

Belarus Economy Monitor: trends, attitudes and expectations

Households

July 2024

Summary

- The Consumer Confidence Index (CCI) grew by 3.4 percentage points (under the Rosstat methodology) and amounted to -1.4% in Q3-2024.
- The Consumer Confidence Index, excluding the component of the current state of the economy (under the Eurostat methodology) was 0%, while the average value in the EU countries was significantly lower in Q3-2024: -11.2%.
- There is a positive trend in assessing the financial standing of the family.
- The share of respondents reporting decreased income remained at the level of the previous survey wave (26%).
- Saving on food has ceased to be one of the main strategies to withstand dropping incomes, but the share of respondents who began to save on leisure has increased significantly.
- The share of respondents reporting a job loss over the past two weeks remains at 2%.
- The share of respondents reporting that someone they knew lost his/her job remained at the level of Q2-2024 and amounted to 15%.

Methodology

The bulletin is based on the data collected through 10 online surveys of urban residents aged 18–64 years; the sample corresponds to the urban population structure in Belarus, and it is adjusted by the country's regions, respondents' sex and age:

- 1) December 2–8, 2021 (1004 respondents);
- 2) April 19–25, 2022 (1007 respondents);
- 3) August 26–31, 2022 (1001 respondents);
- 4) November 21–25, 2022 (992 respondents);
- 5) March 2–4, 2023 (1014 respondents);
- 6) June 28–30, 2023 (1009 respondents);
- 7) October 9–11, 2023 (1003 respondents);
- 8) February 6–12, 2024 (998 respondents);
- 9) May 15–22, 2024 (1002 respondents);
- 10) July 24–25, 2024 (1001 respondents).

The Consumer Confidence Index (CCI) reflects the general perception and expectations of households regarding the country's economy and the financial standing of the family. The index is calculated in our studies through applying the Rosstat and Eurostat methodologies. The Eurostat index includes questions about the current and projected financial standing of the family, the willingness to make large purchases, as well as the questions about the economic development of the country over the coming year. The Rosstat methodology includes the above questions + an assessment of the economic situation in the country compared to the economic situation a year ago.

Interpretation of the CCI outcomes

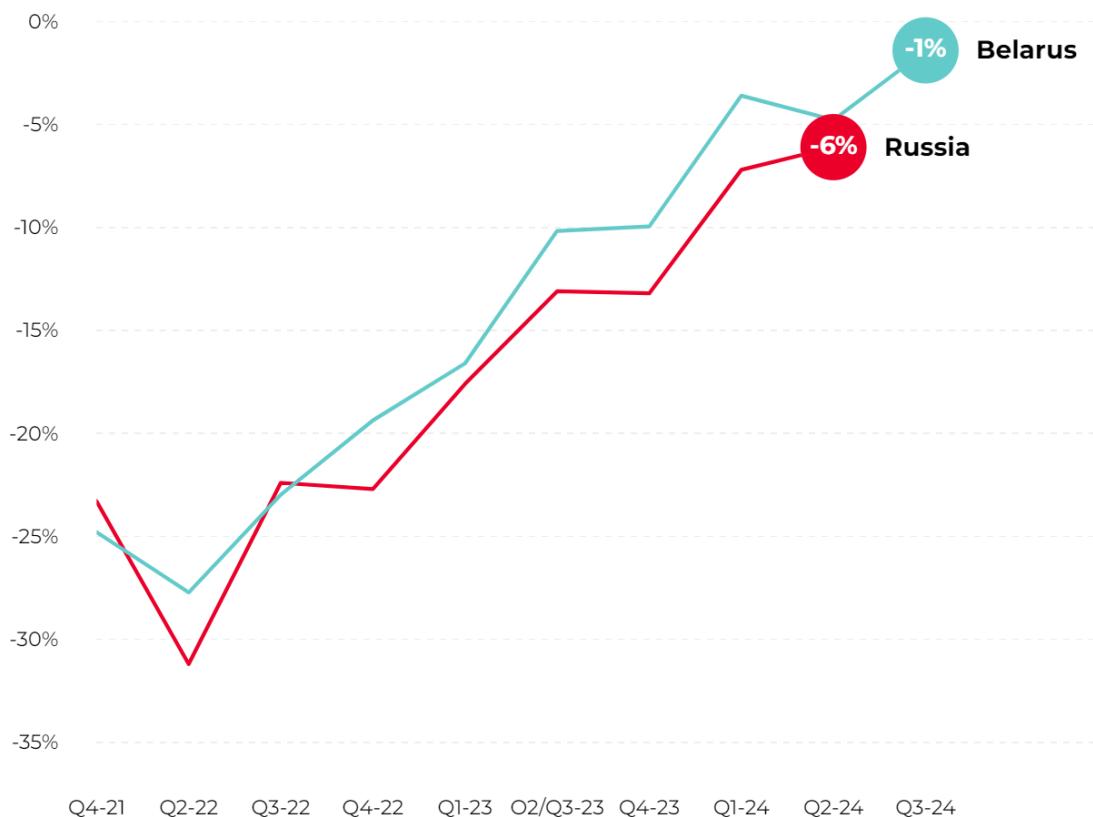
The Consumer Confidence Index (CCI) is a composite indicator reflecting the population's assessment of the economic situation in the country in general and the financial standing of households in particular. In addition to the actual assessment, the index also includes questions related to the perception of the future: how the economic situation and the financial standing of the family will change over the next year. As a result, the index illustrates the **attitudes and expectations** of households and explains their consumer behavior strategy.

Belarus and Russia

The Consumer Confidence Index, including its 5 components (under the Rosstat methodology) was -1.4% in Belarus in July 2024 and -6.1% in Russia in May 2024. Following a serious decline in the index in Q2-2022, the index has been recovering rapidly in both countries, bringing the Belarusian index value to the positive zone. Thus, the index in Belarus increased by 3.4 percentage points (Q3/Q2-2024), while in Russia it grew by 1.1 p.p. (Q2/Q1-2024).

Figure 1. The Consumer Confidence Index in Belarus and Russia in 2021–2024

(The index for Belarus starts from Q4-2021; there were no Q1-2022 data on Belarus.)



Note. Why is it relevant to compare Belarus with Russia?

- a) Russian economy — just like Belarusian economy — has been experiencing challenges with the long-term economic growth potential, and it has been overheating.
- b) Economic sanctions influence both countries.
- c) Russia is the key trading partner of Belarus.
- d) Both countries face labor market shortages.

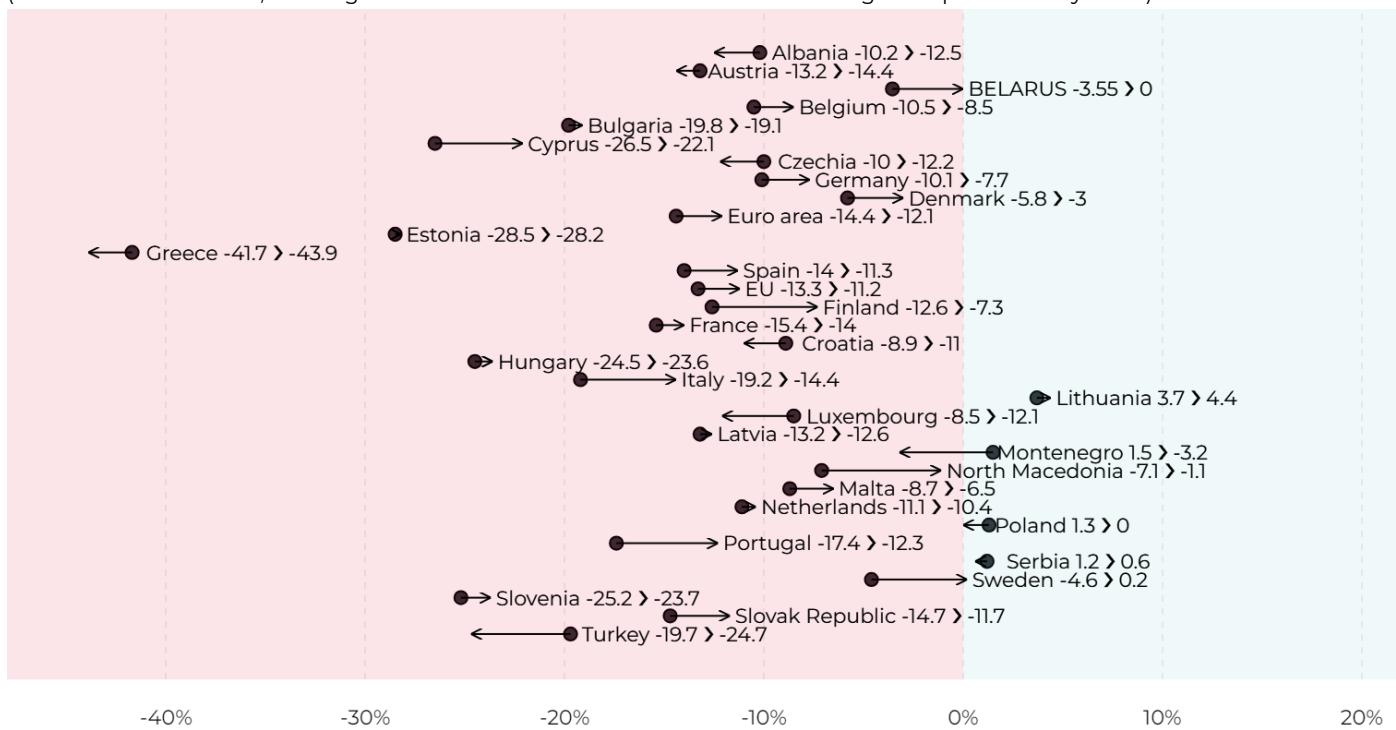
Belarus and EU

The value of the Consumer Confidence Index in Belarus (under the Eurostat methodology) became the threshold value and amounted to 0.0% (3.6 p.p. growth) in May 2024. In the first half of 2024, Belarus ranked 5th in terms of the Consumer Confidence Index among European countries (it has been gradually improving its position from 6th-7th place). In Q3-2024, the index value rose to 3rd place, sharing this ranking with Poland and overtaking Lithuania and Serbia. In general, it is quite rare for the Consumer Confidence Index to enter the positive zone, but this index is presented without seasonal adjustment, which makes it volatile.

In Q3-2024, the CCIs of most European countries surveyed improved on average (+2.1 p.p.) and amounted to -11.2%. The largest growth in the index was again observed in North Macedonia (+6 p.p.) and Portugal (+5.1 p.p.), as well as in Finland (+5.3 p.p.). Moreover, Lithuania managed to move into the positive zone of the index, and Sweden managed to get into it. The lowest Consumer Confidence Index value is traditionally in Greece (-44%).

Figure 2. Consumer Confidence Index in Europe in July and May 2024

(The Y-axis is A-Z sorted, the lengths and directions of the arrows show the change compared to May 2024.)



Note. Why is it relevant to compare Belarus with the EU countries?

- The predictive power of the index for the EU countries based on the Eurostat methodology (excluding the component on the current state of the economy) is higher than the index that includes all 5 components.¹
- The European Union is a significant trading partner of Belarus still.

¹ [A Revised Consumer Confidence Indicator. European Commission, official website, 2018.](#)

Components of the Consumer Confidence Index

Note. Component calculation formula

$$\text{Component} = (PR + P \div 2) - (MN + N \div 2)$$

where PR is the most positive responses;

P is positive responses;

MN is the most negative responses;

N is negative responses.

In the previous survey waves, Belarusian households traditionally assessed the economic situation in the country more negatively than the financial standing of their families (Figure 3: Q1 and Q3). The gap narrowed in 2024: 33% of respondents reported that the economic situation in the country had worsened over the past year, and 27% of respondents reported that the financial standing of their families had worsened over the past year. Compared to a year ago, there is a positive trend in assessing the economic situation of the country: 23% of respondents believe that the situation has improved (+5 p.p.); 30% of respondents believe that the situation has not changed (+5 p.p.); and 33% of respondents believe that the situation has worsened (-11 p.p.). Overall, the country's economic outlook for 2024 has stabilized.

On the contrary, positive dynamics are observed in assessments of the family's financial standing in 2024, mainly due to a decrease in the share of respondents with a worsening financial situation. 23% of respondents report an improvement over the past year (+4 p.p. (YoY)); 47% of respondents have not observed any changes in their financial standing (+10 p.p. (YoY)); 27% of respondents report that their financial situation has deteriorated (-14 p.p. (YoY)).

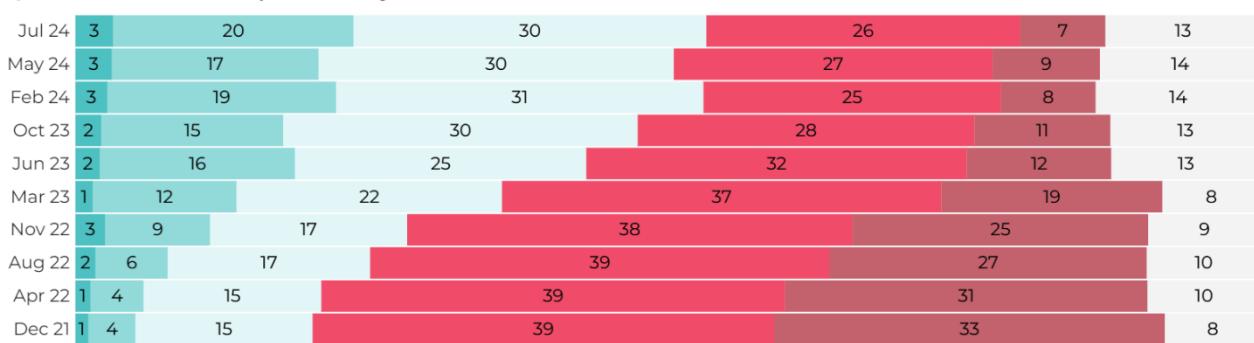
Speaking about assessments of the future, there is still a high degree of uncertainty and impossibility of forecasting among the population (Q2 and Q4): 27% of respondents find it difficult to assess the economic situation in the country, and 15% of respondents do not know what will happen to their financial standing. People no longer perceive the prospects of the economy as unequivocally worse: 27% of respondents expect the economic situation in the country to worsen, and 24% of respondents expect the economic situation in the country to improve. Expectations for changes in financial standing are the most positive for all survey waves: only 16% of respondents expect their financial standing to worsen, while 30% of respondents expect their financial standing to improve.

There is a curious situation about spare money disbursements: only 19% of respondents report that this time is favorable for large purchases; 22% of respondents believe that this time is rather bad for large purchases; and 44% of respondents report that large purchases have the same number of pros and cons today. Despite this, the pace of consumer lending has not been fading, and consumer demand remains overheated. At the same time, only 27% of respondents report that saving conditions are favorable.

Figure 3. Components of the Consumer Confidence Index (%)

■ Improve ■ Likely improve ■ No change ■ Likely decline ■ Decline ■ Difficult to answer

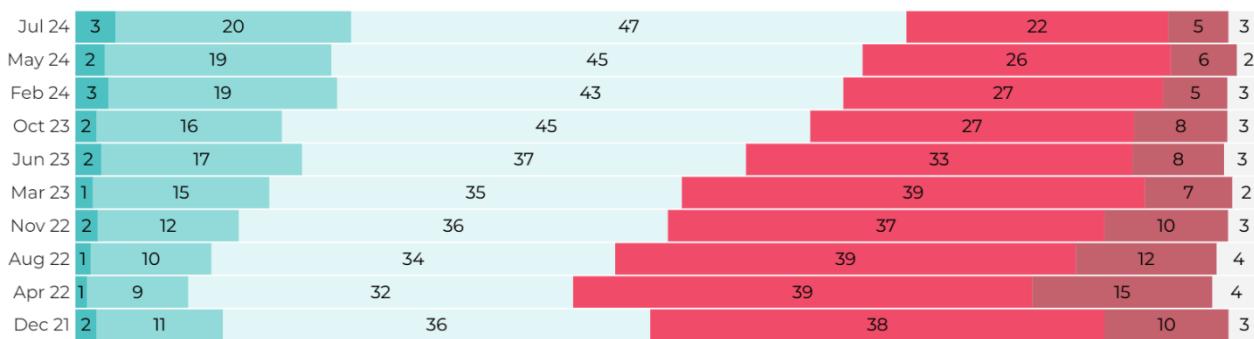
Q1 Economic situation compared to last year?



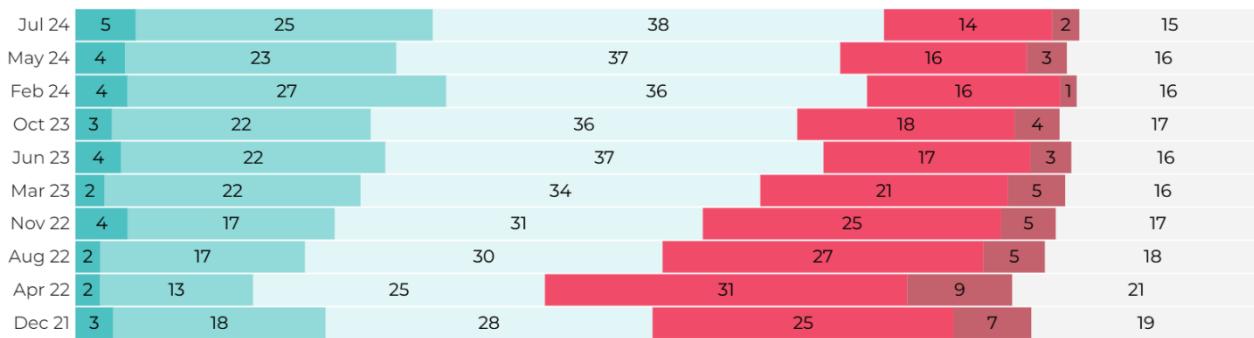
Q2 Economic situation over the next year?



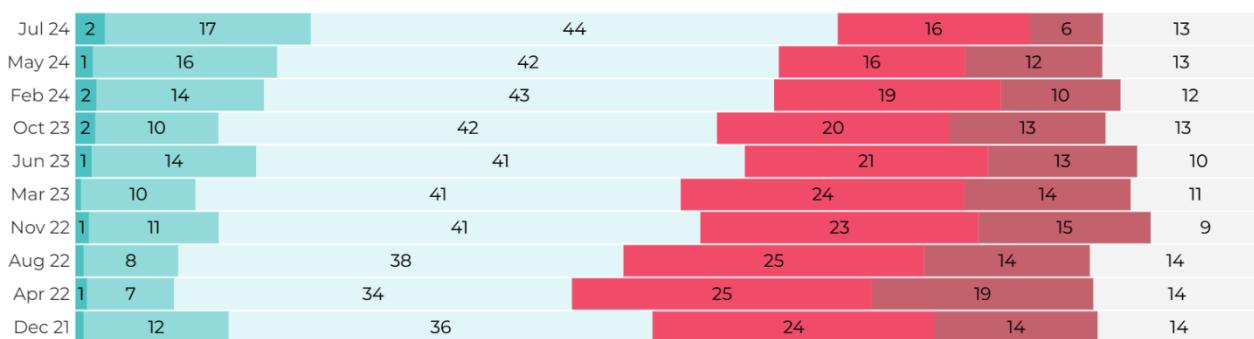
Q3 Financial position of your household compared to the last year?



Q4 Is it going to change over the next year?



Q5 Is it the right moment to make major purchases?



Optimists and pessimists

The average value of the Consumer Confidence Index was 0% (under the Eurostat methodology), while the average value of one of its components — “the country's future” — was -2.3% (without significant changes over the quarter, Figure 4A-B). The component assessing the future financial standing of the family made a significant contribution to the zero value of the index, amounting to 8.2%.

In age groups, the least pessimistic (regarding both present and future) are respondents aged 18–24 years (a similar situation is observed in many countries, since young people enter the labor market and expect their income to grow). The lowest CCI value both in age groups and in other categories of respondents is among those aged 55+ years: their CCI value is -10%. Regionally, the most pessimistic people live in the Brest region (their Consumer Confidence Index was -7.3% in July 2024), and the most optimistic people about the future of the country's economy live in the Gomel and Minsk regions: the values of the country's future component of the index in these respondents were 11.5% and 15.9%, respectively.

Depending on income, low-income people (earning up to 700 BYN net per month) expectedly feel the worst. It is interesting that the level of satisfaction with the economic situation increases proportionally with increasing income: the Consumer Confidence Index in respondents with an income of up to 700 BYN is -5%; and in respondents with an income of 2,000+ BYN, the CCI value has moved in the positive zone of the index and amounted to 11.4%. However, expectations of the country's economy are different: e.g., expectations of the country's future are similar in both cohorts of respondents (incomes of 701 BYN and 1,201—2,000 BYN), and they amount to -7.9% and -9.1% respectively.

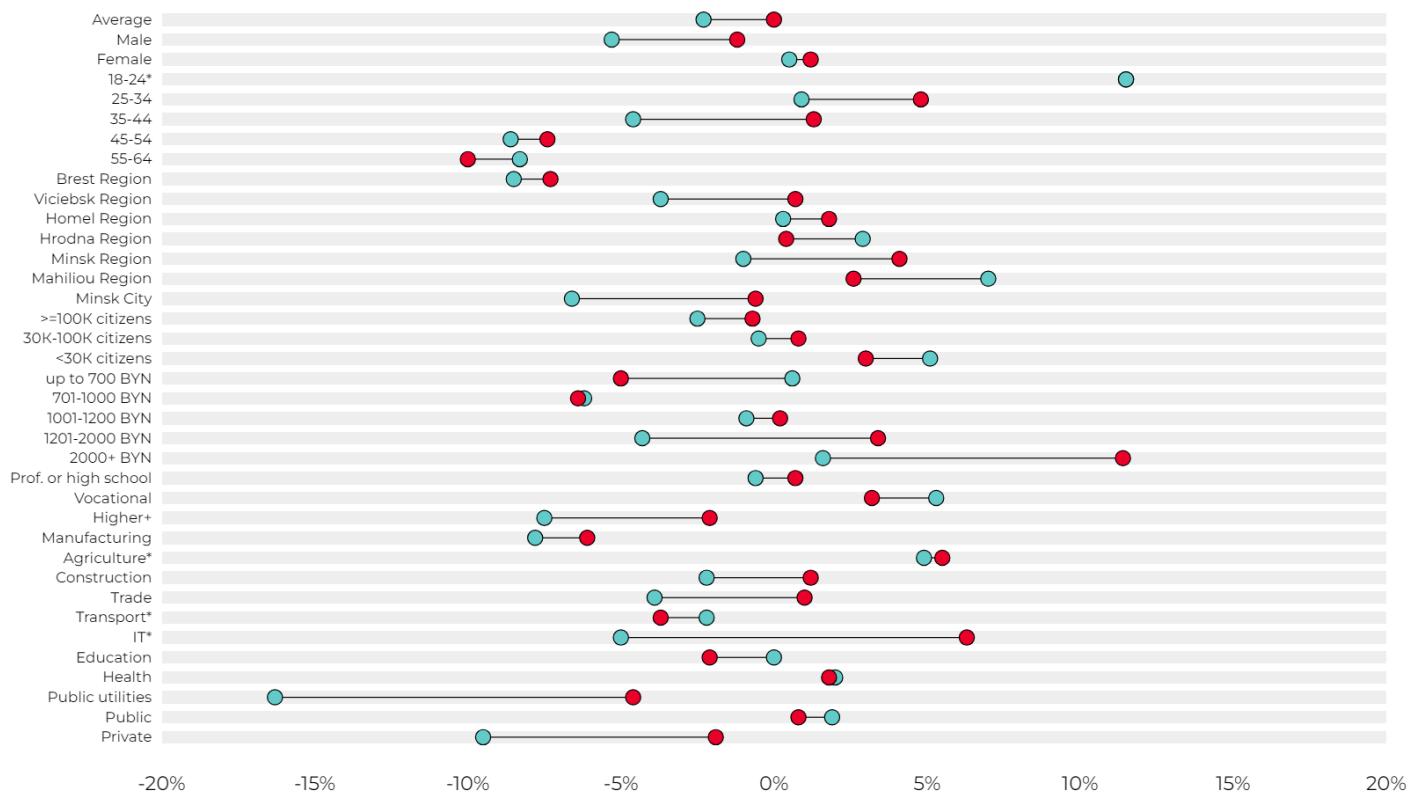
Belarusians with higher education traditionally score much worse on both the future component and the current Consumer Confidence Index compared to Belarusians with secondary, secondary specialized and vocational education. In terms of areas of activity, the main pessimists are industrial workers: they estimated the country's future component at -4%. However, respondents from most sectors (agriculture, IT, construction, trade, healthcare) rated both components positively. Employees in the private sector traditionally rate the aggregate Consumer Confidence Index worse, but this quarter respondents agreed on the future of the country's economy (8.4% and 7.5%).

The Consumer Confidence Index improved in most respondent groups, which cannot be said about the country's future component: the dynamics of changes turned out to be multidirectional (Figure 4B).

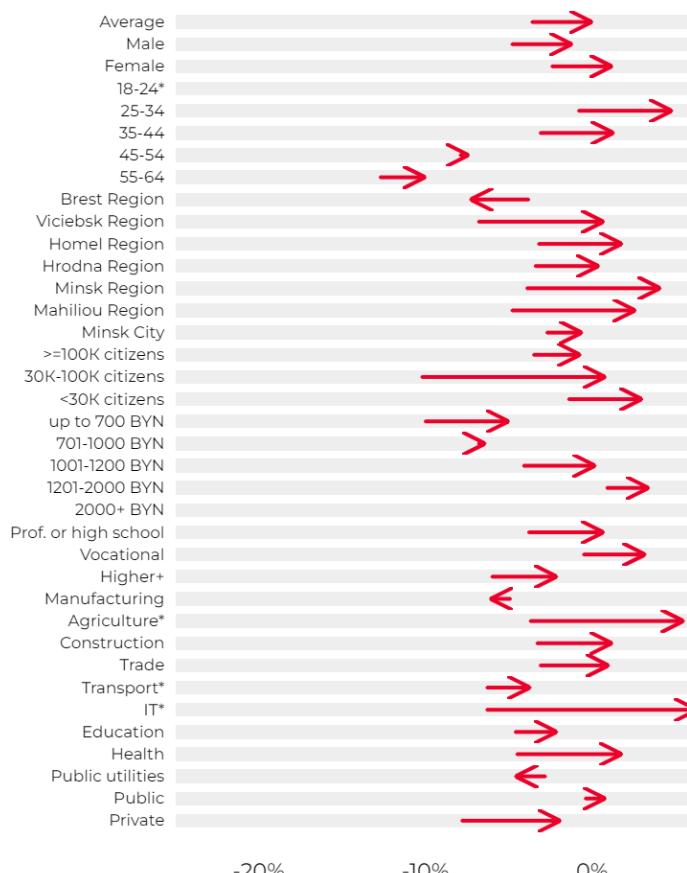
Figure 4. The Consumer Confidence Index  and the country's future component 

(groups by gender, age, region, income, education, sector, ownership type)

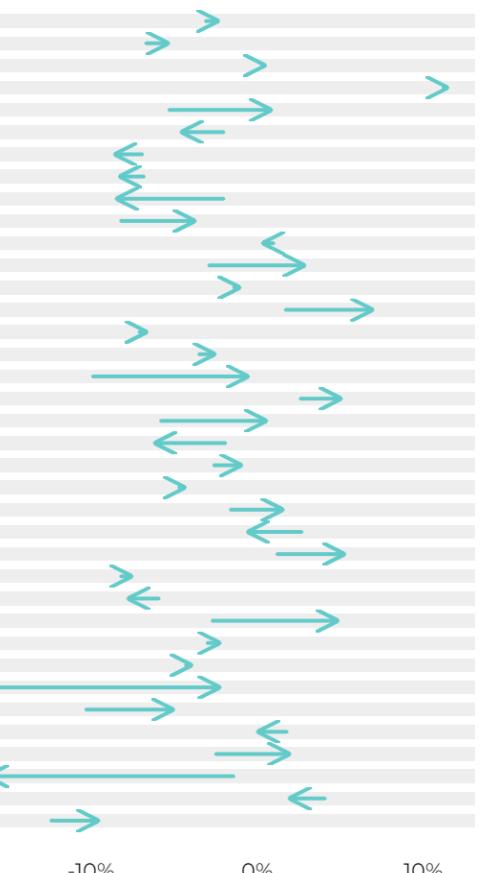
4A. July 2024



4B. Change in the index over the period



4C. Change in the future component over the period



Household incomes

The share of people who reported a decrease in their income over the past month in July 2024 remained unchanged at 26%.

If those, who only refer to the foreign exchange rate changes as the reason for their income decline, are excluded, then the share drops to 24%; and if those, who refer to price increases and foreign exchange rate changes as the reasons for their income decline, are excluded, then the share drops to 17% (Figure 5A). The highest income drops rates — without referring to the impacts of foreign exchange rate changes and price growth — were in the following populations:

- 55–64-year-olds,
- those with initially low income;
- entrepreneurs,
- audience of independent media.

Figure 5. Share of population reporting an income decline (%)

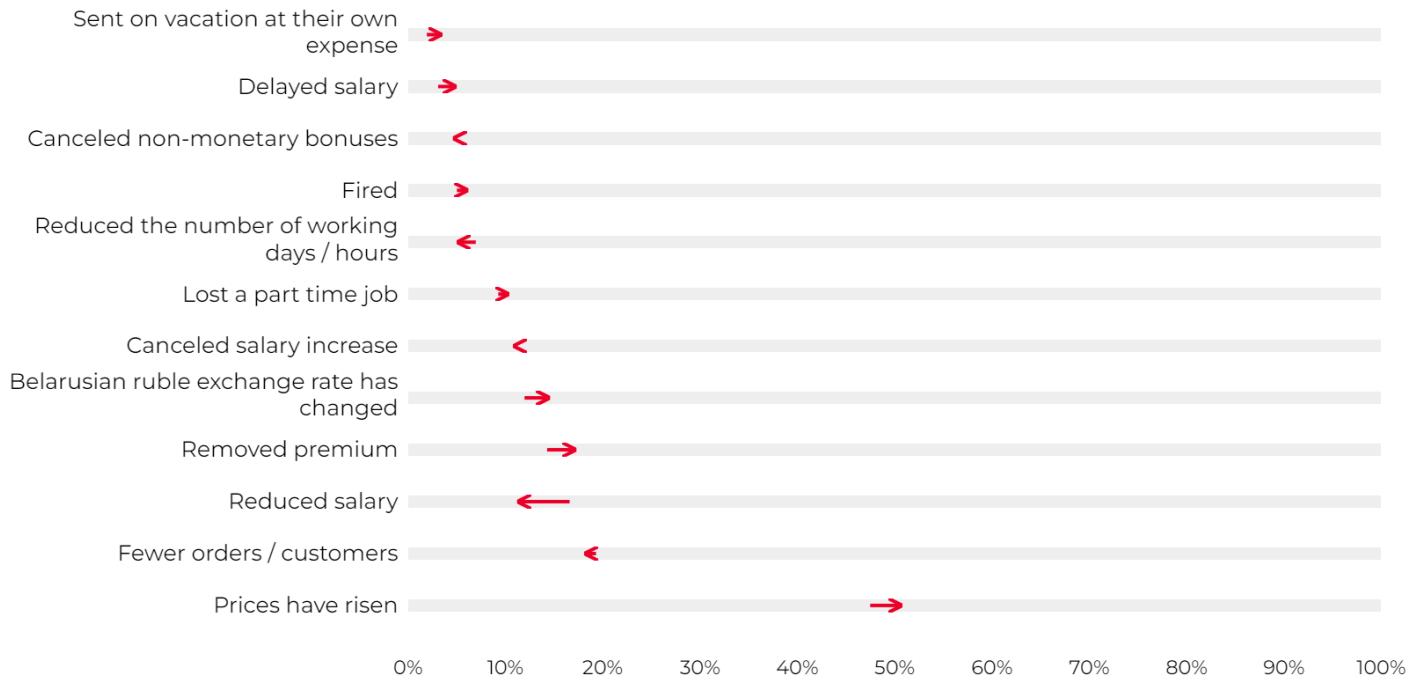
5A. Change in share, since late 2021



Traditionally, the two main reasons for declining income were rising prices and changes in foreign exchange rates. In 2024, changes in foreign exchange rates lost their significance: the share of respondents who referred to the changes in foreign exchange rates as the reason for their declining income was 36% in October 2023, while in February 2024, this share was 21%, and in May 2024, this share was only 12%, and in July 2024, this share was 15%. Thus, the main reasons for the income drop (Figure 5B) in July were “increased prices”, “decreased number of orders or clients”, and “no bonuses”.

When considering ways to respond to reduced income (Figure 5B), respondents in this survey wave were significantly more likely to save on leisure and less likely to buy new clothes. The share of respondents saving on food has become the lowest among all survey waves and amounted to 22% of respondents with declining income.

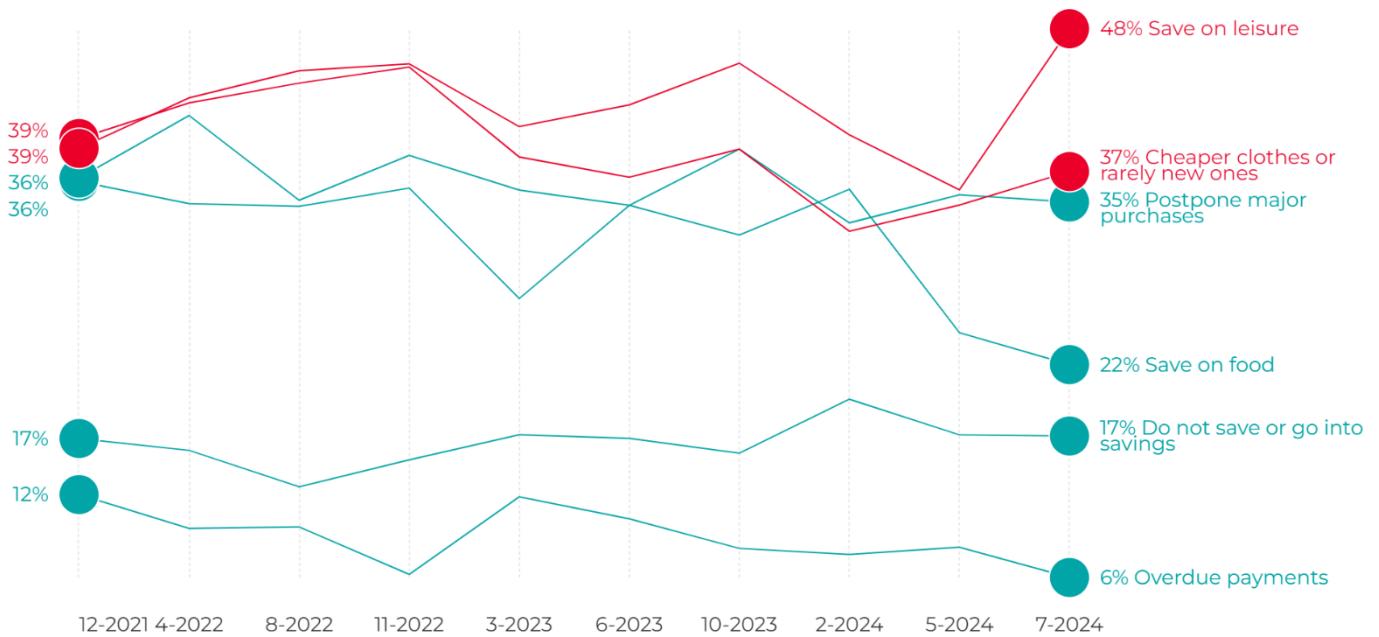
5B. Change in the reasons for an income decline



5C. How do households cope with falling incomes?

(out of those 26% who have experienced an income decline)

■ Decrease ■ Increase

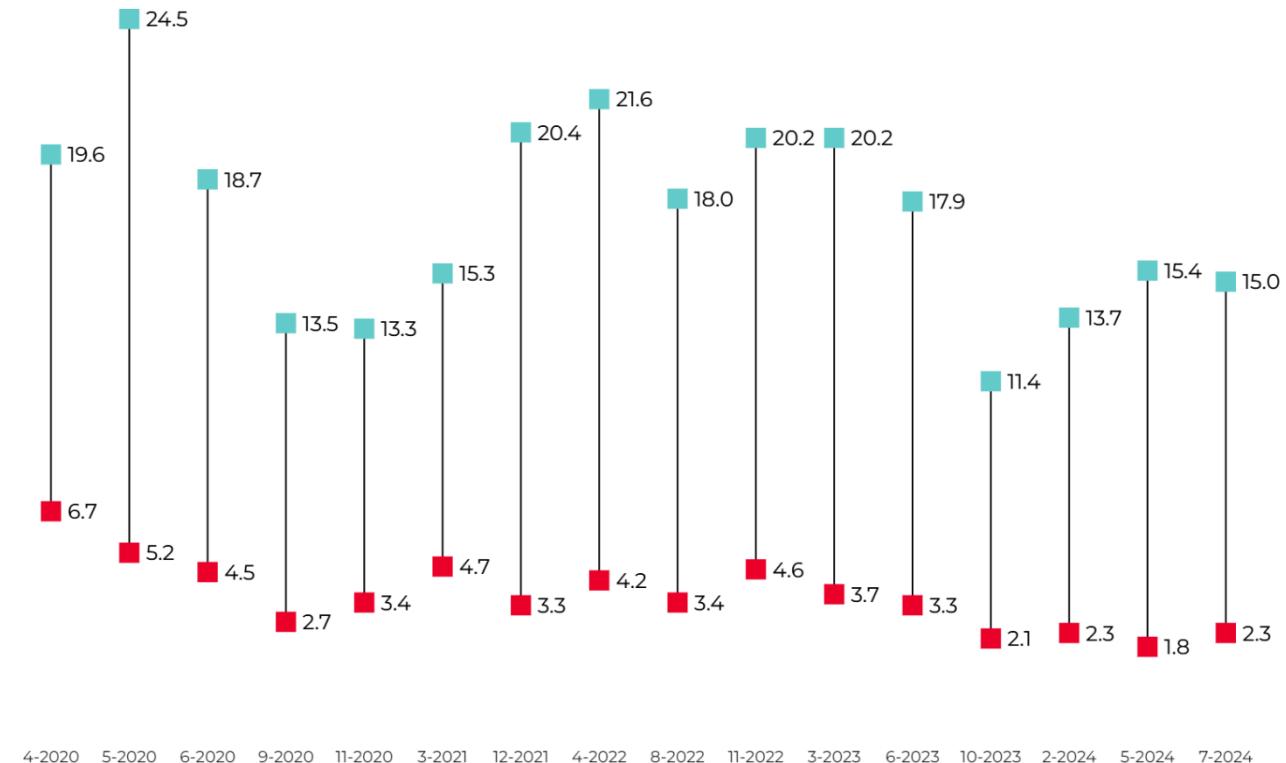


Labor market

A paradoxical situation remained in the labor market for a long time: on the one hand, the share of those who lost their jobs was 3.8% on average, while the share of those reporting a job loss among their friends and acquaintances was quite high: 19.7% (Figure 6). In October 2023, both indicators reached their lows: the share of those who lost their jobs was 2%, and the share of those whose acquaintances lost their jobs dropped to 11%. In the three quarters of 2024, the share of those laid off remained at the

same level, and the share of laid off acquaintances increased slightly, but did not reach the level of the previous two years. At the same time, 57% of respondents reported a shortage of personnel in the domain where they worked (+4 p.p. Q3/Q2).

Figure 6. What is the share of the unemployed? I lost my job  and some of my acquaintances  (percentage of those reporting a job loss)

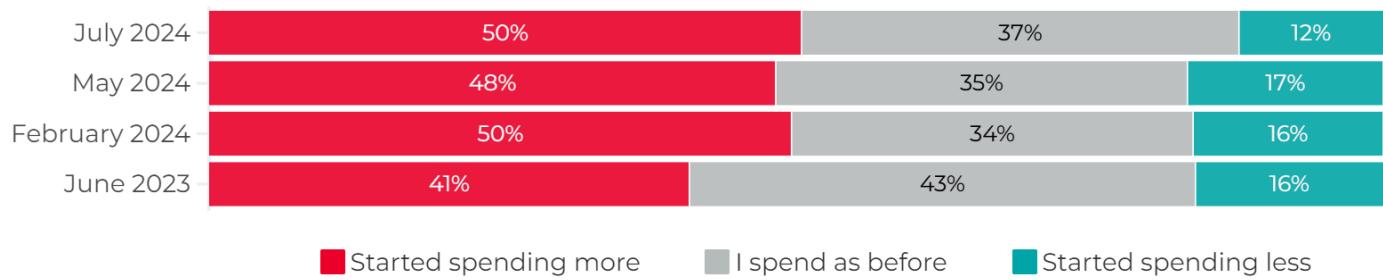


Saving behavior

Households did not save more despite the growth in wages recorded in statistics. On the contrary, the share of respondents who began to spend more over the past six months has increased compared with summer 2023 (Figure 7A).

Figure 7. Do you prefer spending or saving?

7A. Have you **spent** more, less, or the same amount as before over the past six months?



Saving behavior has remained (with minor changes) at the level of summer 2023: a significant share of respondents (39% in May 2024) has not saved at all, and 32% have saved less than before (Figure 7B). Thus, the desire to spend still prevails over the desire or ability to save, and 64% of respondents have savings.

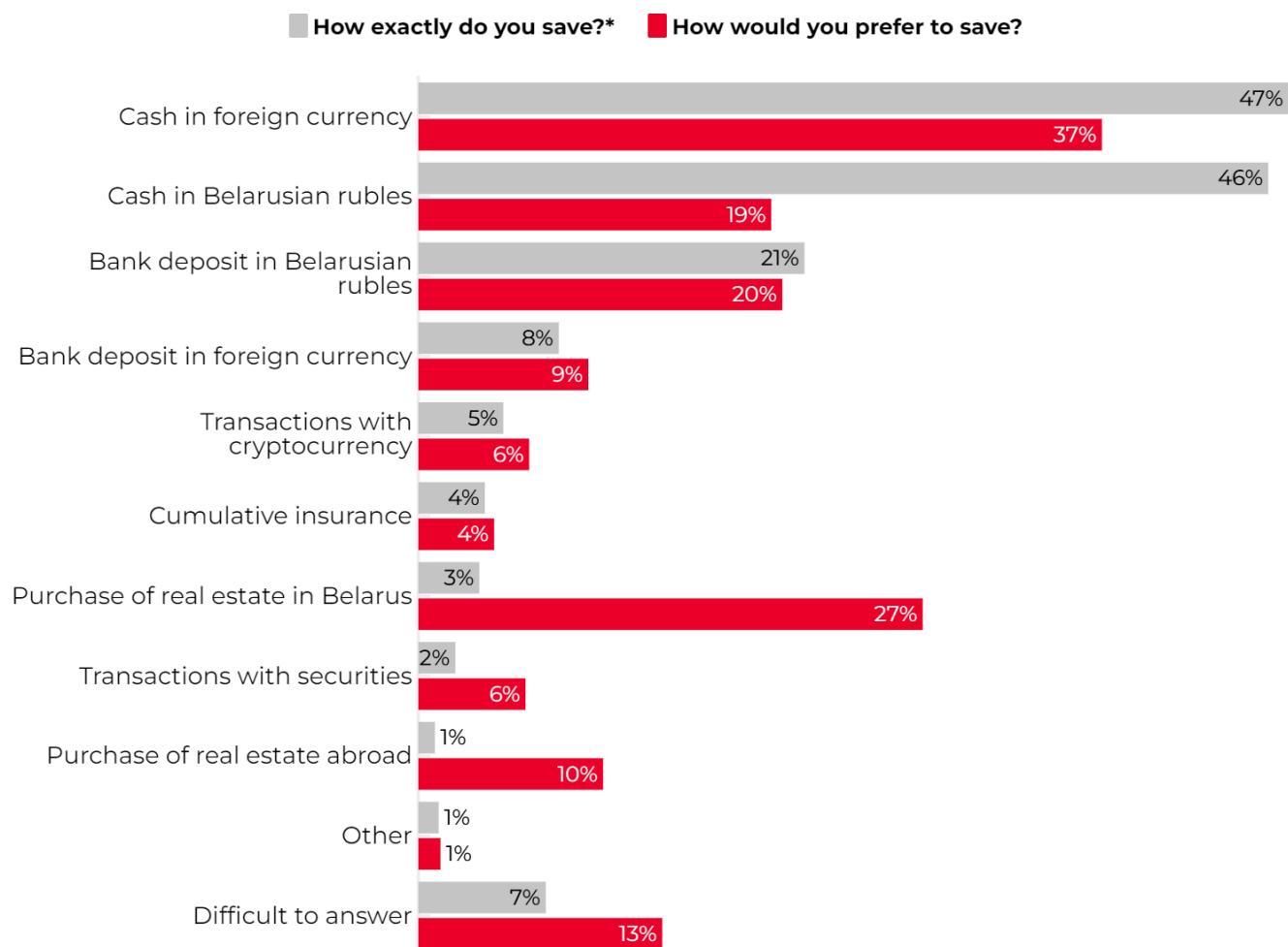
7B. Have you started **saving** more, less, or the same amount as before over the past six months?



■ I save less ■ I save as before ■ I save more ■ I don't save

About half of respondents who save (*) choose to keep cash in foreign currency and Belarusian rubles. Moreover, in 90% of cases the US dollar is preferred as a foreign currency, and in 38% of cases the euro is preferred. One fifth of saving respondents choose a bank deposit in Belarusian rubles (Figure 8).

Figure 8. Current and desired savings



If respondents were given free cash, 13% of them would not know how best to save it (the question was: "Given the availability of free cash, where would you prefer to place it?"). The most popular option for potential savings is the one that most people already use: 37% of respondents would choose to keep cash in foreign currency (mainly in US dollars). As for other currencies, 14% of respondents (among those who already have savings) keep money in Russian rubles, although only 5% of all respondents prefer this type of savings. The type of savings where expectations do not match reality is the purchase of real estate in Belarus: 27% of respondents would prefer to save in this way.

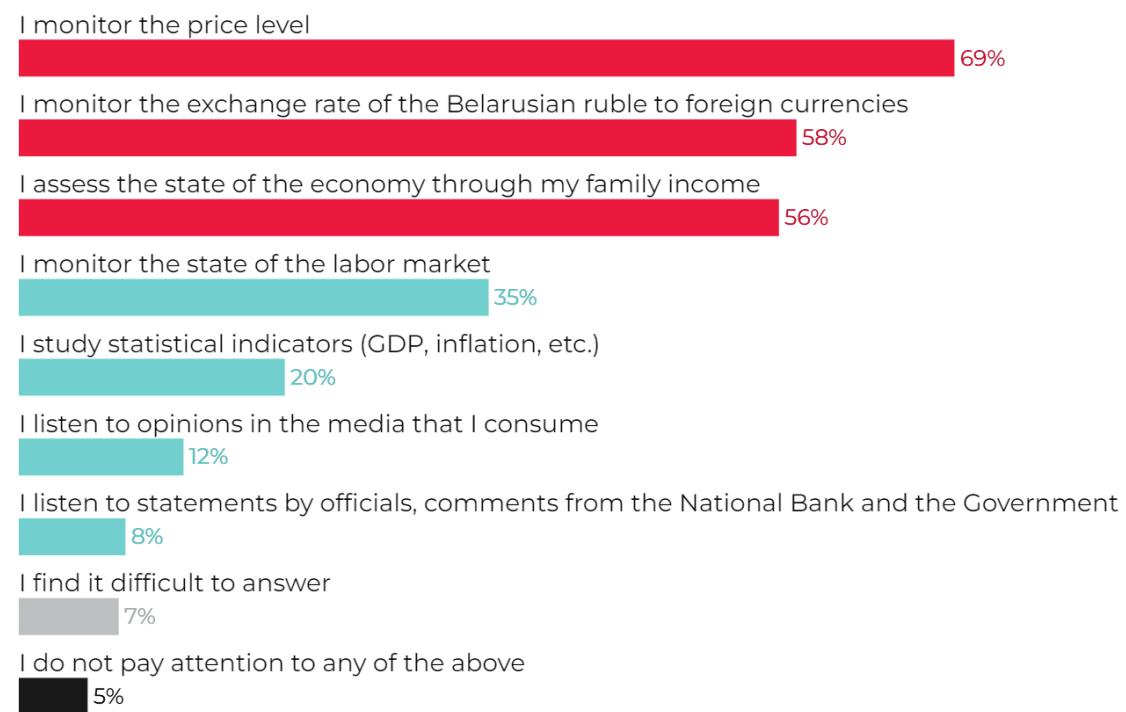
On the contrary, a less preferred but widely used type of savings is cash in Belarusian rubles.

Economy indicators

About half of respondents reported that the state of the country's economy has improved or remained unchanged compared to a year ago. When identifying the main factors that influence the assessment of the economic situation, the majority of respondents (69%) traditionally named the level of prices. The following two assessment methods were equally popular among respondents: 58% of respondents reported that they monitored the exchange rate of the Belarusian ruble against foreign currencies; and 56% of respondents assessed the state of the economy through the financial standing of their families. A third of respondents believed it was important to monitor the situation on the labor market, and a fifth of respondents believed it was important to keep an eye on statistical indicators (Figure 9).

Moreover, in addition to the Belarusian ruble exchange rate, about half of the respondents also keep an eye on the Russian ruble: 15% of respondents reported that they regularly monitored the Russian ruble to the US dollar exchange rate, and 37% of respondents did so from time to time.

Figure 9. When you assess the state of the country's economy, what do you pay attention to?

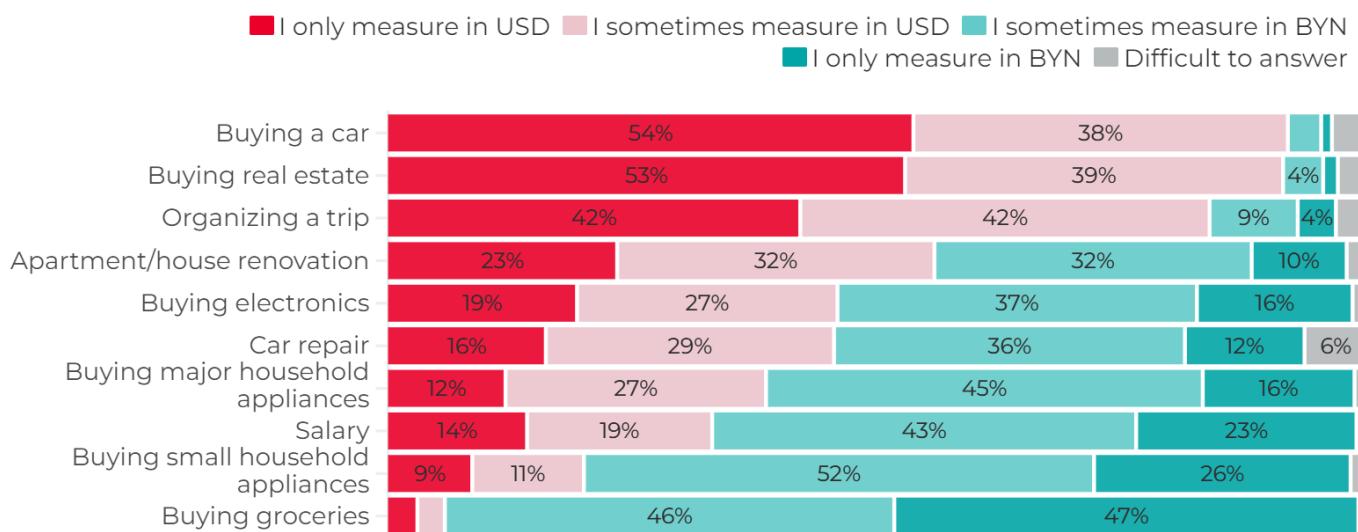


Partial dollarization

In an attempt to assess the level of dollarization in the daily lives of Belarusian households, the following question was asked: "Some Belarusians, when they think about their expenses or income, measure them in foreign currency: US dollars, euros, Russian rubles, etc. Some Belarusians do not do this at all. And how do you do it?" As a result, a significant share of respondents (43%) reported measuring all their income and expenses only in Belarusian rubles. Accordingly, the majority — 57% of respondents — always or sometimes perceive their income and expenses in foreign currency. Speaking of foreign currencies, 82% of respondents prefer the US dollar, and 6% of respondents prefer the euro and the Russian ruble.

The most popular categories of expenses that respondents are accustomed to measuring in US dollars are the purchase of a car and real estate. Also, the majority of respondents naturally plan their trips in foreign currency. As for the purchase of electronics (laptops, smartphones), opinions have divided: half of respondents measure such purchases in US dollars, and half of respondents measure such purchases in Belarusian rubles. Such categories of expenses as the purchase of large and small household appliances, buying groceries and salary received are measured by the majority of respondents in Belarusian rubles (Figure 10).

Figure 10. In what currency do you "measure" the following expenses and income?²



Confidence level

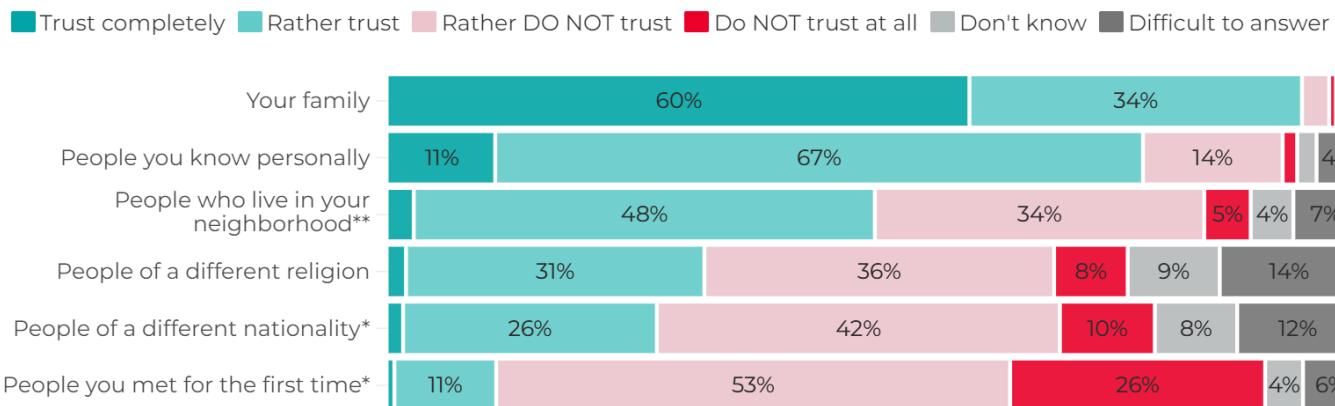
Only 23% of respondents reported that most people could be trusted. 61% of respondents believe that you need to be very careful in your relationships with people. By comparison, in the World Values Survey 2017 (WVS2017), the share of respondents who trusted others was 40%. Part of the difference in responses can be explained by the different type of sampling (face-to-face interviews were conducted in WVS2017,

² The question was asked to respondents who measure their expenses/income in US dollars, i.e. to 47% of all respondents.

while an online survey of urban residents was conducted in the Household Monitoring), and another part of the difference in responses can be explained by the changed attitudes of Belarusians.

Thus, the majority of respondents still trust their family and the people they know personally. However, the level of trust in neighbors is significantly lower than that recorded in WVS2017 (Figure 11).

Figure 11. Level of trust in people



Note:

* The share of people who trust people of other nationalities, as well as those they meet for the first time, is ~10% lower compared to WVS 2017.

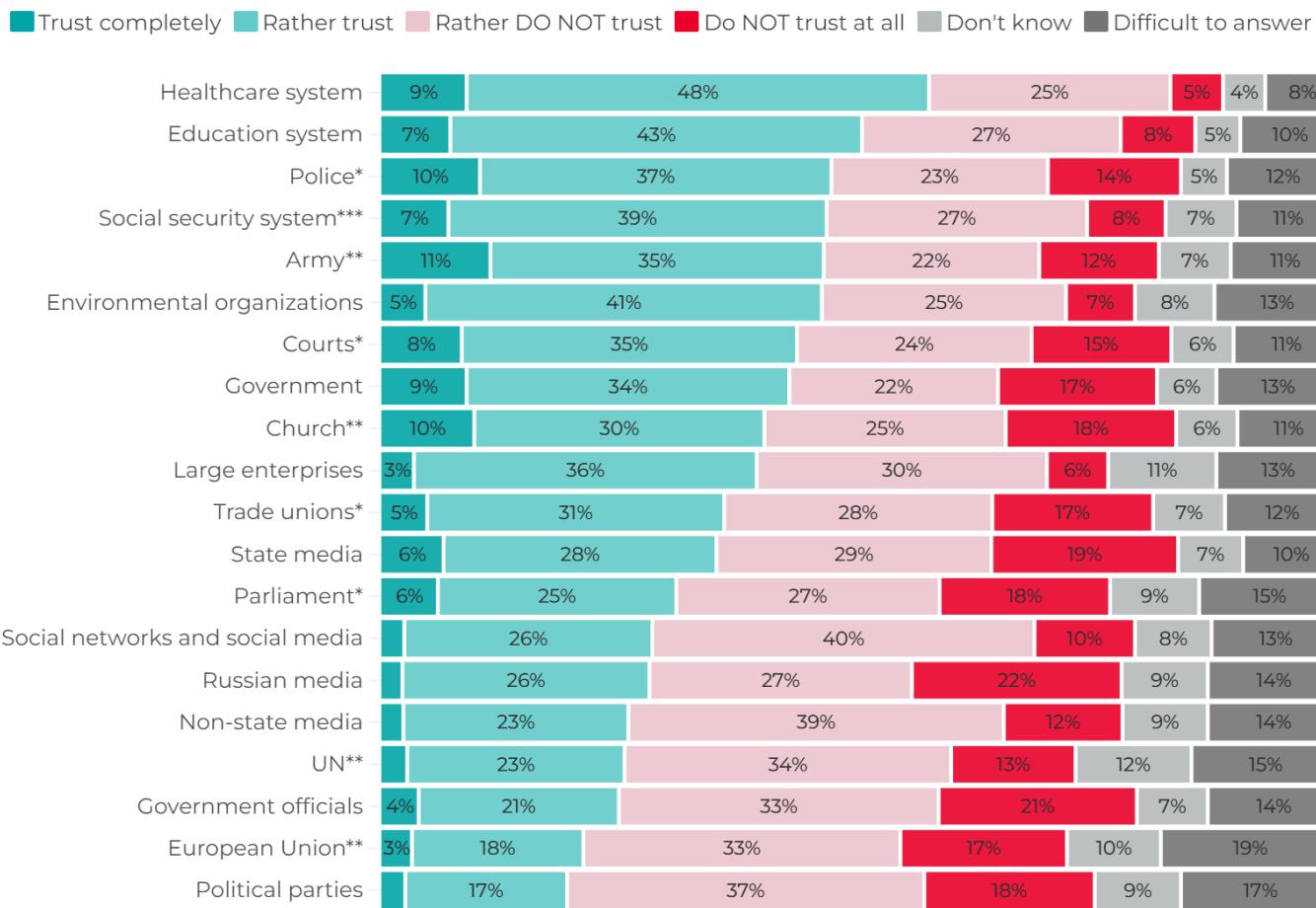
** The share of people who trust their neighbors is 20% lower than in WVS 2017.

As for trust in institutions, about half of respondents trust the healthcare and education systems. The next most trusted are the police, the social security system and the army. Since 2017, trust levels have changed slightly: previously, trust in the police and the army was higher, and it was lower in the social security system.

Speaking about the media, the level of trust in state media is somewhat higher than in non-state media, but this may be partly due to the fear factor: a quarter of respondents found it difficult to determine the degree of their trust in non-state media. However, the level of distrust in all types of mass media exceeds the level of trust in them, and this is about 50% of respondents.

The confidence level in international organizations such as the European Union and the UN is extremely low. Only the level of trust in officials and Belarusian political parties is lower (Figure 12).

Figure 12. Trust in institutions



Compared to WVS2017, the level of trust is:

* 10-15% less

** 15-20% less

*** 16% more

Conclusions

According to the quarterly household monitoring data, the Consumer Confidence Index together with its components grew again in July 2024, this time reaching the threshold of 0% (under the Eurostat methodology).

Personal incomes continue the trend of previous survey waves: 17% of respondents reported lower income (without referring to the impact of foreign exchange rate and rising prices) — this cohort began to save less on food and more often on leisure. The situation on the labor market is contradictory: on the one hand, the share of those who have lost their jobs remains at a minimum level (2.3%); on the other hand, 57% of respondents report a shortage of personnel in the sector where they work.

Belarusian households still prefer to spend rather than save. About half of respondents who save choose to keep cash in US dollars and Belarusian rubles.

About half of respondents report an improvement or no change in the state of the country's economy compared to a year ago. Respondents base their conclusions on

the assessment of price increases, changes in the exchange rate of the Belarusian ruble to foreign currencies and based on the assessment of the financial standing of their families.

The level of trust in society has significantly decreased: according to an online survey conducted in July 2024, only 23% of respondents agreed with the statement “most people can be trusted”, while in face-to-face interviews conducted in 2017, this figure was 40%.