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RAEX-Europe upgrade Uzbekistan's Sovereign government credit rating (SGC) in foreign currency to 'B+' with positive outlook, the agency said in a report.

The report said that the upgrade reflected the persistent implementation of economic reforms, which allowed to improve the country's currency risk position, prudent fiscal and monetary policies, as well as very low risk of government debt distress.

The positive outlook of both SGC ratings reflects the agency's expectations about a gradual recovery of the economy after liberalization reforms are fully implemented, leading to a continued strong output growth, stabilizing inflation and fiscal budget figures, as well as the authorities' commitment to further increase fiscal and monetary policy coordination.

On the negative side, the ratings continue to be constrained by the highly dollarized financial sector, distorted by the government's direct lending, low institutional development, high corruption and still elevated inflation levels. The future development of the ratings will largely depend on how well the government implements the development strategy 2017-21.

Rating-Agentur Expert RA GmbH (RAEX) is a credit rating agency, established in 2013 and with its office is located in Frankfurt am Main. Its main aim is assigning credit ratings in accordance with the regulatory regimes and codes of ethics, which are in force in the European Union.

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