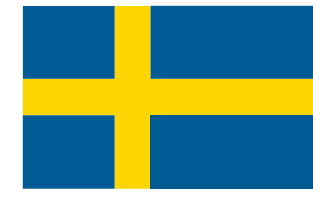




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Macroeconomic Trends, 2026-Q1



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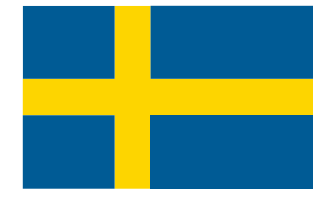
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2026-Q1: Facts, Trends, Diagnostics



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Key Facts and Trends, Q1 2026

- **GDP has plateaued: near-zero quarterly growth, annual growth rate is slightly negative**
 - Domestic demand growth momentum is weakening
 - Net exports is roughly constant
 - Major industries display stagnation/contraction
- **Different patterns of the components of domestic demand**
 - Household demand: growth reinvigoration (?)
 - Investment demand: downturn
- **Foreign trade: signs of stabilization/slight improvement**
 - Physical volume of exports: minor contraction after jump in 2025-Q4
 - Physical volume of imports: stable near historical peak
 - Terms of trade and price competitiveness: sensible improvement
- **Labor market: still tight, but some signs of easing**
 - Both labor employment and new working places are increasing



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Economic Activity: Roughly Equality between Headwinds and Tailwinds

Tailwinds

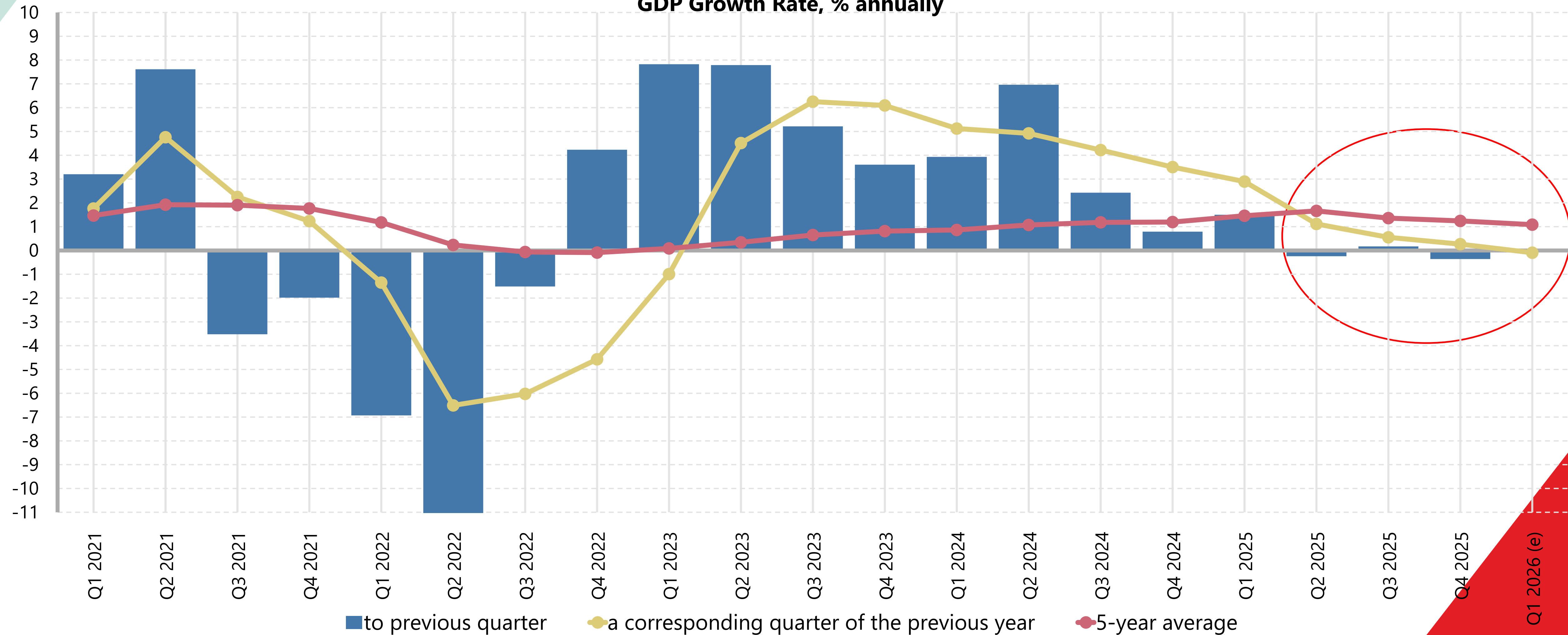
- Partial recovery of foreign demand
- Revival of consumer demand growth
- Sensible improvement of external price competitiveness conditions
- Some fiscal and monetary stimuli

Headwinds

- Volatile and generally weakened external demand
- Accumulated and expanding macroeconomic distortions
- Weakening incentives for capital investments
- Sectoral (supply-side) weaknesses

2026-Q1: Meagre output growth

GDP Growth Rate, % annually



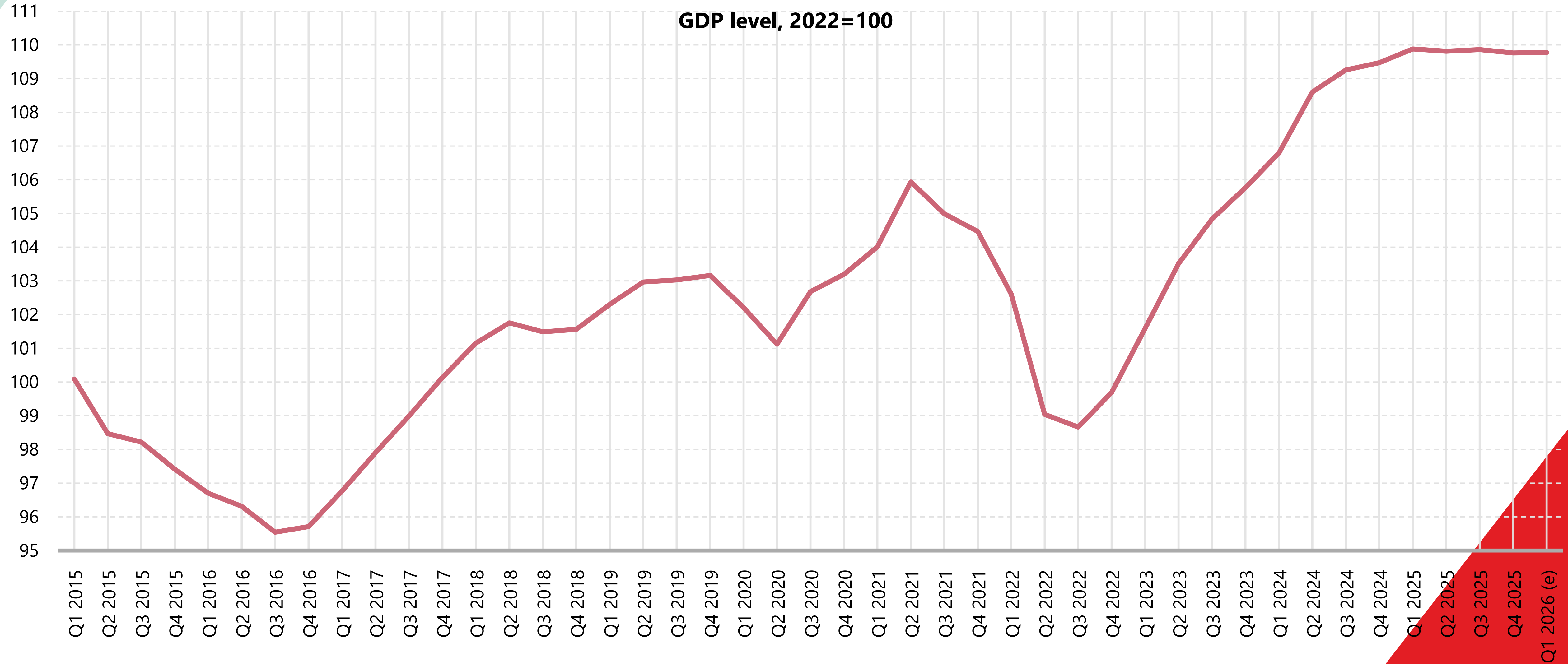
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Q1 2026 (e)

GDP level has plateaued

GDP level, 2022=100

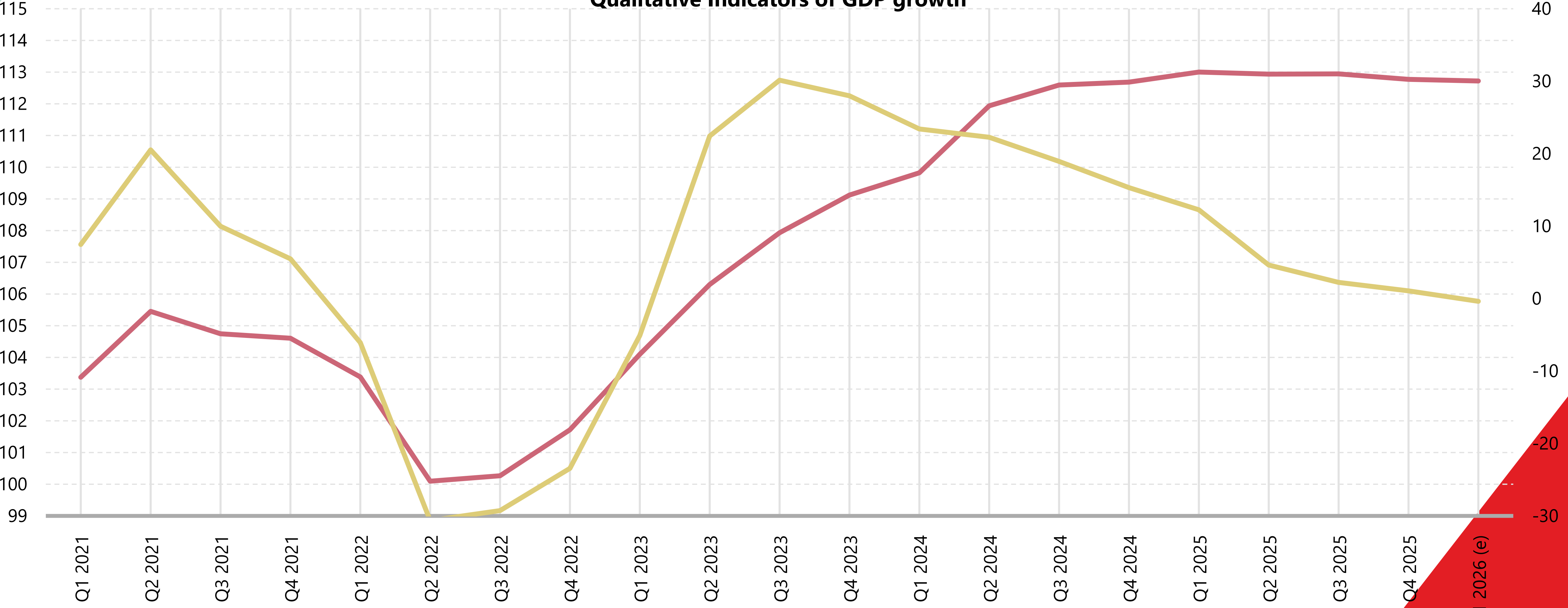


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Qualitative Indicators Signal that Growth Has Lost Momentum

Qualitative Indicators of GDP growth



— Labor productivity, 2022=100 (left axis) — Return on capital, % (right axis)

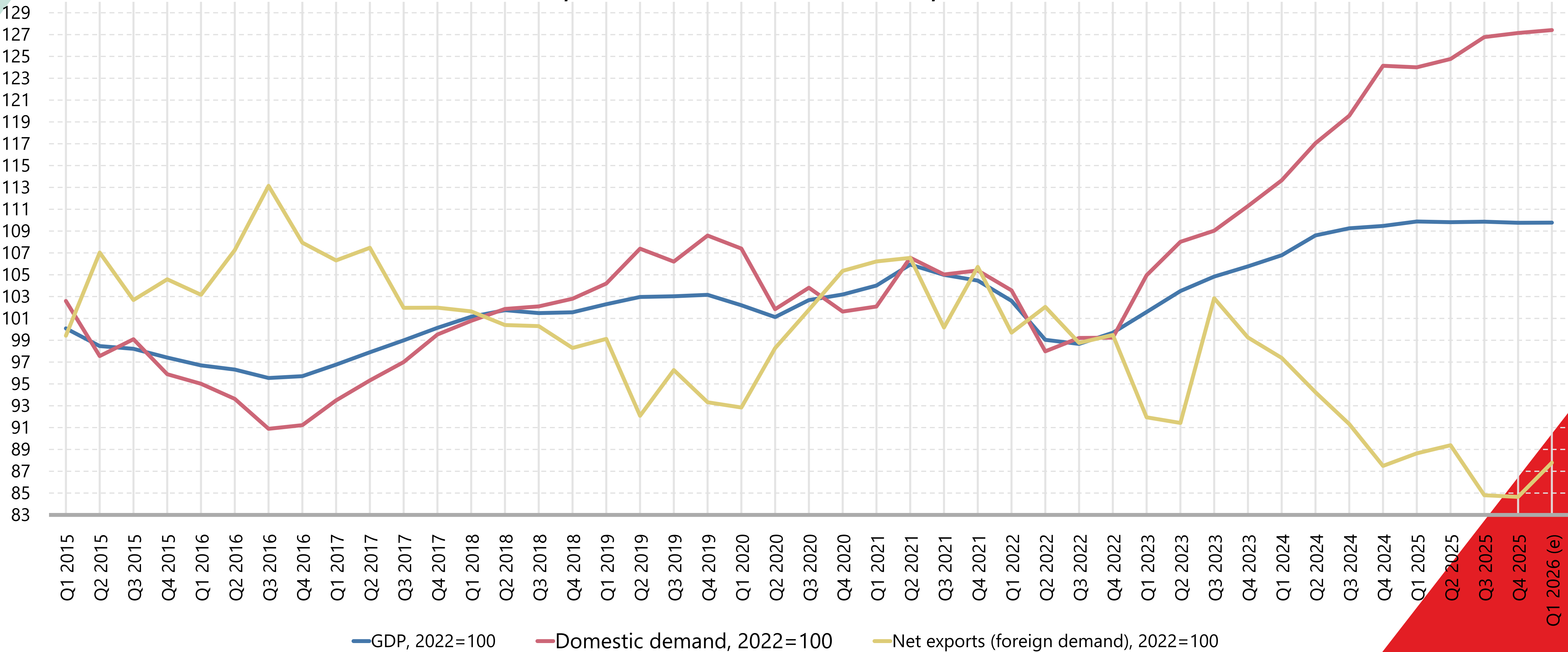


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Slower Domestic Demand Growth, Some Improvement in Net Exports

GDP, domestic and net external demand, 2022=100



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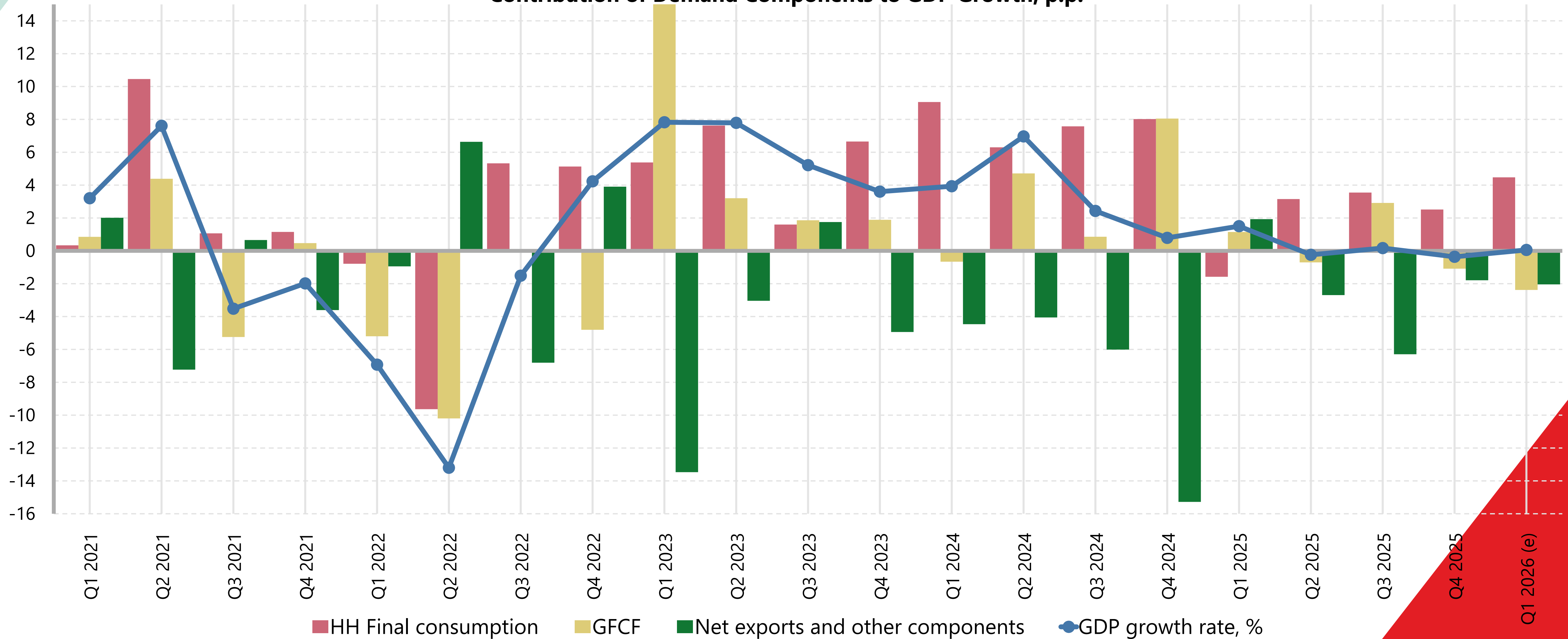
— GDP, 2022=100

— Domestic demand, 2022=100

— Net exports (foreign demand), 2022=100

Household Consumption Strengthens Growth Momentum, While Capital Investment Weakens

Contribution of Demand Components to GDP Growth, p.p.



HH Final consumption

GFCF

Net exports and other components

GDP growth rate, %



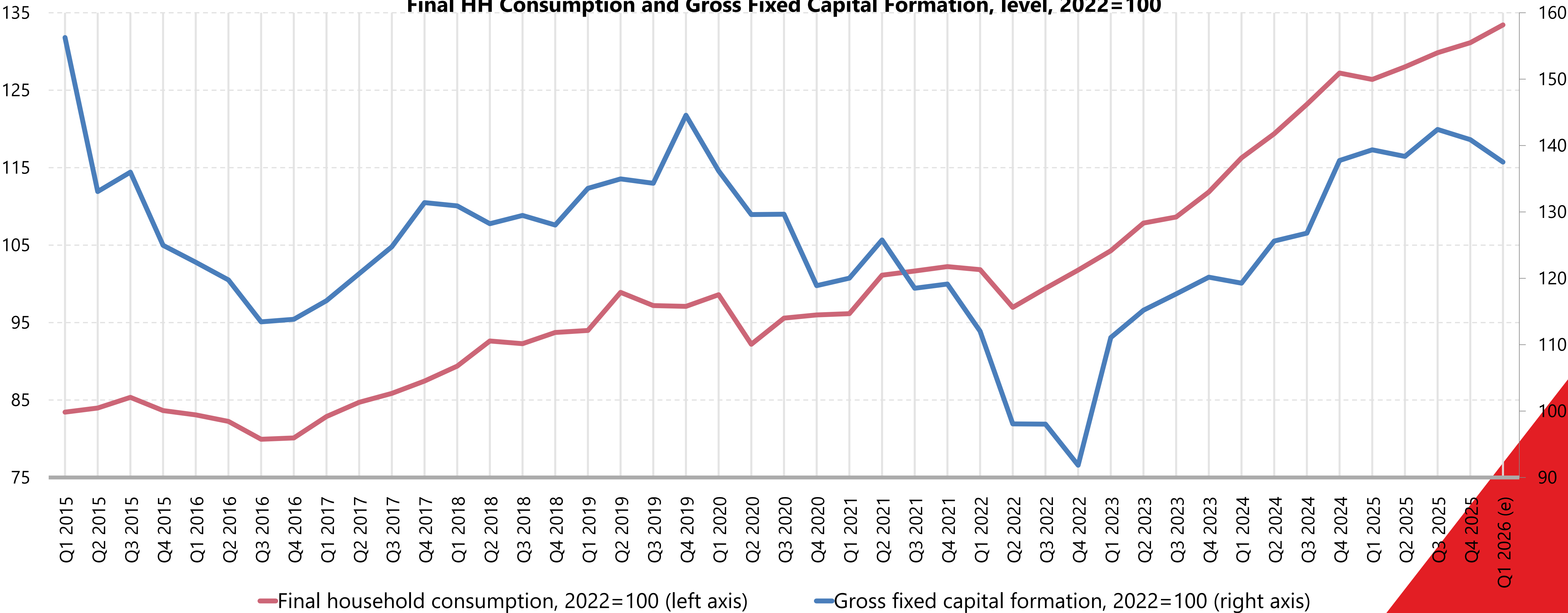
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Household Consumption Reaches New Historical Peaks; Capital Investment Tends to Stabilize

Final HH Consumption and Gross Fixed Capital Formation, level, 2022=100

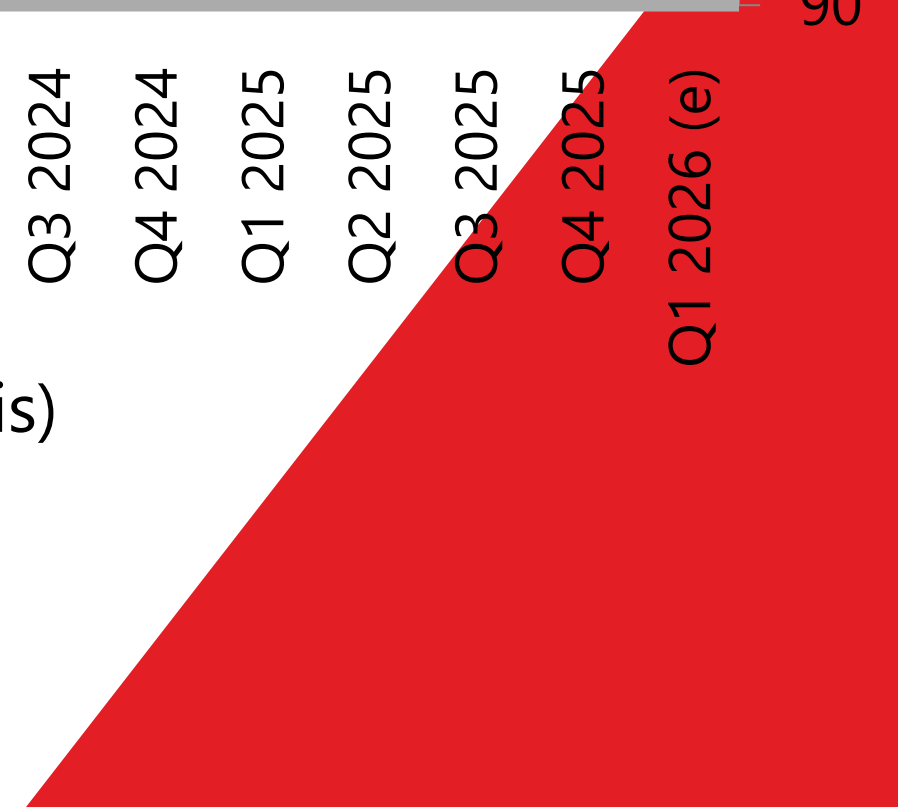


— Final household consumption, 2022=100 (left axis)

— Gross fixed capital formation, 2022=100 (right axis)

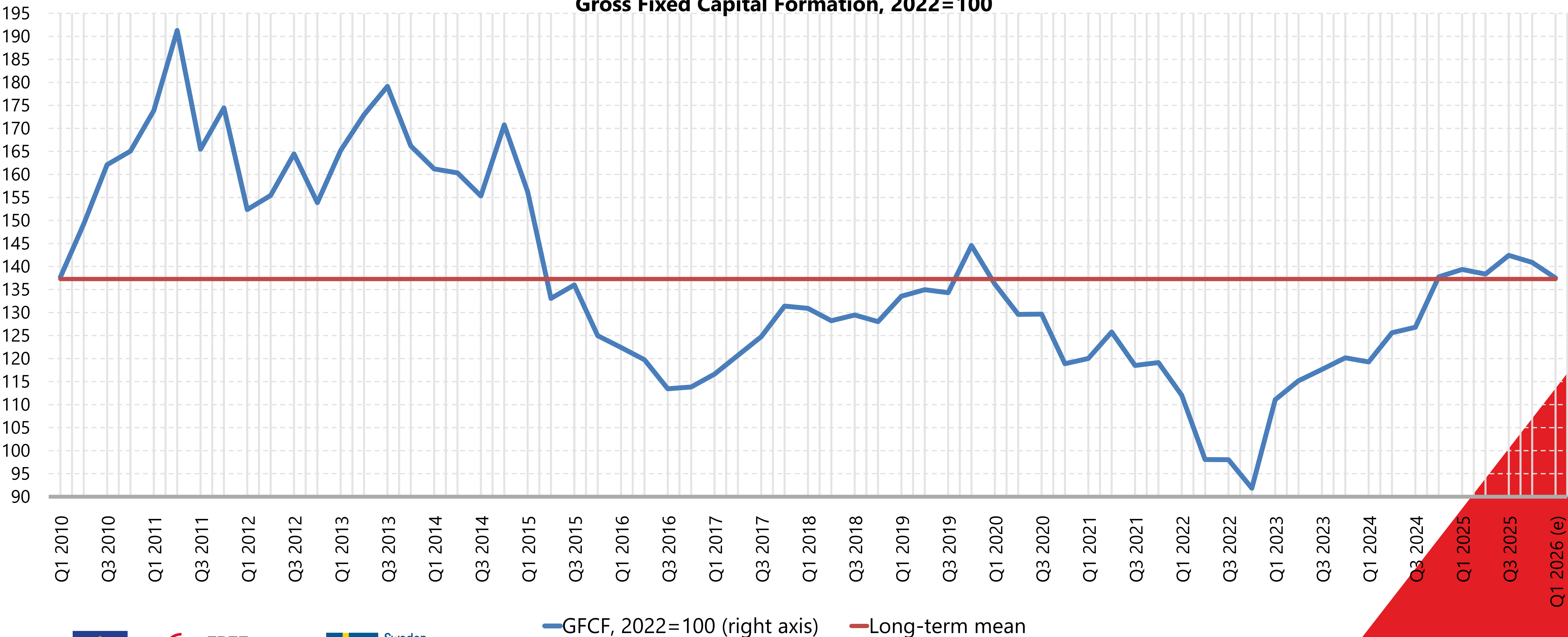


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Investment Activity Seems to Have Plateaued Near Its Maximum Feasible Level

Gross Fixed Capital Formation, 2022=100



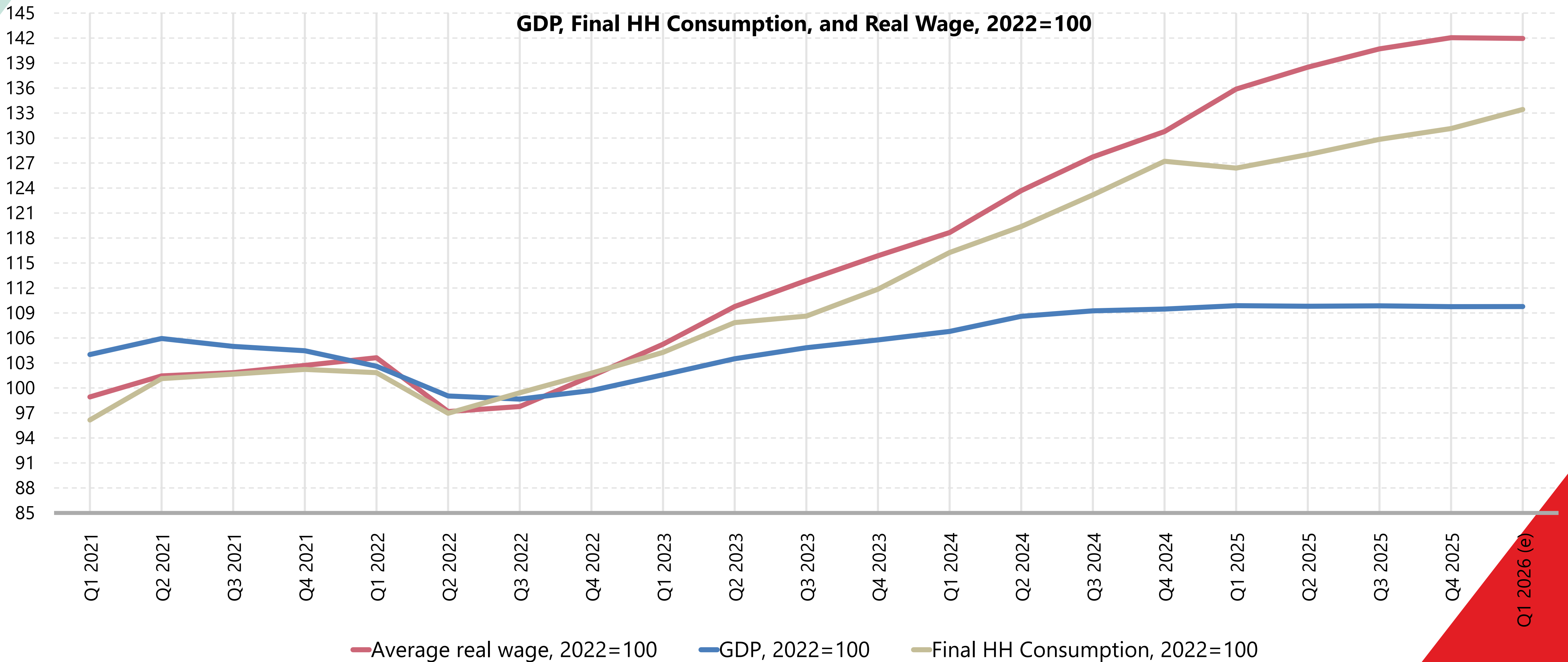
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— GFCF, 2022=100 (right axis)

— Long-term mean

Real Wage Growth Moderates Despite Labor Supply Constraints Persist



— Average real wage, 2022=100

— GDP, 2022=100

— Final HH Consumption, 2022=100



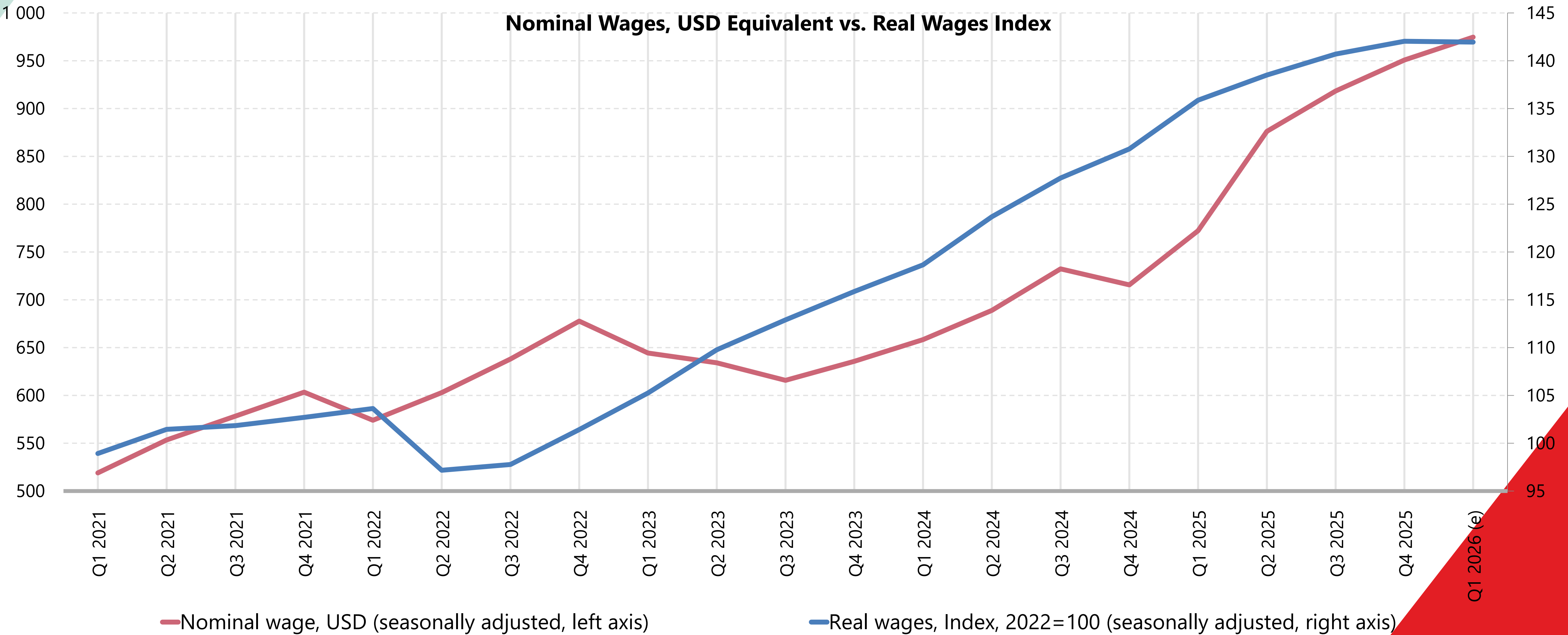
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However, Consumer Optimism May Reflect a “Dollar Wage Illusion”

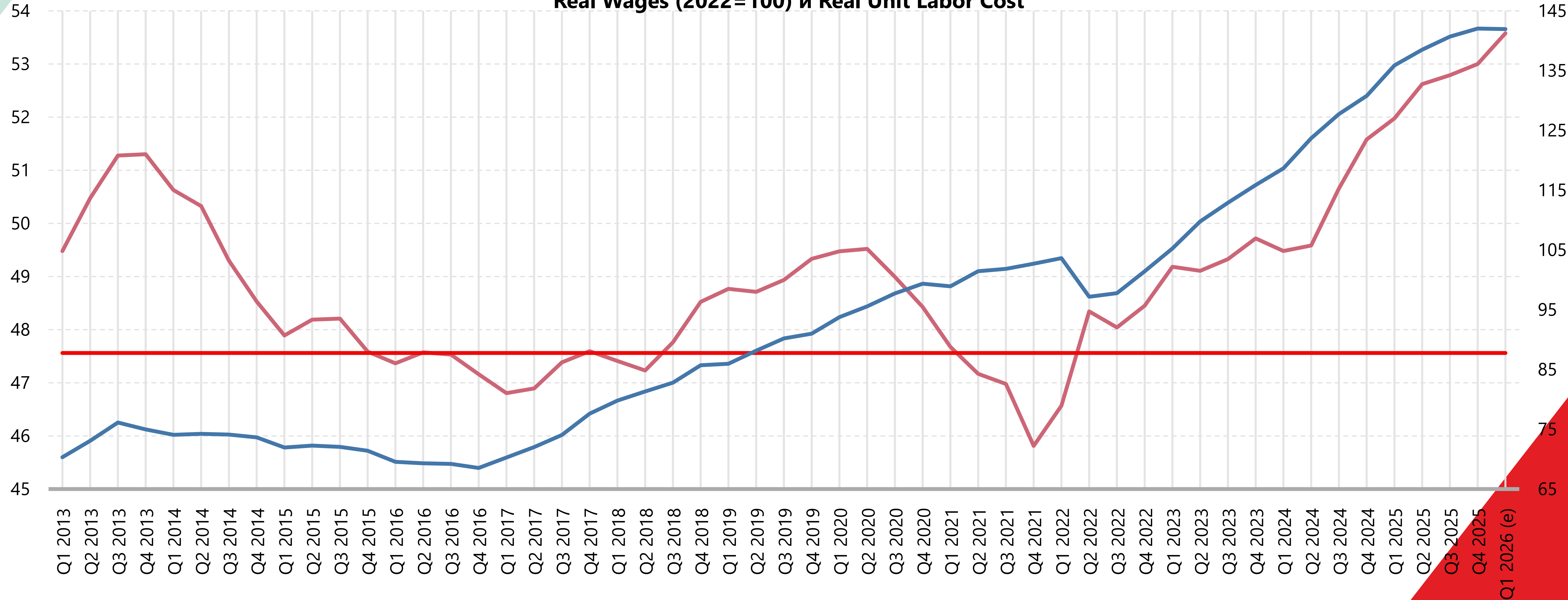


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The Gap Between Real Wages and Productivity Continues to Widen

Real Wages (2022=100) и Real Unit Labor Cost



— Real unit labor cost, % (left axis)

— Real unit labor cost, long-term mean, % (left axis)

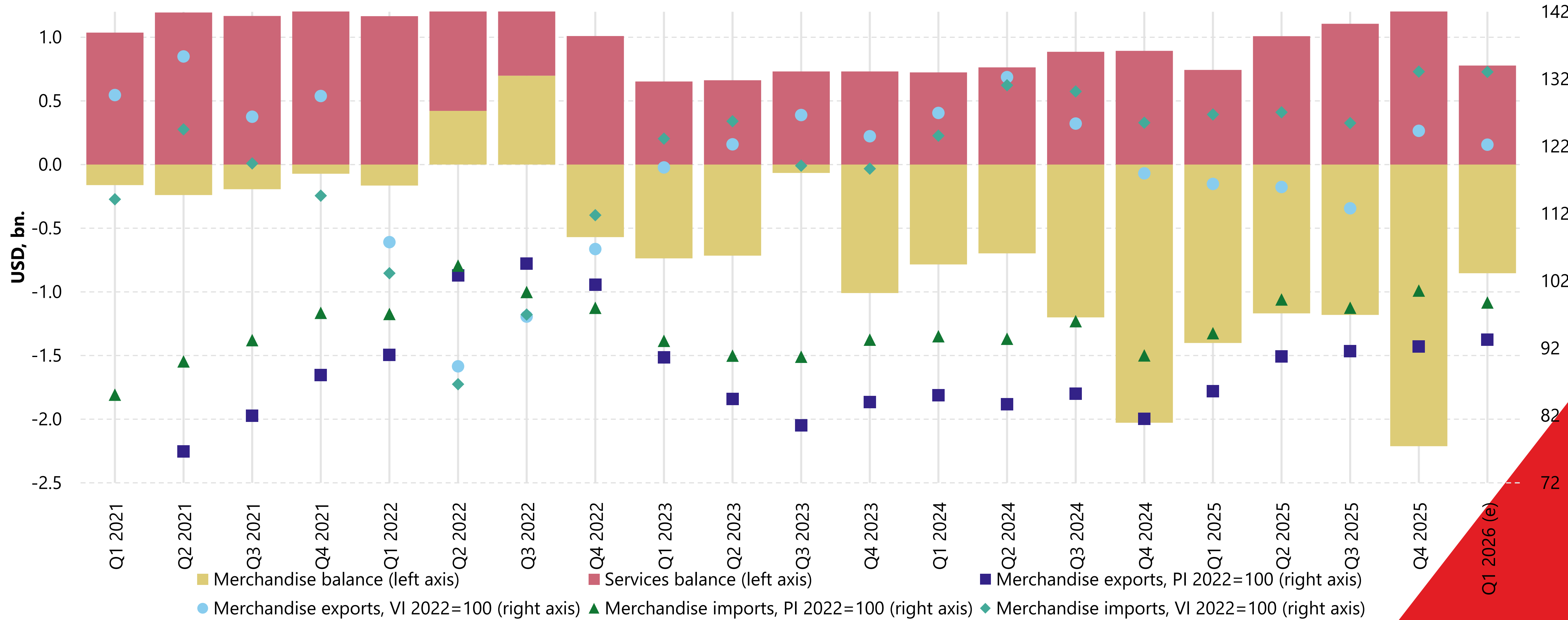
— Average real wages, 2022=100 (right axis)



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Positive Impulses in Merchandise and Service Exports, Trade Balance Stabilized

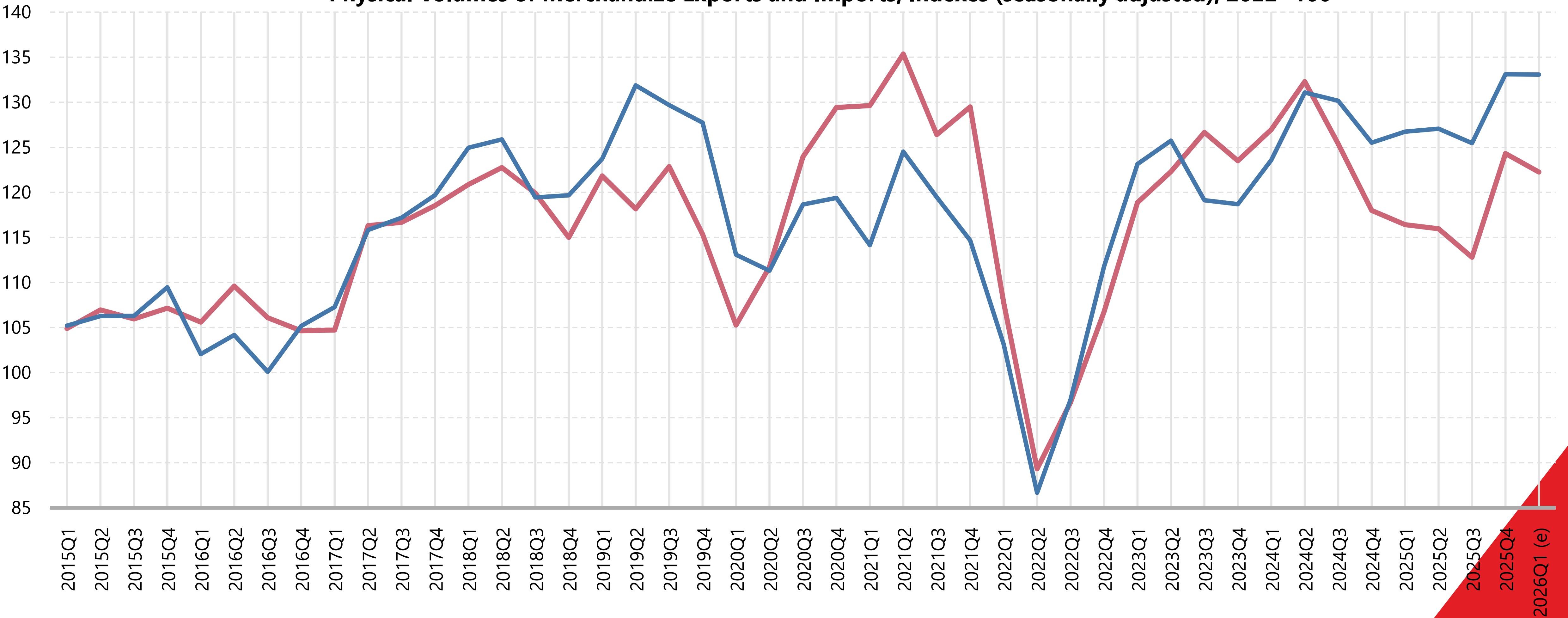


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Export and Import Volumes Remained Near Their Q4 2025 Recovery Levels

Physical Volumes of Merchandize Exports and Imports, Indexes (seasonally adjusted), 2022=100



— Exports (sa), 2022=100 — Imports (sa), 2022=100

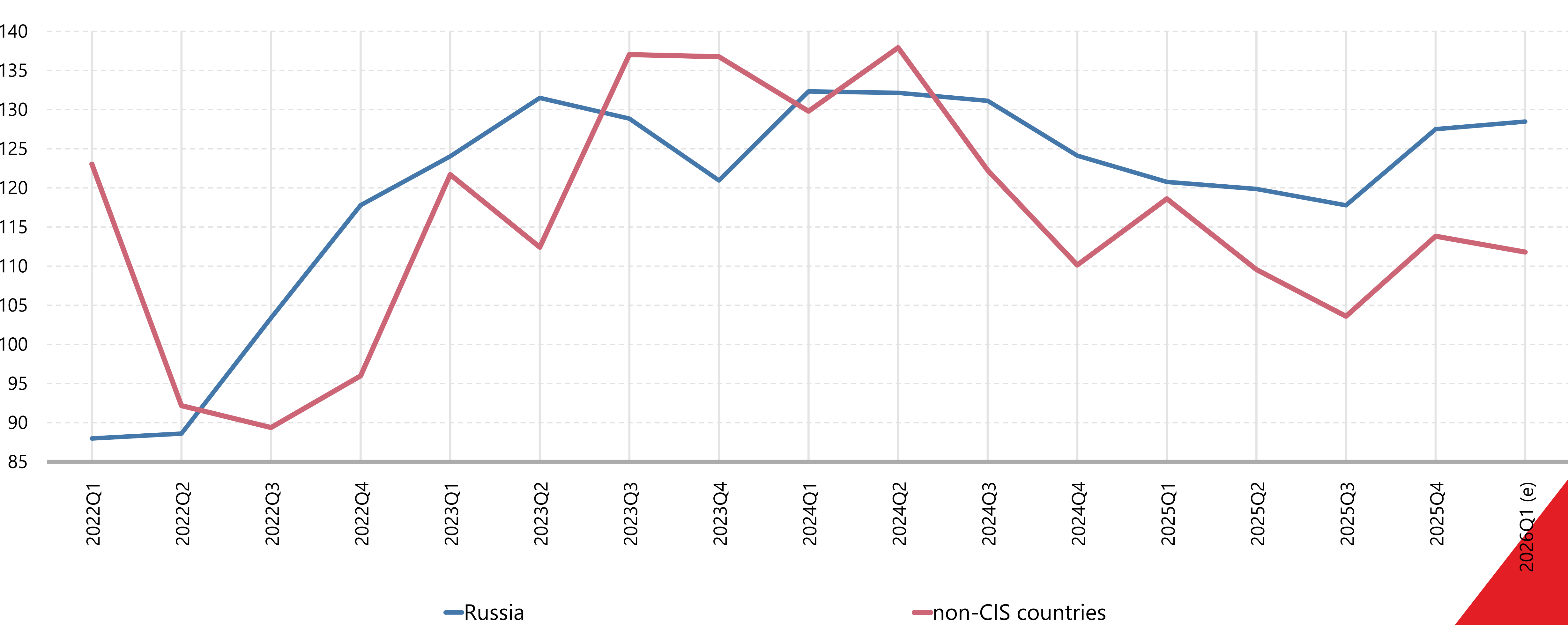


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Recent Fluctuations in Exports Are Mainly Linked to Russia

Physical volumes of exports to Russia and non-CIS countries, (indexes, seasonally adjusted), 2022=100



—Russia

—non-CIS countries



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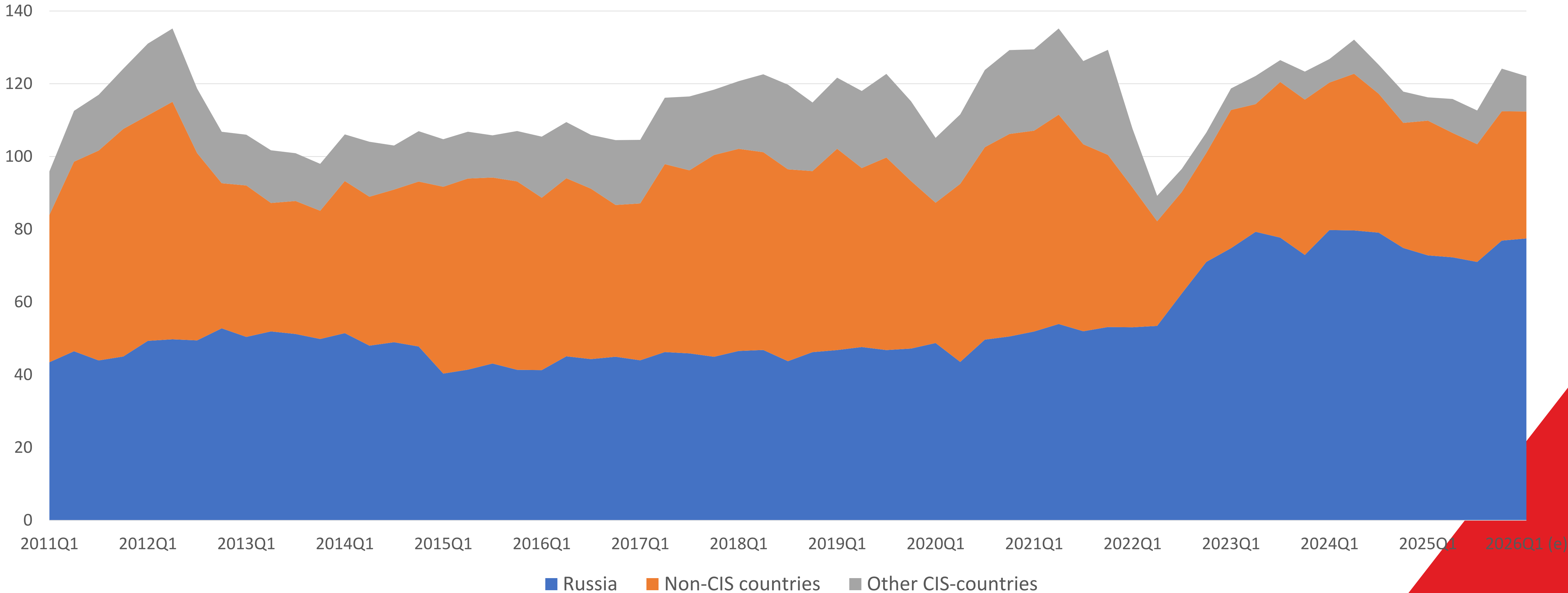
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However, the Big Picture of Geographical Destinations of Exports has not Changes Significantly

The Dynamics of Physical Volume of Exports by Geographical Destinations, 2022=100



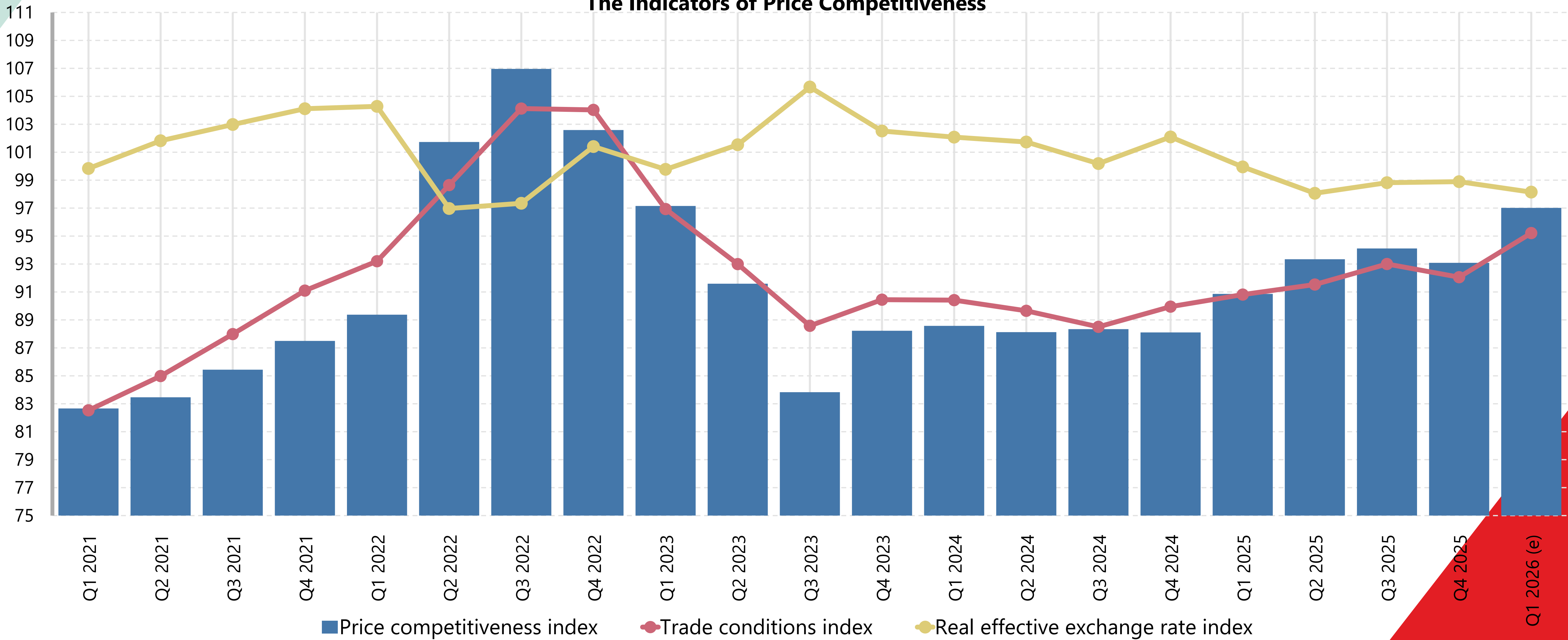
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Price Competitiveness Has Improved Significantly

The Indicators of Price Competitiveness



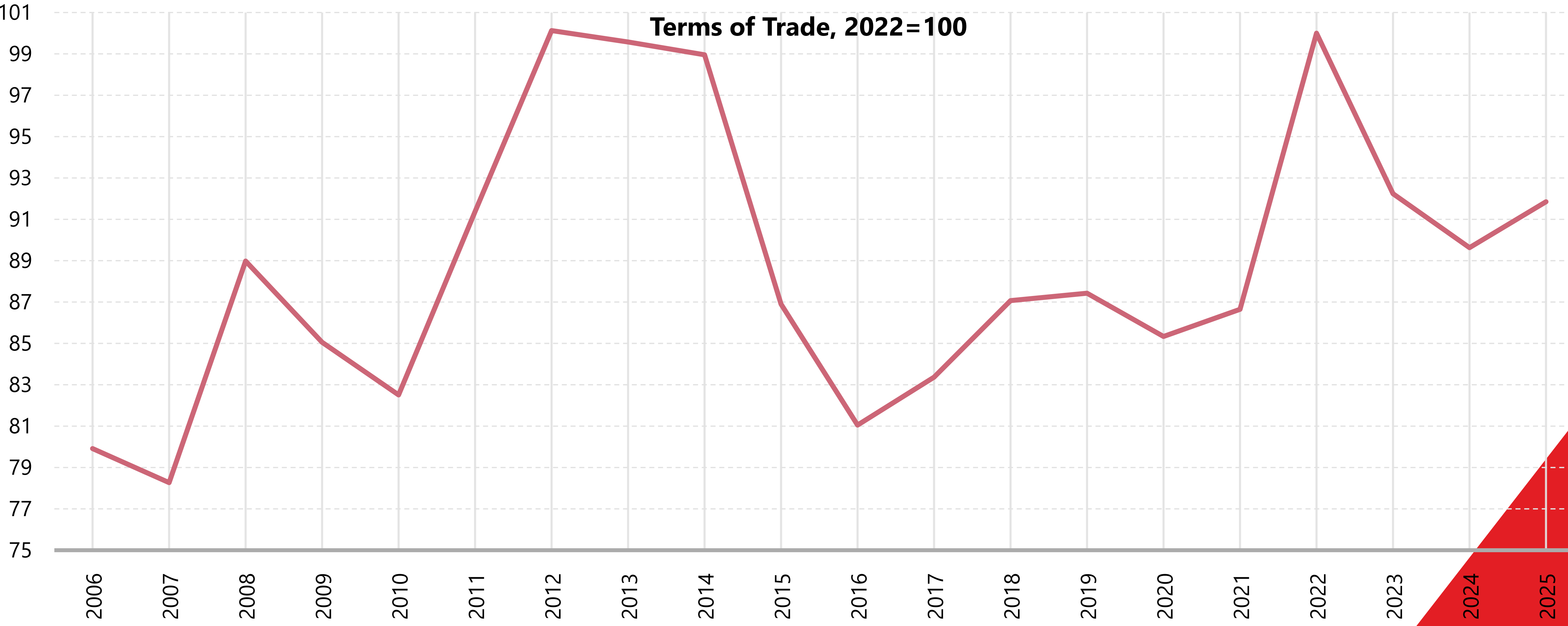
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Q1 2026 (e)

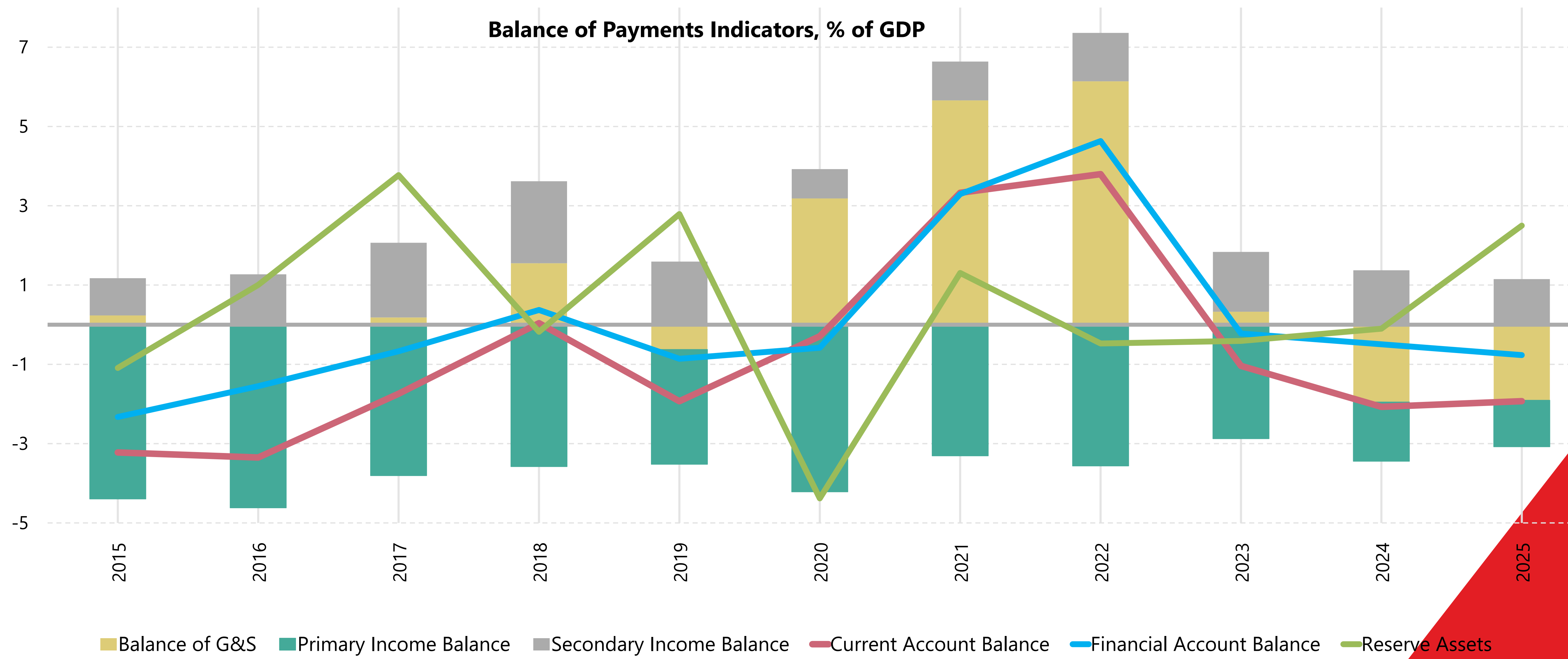
From Medium-Term Perspective, Terms of Trade are Somewhat Higher than Mean Historical Level



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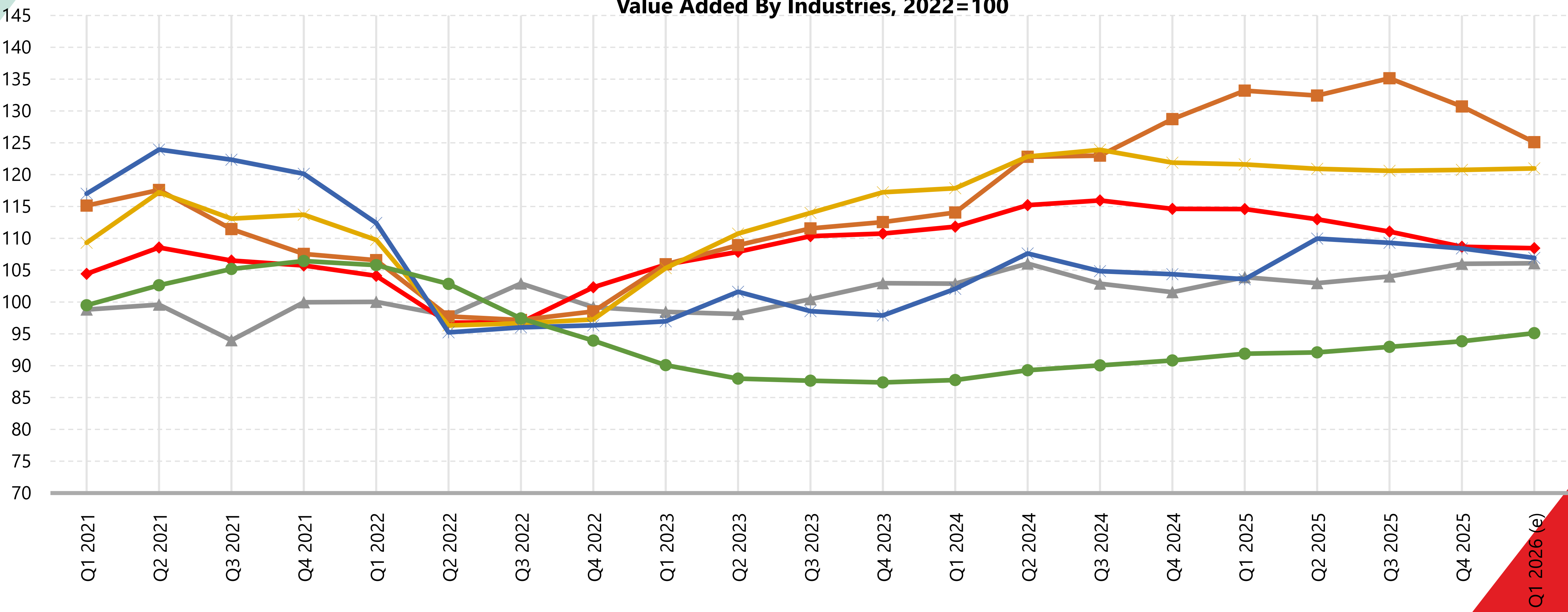


Overall, the external position does not look too bad



Supply-side: Growth Due to ICT and Agriculture

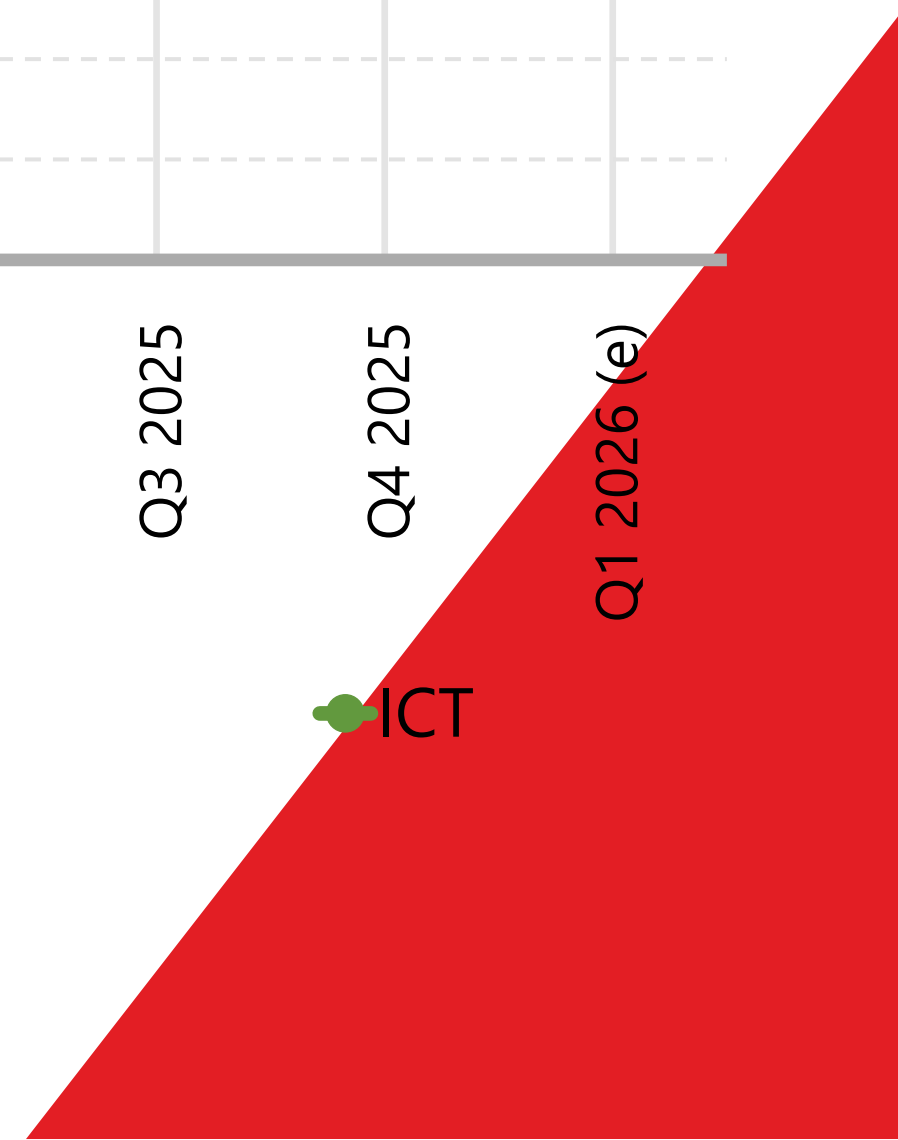
Value Added By Industries, 2022=100



▲ Agriculture
◆ Manufacturing
■ Construction
✦ Trade
✱ Transport
● ICT

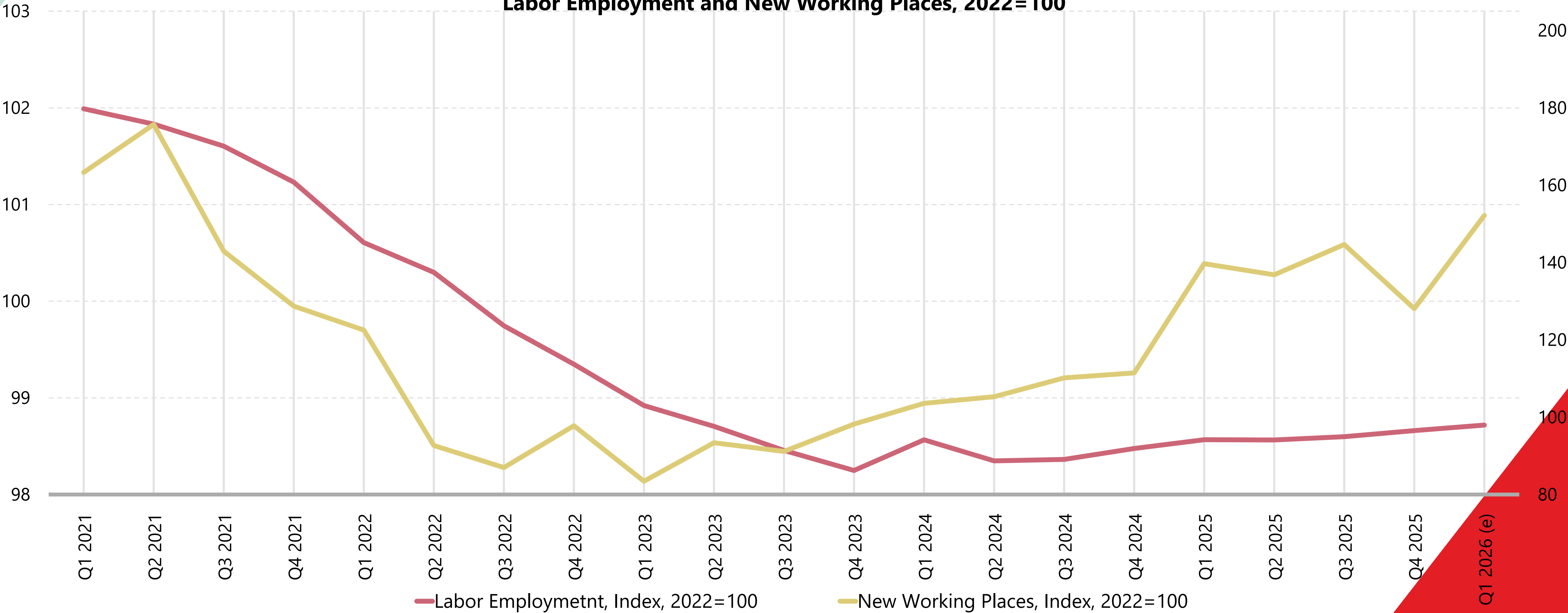


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Labor Market: Still Tight, but Some Signs of Easing

Labor Employment and New Working Places, 2022=100



The range of problems and challenges remains largely unchanged

- **Fundamental Challenges**
 - Labor shortages
 - Limited production capacities
- **External Challenges**
 - Stagnating and unstable demand in Russia
 - Volatility of exports of oil products
 - Negative external shocks - both pro-inflationary and output-suppressing – tend to prevail
- **Accumulated Macroeconomic Imbalances**
 - Weakened financial position of firms and risks of financial turbulence
 - Weak and unstable external position, coupled with insufficient financing sources to cover the corresponding deficit
 - Overheated domestic demand, suppressed inflation, and risks of an inflationary spike



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Key Challenges and Policy Questions for 2026-2027

- **How large and persistent are the external shocks?**
 - Growth cooldown in Russia: how long and large, what will come next?
 - Will the disinflationary impulses in Russia persist?
 - Other external shocks — what are their probability, scale, and duration?
- **How firm is the government's commitment to expansionary policies, and how capable is it of continuing their implementation?**
 - Are the authorities ready to accept an environment of weaker growth?
 - How determined are the authorities to continue administratively supporting investment growth?
 - What is the fiscal revenue buffer, and how will the authorities respond once revenue growth cools or is exhausted?
 - To what extent are the authorities willing to tolerate inflation and maintain accommodative monetary policy?
- **What are the limits of macroeconomic resilience?**
 - What size of external trade deficit can Belarus afford under current conditions?
 - How strong is the buffer in maintaining the weakened financial position of firms and the inflation overhang?



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Short-list of Policy Questions for 2026-2027

External Environment

- Which trajectory of Russian economy is going to prevail?
- Will a new inflationary impulse arise (energy, food, etc) and what is the balance of benefits and costs for Belarus?
- Poor demand from Non-CIS countries: will it persist and (if yes) for how long?

Domestic Economy

- Do authorities intend to keep on/increase fiscal stimuli?
- How determined are the authorities to continue supporting investment growth administratively?



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