

Express Analysis

October 2026

Belarusian economic growth slowed in Q3-2026

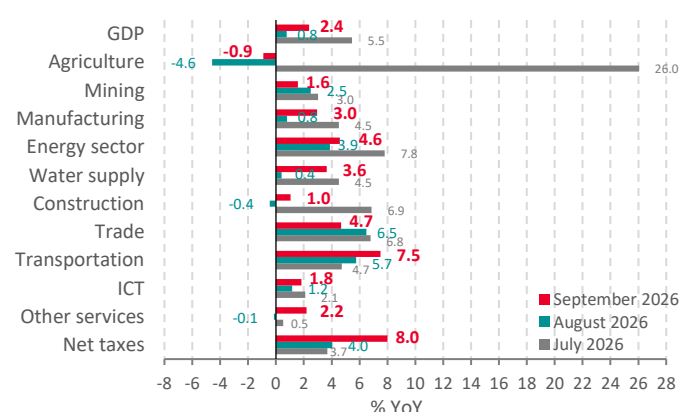
Over nine months, GDP increased by 2% YoY, and in September alone by 2.4% YoY (Fig. 1.a). The increase in annual growth compared to the previous month was statistical in nature: the decline in GDP in September 2025 dropped out of the calculation of the indicator (Fig. 1.b). Looking at current output dynamics, a weakening from the July peak is noticeable: seasonally adjusted GDP volume declined in August and September 2026 (Fig. 1.b). The decline in investment demand had a negative effect on output in early autumn, while it was supported by strengthening consumer activity, the “normalization” of agricultural output dynamics and, likely, the fulfillment of a number of large orders in industry (Fig. 2.a).

Overall in Q3-2026, Belarus’s GDP increased by 2.9% relative to its level a year earlier and by approximately 0.3% relative to the previous quarter after seasonal adjustment (Fig. 2.d). Quarterly output growth slowed substantially amid reduced investment activity and subdued export dynamics, which manifested in weaker construction, manufacturing, and the ICT sector (Fig. 2.c). Subdued demand prospects in the Russian market and the reached limit of extensive capacity utilization remained the key constraints on output growth. Under such conditions, fiscal and monetary stimulus translated into strengthening consumer demand, sustaining its overheating and the high volume of goods imports.

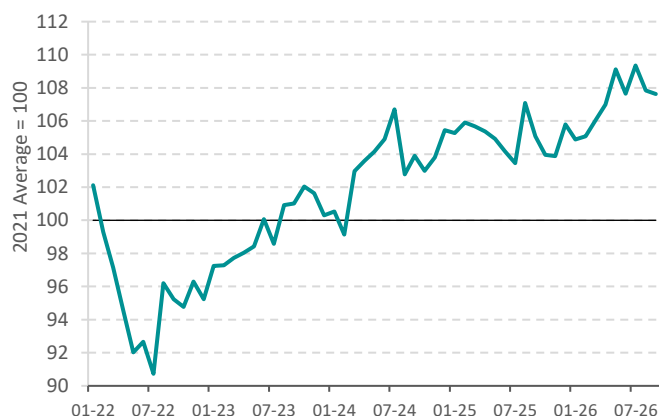
Since GDP and investment dynamics are coming in below the trajectory of reaching the government’s planned targets for the year, an increase in budget and/or quasi-budget financing of the public sector in Q4 can be expected, as well as a reduction in lending rates. If domestic stimulation, against the backdrop of the expected weak demand dynamics in Russia, allows output not to fall below the Q3-2026 level, then Belarus’s GDP growth will come in at the middle of the 2–2.5% YoY range in 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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Value added in agriculture declined by $\approx 0.9\%$ YoY in September (Fig. 1.a)

Agriculture dynamics "normalized" after the summer volatility caused by the uneven pace of the 2025 and 2026 harvest campaigns. The gross harvest in the current year came in close to last year's level: the decline in grain yield was offset by an increase in the rapeseed harvest (Fig. 3.d). Potato and vegetable yields in the current year are coming in above both last year's and the average since 2019. Considering growth in livestock output, agricultural results, all else equal, do not create risks to food price growth.

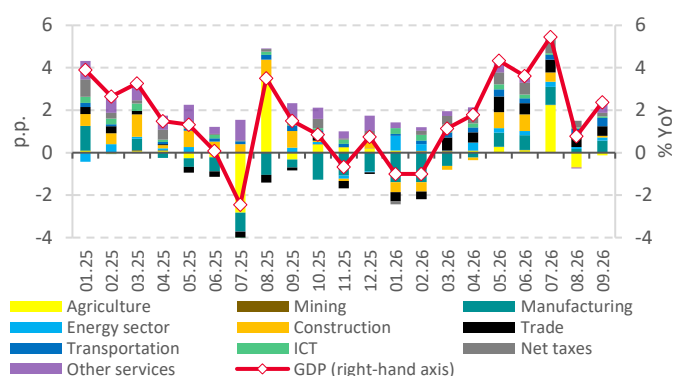
Industrial value added growth rose from $\approx 1.1\%$ YoY in August to $\approx 3.1\%$ YoY in September

Seasonally adjusted industrial output grew by $\approx 1.5\%$ in September relative to August 2026. This largely, but not fully, offset the August decline in production (Fig. 3.a). Manufacturing output in Minsk rose sharply in September after a decline in July–August, which may be explained by the fulfillment of large orders in machinery (Fig. 3.c). High output growth rates persisted in the food processing industry (+4.3% YoY for January–September 2026) and pharmaceuticals (+8.2% YoY) amid strong consumer demand in domestic and external markets and the development of import-substituting production.

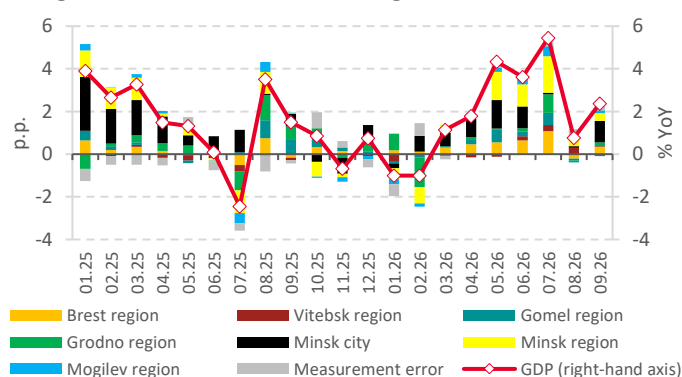
Light industry continued to show weak results – minus 7.6% YoY for January–September. Manufacturing dynamics in the Minsk region weakened in recent months (Fig. 3.c). It can be assumed that passenger car output has reached its peak and its expansion is constrained by resource limitations. It also cannot be ruled out that the redirection of Russian export goods (primarily grain) from Black Sea ports to Baltic Sea ports and the corresponding increase in railway utilization limited the capacity to transport Belarusian potash. The decline in output in September was recorded in the Vitebsk region, which points to a reduction in oil refining volumes amid scheduled repair work at Naftan. After its completion, a recovery in petroleum product output can be expected in November–December. Overall for the year, the physical volume of their exports may exceed last year's level by more than 30% and come in at ≈ 8.5 mln t, which is close to the annual peaks since 2019. Around 4 mln t of exports will go to Russia, primarily under tolling mechanisms.

Figure 2. Dynamics of GDP in Belarus

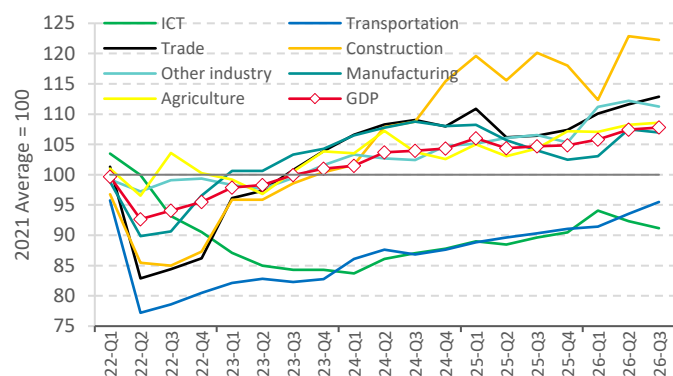
a) sectoral structure of YoY GDP growth



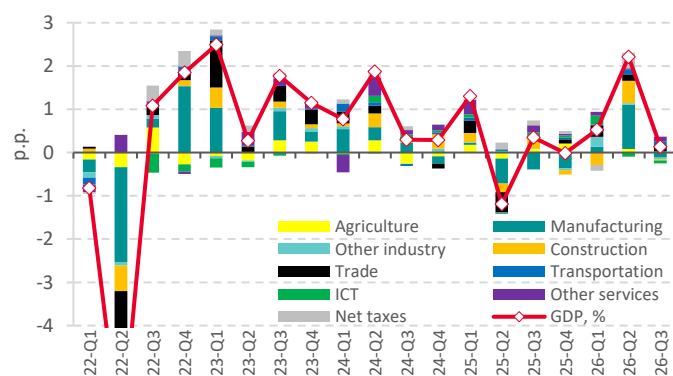
b) regional structure of YoY GDP growth



c) GDP and value added by sector (seasonally adjusted; at constant prices)



d) sectoral structure of quarterly GDP growth (quarter to the previous quarter; seasonally adjusted)



Source: calculations based on the data from Belstat.

Note: the dynamics are updated once new data are published. The energy sector includes the water supply.

Industrial value added in Q3-2026 as a whole grew by $\approx 3\%$ YoY, including $\approx 2.8\%$ YoY in manufacturing sectors

The annual growth was a result of the recovery in output in H1-2026, while Q3 dynamics were weak (Fig. 2.c). Relative to the Q2-2026 level, industrial value added declined by 0.5% (seasonally adjusted). Manufacturing sectors showed the same quarterly decline (Fig. 2.c). The deceleration in industry was the main reason for the significant slowdown in GDP in Q3: the sector's contribution to a quarterly GDP growth is estimated at -0.15 p.p., after around +1.1 p.p. in Q2 (Fig. 2.d). The key constraints on output expansion remained weakened investment demand in Russia and the reached limits of extensive capacity utilization amid a labor shortage and insufficient investment efficiency. Inventories, which reached a record level at the start of the current year, may also have limited production growth. Inventories decreased by approximately 2 p.p. relative to output over Q3-2026, but remained elevated – around 79% of average monthly output in September against an average of around 68% over the last ten years (Fig. 3.b).

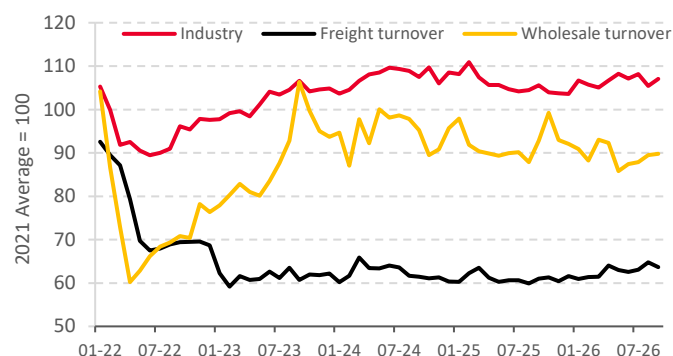
In Q4-2026, a strengthening of fiscal and monetary stimulus can be expected to bring GDP and investment growth closer to planned targets, which will provide limited support to industry. With external demand remaining subdued, industrial output growth is forecast within 2% YoY in 2026.

Value added in the transport sector grew by $\approx 7.5\%$ YoY in September (Fig. 1.a) and by $\approx 5.9\%$ YoY for Q3-2026 (Fig. 2.c)

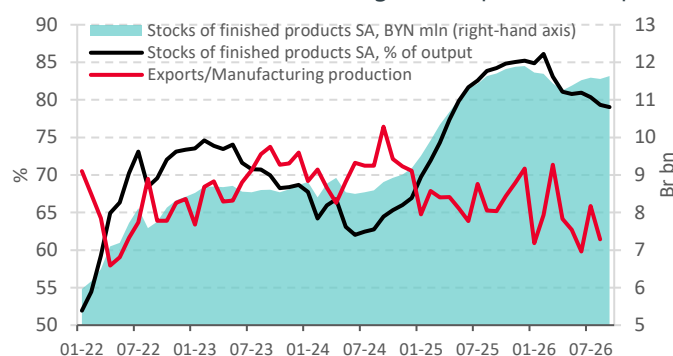
The passenger segment of transportation retained its status as the growth driver in transport. The reformatting of routes due to Western sanctions pressure led to an increase in the average trip distance and passenger turnover (by 7% YoY in September and by 7.6% YoY over nine months), while the number of passengers carried declined (by 2.9% and 0.4% YoY, respectively). Freight turnover showed slight growth in Q3-2026, but against the scale of the 2022–2023 decline this growth was very modest: the lag behind the average 2021 level was around 36% in September 2026 (Fig. 3.a).

Figure 3. Producer activity in Belarus

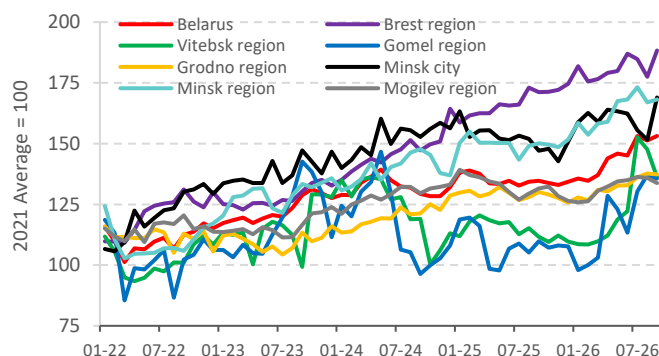
a) real output in industry, real wholesale trade, freight turnover (seasonally adjusted)



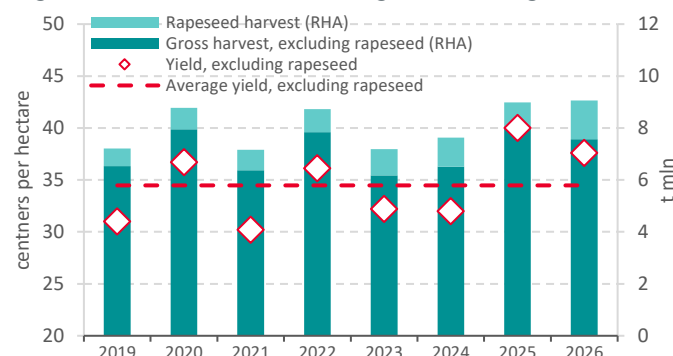
b) industrial stocks, the ratio of goods exports to output



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



d) grain harvest, October 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.

ICT sector growth slowed in Q3-2026

After growth of 4.5% YoY in Q2-2026, the value added of the information and communications sector increased by $\approx 1.8\%$ YoY in September and by $\approx 1.4\%$ YoY for Q3-2026 as a whole (Fig. 1.a). At the same time, the quarterly dynamics of seasonally adjusted output turned out negative – minus $\approx 1.3\%$ in Q3 relative to Q2-2026 (Fig. 2.c). It is possible that, due to the limited capacity of the domestic market and high competition from Russian firms in the EAEU market, the recovery of the ICT sector is running into demand-side constraints. At the same time, the growth potential of the information and communications sector remains large: its value added in Q3-2026 was 9% below the average 2021 level and 12% below the Q4-2021 peak (Fig. 2.c). If the current sanctions regime persists, closing this gap may take several years.

Trade continued to support GDP growth in Q3-2026, mainly due to the expansion of consumer demand

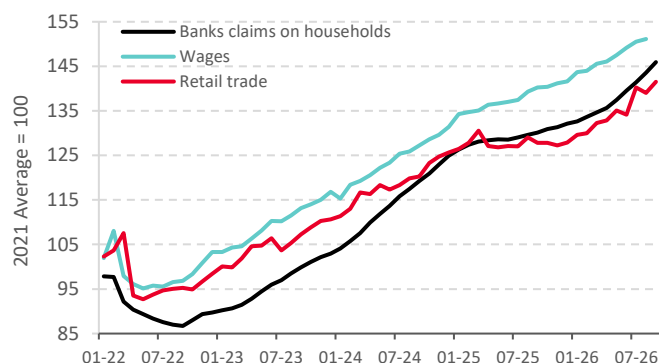
The value added of the sector grew by $\approx 6\%$ YoY in Q3-2026 (Fig. 2.c), including $\approx 4.7\%$ YoY in September (Fig. 1.a). Relative to the Q2-2026 level, trade gained more than 1% (seasonally adjusted). The retail segment remained the growth driver, while wholesale trade declined somewhat on average in Q3 (Fig. 3.a) amid weak export dynamics (Fig. 4.d).

Retail sales increased by $\approx 1.8\%$ in September relative to the August level (in real terms, seasonally adjusted; Fig. 4.a). Overall in Q3-2026, household consumption grew by more than 2% relative to the previous period (preliminary estimate). Consumer activity strengthened amid the easing of household lending conditions and the persistence of high wage growth (Fig. 4.a). Household expenditures in Q3-2026 exceeded the average 2021 level by more than 40% (in real terms), while GDP exceeded it by only $\approx 7.8\%$ (Fig. 2.c). Such a significant gap in the cumulative growth of the indicators signals the persistent overheating of consumer demand, which was the result of a prolonged period of stimulative domestic economic policy.

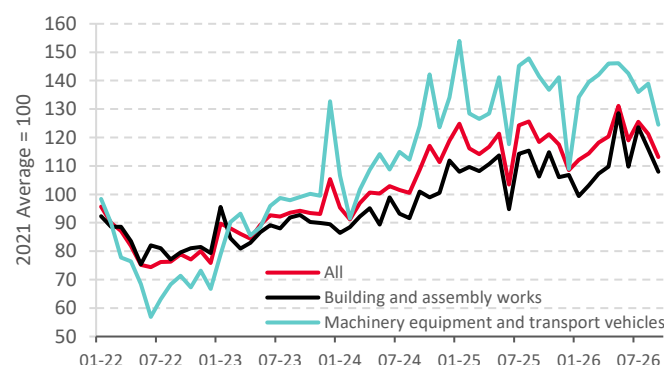
Saturation of the domestic market with imports and the high ruble savings rate of households limited the inflationary consequences of excess demand.

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

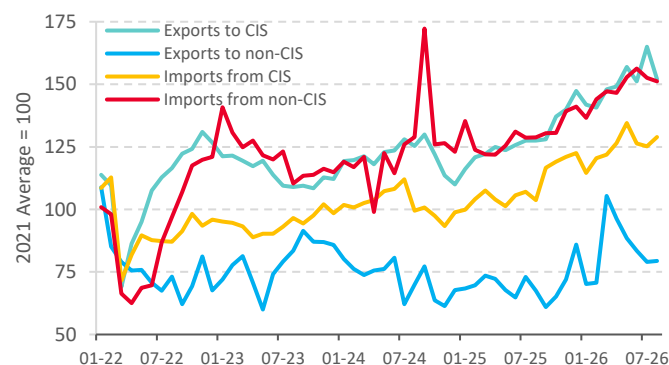
a) consumer demand (in real terms)



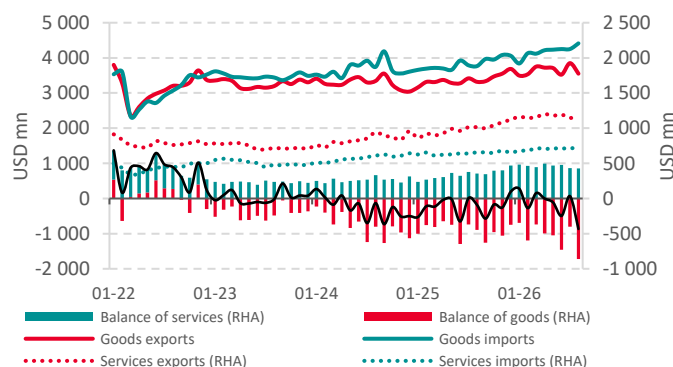
b) investments (in real terms)



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.

Significant income growth allowed households to increase both consumption and savings. Since there are no signs of tightening of monetary conditions and fiscal policy in October, continued growth in household expenditures can be expected in Q4. For 2026 as a whole, household consumption will increase by $\approx 8\%$ YoY after growth of 6% YoY in 2025.

Investment activity declined in September and in Q3-2026 as a whole

Investment contracted noticeably in August–September (Fig. 4.b), which led to its decline of almost 4% in Q3 relative to the Q2-2026 level (preliminary estimate). Both construction value added and investment in machinery, equipment, and vehicles decreased (Fig. 2.c; Fig. 4.b). Investment dynamics are traditionally characterized by high volatility, which complicates the diagnosis of their short-term fluctuations. Nevertheless, it can be noted that capital investment is moving along a “sideways” trajectory with minimal growth since the start of 2025 (Fig. 4.b). It is likely that the stimulative measures of fiscal and monetary policy are insufficient to significantly strengthen investment activity amid high uncertainty, sanctions restrictions, and subdued demand prospects in Russia, the key export market.

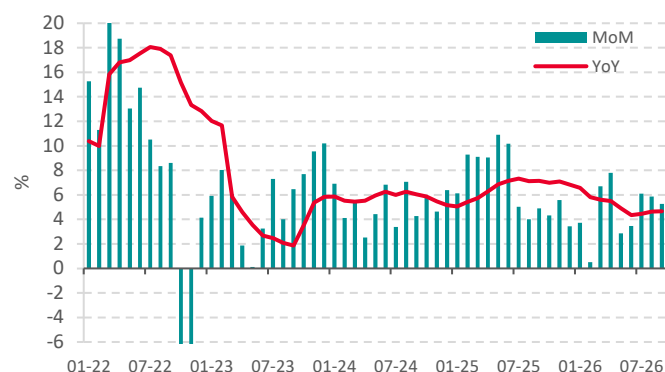
Thanks to growth in the previous quarter, the volume of investment as a whole and construction value added in particular exceeded last year’s level in Q3-2026 (Fig. 2.c). However, with the accumulated nine-month growth in fixed capital investment of 2.1% YoY, reaching its planned value of 3.1% YoY for the year requires a substantial increase in investment in Q4. In this regard, an increase in budget and/or quasi-budget financing of investment until the end of the current year can be expected, as well as a reduction by the National Bank of the estimated values of standard risk for investment loans.

Foreign trade deficit widened to $\approx 4.7\%$ of GDP in August 2026 (seasonally adjusted)

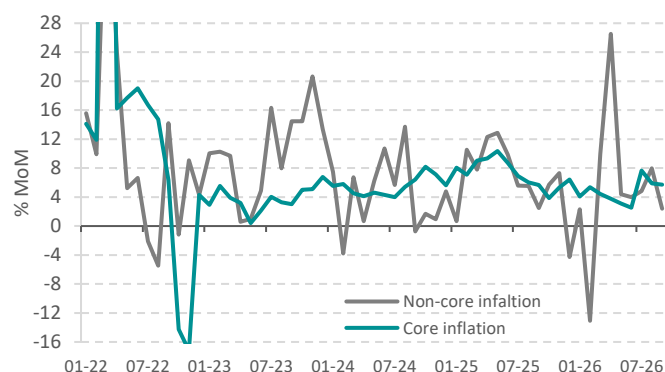
The increase in the negative balance was the result of a widening of the goods trade deficit (Fig. 4.d). Goods imports rose in August (Fig. 4.d), mainly from countries outside the CIS (Fig. 4.c). Short-term fluctuations in imports are “normal” for Belarus, but the volume of goods deliveries into the country remained overall within an upward trend amid high domestic consumer demand (Fig. 4.d).

Figure 5. Inflation dynamics in Belarus

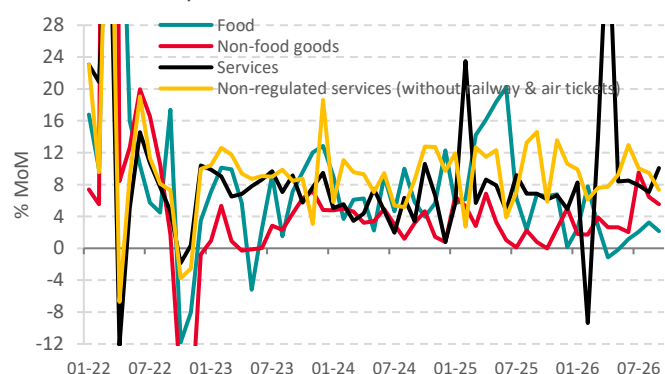
a) overall inflation (SA)



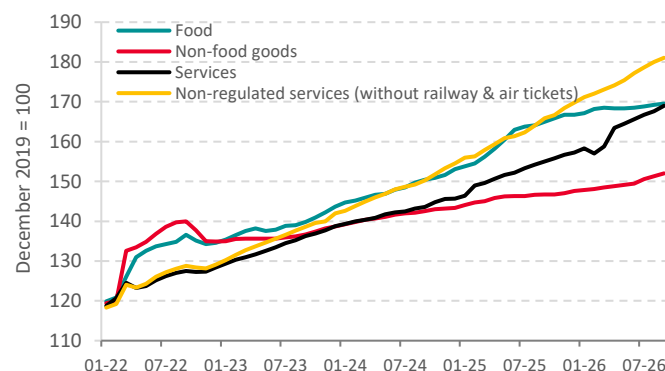
b) core and non-core inflation (SA)



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.

Goods exports declined in August after notable growth in July (Fig. 4.d). Sales to CIS countries decreased (Fig. 4.c). Deliveries of petroleum products to Russia likely declined somewhat in August. A negative impact on sales of Belarusian products from attacks on Russia's logistics and warehousing infrastructure also cannot be ruled out.

The goods deficit continued to be partially covered by the services trade surplus (Fig. 4.d). However, the positive services balance stopped increasing, which points to a likely passing of the peak in volumes of tolling Russian oil processing. The weakening of ICT sector dynamics in Q3 may also have contributed to the decline in the services surplus at the end of the summer of the current year.

For 2026 as a whole, foreign trade in goods and services will remain in deficit close to 1% of GDP

At the same time, the probability of a somewhat larger deficit – closer to 2% of GDP – has increased against the backdrop of weakening growth prospects for Russia's economy and transport and logistics complications in the neighboring country. In the short term, the external trade imbalance does not carry risks for the exchange rate, as net foreign currency purchases by firms are offset by net sales by households. At the same time, the decline in interest rates on household deposits may over time result in a decrease in the ruble savings rate, which will create moderate pressure on the ruble exchange rate. Taking into account the sufficient level of international reserve assets, sharp exchange rate fluctuations should not be expected in the absence of strong external shocks. A small, smooth weakening of the ruble against the currency basket, not exceeding 5% in 2027, appears more likely.

Inflationary pressure remained moderate in September 2026

The annual consumer price growth rate rose from 4.5% YoY in August to 4.6% YoY in September, while the annualized monthly price growth is estimated at $\approx 5.3\%$ MoM (seasonally adjusted; Fig. 5.a).

Non-core inflation declined to $\approx 2.4\%$ MoM in September 2026 (Fig. 5.b)

The decline in non-core inflation is associated with a substantial decrease in fruit and vegetable prices – by $\approx 40\%$ MoM in September.

The comparatively high harvest of vegetables and apples in the current year led to a decline in the cost of fruit and vegetables. At the same time, some corrective price increase in Q4 cannot be ruled out, including due to a widening of the price disparity with the Russian market. Nevertheless, the cost of vegetables and fruit will remain below last year's levels.

Administratively regulated prices growth accelerated to around 10% MoM in September as a result of increases in tariffs for hot water supply, communication services, and education. A slowdown in regulated price dynamics is likely in October following the implemented tariff policy measures.

Core inflation in September remained close to the August pace – $\approx 5.7\%$ MoM (Fig. 5.b)

Non-food goods prices continued to adapt to macroeconomic conditions following their removal from state regulation in July. Inflation in this segment slowed from $\approx 6.5\%$ MoM in August to $\approx 5.5\%$ MoM in September (Fig. 5.c). The pace of non-food goods price growth remained moderate: the lifting of restrictions did not lead to a significant acceleration. It can be assumed with greater confidence that the divergence in relative goods and services prices in 2023–2026 was to a significant degree structural in nature (Fig. 5.d), possibly due to changes in competition conditions in goods markets.

Food price growth (excluding fruit and vegetables, alcoholic beverages, and tobacco products) accelerated in September and exceeded 9% MoM. Against the backdrop of the Belarusian ruble's appreciation against the Russian ruble, such a high rate of price growth is difficult to reconcile with macroeconomic conditions. It is possible that producers and sellers raised prices by the rates permitted without approval from state bodies, accumulated since the start of the year but not realized in previous periods. If this hypothesis is correct, a slowdown in inflation in this segment should be expected in October.

Non-regulated services price growth rates slowed to $\approx 5.4\%$ MoM in September, or $\approx 7.3\%$ MoM excluding highly volatile international rail and air tickets (Fig. 5.c). The slowdown in market services inflation was largely driven by volatile components.

The most “weighty” and persistent item – market household services – maintained a price growth rate of around 11.5–12% MoM. Pro-inflationary pressure from significantly increased labor costs and strong consumer demand persisted.

Annual inflation is expected at around 4.6–4.9% YoY in October, and for the current year as a whole will come in close to 5% YoY in the absence of strong shocks