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Macroeconomic Forecast for Belarus

Q4-2025 – 2026

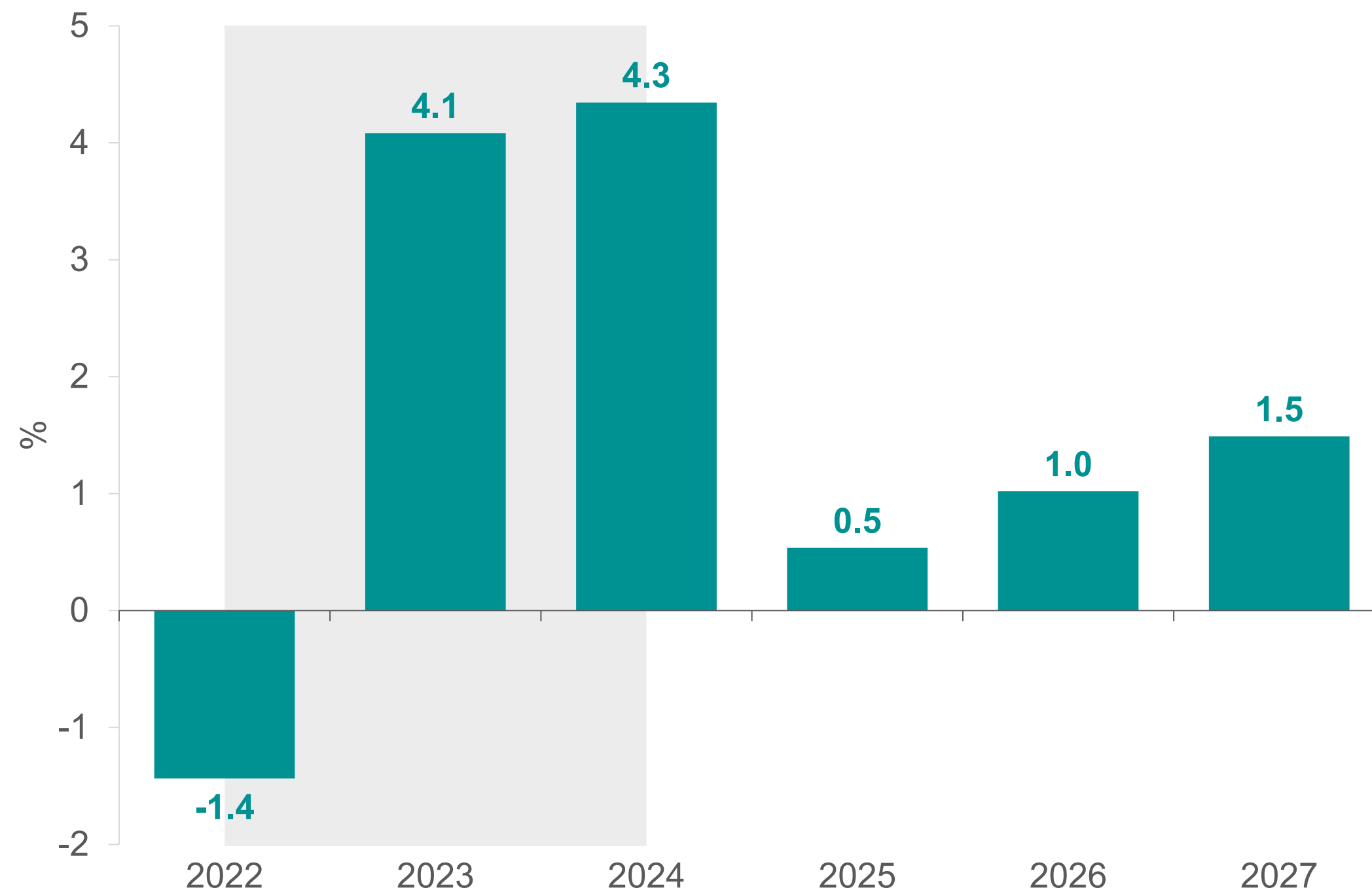
Methodological explanations

- 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.

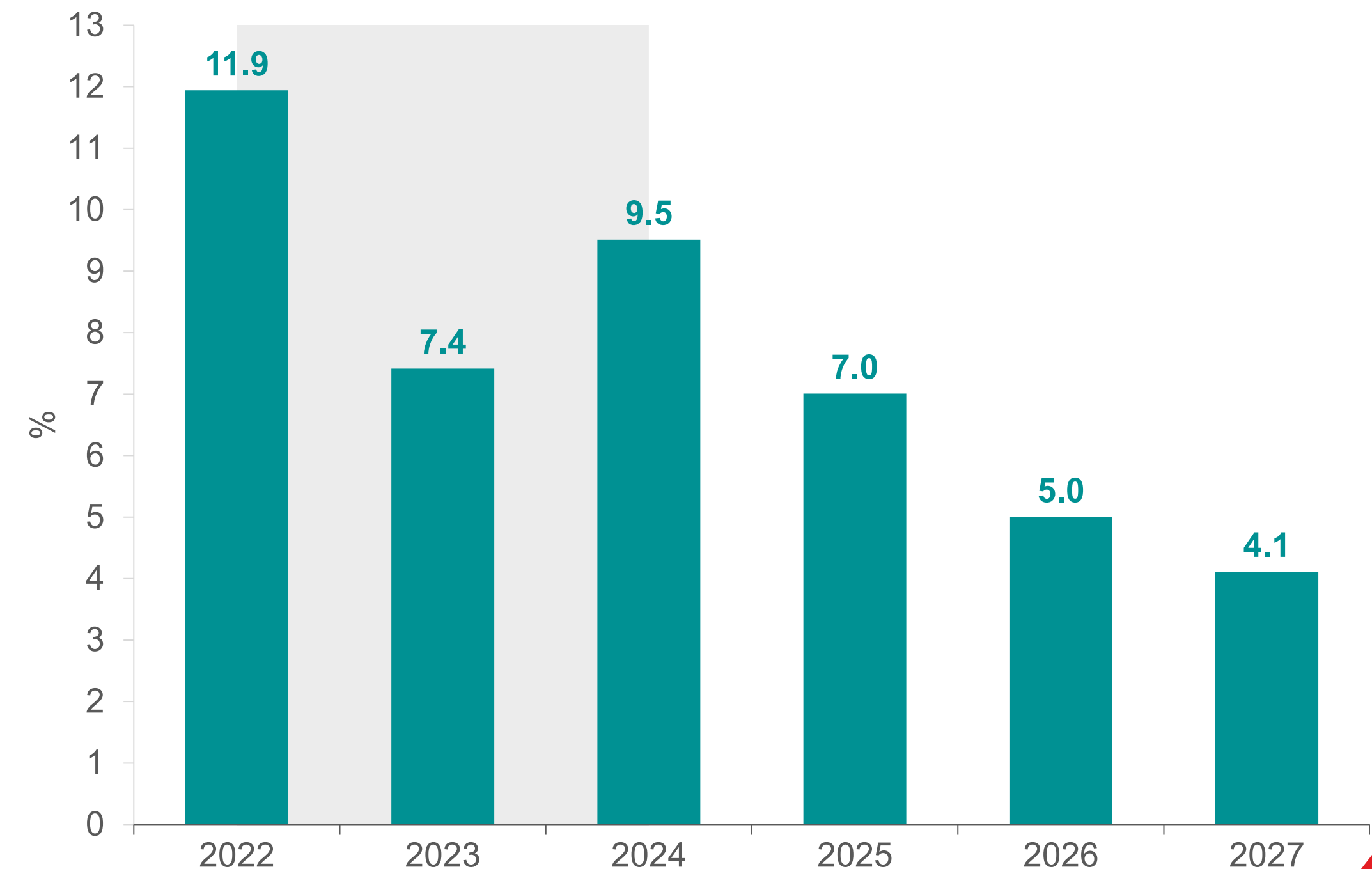
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Russian economy will have a restrictive impact on the economic activity in Belarus and slight disinflationary effects in 2026

GDP growth in Russia *(in real terms; YoY)*



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

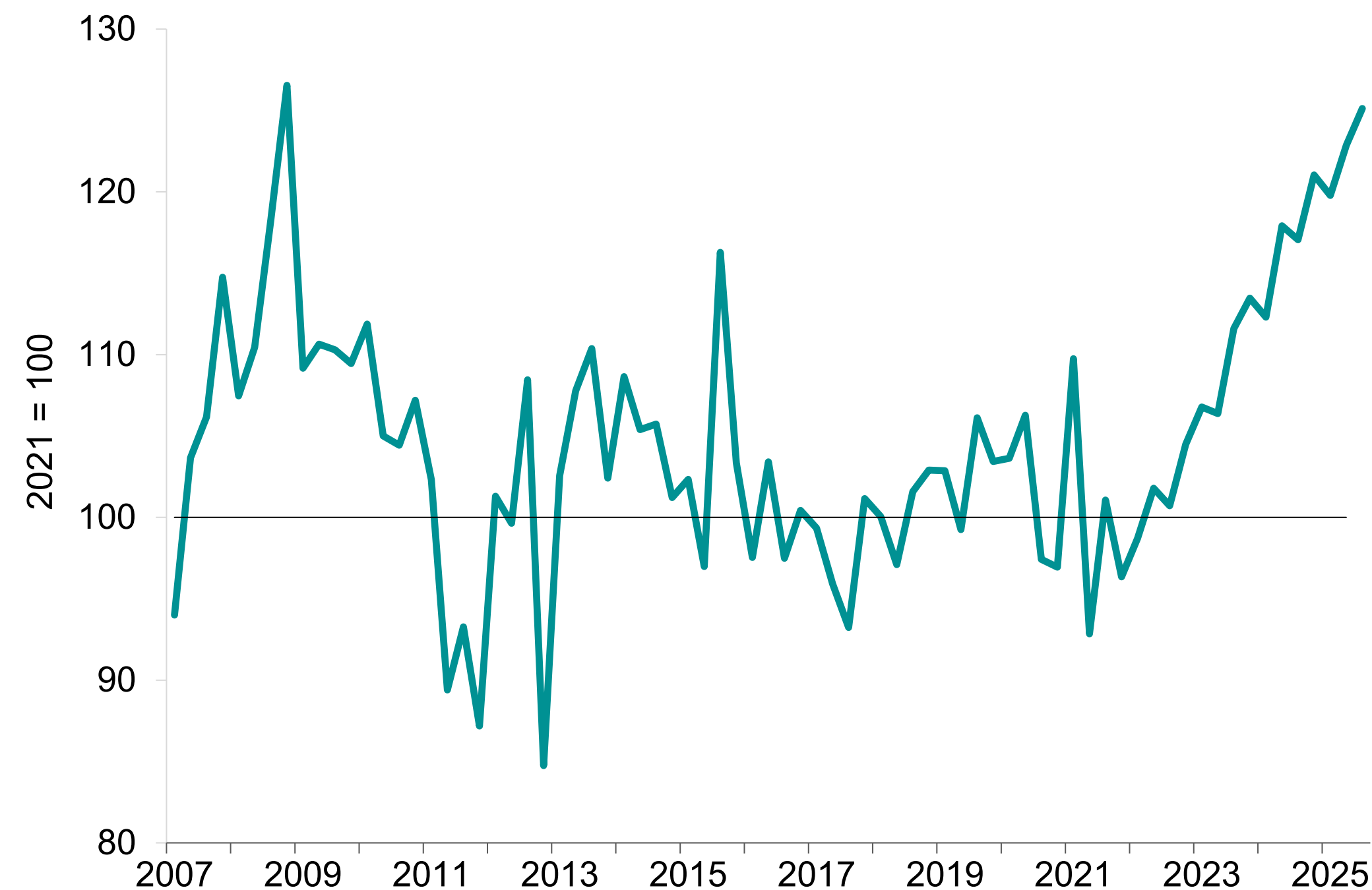


Source: authors' calculations based on data from Rosstat, the Bank of Russia.

Fiscal policy will cease to be stimulative for economic activity, as there is a little space for increasing expenditure in 2026 in an environment of the slowdown of the economy growth

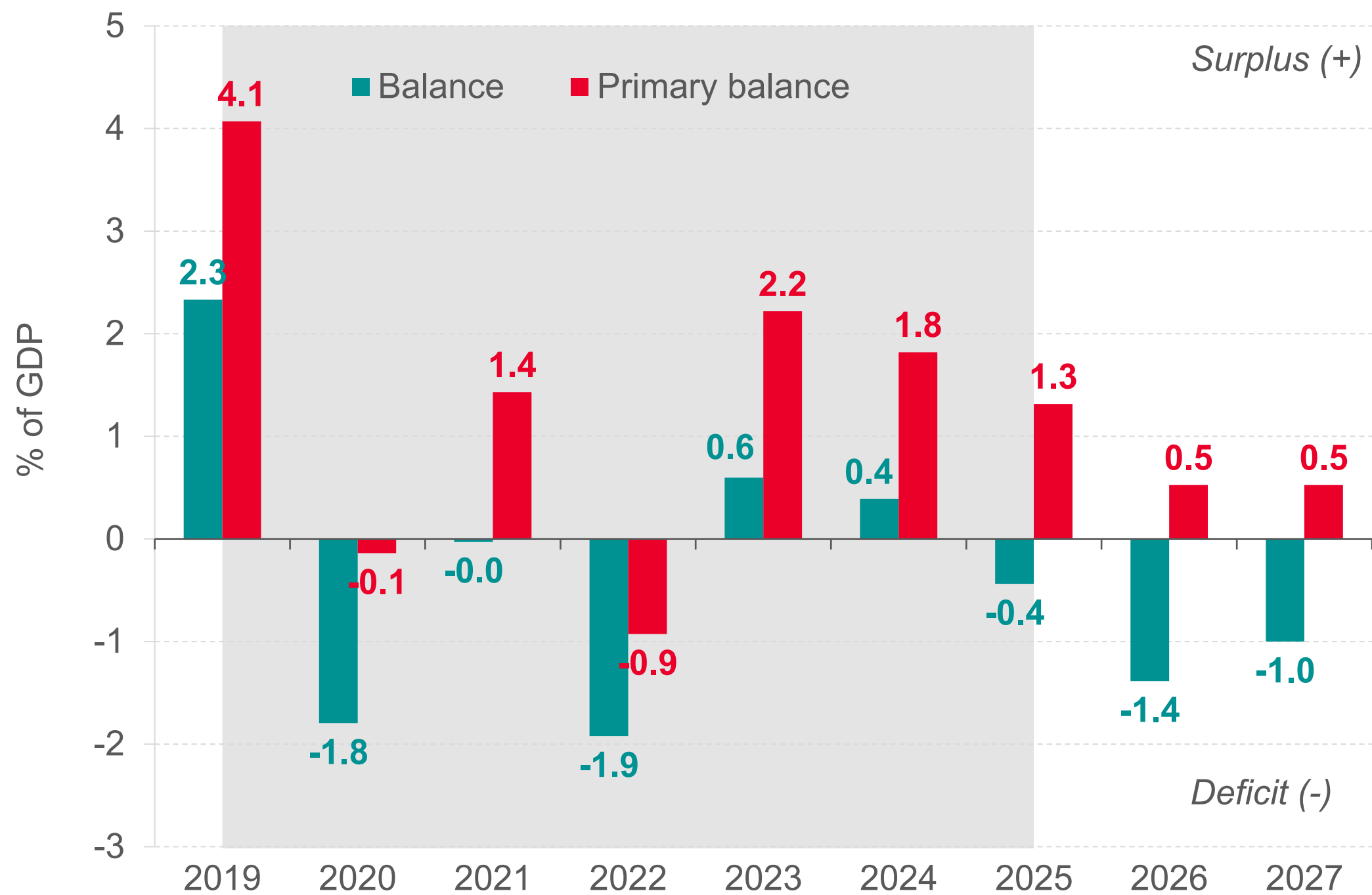
General budget primary expenditures

(in real terms; seasonally adjusted)



Consolidated budget balance

(relative to GDP)

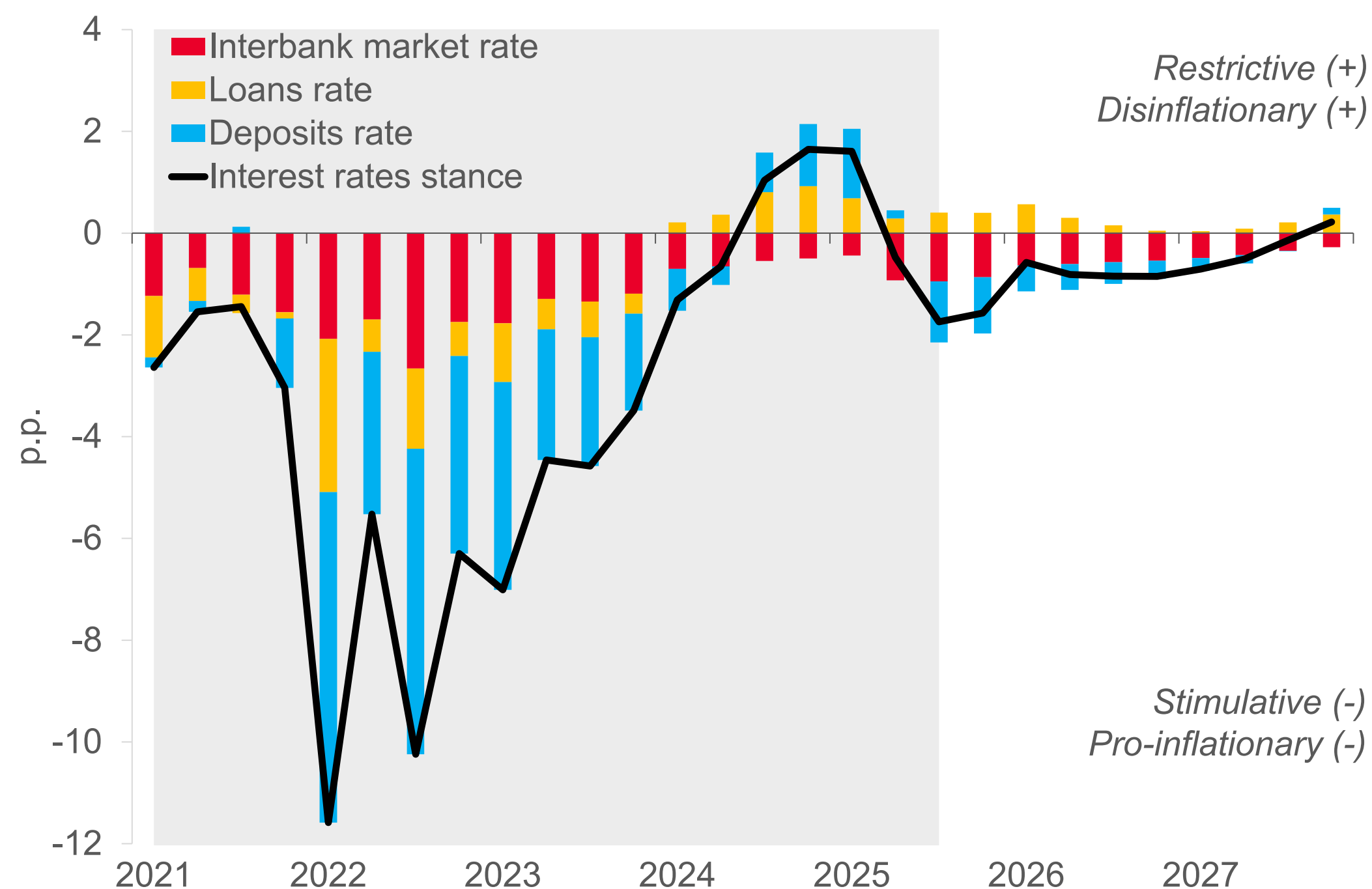


Source: authors' calculations based on data from Belstat, Ministry of Finance of Belarus, EFSD, IMF.

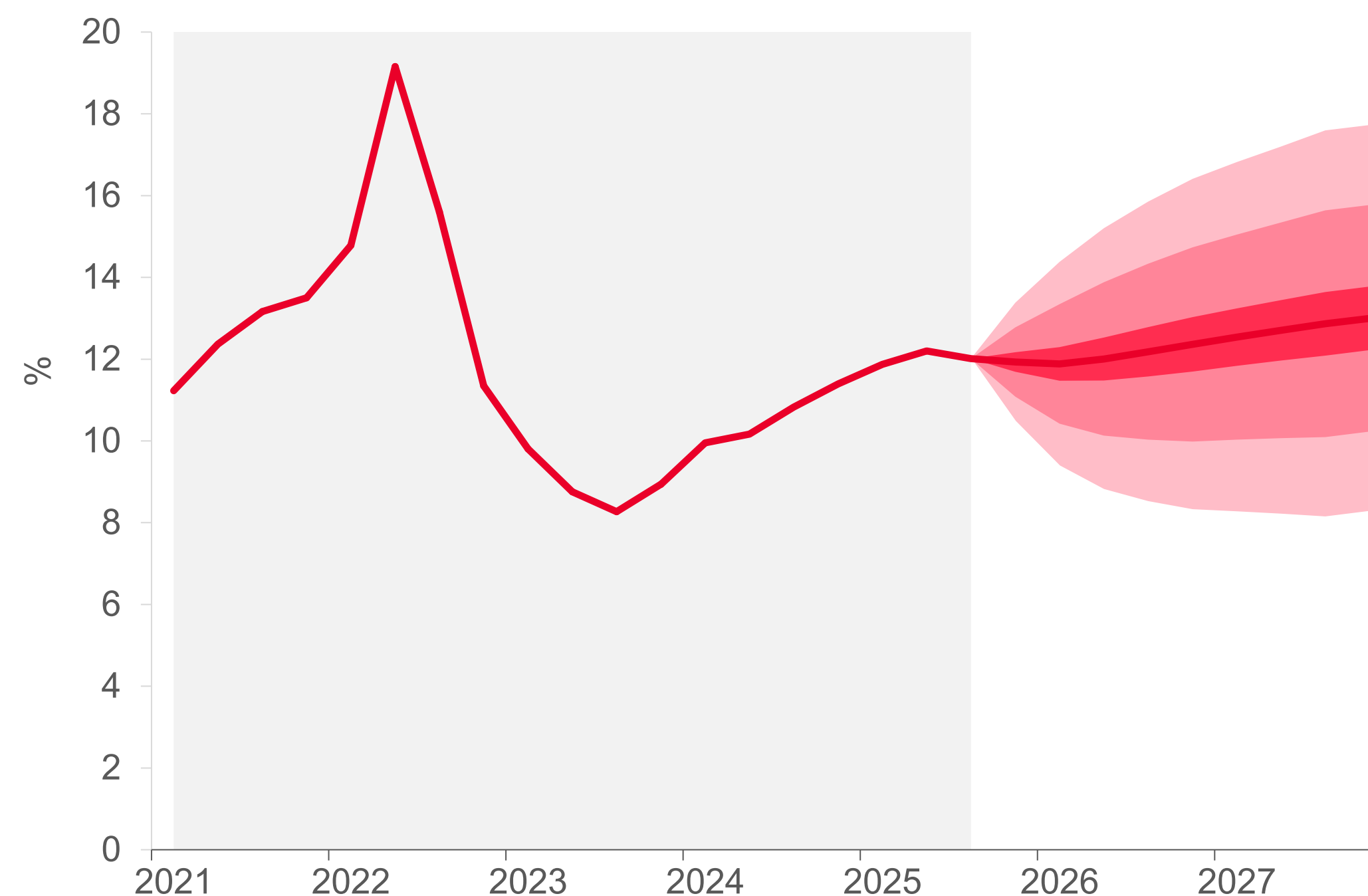
Note: the Consolidated Budget of the Republic of Belarus includes both central and local government budgets. The budget balance is the difference between budget revenues and expenditures. The primary balance is the budget balance excluding expenses for public debt servicing. Real expenditures are calculated by adjusting nominal expenditures by the GDP deflator.

Monetary policy will remain tolerant of elevated inflation around 7–8% in 2026, but the overall impact of monetary conditions on economic activity will be subdued

Interest rates stance (QPM-based)



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



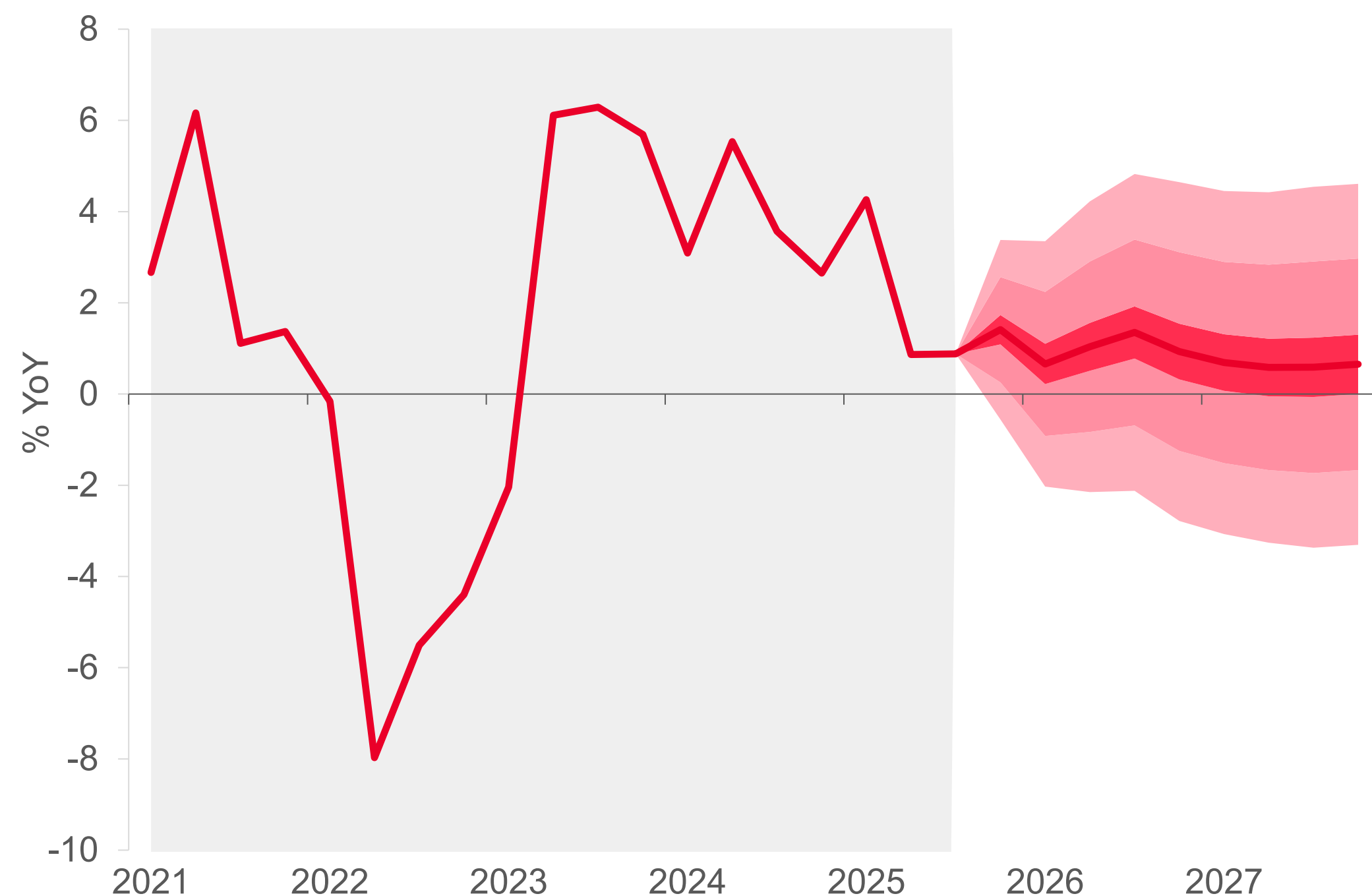
Source: calculations based on the Quarterly Projection Model (QPM).

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 growth will decelerate from $\approx 4\%$ in 2023–2024 to 1.5–1.8% in 2025 and to 0.5–1.5% in 2026.
The scale of economic overheating will decrease

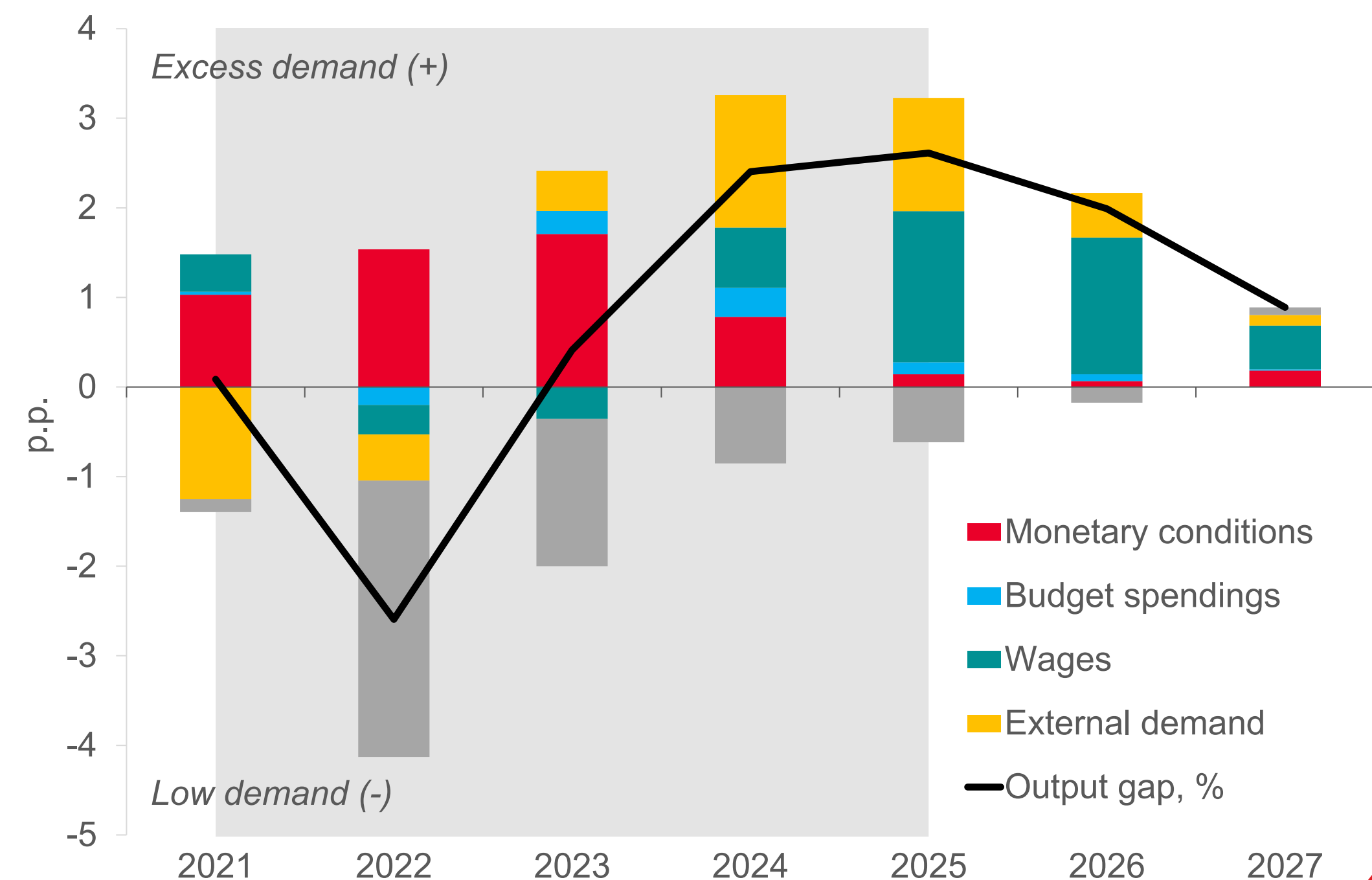
Real GDP growth

(seasonally adjusted; YoY; QPM-based)



Output gap decomposition

(QPM-based)



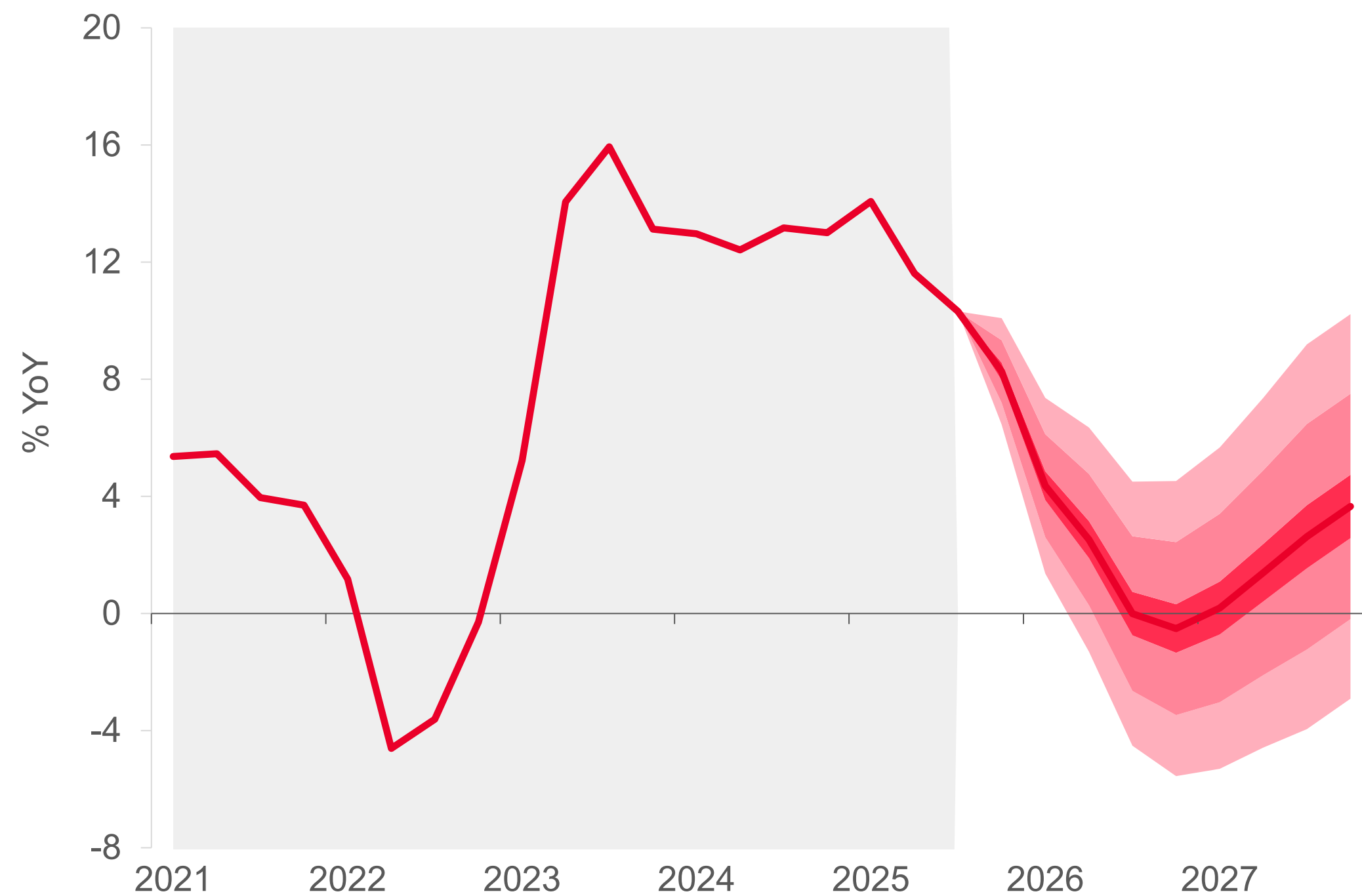
Source: calculations based on QPM.

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.

Real wage growth will slow to 1–3% in 2026 as a result of slower output growth. The labor market conditions will become less tight, and their inflationary pressure will gradually decrease

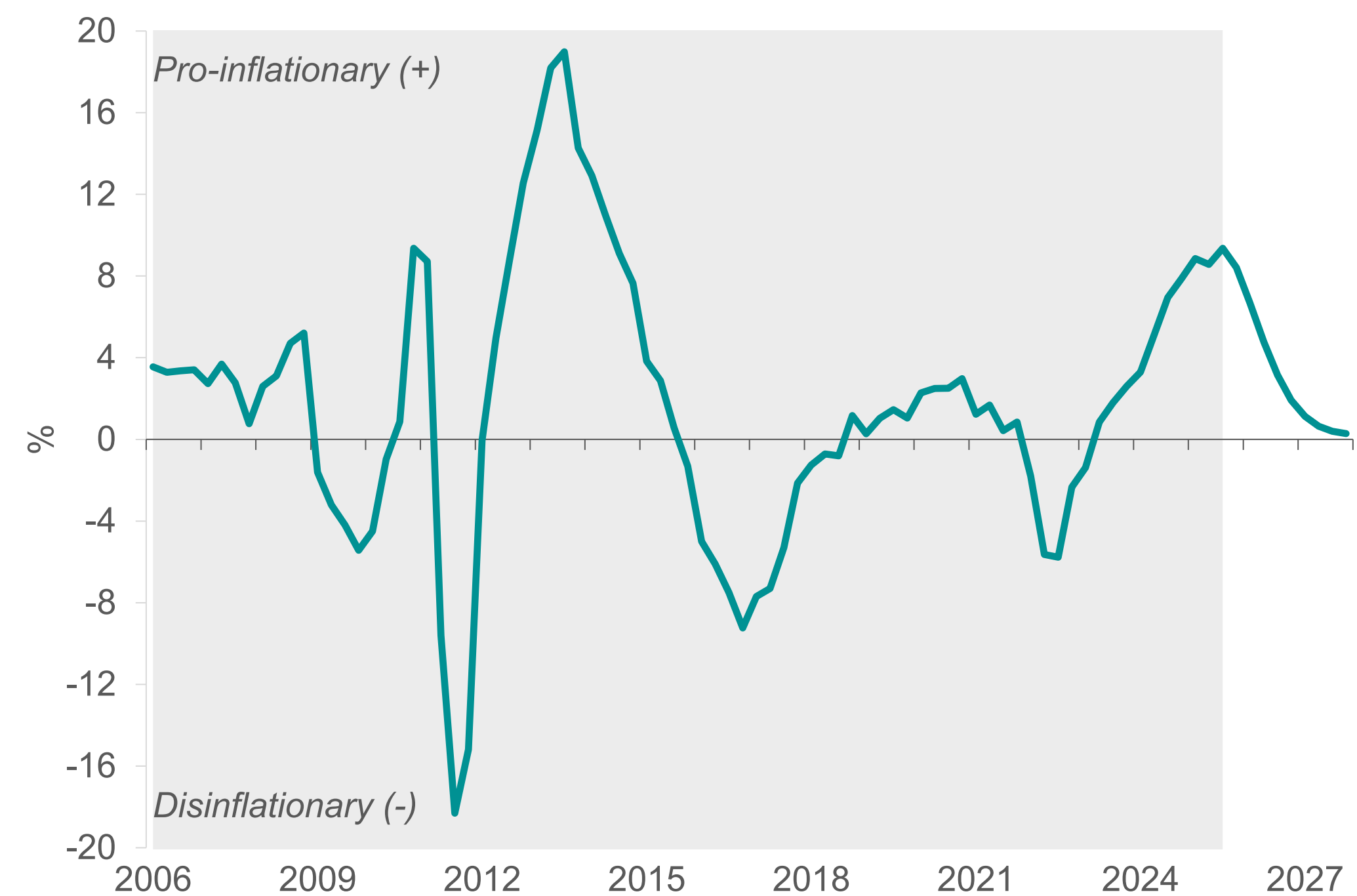
Real wage growth

(seasonally adjusted; YoY; QPM-based)



Real wage gap

(QPM-based)



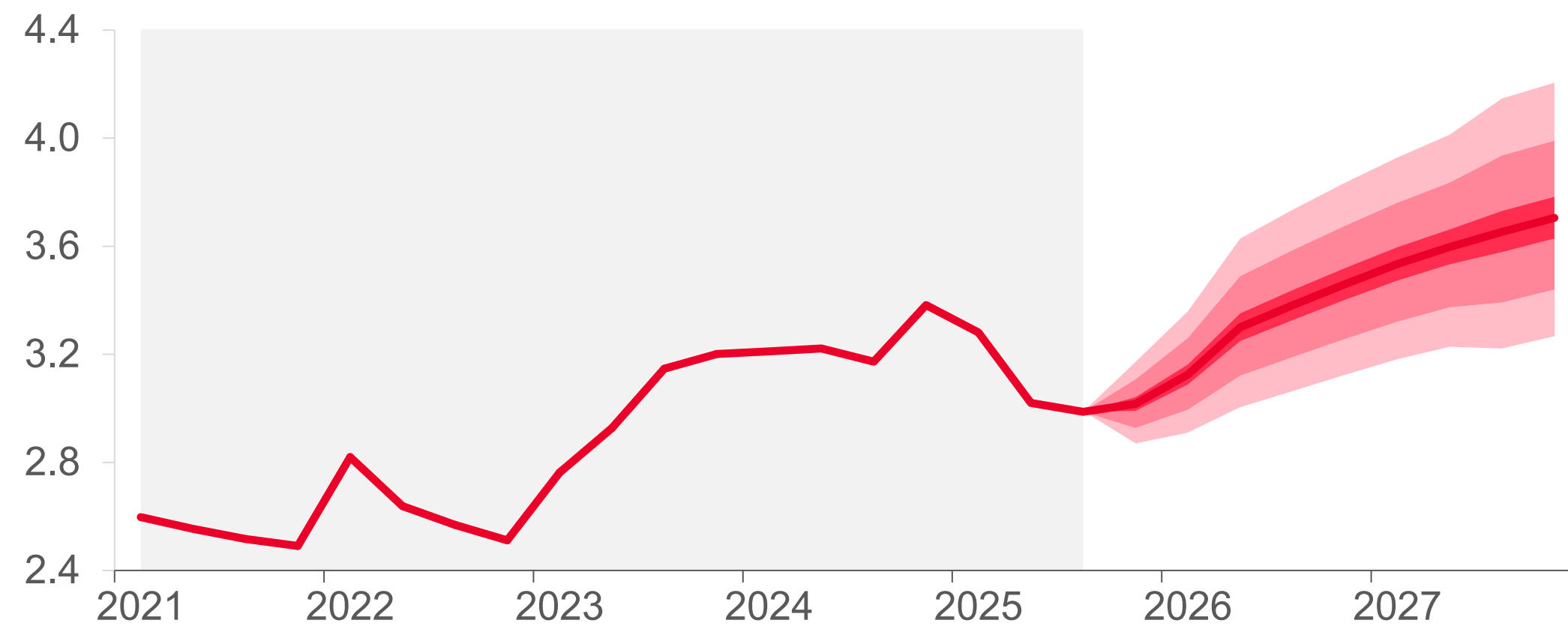
Source: calculations based on QPM.

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.

The deficit in foreign trade in goods and services is projected to be around 2% of GDP in 2025–2026, which corresponds to a moderate weakening of the Belarusian ruble

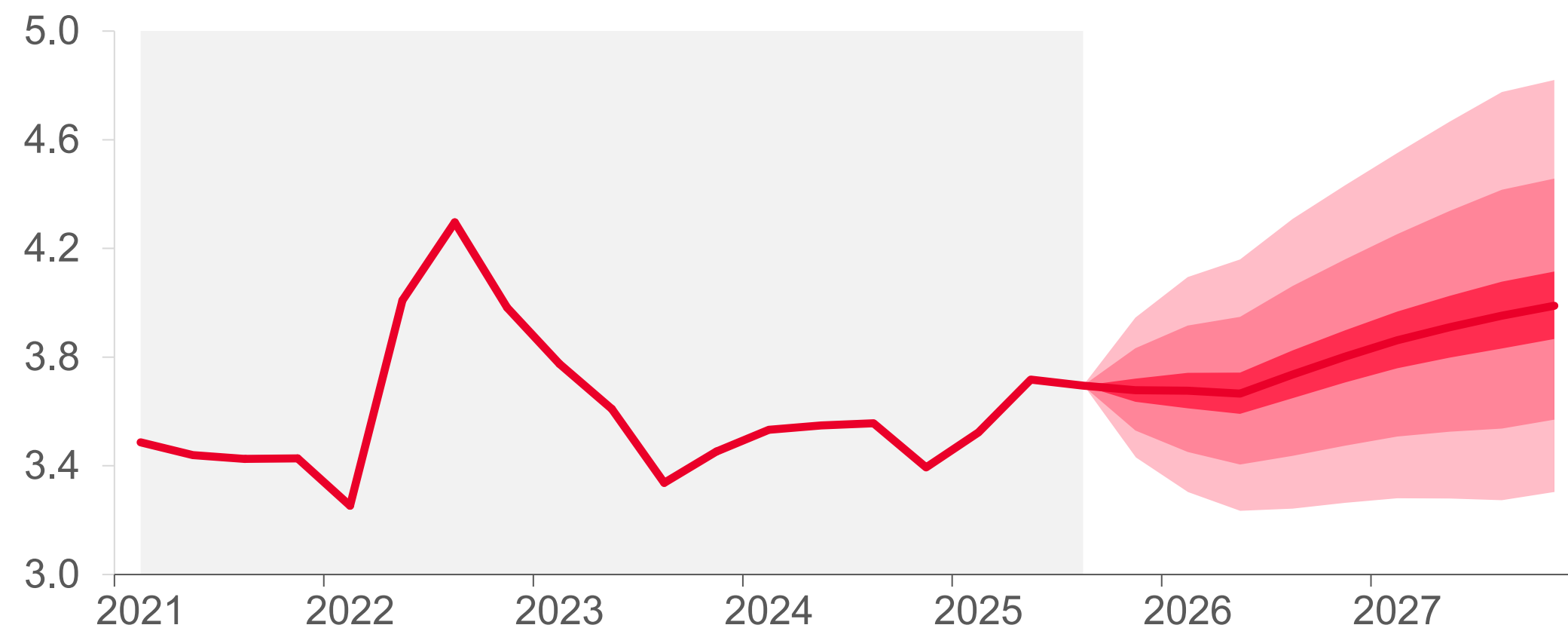
USD/BYN

(average per quarter; QPM-based)



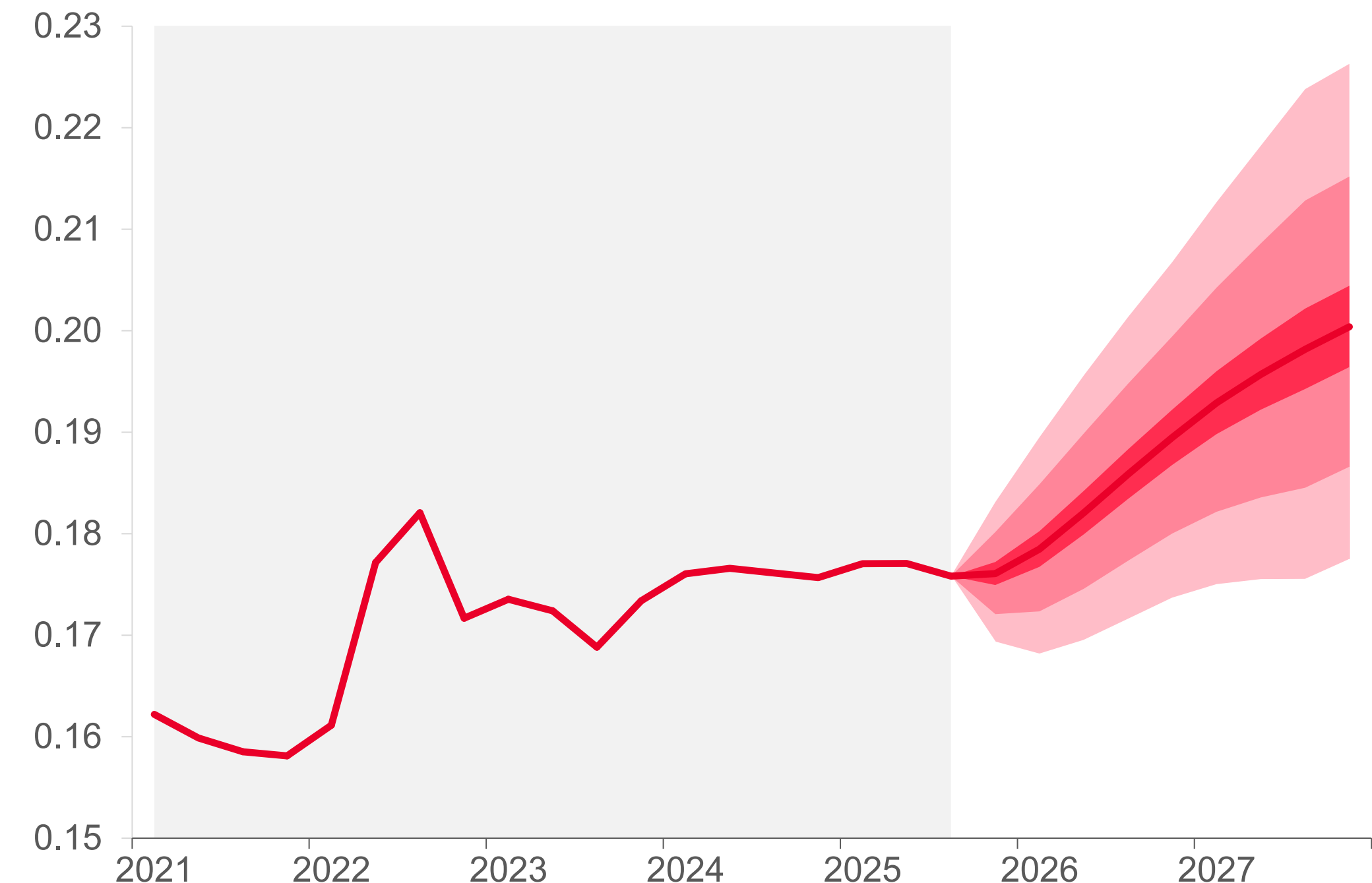
100*RUB/BYN

(average per quarter; QPM-based)



Currency basket

(average per quarter; QPM-based)



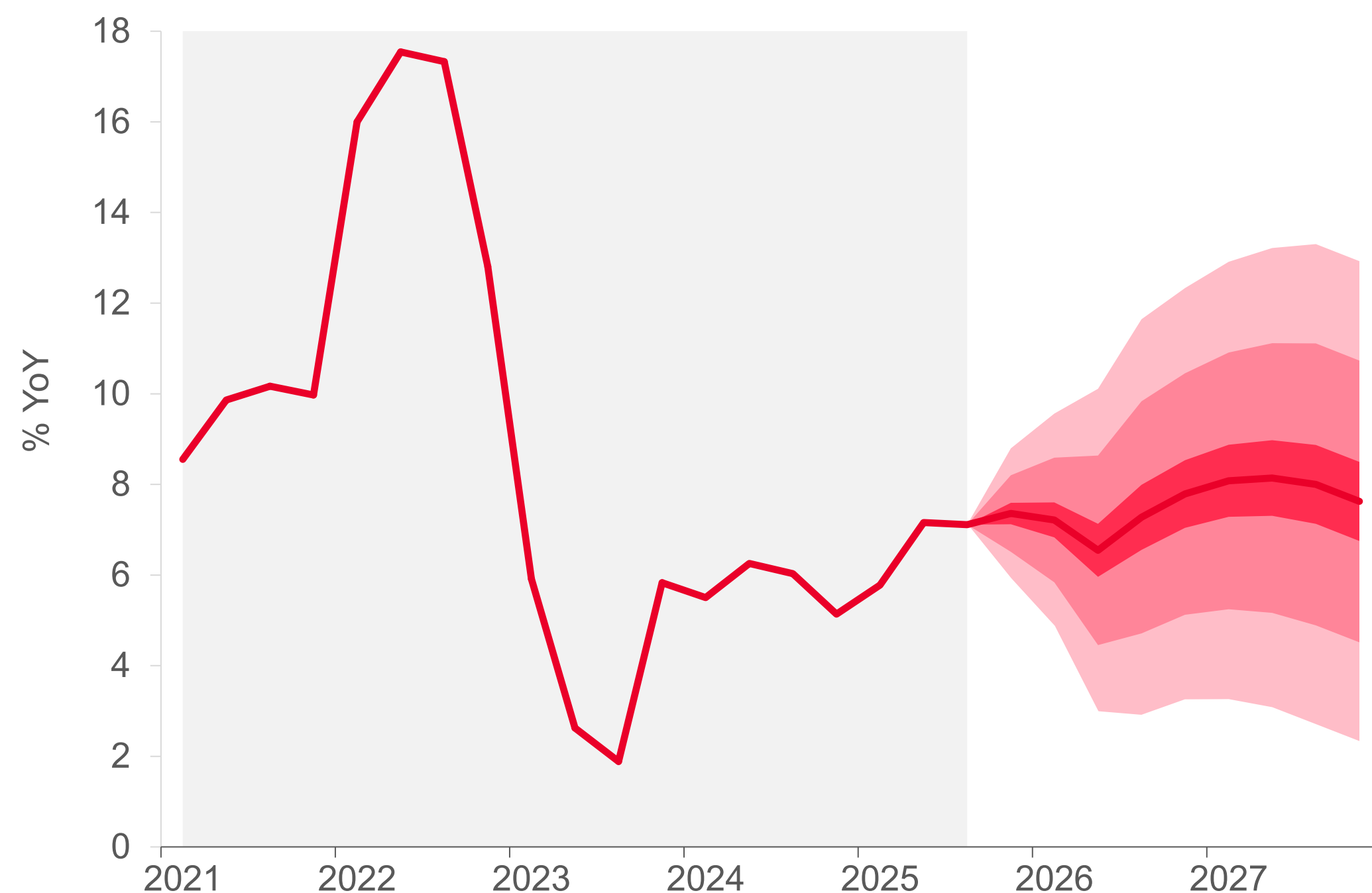
Source: calculations based on QPM.

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

Inflation will remain in the range of 7–8% YoY in Q4-2025 – 2026, weakening of the demand pressure will be offset by faster regulated prices growth and realization of the inflationary overhang

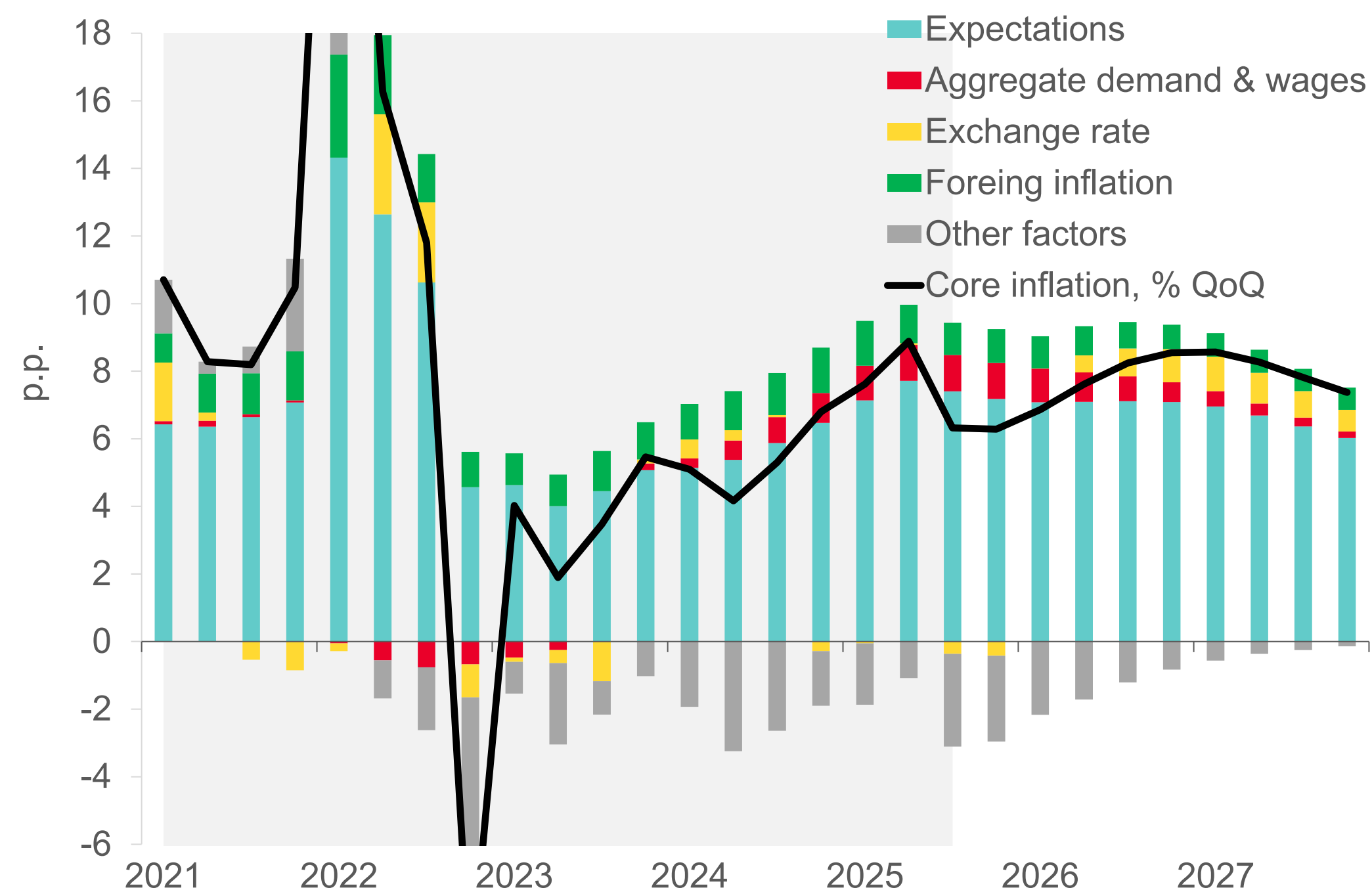
Overall inflation

(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, both from external conditions and domestic economic policy

- Domestic demand has a chance to weaken more than expected in the baseline scenario, creating disinflationary pressure.
- Unpredictable monetary policy remains a major source of uncertainty for the macroeconomic outlook for next year.
- The possibility that Russia's fiscal stimulus in 2026 could be larger than currently planned by its authorities carries pro-inflationary risks.
- The powerful increase in sanctions pressure remains a factor of uncertainty.