Express Analysis

August 2026

Belarus's GDP growth temporarily accelerated above 5% YoY in July 2026 due to the uneven pace of harvest campaigns in the current and previous year

Over seven months, GDP increased by 2.1% YoY, while in July alone it jumped by ≈5.4% YoY **(Fig. 1.a)**. Compared to the June 2026 level, output volume rose by 1.5–1.8% (seasonally adjusted; **Fig. 1.b**). The acceleration of GDP growth in July is predominantly associated with a faster pace of grain harvesting in the current year compared to the previous one. Grain crop yields are coming in below last year's, which will lead to a slowdown in agricultural output growth as harvested sown areas equalize.

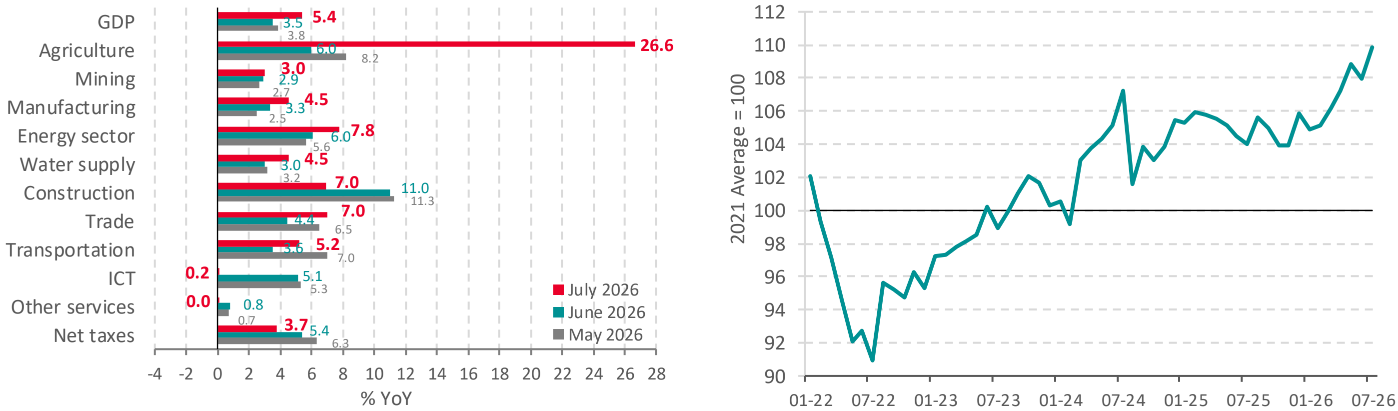
Excluding the direct contribution of agriculture, GDP would have grown by 3.1% YoY in July, which is close to the June pace **(Fig. 2.c)**. Nevertheless, growth of close to 3% YoY is high, exceeding the sustainable pace for Belarus. It is being achieved through stimulative fiscal policy, the expansion of lending under special programs, and the continued influence of favorable conjunctural factors for industry. The effects of stimulative economic policy are manifesting in strengthening consumer demand and growth in investment financed from the budget and preferential loans.

A correction in agricultural output will lead to a substantial slowdown in annual GDP growth in August, with accumulated growth for eight months expected at around 2–2.3% YoY. If the Russian economy avoids a contraction, Belarus's GDP will maintain a growth rate of around 2–2.5% YoY for 2026 as a whole. Inflation will remain below 5% YoY in Q3-2026, but will recover into the 5–6% YoY range by the end of the current year as the accumulated inflationary overhang partially materializes in prices and overheated domestic demand and labor market pressures build. The uncertainty in the assessment of the price reaction to the easing of price controls creates significant risks of deviation from the baseline forecast in both directions.

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.

Value added in agriculture rose by ≈26.6% YoY in July (Fig. 1.a), contributing ≈2.3 p.p. to annual GDP growth (Fig. 2.a)

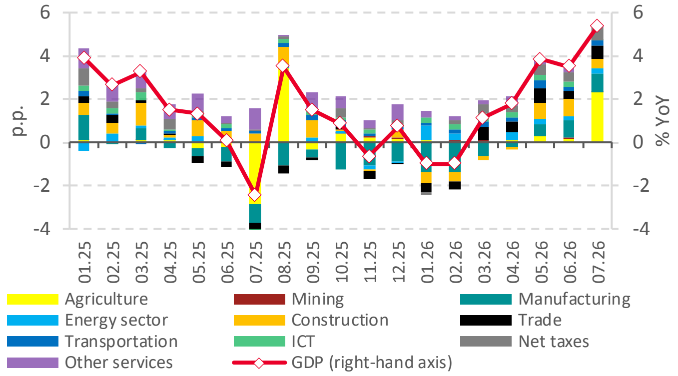
The significant growth in agricultural output is associated with a faster pace of grain harvesting compared to 2025: as of August 1, 2026, grain had been harvested from 38.2% of areas, while a year earlier – from 22.3%. As a result, the gross grain harvest as of August 1 increased by 55.3% YoY. At the same time, grain crop yields in the current year are coming in above the average of recent years, but noticeably below last year's (**Fig. 3.d**). With comparable sown areas, this indicates that annual agricultural output growth will decline as harvested areas equalize. In August alone, agriculture will make a negative contribution to annual GDP growth.

Industrial value added gained ≈4.9% YoY in July, including ≈4.5% YoY in manufacturing (Fig. 1.a)

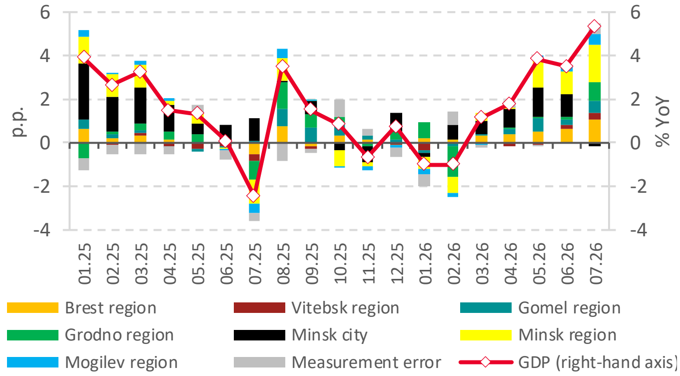
Seasonally adjusted industrial output in July rose by ≈1% relative to the June level and was close to the mid-2024 peaks (**Fig. 3.a**). Manufacturing output increased substantially in the Vitebsk and Gomel regions (**Fig. 3.c**). This points to growth in petroleum product output against the backdrop of declining fuel production in Russia. A rise in petrochemical sector output is also likely, while potash production remained close to the levels reached (near peak). The food processing (+4.3% YoY for January–July) and pharmaceutical complexes (+7.5% YoY) maintained a positive growth trajectory amid strong consumer demand and the development of import-substituting production. Regional statistics also point to an increase in passenger car output against the backdrop of strengthening demand for them in the Belarusian and Russian markets. In other civilian machinery sectors, production dynamics remained subdued due to resource constraints and weakened investment demand in Russia. Light industry output remained below the 2025 level (-7.8% YoY for January–July). Inventories in July remained high, close to the April–June 2026 levels (**Fig. 3.b**). Combined with the decreased ratio of exports of goods to output, this indicates that demand for Belarusian products in foreign markets remained subdued overall.

Figure 2. Dynamics of GDP in Belarus

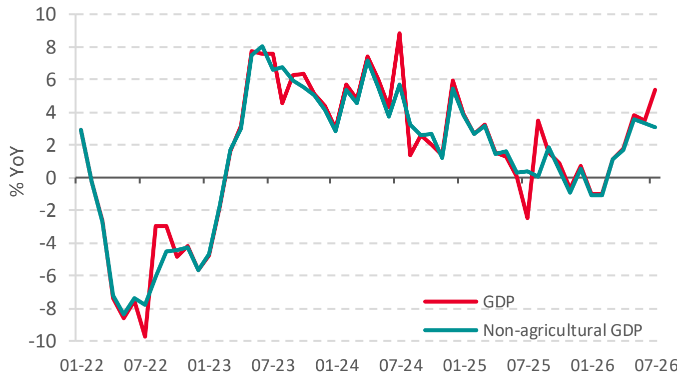
a) sectoral structure of YoY GDP growth



b) regional structure of YoY GDP growth



c) YoY GDP growth



Source: calculations based on the data from Belstat.
Note: the dynamics are updated once new data are published.

In August–September, industrial output will be volatile, but for the year as a whole moderate growth of close to 2% YoY can be expected

The likely unevenness of petroleum product output will cause production volatility. The authorities' stimulation of domestic demand will continue to support output. A restraining influence will persist from weakened investment demand in Russia and domestic resource constraints, primarily the labor shortage.

Value added in the transport sector grew by ≈5.2% YoY in July (Fig. 1.a), adding nearly 0.3 p.p. to annual GDP growth (Fig. 2.a)

Growth in transport was driven by an increase in passenger turnover of 8.2% YoY in July due to route lengthening. The number of passengers carried declined by 1.7% YoY in July. Freight turnover remained in a stagnation trend (**Fig. 3.a**).

ICT sector output dynamics slowed substantially in July, likely temporarily

The value added of the information and communications sector increased by ≈0.2% YoY in July after growth of ≈5.1% YoY in June (**Fig. 1.a**). It is quite possible that such a sharp slowdown is a "statistical anomaly" and will subsequently smooth out following Belstat's revision of the GDP estimate in late September. The dynamics of services exports and the state of the domestic foreign exchange market point rather to the continuation of the moderate ICT sector recovery trajectory.

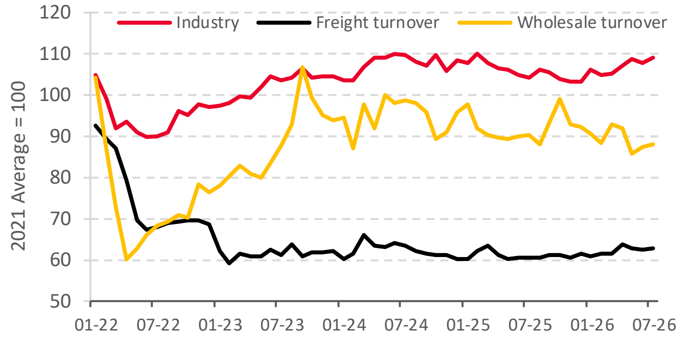
The growth rate of trade value added accelerated to ≈7% YoY in July thanks to strengthening consumer demand (Fig. 1.a)

Retail trade turnover gained more than 4% in July relative to the June level (in real terms, seasonally adjusted; **Fig. 4.a**). Consumer activity strengthened due to increased household lending and high real wage growth (**Fig. 4.a**). At the same time, the increase in retail sales in the current year is predominantly associated with strong growth in automobile purchases. The market is likely adapting to regulatory changes, while preferential lending conditions under special programs (including for the purchase of domestically produced goods) are supporting high demand. The expansion of these programs and the easing of debt burden requirements for individuals will continue to stimulate consumer demand, the growth of which exceeds the capacity of domestic production and is accompanied by an increase in goods imports (**Fig. 4.c**).

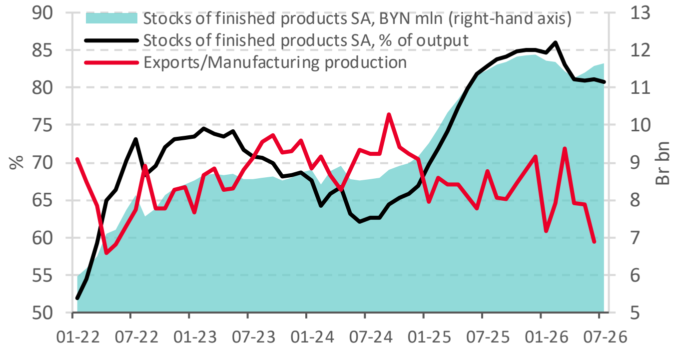
Wholesale trade turnover maintained subdued dynamics in July (**Fig. 3.a**). This points to modest growth in physical export volumes of goods, including petroleum products not produced from tolling feedstock.

Figure 3. Producer activity in Belarus

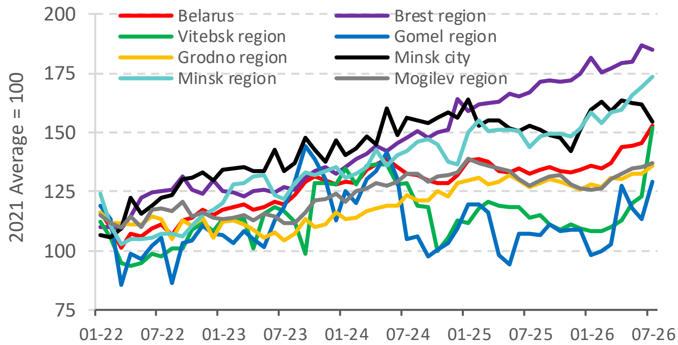
a) real output in industry, real wholesale trade, freight turnover (seasonally adjusted)



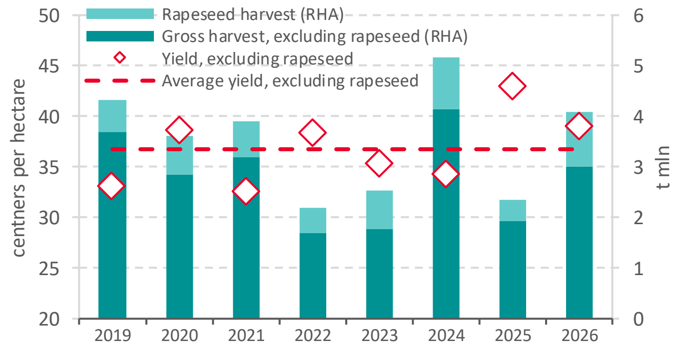
b) industrial stocks, the ratio of goods exports to output



c) nominal output of the manufacturing industry (seasonally adjusted)



d) grain harvest as of August 1 (in agricultural organizations)



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.

Investment increased in July due to growth in construction activity

Construction value added gained ≈7% YoY in July **(Fig. 1.a)**, contributing ≈0.4 p.p. to annual GDP growth **(Fig. 2.a)**. In turn, investment in machinery, equipment, and vehicles declined by 3.2% YoY in July. Overall, the volume of investment remained volatile, but its dynamics stayed on a growth trajectory **(Fig. 4.b)**. It should be noted that investment growth in the current year is almost entirely provided by budget and preferential credit financing. The authorities are stimulating investment demand to achieve the target GDP growth of 2.8% for 2026 as a whole. However, in the long term, the crowding out of private investment by public investment may limit the potential for economic growth.

Foreign trade in goods and services is estimated at a deficit of around 0.5–1% of GDP in Q2-2026 (seasonally adjusted)

The emergence of a deficit following the balanced Q1-2026 is associated with import growth outpacing goods export growth **(Fig. 4.d)**. Imports remained elevated amid overheated domestic demand, while exports were negatively affected by the decline in investment in Russia. At the same time, the action of a number of idiosyncratic factors limited the increase in the external trade deficit. These are primarily the improvement in price terms of trade and the expansion of tolling oil processing services. The latter contributed to maintaining a significant services trade surplus in Q2-2026 **(Fig. 4.d)**.

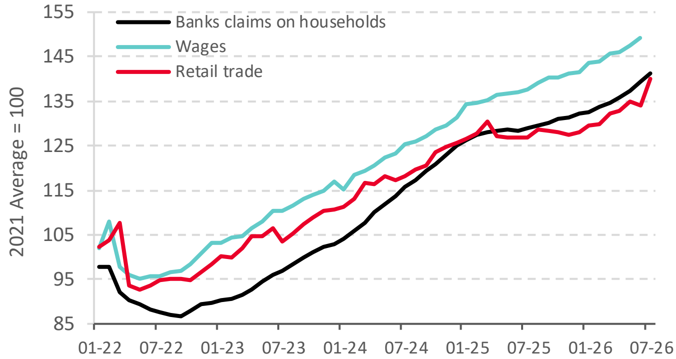
Overall, the imbalance in the country's external trade position remained small, and the Belarusian ruble exchange rate stayed close to its equilibrium level in basket-of-currencies terms. However, the substantial positive effects of conjunctural factors call for a conservative approach to economic policy, as their fading would lead to an increase in the external trade imbalance.

Inflation accelerated in July 2026

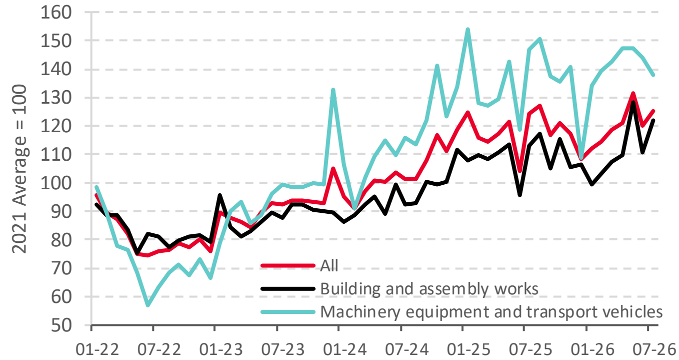
Annual consumer price growth rose from 4.3% YoY in June to 4.4% YoY in July, while annualized monthly inflation increased to 6% MoM (seasonally adjusted; **Fig. 5.a**).

Figure 4. Domestic demand and foreign trade
(all indicators are seasonally adjusted)

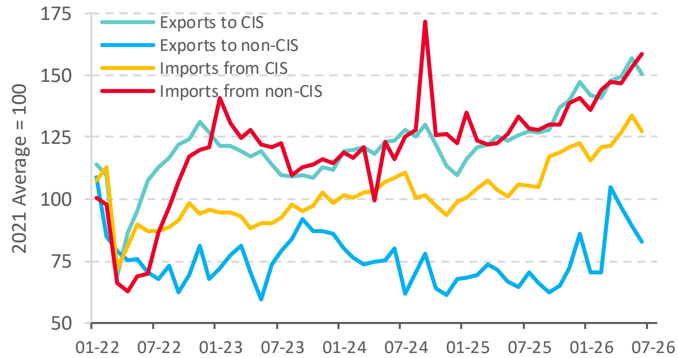
a) consumer demand (in real terms)



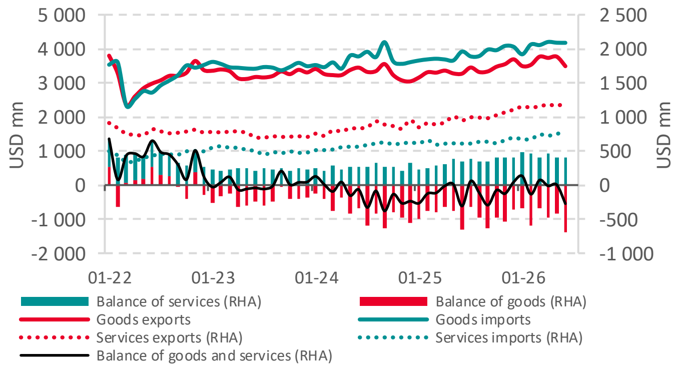
b) investments (in real terms)



c) goods exports and imports (value volumes)



d) foreign trade in goods and services



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.

Non-core inflation is estimated at close to 4.4% MoM in July 2026 (Fig. 5.b)

Administratively regulated prices maintained a subdued growth pace of around 5% MoM. Fruit and vegetable prices showed near-zero monthly dynamics. The baseline forecast assumes that fruit and vegetable prices in the current year will remain below 2025 levels.

Core inflation rose from ≈2.5% in June to ≈7.7% MoM in July 2026 (Fig. 5.b)

The key factor behind the acceleration of core inflation was the easing of price controls – the removal of virtually all non-food goods from regulation. As a result, the price growth rate for the latter rose from ≈2.4% MoM on average in January–June to ≈9.3% MoM in July (**Fig. 5.c**). Taking into account the significant accumulated gap in the dynamics of price indices for non-food goods and non-regulated services (**Fig. 5.d**), the response to the easing of regulation can be assessed as moderate. This speaks in favor of the hypothesis of increased competition due to the development of marketplaces, though one observation is insufficient to confirm it.

Food prices (excluding fruit and vegetables, alcoholic beverages, and tobacco products) maintained a low growth pace – ≈1.9% MoM in July. In this consumer basket segment, price controls remained almost all-encompassing.

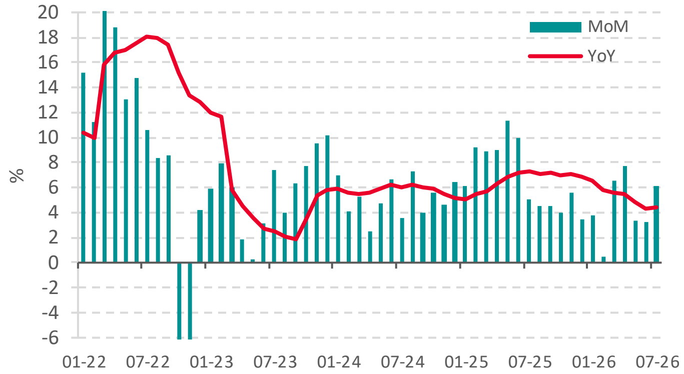
Non-regulated services price growth rates remained high – ≈12.6% MoM in July, or around 10.3% MoM excluding highly volatile international rail and air tickets (**Fig. 5.c**). Price pressure in this segment continued to stem from overheated domestic demand and significantly increased labor costs.

Annual inflation will remain below 5% YoY in August–September and is expected in the range of 5–6% YoY by the end of the current year

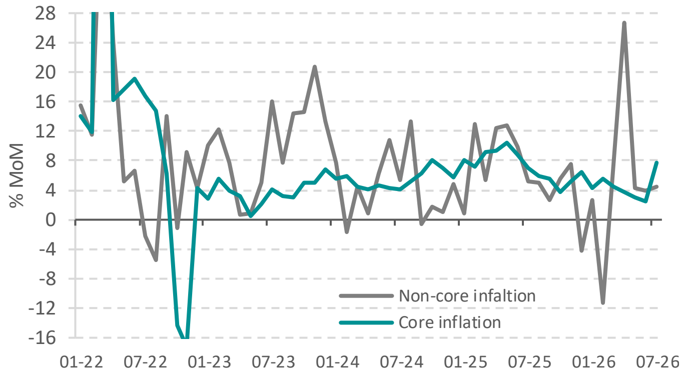
The partial release of the accumulated inflationary overhang will lead to a moderate increase in inflation by year-end. Pro-inflationary effects will persist from domestic demand and the labor market. Risks to the baseline forecast remain elevated, primarily due to uncertainty surrounding the estimate of the inflationary overhang and the threat of inflation acceleration in Russia.

Figure 5. Inflation dynamics in Belarus

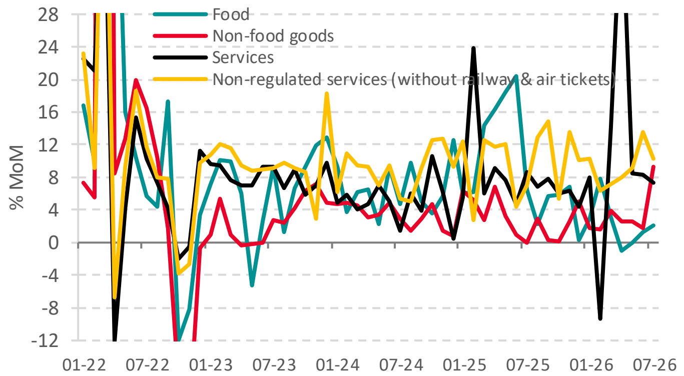
a) overall inflation (SA)



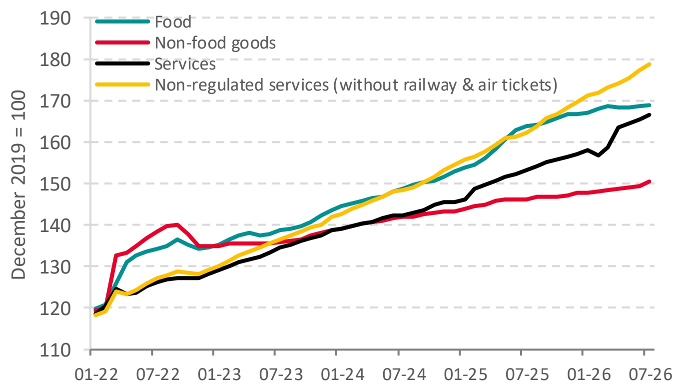
b) core and non-core inflation (SA)



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 are updated once new data are published.