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Monetary Environment Review

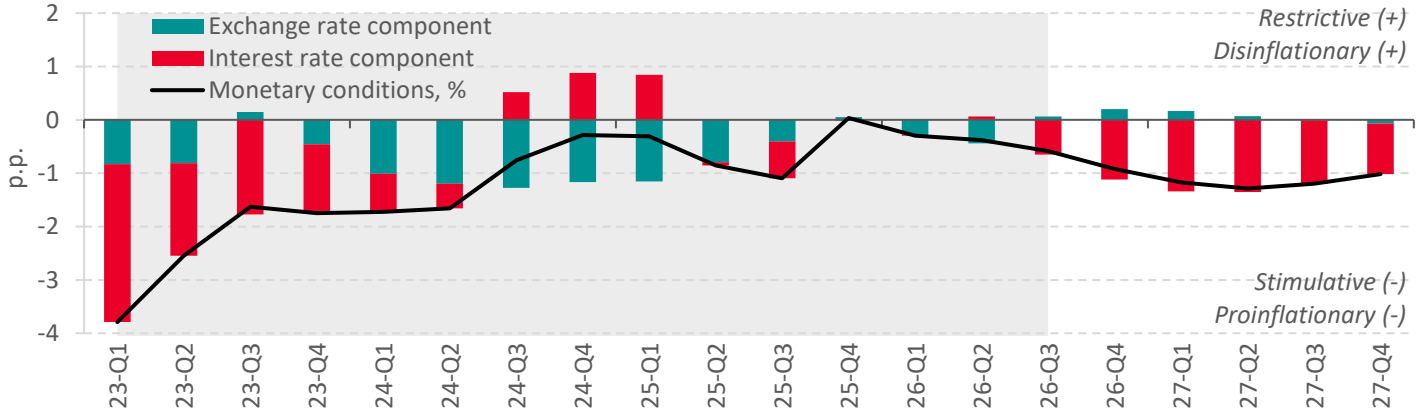
Q3 2026

Monetary conditions eased in Q3-2026 and will continue to support domestic demand in the medium term

The National Bank avoided auction operations to withdraw the structural liquidity surplus of the banking system and reduced the estimated values of standard risk to influence financial market rates. Interest rates on ruble market loans and term deposits declined by about 1 p.p. over Q3-2026. The aggregate state of interbank and credit-deposit market rates was stimulative for domestic demand **(Fig. 1)**. The easing of lending conditions translated into stronger credit activity and accelerated money supply growth in Q3-2026. The volume of money in the economy exceeded the level of a year earlier by 20.5%, which, with real GDP growth of 2.9% over this period, led to a build-up of the money overhang. The Belarusian ruble exchange rate was close to its equilibrium level: net foreign currency sales by households and non-residents offset net demand for it from firms.

Monetary conditions are expected to be moderately accommodative in Q4-2026 – 2027 **(Fig. 1)**. Approaching the planned GDP and investment growth rates (set by the government), in the absence of radical changes in the external military-political situation, will require the authorities to maintain stimulus for domestic demand. The baseline scenario assumes that the National Bank will not respond with policy tightening to the expected acceleration of inflation to 6–7% in 2027 and will continue to prioritize support for business activity. Interest rates on loans and deposits are forecast below neutral levels in 2027. The Belarusian ruble will weaken by 2–4% over 2027 in basket-of-currencies terms amid an external trade deficit.

Figure 1. The nature of monetary conditions in the Belarusian economy



Source: calculations are based on the Quarterly Projection Model (QPM) for Belarus.
Note: monetary conditions are estimated as a combination of deviations of real interest rates on the Belarusian ruble assets and of the real effective Belarusian ruble exchange rate from their equilibrium levels. Positive monetary condition values indicate that they restrain economic activity and are disinflationary, and negative monetary condition values indicate their stimulating and pro-inflationary nature. We use one of the ways to assess monetary conditions, the results of which depend on the chosen type of the macroeconomic model (QPM) and its specification. We are aware of the limitations of the approach applied.

The Monetary Environment Review Bulletin presents an expert analysis of the monetary and foreign exchange rate policies and the resulting monetary conditions in the Belarusian economy. The bulletin reviews the actions under the monetary and exchange rate policies, their impact on the economy, the nature of monetary conditions, and provides their short-term forecast. The methodological basis for the analysis is the Quarterly Projection Model (QPM) for the Belarusian economy.

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Monetary policy: measures, direction, nature

The National Bank implemented measures to ease monetary conditions in Q3-2026

The refinancing rate was kept at 9.25% (Fig. 2.a). At the same time, the National Bank reduced the estimated values of standard risk (EVSR) for market loans and term deposits several times – EVSRs fell by 0.3–1 p.p. from June through October 2026. These macroprudential policy tools continued to be used by the National Bank to influence credit and deposit market interest rates instead of the traditional monetary policy toolkit.

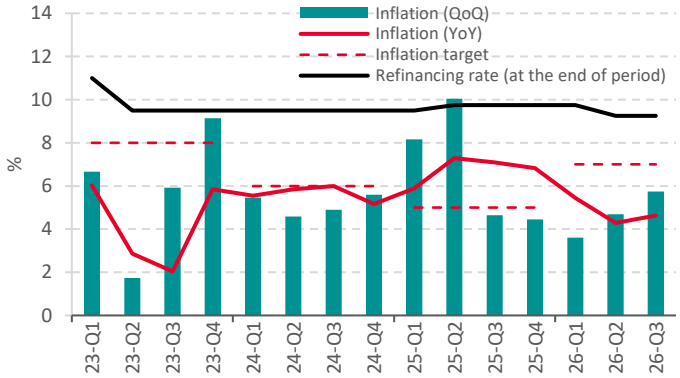
The National Bank continued not to withdraw excess bank liquidity at auctions. Its surplus rose to Br5.1 bn on average for Q3-2026 (Fig. 2.b). The liquidity surplus kept the interbank market loans rate (IBL) low in Q3 – it continued to fluctuate near the lower bound of the National Bank's interest rate corridor and averaged 4.4% in nominal terms (Fig. 2.b). Amid rising inflation, the real IBL rate declined and remained substantially below the neutral level (Fig. 2.c). Thus, the National Bank's monetary policy maintained a stimulative stance in Q3-2026.

Deposit yields continued to decline in Q3 due to the growing bank liquidity surplus not withdrawn at auctions

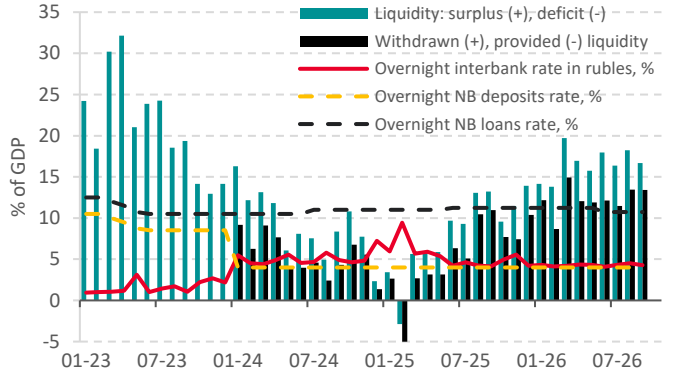
The average nominal rate on new term ruble deposits fell by 1.1 p.p. – to 5.0% in Q3-2026 (Fig. 3.a).[iii] The real rate turned negative in Q3 and remained noticeably below the equilibrium level (Fig. 3.d). Banks continued to reduce deposit yields for firms more actively, as organizations have fewer alternative savings instruments compared to households. The rate on term deposits of firms fell by 1.2 p.p. – to 4.6% on average for Q3. Under these conditions, the trend of firms' funds flowing from savings to current accounts persisted. The share of the latter in all ruble deposits of legal entities increased by almost 5 p.p. over nine months – to 45% by early October.

Figure 2. Dynamics of monetary policy indicators

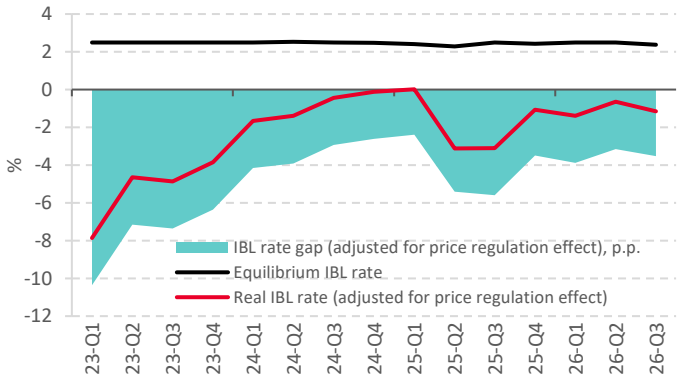
a) refinancing rate and inflation



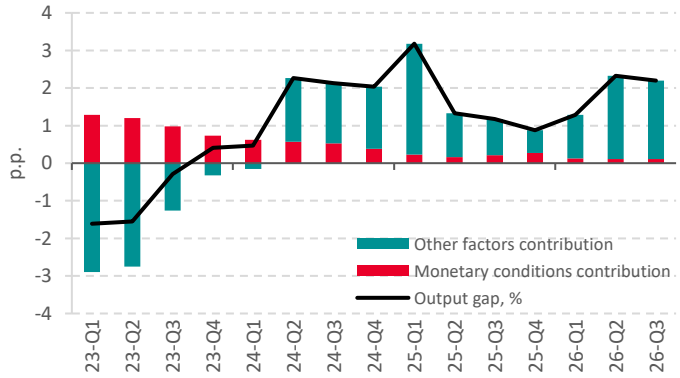
b) banking system liquidity



c) real and equilibrium interbank rate[i]



d) contribution of monetary conditions to the output gap



Source: calculations based on the data from Belstat, the National Bank, QPM.
Note: hereinafter, YoY is the growth rate in the last month of the quarter versus the last month of the corresponding quarter of the previous year; QoQ is the annualized growth rate in the last month of the quarter versus the last month of the previous quarter, seasonally adjusted.[ii]

The rate on household term deposits fell by 0.5 p.p. – to 10.6% in Q3-2026. In real terms, the deposit yield for individuals still did not deviate significantly from the neutral level. This supported the high ruble savings rate of households (Fig. 3.b), which to a significant degree "tied up" the accumulated money overhang. It should be noted that the increase in the non-interest growth of term ruble deposits of individuals in Q3 may be partly associated with capital outflow from Russia. The large inflow of Russian rubles likely prompted Belarusian banks to introduce prohibitive fees on account top-ups in Russian rubles in the summer. Under these conditions, the operation of mechanisms for converting Russian rubles into Belarusian rubles and placing them in term deposits through Belarusian residents cannot be ruled out.

The average nominal rate on new market ruble loans fell by 0.9 p.p. – to 10.0% in Q3[iv] (Fig. 3.a)

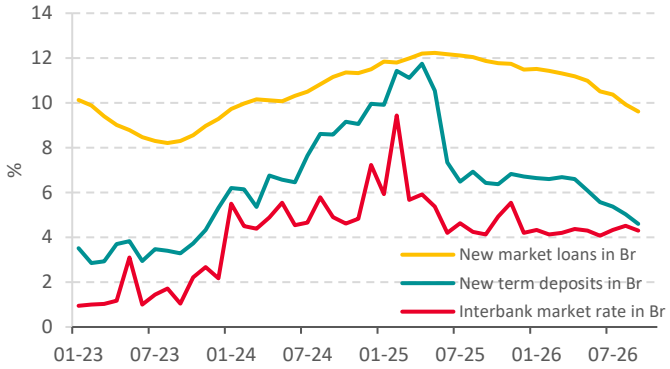
The real average rate on market loans was close to the neutral level (Fig. 3.c). Lending conditions continued to differ by type of borrower and purpose. Rates on long-term loans to firms (over 3 years) and on household purchases of domestically produced goods were low. The cost of short-term business borrowing approached neutral, while for household loans not for the purchase of domestically produced goods (excluding installment plans) it remained elevated.

On average, market interest rates in Q3-2026 became moderately stimulative for business activity (Fig. 1)

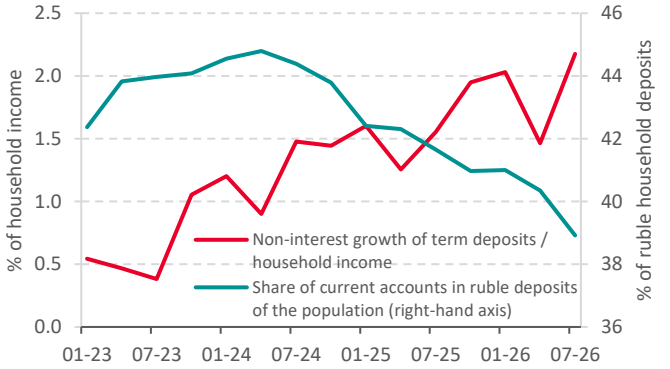
It is important to take into account that non-price lending conditions have also been eased in recent quarters, which amplified the stimulus from lower market interest rates. In addition, the assessment of monetary conditions based on market interest rates understates the significant stimulus for domestic demand from preferential lending conditions. Taken together, these factors kept demand in the economy at a level exceeding the inflation-neutral level in Q3-2026 (Fig. 2.d).

Figure 3. Interest rates on Belarusian ruble new market loans and fixed-term deposits

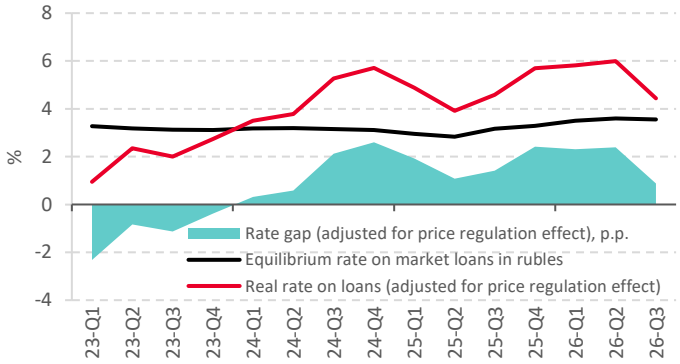
a) average nominal interest rates



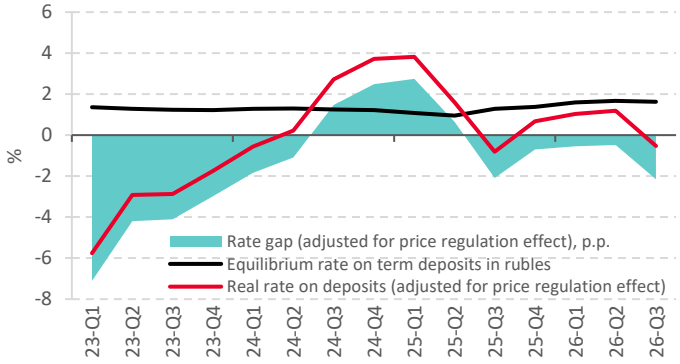
b) deposits in Br and household income



c) real interest rate on new market loans



d) real interest rate on new fixed-term deposits



Source: calculations based on the data from Belstat, the National Bank, QPM.
Note: real interest rates have been calculated based on average nominal interest rates for businesses and households (according to the National Bank data) and the expected annual inflation in the next quarter (QPM-based). Interest rates are averaged over the period. Income is seasonally adjusted.

Exchange rate policy: measures, direction, nature

The Belarusian ruble appreciated slightly in Q3-2026 (Fig. 4.a)

On average for Q3-2026, the value of the basket of three foreign currencies (Russian ruble, dollar, and yuan) decreased by 0.3% relative to the Q2-2026 value (Fig. 4.c). Exchange rate fluctuations against individual foreign currencies were largely driven by movements in their cross-rates in external markets: on average for Q3-2026, the Belarusian ruble appreciated by 4.2% against the Russian ruble and weakened by 5.5% against the dollar and by 6.6% against the yuan.

Seasonal net foreign currency supply in Q3 supported the Belarusian ruble

Net foreign currency sales by market participants (excluding the Ministry of Finance) amounted to $0.67 bn for Q3-2026 and were driven by the influence of the seasonal factor (Fig. 5.a). The National Bank smoothed exchange rate volatility and purchased an equivalent volume of foreign currency on the market, issuing approximately Br1.9 bn. After seasonal adjustment, the foreign exchange market in Q3 was in a state close to a balance between demand for and supply of foreign currency (Fig. 5.a).

The National Bank's foreign currency purchases and the rise in global gold prices supported foreign exchange reserves

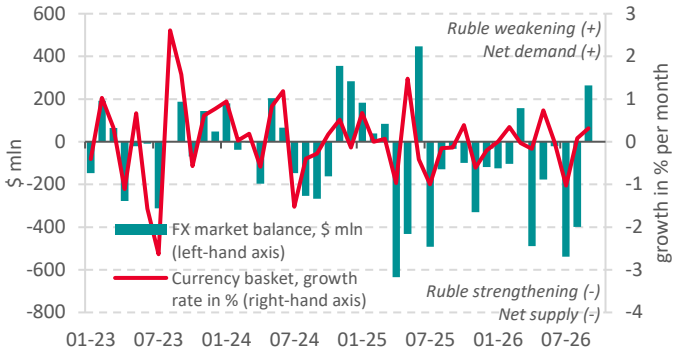
The volume of reserves increased by almost $0.5 bn over Q3 – to $14.6 bn at the start of Q4-2026 (Fig. 4.b). Reserves remained sufficient to contain strong foreign exchange shocks: they covered three months of goods and services imports (Fig. 4.b), and relative to a comprehensive indicator of foreign currency outflow risk factors (the ARA metric with capital flow restrictions) significantly exceeded the safe level.

In real effective terms, the ruble remained close to equilibrium in Q3-2026 (Fig. 4.d)

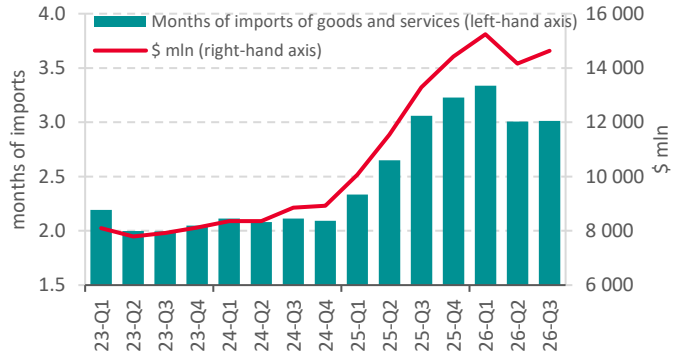
The undervaluation of the ruble against the Russian ruble declined substantially, as did the degree of its overvaluation against the dollar and the yuan. The state of the exchange rate is assessed as neutral for economic activity in Q3-2026.

Figure 4. Indicators of the Belarusian currency market

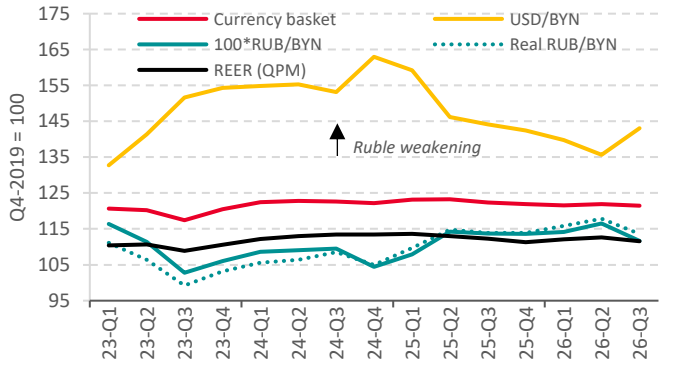
a) currency market and foreign currency basket



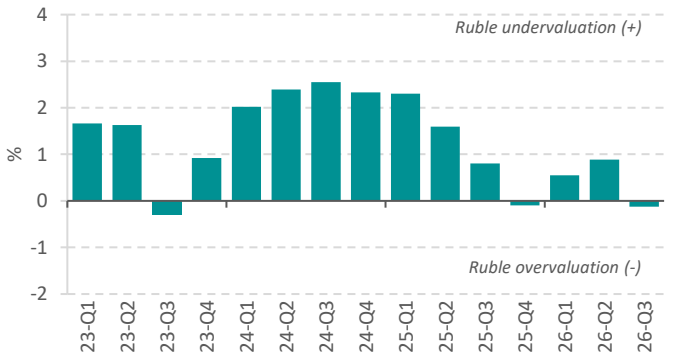
b) reserve assets (at the end of the period)



c) Belarusian ruble exchange rates



d) real effective exchange rate gap



Source: calculations based on the data from the National Bank, QPM.
Note: figure 4.a illustrates the basket of 3 currencies (US dollar, euro and Russian ruble) from January 2019 to June 2022, and the basket of 4 currencies (US dollar, euro, Russian ruble, and Chinese yuan) from July 2022 to December 2022, and the basket of 3 currencies (US dollar, Russian ruble, and Chinese yuan) from January 2023 onwards. REER is the real effective exchange rate. Within the QPM, the weights of individual currencies in the REER are: Russian ruble – 0.60; US dollar – 0.20; euro – 0.10; Chinese yuan – 0.10.

Households and non-residents ensured foreign currency supply in the market

Individuals sold approximately $0.5 bn on a net basis for Q3-2026 (seasonally adjusted; **Fig. 5.a**). Net supply from their side declined by approximately $55 mln compared to the previous quarter and by almost $130 mln relative to the Q1-2026 peak, but still remained substantial **(Fig. 5.b)**. The decrease in foreign currency sales by individuals may be associated with the weakening of the ruble against the dollar and the euro, while the still high yield on ruble deposits and sanctions restrictions continued to support household interest in ruble assets.

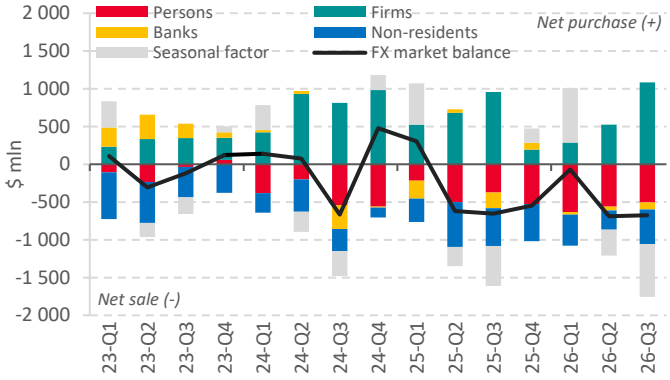
Non-residents increased net foreign currency sales to around $0.46 bn on a net basis in Q3-2026 (seasonally adjusted; **Fig. 5.a**). It can be assumed that the decline in net foreign currency supply from their side in Q2 was temporary and associated with capital withdrawal following the easing of US sanctions against Belinvestbank, the Development Bank, and the Ministry of Finance of Belarus.

Net demand for foreign currency from resident firms in Q3-2026 reached its highest level since 2010

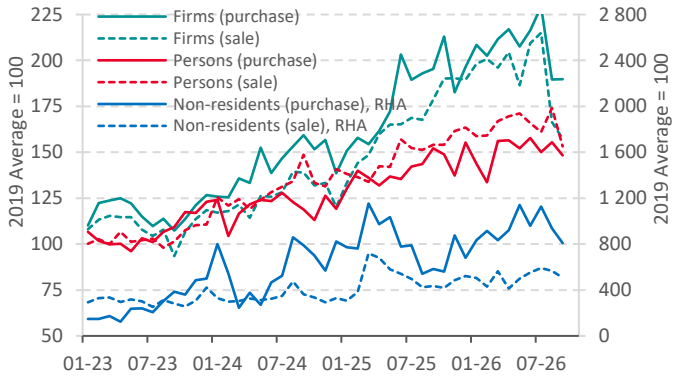
Organizations purchased nearly $1.1 bn more foreign currency than they sold in Q3-2026 (seasonally adjusted; **Fig. 5.a**). The increase in net demand is mainly associated with a reduction in foreign currency sales by firms in September – in the first month of autumn alone, organizations acquired more than $0.5 bn of foreign currency on a net basis. In addition to the systematic impact of the goods trade deficit, the sharp decline in foreign currency sales in September may have been associated with the influence of shocks. It cannot be ruled out that the redirection of Russian grain exports to Baltic ports led to local congestion of railways in Russia and limited the export capacity for Belarusian cargo (primarily potash). The duration of the effects of this shock depends on the evolution of the military-political situation in the region, but given the completion of the harvest campaign, it will be rather short-term in nature.

Figure 5. State of the foreign exchange market

a) foreign exchange market balance (seasonally adjusted segments)



b) dynamics of buying and selling foreign currency (seasonally adjusted)



Source: calculations based on the data from the National Bank.
Note: the X13 procedure in the JDemetra+ app has been applied to make a seasonal adjustment. As new data are published, the dynamics of the indicators for the previous periods are updated.

Credit and deposit markets

Lending to the economy continued to grow in Q3 amid the easing of monetary conditions

The volume of loans extended relative to GDP exceeded 81% in Q3-2026, and in September alone reached 85% **(Fig. 6.a)**. The credit impulse remained significantly positive **(Fig. 6.b)**. This means that lending to the economy not only supported consumer and business activity, but had a stimulative effect. Loan debt also continued to grow in Q3, but at a moderate pace (**Fig. 6.c**; **Fig. 6.d**). With a significant increase in the volume of newly extended loans, such dynamics of outstanding balances indicate a high share of loan refinancing. This allowed firms to retain more of their own resources to finance current operations.

Preferential lending and lending under special programs remained the driver of loan portfolio growth

The volume of loans extended to households in Q3 increased by 15% relative to Q2-2026 (seasonally adjusted) and by more than 47% relative to Q3-2025, including by almost 40% for consumer needs. In all likelihood, such strong growth continued to be driven by loans at reduced rates for the purchase of domestically produced goods, primarily passenger cars. This is indicated by the 126% YoY growth in retail car sales in Q3-2026, which accounted for more than 80% of the annual growth in retail trade turnover of non-food goods.

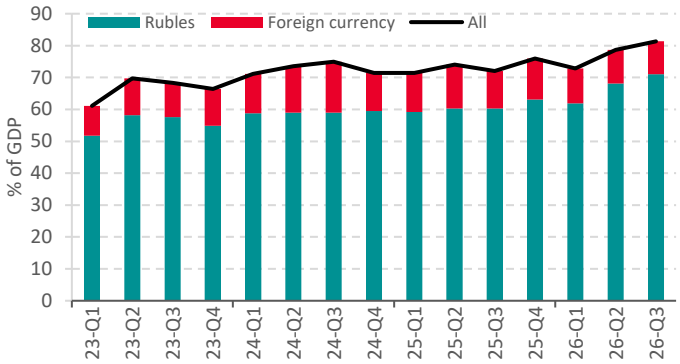
Ruble lending to the public sector in Q3 increased by 10% relative to Q2-2026 (seasonally adjusted), and to private business – by 5%. The growth for the year amounted to approximately 35 and 33% YoY, respectively. A significant share of new loans was used to refinance debt. However, the role of bank lending in financing investment is noteworthy. Fixed capital investment declined by 1.6% YoY in Q3-2026. At the same time, preferential loans made a positive contribution of around 1.5 p.p. to annual investment growth, while market loans made a comparable negative contribution. This indicates that, despite the National Bank's efforts to front-load the reduction of rates on long-term market loans, business investment activity remained subdued amid uncertain demand prospects in domestic and external markets.

Under stimulative domestic economic policy, money supply growth accelerated in Q3-2026

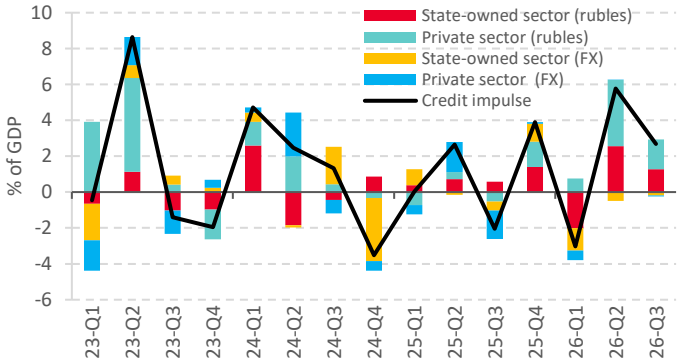
Broad money (M3) increased by ≈6.9% on average in Q3-2026 compared to the average of Q2-2026 in nominal terms, or by ≈5.6% in real terms (seasonally adjusted; **Fig. 7.b**). Money supply growth accelerated both as a result of a higher growth rate of its ruble component and due to the revaluation effect from the weakening of the Belarusian ruble against the dollar in Q3-2026 **(Fig. 7.c)**. Excluding the revaluation effect of the foreign currency component, nominal M3 growth remained persistently high – 5.4%, 4.9%, and 5.2% on average for Q1, Q2, and Q3-2026, respectively.

Figure 6. Lending indicators

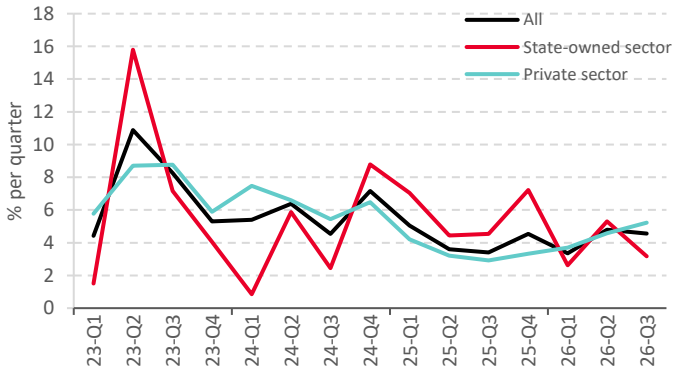
a) volume of new loans issued



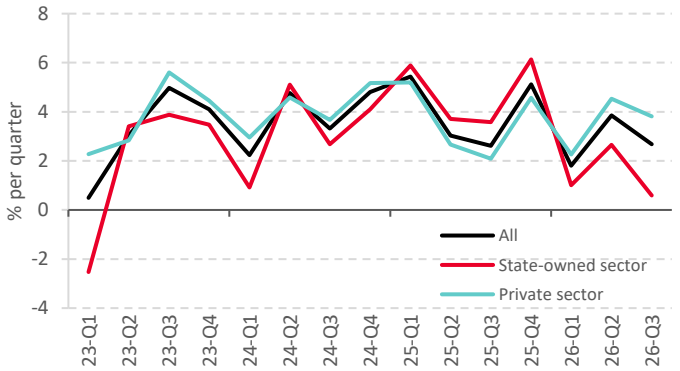
b) credit impulse



c) increase in debt on all loans



d) increase in debt on loans in Br



Source: calculations based on the data from Belstat, the National Bank.
Note: all indicators are seasonally adjusted; as new data are published, the dynamics of the indicators for the previous periods are updated. The credit impulse (ci_t) has been calculated as follows: $ci_t = 100 * \left(\frac{cr_t}{ngdp_t} - \frac{cr_{t-1}}{ngdp_{t-1}}\right)$, where cr_t is the seasonally adjusted volume of newly issued loans during period t; $ngdp_t$ is the seasonally adjusted nominal GDP during period t.

Ruble money supply increased by ≈7.6% on average in Q3-2026 compared to the average of Q2-2026 in nominal terms, or by ≈6.3% in real terms (seasonally adjusted; Fig. 7.b). Credit growth and higher budget expenditures continued to support the high growth rate of ruble money supply. Thus, the real wage in the budget sector rose by 10.5% YoY in Q3-2026, and budget-financed investment – by approximately 2.2% YoY, with total capital investment declining by 1.6% YoY.

The money overhang in the economy increased in Q3-2026, raising the probability of inflation acceleration in 2027

Average broad money in Q3-2026 exceeded its level a year earlier by 20.5% YoY, and its ruble component – by 30.2% YoY (Fig. 7.a). The gap relative to real GDP growth (2.9% YoY in Q3-2026) widened, which sustained a high GDP deflator (11.2% YoY in Q2 and 11.3% YoY in Q3; data for 2026 revised by Belstat) and led to an expansion of the money overhang in the economy (Fig. 7.d). The money overhang creates a risk of inflation acceleration in the medium term. During 2026, its pro-inflationary consequences for the consumer market were limited by the high household savings rate, price controls, and increased competition in goods markets against the backdrop of Russian marketplace expansion. The removal of almost all non-food goods from state regulation and the decline in interest rates on household deposits are weakening the mechanisms that "tied up" the money overhang.

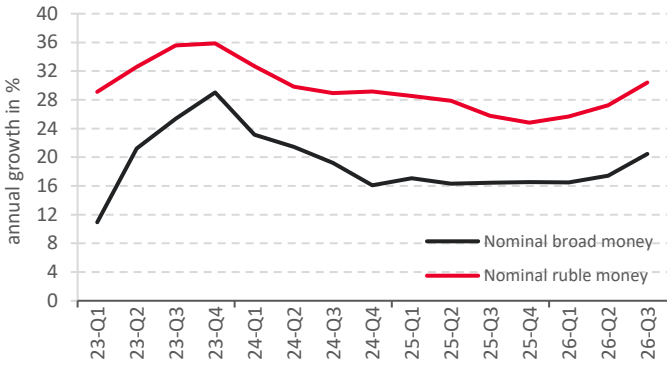
Short-term forecast

Monetary conditions are forecast to be stimulative in Q4-2026

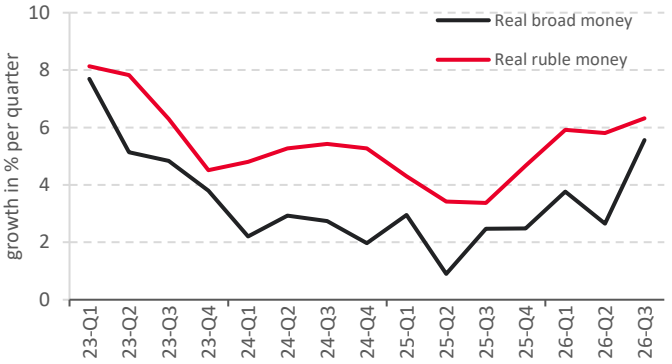
Belarus's GDP growth of 2% YoY and investment growth of 2.1% YoY over nine months of 2026 make the government's 2026 targets of 2.8% YoY and 3.1% YoY, respectively, difficult to achieve. At the same time, inflation is coming in within the target (no more than 7% YoY) and is forecast at around 5% YoY in December 2026. Under these conditions, an easing of monetary conditions can be expected in Q4 to bring GDP and investment growth rates closer to the authorities' plans.

Figure 7. Average money supply dynamics

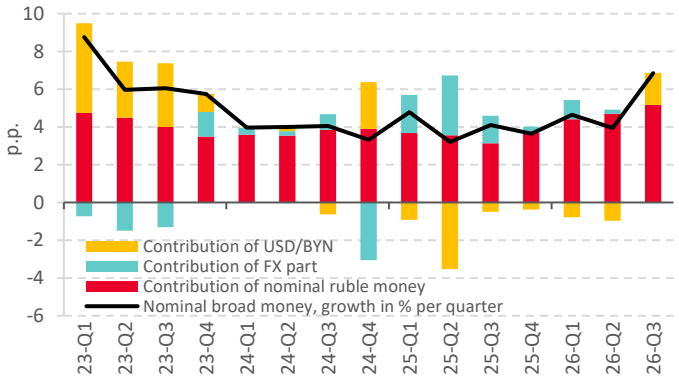
a) annual growth of the nominal money supply



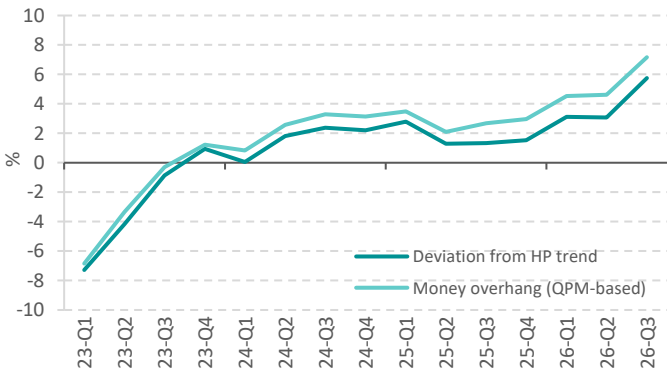
b) quarterly growth of the real money supply



c) decomposition of nominal broad money growth



d) money overhang (based on real broad money)



Source: calculations based on the data from Belstat, the National Bank, QPM.
Note: all indicators are seasonally adjusted; as new data are published, the dynamics of the indicators for the previous periods are updated. Real money supply growth is estimated by deflating nominal growth (quarterly average versus previous quarterly average) by the change in the average quarterly consumer price index (seasonally adjusted).

The most likely move appears to be a reduction of the estimated values of standard risk by 0.5–1 p.p. by the end of 2026. This will be reflected in market lending rates forming close to 9–9.5% in Q4-2026 (Fig. 8.b), but will not have a significant impact on term deposit rates – their average level of 4.6% in September is already close to the IBL rate and the lower bound of the National Bank's interest rate corridor (the overnight deposit rate is 4%).

A reduction of the refinancing rate from 9.25% to 8.75–9% also cannot be ruled out (Fig. 8.a), but it has become less likely against the backdrop of increased inflation risks from Russia and the pause in the key rate reduction cycle there. The IBL rate will continue to fluctuate at a low level close to 4–5% amid the structural liquidity surplus, which will push banks to ease non-price lending conditions. Broad money supply will grow by more than 20% YoY for the year as a whole amid stimulative monetary policy – the money overhang will remain substantial.

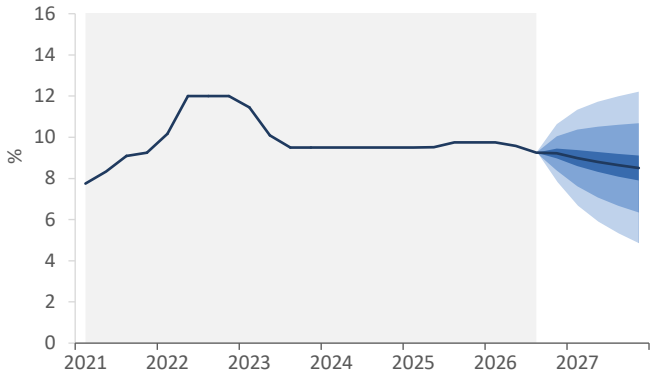
Monetary conditions are forecast to be accommodative in 2027 (Fig. 1)

The accumulated money overhang, the removal of non-food goods from price regulation, the realized decline in deposit interest rates, and the expected pro-inflationary state of the Russian market create preconditions for a moderate acceleration of inflation into the 6–7% range in 2027. At the same time, the low growth potential of the Belarusian economy and the forecast subdued growth of Russia's economy of 1–1.5% next year make the achievement of the authorities' declared targets for GDP and investment growth of 1.9% and 3.1%, respectively, in 2027 challenging. In the absence of radical positive changes in the external environment (which are possible, but difficult to predict due to the dominance of non-economic factors), approaching the planned values of these indicators will require stimulative monetary policy.

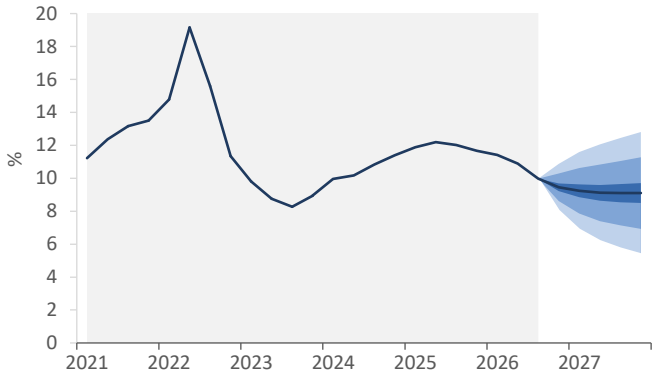
The baseline scenario assumes that the National Bank will maintain the priority of supporting economic activity over containing inflation and will not respond to a possible moderate overshoot of its 6% target in 2027. The National Bank will not return to withdrawing excess bank liquidity at auctions, and the IBL rate will remain low – in the 4–6% range.

Figure 8. Monetary conditions forecast

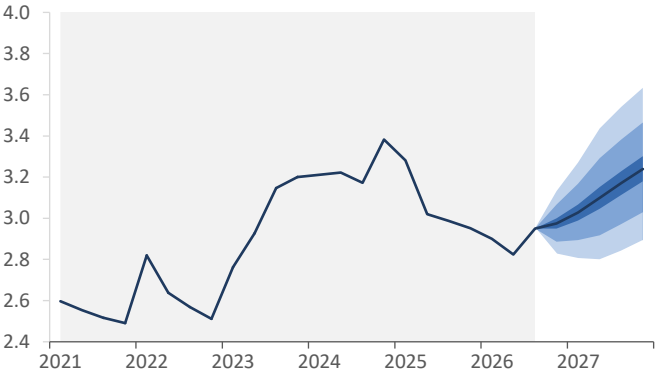
a) refinancing rate (quarterly average)



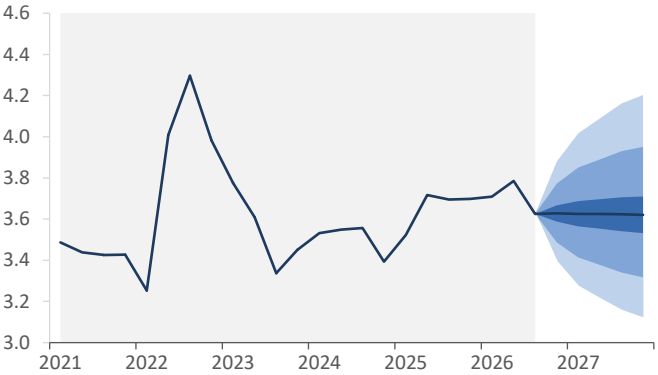
b) average rate on new loans in Br (quarterly average)



c) USD/BYN (quarterly average)



d) 100*RUB/BYN (quarterly average)



Source: calculations based on QPM.
Note: the ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

The average refinancing rate is forecast at around 8.5–9% in 2027. The room for reducing the estimated values of standard risk is limited – the baseline scenario assumes that they may be lowered by a further 0.5–1 p.p. in 2027.

The average rate on new market loans is expected at around 8.6–9.6% in 2027 (Fig. 8.b), and on new term deposits – close to 5–6%

Accommodative monetary policy will lead to a small decline in the average rate on market loans next year. In real terms, with the forecast increase in inflation into the 6–7% YoY range, the average lending rate will form somewhat below the neutral level. This will support high domestic demand (primarily consumer demand), but will not lead to an acceleration of its growth: a continuation of more than twofold growth in car sales is unlikely, while investment activity will be constrained by resource limitations and subdued demand in the Russian market.

The average deposit rate in 2027 is expected close to 5–6%. Rising inflation, the proximity of the lower bound of the National Bank's corridor, and the need to maintain a high ruble savings rate among households leave no room for reducing the deposit rate. In real terms, the average deposit rate will remain below the neutral level.

No significant movements in the Belarusian ruble exchange rate in basket-of-currencies terms are expected in Q4-2026

Foreign trade will remain in a moderate deficit amid overheated domestic consumer demand and subdued demand in the Russian market. At the same time, net foreign currency sales by households will continue to offset net purchases by firms. As a result, the value of the currency basket will not undergo significant changes until the end of the year, provided there are no strong external shocks (primarily sharp changes in the military-political situation in the region). The Belarusian ruble exchange rates against individual currencies will be determined by their cross-rates in external markets: the USD/BYN rate is expected close to 2.95–3.0 in Q4-2026, and the 100*RUB/BYN rate around 3.59–3.67.

The Belarusian ruble will weaken by 2–4% over 2027 in basket-of-currencies terms

The baseline scenario forecasts that the foreign trade deficit will remain close to 1–1.5% of GDP in 2027. High consumer demand will translate into elevated import volumes. Export growth will be limited by the expected weak dynamics of economic activity in Russia – the key export market. A persistent labor shortage and the passing of the peak positive effects on foreign currency revenue from tolling oil processing and higher global commodity prices will also constrain the potential for export expansion.

The forecast deficit will exert depreciation pressure on the Belarusian ruble exchange rate, but, all else equal, it does not carry risks of a devaluation of the national currency. The continuation of net foreign currency sales by households will to a large extent offset purchases by firms. And the sufficient level of reserves will allow the National Bank to smooth the impact of strong shocks should they arise.

As a result, in the baseline scenario, the weakening of the national currency is forecast at a pace close to the inflation differential between the domestic economy and key trading partner countries. With an average annual USD/RUB rate of around 86.5 Russian rubles per dollar, the average annual USD/BYN rate will be around 3.13 in 2027 (Fig. 8.c). The RUB/BYN rate in this case is forecast close to 3.62 Belarusian rubles per 100 Russian rubles on average for 2027 (Fig. 8.d). In real effective terms, the exchange rate will remain close to equilibrium (Fig. 1).

Uncertainty in the forecast of monetary conditions remains high due to the difficult-to-predict evolution of the external military-political situation

Risks to the forecast are two-sided, and the chances of the positive and negative scenarios materializing appear comparable. A possible easing of the sanctions against Belarus and Russia in the event of a cessation of hostilities in Ukraine is the main positive shock, the realization of which may have disinflationary effects and exert appreciation pressure on the Belarusian ruble in the short term. On the other hand, a tightening of sanctions and increased damage to Russia's infrastructure are possible, which would be accompanied by pro-inflationary consequences and may require the National Bank to raise rather than lower interest rates.

Explainers

Quarterly Projection Model (QPM)

This is a semi-structural macroeconomic model based on the principles of new Keynesianism; it belongs to the class of dynamic stochastic general equilibrium models. The QPM has been widely used for macroeconomic analysis, forecasting and monetary policy design in central banks, including the National Bank of the Republic of Belarus.

QPM indicators

Monetary conditions

This is an indicator of the state of monetary conditions. It is a combination of gaps between the real effective exchange rate (with the opposite sign) and real interest rates. Positive values of monetary conditions indicate their constraining nature for economic activity, and their negative values indicate their stimulating nature for economic activity.

Output gap

This is a deviation of a real GDP from its potential value. A potential GDP is such a GDP value that leads neither to additional inflationary nor disinflationary pressures. A positive output gap indicates excess demand in the economy, and it is an indicator of inflationary pressure. The opposite is true for a negative output gap.

Interest rate gap

This is a deviation of the real interest rate from its neutral level. A positive gap in the interest rate indicates that the nature of the interest rate policy is restraining to economic activity, while a negative gap in the interest rate indicates that the nature of the interest rate policy is stimulating to economic activity.

Equilibrium (neutral) interest rate

This is the level of the real interest rate corresponding to the growth rate of the potential GDP and the equilibrium real effective exchange rate.

Real effective exchange rate gap (REER gap)

This is a deviation of the real effective exchange rate of the Belarusian ruble from its equilibrium level. A positive real effective exchange rate gap indicates an undervaluation of the Belarusian ruble, while a negative real effective exchange rate gap indicates an overvaluation of the Belarusian ruble.

Equilibrium Real Effective Exchange Rate

This is the level of the Real Effective Exchange Rate (REER) that makes neither an additional pro-inflationary impact nor a disinflationary impact.

Notes

[i] Real interest rates are calculated by adjusting nominal rates for the projected annual inflation in the coming quarter estimated through the Quarterly Projection Model (QPM). Expert judgments were introduced into QPM in Q4-2022 and in Q1-Q4-2023 to correctly assess the deviation of real interest rates from their equilibrium (neutral) levels. This is because the introduction of a new price control system led to ad-hoc price reductions in Q4-2022, which significantly reduced rational inflation expectations estimated in QPM directly. Since rational expectations are used in the model to calculate real interest rates, their sharp decline has sharply increased the real interest rate estimates. Nonetheless, nominal interest rates on Belarusian ruble loans and deposits in the period under review rewrote their historical lows several times: lending was growing rapidly, and the share of "fast" money in the money supply structure reached its maximum for the first time in more than twenty years. To eliminate the ad-hoc impact of price declines on the estimates of the monetary conditions, the impact of the core inflation shock on the change in rational inflationary expectations in the period under review was evaluated and the estimates of the deviation of real interest rates from their equilibrium (neutral) levels were adjusted for the scale of this impact.

[ii] The X13 procedure in the JDemetra+ app was applied to make a seasonal adjustment. As new data are published, the indicator dynamics in previous periods can be updated. The annualized price increase is calculated as a seasonally adjusted price increase per quarter raised to the fourth power. All quarterly inflation values in the Bulletin (unless indicated otherwise) are presented as annualized (annual equivalent).

[iii] The nominal average rate on new term Belarusian ruble deposits decreased from 6.1% on average in Q2-2026 to 5.0% in Q3-2026; in particular, interest rates on corporate deposits decreased from 5.7% to 4.6%, and interest rates on retail deposits decreased from 11.1% to 10.6%.

[iv] The nominal average interest rate on new market bank loans in Belarusian rubles decreased from 10.9% on average in Q2-2026 to 10.0% in Q3-2026; in particular, interest rates on business loans decreased from 10.9% to 10.0%, and interest rates on retail loans decreased from 11.3% to 10.0%.

[v] In July 2026, the government adjusted the price regulation system, reducing the list of goods items regulated under Resolution No. 713 from 199 to 76. Virtually all non-food goods have been removed from price controls, while the list of regulated food products changed insignificantly. As a result, the share of items regulated under Resolution No. 713 in the consumer basket decreased from around 45% to approximately 28% (including administratively regulated prices and tariffs – from around 70% to 53%). This is a significant easing of price controls.