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Macroeconomic Forecast for Belarus

2026–2027

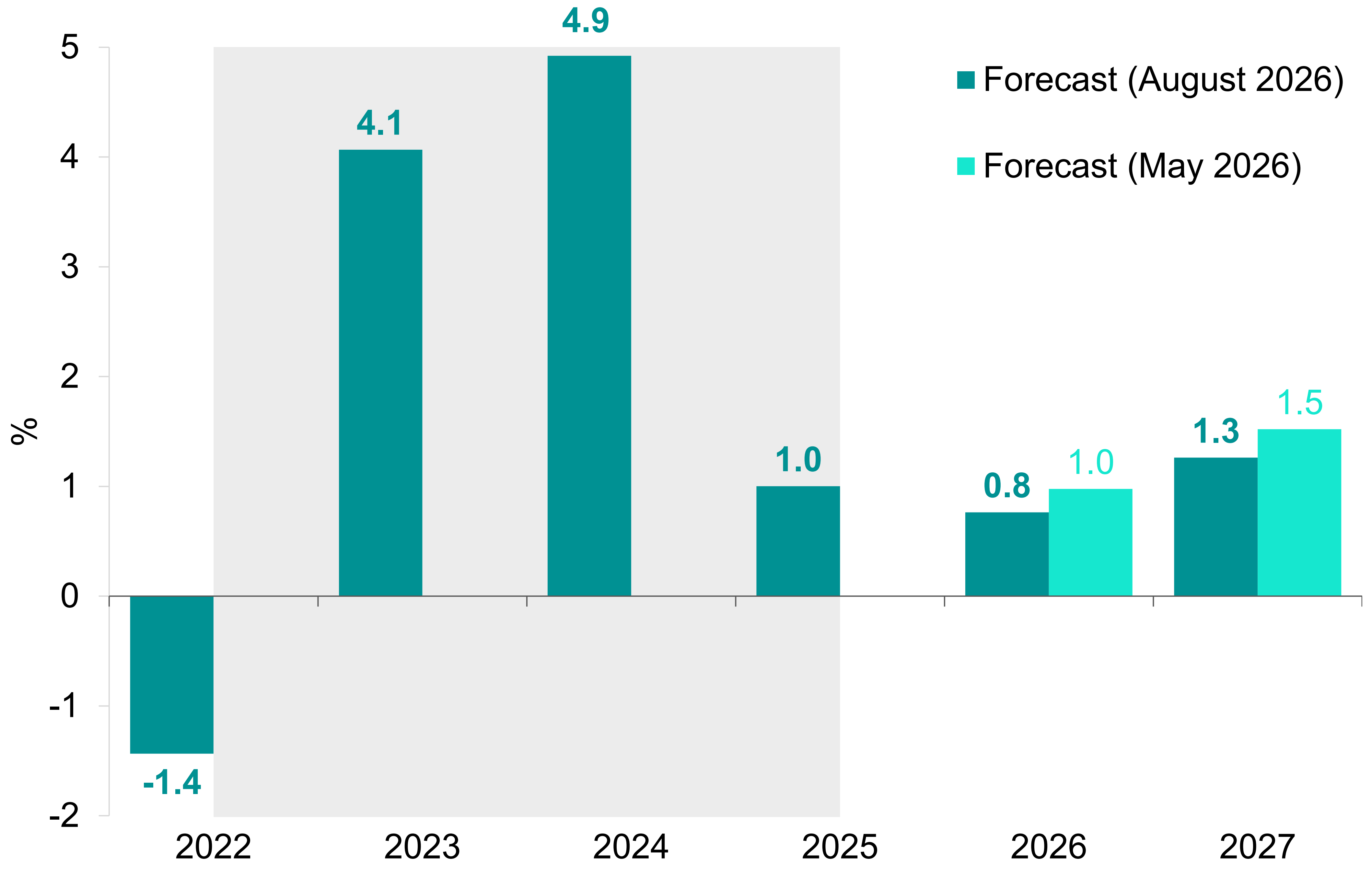
Q3-2026

Methodological explanations

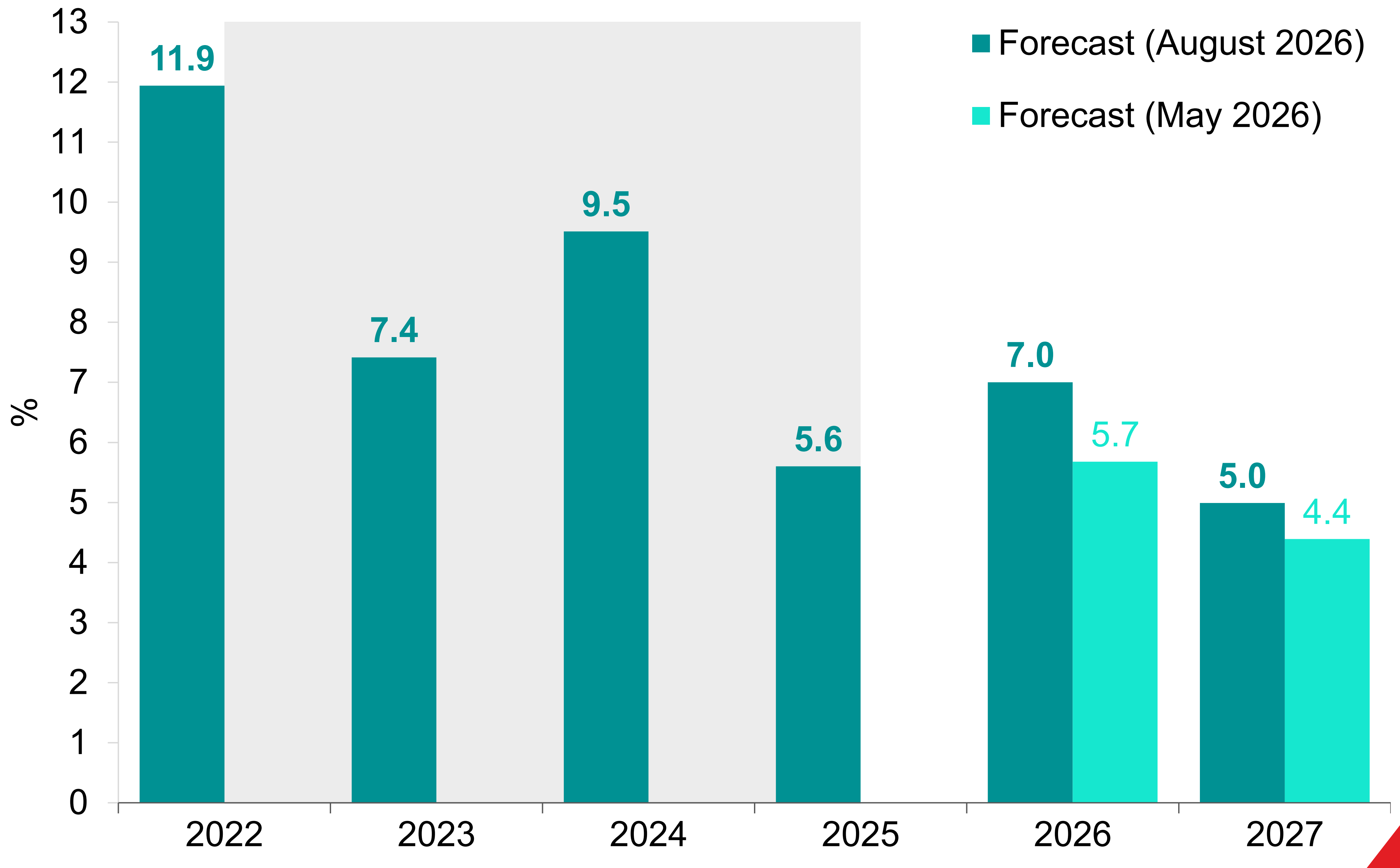
- Macroeconomic forecast for Belarus is a forecast of the key macroeconomic indicators of the Belarusian economy for up to two years; it is based on a Quarterly Projection Model designed for the Belarusian economy.
- Quarterly Projection Model (QPM) – a semi-structural macroeconomic model based on the principles of the new Keynesianism; it belongs to the class of dynamic stochastic general equilibrium models. The QPM has been widely used for macroeconomic analysis, forecasting and decision-making support in central banks and international financial organizations.
- The material provides only the baseline scenario forecast, i.e. the scenario whose prerequisites are subjectively assessed as the most realistic in the current context.

Russian GDP growth will slow in 2026 due to a supply shock, with limited spillover to Belarusian exports and inflation. Rising potash exports will provide support to Belarus's GDP growth in 2026–2027

GDP growth in Russia
(in real terms; YoY)



Inflation in Russia
(CPI-based; YoY at the end of a period)

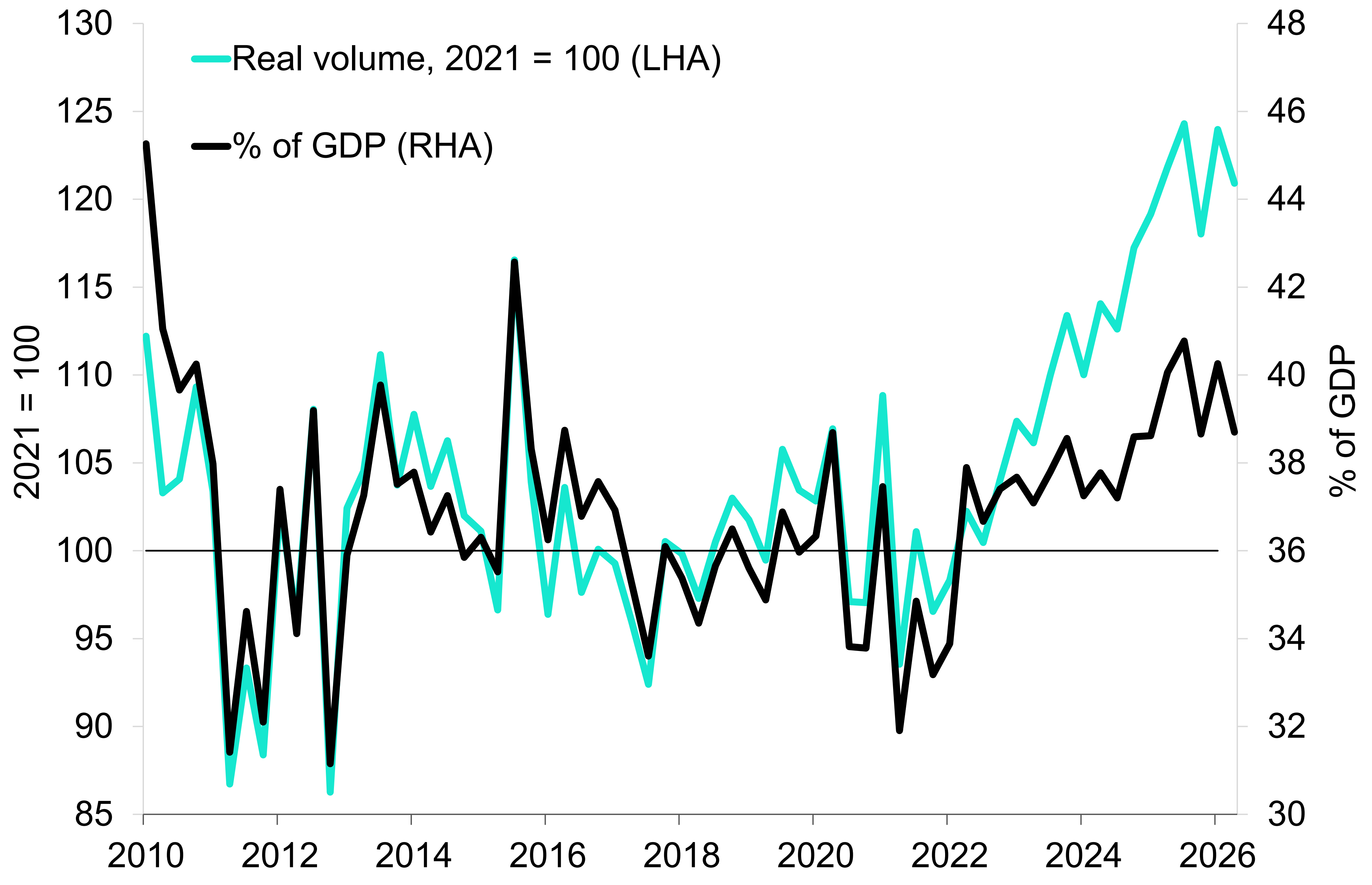


Source: authors' calculations based on data from Rosstat, the Bank of Russia.

Fiscal policy continues to support domestic demand and will remain stimulative in 2026–2027. Fiscal reserves and support from Russia will allow financing without increasing the debt burden

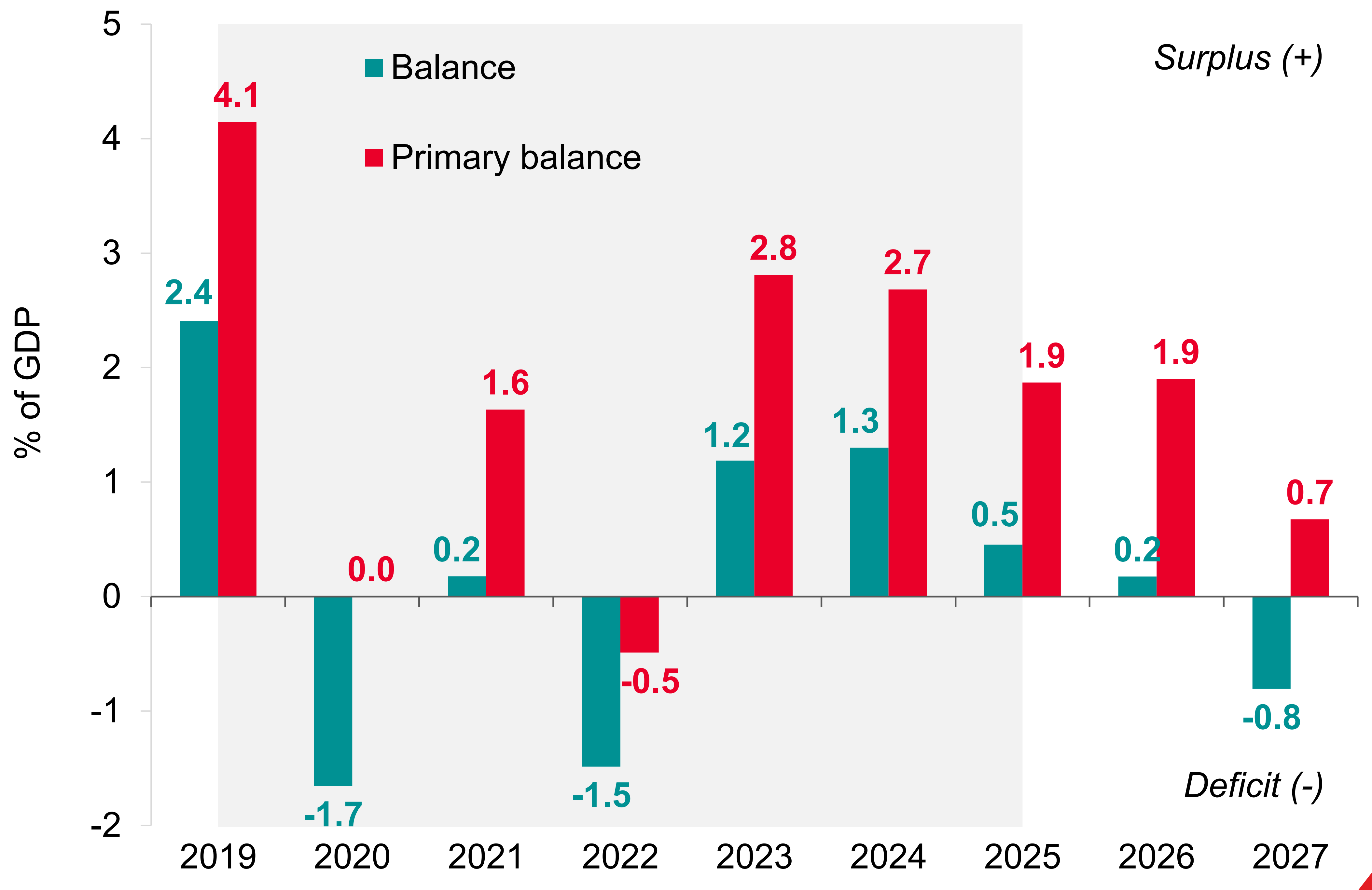
General budget primary expenditures*

(in real terms; seasonally adjusted)



General budget balance*

(relative to GDP)



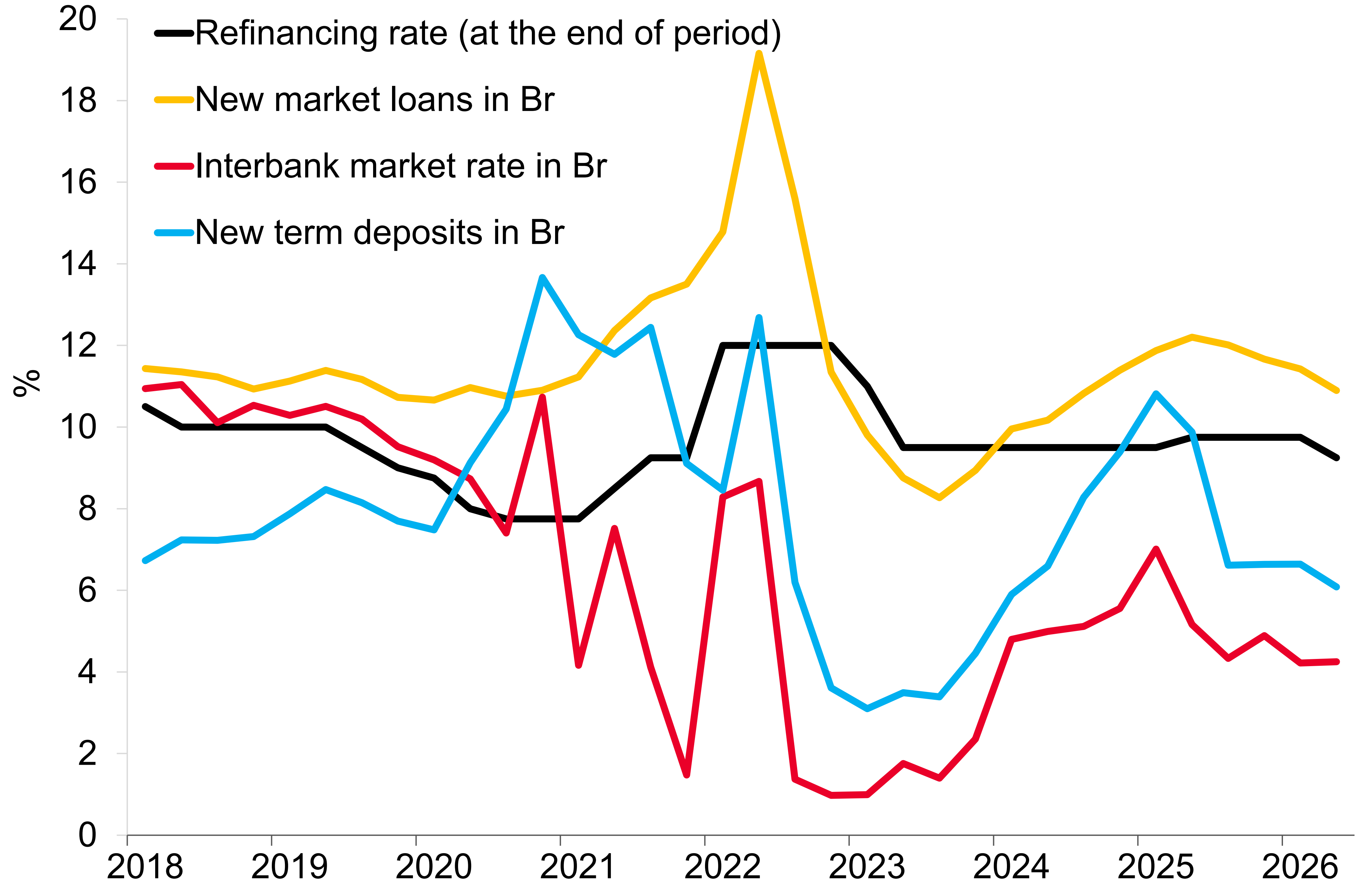
Source: authors' calculations based on data from Belstat, Ministry of Finance of Belarus, EFSD, IMF.

Note: general budget includes central and local government budgets, as well as the budget of the Social Protection Fund. The budget balance is the difference between budget revenues and expenditures. The primary balance is the budget balance excluding expenses for public debt servicing. Real expenditures are calculated by adjusting nominal expenditures by the GDP deflator.

* General budget balance for 2026-2027 is an estimate.

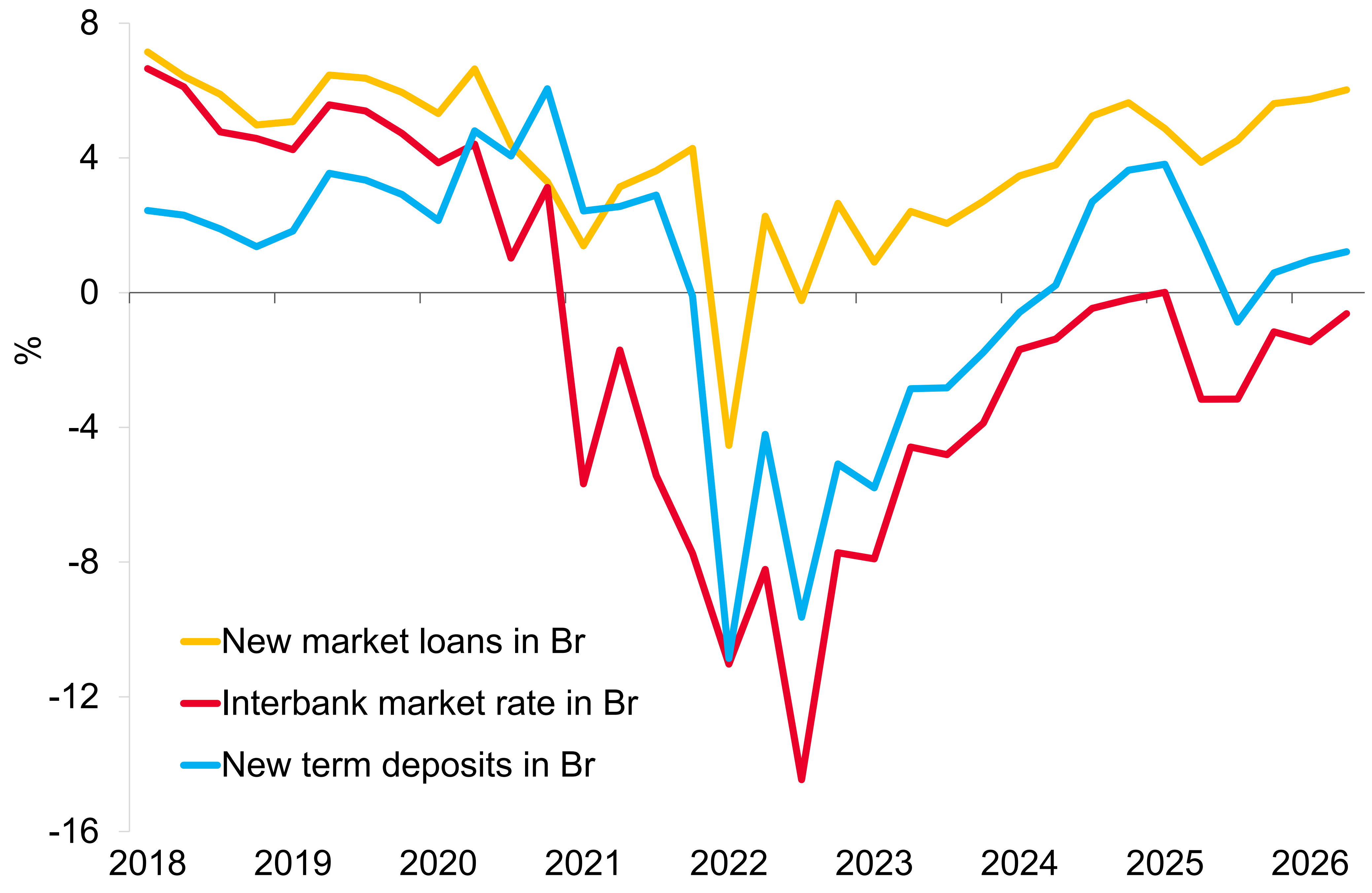
National Bank cut key rates by 0.5 p.p. in Q2-2026 to stimulate domestic demand, while lending and deposit interest rates on average maintained a non-restrictive stance

Nominal average interest rates



Real average interest rates

(QPM-based)

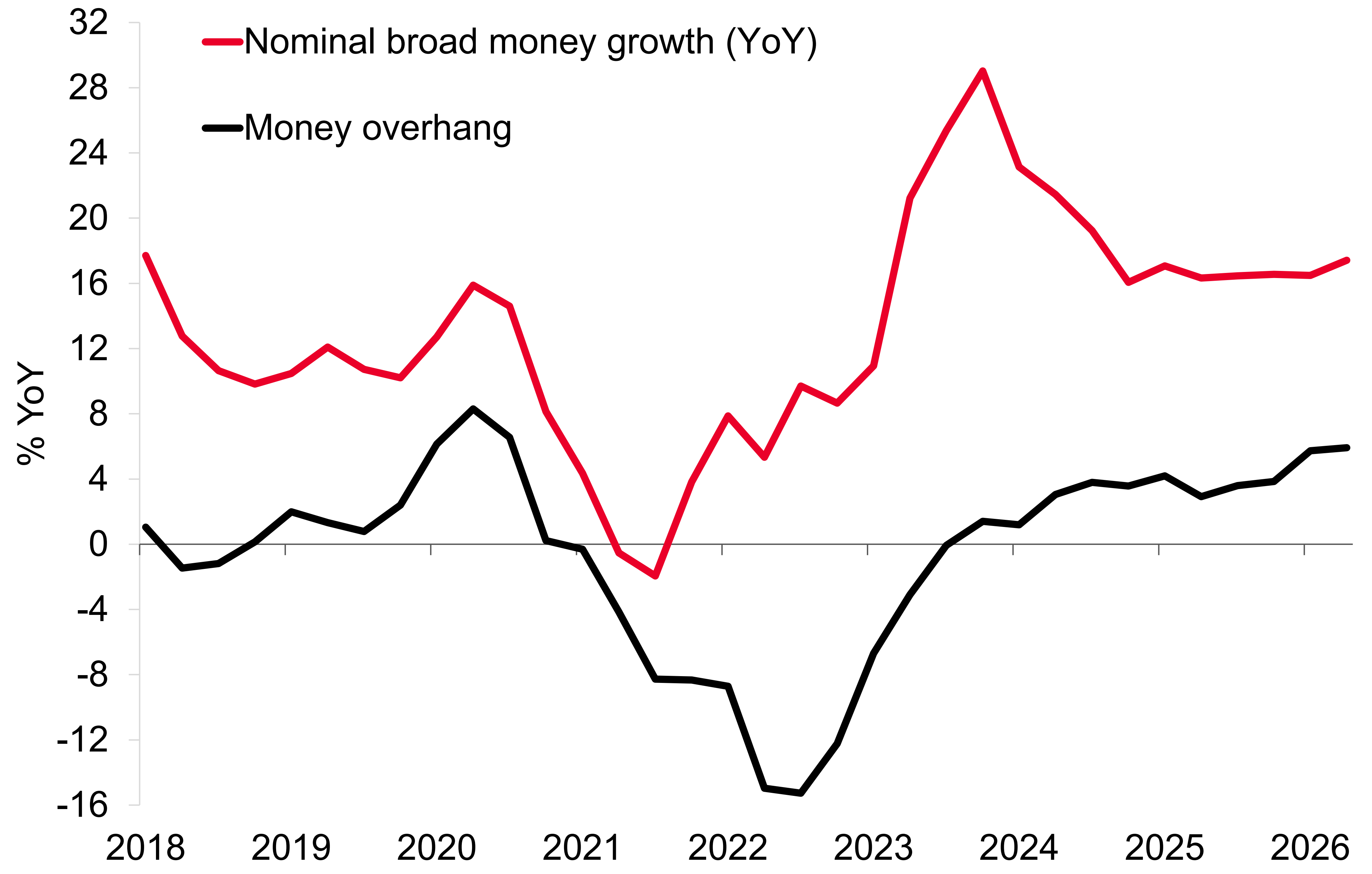


Source: calculations based on the Quarterly Projection Model (QPM), data from the National Bank.

Note: real rates are calculated based on average nominal rates between organizations and households (according to the National Bank) and expected YoY inflation in the next quarter.

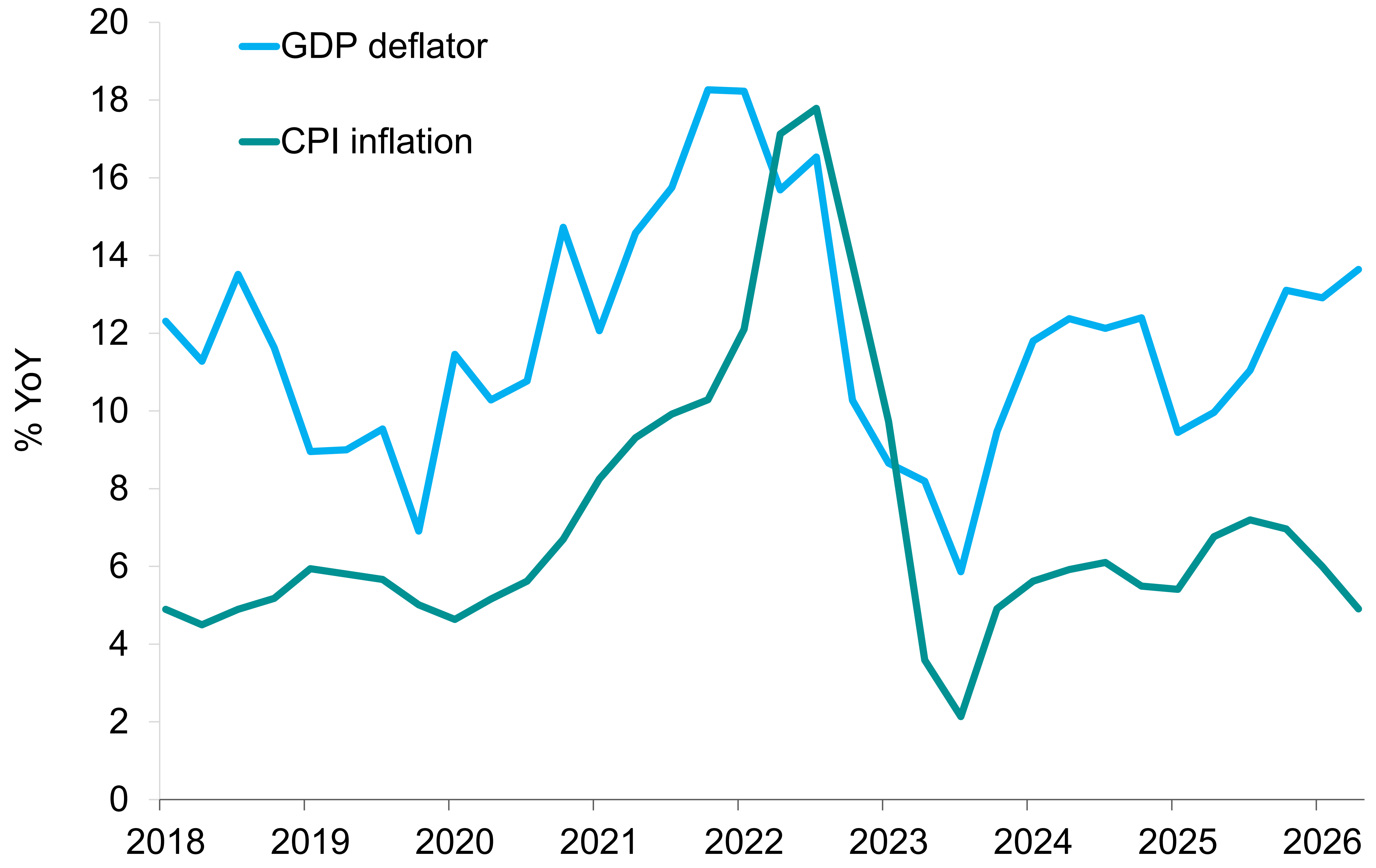
The rapid expansion of preferential lending and the growth of budget spending generated high money supply growth, … … resulted in acceleration of the GDP deflator to 13.6% YoY in Q2

Broad money growth and money overhang *(QPM-based)*



CPI inflation and GDP deflator

(YoY; quarterly averages)

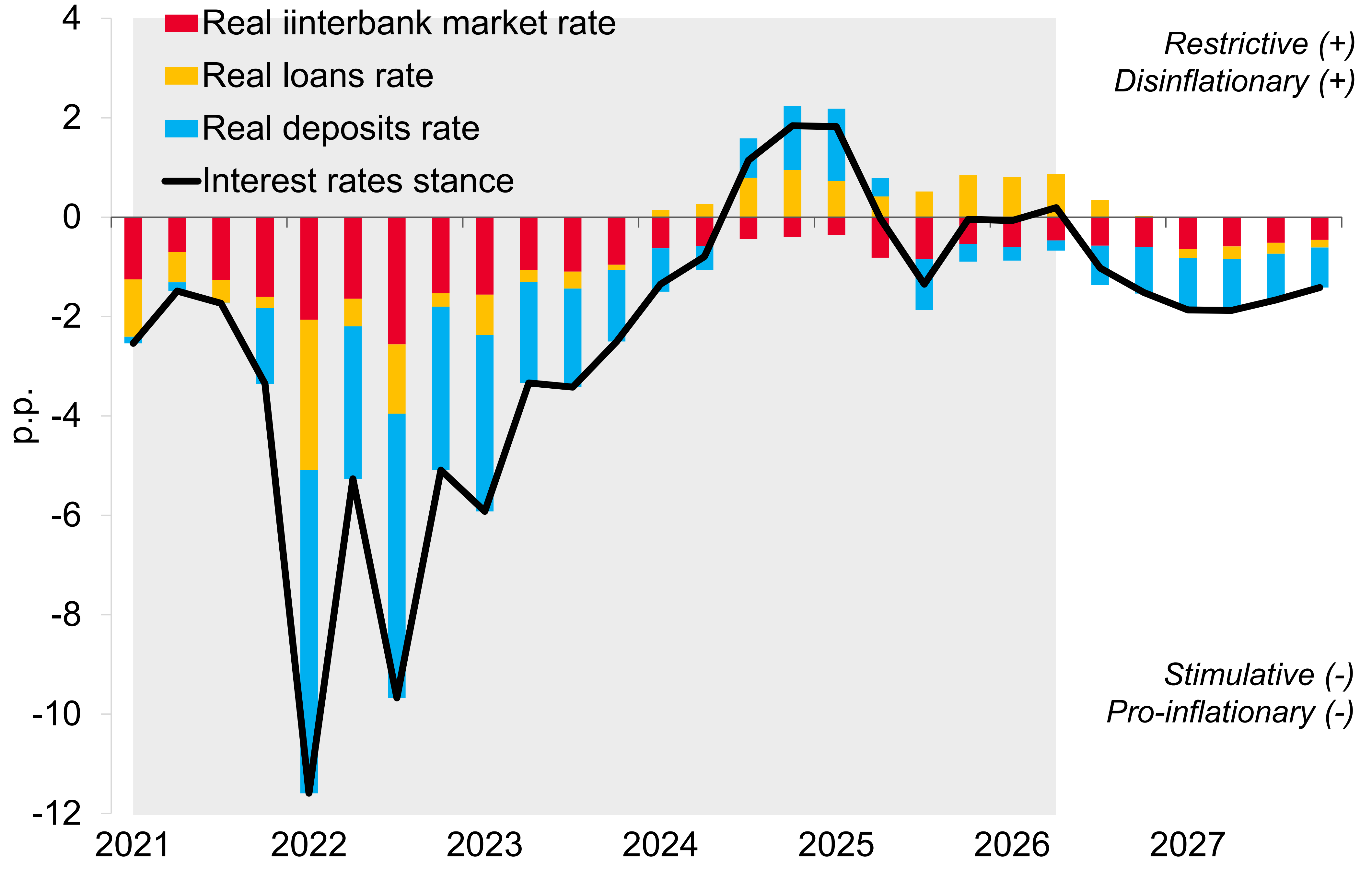


Source: calculations based on the Quarterly Projection Model (QPM), data from the National Bank.

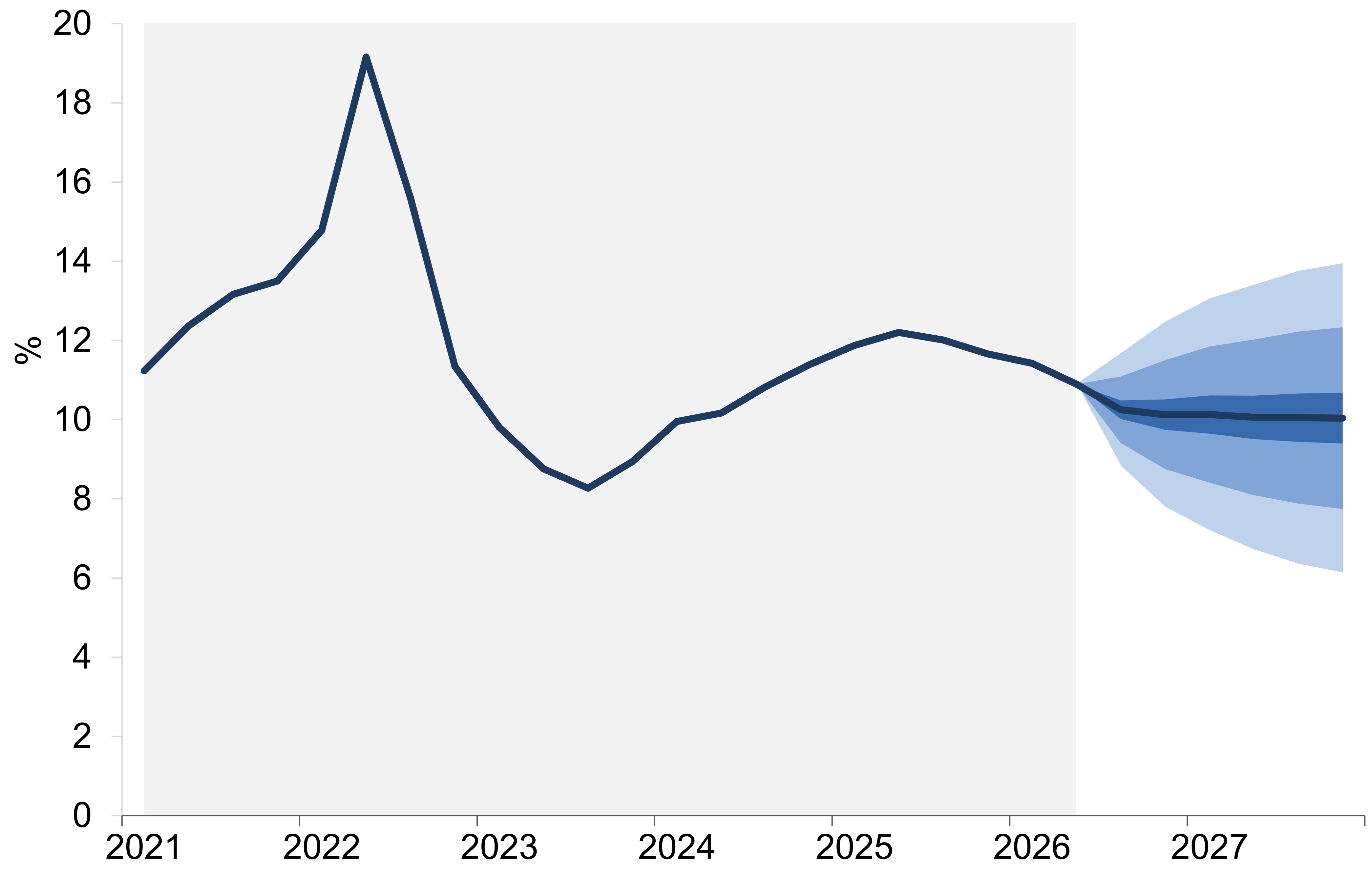
Note: real rates are calculated based on average nominal rates between organizations and households (according to the National Bank) and expected YoY inflation in the next quarter. Money overhang is a deviation of real broad money from its sustainable level (QPM-based).

Monetary policy will maintain a stimulative stance in H2-2026 – 2027: refinancing rate may be cut from 9.25% to 8.75–9% by the end of 2026 and to 8–8.5% in 2027

Interest rates stance *(QPM-based)*



Nominal interest rate on market loans in rubles *(QPM-based)*

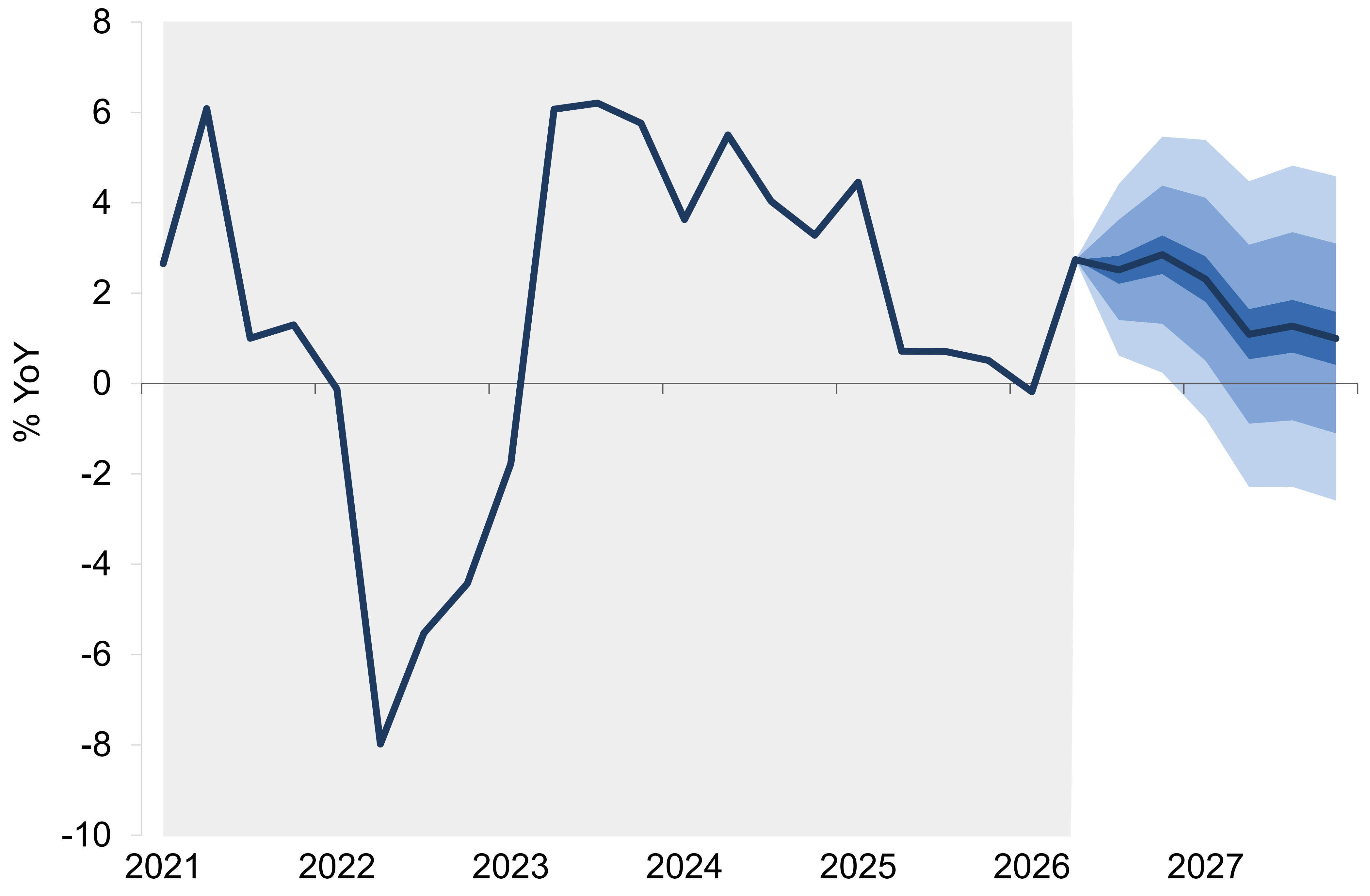


Source: calculations based on the Quarterly Projection Model (QPM).

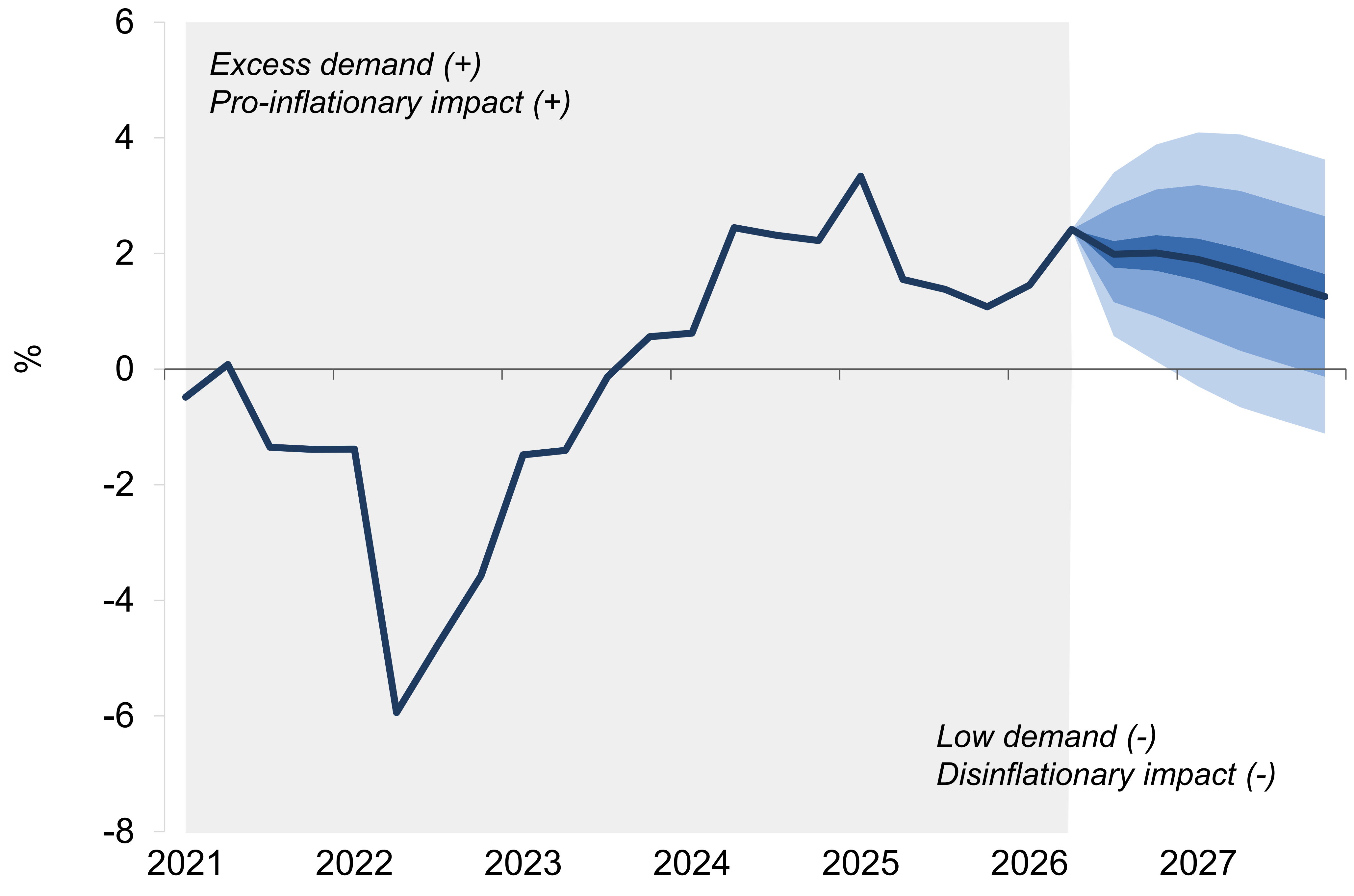
Note: interest rates stance is estimated as a weighted average of deviations of real interest rates on the Belarusian ruble assets from their equilibrium levels. The figure shows the nominal average rate on market loans to organizations and individuals. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

GDP will grow by 2–2.5% and exceed $100 bn in 2026 supported by accommodative economic policy and idiosyncratic factors. In 2027, growth is expected close to the potential – around 1.5%

Real GDP growth
(seasonally adjusted; YoY; QPM-based)



Output gap
(QPM-based)

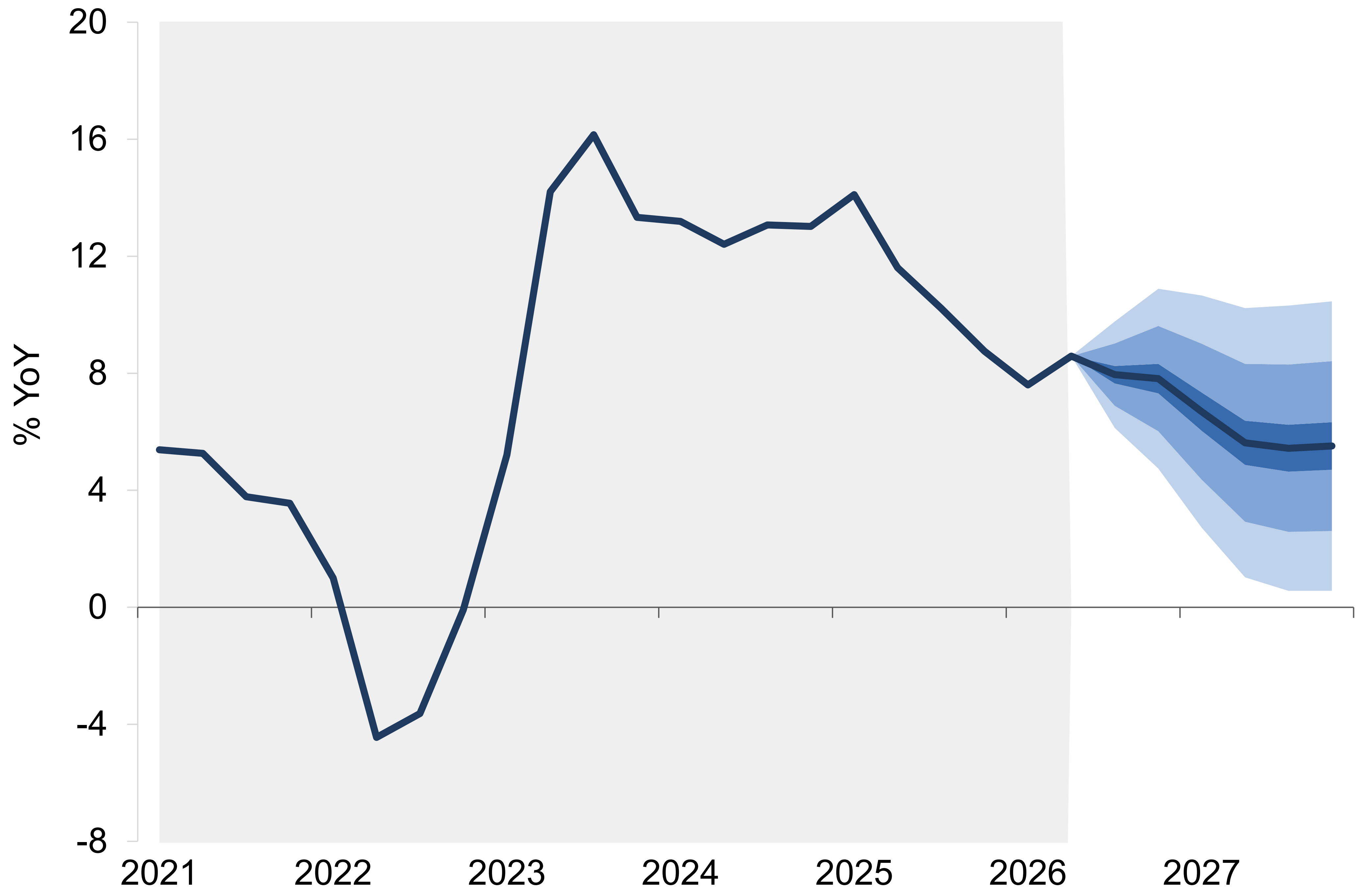


Source: calculations based on QPM.

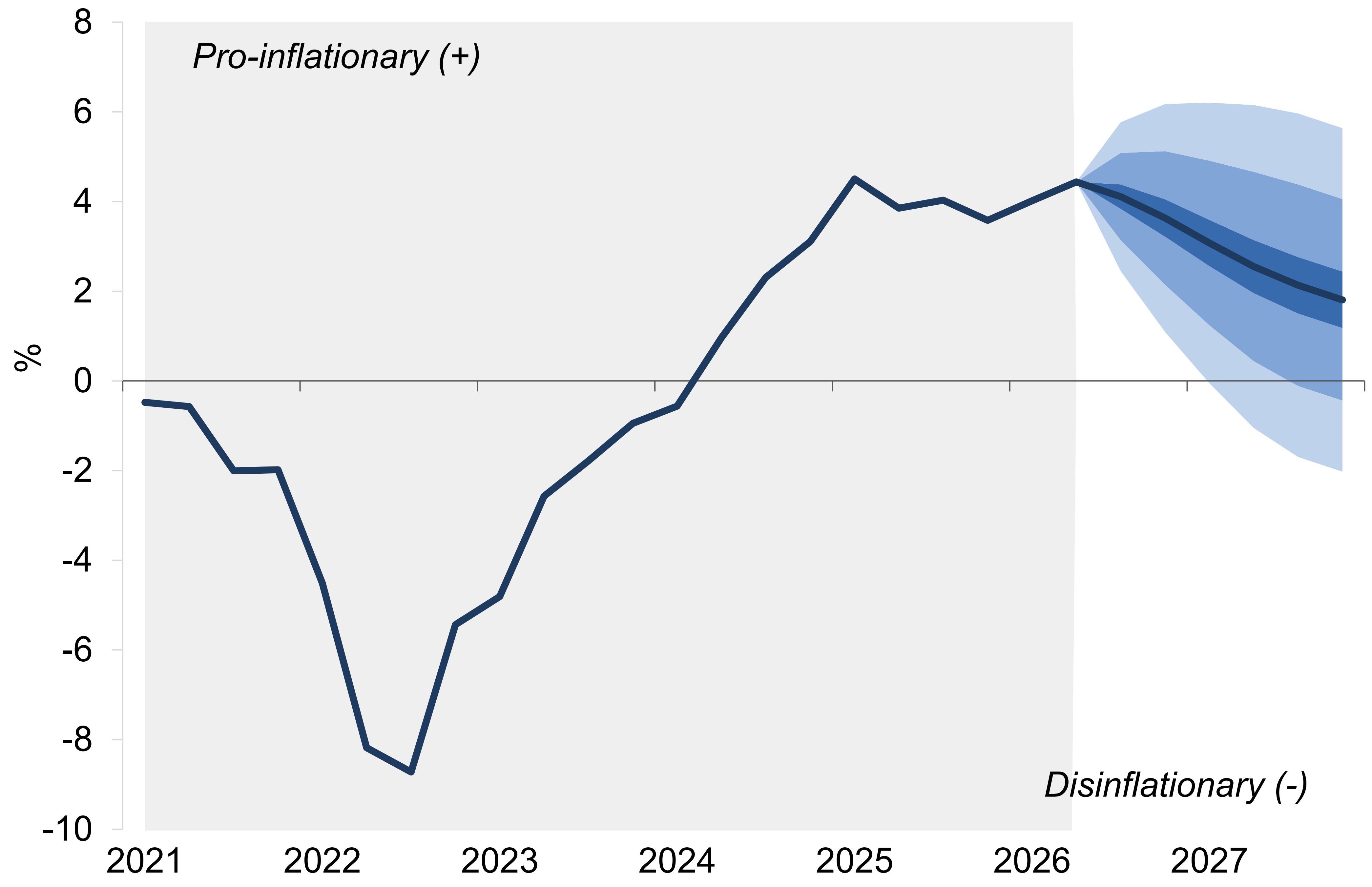
Note: YoY is the growth rate versus the same period of the previous year. The output gap is the deviation of real GDP from its potential (inflationary-neutral) level. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

Real wage will grow by 6–8% in 2026 and by 3–6% in 2027 and remain above its sustainable level as easing of labor market conditions is expected to be gradual

Real average wage growth
(seasonally adjusted; YoY; QPM-based)



Real wage gap
(QPM-based)



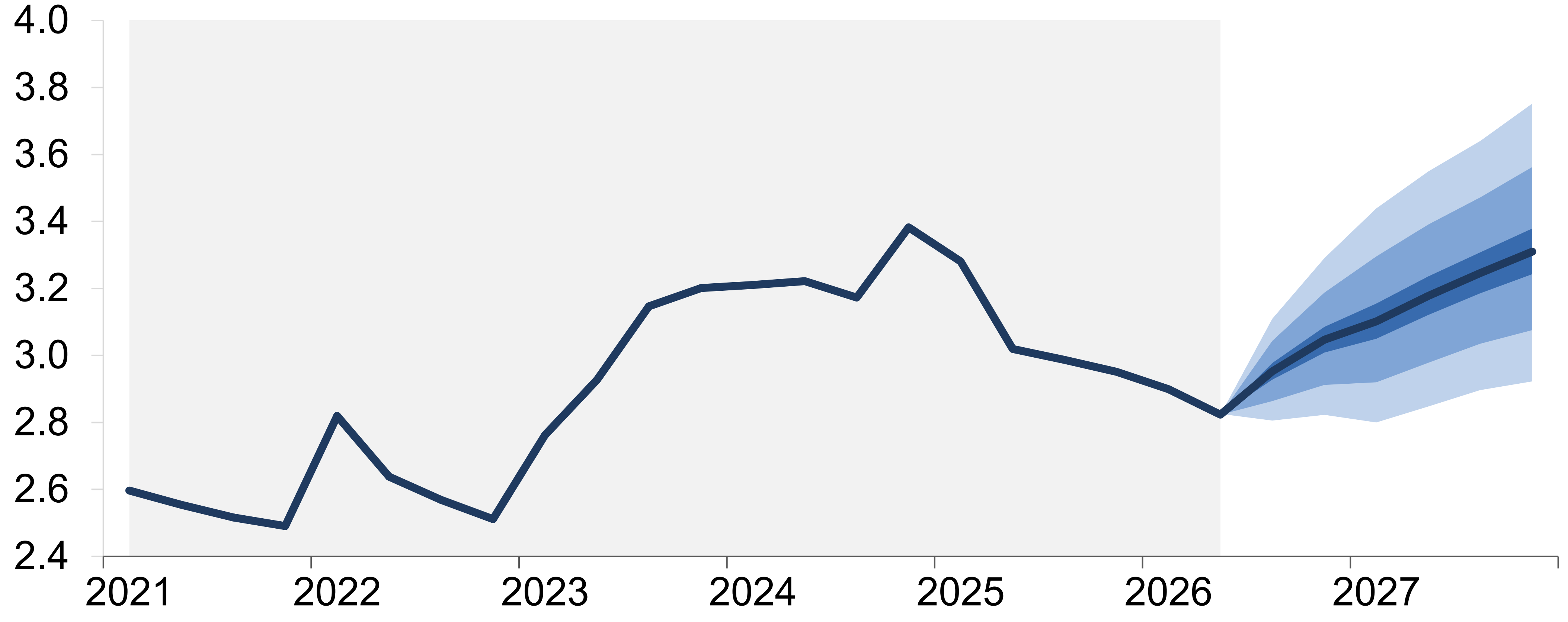
Source: calculations based on QPM.

Note: YoY is the growth rate versus the same period of the previous year. The real wages gap is the deviation of real wages from their equilibrium level. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

Foreign trade will remain in deficit close to 1% of GDP in 2026–2027. The size of the deficit does not create conditions for a significant depreciation of the Belarusian ruble

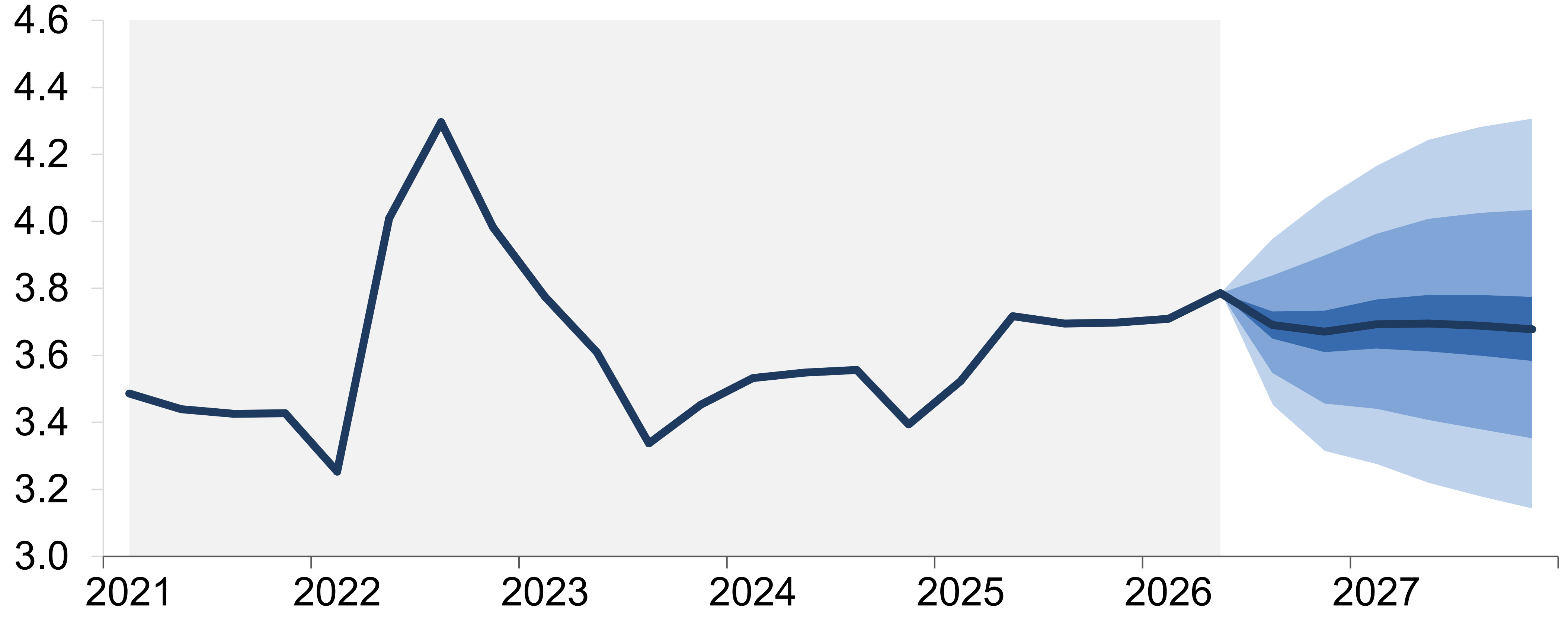
USD/BYN

(average per quarter; QPM-based)



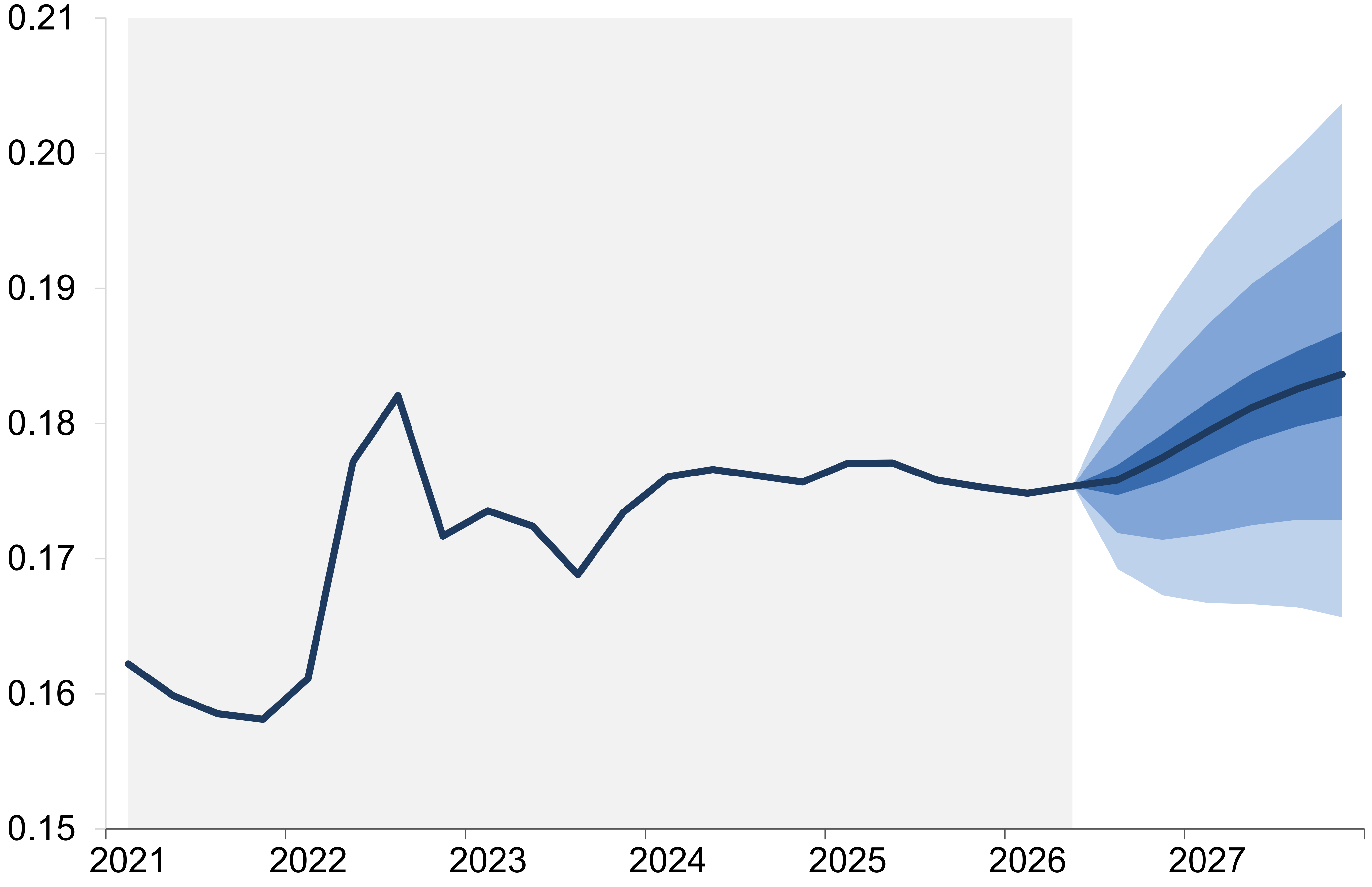
100*RUB/BYN

(average per quarter; QPM-based)



Currency basket

(average per quarter; QPM-based)



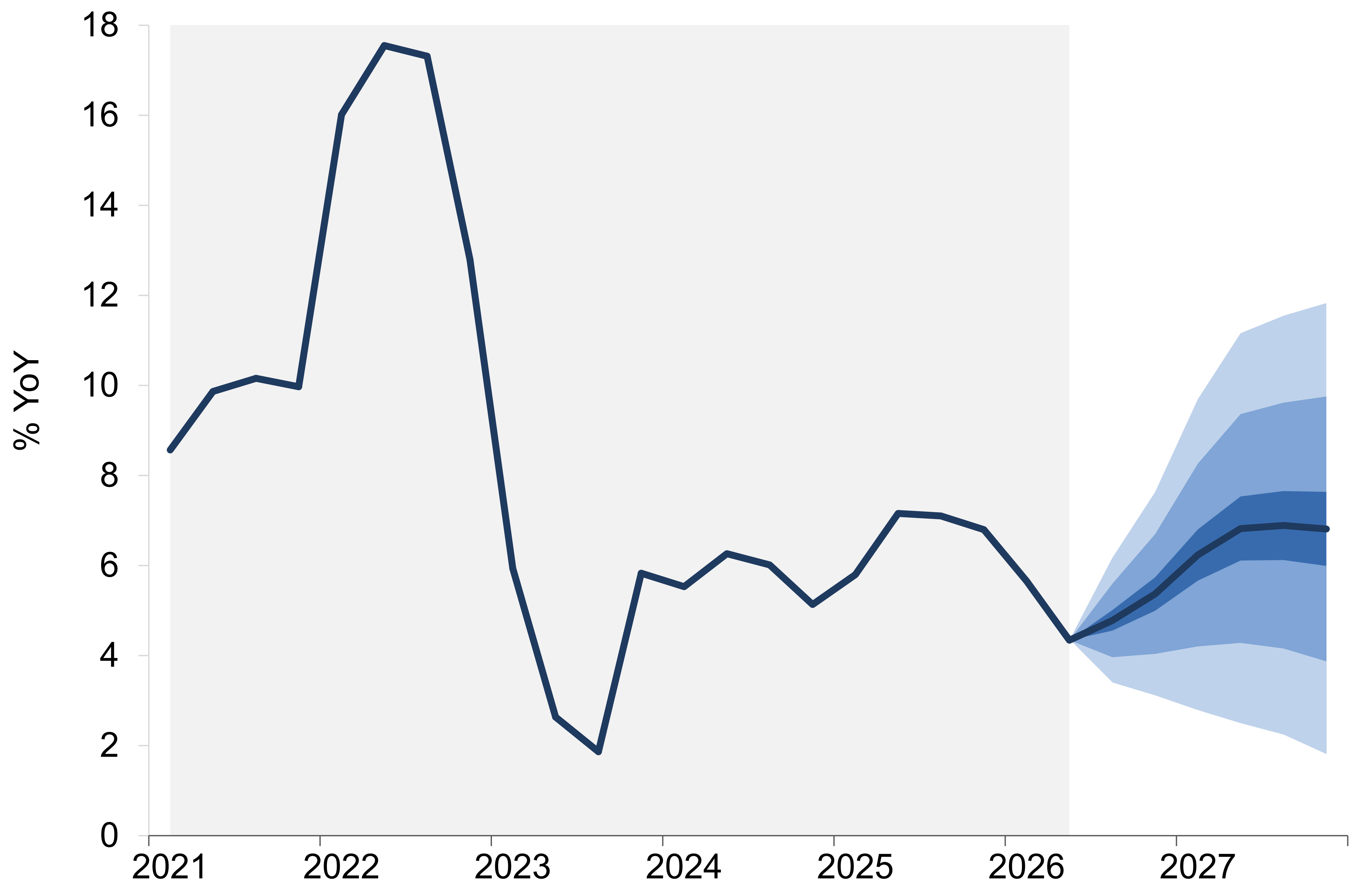
Source: calculations based on QPM.

Note: The ranges in the figures correspond to the 15%, 50% and 75% confidence intervals.

Inflation is expected to be 5–6% in 2026 and 6–7% in 2027. Some easing of demand and wage pressure will be offset by its somewhat greater pass-through after the easing of price control

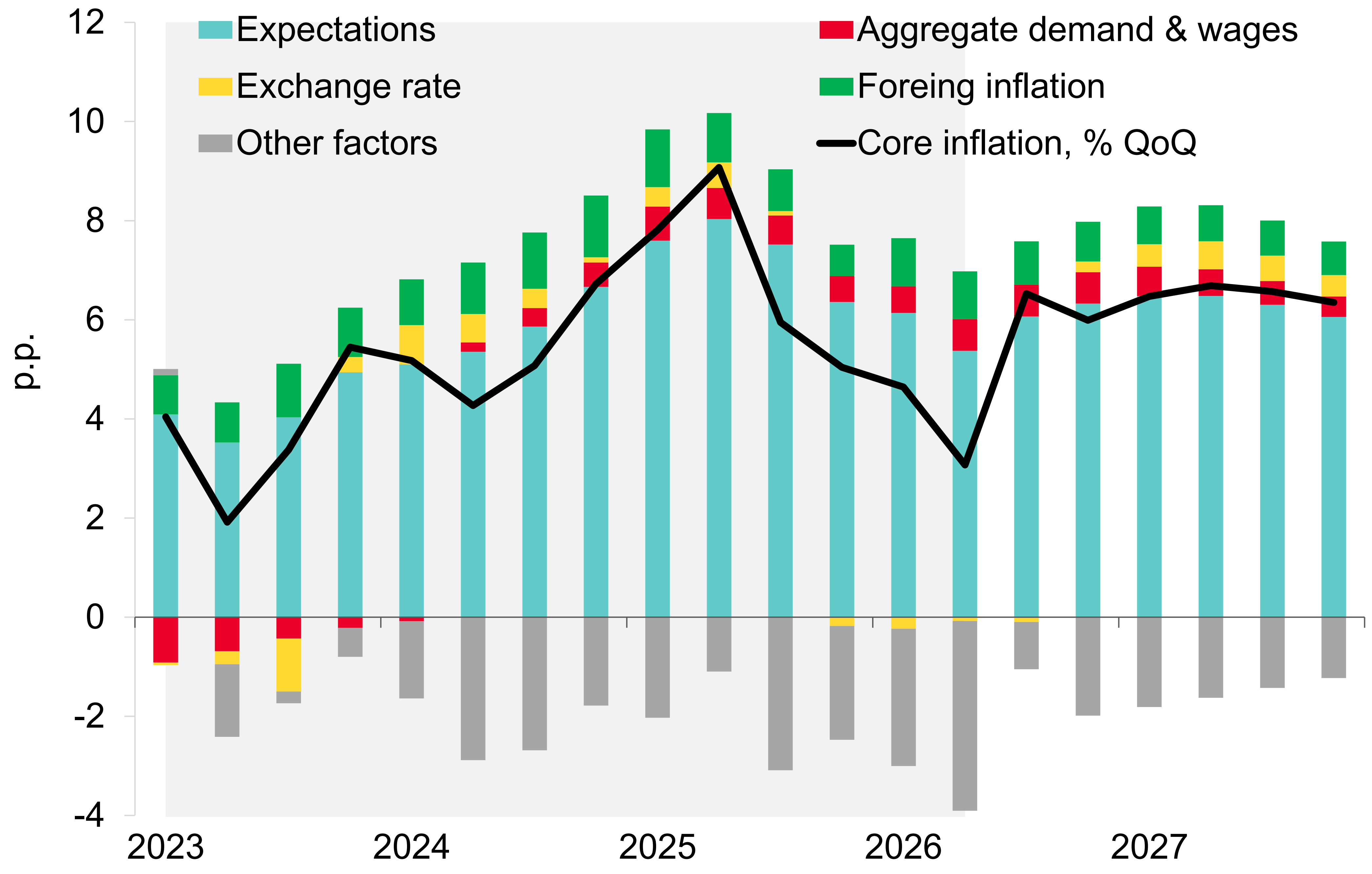
Overall inflation

(seasonally adjusted; YoY; QPM-based)



Core inflation decomposition

(seasonally adjusted; QoQ; QPM-based)



Source: calculations based on QPM.

Note: YoY – growth rate period to the corresponding period of the previous year; QoQ – annualized growth rate period to the previous period with seasonality adjusted. The contributions of factors to core inflation are calculated on the basis of QPM, taking into account inertia. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

The risks of deviations from the baseline forecast scenario remain high and two-sided – we cannot rule out either greater GDP growth with lower inflation or a stagflation scenario

- Uncertainty surrounding the estimate of the inflationary overhang and the magnitude of the acceleration in non-food goods price growth following the easing of price control is high.
  - *If the divergence in non-food goods and non-regulated services price dynamics in 2023–2026 was indeed driven predominantly by the price control, then inflation may accelerate to 7–10% YoY in 2027.*
  - *If the relative prices growth gap was mostly driven by the changed competitive conditions as a result of the development of online trade, inflation will not exceed 5% YoY in 2026 and will remain at 5–6% YoY in 2027.*
- A more accommodative domestic economic policy may amplify imbalances in the economy.
- The duration of the idiosyncratic factors that drove the upward revision of the 2026 GDP growth forecast is uncertain.
  - *An extension of tolling oil processing into 2027 may contribute to somewhat higher GDP growth, a stronger ruble, and lower inflation compared to the baseline scenario.*
- A recession in Russia is the key downside risk factor for Belarus's GDP growth.
  - *The development of the Russian economy is becoming less predictable due to the impact of destructive non-economic factors.*