

Macroeconomic forecast for Belarus 2026

December 2025

The economy will return to a balanced growth trajectory in 2026–2027 after overheating in 2024–2025

GDP growth will slow from around 4% in 2023–2024 to about 1.1% in 2025 and 0.5–1.5% in 2026. The slowdown of the Russian economy and the absence of space for a significant strengthening of domestic stimuli will limit the growth of economic activity in Belarus from the demand side. The exhaustion of the potential to engage unused labor resources in production and the low return on investment will become restraining factors on the supply side. The contribution of aggregate demand and the tight labor market to price growth will decline in 2026, but this decline will be offset by the partial materialization of the inflationary overhang and increases in administered prices and tariffs. As a result, inflation will remain close to 7% YoY in 2026. The deficit of foreign trade in goods and services is projected at around 2% of GDP in 2026, corresponding to moderate Belarusian ruble depreciation of 3–7% for the year in terms of the currency basket.

Forecast risks remain high, both from domestic economic policy that is not based on rules (primarily monetary policy) and from external conditions. The exhaustion of space for large-scale fiscal stimulus in Belarus and the likelihood of weakening demand in Russia pose risks of a more pronounced decline in economic activity in Belarus. Developments in external military-political activity in the region generate both positive (including potential easing of sanctions) and negative risks for the Belarusian economy in 2026.

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

Indicator	2024	2025 ^e	2026 ^f	2027 ^f
GDP (% YoY, in real terms)	4.0	1.1	0.7	1.5
Inflation (% , December vs December of the previous year)	5.2	7.1	6.9	7.0
Interest rate on new market loans in BYN (% , annual average)	10.6	12.0	11.2	10.6
USD/BYN exchange rate (#Belarusian rubles per US dollar, annual average)	3.25	3.07	3.27	3.51
100*RUB/BYN exchange rate (#Belarusian rubles per 100 Russian rubles, annual average)	3.51	3.66	3.67	3.81
Nominal wage (Belarusian rubles, annual average)	2 289	2 691	2 995	3 369

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

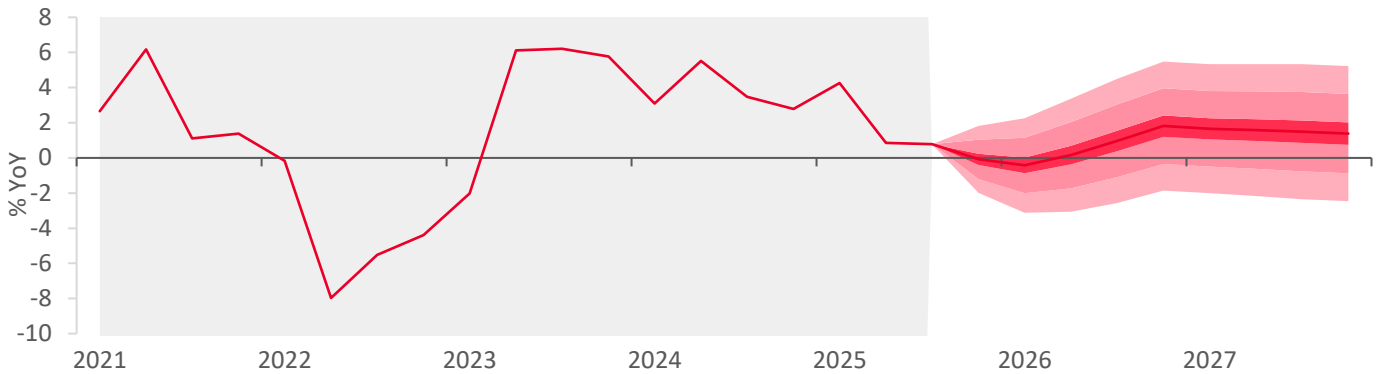
Note: ^e – estimate, ^f – forecast.

The bulletin — “Macroeconomic Forecast for Belarus” — 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. A description of the relevant forecast assumptions is in Section 6.

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1 Baseline scenario forecast: Economic activity

Figure 1. Forecast of real GDP dynamics in Belarus



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

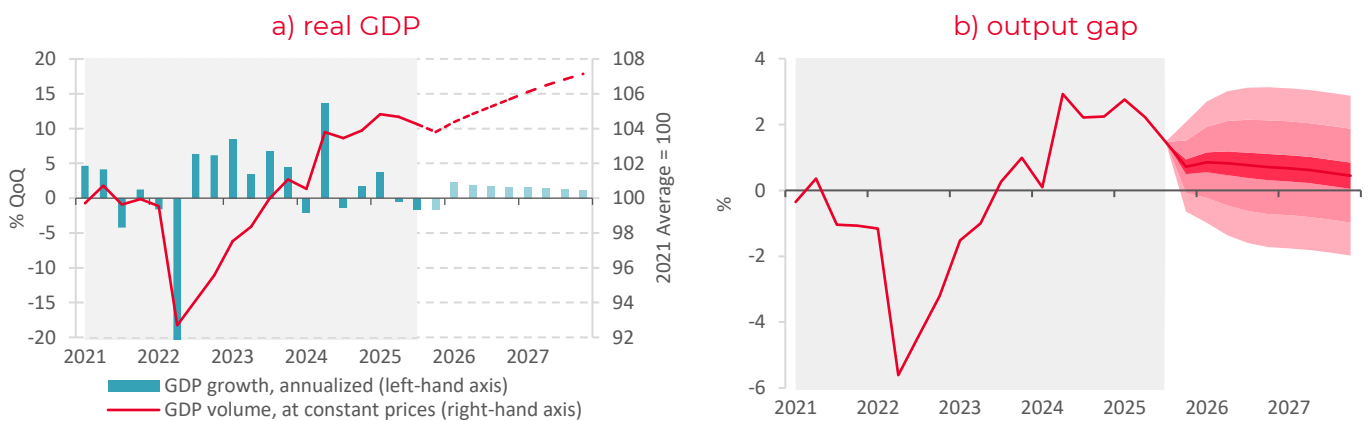
Note: YoY (year-on-year) is a growth rate in the period versus the corresponding period of the previous year. All indicators are seasonally adjusted. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

Belarus’s economy slowed in 2025, and its overheating diminished

GDP growth is estimated at around 1.1% in 2025 after 4% in 2024. In Q2–Q3-2025, annual output growth rate fell below 1% YoY, and in Q4-2025 it is estimated to be negative (Fig. 1). GDP reached a historical peak in Q1-2025, but then stagnated (Fig. 2.a). The key constraint on output dynamics was exports, which declined due to weakening demand in the Russian market. Household consumption growth slowed by about half – from 12.6% in 2024 to around 6% in 2025. This was influenced by worsening household economic sentiment and administrative restraints on retail lending. GDP growth continued to be supported by government- and National Bank–stimulated investment, which is expected to increase by more than 11% in 2025.

The weakening of domestic consumer activity and the decline in exports led to a reduction in the scale of Belarus’s economic overheating in the second half of 2025 (Fig. 2.b). Nevertheless, domestic demand remained excessive relative to productive capacity in an environment of non-restrictive economic policy. According to preliminary estimates, real GDP exceeded its balanced level by slightly less than 1% in Q4-2025 (Fig. 2.b).

Figure 2. Real GDP of Belarus and output gap



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

Note: QoQ (quarter-on-quarter) is the annualized growth rate of the quarter versus the previous quarter (seasonally adjusted). All indicators are seasonally adjusted. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

GDP growth is projected in the range of 0.5–1.5% in 2026

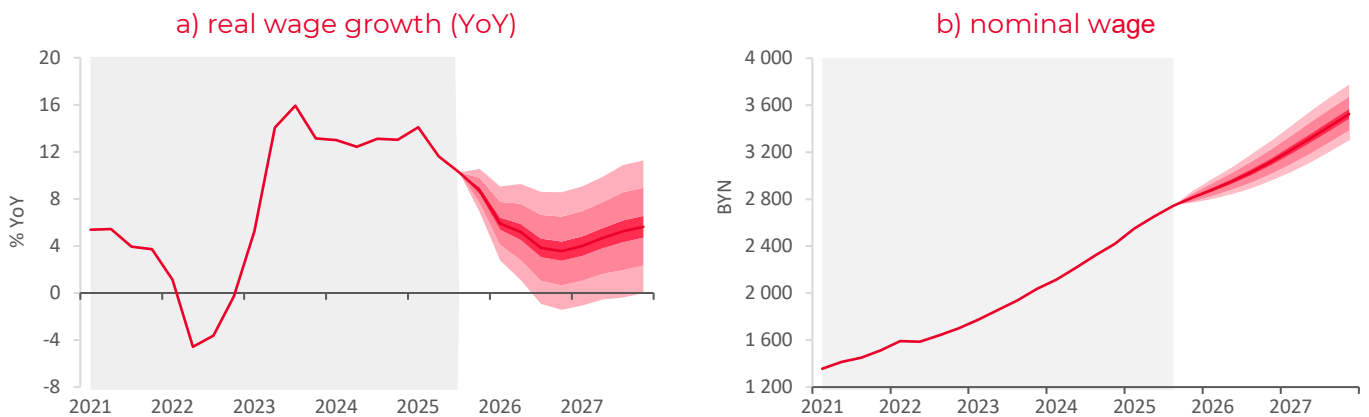
The economy enters 2026 amid constraints on both the supply and demand sides. On the supply side, output dynamics will be limited by the reached ceiling of capacity utilization: the potential to involve unused labor resources in production has been exhausted in an environment of record-low unemployment, and returns on implemented investments have declined over the past two years. The easing of US sanctions against the potash industry will increase foreign exchange earnings by \$300–500 mn due to a reduced discount to the global price, but the effect on supply volumes will be minimal due to the persistence of logistical constraints. On the demand side, GDP growth will be constrained by the expected modest growth of the Russian economy – around 1–1.5% in 2026 – and the absence of space for a significant intensification of domestic economic stimuli. The latter is due to risks of inflation rising above 7% YoY and weakened prospects for expanding government budget revenues given the already elevated expenditure level. As a result, economic policy will have an impact close to neutral or mildly stimulative on economic activity, but will be neither significantly tight nor expansionary.

In 2027, GDP growth is projected to be close to the potential rate (which is estimated at around 1.5–2% per year), based on assumptions of neutral domestic economic policy and Russian GDP growth around 1.5%. As a result, aggregate demand in the economy will gradually return to a balanced state (Fig. 2.b). If events develop according to the baseline scenario, nominal dollar GDP will reach \$100 billion in 2027.

Wages will grow in 2026–2027, but at more moderate rates compared to 2023–2025

The labor market will continue to operate under labor shortages amid unfavorable demographic trends. However, the severity of labor shortages will ease as output growth and labor demand slow. As a result, wages will remain on a growth trajectory, but the pace will slow compared to 2023–2025. After increasing by about 10% in 2025, real wages will grow by 3–6% per year in 2026–2027 (Fig. 3.a). The level of real wages will converge with its balanced trajectory in 2027 after significantly exceeding it in 2024–2025. Given the projected average annual inflation, the average nominal wage will amount to about Br2691 in 2025, Br2995 in 2026, and Br3369 in 2027 (Fig. 3.b).

Figure 3. Wage forecast for Belarus

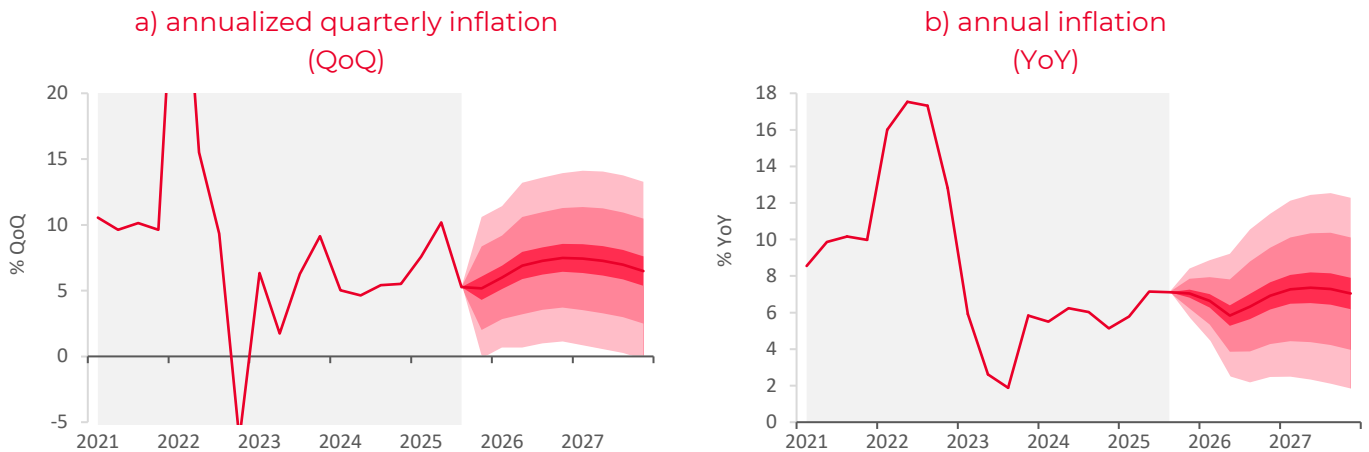


Source: calculations are based on QPM and the Belstat data.

Note: YoY (year-on-year) is a growth rate in the period versus the corresponding period of the previous year. All indicators are seasonally adjusted. The ranges in the figures correspond to the 15%, 50% and 75% confidence intervals.

2 Baseline scenario forecast: Inflation

Figure 4. Inflation forecast for Belarus



Source: calculations are based on QPM.

Note: QoQ (quarter-on-quarter) is a seasonally adjusted annualized growth rate in the period versus the previous period; YoY (year-on-year) is a growth rate in the period versus the corresponding period of the previous year. All indicators are seasonally adjusted. The ranges in the figures correspond to the 15%, 50% and 75% confidence intervals.

Inflation is forecast to be close to 7% YoY in 2026 (Fig. 4.b)

Inflation will temporarily fall to 6–6.5% YoY in the first half of 2026, since the high rates of price growth in the first half of 2025 will be excluded from the calculation of the annual index, but will recover closer to 7% YoY by the end of 2026. High domestic demand and significantly increased labor-cost expenses will maintain their pro-inflationary character next year. However, their contribution to price growth will decline due to the “cooling” of economic activity in Belarus. Some pro-inflationary effects in 2026 are expected from the exchange rate of the Belarusian ruble in connection with the projected moderate weakening of the national currency. A small disinflationary impact will come from the external sector, provided that price growth in Russia slows to 5% in 2026.

If, in an environment of weakening market inflationary pressure, price controls are eased or administered prices are increased at a rapid pace, then the reduction of the contribution of market factors will be offset by a partial realization of the accumulated inflationary overhang. In the baseline scenario, non-core inflation (administered prices and prices for fruit and vegetable products) is assumed at 8% YoY in 2026.

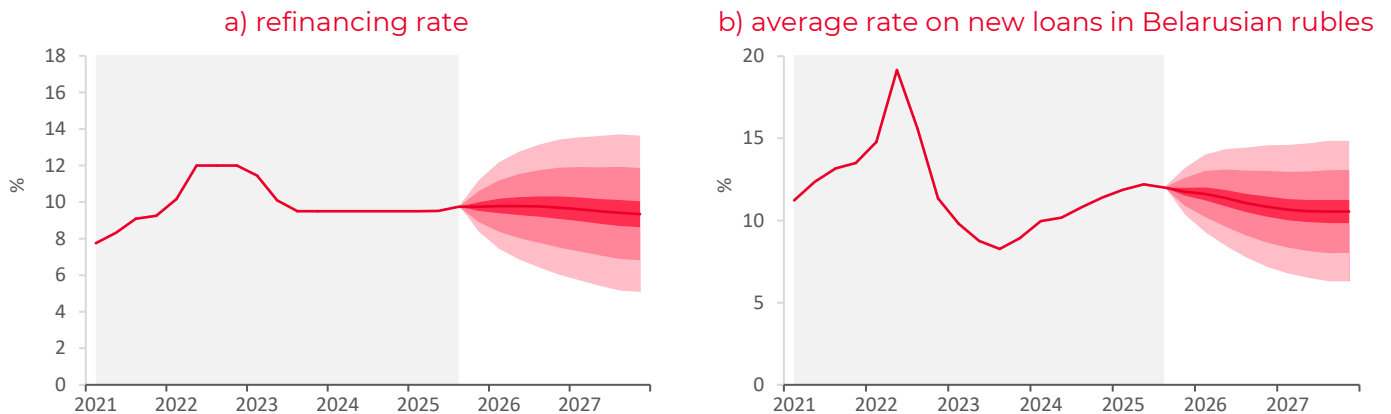
In 2027 inflation will remain close to 7% YoY (Fig. 4.b), but quarterly price growth rates will approach a trajectory of 6% QoQ by the end of 2027 (Fig. 4.a)

Price pressures will weaken noticeably as aggregate demand adjusts back to a balanced state and as inflation in Russia slows toward Bank of Russia target of 4%. The impact of the Belarusian ruble exchange rate on domestic price growth will shift toward neutral as the national currency moves along a near-equilibrium trajectory.

Inflation will, however, remain above the medium-term benchmark of 5% due to the realization of the inflationary overhang accumulated in previous years, as well as the expected elevated growth rates of administratively regulated prices and tariffs aimed at reducing the scale of cross-subsidization in the economy.

3 Baseline scenario forecast: Interest rates

Figure 5. Forecast of nominal interest rates in Belarus



Source: calculations are based on QPM.

Note: the ranges in the figures correspond to the 15%, 50% and 75% confidence intervals.

Monetary conditions will not be restrictive for economic activity and inflation in 2026, primarily due to interest rates

The refinancing rate is projected to remain close to its current level of 9.75% in 2026 (Fig. 5.a). The expected execution of the consolidated budget with a small deficit and the likely continuation of quasi-fiscal operations will support excess liquidity in the banking system. The subordinated position of the National Bank relative to the executive branch will prevent a meaningful increase in the overnight deposit rate (from a level of 4%), which is used in non-market lending mechanisms. Under these conditions, the interbank rate (IBL) will remain below the refinancing rate and is expected to average around 5–7% in 2026. With inflation projected at about 7% YoY, the IBL rate will remain negative in real terms – well below its neutral level. This will encourage commercial banks to maintain the availability of credit for businesses and households while restraining growth in the yields of ruble deposits, primarily for legal entities.

The average lending rate is expected to remain near 11–12% in 2026 (Fig. 5.b), while the rate on new term deposits will be around 7–8%

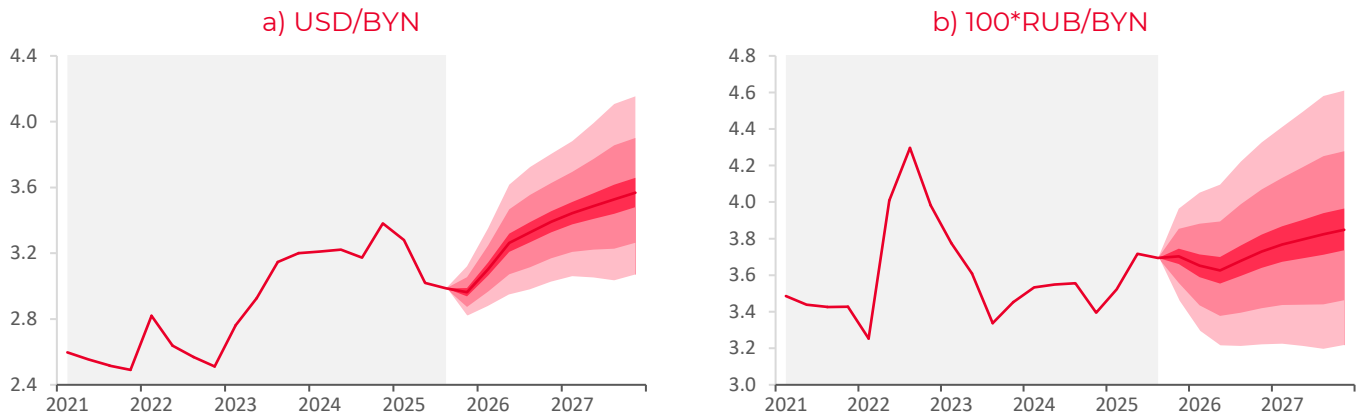
In real terms, the lending rate is expected to be close to its neutral level, whereas deposit rates will remain below their equilibrium trajectory. As a result, the overall impact of interest rates on economic activity in 2026 is expected to be mildly stimulative. However, the expansion of bank lending will be constrained by the National Bank’s directive restrictions on retail credit growth, as well as by weakened prospects and heightened uncertainty regarding demand in both Russia and Belarus.

The projected slowdown in inflation will create conditions for a decline in ruble market lending rates into the 10–11% in 2027

The expected reduction of the key policy rate in Russia to the 7–9% range by the end of 2027 will also contribute to lower lending rates in Belarus. However, there is no room for further declines in the interbank rate or in ruble deposit rates, as these indicators are already far below neutral levels due to the National Bank’s unconventional monetary policy.

4 Baseline scenario forecast: the Belarusian ruble exchange rate

Figure 6. Forecast of nominal exchange rates of the Belarusian ruble



Source: calculations are based on QPM.

Note: the ranges in the figures correspond to the 15%, 50% and 75% confidence intervals.

The trade deficit in goods and services is projected to be around 2% of GDP in 2026

Export dynamics are projected to be subdued due to weak growth of the Russian economy, the absence of significant support from the price factor over the forecast horizon, and resource constraints in Belarusian industry. Imports will remain high, as domestic economic policy will not become tight. However, because excess demand will gradually decline in an environment lacking fiscal and monetary space for substantial stimulus, no significant increase in imports is expected. As a result, the trade deficit in 2026 will remain near 2% of GDP and will decline toward the “normal” near-zero level for Belarus in 2027.

The expected scale of the external trade imbalance is not critical and can be financed without significant pressure on the Belarusian ruble

Given higher inflation in Belarus compared to Russia, the Belarusian ruble will weaken by 3–7% in 2026 in terms of the basket of foreign currencies. In real effective terms, the exchange rate of the national currency is projected to follow a trajectory close to equilibrium.

With the USD/RUB rate moving toward 85–90 Russian rubles per dollar, the USD/BYN rate will amount to 3.3–3.5 by the end of 2026 (Fig. 6.a). The RUB/BYN rate in this case is projected near 3.6–3.8 Belarusian rubles per 100 Russian rubles by the end of 2026 (Fig. 6.b). Exchange rate uncertainty is high. Nevertheless, the sufficient volume of the National Bank’s international reserves and the absence of strong overvaluation of the Belarusian ruble make it possible to expect a manageable situation on the foreign-exchange market even under strong shocks. At the same time, the persistent likelihood of larger-than-expected foreign-currency sales by households may lead to a stronger ruble compared with the baseline forecast.

In 2027, the Belarusian ruble will move within an equilibrium trajectory (in the absence of strong shocks), which – given the projected inflation dynamics in Belarus and its main trading partners – corresponds to a 3–5% weakening of the ruble in terms of the basket of foreign currencies.

5 Baseline scenario forecast risks

Changes in the sanction's regime are a key source of forecast uncertainty

Greater effectiveness of applying – or threatening to apply – secondary sanctions by Western countries against intermediary states involved in the foreign trade operations of Belarus and Russia would cause problems with settlements and payments. This would complicate export–import deliveries and could lead to logistical disruptions.

On the other hand, a relaxation of sanctions against Belarus and Russia cannot be ruled out, provided there is significant progress in resolving the military and political situation in the region. A further easing of US sanctions against Belarus over the forecast horizon seems more likely, including probable relief for the banking and petrochemical sectors. Easing US restrictions on banks will reduce transaction costs and facilitate cross-border payments. This could lead to increased competitiveness of imports and some substitution of domestic production. Increased import availability will support investment activity (including in oil refining and petrochemicals) and potential output. However, in an environment of heightened uncertainty and significant institutional constraints, the likely positive effects on labor productivity are expected to be moderate over the forecast horizon. They will likely maintain potential GDP growth at around 1.5–2% per year, but will not lead to a significant increase in 2026–2027. Exports are likely to see an increase in foreign exchange earnings due to reduced transaction costs. However, the impact on physical supply volumes will be limited, as logistical challenges will not be resolved if EU sanctions remain in place. If sanctions are eased not only by the US but also by the EU, this will have a positive impact on Belarus's potential GDP growth. This will lead to a simultaneous acceleration of GDP growth and a slowdown in inflation relative to the baseline scenario forecast, as this will positively impact labor productivity in the economy and allow for a more rapid expansion of the supply of goods and services.

The exhaustion of space for massive fiscal stimulus in Belarus and the likelihood of declining demand in Russia pose a risk of a significant weakening of economic activity in Belarus

If the National Bank continues to adhere to the practice of directive restrictions for banks on the growth of the retail loan portfolio, domestic demand in the Belarusian economy may turn out weaker compared with the baseline forecast. This will create conditions for reducing price pressures, and inflation will move into the 5–6% YoY range in 2026. At the same time, there is a high probability that, if price pressures weaken, the authorities will not ease price controls but instead will pursue more active increases in administratively regulated prices and tariffs.

Monetary policy that is not rules-based remains a significant source of uncertainty for the macroeconomic forecast

The voluntaristic nature of the National Bank's monetary policy creates risks of significant and unexpected shifts in its course. It cannot be ruled out that, amid slowing inflation, the National Bank may once again strengthen monetary stimulus to support GDP growth. In such a case, inflationary pressures will increase and the likelihood of price growth exceeding 7% YoY will rise. At the same time, there is a high probability that if inflation persistently deviates upward from 7% YoY, price controls may again be tightened.

Total dependence on Russia is a significant source of forecast uncertainty

The competitiveness of Belarusian producers depends critically on support from Russia in the form of cheap energy resources, access to transport and logistics infrastructure, and, indirectly, financial support via intergovernmental mechanisms. Any changes in these factors – being political risks – pose threats of unexpected macroeconomic adjustments in Belarus.

A greater-than-expected increase in Russia's GDP is an upside risk for the economy

The Russian government plans a negative fiscal impulse in 2026, which should restrain demand in the economy. At the same time, the fact that the budget has in recent years been executed with much larger deficits than planned creates risks that fiscal policy will be less restrictive in the medium term than the authorities currently intend. This could result in stronger GDP growth in Russia, though at the cost of greater inflationary pressure. The realization of such a scenario would have a stimulative effect on output in Belarus while exerting moderate inflationary effects in the Belarusian market.

6 Prerequisites and assumptions of the baseline scenario forecast

The sanctions regime against Belarus will persist

No new sanctions significantly impacting Belarus's economy are expected to be introduced, or their effectiveness will remain limited.

Import and export logistics chains will remain intact

In 2026–2027, no logistical disruptions are anticipated. Imports of essential goods, including investment items, will remain accessible to Belarus. Key Belarusian export goods will continue to reach global markets, primarily utilizing Russia's transport and logistics infrastructure. Potash fertilizer exports are projected to stay near 2025 level (nearly 11–12 million tons annually in 2026–2027), constrained by the limited capacity of Russian ports and railways. The easing of US sanctions on potash fertilizers at the end of 2025 will contribute to increased foreign exchange earnings by \$300–500 mn due to reduced transaction costs. However, the impact on physical supply volumes will be minimal, as logistical challenges will not be resolved while EU sanctions remain in place, and potash production in Belarus reached pre-pandemic record levels in 2025. Nevertheless, thanks to the development of the Petrikovsky deposit and the likely expansion of the Nezhin Mining and Processing Plant, potash fertilizer production potential will increase by at least 3 mn tonnes compared to pre-pandemic levels. Its implementation will depend on changes in the EU sanctions regime against Belarus and the development of port infrastructure in Russia. The baseline scenario does not assume the realization of this potential over the forecast horizon.

Russia will continue to provide energy and financial support to Belarus

Belarus will keep receiving gas and oil from Russia at prices below global market rates and will export about 8–9 million tons of petroleum products annually, mainly through Russian ports. Financial support from Russia will persist, including budgetary transfers (e.g., reverse excise tax revenues on oil products) and refinancing of public debt.

Price regulation will continue in 2026–2027 but will become less stringent

Easing of inflationary pressure from aggregate demand creates favorable conditions for a gradual relaxation of price controls. As a result, more items in the consumer basket are likely to be removed from strict regulation. This will allow producers and retailers to adapt to conditions of slower demand with lower costs, but will not lead to a significant increase in consumer prices. Full removal of price controls is not expected over the forecast horizon.

Fiscal policy will cease to be stimulative for aggregate demand

The general budget is projected to run a small deficit of less than 1% of GDP annually in 2025–2027. The level of non-interest expenditures of the general government exceeded 40% of GDP during 2025 – the highest value in the past 15 years. The capacity for further expansion is limited by weakened prospects for revenue growth due to the slowdown of the Belarusian and Russian economies. However, given accumulated fiscal reserves (the ruble deposits of government bodies in the banking system exceed \$7 billion – more than 7% of expected GDP for 2026), it appears possible to maintain the currently high level of expenditures over the next few years, provided continued financial support from Russia and the absence of severe external shocks.

Monetary policy will remain tolerant of elevated inflation near 7% YoY and subordinated to the task of stimulating GDP growth

Monetary conditions will not become tight, as this would contradict the government's goal of achieving GDP growth of 2.8% in 2026 – above the potential output growth rate of around 1.5–2% per year. The National Bank will maintain its priority of supporting investment over reducing inflation. The estimated values of standard risk for investment loans will remain lowered relative to those for other loans, and the National Bank will continue exerting administrative pressure on banks to expand their portfolio of investment loans while simultaneously restricting retail loan growth. At the same time, there is no space for substantial monetary easing due to the risk of inflation rising above 7% YoY and households' concerns about price increases.

The Russian economy will grow much more slowly in 2026–2027 compared with 2023–2024

Russia's GDP will grow by 0.7% in 2025, 1.2% in 2026, and 1.5% in 2027. As a result, output will already approach its balanced level in 2026 after strong overheating in 2023–2024, when the economy expanded by more than 4% annually. The available labor and capital resources for sustaining high output growth have been exhausted. The negative fiscal impulse planned by the Russian authorities for 2026, as well as the continued conservative and tight monetary policy, will restrain consumer and investment activity. In 2027 some acceleration of economic growth is expected as monetary conditions approach a neutral stance – made possible by gradually slowing inflation. Consumer price growth will decline from 5.6% YoY in 2025 to 5% and 4% YoY in 2026 and 2027 respectively, amid restrained economic demand. As a result, the Russian market will exert a limiting influence on economic activity in Belarus and a slight disinflationary effect in the medium term.