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Macroeconomic Forecast for Belarus

2026–2027

Q2-2026

Methodological explanations

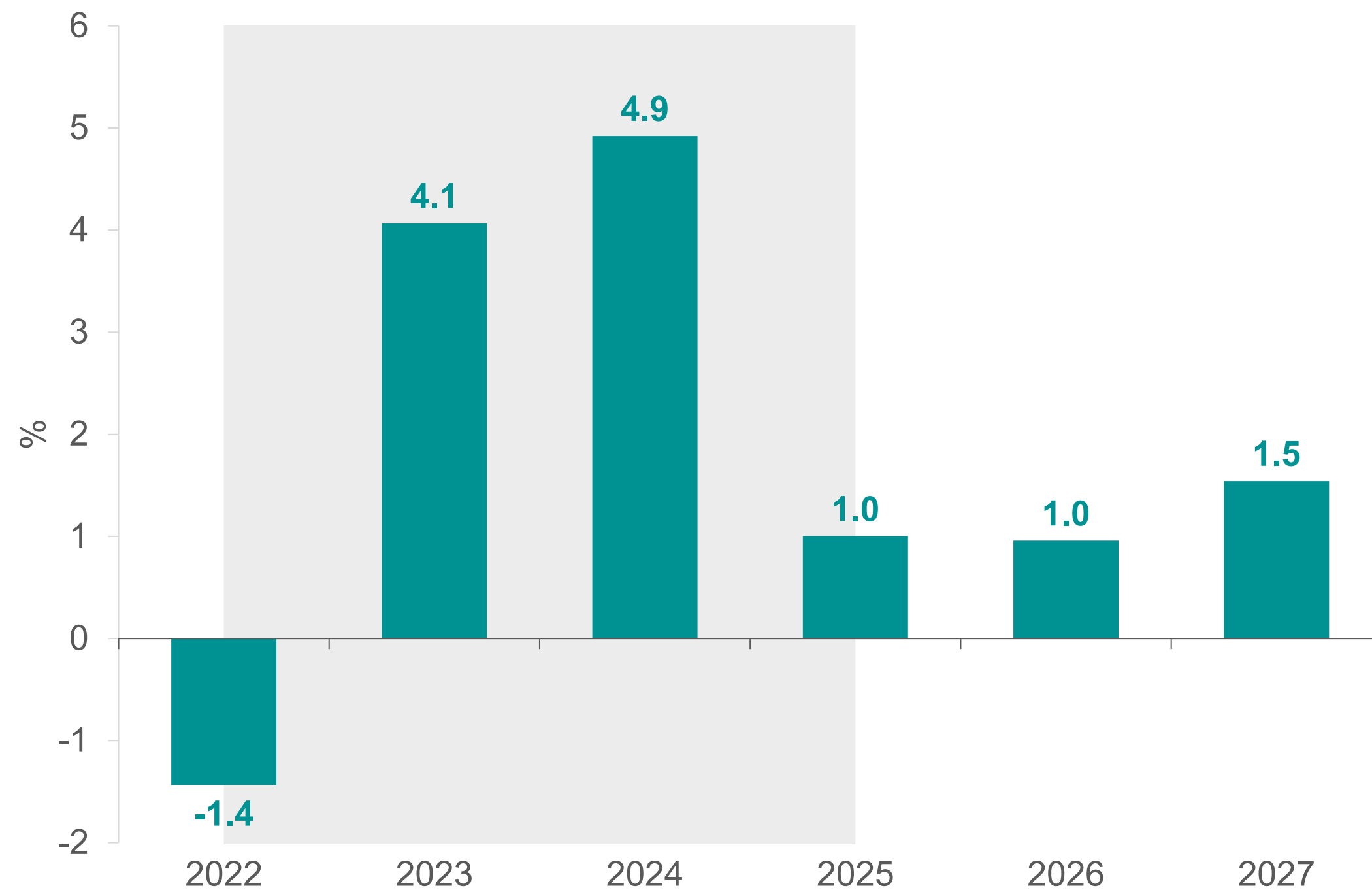
- Macroeconomic forecast for Belarus is a forecast of the key macroeconomic indicators of the Belarusian economy for up to two years; it is based on a Quarterly Projection Model designed for the Belarusian economy.
- Quarterly Projection Model (QPM) – a semi-structural macroeconomic model based on the 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 GDP growth in Belarus and neutral inflationary effects in 2026. In 2027, one can expect some support for recovery in Belarusian industry

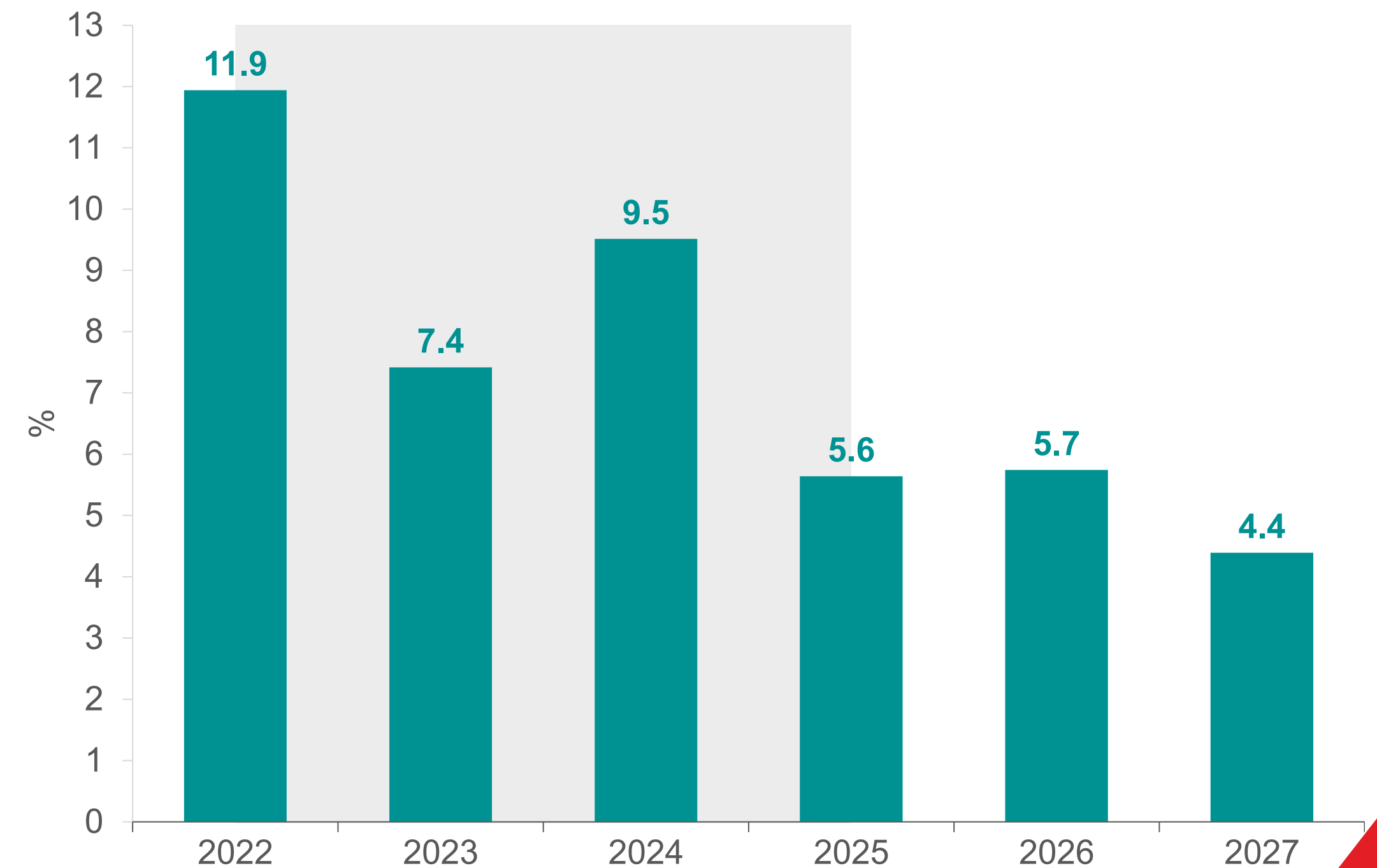
GDP growth in Russia

(in real terms; YoY)



Inflation in Russia

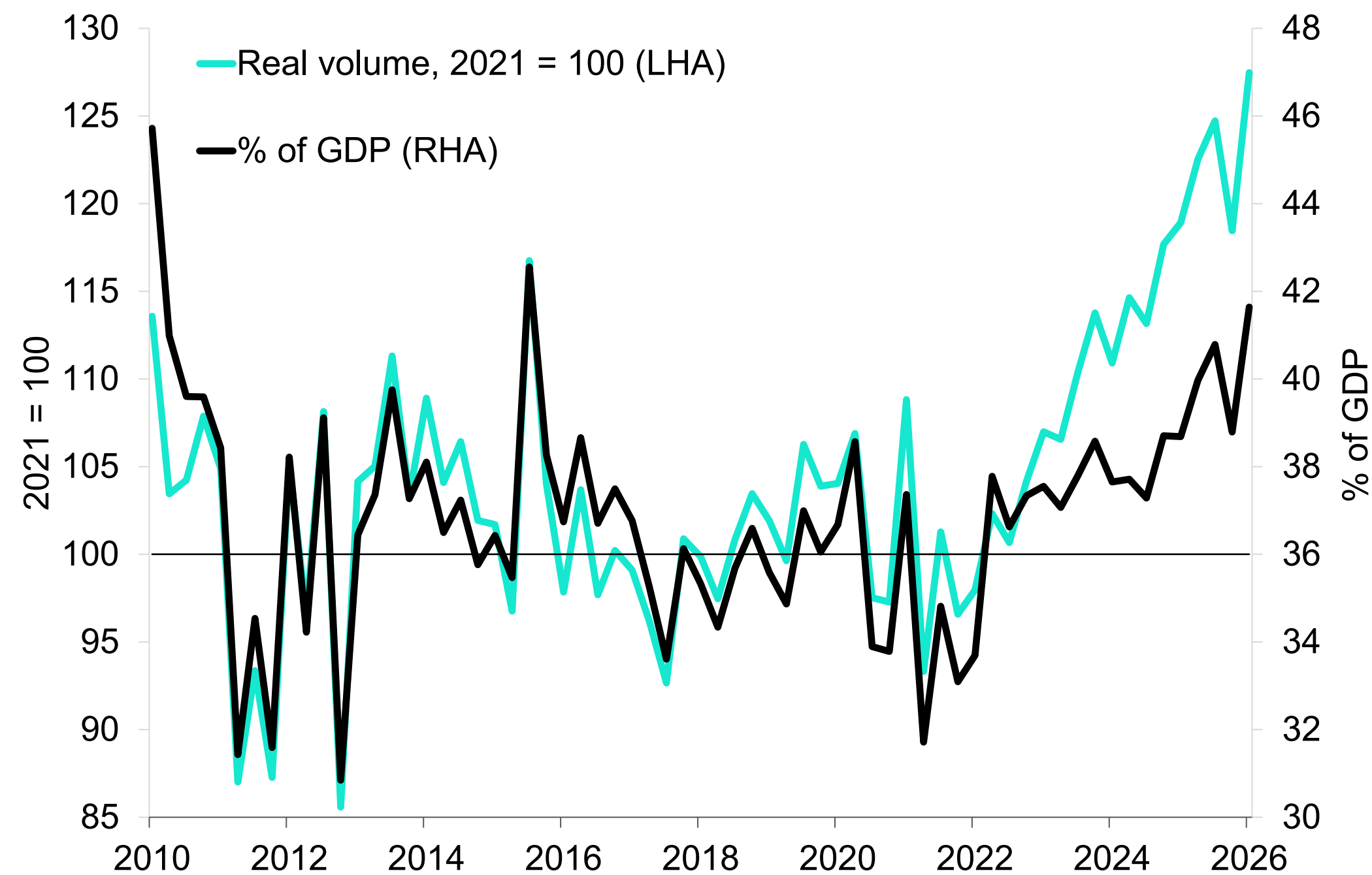
(CPI-based; YoY at the end of a period)



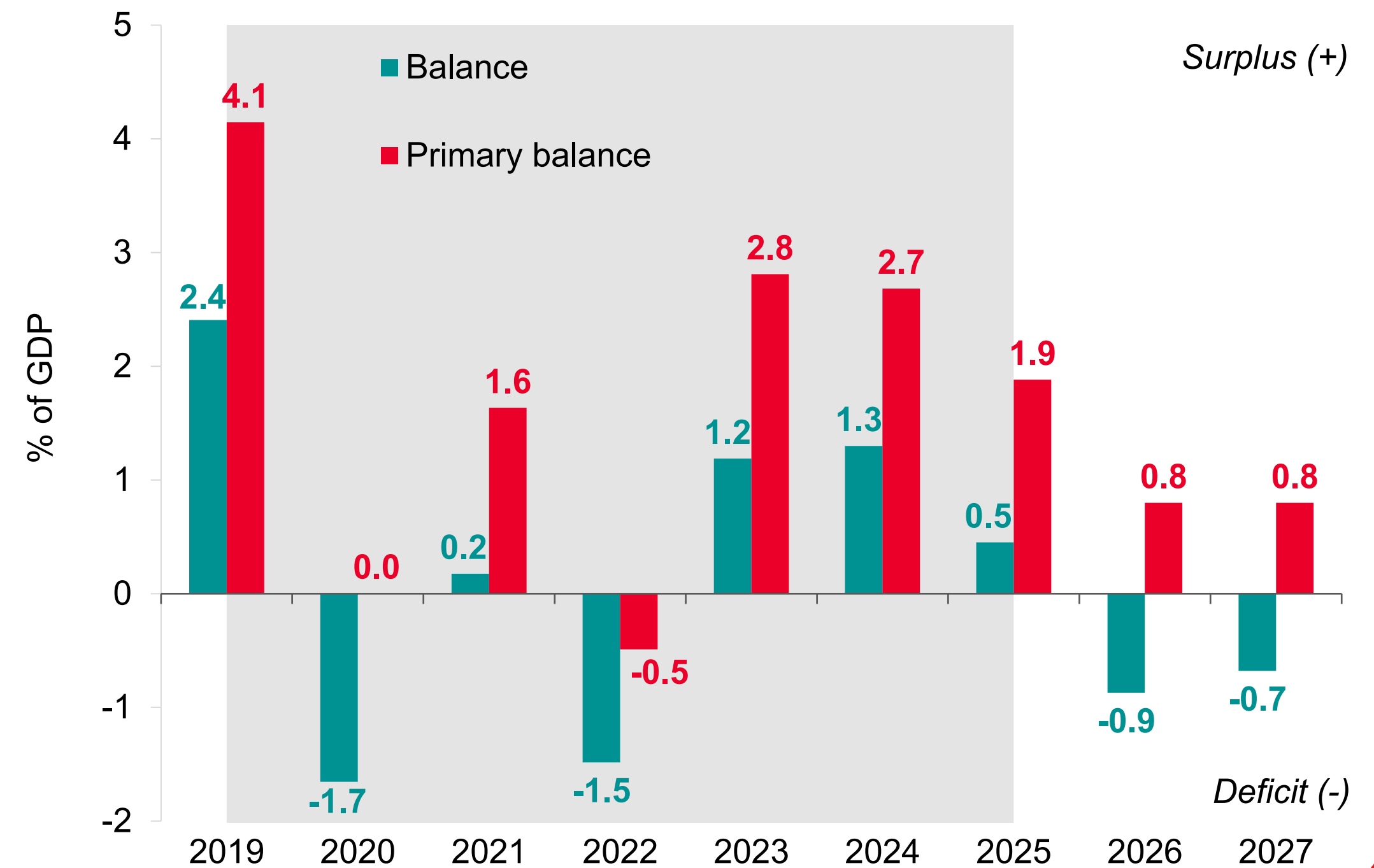
Source: authors' calculations based on data from Rosstat, the Bank of Russia.

Fiscal policy continues to support domestic demand and will remain stimulative in 2026–2027. Accumulated fiscal reserves create favorable conditions for this

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



General budget balance* (relative to GDP)



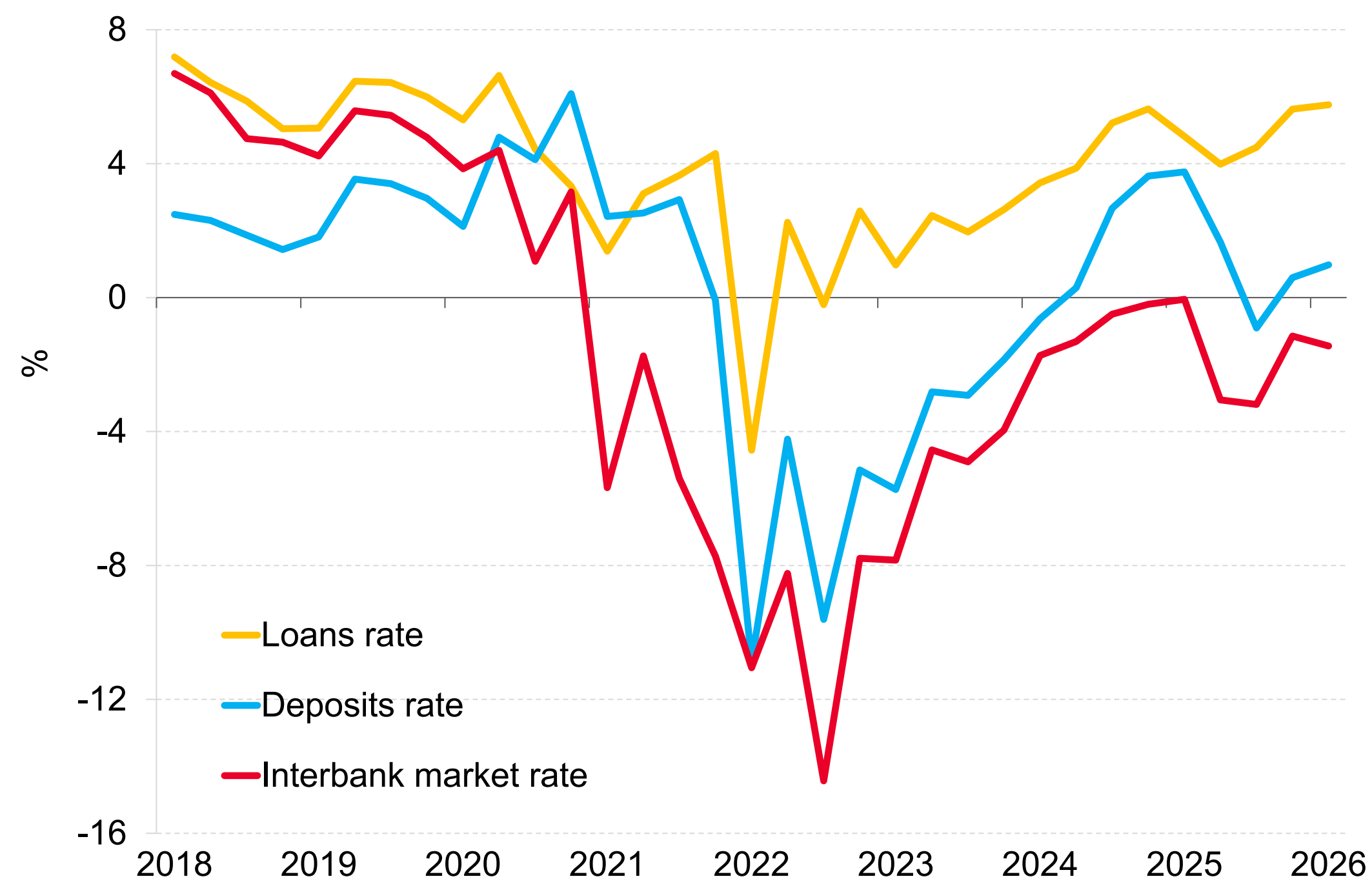
Source: authors' calculations based on data from Belstat, Ministry of Finance of Belarus, EFSD, IMF.

Note: general budget includes central and local government budgets, as well the budget of the Social Protection 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.

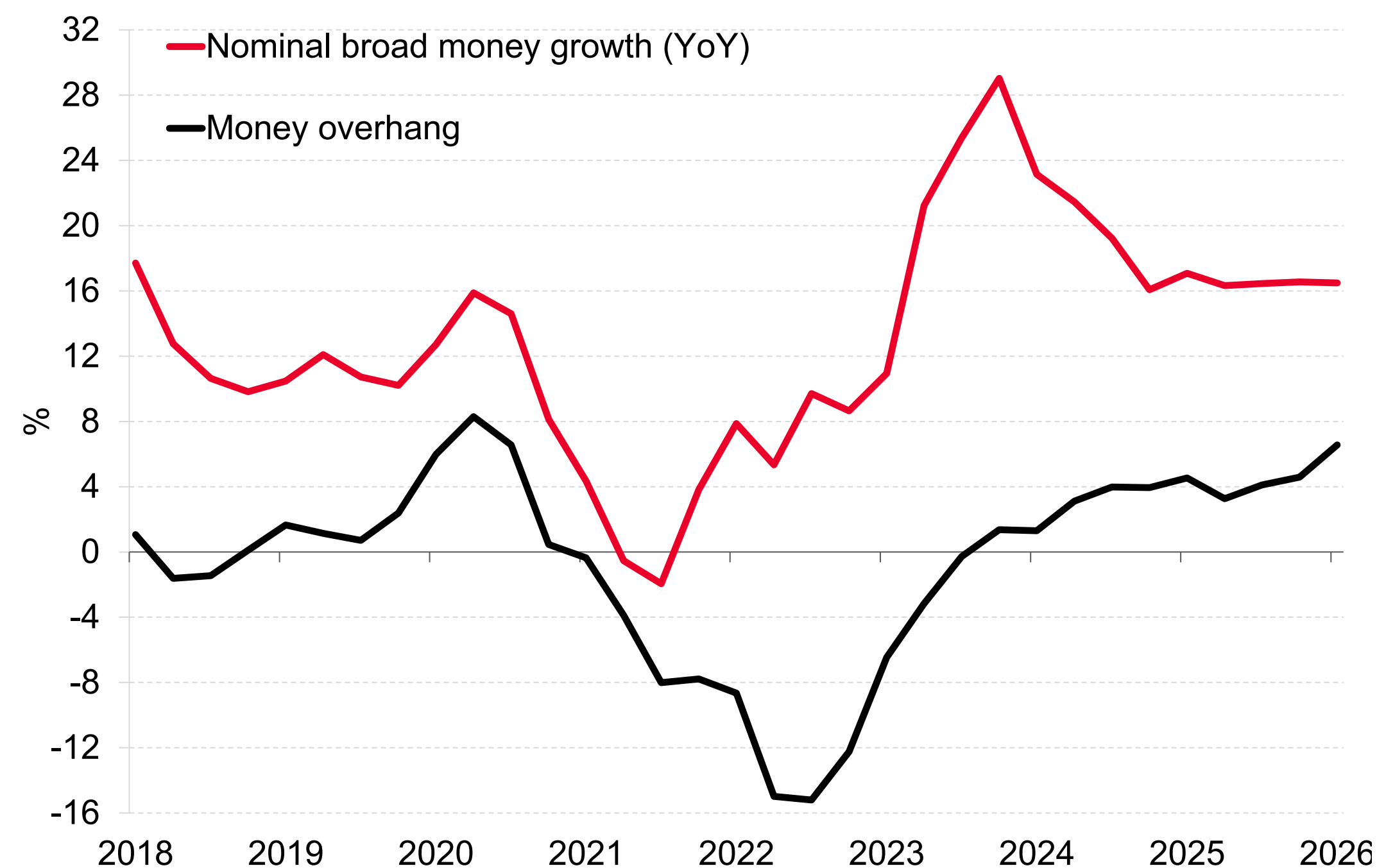
* General budget balance for 2025-2027 is an estimate.

Monetary policy remained loose at the beginning of the year. The money supply continued to grow at a high, unbalanced rate, ... leading to an expansion of the money overhang

Real average interest rates (QPM-based)



Broad money growth and money overhang (QPM-based)

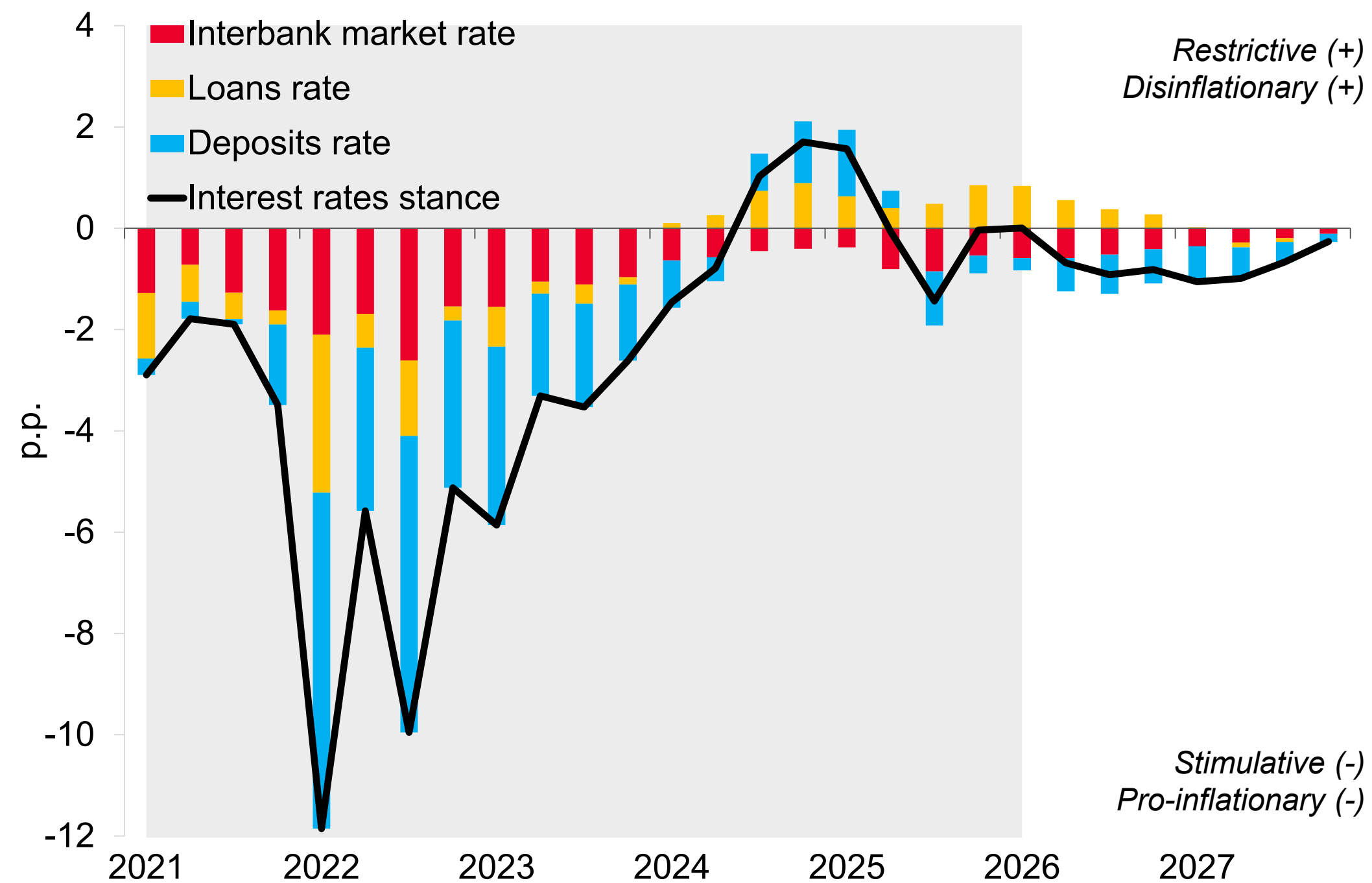


Source: calculations based on the Quarterly Projection Model (QPM), data from the National Bank.

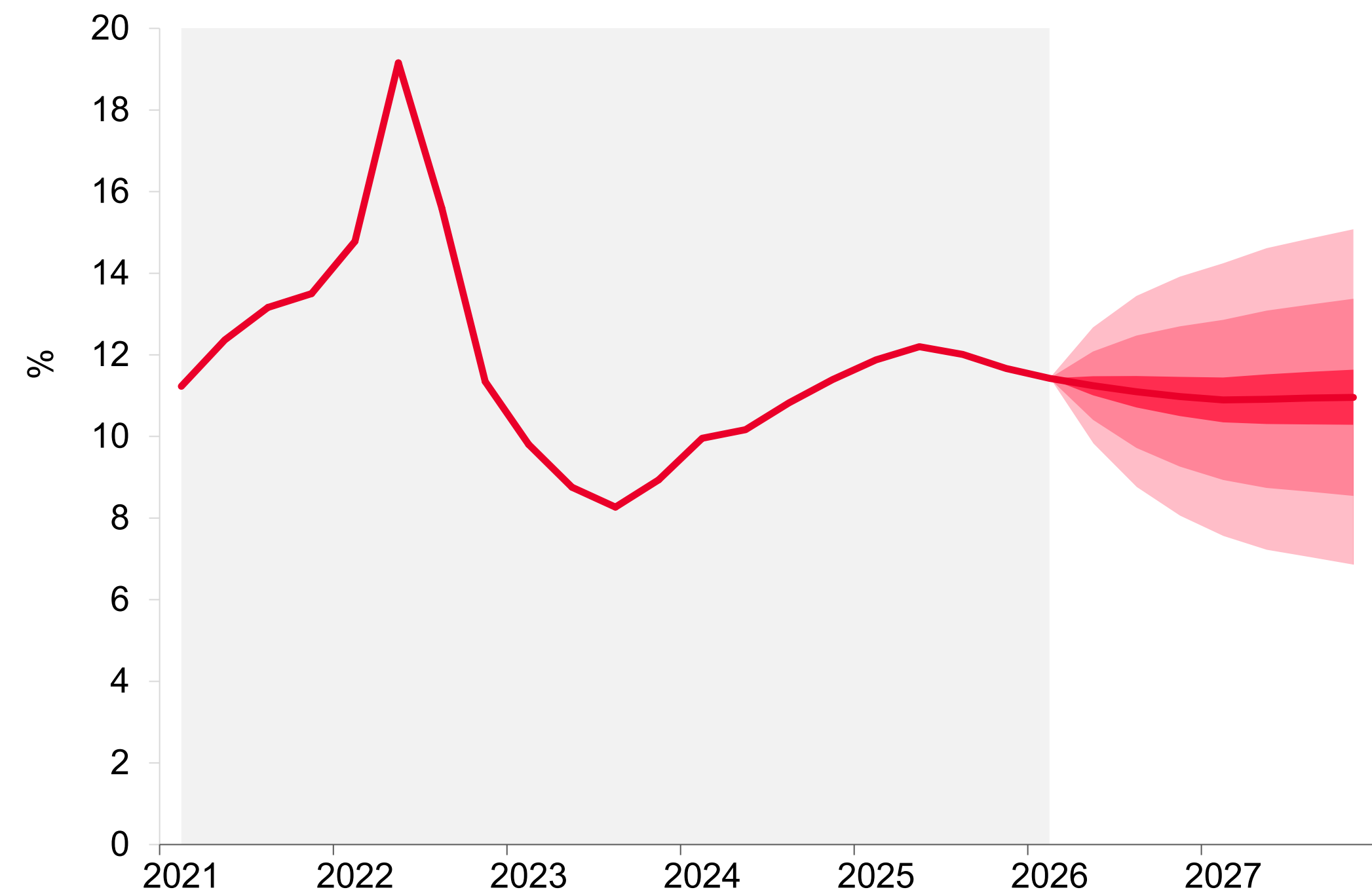
Note: real rates are calculated based on average nominal rates between organizations and households (according to the National Bank) and expected YoY inflation in the next quarter. Money overhang is a deviation of real broad money from its sustainable level.

Considering money overhang, moderate inflation and weak GDP dynamics leave room only for a slight easing of monetary policy

Interest rates stance (QPM-based)



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



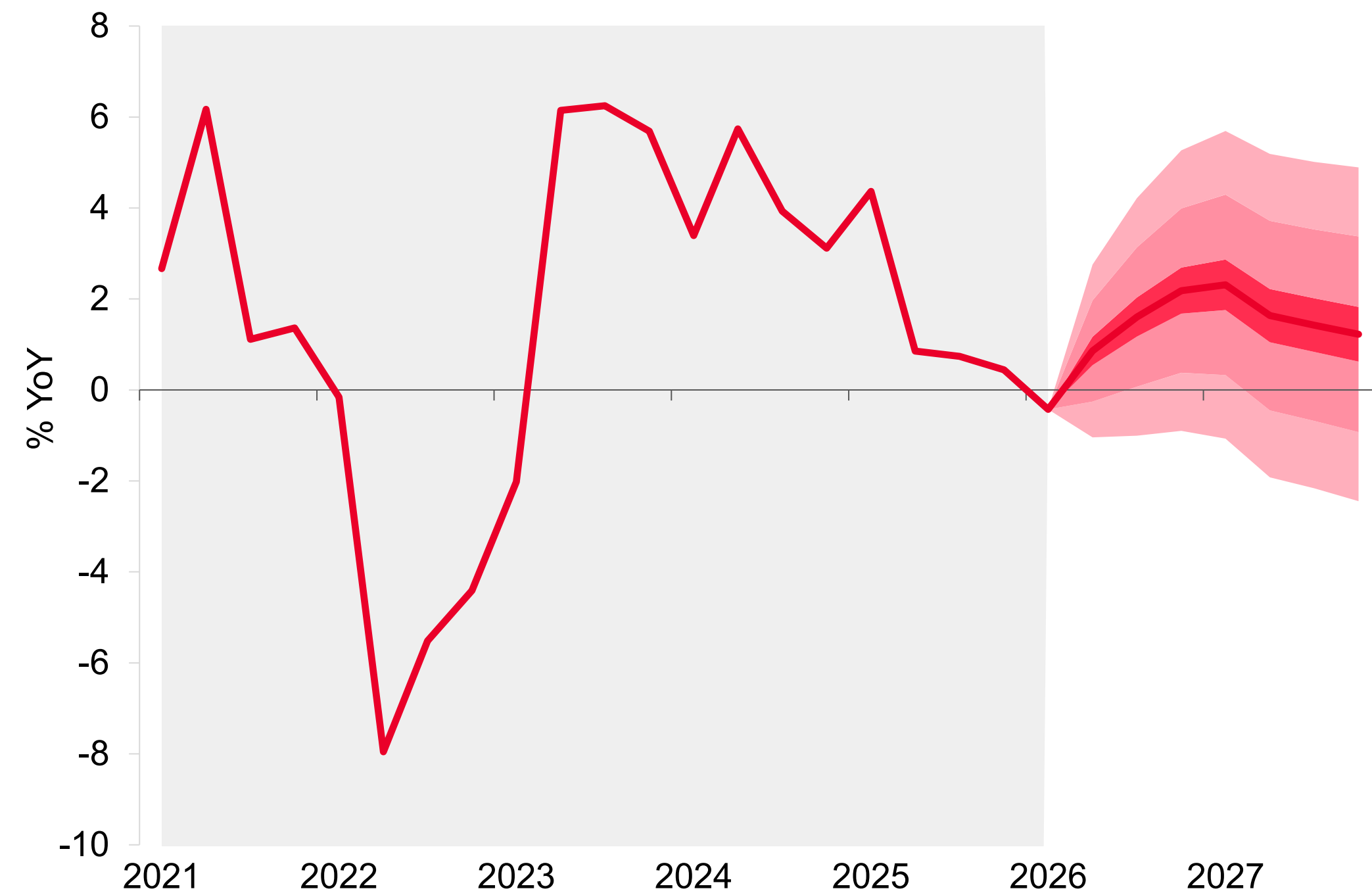
Source: calculations based on the Quarterly Projection Model (QPM).

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 grow by about 1% in 2026, supported by non-restrictive economic policies. Economic growth will return to potential rate of 1.5–2% in 2027, provided there are no strong external shocks

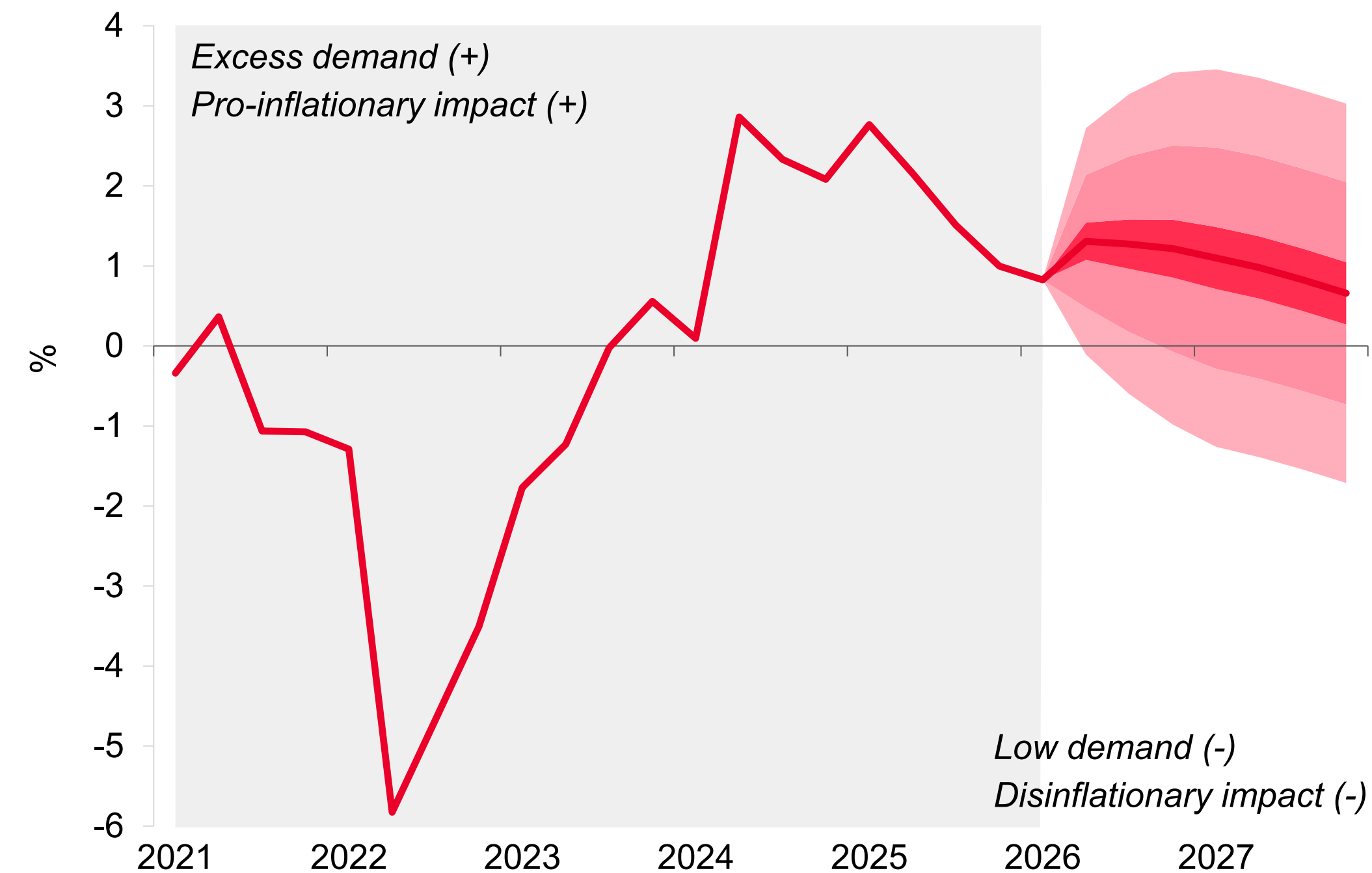
Real GDP growth

(seasonally adjusted; YoY; QPM-based)



Output gap

(QPM-based)



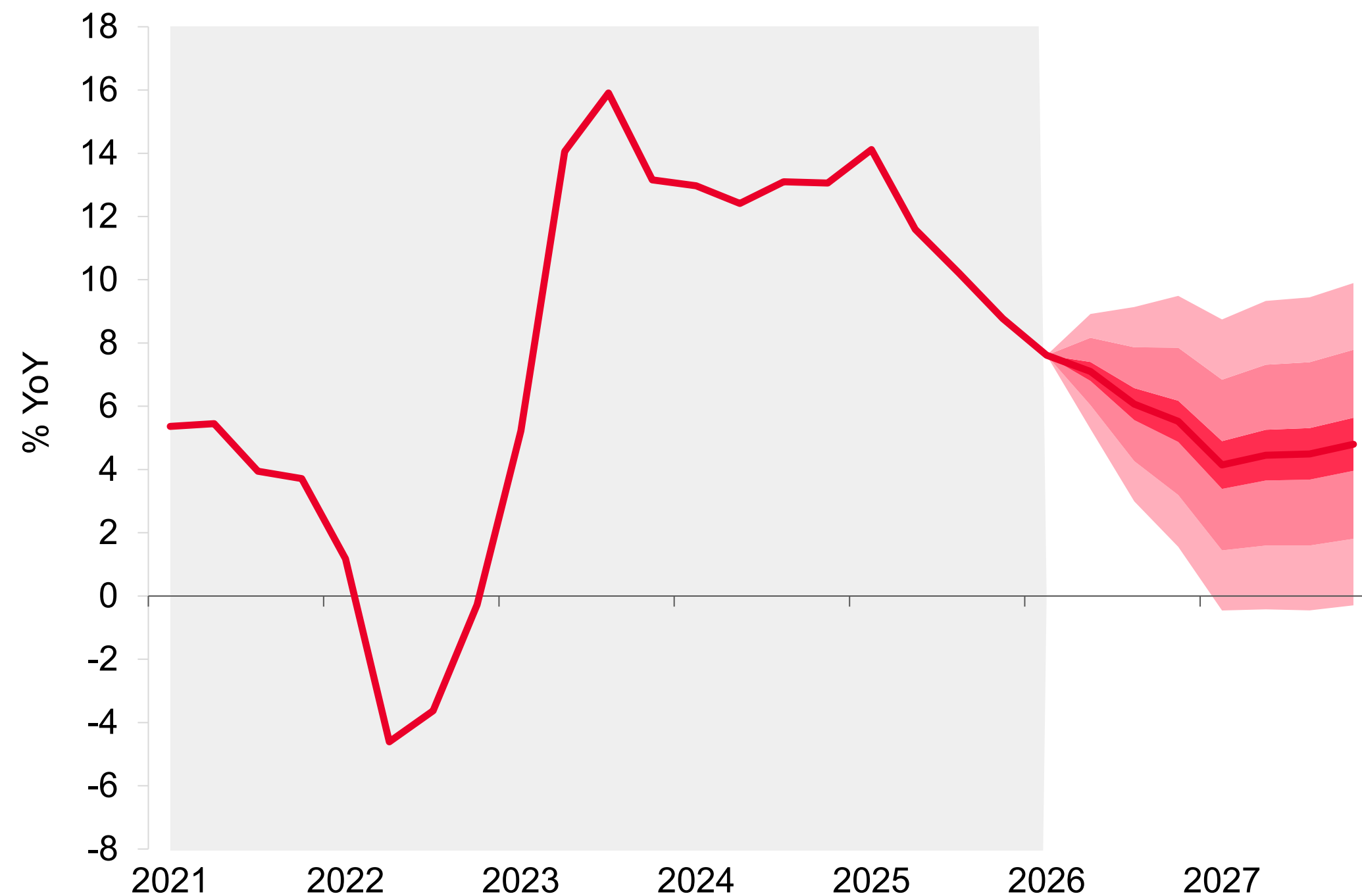
Source: calculations based on QPM.

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.

The labor shortage will ease due to slower economic growth. Real wages growth will slow from 9% in 2025 to around 5–6% in 2026–2027

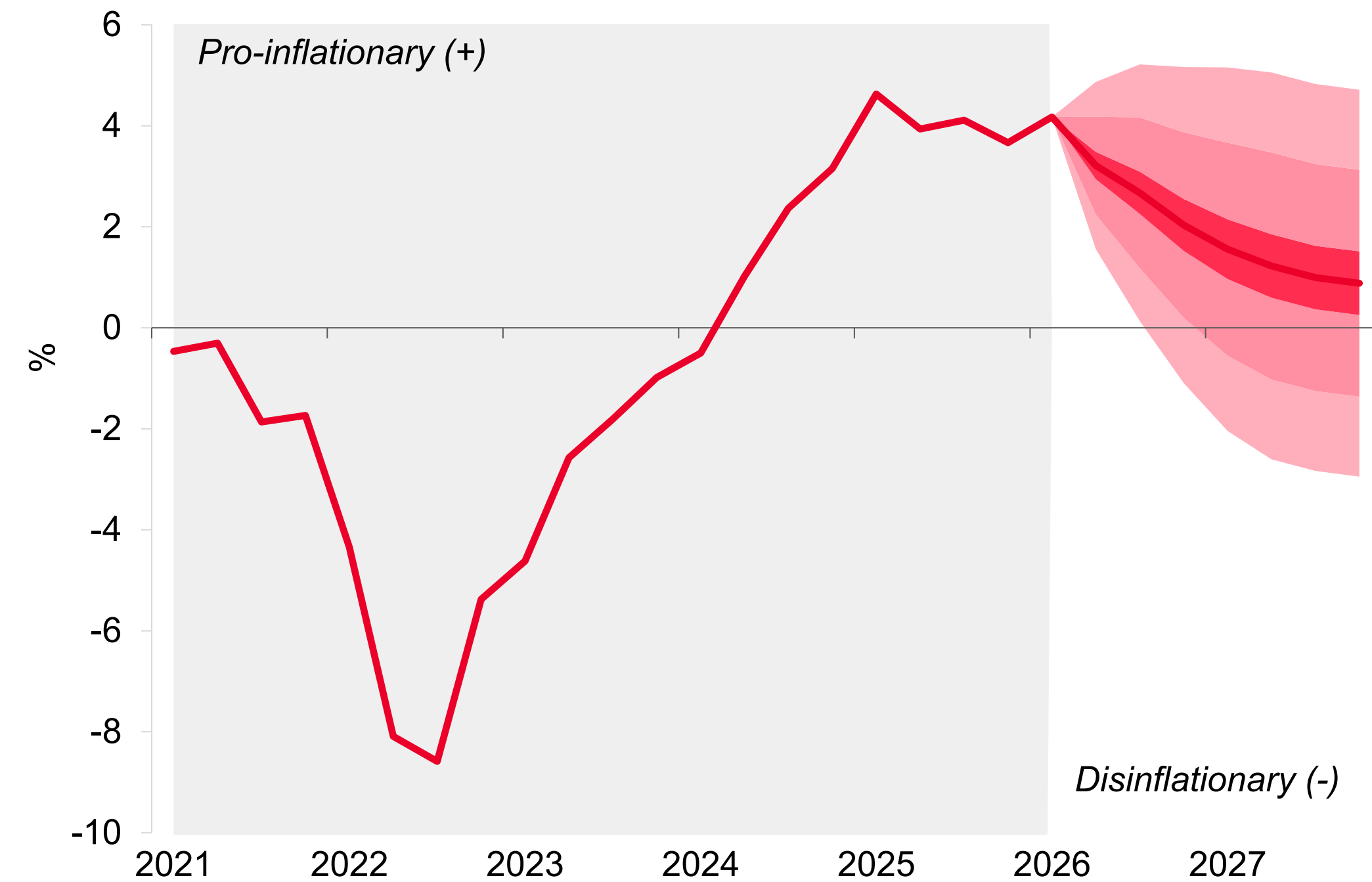
Real average wage growth

(seasonally adjusted; YoY; QPM-based)



Real wage gap

(QPM-based)



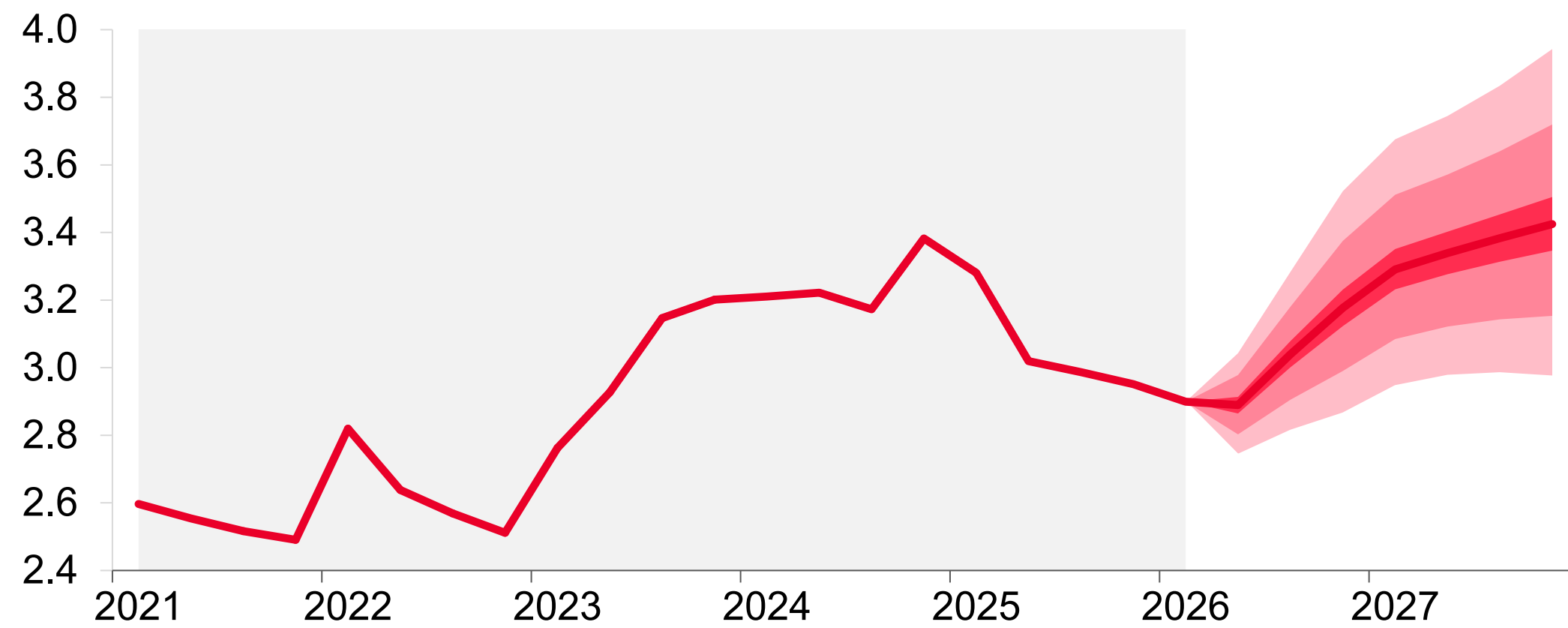
Source: calculations based on QPM.

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 within 1% of GDP in 2026–2027, which corresponds to a moderate weakening of the national currency – by 2–5% YoY in terms of the currency basket

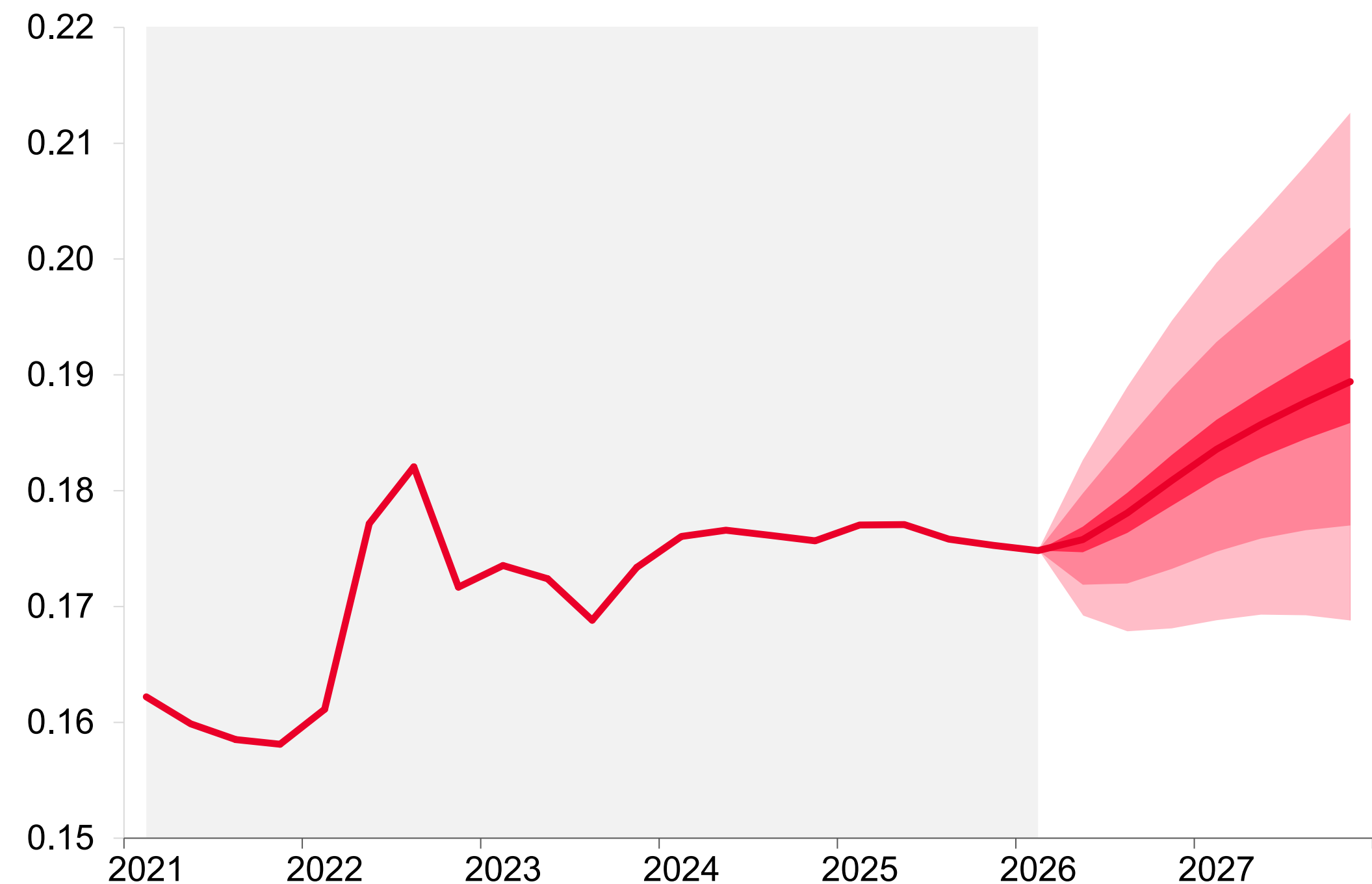
USD/BYN

(average per quarter; QPM-based)



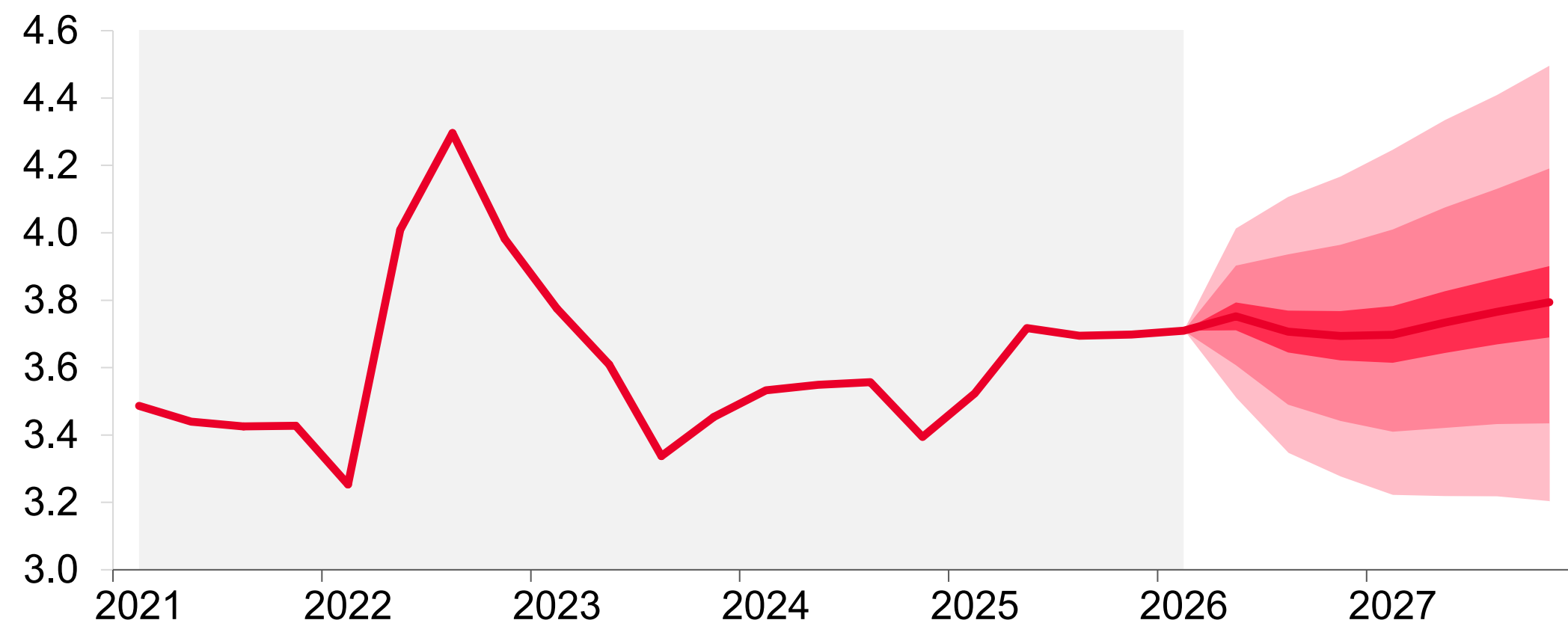
Currency basket

(average per quarter; QPM-based)



100*RUB/BYN

(average per quarter; QPM-based)



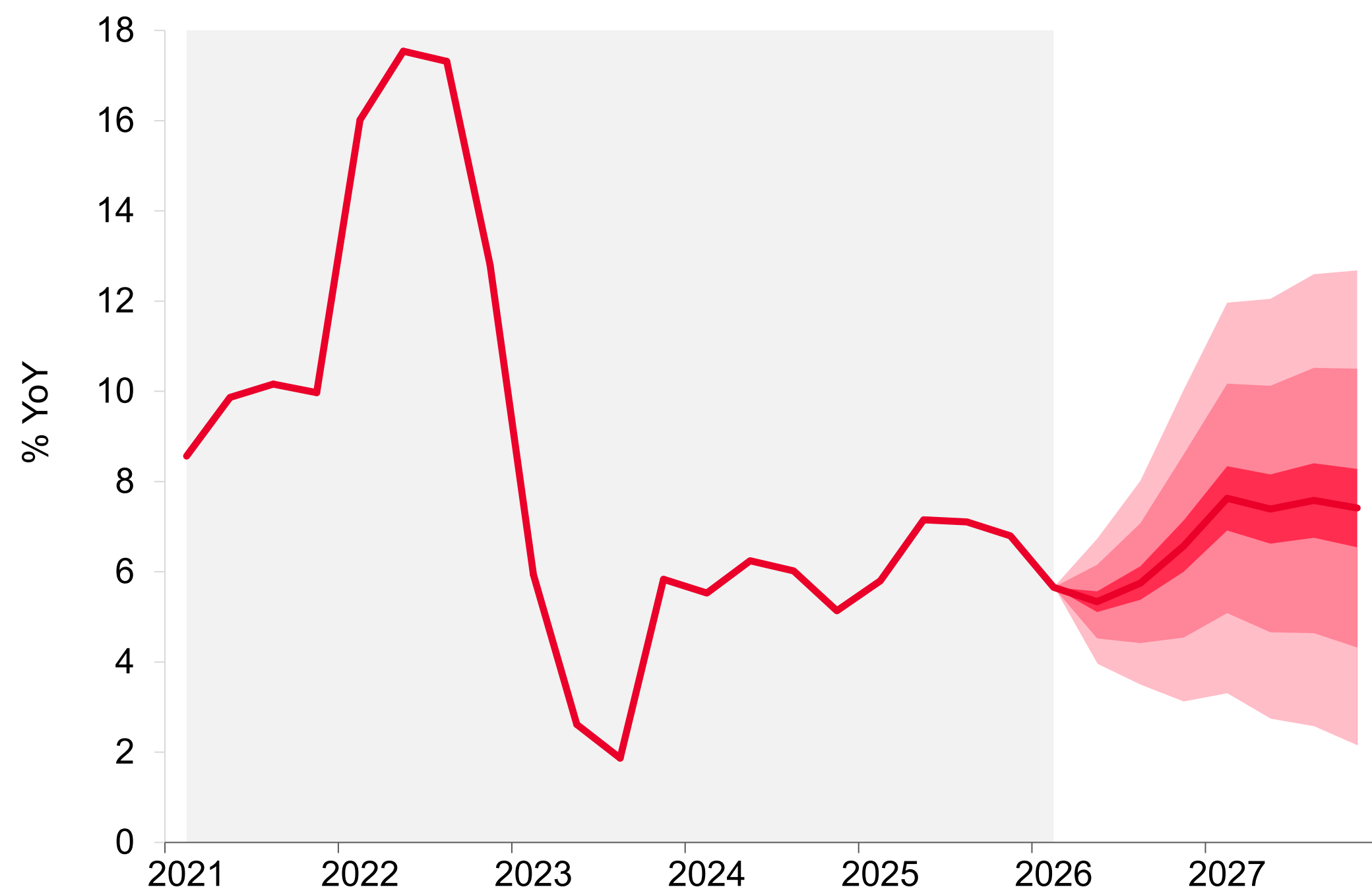
Source: calculations based on QPM.

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

Inflation is projected to recover to 6–7% YoY by the end of 2026 amid the maintenance of non-restrictive monetary conditions and high budget expenditures

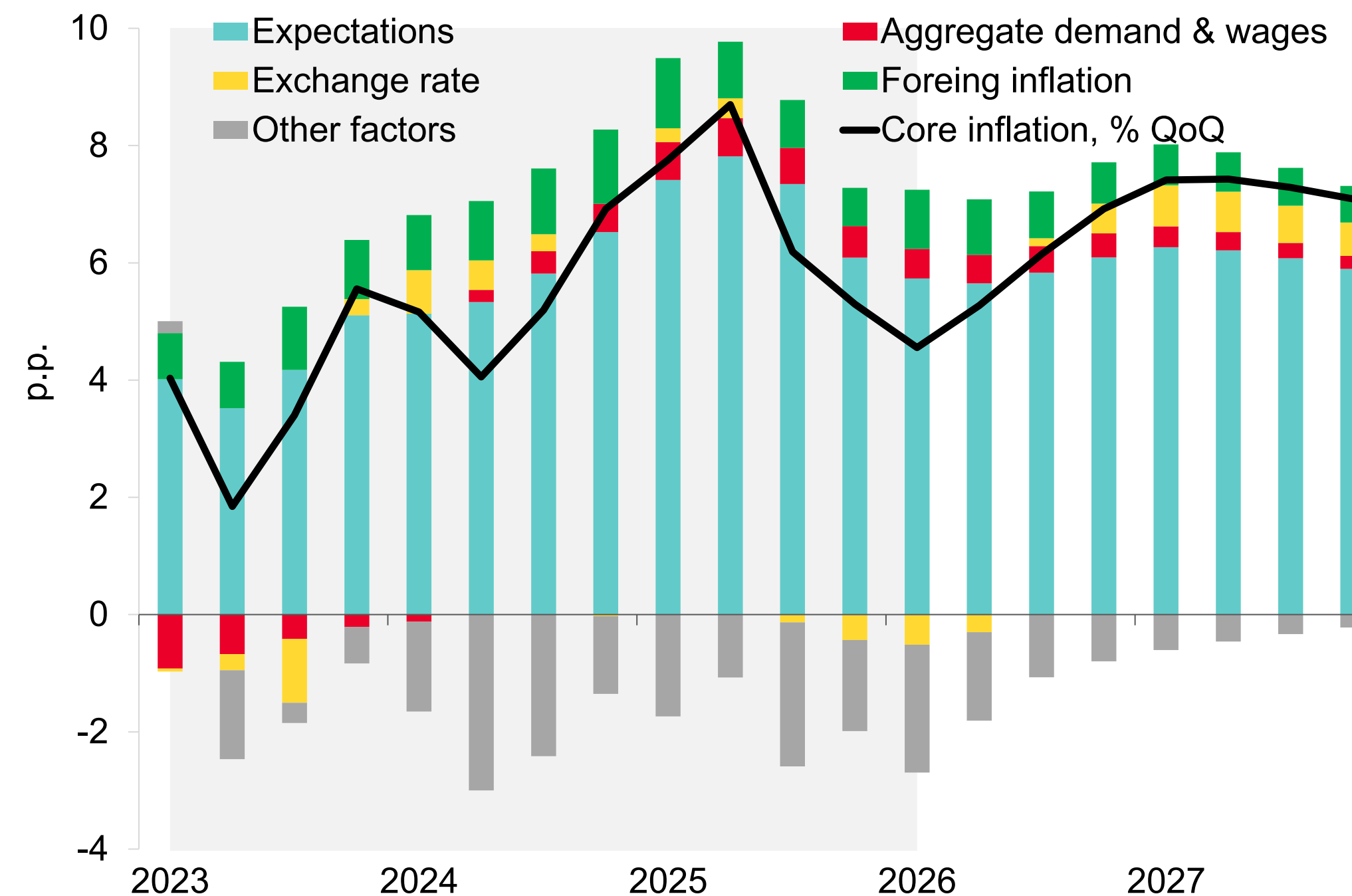
Overall inflation

(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 probability of a strong global acceleration of inflation, accompanied by a global recession, remains relatively high due to the conflict in the Middle East.
 - *Belarus's focus on Russia and China could limit the impact of the external shock, as these countries are potentially less susceptible to increasing inflation due to rising commodity prices compared to the EU.*
- Looser monetary policy and stronger fiscal stimulus remain risks 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.
- One alternative scenario – an acceleration in Belarus's GDP growth, starting in 2027. This is possible with a significant easing of sanctions pressure on Belarus and Russia.