

Express Analysis

June 2026

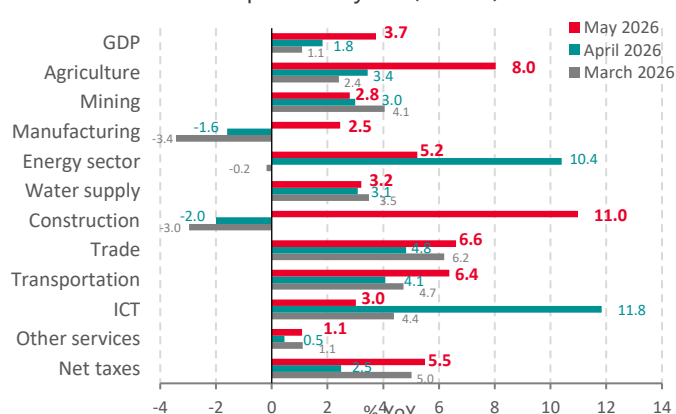
Belarus’s GDP reached a new all-time high in May 2026

In January – May 2026, GDP grew by 0.9% YoY, while in May alone it increased by ≈3.7% YoY (Fig. 1.a). Compared to April 2026, output rose by more than 1% and reached a new peak (seasonally adjusted; Fig. 1.b). A sharp increase in construction activity and the recovery of manufacturing became the main drivers of GDP acceleration in May (Fig. 2.a). This was supported by stronger investment and consumer demand amid non-restrictive lending conditions, rising household incomes, high budget expenditures, and administrative stimulation of capital investment. It is also likely that the sharp increase in construction activity was partly related to the specifics of accounting for commissioned facilities, which suggests that a correction may be expected in the coming months. Additional support for output continued to come from strong demand for fertilizers and food products in external markets, as well as increased processing of tolling oil.

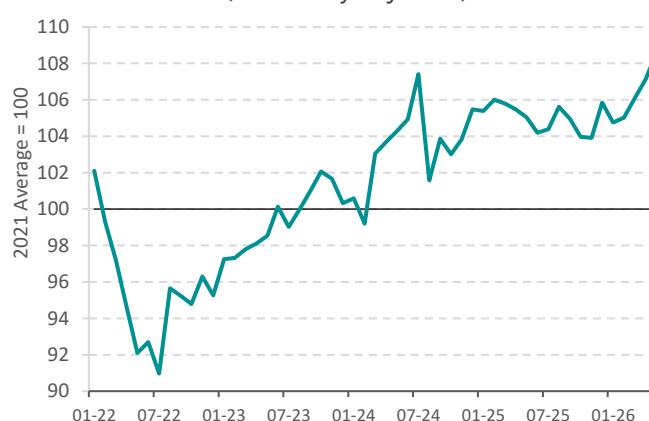
The acceleration of GDP growth to almost 4% YoY in May is not sustainable, as its long-term potential growth rate remains within 2% YoY under current institutional, resource, and technological constraints. Nevertheless, the broad-based return to growth across economic sectors (Fig. 2.a) and the continuation of stimulative economic policies provide grounds for cautious optimism regarding Belarus’s economic growth this year. In June, GDP growth will remain close to or slightly above 4% YoY, while cumulative growth for the first half of the year is expected to be around 1.5% YoY. The GDP growth forecast for 2026 may be revised upward from 0.5–1.5% to 1.5–2.5% soon. Favorable terms of trade offset the negative effects of unbalanced domestic demand growth on the external trade position and the exchange rate. Inflationary consequences will be noticeable in the form of persistently high price growth in non-regulated services. However, a strong ruble and strict price controls are highly likely to keep inflation within 5–6% YoY by the end of 2026.

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

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



b) GDP volume at constant prices (seasonally adjusted)



Source: calculations based on the data from Belstat.

Note: the estimates are updated 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 recorded annual growth in value added (by $\approx 2.4\%$ YoY) in May for the first time since March 2025, contributing ≈ 0.6 p.p. to annual GDP growth (Fig. 2.a)

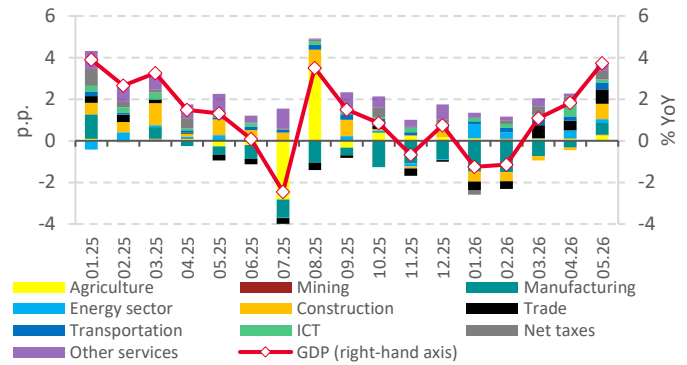
Seasonally adjusted industrial output continued to grow in May and approached the peaks of mid-2024 (Fig. 2.c). Stronger domestic investment demand may have stimulated increased production of construction materials and metallurgical products. The chemical industry (primarily fertilizer production) maintained high output levels amid strong external demand. Rising consumer activity in Belarus and Russia contributed to increased production of passenger cars and food products (up 3.3% YoY in January – May 2026). Industrial dynamics continued to be constrained by subdued investment demand in Russia (particularly in civilian machinery manufacturing) and labor shortages. Weak performance persisted in light industry (-9% YoY in January – May), likely due to competition from imports. Industrial inventories continued to decline relative to output amid stronger demand, although their level remained high (Fig. 2.d).

It is premature to conclude that the stagnation trend in industry has been reversed, but the prospects for moderate production growth by the end of this year have improved significantly

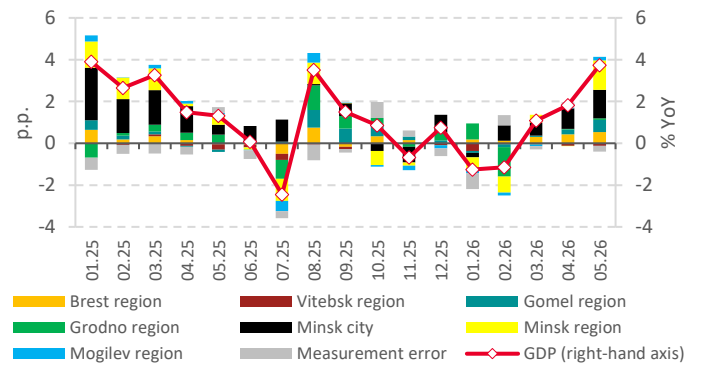
Cumulative output over the first five months still lagged behind the January – May 2025 level by 1.4% (and by $\approx 0.4\%$ compared to January – May 2024), including a 3.2% shortfall (and $\approx 2.4\%$, respectively) in manufacturing industries. However, the gap from peak levels has narrowed (Fig. 2.c). In the absence of major shocks, this trend is expected to continue, with cumulative industrial output returning to growth territory during Q3-2026. The projected recovery of business activity in Russia will support output by Belarusian producers. Limited positive effects can also be expected from lower interest rates and administrative measures aimed at stimulating investment: labor shortages and high capacity utilization will constrain the impact of accommodative monetary conditions.

Figure 2. GDP and producer activity in Belarus

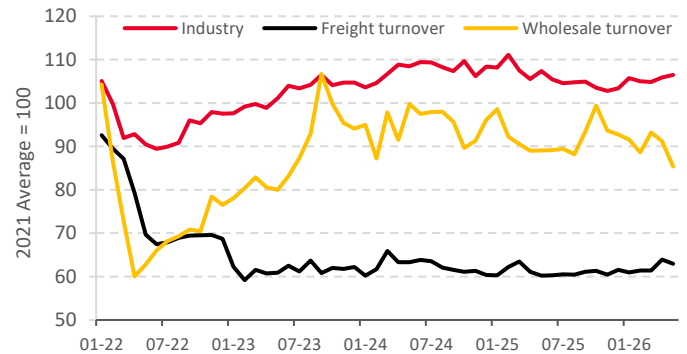
a) sectoral structure of YoY GDP growth



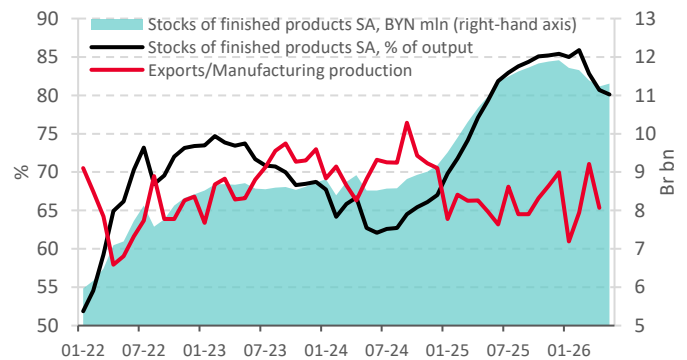
b) regional structure of YoY GDP growth



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 Belstat's Industrial Output Index in 2015 prices. The dynamics are updated once new data are published.

Value added in agriculture increased by $\approx 8\%$ YoY in May (Fig. 1.a), contributing ≈ 0.3 p.p. to annual GDP growth (Fig. 2.a)

Agricultural output also increased noticeably compared to April 2026 (seasonally adjusted). Weather conditions in spring this year were likely more favorable for agricultural activities than in the previous year. The livestock sector also remained on an upward trend; however, the high annual growth rate of its output was largely driven by a significant increase in production during the second half of last year (Fig. 3). In June – August, agriculture will contribute to volatile GDP dynamics, and in the absence of weather anomalies, its positive contribution to GDP growth is expected to continue this year.

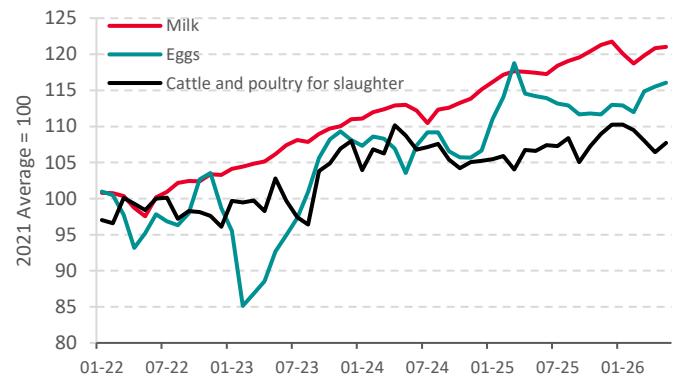
Value added in the transport sector increased by $\approx 6.4\%$ YoY in May (Fig. 1.a) and added ≈ 0.3 p.p. to annual GDP growth (Fig. 2.a)

Growth in passenger turnover, supported by strong growth in household incomes, continued to drive expansion in the transport sector. The increase in passenger turnover was facilitated by longer travel distances amid the rerouting of travel patterns, while the number of passengers declined by 0.3% YoY in May. Freight turnover remained close to the previous month's level in May. Despite the increase recorded in April, freight transportation volumes still lagged significantly behind the average level of 2021 (Fig. 2.c).

The information and communications sector significantly slowed value-added growth in May following the April "spike"

The ICT sector grew by $\approx 3\%$ YoY in May after expanding by nearly 12% YoY in April (Fig. 1.a). This indicates that the April surge was very likely a one-off phenomenon related to the specifics of statistical accounting for employment in the ICT sector. Nevertheless, the information and communications sector continues to post moderate growth due to increasing demand in the domestic market. Given the limited capacity of the national market, the current trends of moderate expansion in ICT services output and growth in sector employment are expected to continue.

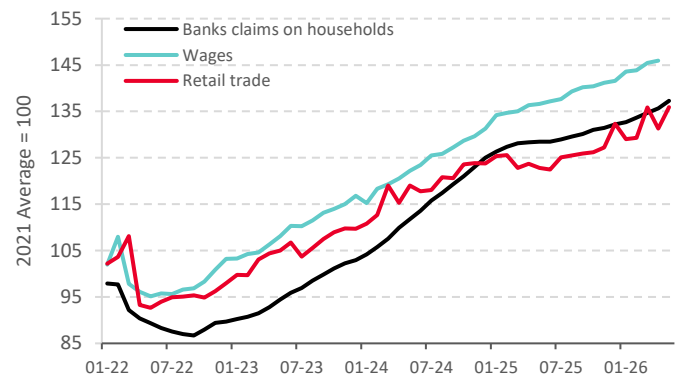
Figure 3. Output of livestock production in Belarus (in agricultural organizations; seasonally adjusted)



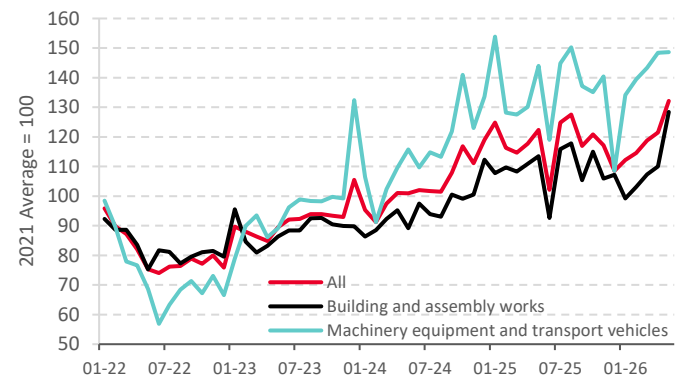
Source: calculations based on the data from Belstat.

Figure 4. Domestic demand in Belarus (all indicators are seasonally adjusted)

a) consumer demand (in real terms)



b) investments (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 are updated once new data are published.

Consumer demand increased in May amid rising lending and household incomes

Retail trade turnover was volatile during the spring months but remained on an upward trend: in May 2026, it exceeded the level of May 2025 by 10.6% YoY in real terms and was almost 36% above the average level of 2021 (Fig. 4.a).

In May and over the first five months of this year overall, non-food sales increased significantly. Their volume in May exceeded the 2021 average by more than 60% (in real terms). A substantial part of this growth was driven by increased purchases of cars. Non-restrictive household lending conditions (especially for purchases of Belarusian-made goods) and wage growth amid a tight labor market are creating conditions for further moderate consumption growth this year. Given the economy's limited resource potential, the current pace of consumption growth is not sustainable, stimulates significant goods imports, and supports high inflation in unregulated services.

Investment increased sharply in May due to a surge in construction activity

Investment in May rose by almost 9% compared to April (seasonally adjusted) and by 9.6% YoY compared to May 2025 (Fig. 4.b). Investment in machinery and equipment remained at the previous month's level in May, while construction activity increased sharply (Fig. 4.b). Value added in construction rose by ≈11% YoY in May (Fig. 1.a), contributing more than 0.7 p.p. to annual GDP growth (Fig. 2.a). The surge in construction was likely temporary, reflecting uneven commissioning of housing and other facilities. Some correction in construction can be expected in the coming months. Nevertheless, capital investment is expected to grow this year amid elevated budget expenditures, accommodative investment lending conditions, administrative investment incentives, and the need to improve labor productivity in an environment of labor shortages.

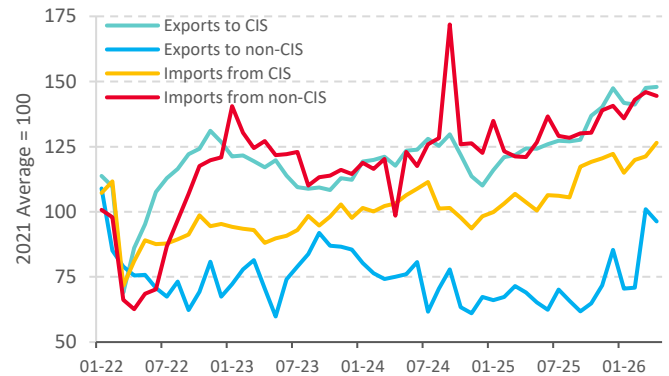
Foreign trade in goods and services remained close to balance in April 2026

A significant surplus in trade in services remained the key source of net foreign currency inflows into the country (Fig. 5.b). A positive services balance of around 4.5–5% of GDP is expected to persist in the near term amid high volumes of tolling oil processing and the recovery of the ICT sector.

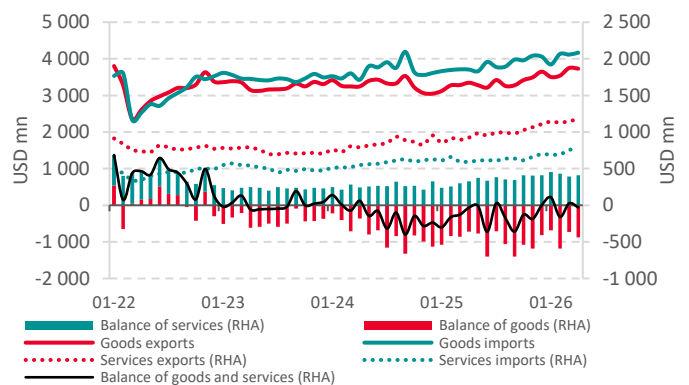
The goods trade deficit is estimated at ≈4.8% of GDP in April (Fig. 5.b). The value of exports was supported by favorable terms of trade (including due to the strengthening of the Russian ruble against the dollar and rising fertilizer prices on the global market), high physical sales volumes of fertilizers,

Figure 5. 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 are updated once new data are published.

as well as passenger cars and food products in the Russian market. A restraining effect continued to come from weaker investment demand in Russia. These trends are highly likely to continue in the coming months, and the value of goods exports will remain high. Goods imports also remained substantial in April amid strong domestic demand (Fig. 5.a).

Foreign trade in goods and services will remain close to balance in the short term

Imports of goods will continue to exceed exports by 4–5% of GDP this year amid accommodative monetary conditions and high budget expenditures. However, the surplus in trade in services will offset the deficit in the goods segment. No conditions have formed for a significant change in the Belarusian ruble's exchange rate against the currency basket.

Inflation declined noticeably in May 2026

Annual consumer price growth slowed from 5.4% YoY in April to 4.8% YoY in May, while annualized monthly inflation fell to around 2.5–3% MoM (seasonally adjusted; Fig. 6.a).

Non-core inflation fell in May after the April spike caused by the increase in utility tariffs (Fig. 6.b)

Regulated price growth slowed from more than 36% MoM in April to $\approx 5\%$ MoM in May. Fruit and vegetable prices declined by $\approx 12\%$ MoM. A strong Belarusian ruble against the US dollar limited price growth for imported fruit and vegetables, while price controls provided additional disinflationary pressure. The outlook for price dynamics in this segment depends on the current year's harvest. In the absence of major shocks, fruit and vegetable prices may remain below 2025 levels this year.

Core inflation fell below 3% MoM in May (Fig. 6.b)

Weak price dynamics persisted in the goods segment. Non-food goods prices rose by 1.9% MoM in May (Fig. 6.c), while food products (excluding fruit and vegetables, alcoholic beverages, and tobacco products) increased by $\approx 1.2\%$ MoM. A strong ruble and price controls continued to limit inflation in the goods segment. Slower inflation in tradable goods in Russia in the spring months also had disinflationary effects on price growth in Belarus.

Prices for non-regulated services continued to grow at elevated rates in May 2026

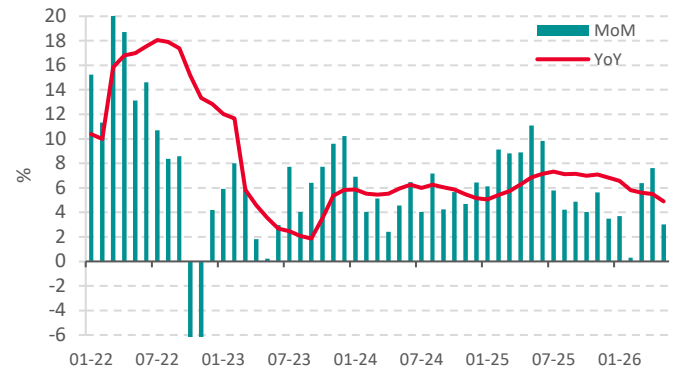
Market-based services increased by $\approx 8.6\%$ MoM in May, or $\approx 7.6\%$ MoM excluding highly volatile international rail and air tickets (Fig. 6.c). Persistently high inflation in unregulated services is driven by continued price pressure from rising labor costs, as well as demand exceeding domestic production capacity. The availability of imports, including due to the high adaptability of private businesses, acts as a disinflationary factor in this environment.

In June–July, inflation may slow to 4.5% YoY or lower, but will later increase toward 5–6% YoY

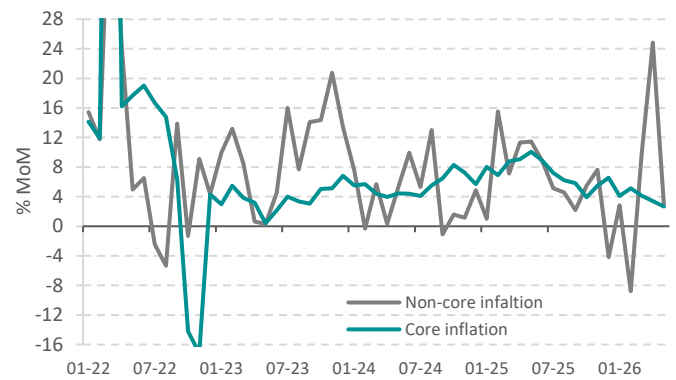
Strong domestic demand and tight labor market conditions will maintain inflationary pressure. However, strict price regulation and a strong ruble will continue to constrain consumer price growth. As a result, the inflationary overhang in the economy will remain significant (Fig. 6.d). In this context, unbalanced money supply growth, which exceeds real GDP growth by more than 13 p.p., poses risks to price stability in the medium term and limits the room for monetary policy easing.

Figure 6. Inflation dynamics in Belarus

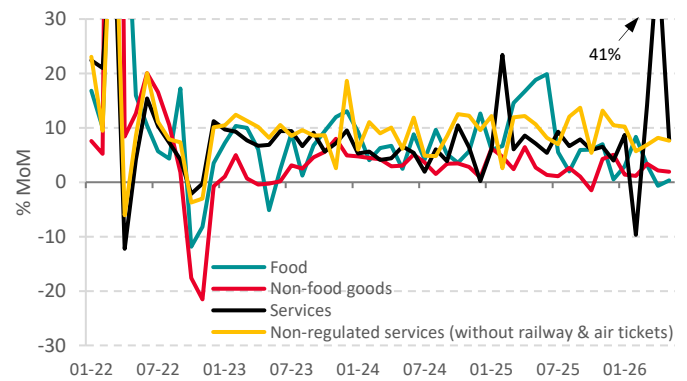
a) overall inflation (SA)



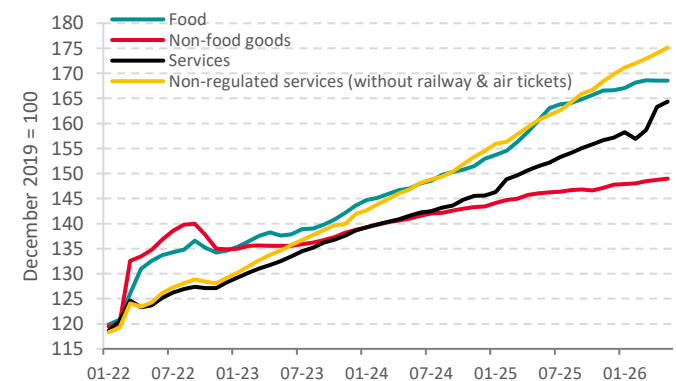
b) core and non-core inflation (SA)



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 are updated once new data are published.