PROSPECTS FOR THE APPLICATION OF INFLATION TARGETING STRATEGY IN THE FIGHT AGAINST INFLATION IN THE REPUBLIC OF UZBEKISTAN

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Conclusion: Ensuring a stable low inflation rate in the economy is a necessary component of improving the welfare of the population and supporting entrepreneurship, creating a favorable business environment.

First, in the context of low inflation, the purchasing power of the national currency and thus the income of the population will remain stable. As a result, it will be easier for the population to make decisions on consumption or savings, and there will be an opportunity for a balanced formation of aggregate demand and aggregate savings in the economy.

Keywords: Inflation target, monetary policy instruments, Central Bank, inflation target on macroeconomic development scenarios, inflation.

Introduction. Modern market economies require new methods of combating economic problems. Like the countries of the market economy, we need to conduct monetary policy in our country using the methods inherent in the current market economy. The strategy, which has become increasingly popular in recent years, is the policy of inflationary targeting, which means that the regime will make a public announcement about the target indicators of inflation in a certain perspective and will make price stability a long-term goaltiradi.

In the decision of the president of the Republic of Uzbekistan on September 13, 2017 "on a further improvement of monetary policy"the central bank proposed a gradual transition to the inflation targeting regime in the medium term. In accordance with it, the decree of the president of the Republic of Uzbekistan "on improvement of monetary and credit policy through gradual transition to the inflationary targeting regime" dated November 18, 2019 was adopted.
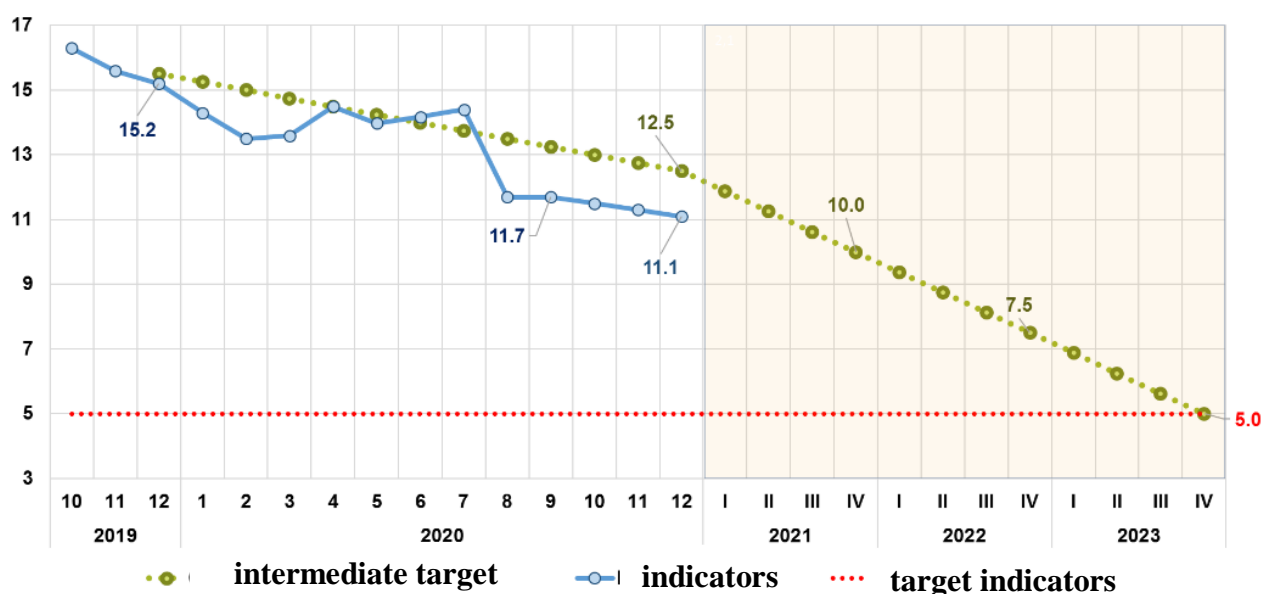
8-picture. Inflation outlook and intermediate targe

For 2020 year, inflation in our country has had a downward trend. In particular, if the Consumer Price Index at the amounted to 15.2 percent, the inflation rate by the end of 2020 amounted to 11,1 percent per annum. In the main directions of monetary policy for the period of 2020 and 2021-2022 years, all measures to be taken to achieve inflationary target and to coordinate monetary policy instruments, instruments and processes with the standards of the inflationary targeting regime are detailed. The main focus of the central bank in the concession is on the determination of monetary policy conditions through the active application of the inflationary targeting regime at a new stage of structural reforms. In this case,

the permanent target index of inflation from 2023 year was set at 5 percent, and in 2021 year-the goal of reducing inflation by 10 percent. The central bank has defined the following objectives to achieve inflationary targeting and to coordinate monetary policy instruments, tokens and processes in line with the standards of the inflationary targeting regime.

The study of international experience showed that the optimal level of inflation for most developing countries, which has passed into the inflation targeting regime, is 4-5 per cent. In general, the majority of countries that have passed to inflationary development in the world have been selected as inflationary development of 4-5 percent and lower level, and the whole attention is focused on achieving this goal.

Inflation is determined differently in each country, taking into account different factors in determining the target indicator. The first factor to set a 5 percent inflationary target in 2023 by the Maraziy bank, which is considered a feature of the current inflationary situation, includes the current inflationary situation. For example, now we have a high seasonal swing in prices for fruits and vegetables. But, after the development of Agriculture and its diversification, especially investments in the field of storage and transportation of agricultural products, give its effect, seasonality in the prices of products will decrease. The second factor is that under the conditions of inflation 7-9 percent, not only inflation expectations, but also the pressure on the exchange rate will be stronger. This, in turn, leads to a decrease in confidence in the national currency, a shortage of long-term resources, that is, the misallocation of available monetary and capital resources. The third factor is that in the international experience, developed countries of the world are usually defined as 2 percent of their inflationary targets, while developing countries are defined as 5 percent and lower. 5 percent inflation, which many studies have conducted in this

regard, is considered optimal for ensuring stable and qualitative economic growth in developing countries.

The fourth factor is that the rate of inflation in countries where most of the army countries are our main trading partners is not higher than 5 percent. For example, in the Russian Federation 4 percent Qozog'5 percent, in Kyrgyzstan 2 percent inflation, why should we have higher. We lose our comparative advantage in international trade in conditions of high inflation, there is always pressure on our exchange rate, we can not get out of the inflationary chain.

In international experience, the main directions of the monetary policy of the Central Bank of the Republic of Uzbekistan for the period of 2020 and 2021-2022 years are observed in a number of cases of deviation of the inflation rate from the target down or up in certain periods. Bunda, the most important aspect is the explanation of the reasons for the deviation from the target by the central bank to the general public and the indication of the exact period of return to the indicator of the target. In the application of the inflation targeting regime by the central bank, the following principles were defined::

- the announcement of the target indicator on inflationary Daraa and the priority of achieving it;

- decision making on the basis of Macroeconomic Analysis and forecasts;

- transparent communication policy an important pillar of monetary policy in the inflationary targeting regime.

Taking into account the high incidence of uncertainties as well as possible risks, the central bank has developed 3 different scenarios of macroeconomic development for the coming years:

1) the main scenario based on relatively Real realities;

2) optimistic scenario based on rapid economic recovery;

3)risk scenario based on foreign economic risks.

Table 3

Process forecasts for the transition to the inflation target indicator according to macroeconomic development scenarios [1]

	The main stsearium			Optimistic scenario			Risky scenario		
Monetary conditions for inflation to decline within the framework of the forecast trend									
Current conditions of monetary policy	**relatively strict**			**relatively strict**			**slightly soften**		
Real interest rate	2-3 / 3-4 %			2-3 %			1-2 %		
Factors affecting inflation									
Years	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fiscal deficit	4,5-5,5%↑↓	2,5-3,0%↓	1,5-2,0%↓	3,5-4,5%↑↓	1,5-2,0%↑↓	1,5-2,0%↑↓	6-6,5%↑↓	3,5-4,5%↑↓	2-2,5%↑↓
Increase in lending volume	20-22%↓	17-19%↓	18-20%↑↓	22-24%↑↓	21-23%↑↓	20-22%↑↓	16-18%↑↓	17-19%↑↓	17-19%↑↓
Regulated prices	↓	↑	↑	↓	↑	↑	%↑↓	%↑↓	%↑↓
Gross demand	↑↓	↑	↑	↑	↑	↑	↑↓	↑↓	↑↓
Quarantine measures	↑↓	-	-	-	-	-	↑↓	↑	-
Offer factors	-	-	-	-	↓	↓	-	-	-
Forecasts within inflation scenarios									
Years	2021	2022	2023	2021	2022	2023	2021	2022	2023
Intermediate target indicator	10%	7,5%	5%	10%	7,5%	5%	10%	7,5%	5%
Inflation rate	9-10%	10-11%	5%	9-10%	10-11%	5-6%	8-12%	7-8%	5-6%
Base inflation	8-9%	7-8%	3,5-4,5%	8-9%	7,5-8,5%	3,5-4,5%	7,5-8,5%	5-6%	4-5%

[1]Official website of the Central bank of the Republic of Uzbekistan www.cbu.uz based on the data compiled by the author

In 2021-2023, the monetary conditions for inflation to decline within the framework of the forecast trajectory are foreseen to lead a soft monetary scenario on a relatively persistent, risky scenario on key and optismistic scenarios. The Real interest rate is defined as 2-3 / 3-4 percent on the main scenario, 2-3 percent on the optimistic scenario, 1-2 percent on the risky scenario.
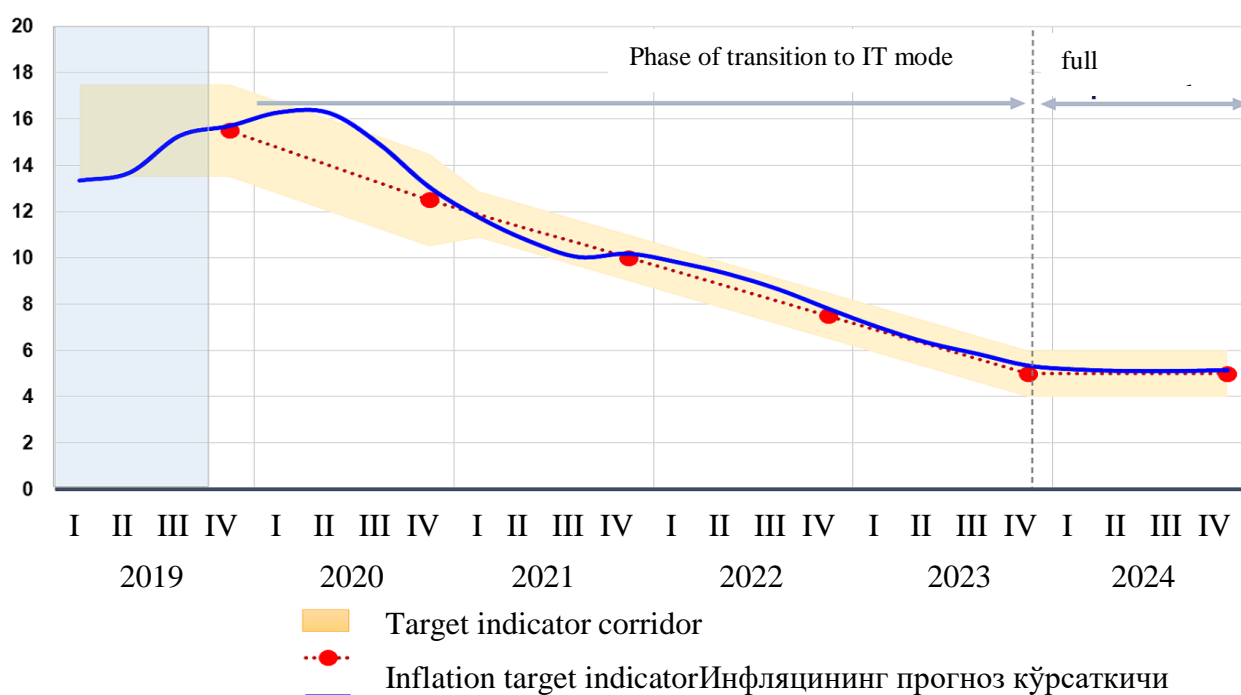
9-picture. Inflation target indicators shift train

Since January 2020 year, the transition to the it regime by the central bank has begun. 2024 year from the stage of transition from janvar to the it regime is planned to switch to a full it regime. Bunda inflation target index is set at 5 percent. The achievement of intermediate and permanent indicators of inflation is primarily due to the strict monetary policy pursued by the central bank. Bunda, the main emphasis in the use of pulkredit instruments is on the formation of positive Real interest rates in the economy, the preservation of strict monetary conditions, the curb of inflationary pressure and the decline in inflationary expectations.

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