

Macroeconomic Forecast

June 2026

Belarus's economy will grow at a moderate pace in the medium term, provided that external conditions do not deteriorate significantly

GDP will grow by 1.5–2.5% and exceed \$100 bn in 2026. The economy accelerated to ≈3% YoY in Q2-2026 (after a decline of 0.2% YoY in Q1-2026) and will maintain annual growth of around 2–3% YoY in H2-2026. This will be supported by accommodative economic policy, directed investment stimulation, a moderate recovery in demand from Russia, and idiosyncratic factors (primarily favorable terms of trade and high volumes of tolling oil processing). The state of domestic demand remains unbalanced, which, combined with the economy's vulnerability to external shocks, generates output volatility and a periodic need for policy intervention to contain imbalances. GDP growth will slow to 1.5% in 2027, conditional on fiscal policy shifting to a neutral impulse and the exhaustion of idiosyncratic factors.

Elevated domestic demand and wage growth outpacing labor productivity are generating moderate inflationary pressure. However, inflation will remain around 5–6% YoY in 2026 and 6–7% YoY in 2027, supported by price controls and an exchange rate close to equilibrium. Strict price controls alongside accommodative economic policy are leading to the accumulation of an inflationary overhang, which narrows the room for maneuver in the event of an adverse external shock. Favorable terms of trade will keep the foreign trade position in a small deficit of about 1% of GDP in 2026-2027. Combined with a high household savings rate in rubles, this will keep the dynamics of the Belarusian ruble (in basket-of-currencies terms) close to its equilibrium path in 2026–2027. Forecast uncertainty remains high, primarily due to the instability of external conditions.

Table. Macroeconomic forecast for Belarus for 2026–2027 under the baseline scenario

Indicator	2024	2025	2026 ^f	2027 ^f
GDP (% YoY, in real terms)	4.3	1.3	2.1	1.5
Inflation (% December vs December of the previous year)	5.2	6.8	5.3	6.5
Interest rate on new market loans in Br (% , annual average)	10.6	11.9	10.9	10.5
USD/BYN exchange rate (#Belarusian rubles per US dollar, annual average)	3.25	3.07	2.92	3.24
100*RUB/BYN exchange rate (#Belarusian rubles per 100 Russian rubles, annual average)	3.51	3.65	3.76	3.72
Nominal wage (Belarusian rubles, annual average)	2 289	2 680	3 043	3 396

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

Note: ^f – forecast.

The bulletin – “Macroeconomic Forecast” – presents a forecast of the key macroeconomic indicators of the Belarusian economy for up to two years; it is based on a quarterly projection model (QPM) designed for the Belarusian economy. The bulletin 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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Baseline scenario: Economic activity

Belarus's GDP growth is expected at around 3% YoY in Q2-2026

Economic activity accelerated in Q2-2026 after GDP contracted 0.2% YoY in Q1-2026 (Fig 1.a). This was supported by the authorities' stimulation of domestic demand and the action of idiosyncratic factors (rising prices and demand for Belarusian fertilizers in external markets due to the Hormuz crisis, expanded tolling oil processing, and the influence of weather conditions and calendar effects). Output reached a new historical peak in Q2-2026 and exceeded the average 2021 level by more than 7% (Fig 1.b).

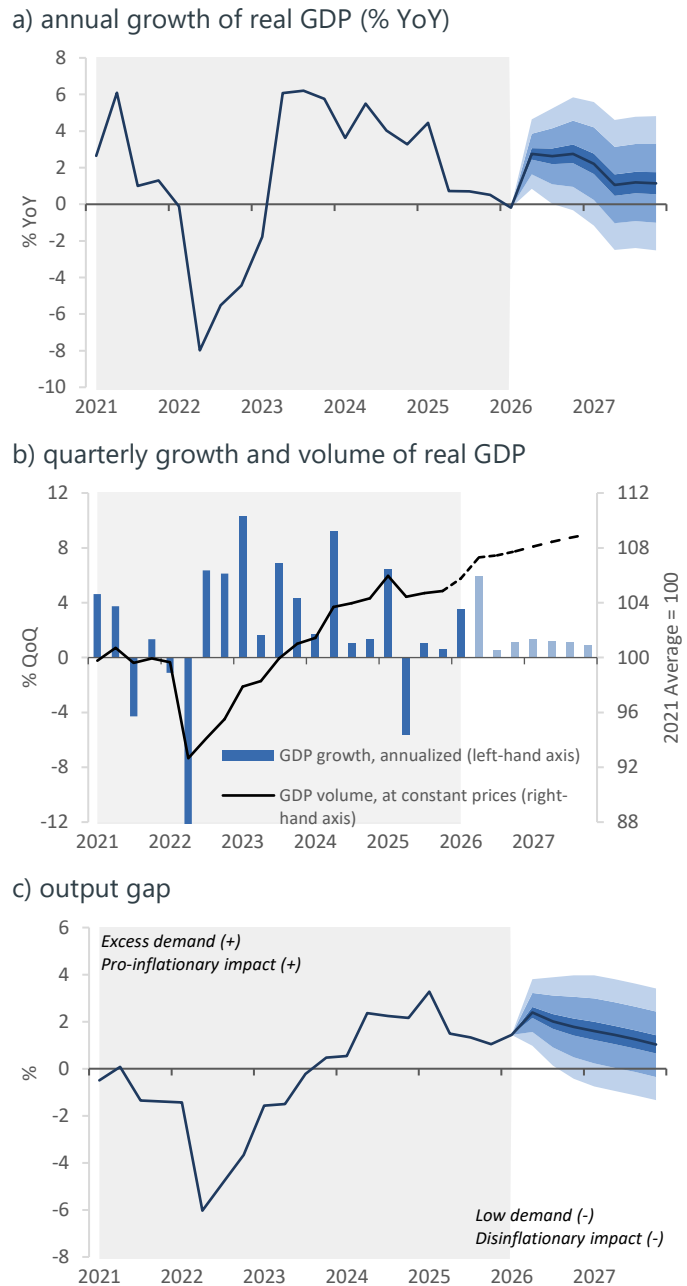
In the absence of strong shocks, the economy will grow by 1.5–2.5% YoY in 2026

Non-restrictive monetary conditions and high budget expenditures will continue to support domestic demand. Additional stimulus is expected from directed influence on the investment activity of organizations, as well as from growth in household incomes. The recovery of business activity in Russia as monetary policy there eases and budget stimulus is maintained, along with favorable price terms of trade on the Russian market, will support Belarusian exports. Significant volumes of petroleum product output from tolling feedstock are also likely to continue. As a result, if the global and/or Russian economy does not face a recession, Belarus's GDP will show annual growth rates close to 2–3% YoY in the second half of the year and will increase by 1.5–2.5% YoY in 2026 as a whole (Fig 1.a). In nominal terms, GDP will exceed \$100 bn in 2026.

GDP growth at rates close to 3% YoY is not sustainable given potential of around 1.5–2% per year

A shortage of workers, business environment uncertainty, sanctions pressure, and institutional constraints are holding back the economy's growth potential. Exceeding it is achieved through accommodative economic policy, which leads to the maintenance of excess demand and a positive output gap (Fig 1.c).

Figure 1. Forecast of real GDP and output gap



Source: calculations are based on QPM and the Belstat data.
 Note: YoY is a growth rate in the period vs the corresponding period of the previous year; QoQ is a seasonally adjusted annualized growth rate in the period vs the previous period. The output gap is the deviation of real GDP from its potential (inflationary-neutral) level. All indicators are seasonally adjusted. From here on, the ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

The imbalance of GDP growth combined with high government growth targets and the economy's exposure to external factors generates output volatility and a periodic need for policy intervention to contain the imbalances that arise. The weakness of stabilization institutions is associated with low average long-term rates of economic growth.

The forecast range of GDP growth for 2026 has been revised up by 1 p.p. compared to the December 2025 forecast

The revision is explained by stronger-than-expected domestic demand dynamics amid looser economic policy. Expanded tolling oil processing, as well as growth in fertilizer demand and prices, also became factors behind the forecast upgrade.

In 2027, economic growth is expected close to the potential rate – around 1.5%

The baseline scenario assumes neutralization of the fiscal impulse while maintaining accommodative monetary conditions. Demand in Russia will return to a balanced level, which will support output in Belarus but will not lead to its excessive expansion. As a result, a positive output gap will persist in 2027 due to the non-restrictive stance of domestic economic policy, but its magnitude will remain moderate and will not widen (Fig 1.c). Uncertainty around medium-term economic developments and the risks of significant deviations from the baseline scenario remain high, including due to the difficulty of forecasting the external geopolitical environment.

The 2026 real wage growth forecast has been revised up from 3–6% to 5–7%

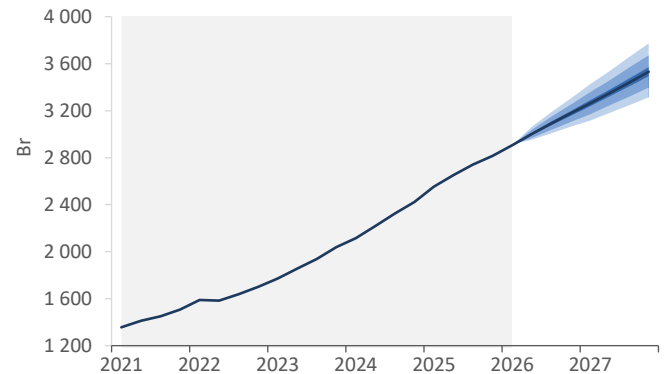
A shortage of workers continues to push wages upward. The severity of this problem is easing at a restrained pace, which sustains high wage growth rates. Growth in export revenues against a backdrop of more favorable foreign trade price conditions than previously expected, as well as higher budget expenditures, will support high real wage growth in the current year. It is forecast at around 5–7% in 2026, after 9.7% in 2025 (Fig 2.b). In 2027, real wage growth will slow to 3–5%, conditional on the exhaustion of temporary factors driving accelerated export revenue growth and an easing of labor market tightness.

The average real wage will remain above its sustainable level in 2026–2027

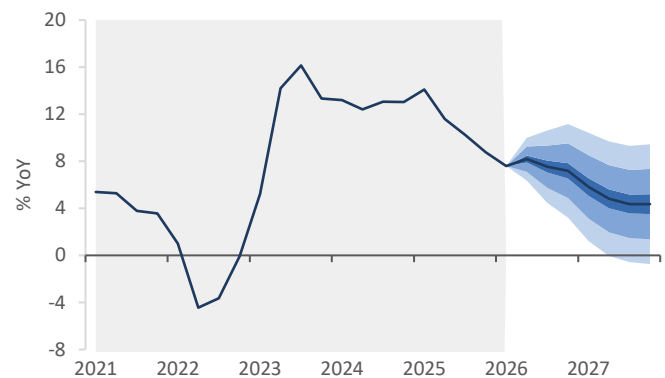
The pace of convergence between wage growth and productivity will be moderate (Fig 2.c). As a result, wage dynamics will continue to support consumer demand and will maintain a pro-inflationary influence, particularly in the non-regulated services segment.

Figure 2. Wage forecast

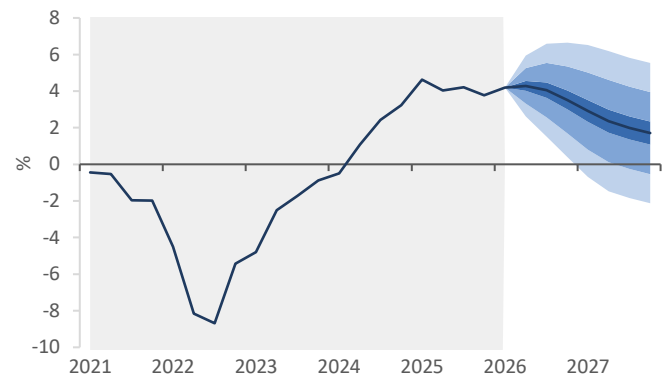
a) nominal wage



b) annual growth of real wage (% YoY)



c) real wage gap



Source: calculations are based on QPM and the Belstat data.

Note: YoY is a growth rate in the period vs the corresponding period of the previous year. The real wage gap is the deviation of real wage from its equilibrium (inflationary-neutral) level. All indicators are seasonally adjusted.

The average nominal wage will sustainably exceed \$1,000 by end-2026

In Belarusian rubles, the average nominal wage is forecast at around Br3,043 in 2026 and Br3,396 in 2027 (Fig 2.a).

Baseline scenario: Inflation

High consumer demand and a tight labor market will maintain a pro-inflationary influence in the medium term

The magnitude of positive output and wage gaps corresponds to moderate price pressure in 2026. It will be concentrated in non-regulated services, where price growth will remain elevated relative to goods. Under a non-restrictive economic policy stance, the pro-inflationary influence of aggregate demand and wages will persist in 2027 and will ease at a restrained pace.

The contribution of the exchange rate and the external sector to inflation is expected to be consistent with a rate of around 5–6% YoY in the medium term

An effective ruble exchange rate close to its equilibrium level will not provoke either a strong acceleration or a decline in inflation (Fig 3.b). Expected price growth in Russia of close to 6% YoY in 2026 and 4–5% YoY in 2027 will also not put pressure on prices in Belarus. Pro-inflationary effects are likely from higher global commodity prices, but these will be contained by the fact that Belarus is a net exporter of food and fertilizers.

Price controls will continue to constrain inflation, particularly in its goods segment

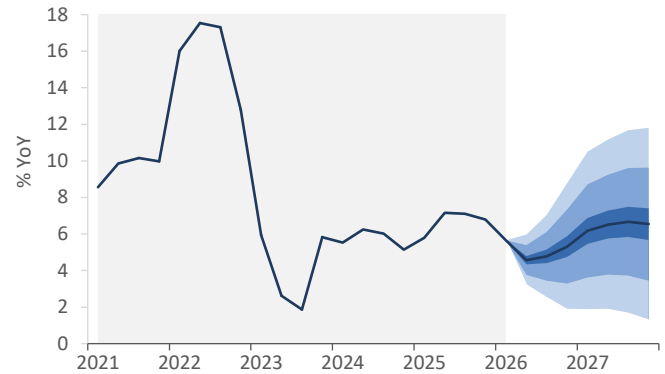
Price controls were not eased in H1-2026, which became the main reason for more subdued inflation dynamics compared to the December 2025 forecast. Against a backdrop of favorable terms of trade and a slowdown in traded goods price growth in Russia, price regulation can be expected to remain strict in H2-2026.

As a result, inflation in 2026 will come in below previous estimates – at around 5–6% YoY (Fig 3.a)

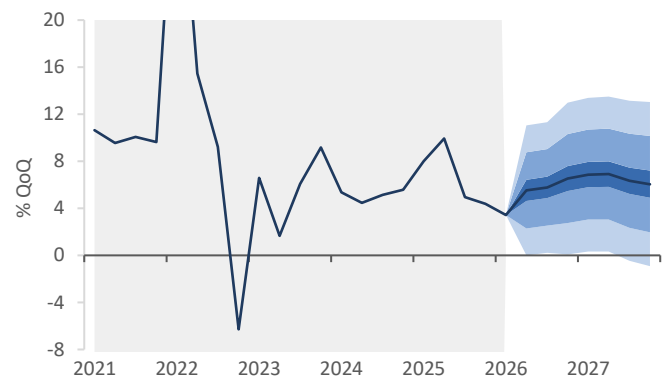
In addition to strict price controls, the forecast revision was influenced by the fact that volatile fruit and vegetable prices are coming in significantly below expectations. In the absence of prolonged weather anomalies, the cost of vegetables and fruit in 2026 will remain below the 2025 level.

Figure 3. Inflation forecast

a) annual inflation (% YoY)



b) annualized quarterly inflation (% QoQ)



Source: calculations are based on QPM and the Belstat data.

Note: YoY is a growth rate in the period vs the corresponding period of the previous year; QoQ is a seasonally adjusted annualized growth rate in the period vs the previous period. All indicators are seasonally adjusted.

The inflationary overhang in the economy will remain significant over the forecast horizon

In May 2026, the price level for non-regulated services (December 2019 = 100) exceeded the price level for non-food goods by more than 17%. Prior to 2022, the ratio of the indices was close to parity. To some extent, the divergence in relative prices may be explained by structural shifts in household consumption. However, the main cause is price controls, which suppress and slows down the pass-through of pro-inflationary factors into goods prices.

In the absence of strong external shocks, the current degree of price control stringency may persist for an extended period. This will limit inflation to 6–7% YoY in 2027 (Fig 3.a)

Baseline scenario: Interest rates

Monetary conditions will ease in H2-2026

The National Bank maintains a priority of supporting business activity. This objective, in an environment of modest GDP growth against the government's target of 2.8% for 2026 and inflation being contained by price controls, will push the regulator toward easing monetary conditions. The refinancing rate will likely be lowered to 8.75–9% during 2026 (Fig 4.a). The estimated values of standard risk (EVSR) that the National Bank uses to influence rates on bank loans and deposits also have a significant probability of being reduced by 0.5–1 p.p.

The ruble interbank market loan rate (IBL) will remain around 4–5% due to the significant surplus of liquidity in the banking system that is not withdrawn at auctions. The accommodative monetary policy stance and the IBL rate being below its neutral level will incentivize banks to ease lending conditions and maintain low deposit yields for organizations.

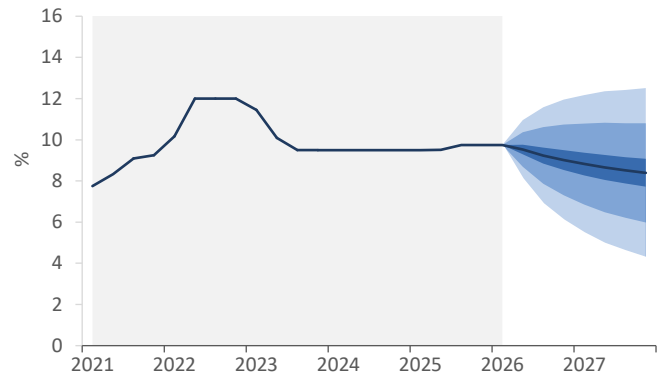
The average interest rate on new market ruble loans will decline closer to 10.5% by end-2026 (Fig 4.b), while the rate on new term ruble deposits will remain close to 6–7%

In real terms, the average lending rate will be close to its neutral level. A significant degree of differentiation in lending rates will persist: for firms they will remain non-restrictive (particularly for long-term borrowing), while for households they will be reduced for loans financing purchases of Belarusian goods and somewhat elevated for purchases of other goods.

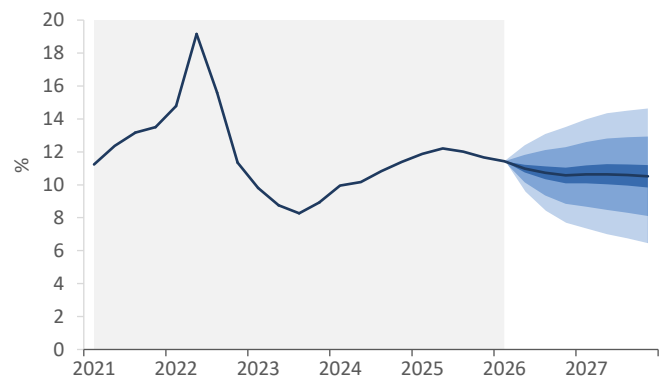
The response of the average deposit rate to the accommodative monetary policy stance will be weak, as it has already been at a reduced level close to 6% since H2-2025 due to the decline in organizational deposit yields in an environment of excess liquidity in the banking system. At the same time, the average rate on term ruble household deposits will be maintained above the neutral level. This is necessary to preserve the high ruble savings rate of households, which to a significant degree contains the inflationary consequences of unbalanced money supply growth and ensures net foreign currency supply by individuals.

Figure 4. Nominal interest rates forecast

a) refinancing rate



b) average interest rate on new market loans in Br



Source: calculations are based on QPM and the National Bank data.

Broad money supply will grow by more than 15% over 2026 in an environment of non-restrictive monetary conditions and high budget expenditures

Such a pace of money supply expansion, with potential GDP growth within 2% per year, is not balanced and leads to an increase in the money overhang. Its inflationary consequences manifest in a high GDP deflator (more than 10% YoY), but are suppressed by price controls in terms of consumer inflation. Maintaining this status quo is possible in the absence of strong external inflationary shocks and by ensuring high yields on ruble household deposits.

Baseline scenario: Exchange rate

The country's foreign trade position is expected to be in slight deficit in 2026–2027

The strengthening of domestic demand will lead to elevated goods import volumes being maintained in 2026. In turn, domestic resource constraints and subdued demand in Russia limit the potential for expanding export volumes. However, a moderate recovery in ICT services sales and the action of idiosyncratic factors will allow to maintain the total balance of foreign trade in goods and services at a small deficit of about 1% of GDP this year. The idiosyncratic factors include higher prices and demand for Belarusian fertilizers on the global market, favorable price terms of trade on the Russian market (including due to the undervaluation of the Belarusian ruble against the Russian ruble), as well as increased petroleum product deliveries from tolling feedstock.

The positive effects of the noted idiosyncratic factors will diminish in 2027. However, if investment demand in Russia gradually recovers and the overheating of the Belarusian economy decreases, the foreign trade deficit will remain small – around 1% of GDP.

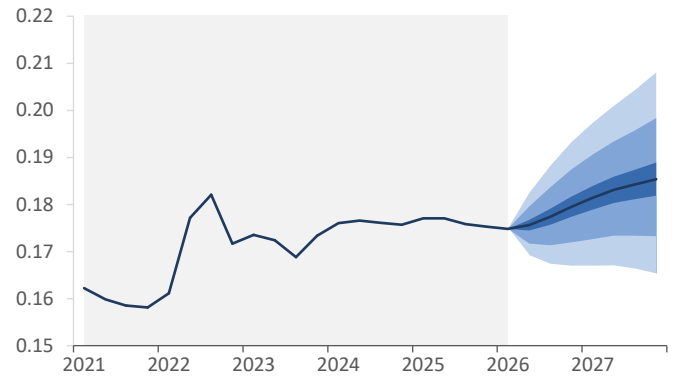
The forecast external trade position does not create conditions for a significant depreciation of the Belarusian ruble

Provided that households continue net foreign currency sales, it corresponds to a weakening of the national currency at a pace close to the inflation differential between the domestic economy and key trading partner countries. As a result, in the baseline scenario the Belarusian ruble in basket-of-currencies terms will weaken by 1–3% over 2026 and by 2–4% over 2027 (Fig 5.a).

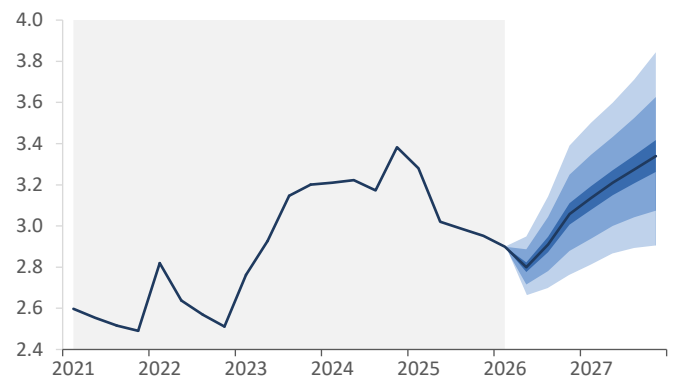
With the USD/RUB rate moving toward 80–85 Russian rubles per dollar, the USD/BYN rate will stand at 2.95–3.15 by end-2026 (Fig 5.b). The RUB/BYN rate in this case is forecast close to 3.65–3.75 Belarusian rubles per 100 Russian rubles by end-2026 (Fig 5.c).

Figure 5. Nominal exchange rates forecast

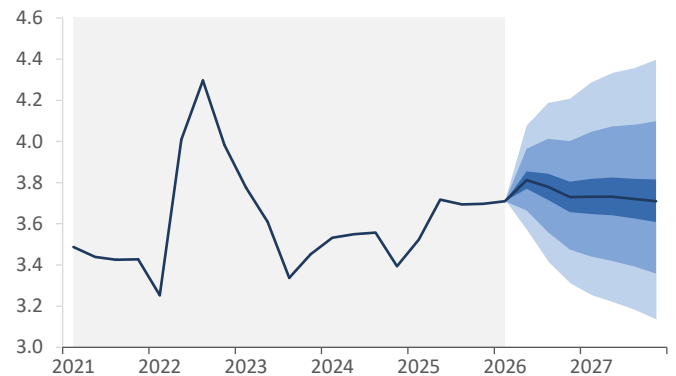
a) currency basket



b) USD/BYN



c) 100*RUB/BYN



Source: calculations are based on QPM and the National Bank data.

Exchange rate dynamics uncertainty remains high

At the same time, the National Bank's sufficient level of foreign exchange reserves and the absence of a strong overvaluation of the Belarusian ruble allow for confidence that a manageable situation in the foreign exchange market will be maintained even in the event of strong shocks materializing. The remaining probability of household foreign currency sales being more significant than expected in the baseline scenario could lead to a stronger ruble compared to the baseline forecast.

Baseline scenario forecast risks

Changes in the sanctions regime remain a significant factor of uncertainty

An increase in the effectiveness of secondary sanctions by Western countries against states acting as intermediaries in Belarus's and Russia's foreign trade operations will create payment difficulties. This will complicate export-import deliveries and may lead to logistical disruptions.

Easing of the sanctions regime on Belarus and Russia amid progress in resolving the military-political situation in the region is also possible. An easing of US sanctions remains the more likely outcome, which could reduce transaction costs and have a moderately positive effect on the business climate in the country.

A recession in Russia is the key downside risk factor for Belarus's GDP growth

The difficulty of forecasting the external geopolitical environment and the action of destructive non-economic factors generate significant risks of weaker business activity dynamics in Russia compared to the baseline scenario assumptions. If the recovery of output and investment demand in Russia proves weaker than expected, and higher inflation forces the Bank of Russia to maintain tight monetary policy for longer, Belarusian exports (particularly in civilian machinery) will come under pressure. With zero GDP growth in Russia for 2026 as a whole, Belarus's GDP growth may not exceed 1.5%.

The duration of the idiosyncratic factors that drove the upward revision of the 2026 GDP growth forecast is uncertain

The evolution of the military-political situation in the Middle East and the trajectory of global commodity prices are weakly predictable. Risks exist of both a comparatively rapid normalization of navigation in the Strait of Hormuz and an intensification of logistical problems and a fresh round of commodity price growth. In the first case, moderate disinflationary effects for Belarus are likely, alongside a simultaneous constraint on foreign currency revenue growth from fertilizer sales. A sharp rise in commodity prices would have the opposite effects, also limited in magnitude.

The duration and scale of tolling oil processing by Belarusian refineries are also unclear. The operation of these schemes has had a notable positive effect on profitability and wage growth in the country's industry as a whole, has allowed a significant expansion of the foreign trade surplus in services, and has largely offset the deficit in the goods segment. An extension of the schemes into 2027 may, all else equal, temporarily contribute to somewhat higher GDP growth, a stronger ruble, and lower inflation compared to the baseline scenario.

Changes in energy trade conditions and/or financial support from Russia will have strong consequences for the Belarusian economy

The probability of a reduction in support is assessed as low in the medium term. However, should this risk materialize, the short-term output losses and household income losses in Belarus associated with the price shock would be significant, but not catastrophic.

The accumulation of an inflationary overhang increases threats to price stability

A weakening of price regulation – whether triggered by domestic reasons or under the influence of external shocks – will lead to a partial release of the inflationary overhang and a rise in inflation to around 8–10% YoY in 2027–2028. This will restrain growth in real household incomes and limit the room for expanding domestic demand in the short term, but will allow relative prices to realign and will create conditions for balanced economic growth in the medium term.

A more accommodative domestic economic policy will amplify imbalances in the economy

High GDP growth targets against a backdrop of subdued potential may prompt the authorities to increase domestic demand stimulation. If monetary conditions are eased aggressively and budget expenditures continue to grow at high rates, the overheating of domestic demand will intensify, increasing pro-inflationary pressure and vulnerability to shocks.

Prerequisites and assumptions of the baseline scenario forecast

Russia's economy will grow by 0.8% in 2026 and by 1.5% in 2027

In Q1-2026, Russia's GDP declined by 0.2% YoY, while investment fell by 14.3% YoY. Business activity in Belarus's key economic partner will gradually recover over the course of 2026 as it adapts to regulatory changes, monetary conditions ease, and budget expenditures increase. At the same time, a shortage of workers, fully loaded production capacity, sanctions effects, and costs from destructive non-economic factors will constrain Russian economic growth in the medium term. Inflation in Russia will remain close to 6% in 2026 amid a tight labor market and elevated budget expenditures. In 2027, a slowdown in price growth to 4–5% is expected as the labor shortage eases.

The sanctions regime against Belarus will be maintained

New sanctions restrictions capable of materially affecting the economy will not be introduced, or their effectiveness will be weak.

Import and export logistics chains will not be disrupted

No logistical failures will occur in 2026–2027. Goods imports, including investment goods, will remain accessible to Belarus. Key Belarusian export commodities will continue to be delivered to the global market, primarily using Russia's transport and logistics infrastructure.

Revenues from potash fertilizer sales will increase substantially in 2026–2027

Potash fertilizer exports are expected at around 12–12.5 million tons in 2026–2027, after approximately 11.5 million tons in 2025. At the same time, revenues from potash fertilizer sales may rise from around \$2.7 bn in 2025 to \$3.5–4 bn in 2026–2027 as a result of the lifting of US sanctions and higher global prices due to restricted navigation in the Strait of Hormuz.

Russia will continue to provide energy and financial support to Belarus

Belarus will purchase oil and gas from Russia at below-market prices and export petroleum products (not from tolling feedstock) in a volume of ≈8 million tons per year, primarily through Russian ports. An additional 4–5 million tons of petroleum products may be delivered to Russia in 2026 under the tolling mechanism, which will positively affect the profitability of Belarusian refineries. Financial support from Russia will continue, including through budget transfers and refinancing of government loans.

Fiscal policy will continue to support domestic demand in 2026–2027

Under high GDP growth targets, the authorities will maintain a significant volume of budget expenditures, which within the consolidated budget (including the Social Protection Fund) are expected to exceed 42% of GDP in 2026–2027. Projected revenue receipts, combined with accumulated fiscal reserves and financial support from Russia, will allow financing of such expenditure volumes without increasing the government debt burden. As a result, the consolidated budget is forecast with a small deficit of around 1% of GDP in 2026–2027, and the government debt level will remain close to 25% of GDP.

National Bank decisions in the area of monetary policy will continue to be determined by GDP and investment growth relative to government targets

Inflation will retain the status of a secondary indicator. It will be used by the regulator as a pretext for one measure or another, but will not be the cause of those measures. The National Bank will not withdraw excess liquidity of the banking system at auctions and will continue to use estimated values of standard risk to influence financial market interest rates. These values for investment loans will remain reduced relative to their values for other loans. The National Bank will continue to incentivize banks to maintain higher rates on term ruble household deposits to ensure a high ruble savings rate among households.