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Macroeconomic Forecast for Belarus

2027

Q4-2026

Methodological explanations

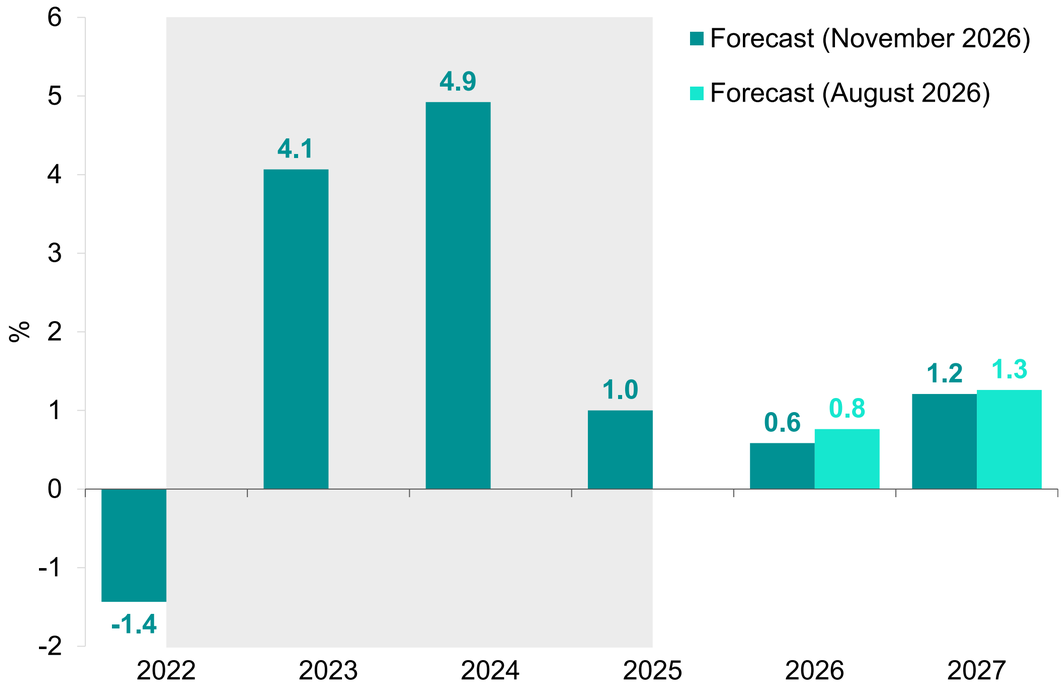
- Macroeconomic forecast for Belarus is a forecast of the key macroeconomic indicators of the Belarusian economy for up to two years; it is based on a Quarterly Projection Model designed for the Belarusian economy.
- Quarterly Projection Model (QPM) – a semi-structural macroeconomic model based on the 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.

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External conditions for the Belarusian economy are expected to be moderately pro-inflationary and consistent with a subdued increase in demand for Belarusian exports in 2027

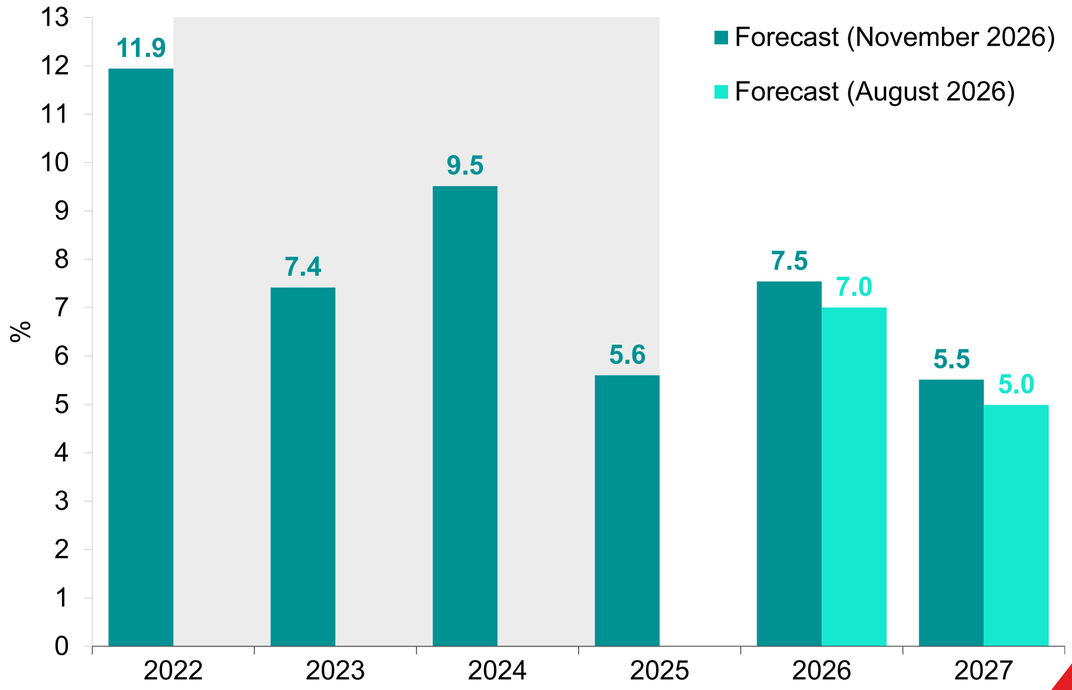
GDP growth in Russia

(in real terms; YoY)



Inflation in Russia

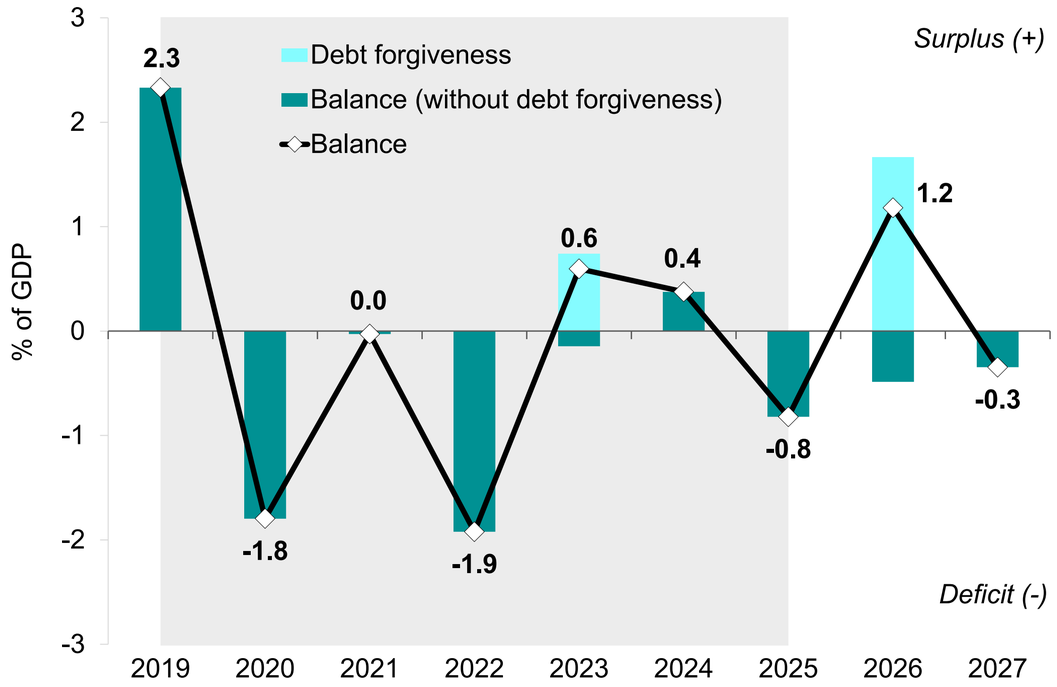
(CPI-based; YoY at the end of a period)



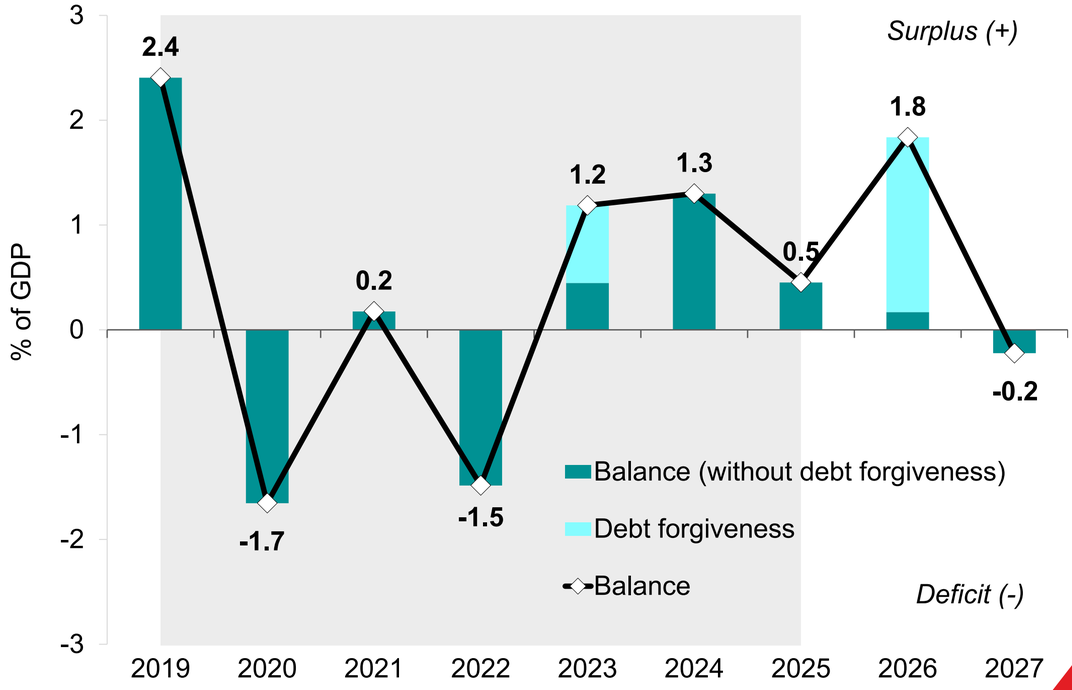
Source: authors' calculations based on data from Rosstat, the Bank of Russia.

The budget is in surplus thanks to the debt forgiveness, …
… yet fiscal policy has remained stimulative

Consolidated budget balance*
(relative to GDP)



General budget balance*
(relative to GDP)



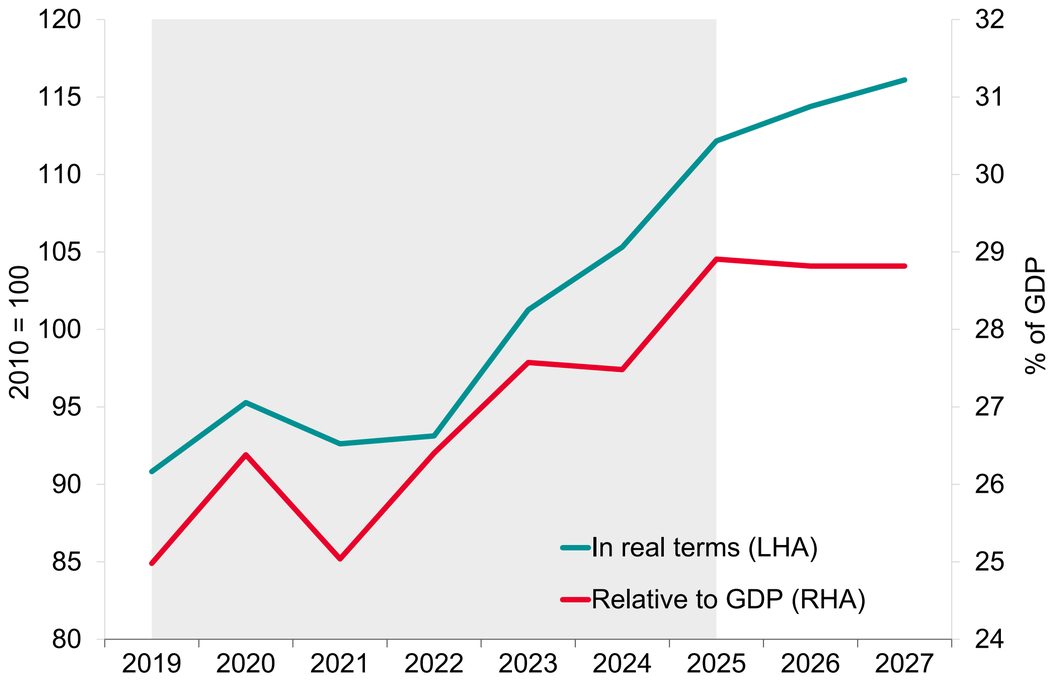
Source: authors' calculations based on data from Belstat, Ministry of Finance of Belarus, EFSD, IMF.

Note: consolidated budget includes central and local government budgets. 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.

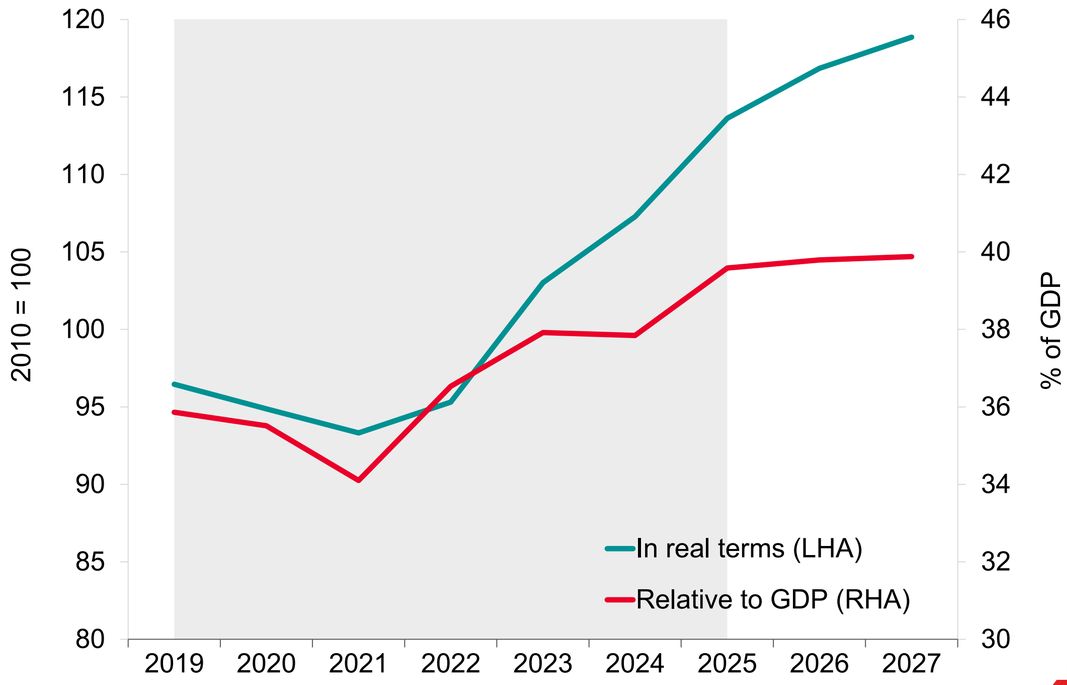
* Consolidated and general budgets for 2026-2027 are estimates.

Approaching the GDP and investment growth targets in 2026–2027 will require maintaining elevated levels of budget spending. Fiscal and debt sustainability will be ensured

Consolidated budget primary expenditures*



General budget primary expenditures*



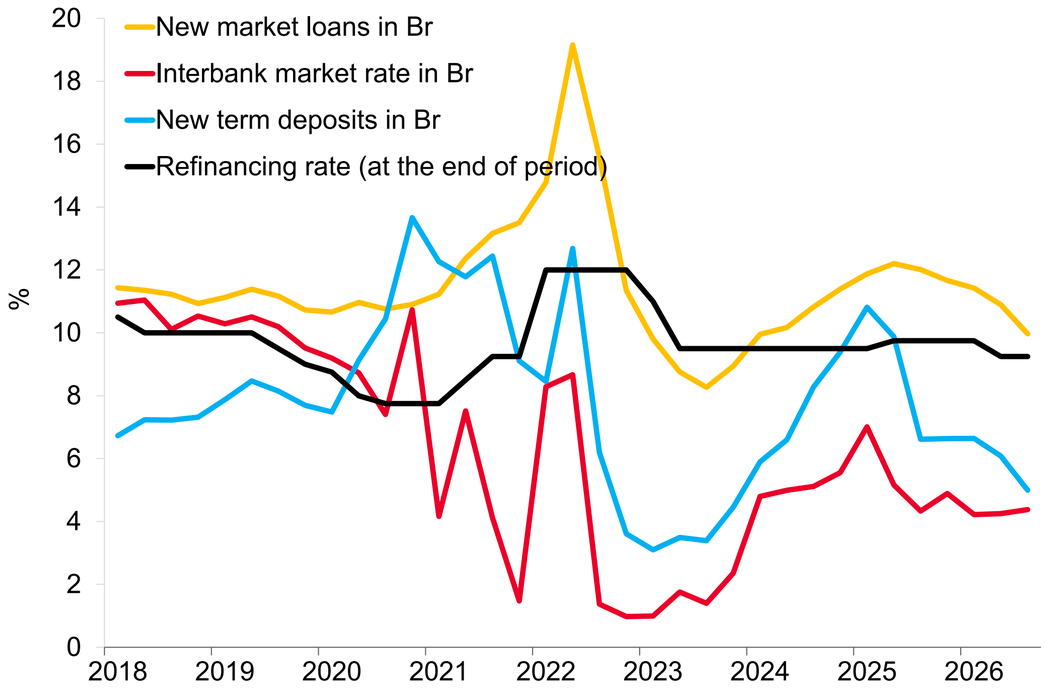
Source: authors' calculations based on data from Belstat, Ministry of Finance of Belarus, EFSD, IMF.

Note: consolidated budget includes central and local government budgets. General budget includes central and local government budgets, as well as the budget of the Social Protection Fund. Primary expenditures are expenditures excluding expenses for public debt servicing. Real expenditures are calculated by adjusting nominal expenditures by the GDP deflator.

* Expenditures for 2026-2027 are estimates.

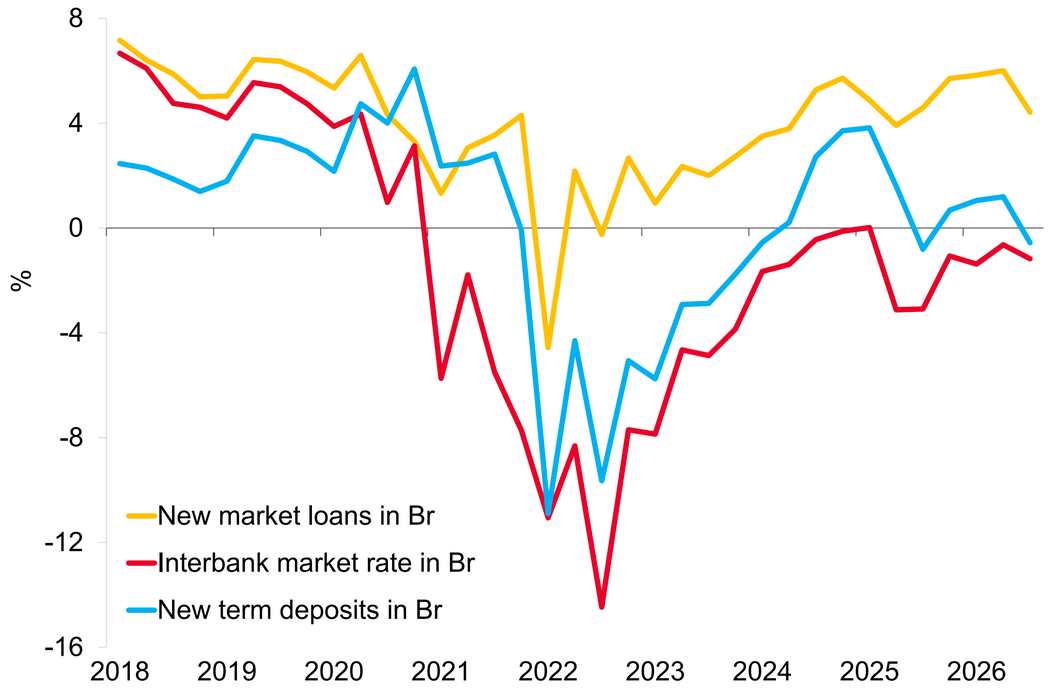
Monetary conditions eased and were on average accommodative in Q3-2026. Combined with an expansion of subsidized programs, monetary conditions sustained excess demand in the economy

Nominal average interest rates



Real average interest rates

(QPM-based)



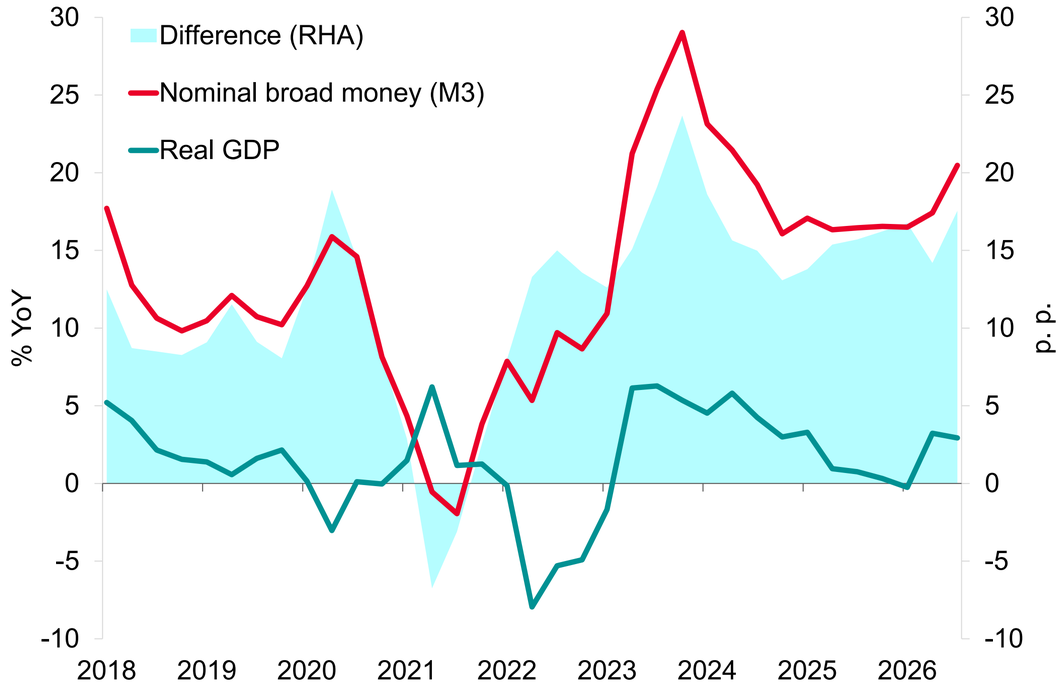
Source: calculations based on the Quarterly Projection Model (QPM), data from the National Bank.

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.

Under stimulative domestic economic policy, money supply growth accelerated to 20.5% YoY in Q3-2026. The money overhang increased, raising the probability of inflation acceleration in 2027

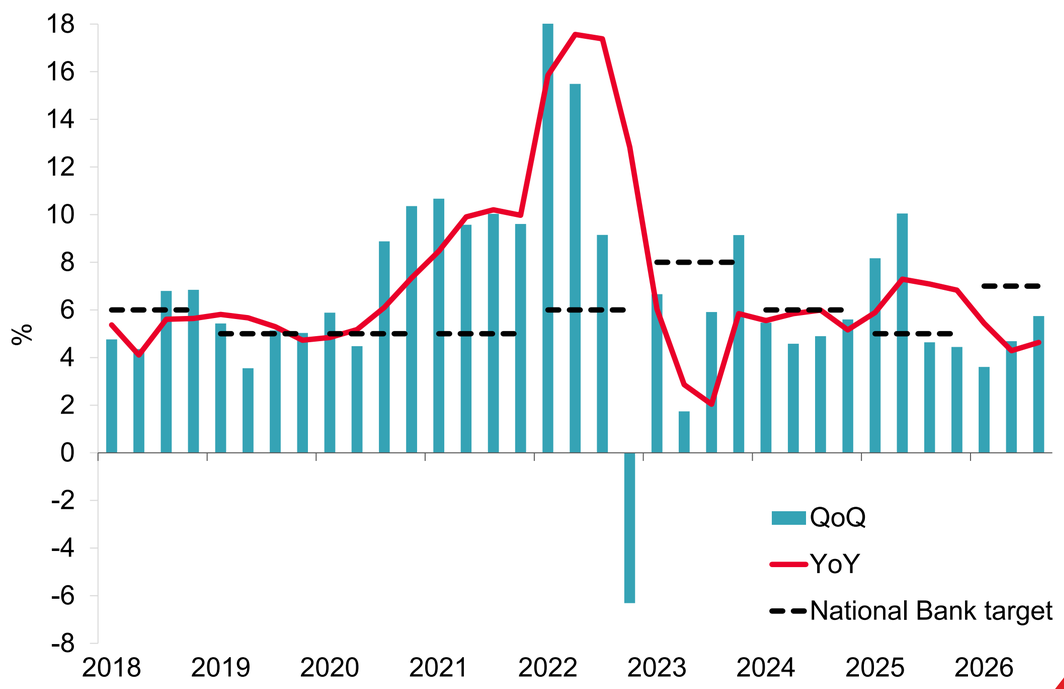
Broad money and GDP growth

(YoY; quarterly averages)



Consumer inflation

(YoY; quarterly averages)

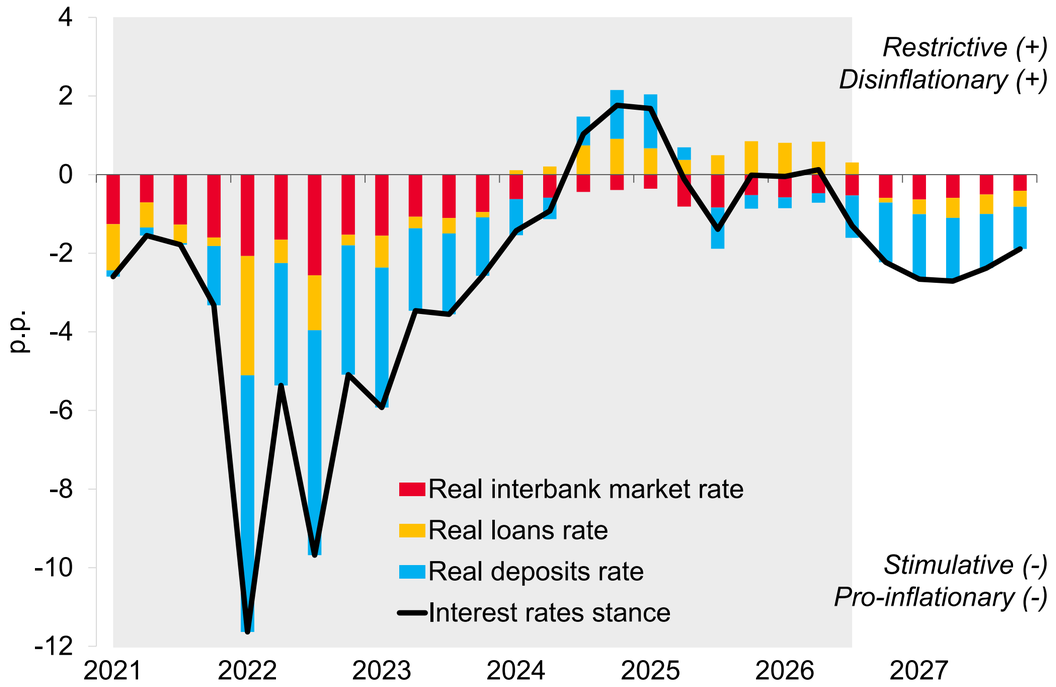


Source: calculations based on data from the National Bank, Belstat.

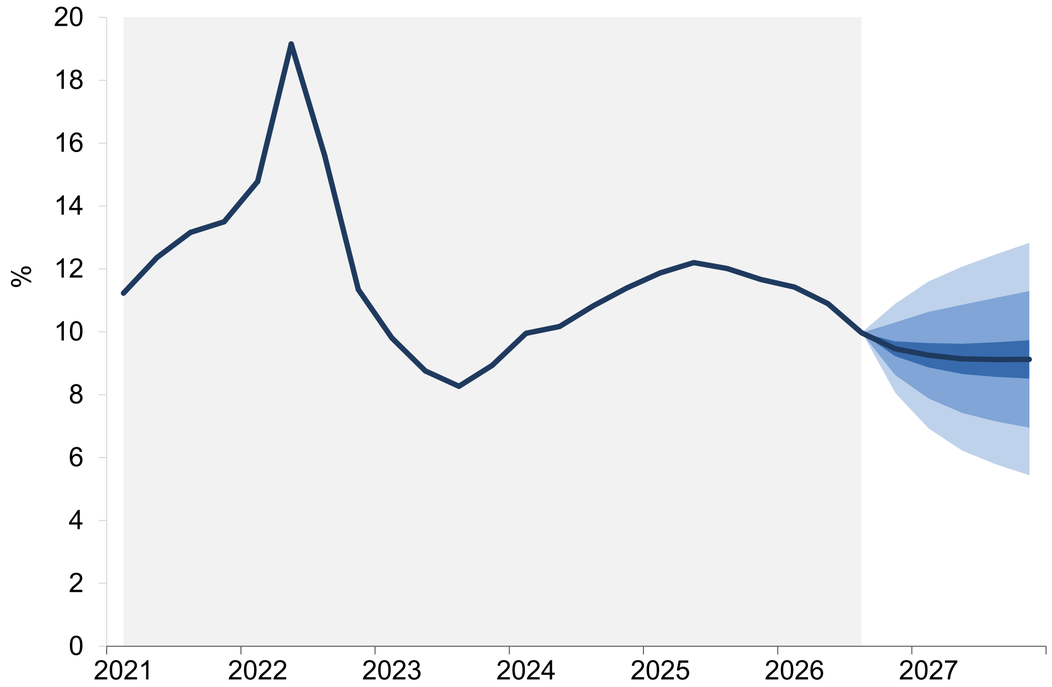
Note: YoY – growth rate period to the corresponding period of the previous year; QoQ – annualized growth rate period to the previous period with seasonality adjusted. Money overhang is a deviation of real broad money from its sustainable level (QPM-based).

Monetary conditions are expected to be moderately accommodative: refinancing rate may be cut from 9.25% to 8.5–9% in 2027, and the average lending rate is forecast at around 9%

Interest rates stance
(QPM-based)



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



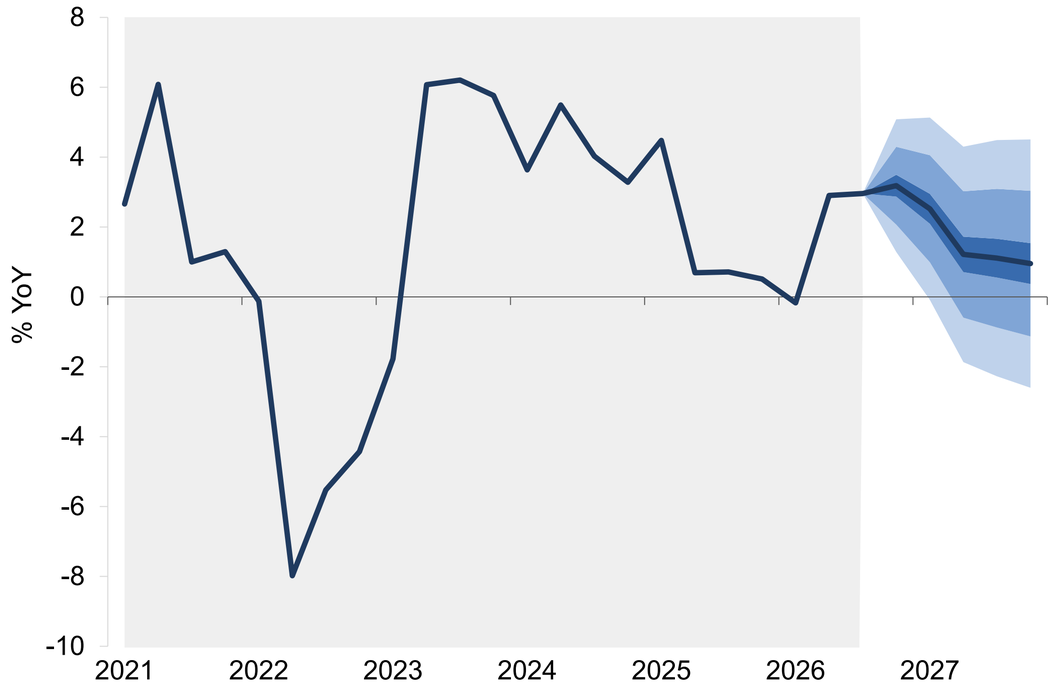
Source: calculations based on the Quarterly Projection Model (QPM).

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 around 2–2.3% in 2026 and 1.5% in 2027. Domestic demand will remain the driver of output growth thanks to the continued monetary and fiscal stimulus

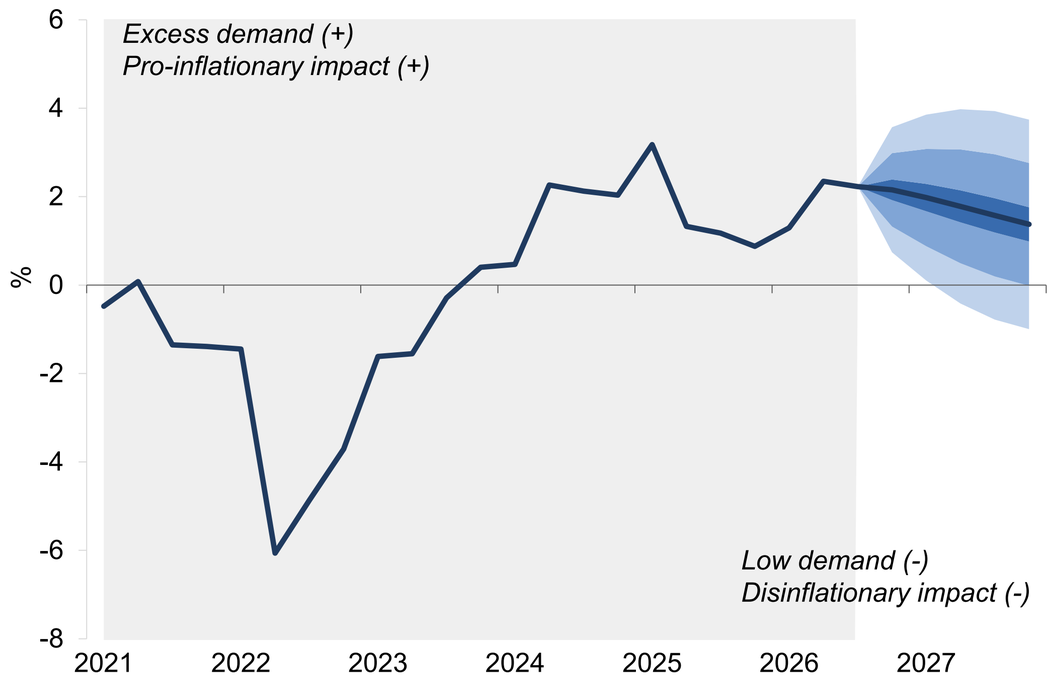
Real GDP growth

(seasonally adjusted; YoY; QPM-based)



Output gap

(QPM-based)



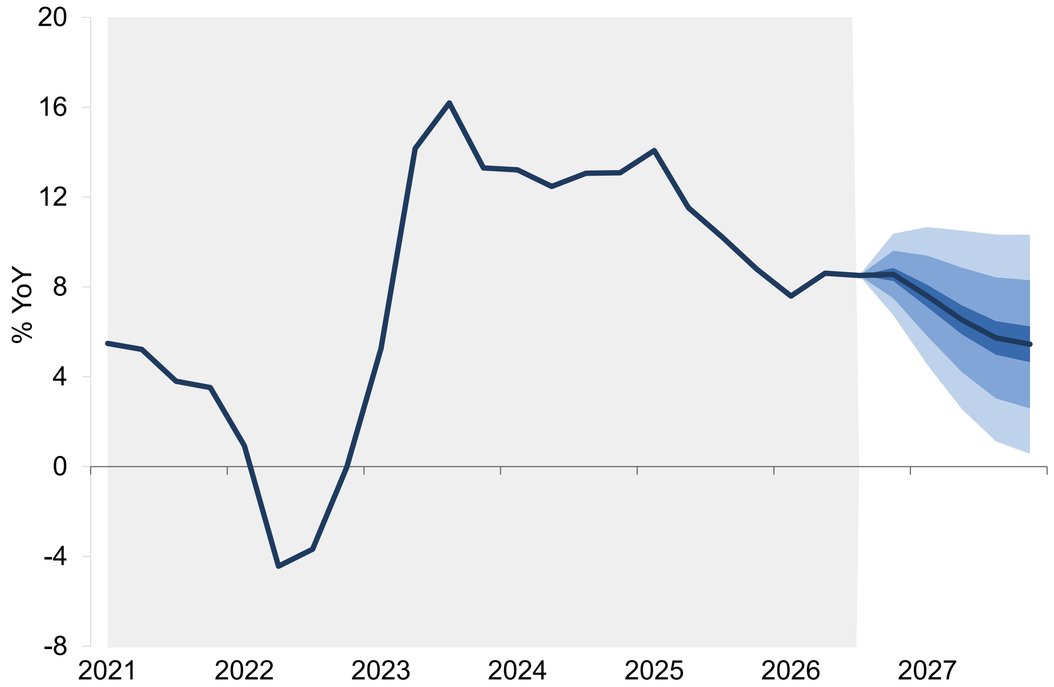
Source: calculations based on QPM.

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 7–8% in 2026 and by 4–6% in 2027 and remain above its sustainable level amid a shrinking supply of labor resources

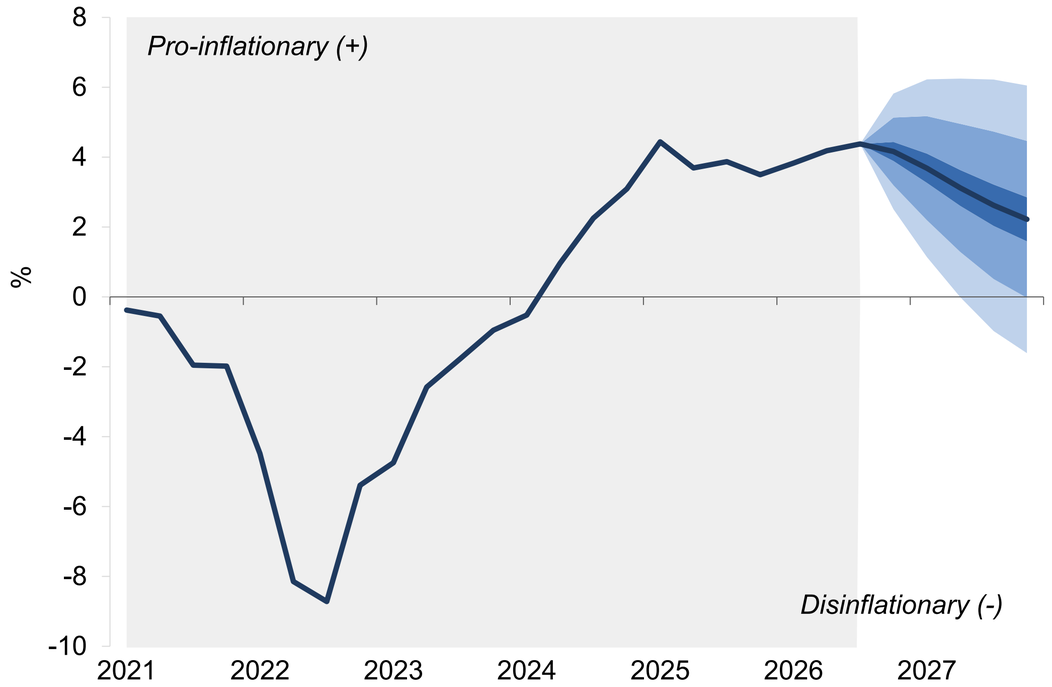
Real average wage growth

(seasonally adjusted; YoY; QPM-based)



Real wage gap

(QPM-based)



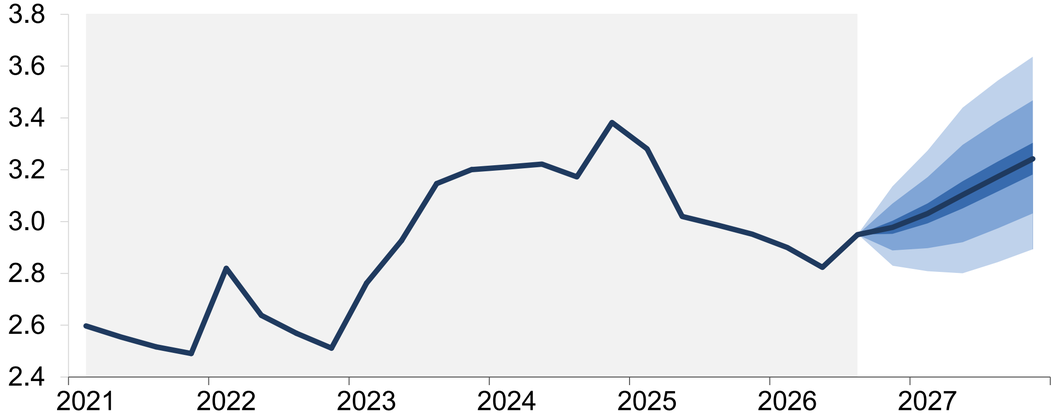
Source: calculations based on QPM.

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 1–1.5% of GDP in 2026–2027. Belarusian ruble will weaken by 2–4% over 2027 in basket-of-currencies terms

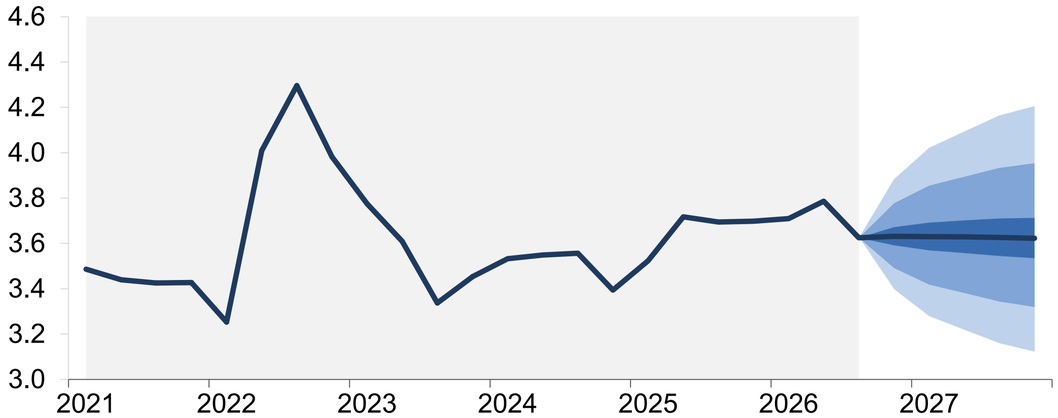
USD/BYN

(average per quarter; QPM-based)



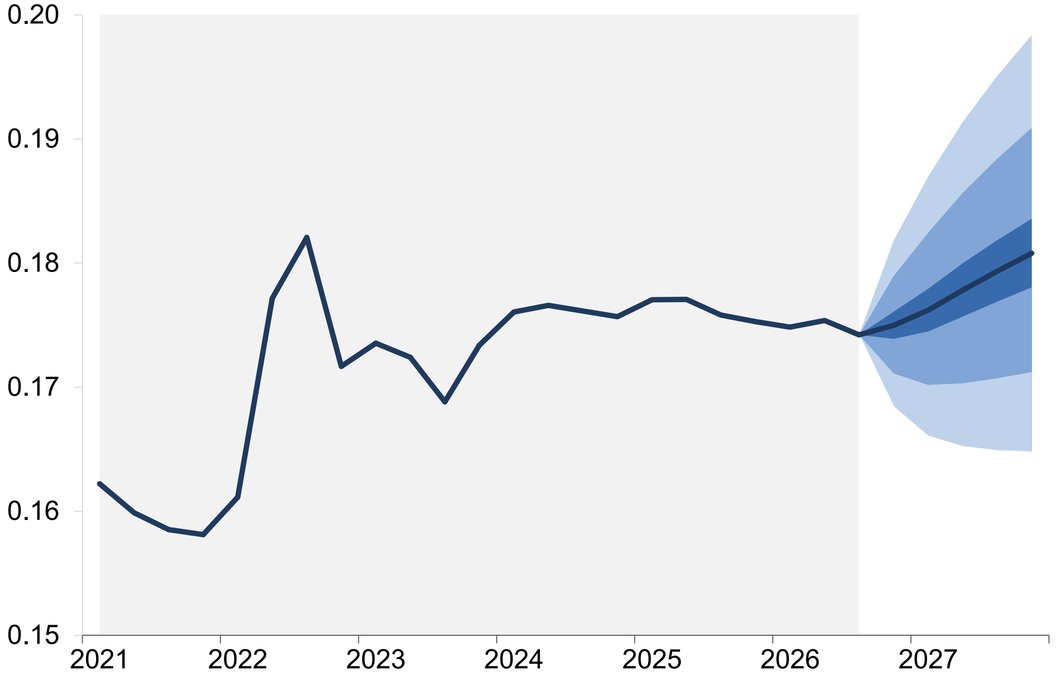
100*RUB/BYN

(average per quarter; QPM-based)



Currency basket

(average per quarter; QPM-based)



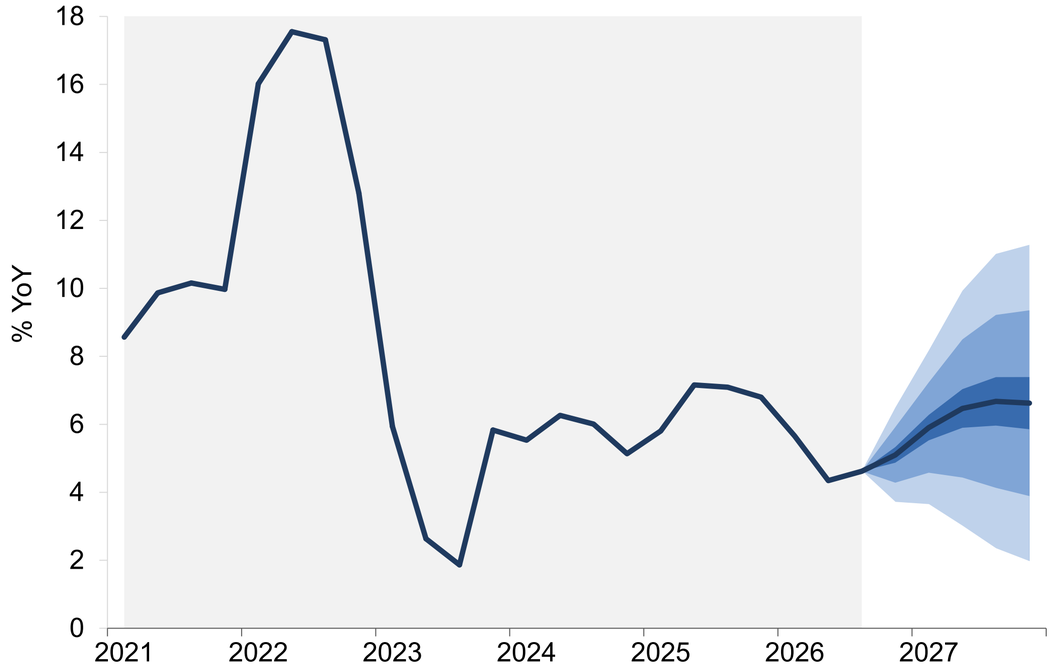
Source: calculations based on QPM.

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

Inflation is expected in the range of 4.8–5.3% in 2026 and around 6–7% in 2027. Stimulative domestic economic policy and the money overhang will exert moderate pro-inflationary pressure

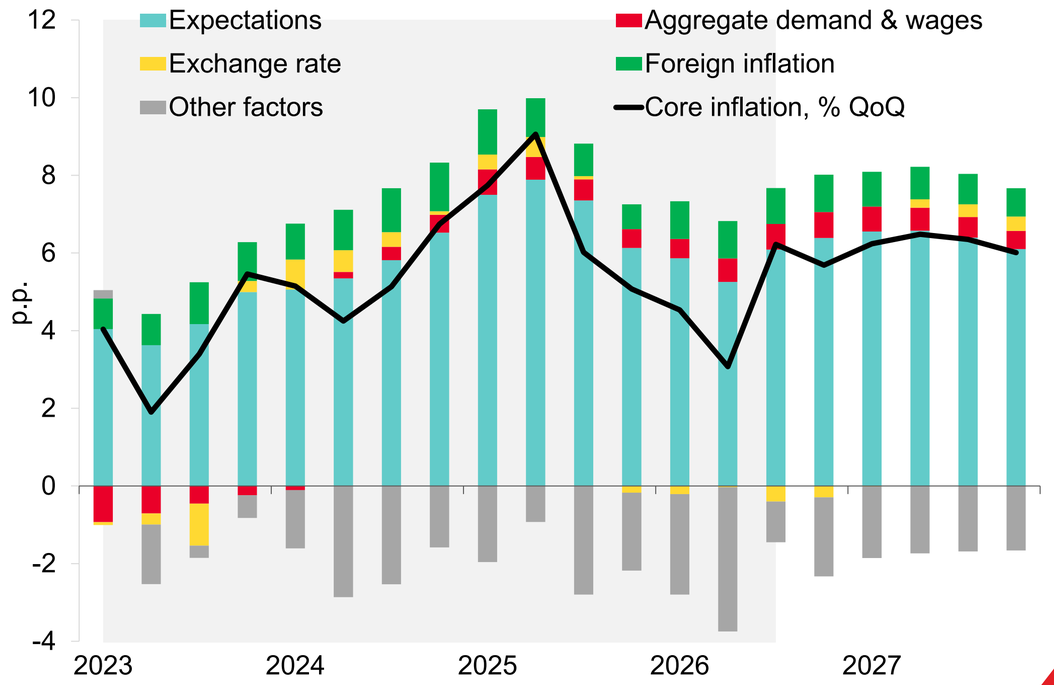
Overall inflation

(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

- The development of the military-political situation in the region is a key factor of uncertainty.
  - *The development of the Russian economy is becoming less predictable due to the impact of destructive non-economic factors.*
  - *Positive external shocks (for example, an easing of sanctions restrictions on Belarus) cannot be ruled out.*
- The accumulated money overhang and the rapid decline in interest rates on loans and deposits pose threats to price stability in the medium term. A more accommodative domestic economic policy may amplify imbalances in the economy.
- The evolution of the military-political situation in the Middle East and the trajectory of commodity prices continue to be subject to a high degree of uncertainty.