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Macroeconomic Forecast for Belarus

2026

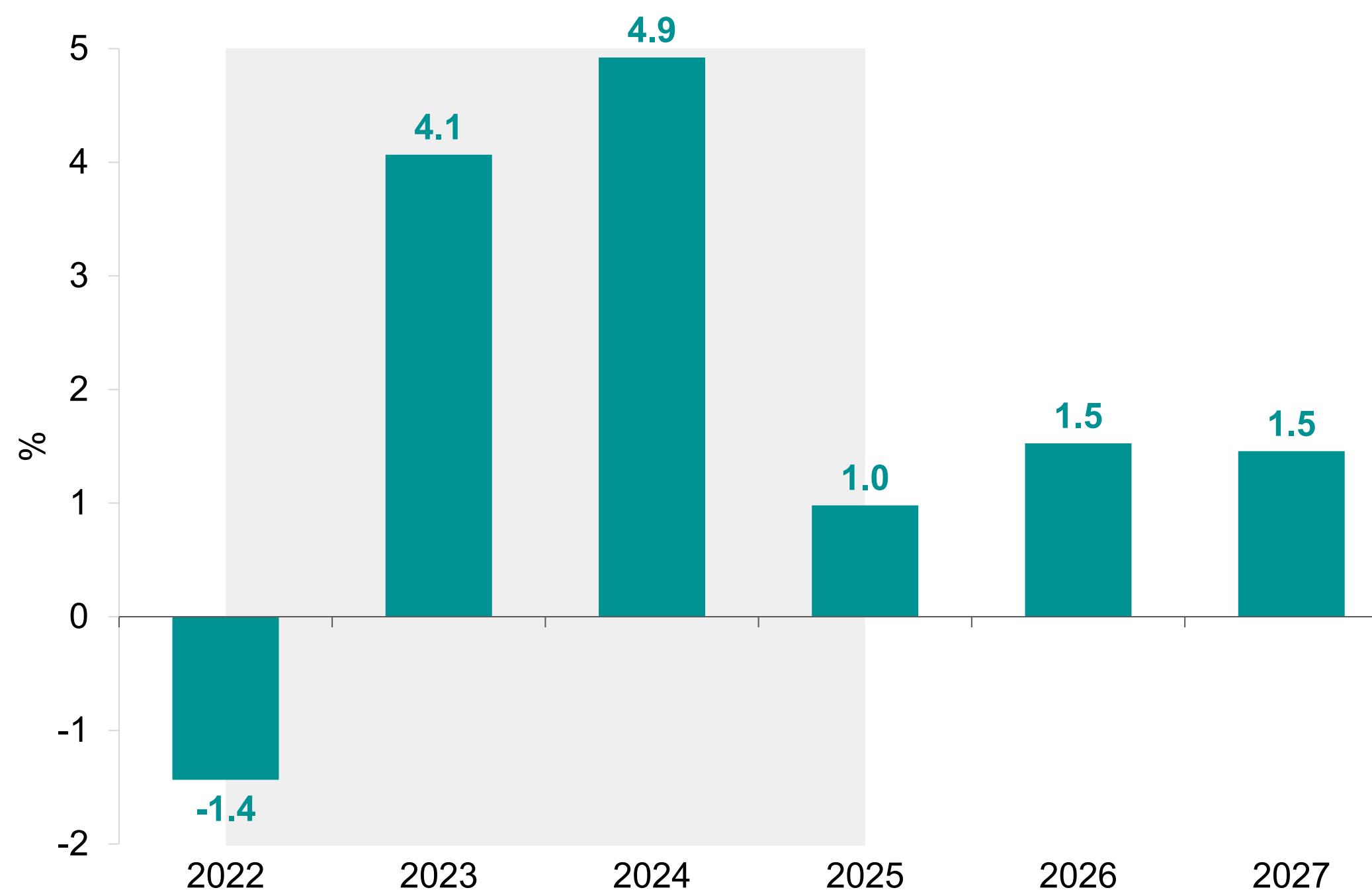
Methodological explanations

- Macroeconomic forecast for Belarus is a forecast of the key macroeconomic indicators of the Belarusian economy for up to two years; it is based on a Quarterly Projection Model designed for the Belarusian economy.
- Quarterly Projection Model (QPM) – a semi-structural macroeconomic model based on the principles of the new Keynesianism; it belongs to the class of dynamic stochastic general equilibrium models. The QPM has been widely used for macroeconomic analysis, forecasting and decision-making support in central banks and international financial organizations.
- The material provides only the baseline scenario forecast, i.e. the scenario whose prerequisites are subjectively assessed as the most realistic in the current context.

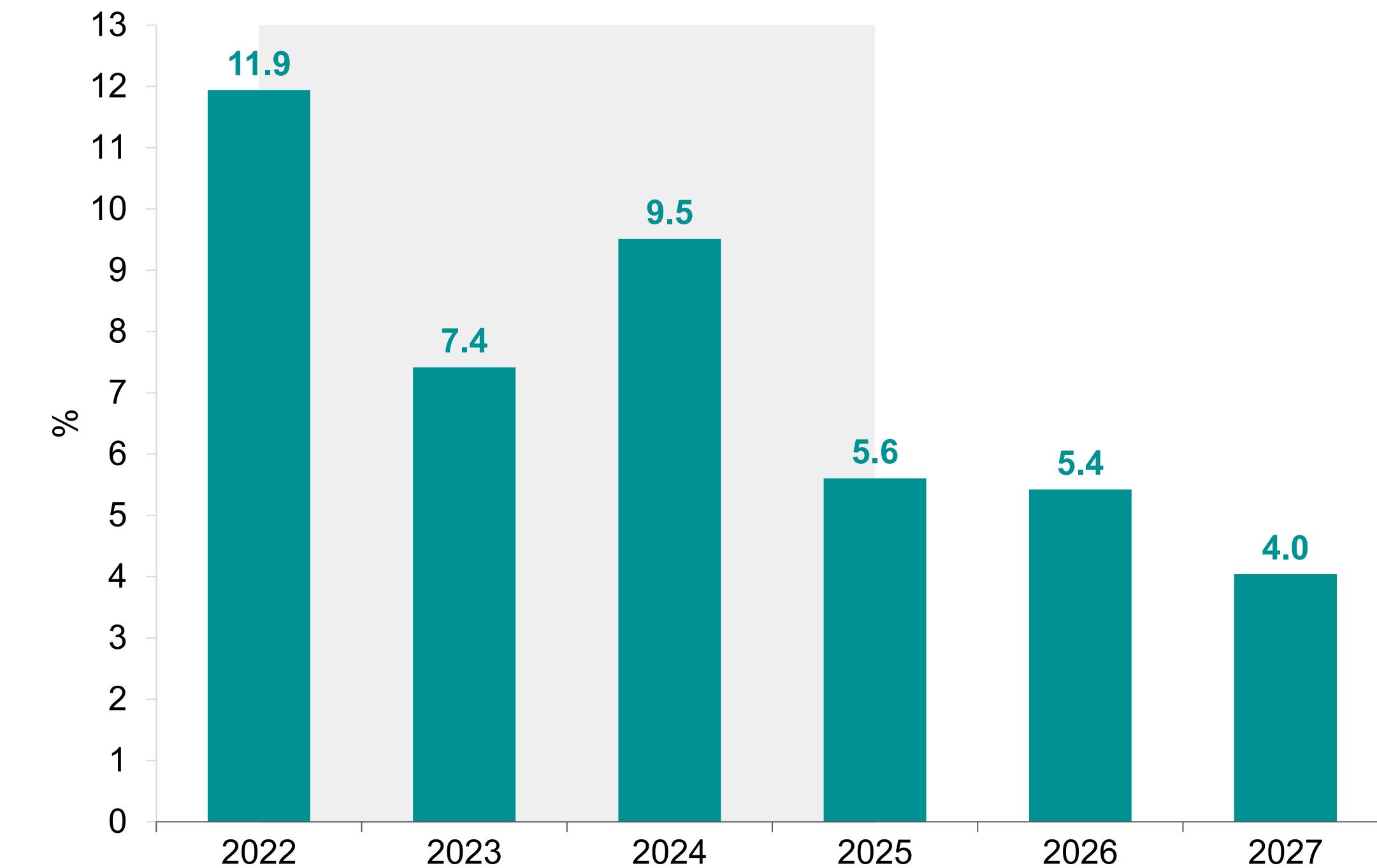
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Russian economy will have a restrictive impact on the economic activity in Belarus and close to neutral inflationary effects in 2026

GDP growth in Russia (in real terms; YoY)



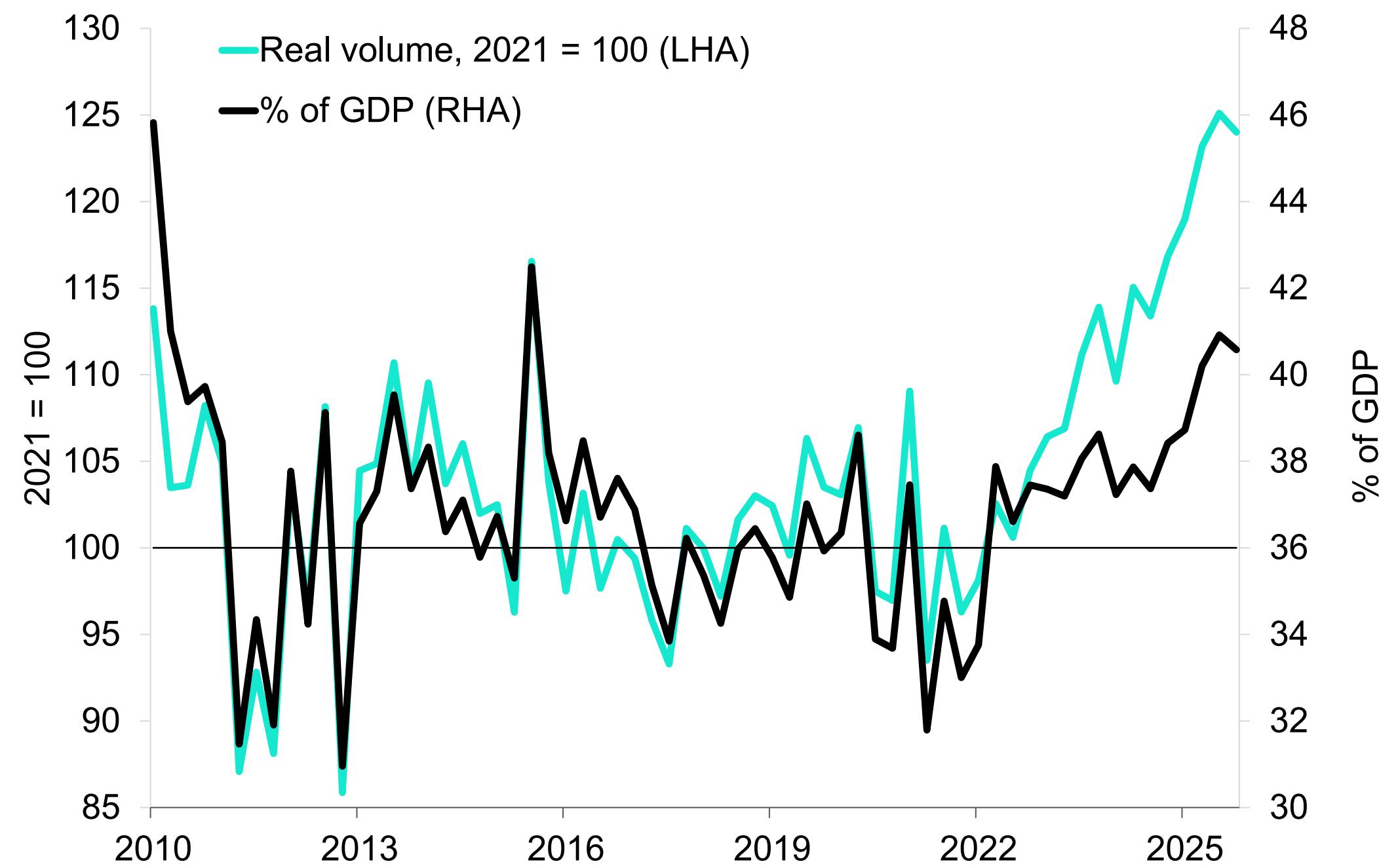
Inflation in Russia (CPI-based; YoY at the end of a period)



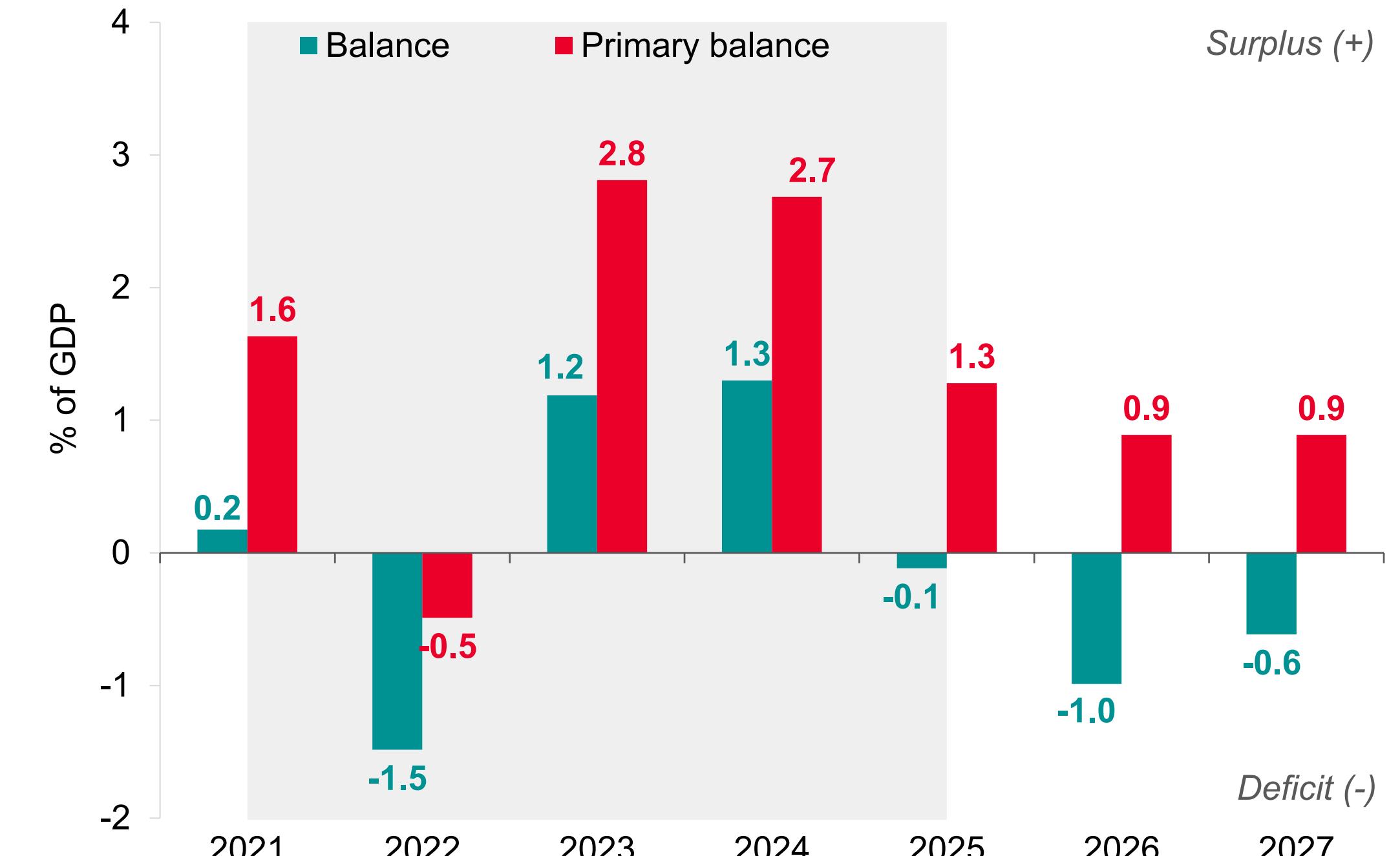
Source: authors' calculations based on data from Rosstat, the Bank of Russia.

Fiscal policy will remain non-restrictive this year, but the scale of budgetary support for domestic demand will be reduced

General budget primary expenditures (in real terms; seasonally adjusted)



General budget balance* (relative to GDP)



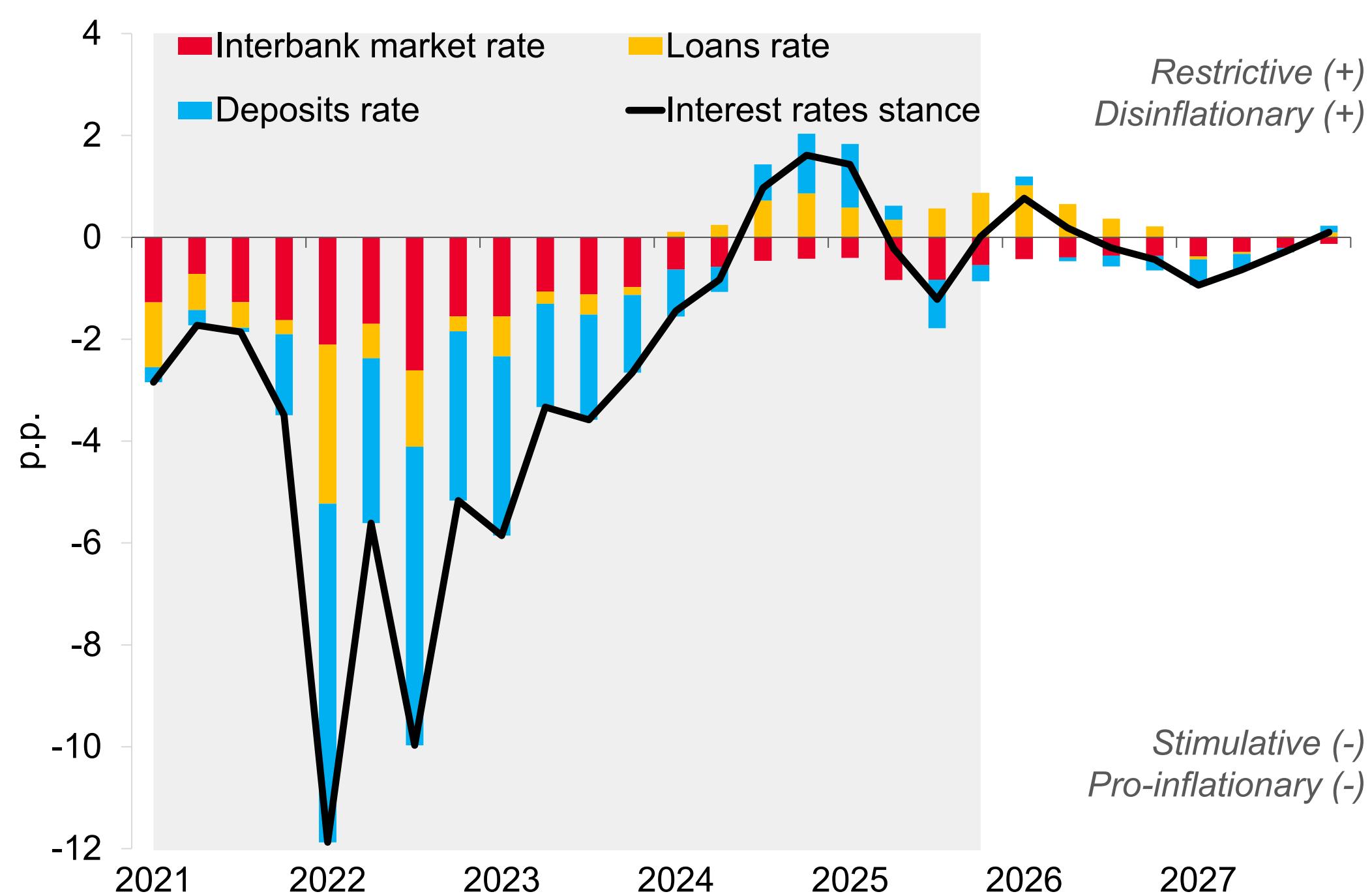
Source: authors' calculations based on data from Belstat, Ministry of Finance of Belarus, EFSD, IMF.

Note: general budget includes central and local government budgets, as well the budget of the Social Security Fund. The budget balance is the difference between budget revenues and expenditures. The primary balance is the budget balance excluding expenses for public debt servicing. Real expenditures are calculated by adjusting nominal expenditures by the GDP deflator.

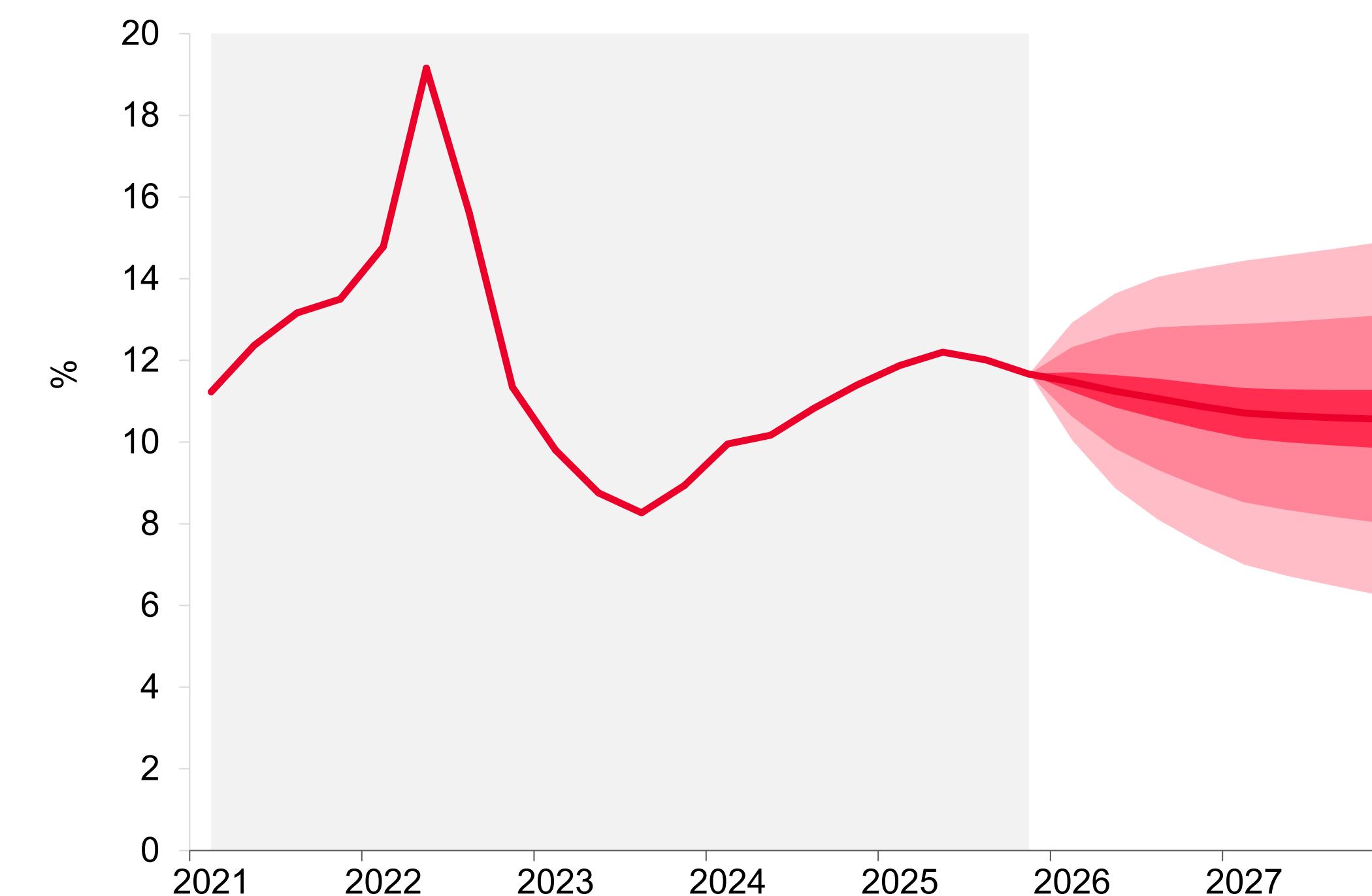
* General budget balance for 2025 is an estimate.

National Bank will maintain non-restrictive monetary conditions in 2026: Reduction of the refinancing rate and the average rate on loans in rubles by 0.25–0.75 p.p. over the year is likely

Interest rates stance (QPM-based)



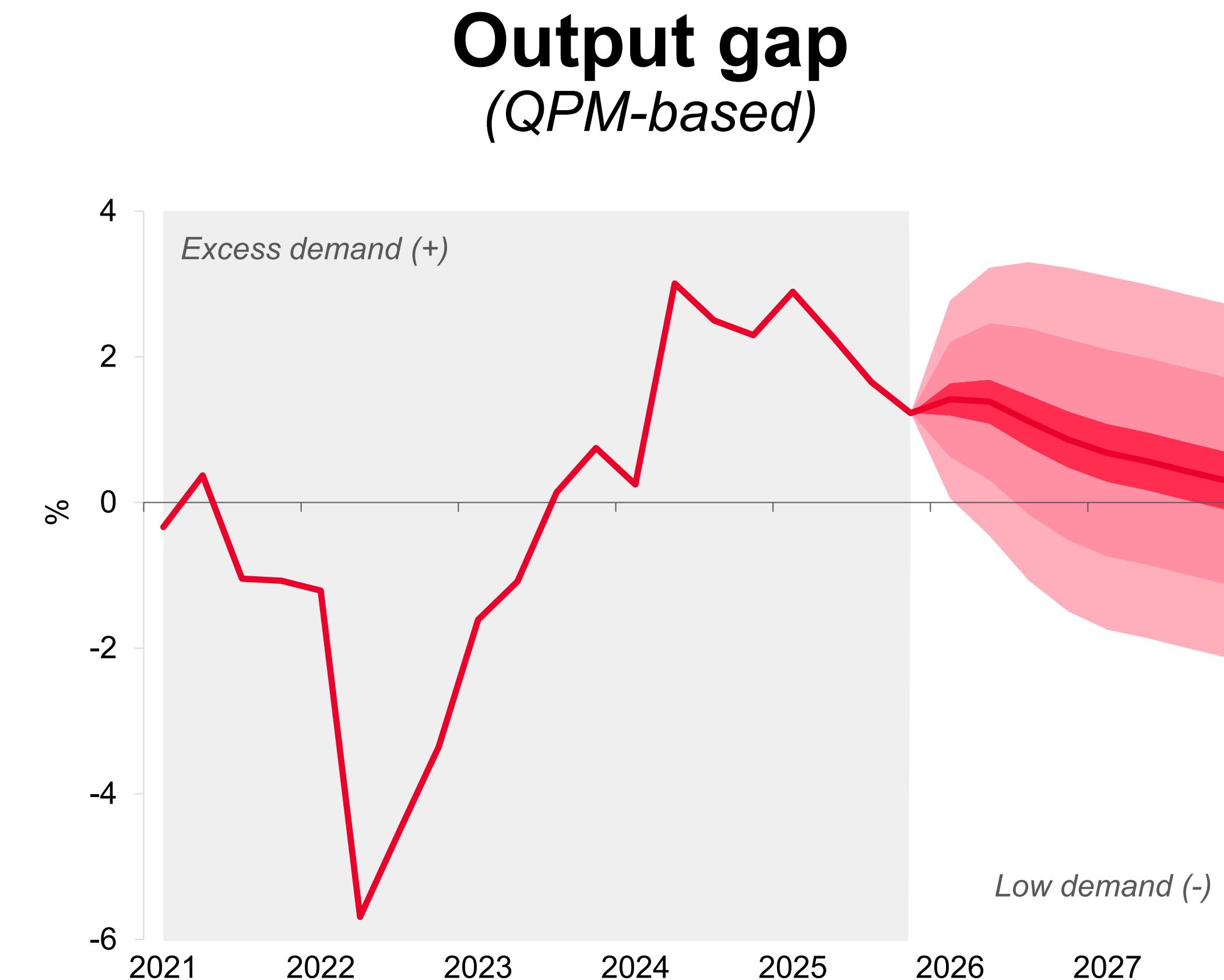
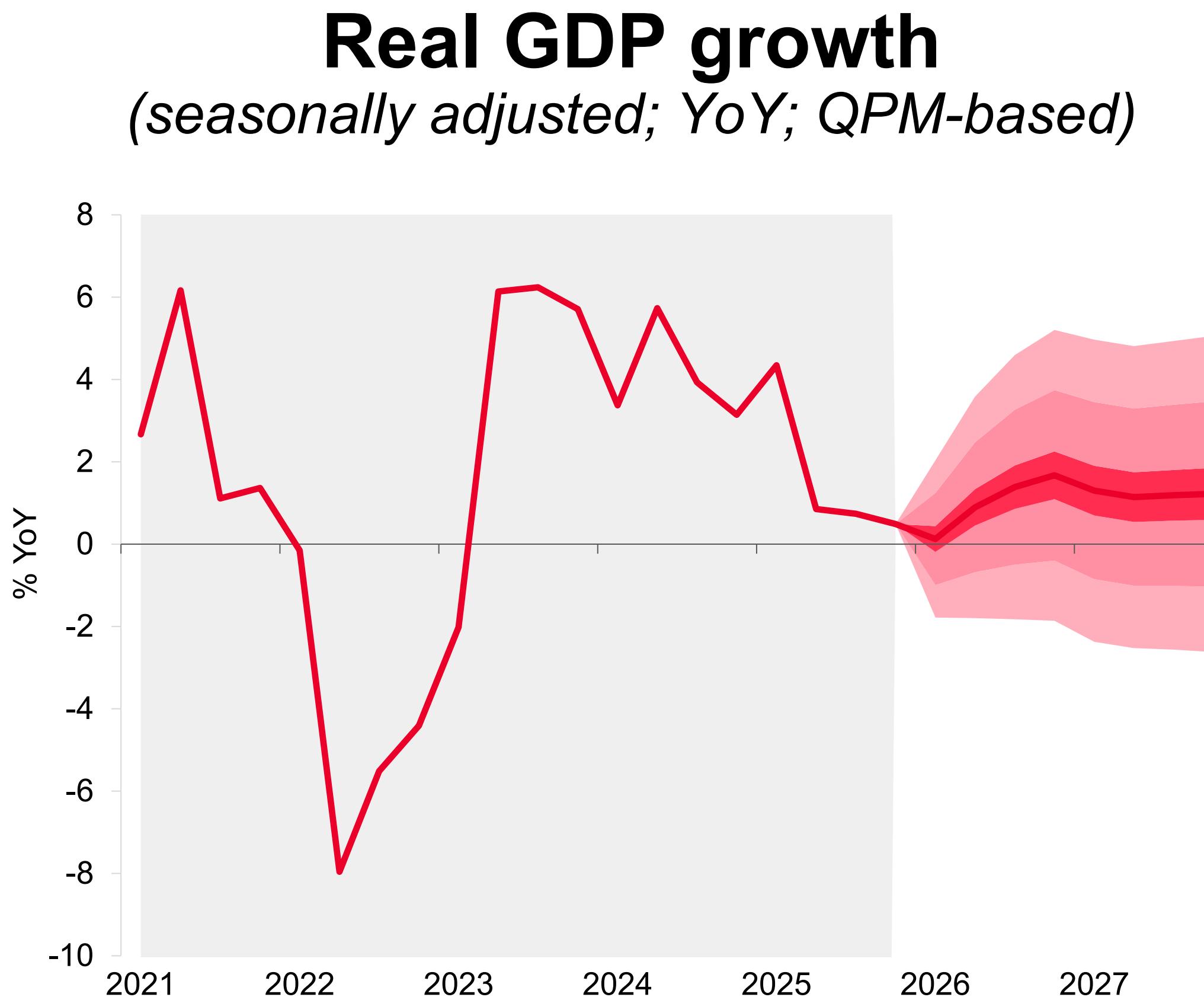
Interest rate on market loans in rubles (QPM-based)



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

Note: interest rates stance is estimated as a weighted average of deviations of real interest rates on the Belarusian ruble assets from their equilibrium levels. The figure shows the nominal average rate on market loans to organizations and individuals. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

GDP will continue to grow at a moderate pace of about 0.5–1.5% in 2026, supported by non-restrictive economic policies. The scale of economic overheating will decrease

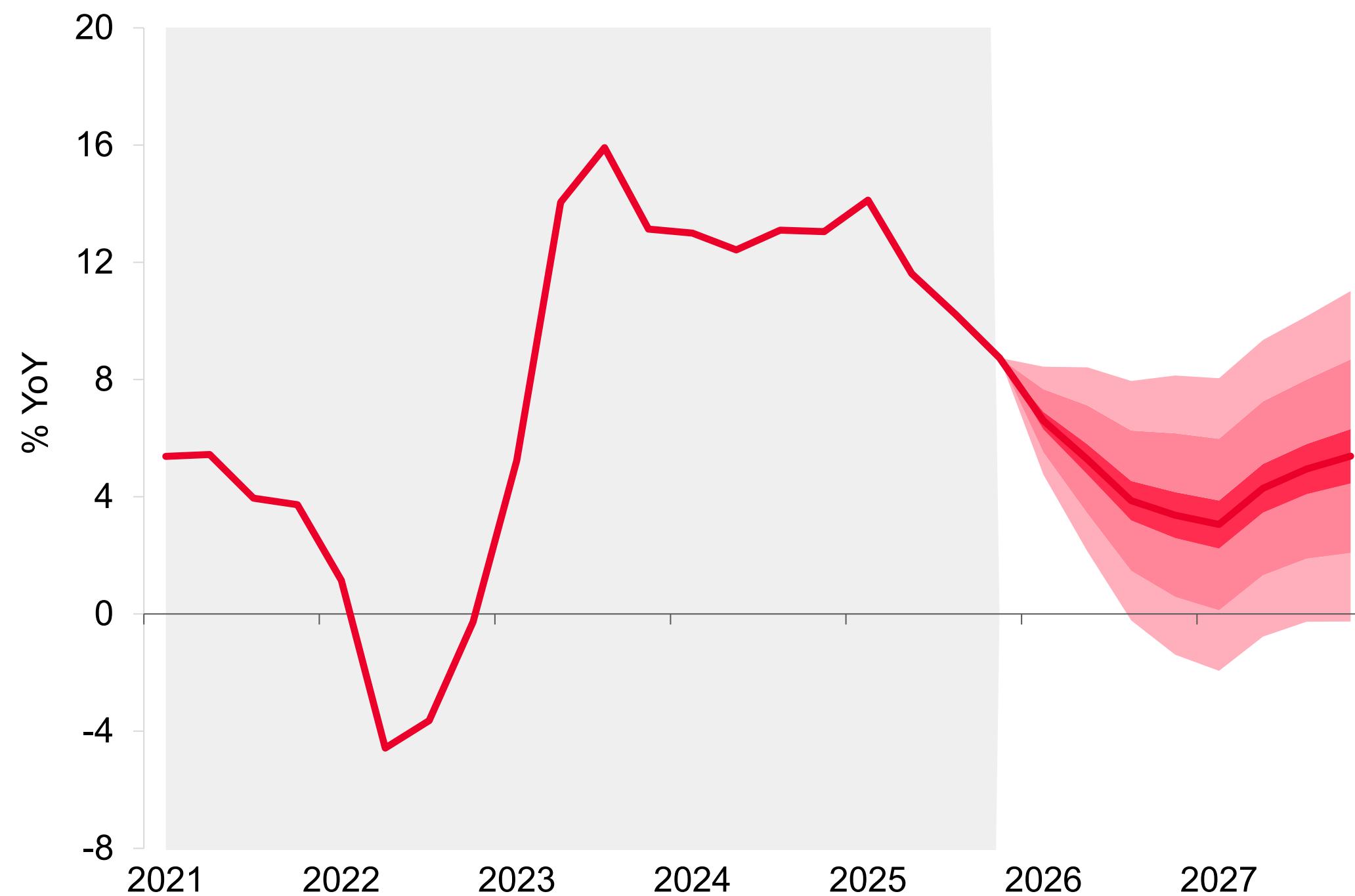


Source: calculations based on QPM.

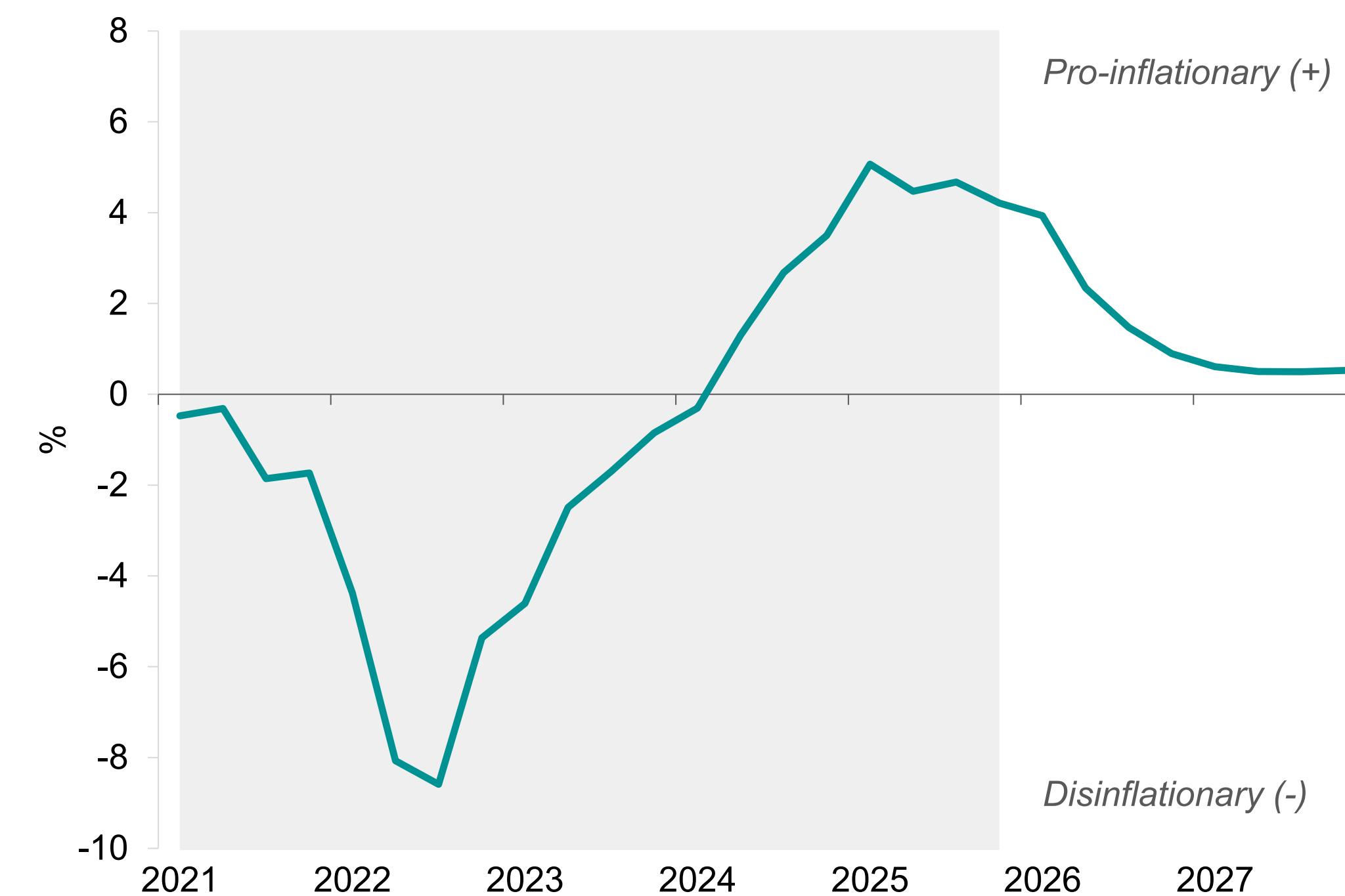
Note: YoY is the growth rate versus the same period of the previous year. The output gap is the deviation of real GDP from its potential (inflationary-neutral) level. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

Real wage growth will slow to 3–5% in 2026 as a result of reducing economic overheating. The labor market conditions will become less tight, and their inflationary pressure will gradually decrease

Real wage growth (seasonally adjusted; YoY; QPM-based)



Real wage gap (QPM-based)



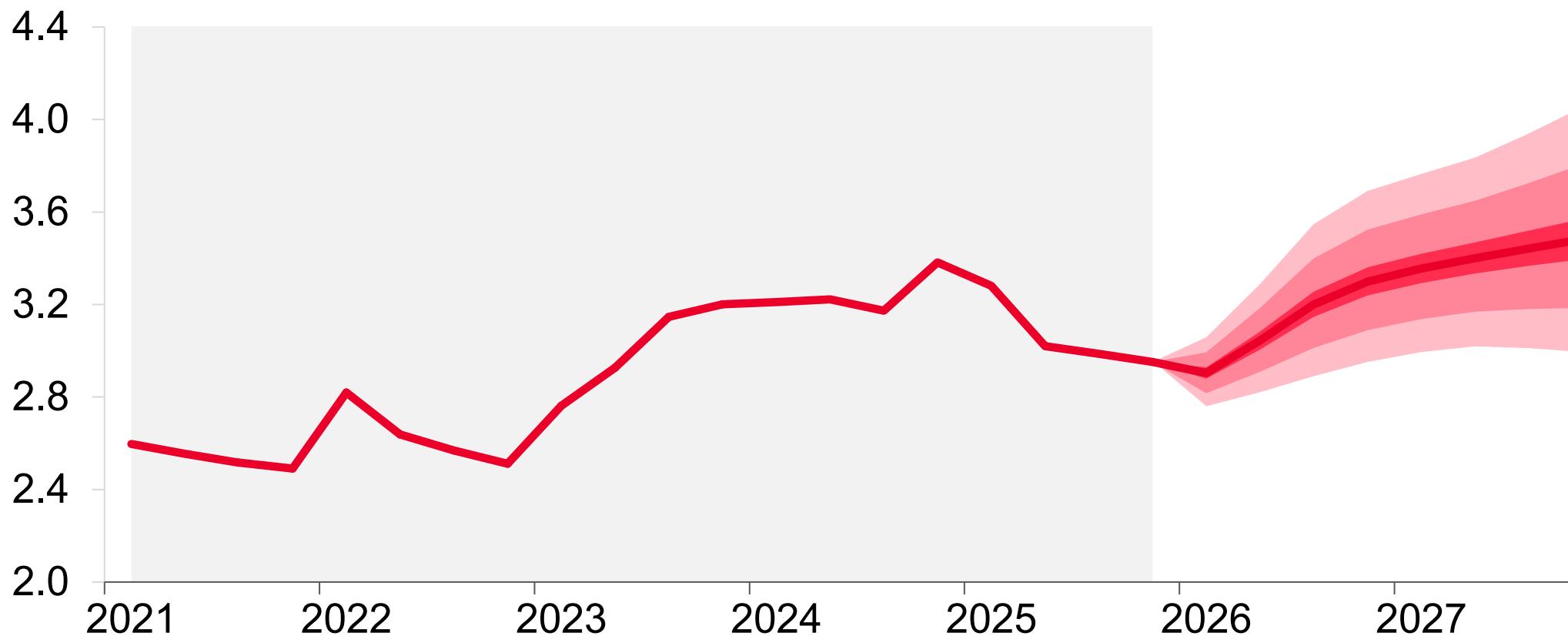
Source: calculations based on QPM.

Note: YoY is the growth rate versus the same period of the previous year. The real wages gap is the deviation of real wages from their equilibrium level. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

Foreign trade will remain in deficit at $\approx 1-2\%$ of GDP in 2026, ...
... which will create conditions for a moderate weakening of the national currency – by 2–6% YoY in terms of the currency basket

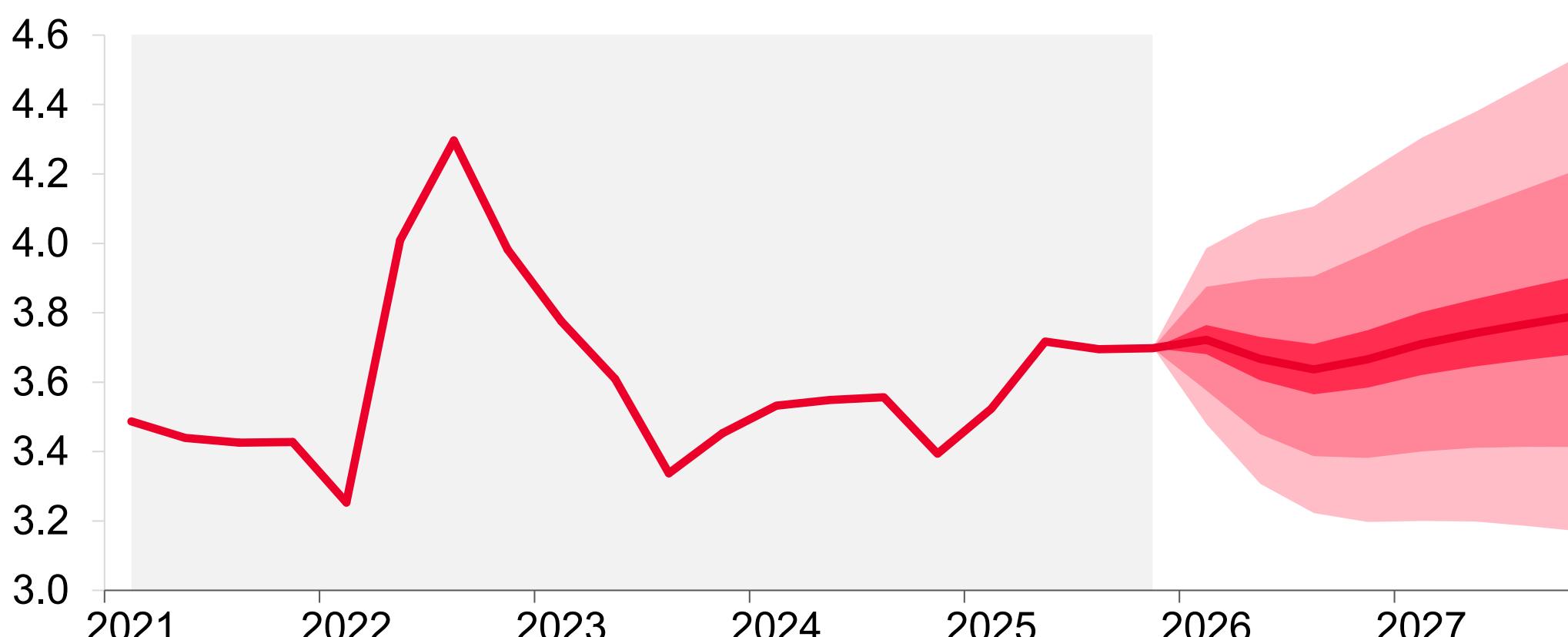
USD/BYN

(average per quarter; QPM-based)



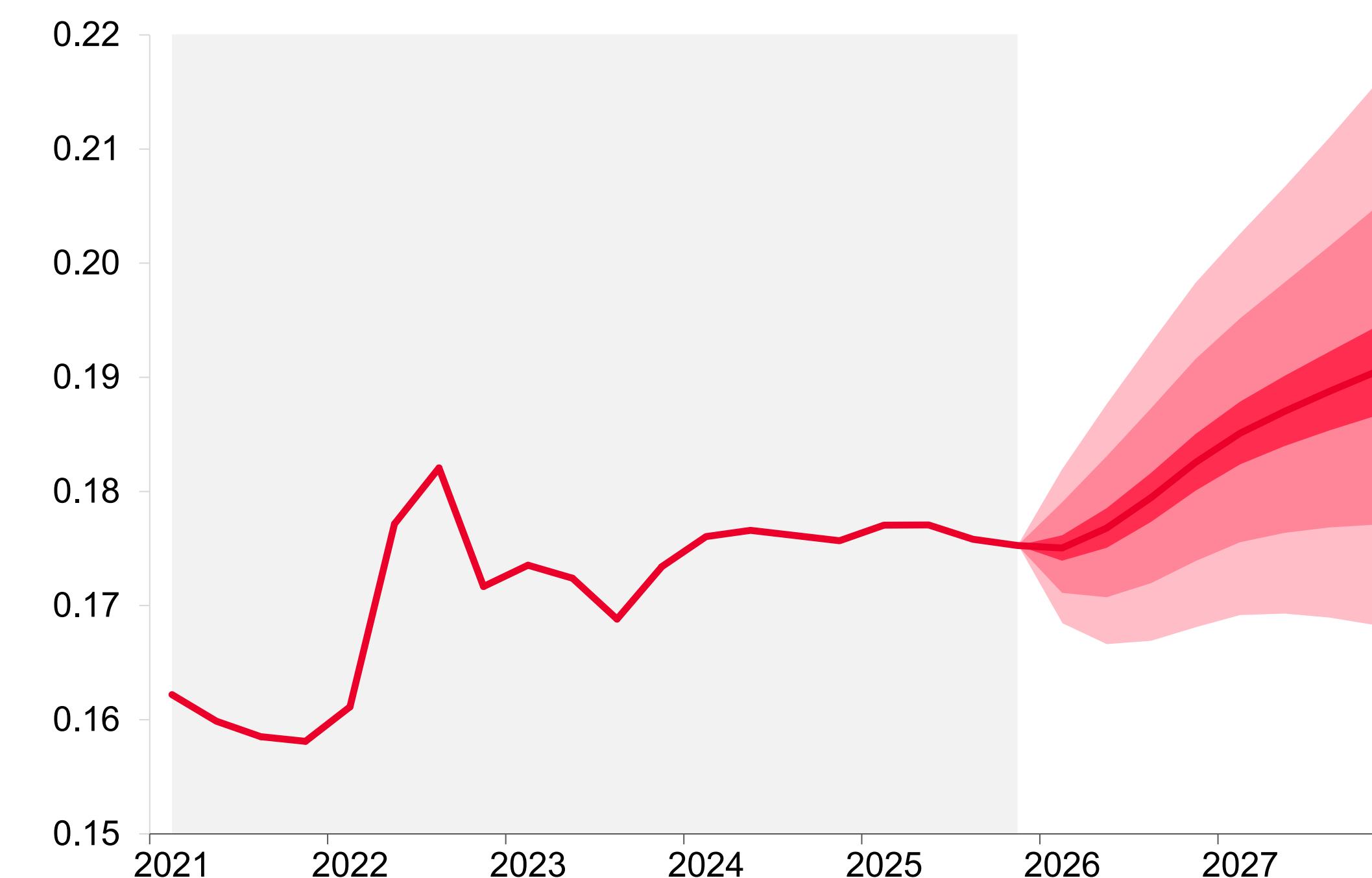
100*RUB/BYN

(average per quarter; QPM-based)



Currency basket

(average per quarter; QPM-based)



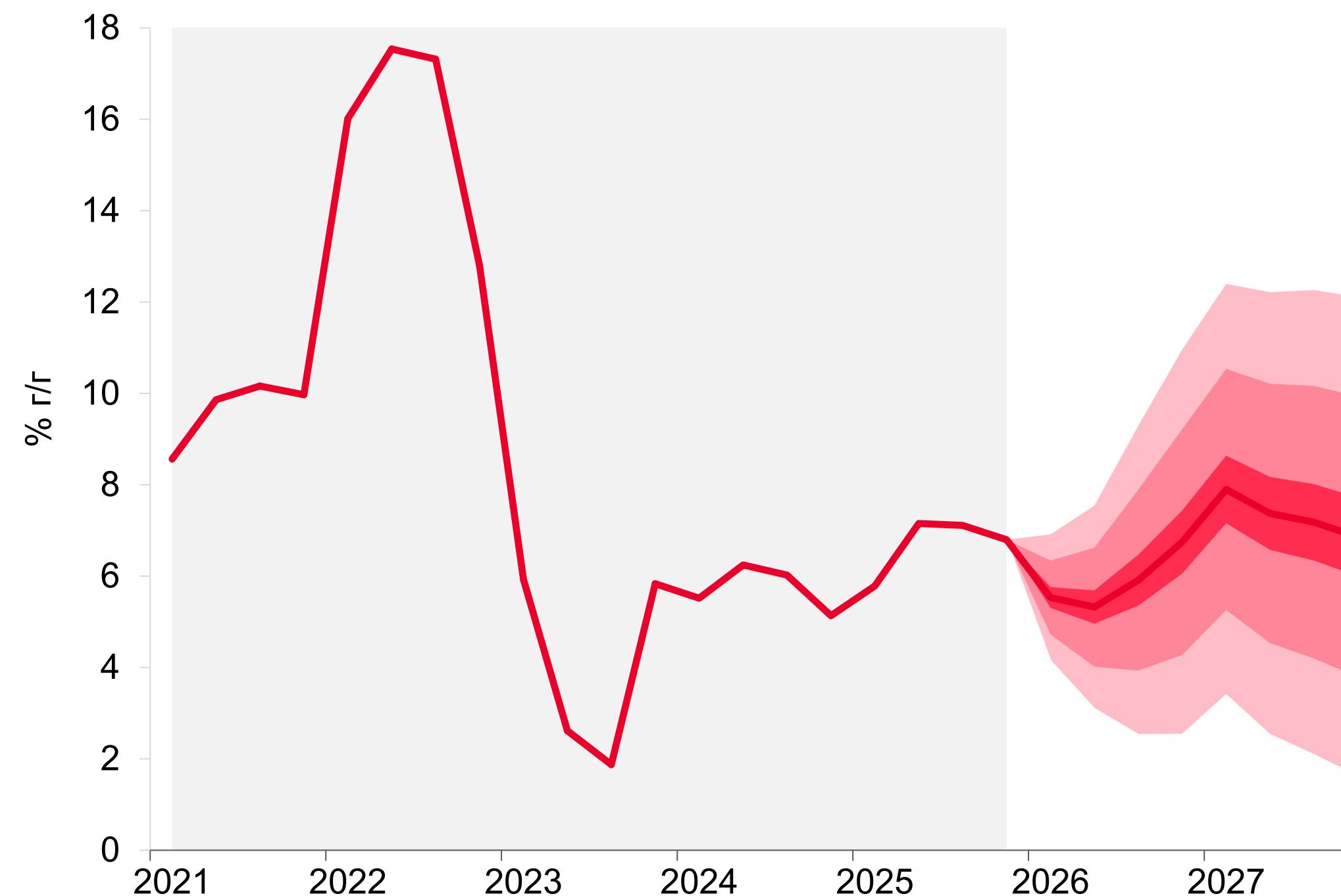
Source: calculations based on QPM.

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

Inflation will temporarily fall below 6% YoY in the first half of the year but will return closer to 6–7% YoY by the end of 2026. Accumulated inflationary overhang will hinder its sustained decline

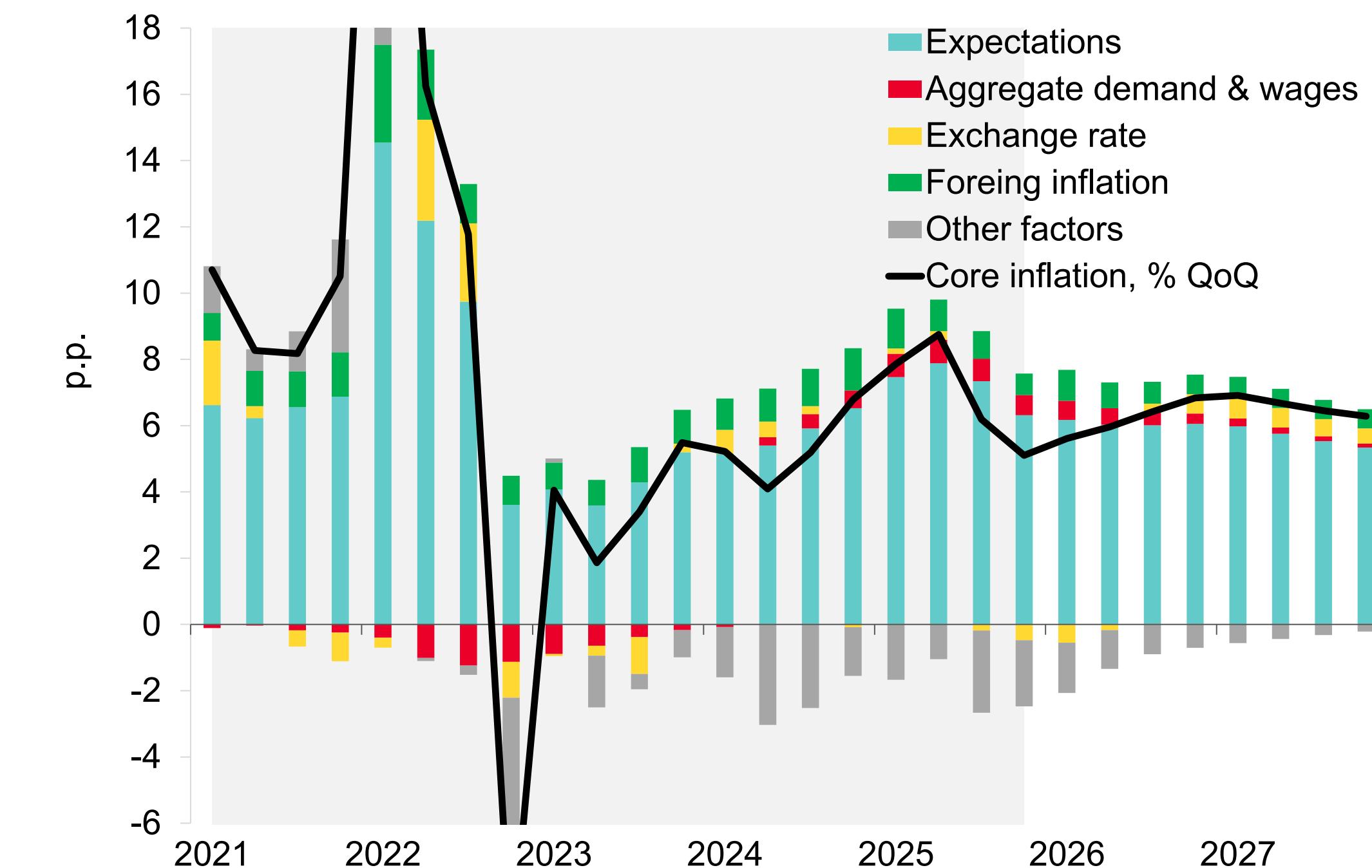
Overall inflation

(seasonally adjusted; YoY; QPM-based)



Core inflation decomposition

(seasonally adjusted; QoQ; QPM-based)



Source: calculations based on QPM.

Note: YoY – growth rate period to the corresponding period of the previous year; QoQ – annualized growth rate period to the previous period with seasonality adjusted. The contributions of factors to core inflation are calculated on the basis of QPM, taking into account inertia. The ranges in the figure correspond to the 15%, 50% and 75% confidence intervals.

Risks to the baseline forecast scenario remain elevated, primarily due to the uncertainty of the external environment

- The threat of a significant increase in sanctions pressure on Belarus and Russia remains on the agenda, as does the likelihood of restrictions being eased:
 - *the likelihood of positive changes in the external sector is subjectively assessed as higher than negative ones.*
- The likelihood of significant monetary policy easing amid weaker GDP growth in Belarus represents a pro-inflationary risk to the forecast.
- Uncertainty in estimates of the inflationary overhang and the direction of adjustments to the price controls represent significant risks to the forecast.