

Express Analysis

May 2026

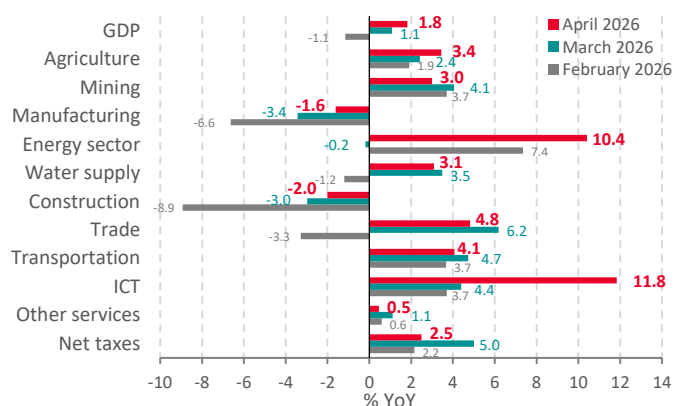
Belarus’s GDP returned to peak levels in April 2026

In January – April 2026, GDP grew by 0.2% YoY, while in April alone it increased by ≈1.8% YoY (Fig. 1.a). Compared to March 2026, output rose by ≈0.6% (seasonally adjusted; Fig. 1.b). The recovery in oil refining had a positive effect on industrial and transport indicators, while increased energy generation amid the cold April weather provided an additional temporary boost to output. At the beginning of Q2-2026, value added in the information and communications sector increased sharply (Fig. 1.a). Due to the specifics of statistical accounting, this indicates a significant rise in employment in the ICT sector. It may be assumed that tighter mobile communications restrictions in Russia led to the transfer of part of the functionality of Russian ICT businesses to their Belarusian divisions, accompanied by the reassignment of some employees. This hypothesis requires further verification. Consumer demand in Belarus declined in April after the March spike (caused by a surge in automobile sales), but remained elevated relative to potential output. Investment activity continued to recover following weak results at the end of 2025 and the beginning of 2026.

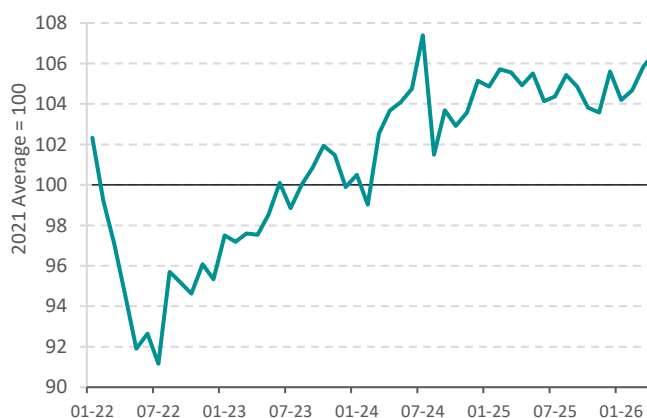
Accumulated GDP growth by the end of the first five months is expected to be close to 0.5% YoY and is projected to move toward 1% YoY during the year. High budget expenditures and accommodative monetary conditions will support domestic demand, while the “revival” of business activity in Russia will contribute to the recovery of manufacturing industries. Inflation will remain around 5% YoY in May-June amid a strong Belarusian ruble and strict price controls. Modest GDP growth and moderate inflationary pressure led the National Bank to lower the refinancing rate by 0.5 p.p., effective June 1, to 9.25%. This decision was expected and will not have a significant impact on financial market interest rates: the average interest rate on term deposits will remain low amid a structural liquidity surplus, and the average interest rate on new market loans will continue to slowly decline to the 10.5–11% range.

Figure 1. Dynamics of GDP and value added in Belarusian sectors

a) GDP growth, month versus the corresponding month of the previous year (% YoY)



6) GDP volume at constant prices (seasonally adjusted)



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

Note: The estimates update once the data are verified. Monthly GDP data are estimates.

Express Analysis is an operational analysis of the status of the key macroeconomic indicators of Belarus.

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Manufacturing industry slowed the pace of value added decline from $\approx 3.4\%$ YoY in March to $\approx 1.6\%$ YoY in April 2026

Seasonally adjusted output in April increased slightly compared to March. Among the country's regions, significant monthly production growth was recorded only in the Gomel region. This may indicate that the improvement in manufacturing performance at the beginning of Q2-2026 was linked to the recovery of oil refining and increased exports of hydrocarbons produced not from tolling oil. In other major sectors, the output situation, judging by regional statistics, did not undergo significant changes: restrained investment demand in Russia limited production in the machinery and metallurgical complexes, weak dynamics persisted in light industry (-9% YoY in January–April), while fertilizer production remained near record levels, and the food and pharmaceutical industries continued to grow confidently ($+2.8\%$ and $+4.2\%$ YoY in January–April).

Industrial inventories continued to decline actively in April (Fig. 2.d)

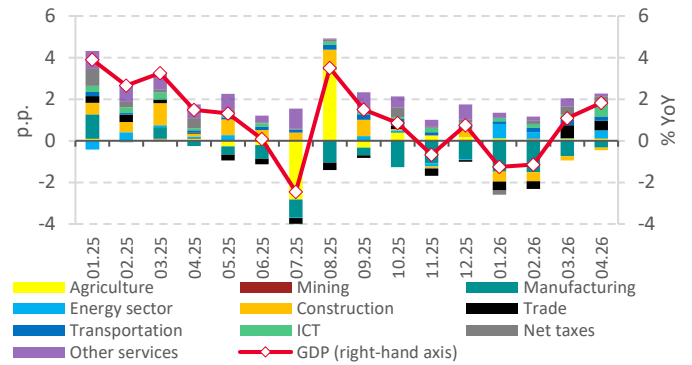
The reduction in finished goods inventories in March-April was observed in most regions, with the most active declines in the Grodno, Mogilev, Gomel, and Minsk regions. This may indicate increased demand for Belarusian petrochemical products and fertilizers amid the crisis in the Strait of Hormuz, as well as strong export sales of passenger cars.

Value added in the energy sector increased by $\approx 10.4\%$ YoY in April 2026 (Fig. 1.a), adding almost 0.4 p.p. to annual GDP growth (Fig. 2.a)

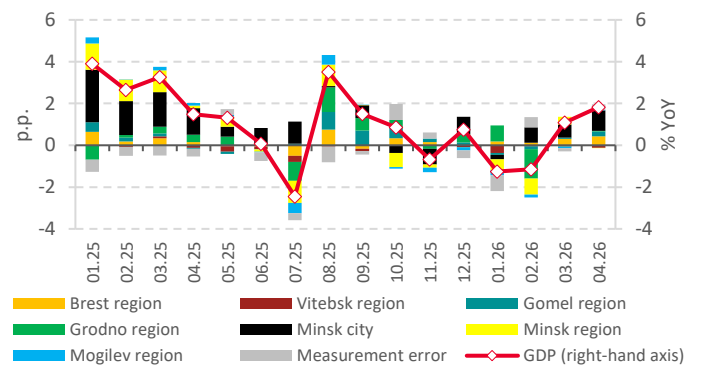
April 2026 was the coldest since 2022, which contributed to higher energy generation. As a result, total seasonally adjusted industrial output in April increased by $\approx 1\%$ compared to March and returned to the level of the beginning of Q2-2025 (Fig. 2.c). Industrial production was still approximately 3% below the peaks of mid-2024, but as economic activity in Russia "revives," this gap can be expected to gradually close during the year.

Figure 2. GDP and producer activity in Belarus

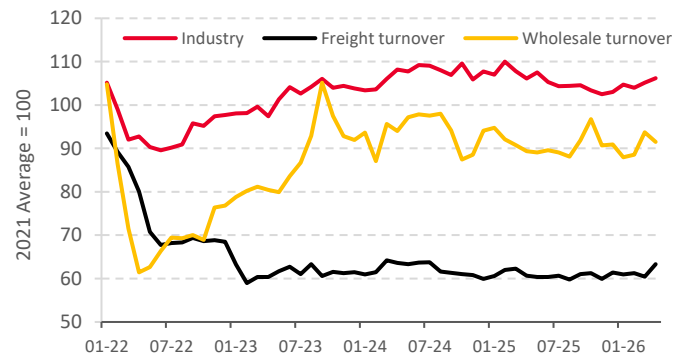
a) sectoral structure of YoY GDP growth



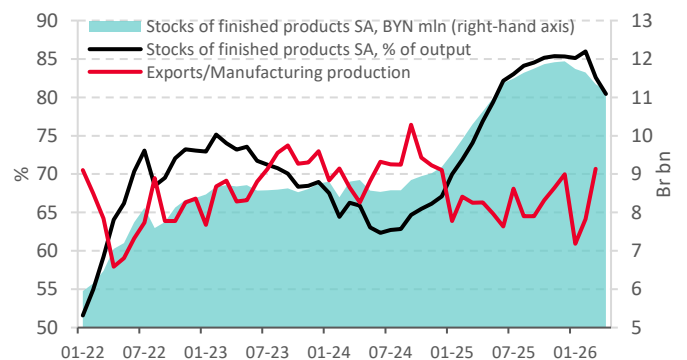
b) regional structure of YoY GDP growth



c) real output in industry, real wholesale trade, freight turnover (seasonally adjusted)



d) industrial stocks, the ratio of goods exports to output



Source: calculations based on the data from Belstat, the National Bank. Note: SA is a seasonally adjusted indicator. The real volume of wholesale trade has been calculated by deflating the nominal volume by the wholesale trade price index. The real industrial output volume has been calculated based on the Belstat's Industrial Output Index in 2015 prices. The dynamics updates once new data are published.

Value added in the transport sector increased by $\approx 4.1\%$ YoY in April (Fig. 1.a), contributing 0.2 p.p. to annual GDP growth (Fig. 2.a)

At the beginning of Q2-2026, freight turnover increased noticeably (Fig. 2.c), which may be explained by higher transportation volumes of fertilizers and petroleum products. Nevertheless, freight transportation volumes remained low compared to the period before 2022 (Fig. 2.c). Passenger turnover growth slowed in April, but its volume exceeded the average level of 2021 by 40%.

The information and communications sector sharply increased value added at the beginning of Q2-2026

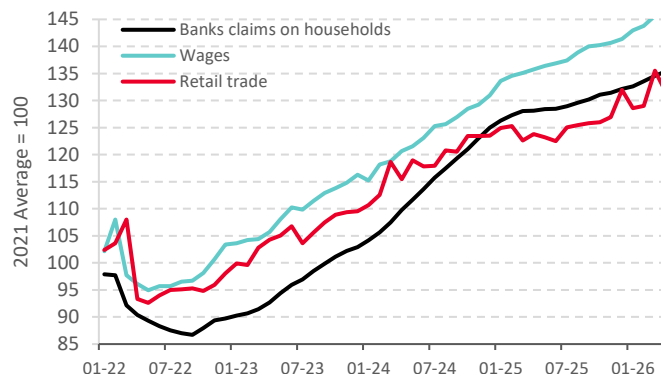
The ICT sector expanded by almost 12% YoY in April (Fig. 1.a), marking the highest value since April 2021. As a result, the sector contributed nearly 0.6 p.p. to annual GDP growth in April (Fig. 2.a) and drove the increase in Minsk’s gross product (Fig. 2.b). It may be assumed that the sharp acceleration in the ICT sector was caused by tighter internet restrictions in Russia and the possible re-registration of some Russian business operations through Belarusian legal entities, accompanied by the reassignment of some employees. Since monthly value added in the information and communications sector is calculated mainly through extrapolation of average payroll employment dynamics, the administrative transfer of personnel could have mechanically increased value added. This hypothesis requires verification: if the ICT sector’s results decline sharply in May-June, then it will prove invalid.

Consumer demand corrected downward in April after the March spike related to higher automobile sales

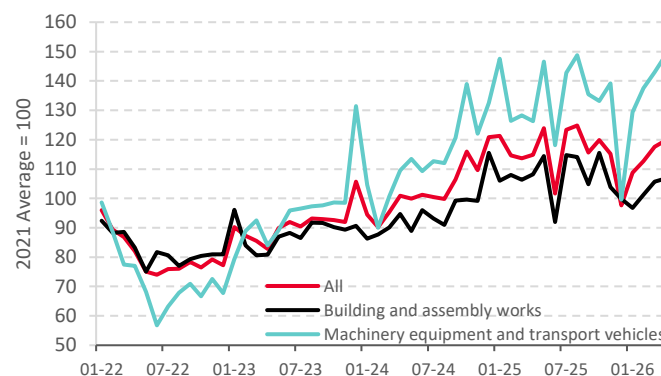
Despite the corrective decline, retail trade turnover remained on an upward trend: its average monthly growth is estimated at around 0.8% over the past three months (in real terms, seasonally adjusted; Fig. 3.a). This is a high rate, supported by rising household incomes and moderate expansion of retail lending (Fig. 3.a). Overall, goods consumption volumes remained substantial – exceeding the average level of 2021 by more than 31%, and in the non-food segment by 50%.

Figure 3. Domestic demand in Belarus (all indicators are seasonally adjusted)

a) consumer demand (in real terms)



b) investment demand (in real terms)



Source: calculations based on the data from Belstat, the National Bank. Note: real retail trade volume is calculated by deflating nominal volume by the CPI for goods. Real wage has been calculated by deflating the nominal wage by the overall CPI. Real investment indicators have been calculated by deflating nominal investment by construction price indices. The indicator dynamics updates once new data are published.

Consumer activity will continue to expand this year due to support from high budget spending and non-restrictive monetary conditions, as well as wage growth amid labor shortages.

Investment continued to recover in April

Capital investment increased at the beginning of Q2-2026 and almost returned to the local peaks of mid-2025 (Fig. 3.b). The need to raise labor productivity amid labor shortages is pushing businesses to expand investment in machinery and equipment. Construction significantly lagged behind investment in the active part of fixed assets, including due to labor shortages. Investment will continue to grow this year amid easing lending conditions, but at a more moderate pace compared to 2024–2025 against the backdrop of a declining share of national income distributed as profit.

Foreign trade in goods and services is estimated to have recorded a deficit of $\approx 0.2\%$ of GDP in March

The surplus in trade in services, which expanded in January – March 2026, almost fully offset the deficit in the goods segment (Fig. 4.b). Processing of tolling oil, recovery in exports of ICT services, and increased exports of construction and transport services led to growth in the positive services balance.

The goods trade deficit narrowed from more than \$0.65 bn (7.8% of GDP) in February to \approx \$0.37 bn (4.2% of GDP) in March (based on Belstat data; seasonally adjusted). Positive effects for Belarus from the crisis in the Middle East, related to higher prices and demand for Belarusian fertilizers, contributed to growth in the value of goods exports to non-CIS countries (Fig. 4.a). Passenger car sales in the Russian market were also high in March (including due to re-exports). Weaker investment demand in Russia continued to constrain supplies of machinery products. Goods imports remained elevated amid strong domestic demand (Fig. 4.a).

Overall, for Q1-2026, foreign trade in goods and services is estimated to be close to balance (seasonally adjusted)

The absence of significant imbalances in the external trade position and the continued substantial volume of net foreign currency sales by households amid a high share of ruble savings supported the Belarusian ruble. There are no preconditions for a significant weakening of the ruble (by more than 5% over the year in terms of the currency basket). Foreign exchange reserves cover more than 120% of the risk-weighted volume of potential capital outflows (ARA metric). This allows expectations for a manageable situation in the foreign exchange market even under negative scenarios.

Inflation temporarily accelerated in April due to the inclusion of the March increase in utility tariffs

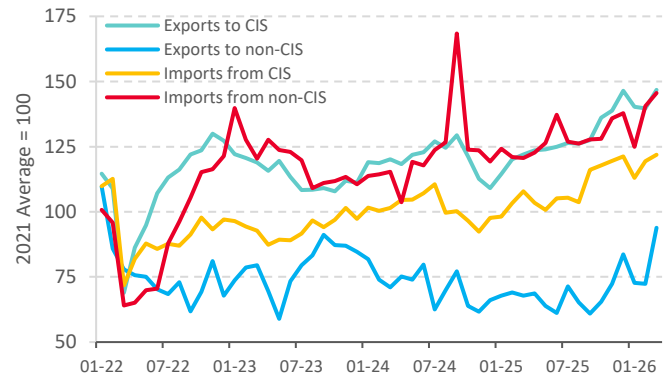
Annual inflation remained at 5.4% YoY, while annualized monthly price growth for April increased to 8–10% MoM (seasonally adjusted; Fig. 5.a).

The acceleration in inflation was driven by a 27% MoM surge in the non-core consumer price index

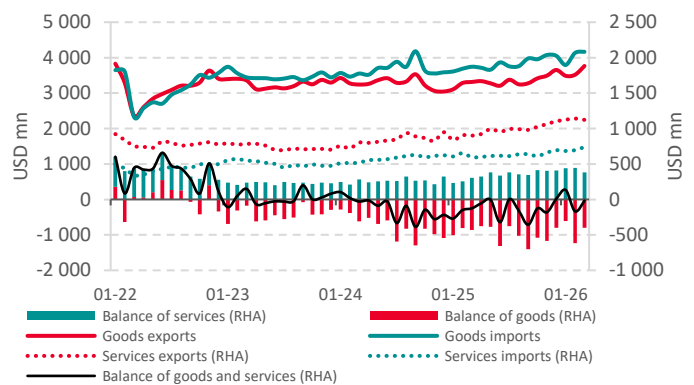
The inflation statistics for April predictably reflected the March increase in utility tariffs, which became

Figure 4. Foreign trade in Belarus
(all indicators are seasonally adjusted)

a) goods exports and imports (value volumes)



b) foreign trade in goods and services



Source: calculations based on the data from Belstat, the National Bank.
Note: the indicator dynamics updates once new data are published.

the main reason for the acceleration in the non-core index (Fig. 5.b). Its other component – fruit and vegetable prices – on the contrary, declined by more than 35% MoM in April. This led to food inflation falling to zero on a monthly basis (Fig. 5.c). It cannot be ruled out that after such a decline, fruit and vegetable prices will adjust upward in the coming months, including due to the widening price disparity between the Russian and Belarusian markets.

Core inflation slowed to 3.5% MoM in April 2026 (Fig. 5.b)

Weak dynamics in non-food goods prices continued to restrain core inflation. Their growth is estimated at around 2.1% MoM in April (Fig. 5.c), and excluding regulated fuel prices – less than 1% MoM. A strong ruble and price controls limited inflation in this segment.

Food price growth also remained moderate, and excluding fruit and vegetable products, alcoholic beverages, and tobacco products, is estimated at around 5% MoM.

Non-regulated services continued to rise at elevated rates – nearly 8% MoM in April excluding highly volatile international rail and airline tickets (Fig. 5.c). Pressure from rising labor costs persisted and will continue to exert inflationary effects this year.

Inflation is expected to be close to 5% YoY in May-June

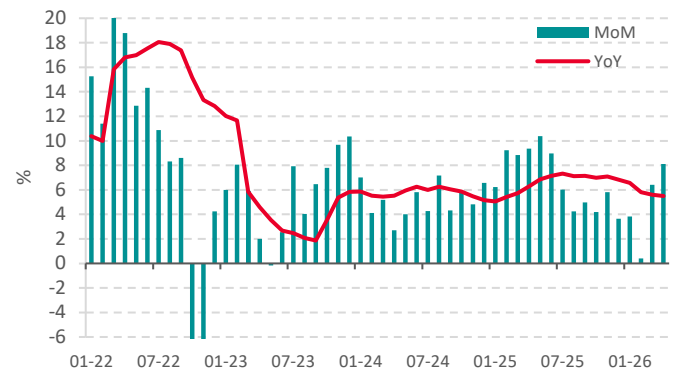
By the end of the year, inflation is likely to return to around 6% YoY as disinflationary exchange rate effects fade and wage pressure persists.

On May 20, the National Bank decided to lower the refinancing rate by 0.5 p.p. to 9.25%, effective June 1

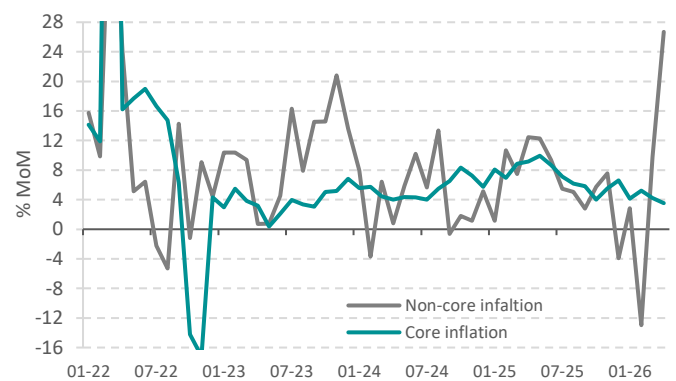
This decision is driven by inflation trends below the National Bank's target of 7% amid subdued growth in economic and investment activity. The refinancing rate reduction will not have a significant impact on lending and deposit rates, as the overnight deposit rate remains at 4%. The average deposit rate has remained depressed for a long time in the environment of excess liquidity, which the National Bank hasn't withdrawn at auctions, while the average lending rate is gradually declining. In an environment of structural liquidity surplus, the interbank market rate will remain "stuck" to the overnight deposit rate, regardless of changes in the refinancing rate. Therefore, the average deposit rate would have remained low even without a reduction in the key rate, while the lending rate would have gradually declined. At the same time, a decrease in the estimated values of standard risk in May-June remains highly probable. As a result, the forecast for the average rate on new ruble market loans of around 10.5–11% by the end of the year remains unchanged, as does the average rate on new term ruble deposits of around 6.5–7%.

Figure 5. Inflation dynamics in Belarus

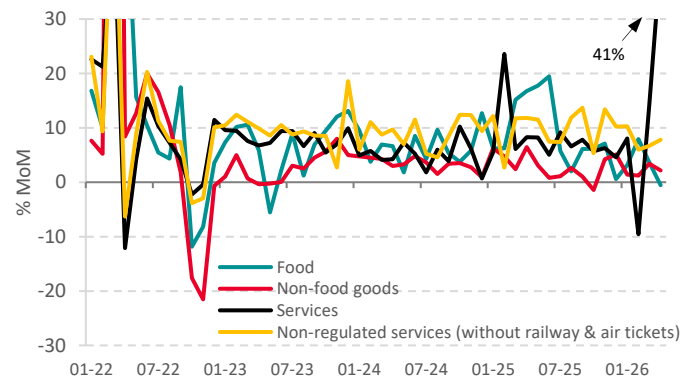
a) overall inflation (SA)



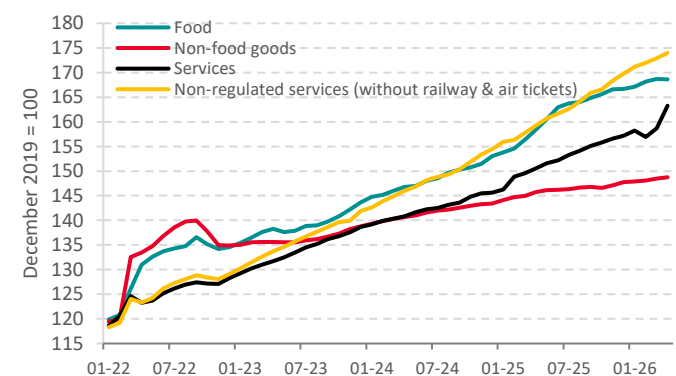
b) core and non-core inflation (SA)



c) inflation components (SA)



d) price levels of inflation components (SA)



Source: calculations based on the data from Belstat, the National Bank.
 Note: YoY is a monthly growth rate versus the corresponding month of the previous year; MoM is an annualized monthly growth rate (seasonally adjusted) versus the previous month. SA is a seasonally adjusted indicator. The dynamics updates once new data are published.