

# The development of the stock market is the basis of the macroeconomic growth trend

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**Abstract:** The content of the stock exchange, which is a part of the digital economy, the rules of its formation, the reforms carried out in the establishment and development of stock exchange transactions in the territory of the Republic of Uzbekistan, the role of the capital market in macroeconomic indicators and the principles of operation are described in detail in the article.

**Keywords:** securities, stock market infrastructure, stock market, stock capitalization, market capitalization, stock market infrastructure, investment decisions, macroeconomic indicators

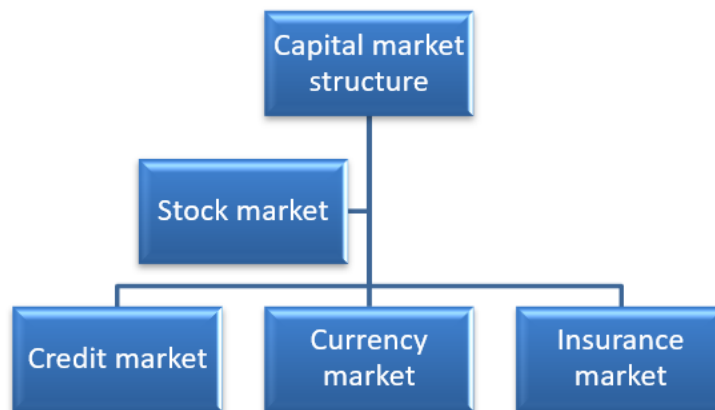
## *Introduction*

When we define the stock market, it represents a system of trading relationships of various financial assets or stock values as a stock market. The stock market is divided into primary and secondary types. The term primary market refers to the sale of newly issued securities in order to obtain financial resources for the issuers, the primary placement, and the government, local authorities, various enterprises, etc. can participate as issuers. Individual and institutional investors participate as buyers in this market, including state institutions, investment and pension funds, investment banks, insurance companies, trust departments of commercial banks and others. The stock market is a very important element of the country's economic structure and the financial market with the highest development dynamics of the republic. This, first of all, ensures the increase of their authorized capital, and secondly, free capital abroad is mobilized with the help of commercial activities in the markets. Therefore, at the same time, for the full and effective functioning of all instruments of securities, the development of the infrastructure of these markets is required to be raised to the state level based on the requirements of the times.[1] In our country, a deeper analysis of the factors affecting the development of the infrastructure of the stock market and the fact that specific goals aimed at human interests are defined in it clearly indicate that this task has been elevated to the state level. Specifically; President of the Republic of Uzbekistan Sh.M.Mirziyoyev "... development of financial markets, including the stock market, should be one of our main goals in the new economic conditions. By introducing new financial instruments and issuing bonds, it is necessary to further expand the scope of banking services, to develop the banking system based on

advanced information technologies" [2], and it is precisely this urgent issue - the national focused on the further development of the stock market.

### *Export performance*

According to A.Shomirov, "some time ago, real assets were considered as the basis of profit or income, but today the term capital mainly means the assets of corporate structures in the form of money and securities. Therefore, it is reasonable to define the capital market as "the economic space where transactions with money and fund assets are carried out". [3] A. Shomirov describes the capital market structure as follows:



Picture 1. Capital market structure

Even in the current age of digital technologies, it is not wrong to say that one of the main directions of saving money is the rational use of stock market instruments. This is also shown in detail in the table of Asian laws of money accumulation, calculated on the basis of Fisher and Student criteria.[4]

The capital market performs two main functions:

a) primary market or new issue market, in which the capital needed for investment and other purposes is formed by issuing new shares, bonds and other securities;

b) secondary market, where transactions are carried out with existing securities. The secondary market facilitates the transfer of securities from sellers to buyers. The capital market occupies an important place in the financial system of the country and serves as a mechanism for turning the accumulated funds of the population into investments and investments into a portfolio of securities. "Tashkent" stock exchange, which has more than 200 brokerage offices in Uzbekistan, has been engaged in securities trading since 1994.

"On the implementation of the capital market development program in 2021-2022" approved by the Decree No. PF-6207 of the President of the Republic of Uzbekistan dated April 1, 2021 "On measures for the further development of the capital market" A number of assignments on capital market infrastructure development, including the development and implementation of mobile applications

that allow online transactions in the stock market, as well as for clients who are residents or non-residents of the Republic of Uzbekistan. [5] The task of making it possible to open depot accounts remotely without their personal participation is set. In order to implement the above tasks, the Ministry of Finance of the Republic of Uzbekistan expresses its desire to cooperate with the leading companies of financial technologies (Fintech) and capital market participants in the areas of stock market digitization in cooperation with the "Stock Market Information and Resource Center" DUK, "Tashkent" Republican Stock Exchange JSC. specifically:

I. Opening and registration of accounts of brokers' clients - natural persons at the Republican Stock Exchange, identification during transactions with securities (including verification by the Face ID method)

II. Remotely opening brokerage accounts at investment intermediaries

III. Online withdrawal and replenishment of funds from the client's brokerage account

IV. Obtaining stock market information and conducting online transactions (buying/selling) on the Republican Stock Exchange

V. Integration with Third-Party Applications and Services.[6]

In developing an Application Programming Interface (API) that allows integration with third-party applications, as well as data exchange with international financial institutions and market information companies. Cooperation in the development of other software products related to the development of the infrastructure of the capital market in Uzbekistan. This cooperation is carried out on the basis of the distribution of income from the provision of the above financial and technological services to the participants of the capital market.

The main functions of the stock exchange include:

- attraction and centralization of free cash capitals and savings through the sale of securities;
- lending and financing of state and holding company organizations through the sale of securities;
- ensuring a high level of liquidity of investments in securities.

The stock exchange allows to centralize the supply and demand for securities, to ensure their balance on the basis of the stock price formation, which reflects the level of efficiency of the share capital.

Also, according to R.Khozhimatov, in order to ensure economic stability in our country and increase the liquidity of banks, it is necessary to develop the integration of highly liquid traditional bonds of commercial banks into stock markets and international markets. In order to ensure macroeconomic stability in our country, it is extremely important to increase the Central Bank's independence in order to increase the efficiency of its transmission channels by switching to inflation targeting.

According to R.Khozhimatov, state banks in the country coordinate the activities of commercial banks in the securities market, and their positive influence on the development of stock markets is extremely important. Due to the specific features of the development of stock markets, the wide introduction of non-traditional instruments of commercial banks plays an important role in increasing their efficiency. In particular, "first of all, to develop the stock markets in our country, to make the markets equal to the norms established to increase the position of the capitalization of commercial banks and market capitalization at the international level, through the wide introduction of non-traditional instruments of highly liquid securities, the world's largest international finance - it is necessary to issue their highly liquid traditional bonds in order to expand the opportunities to reach an equal level of competition with credit institutions"[7]

*Analysis and site*

In the first quarter of 2023, 48,001 deals worth 1.72 trillion soums were concluded with 2.42 billion pieces of securities of 78 issuers.

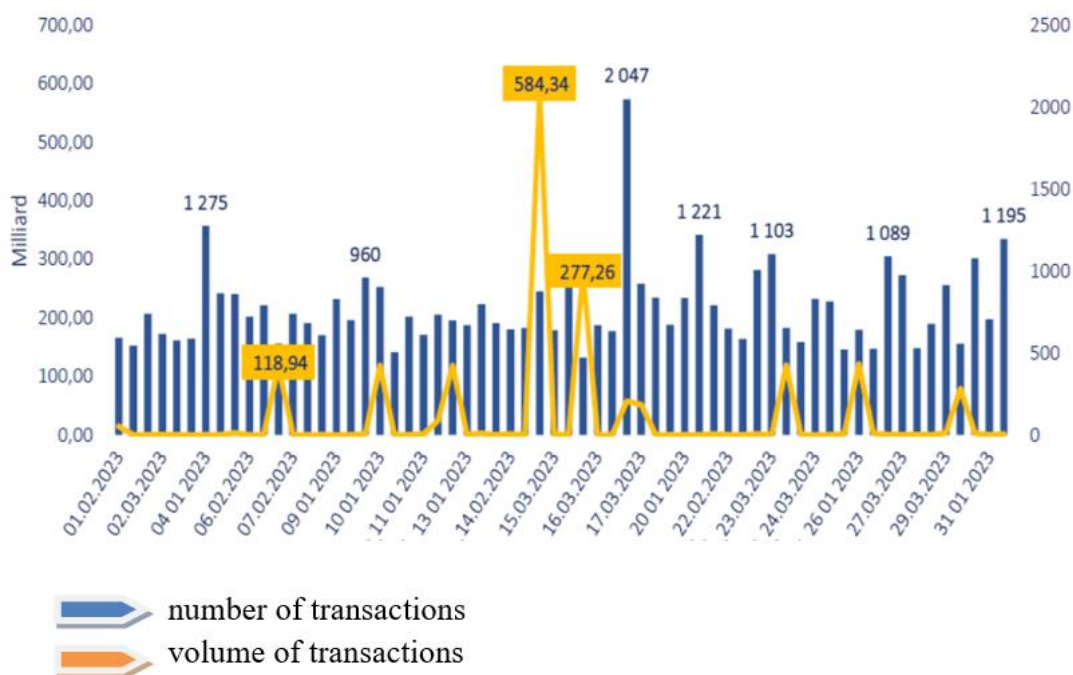


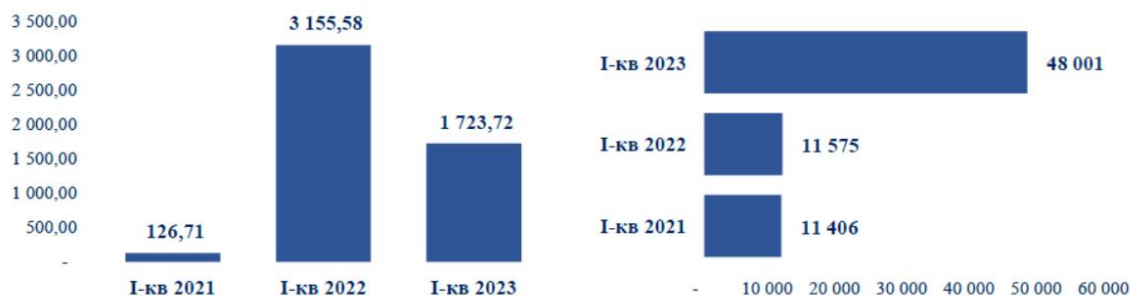
Diagram 1. Number and volume of transactions concluded in the first quarter of 2023 (billion soums).

The highest indicator of the volume of transactions corresponded to the middle of February, this indicator exceeded 584.34 billion soums in one trading day; the minimum indicator was recorded in the middle of March - the volume of transactions on March 16 was 70.80 million soums. [8]

The largest number of transactions was recorded on February 17, when 2,047 transactions were recorded in one trading day. The lowest indicator was made on February 16 and amounted to 472 transactions.

In the first quarter of 2023, the average number of daily transactions on all trading platforms of RFB "Tashkent" was 774 units, and the average daily volume of transactions was 27.8 billion soums.

*Number of transactions Volume of transactions*



Comparing the volume and number of transactions made in the first quarter of 2023 with the same periods of 2021 and 2022, it should be noted that the number of transactions has increased. The number of deals concluded in the first quarter of 2023 increased by more than 4 times compared to the above periods. A decrease of 45.4% was observed in the volume of transactions compared to the first quarter of 2022. However, it should be noted that, excluding last year, there is a positive trend in the growth of the volume of transactions.

Top 10 actions on the Main Board. Top 10 stocks by the number and volume of transactions concluded in the G1- "Main Board" section of the "Stock Market" stock market of "Tashkent" RFB in the first quarter of 2023.

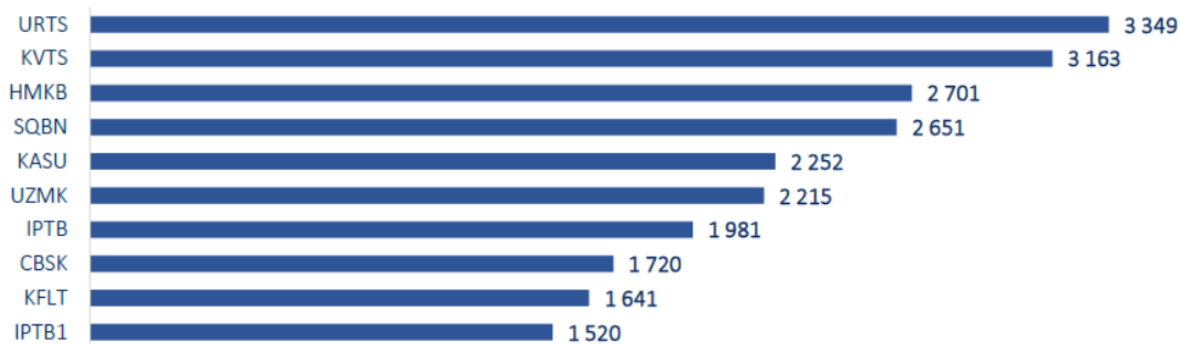


Diagram 2. TOP 10 shares by the number of transactions, pcs

The largest number of transactions was concluded with the /URTS/ shares of UzRTXB JSC, totaling 3,349 during the first quarter of 2023. With 3,163 transactions, the shares of "Kvarts" JSC /KVTS/ are in the top 10. The first ten are occupied by ordinary shares of "Guarantee Insurance Company" JSC /KFLT/ and "Ipoteka-bank" ATB /IPTB1/, with which 1,641 and 1,520 deals were concluded, respectively. [9]

*Conclusions*

As a result of studying the process of transformation of the developing stock market into a developed market, the main economic, technical and political problems of this process were identified. Economic problems include solving the problems of

economic development, in particular, increasing the level of financial saturation of the economy, developing the collective investment system, and stabilizing macroeconomic indicators. The analysis of developing and developed stock markets showed that the more saturated the economy with monetary resources, the higher the component of securities in economic turnover, the higher the capitalization of the stock market in relation to GDP. The experience of developed countries shows that an efficient stock market is one of the factors that positively affects economic growth. A developed stock market allows enterprises to properly assess and diversify risks in financing projects requiring large investments, and to attract funds effectively. In addition, the stock market can serve as an indicator of economic trends, which allows stakeholders (including the government) to develop and effectively implement their own strategies.

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