2017, Tajikistan placed the first Eurobonds for the construction of the Rogun hydropower plant.

The more respectable the reason for issuing Eurobonds, the higher the confidence in the issuer and the more favorable the terms of their sale. Before obtaining a sovereign credit rating and issuing Eurobonds, Uzbekistan needs to bring the system of collection and dissemination of economic



information, the relevant regulatory framework in line with international standards, make the economic regulation system more transparent and understandable to investors.

After receiving the rating, Uzbek banks will be able to obtain similar ratings and attract funds from abroad at lower rates. As a result, the opportunities for enterprises to use banking services will increase. New prospects open up in the stock markets for both local and international companies. All this will make it easier to enter the international capital market.

Uzbekistan's 10-year Eurobonds were bought by about 200 investors from the United States (54%), the United Kingdom (25%), Europe (17%) and Asia and the Middle East (4%). Fund managers, insurance companies, sovereign and pension funds were the main buyers of Eurobonds.

The new phase of economic reforms, launched in 2017 to liberalize the economy and increase the role of market mechanisms, has identified priorities for the development of the banking system and monetary policy in the medium term. The use of a completely new approach to the formation of the exchange rate, in turn, will allow the Central Bank to improve monetary policy while focusing on price stability in the domestic market.

At the same time, the successful implementation of reforms in the liberalization of the foreign exchange market is largely due to the effectiveness of measures to improve monetary policy, strengthen the activities of commercial banks and develop the banking system.

Therefore, shortly after the promulgation of the Decree of the President of the Republic of Uzbekistan "On priority measures to liberalize the foreign exchange market", the Resolution of the President of the Republic of Uzbekistan "On measures to further develop monetary policy" was adopted. A set of measures for the gradual transition to development and inflation targeting in 2021 has been approved.

One of the next important steps in this direction was the adoption of the Decree of the President of the Republic of Uzbekistan dated January 9, 2018 "On radical improvement of the Central Bank of the Republic of Uzbekistan." The decree sets the task of ensuring price stability as the main goal of the Central Bank and provides for appropriate measures to ensure the independence and institutional development of the Central Bank.

It should be noted that in the new realities emerging during the revision of economic policy approaches, it is important that the population and businesses correctly accept and support changes in the monetary sphere.

The Concept of Development and Implementation of Monetary Policy of the Central Bank of the Republic of Uzbekistan in the Medium Term has been developed taking into account the leading role of the communication channel in shaping public opinion and implementing the inflation targeting regime.

The purpose of this Concept is to inform and explain to the general public the conceptual basis for the transition to inflation targeting and the medium-term plans to create the necessary conditions for the successful implementation of this monetary policy regime.

Ensuring the stability of domestic prices in the country is a guarantee of macroeconomic and social stability, a necessary condition for the successful implementation of programs to accelerate and develop economic reforms. At the same time, low and stable inflation rates are an important factor in ensuring balanced economic growth, competitiveness of production and improving living standards. In this context, the slowdown and stabilization of price growth rates should be one of the main goals of state economic policy.

Low and stable inflation creates the necessary conditions for the conversion of deposits of individuals and legal entities into long-term investments and contributes to the efficient distribution of available economic resources by reducing the price imbalance in the domestic market.

The experience of central banks of developed and developing countries and the results of research by international financial institutions show that the goal of ensuring price stability in the implementation of monetary policy is a clear priority. At the same time, the order and sequence of monetary policy implementation varies in different countries depending on the characteristics and structure of the economy.

In the conditions of free formation of the exchange rate, the stability of the national currency is achieved by maintaining its domestic purchasing power. At the same time, the free-floating exchange rate serves as an internal stabilizer of the economy. In other words, a corresponding change in the exchange rate in the event of external shocks and difficulties related to the balance of payments serves to encourage exporters and enterprises producing import-substituting products.

At the same time, it is planned to amend the legislation in order to avoid two different interpretations of the main purpose of the Central Bank's monetary policy and to clearly define the main directions of its activities.

It should be noted that price stability does not mean zero or negative inflation. Price stability does not mean that prices remain stable, but that they grow at a low rate. At first glance, price stability seems acceptable, but low and stable price fluctuations are the most favorable conditions for the efficient functioning of the economy.

In turn, the balanced execution of the state budget and the accumulation of funds in government accounts, as well as the accumulation of funds in the accounts of the Fund for Reconstruction and Development of the Republic of Uzbekistan were among the factors optimizing the growth of money supply.

At present, the main sources of lending to the economy are centralized, including the Fund for Reconstruction and Development of the Republic of Uzbekistan, and these funds are mainly used for the import of production technologies and raw materials, so they do not directly affect the growth of money supply and inflation.

In general, a moderate increase in the money supply relative to the nominal volume of GDP served to prevent a significant increase in inflationary pressures. However, the lack of a clear correlation between these indicators does not make it possible to calculate the exact level of reserve money and money supply.

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