



MODERN METHODS OF EVALUATING THE FLOW OF FOREIGN INVESTMENTS AND THEIR ECONOMIC SIGNIFICANCE

YULDOSHEVA MAFTUNA BAKHTIYAROVNA
PhD, research scientist

Attracting foreign investment is an important component of the economic development of many countries. The main areas in which countries attract foreign investment may differ depending on their economic needs, priorities and competitive advantages.

The main directions for attracting foreign investments are as follows:

1. Foreign investors can invest in various industries such as automotive, energy, machinery, chemical industry, etc.
2. Infrastructure. Foreign investment can be directed to the development of infrastructure projects such as the construction of roads, ports, airports, railways, energy networks, etc.
3. Tourism-oriented investments can serve to develop hotel business, entertainment complexes, tourist attractions and infrastructure for tourists.
4. Foreign investments in the financial sector may include the purchase of bank shares, participation in the stock market, the creation of joint financial enterprises, and other operations.
5. Foreign investments can be directed to the development of technological startups, research centers, software development, electronics manufacturing and other high-tech industries.
6. Foreign investors can invest in the development of agriculture, agro-industrial complex, food production and processing of agricultural products.

These areas do not completely exhaust all possible investment directions, but represent the main directions that attract the attention of foreign investors.

There are several methods for calculating the volume of foreign investment attracted to a country. Some of the most common methods are:

1. **Direct Investment Method (DIM).** This method measures the amount of foreign investment by taking into account the direct investment of foreign companies in the country's subsidiaries, divisions and shares in joint ventures.

The Direct Investment Method (DIM) is a foreign investment valuation method used to determine the percentage of ownership and control of a foreign enterprise.



This method is used when an investor acquires a controlling stake or interest in a foreign company.

The main idea is to estimate the value of a foreign enterprise by directly measuring its financial performance, including its net income, assets and liabilities. This method also takes into account potential dividends that may be received from the foreign entity.

The valuation process using the equity method includes the following steps:

1. To determine the financial indicators of the foreign enterprise, such as income, net profit, assets and debts.
2. Estimating the future cash flows generated by the enterprise.
3. Taking into account risks associated with investing in a foreign enterprise, such as political, currency, and market risks.
4. Calculate discounted cash flows to determine the present value of future income.
5. Estimating the value of a controlling interest or stake in a foreign enterprise based on the present value of future earnings and other factors such as the cost of capital and discount rate.

The direct investment method is usually used in cases where the investor has significant influence over the management of a foreign enterprise and expects to receive a large financial return on their investment.

2. Portfolio investment method(Portfolio Investment Method). This method estimates the volume of foreign investment attracted through the purchase of securities such as stocks, bonds, and other financial instruments issued in the country.

The portfolio investment method (Portfolio Investment Method) is an investment strategy based on creating a diversified portfolio of assets to reduce risk and increase potential profitability.

The main principles of the portfolio investment method are as follows:

1. Diversification: An investor spreads their investments across different assets (stocks, bonds, real estate, etc.) to reduce the risk of losses associated with a particular asset or industry.
2. Balancing risk and return: The portfolio is formed in such a way that an optimal balance is achieved between the expected return and the level of risk that the investor is willing to accept.



3. Active management: The investor constantly monitors and analyzes the composition of the portfolio depending on the changes in market conditions, economic factors and financial indicators of the companies in which he invests.

4. Regular rebalancing: The portfolio can be reviewed and rebalanced from time to time to maintain the desired structure and risk, depending on investment objectives and changing market conditions.

5. Portfolio investments allow investors to build stable and efficient portfolios that can provide more predictable returns than investing in individual assets.

3. Net foreign assets method(Net Foreign Asset Method). This method takes into account the difference between a country's total foreign assets and liabilities to determine the amount of foreign investment attracted.

The net foreign assets method is one of the methods for calculating the value of a currency or exchange rate. This method is based on analyzing a country's position in international financial relations, that is, assessing its net foreign assets.

Net foreign assets represent the difference between a country's foreign assets and foreign liabilities. Foreign assets include gold, foreign exchange, foreign investments and other financial assets located outside the country. External liabilities include debts to foreign creditors, external trade liabilities and other external financial liabilities.

According to the net foreign assets method, if a country has positive net foreign assets (i.e., foreign assets are greater than external liabilities), this may indicate a strong currency or a currency appreciation trend. Conversely, if a country has negative net foreign assets, this may indicate a weak currency or a currency depreciation trend.

The net foreign asset method is one of the exchange rate analysis tools used in macroeconomic analysis and foreign exchange management decision-making. However, in actual practice, the analysis of the exchange rate includes balance of trade, inflation, interest rates, political stability and many other factors.

4. Currency Market Method (Currency Market Method).This method evaluates the flow of foreign investment based on the change in the country's exchange rate. An increase in the exchange rate may indicate an increase in foreign investment and vice versa.

The Currency Market Method refers to Forex trading strategies that are typically used to predict movements in currency rates and make decisions about entering or exiting a trade. This method involves analyzing fundamental and technical factors that affect currency rates.



1. **Basic analysis.** Includes the study of economic data and factors such as interest rates, inflation, economic growth, political stability, and more. These factors can significantly affect the exchange rate, so traders use fundamental analysis to understand the main factors that determine market movements.

2. **Technical analysis.** Based on the analysis of historical price charts and graphs to identify recurring patterns and trends that can be used to predict future price direction. Technical analysis helps traders make decisions about entering or exiting trades based on price action and indicators.

3. **Sentiment analysis.** It takes into account the opinions and feelings of market participants, such as traders and investors. Sentiment analysis can be performed through surveys, news, and social media analysis to determine market sentiment and predict market direction.

Forex traders typically combine these three elements to make decisions. They may also use automated trading systems (such as trading robots or algorithmic trading) that can execute trades based on pre-set criteria based on analysis of the currency market.

5. Balance of Payments Method). This method uses a country's balance of payments data to estimate foreign investment flows, including direct and portfolio investments and other transactions involving foreign capital.

Balance of Payments Method. - This is a tool for analyzing and evaluating international economic transactions between residents of a country and the rest of the world over a certain period of time, usually a year. This method is used to record all money flows between a country and other countries and to determine the external balance of the economy.

List of used literature:

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