

---

## UZBEKISTAN: CURRENCY TAKES DIVE ON FUEL PRICE RISE

- 28.10.2016

---

Eurasianet, October 27, 2016

Uzbekistans currency has taken a severe battering on the black market over the past week.

Back on October 22, unofficial currency traders in the capital, Tashkent, were buying dollars at around 6,400 sum. The rate as of the start of the week was just shy of 7,000 sum □ although as a testament to the volatility of the currency, rates have been regaining their positions toward the end of each working day. By the close of business on October 25, the rate was 6,600 sum.

Because of the spike in dollar rates, people have stopped selling their foreign currency and almost nobody buys it, one black market trader called Bahrom told EurasiaNet.org. Bahrom said the sudden downward pressure on the sum was the result of the price increase for automobile gas announced by the authorities over the weekend.

Transactions in the gasoline market are largely carried out in dollars. State energy company Uzbekbettegaz buys large amounts of fuel in Kazakhstan and Russia and pays for it in dollars. Private owners of gas stations in Uzbekistan also use the US currency to purchase their supplies.

The official exchange rate has also been registered some fluctuations, albeit only minute ones since the government is typically reluctant to admit to weaknesses in the economy. The rate last week was 3,065 sum to the dollar, but that has gone up to 3,084 sum.

Black market currency trader Rasul told EurasiaNet.org that he believes the street value of the sum could possibly break through the 7,000 psychological barrier by the end of the year, which would result in a fresh round of price increases for groceries. Other traders remain confident the sum could stay around the 6,700 figure, however.

It has been a bumpy ride since the opening of 2015, when the black market rate was around 3,200

sum to the dollar, less than half of what it is now.

Another factor that is expected to provoke further spikes are the rumored imminent plans by carmaker GM Uzbekistan to stick up the prices of the automobiles by 40 percent. There has been no public statement on any such plans.

And then there is the drop in migrant remittances.

In the first half of 2016, money transferred to Uzbekistan from Russia amounted to \$952 million, down from \$1.15 billion over the same period last year.

---

Kaynak/Source: