Belarus Economy Monitor:
trends, attitudes, and expectations

Express Analysis

Economic Activity and Inflation

September 2025

Belarus' GDP rose significantly in August due to agriculture, while excluding its contribution, growth remained close to zero

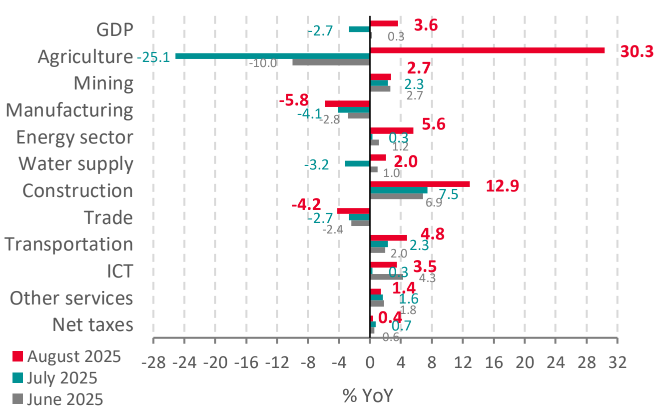
Over the first eight months of 2025, GDP increased by 1.6% YoY, while in August alone it rose by ≈3.6% YoY (Fig. 1.a). The output expansion was driven by the buildup of agricultural production amid a delayed grain harvest and higher yields. Under the influence of these factors, GDP volume (seasonally adjusted) recovered in August to March–May levels after a temporary decline in June–July 2025 (Fig. 1.b).

Excluding agriculture, GDP growth in August 2025 is estimated at about 0.1% YoY after ≈0.1% YoY and ≈0.6% YoY in July and June 2025, respectively. GDP growth was restrained by weaker dynamics in export-oriented sectors (industry, wholesale trade, freight transportation) amid declining demand in the Russian market and labor shortages. Domestic demand remained elevated in a context of loose economic policy. As a result, the Belarusian economy stayed overheated. Based on nine-month results, cumulative GDP growth is expected at about 1.5–1.8% YoY.

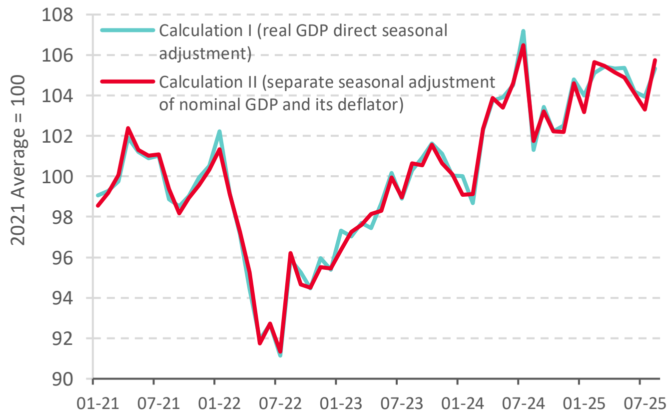
Annual inflation fell to 7.2% YoY in August, while the annualized monthly price growth slowed to ≈5–6% MoM (seasonally adjusted). The slowdown in food price growth remained the key factor driving inflation down, while the increase in the cost of non-regulated services rose above 10% MoM amid strong domestic demand. In September, annual inflation is expected to be around 7.2–7.5% YoY, with the forecast range of 7–9% YoY by year-end remaining relevant.

Figure 1. Dynamics of GDP and value added in Belarusian sectors

a) GDP growth, month versus the corresponding month of the previous year (%, YoY)



b) GDP volume at constant prices (seasonally adjusted)



Note: The estimates update once the data are verified. Monthly GDP data are estimates.

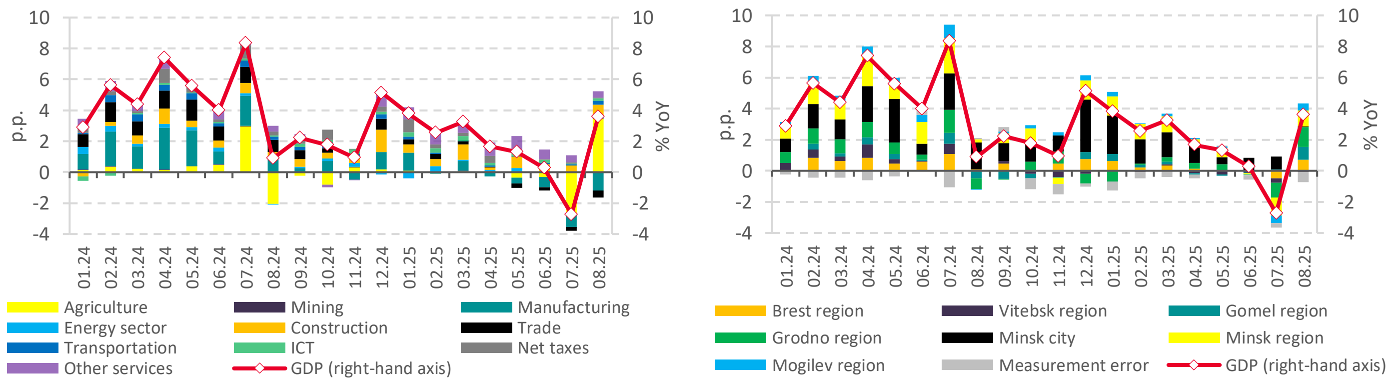
This Express Analysis is an operational analysis of the status of the key macroeconomic indicators of Belarus.

Agricultural value added grew by ≈30.3% YoY in August 2025 (Fig. 1.a)**, contributing ≈3.5 p.p. to annual GDP growth** (Fig. 2.a)

High yields and a shift of harvesting to later dates led to a strong increase in gross output in August 2025 – more than 2.6 times higher than in August 2024 for grain crops and rapeseed (Fig. 3.a). Meanwhile, the grain and legume harvest in the current year is expected to be the highest at least since 2014. If gross output of other agricultural crops is not low, agriculture will support GDP in Q3 and Q4 of this year. Inflationary risks from the harvest have most likely not materialized, and one cannot rule out even a disinflationary effect of this factor in the short term. Livestock production also remained close to high levels in August, with milk production staying within an upward trend (Fig. 3.b).

Figure 2. Structure of YoY GDP growth in Belarus

a) sectoral b) regional



Note: The estimates update once the data are verified. The energy sector includes the water supply subsector.

Industrial value added declined by ≈4.2% YoY in August 2025, subtracting ≈1 p.p. from annual GDP growth (Fig. 2.a)

Industrial output (seasonally adjusted) in August slightly decreased compared to July 2025 and was significantly below the level of August 2024 (Fig. 4.a). Regional statistics point to restrained output dynamics across all major manufacturing sectors, including machinery and oil refining. Manufacturing output in August 2025 was significantly below August 2024 in every region and in Minsk, with the sector's value added losing ≈5.8% YoY (Fig. 1.a). Weak demand in Russia and labor shortages constrained production activity. The absence of significant growth in oil refining in August also indicates that gasoline deliveries to Russia, amid its temporary domestic shortage, were not large. The food industry may have maintained a high level of output.

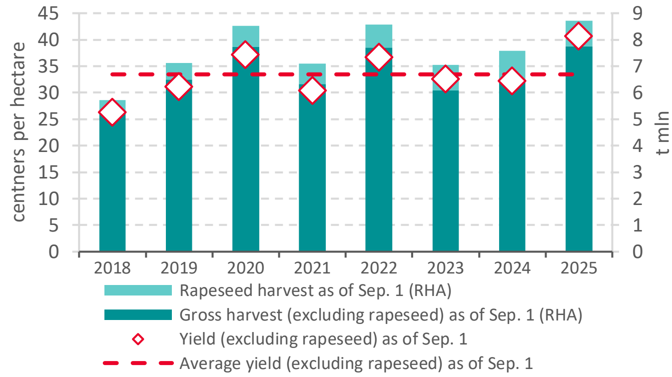
Inventories continued to rise in August (Fig. 4.b). A comparable inventory-to-output ratio was observed only during the global financial crisis of 2009 and the period 2012–2014, when overheating of the Belarusian economy averaged over 5% of potential GDP. The record-high level of finished goods inventories, in addition to financial risks for enterprises, indicates that even if external demand revives, the pace of industrial output expansion may remain restrained. In the baseline scenario, near-zero growth in manufacturing is expected for 2025, but the risks of weaker dynamics dominate.

Wholesale trade turnover declined somewhat in August and remained on a downward trajectory (seasonally adjusted; Fig. 4.a)

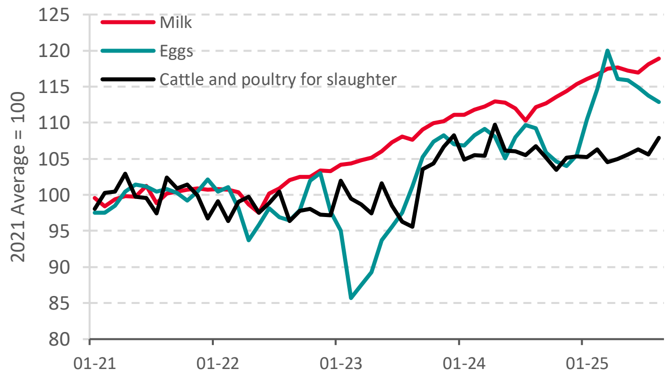
Weakness in wholesale trade reflects reduced demand in the Russian market. In the short term, Russia's demand will very likely continue to constrain Belarusian exports. In addition, the decline in wholesale turnover signals the absence of significant volumes of Belarusian oil product deliveries to Russia amid intensified attacks on Russia's oil refining infrastructure.

Figure 3. Agricultural indicators (in agricultural organizations)

a) gross harvest and yield of grain (as of September 1)



b) livestock indicators (seasonally adjusted)

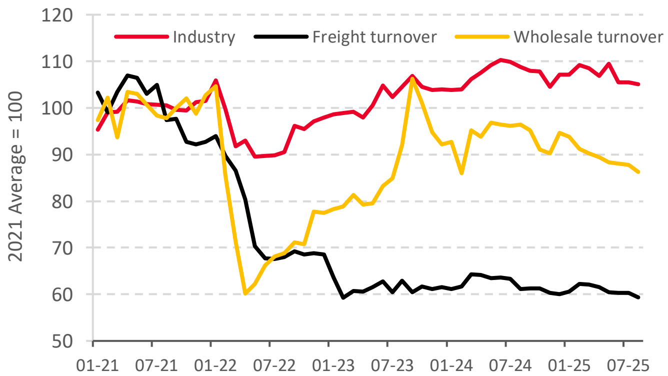


Freight turnover fell in August to a near-minimum level – just under 60% of the 2021 average (Fig. 4.a)

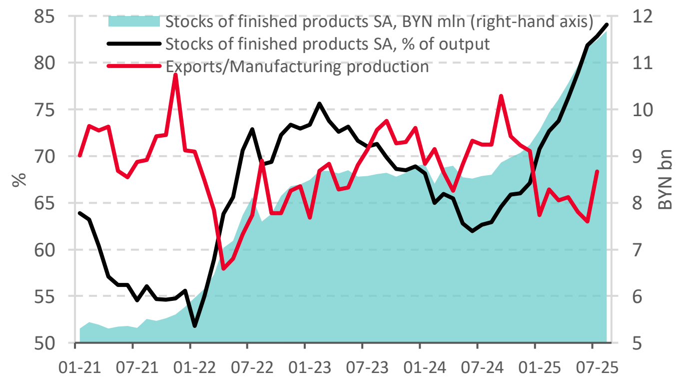
Poland's closure of its border with Belarus will have negative consequences for freight turnover dynamics in September. However, given the significantly reduced trade volumes with the EU (about 6% of Belarus' trade turnover in January–July 2025) and the inevitable restructuring of logistics, the macroeconomic effects of these restrictions are expected to be weak, even under prolonged limitations on border crossings. Passenger turnover in August increased compared to the previous month and exceeded the 2021 average by more than 34% (seasonally adjusted). As a result, the combined value added of the transport sector grew by ≈4.8% YoY in August (Fig. 1.a), contributing ≈0.2 p.p. to GDP growth (Fig. 2.a).

Figure 4. Dynamics of industrial output, wholesale trade and transport freight turnover

a) real output in industry (SA), real wholesale trade (SA) and freight turnover (SA)



b) industrial stockpiles, and the ratio of goods exports to output



Note: SA is a seasonally adjusted indicator. The real volume of wholesale trade has been calculated by deflating the nominal volume by the wholesale trade price index. The real industrial output volume has been calculated based on the Belstat's Industrial Output Index in 2015 prices. The dynamics updates once new data are published.

The value added of the information and communications sector grew by ≈3.5% YoY in August 2025 (Fig. 2.a)**, contributing ≈0.2 p.p. to annual GDP growth.**

The ICT sector is expanding less dynamically compared to the pre-2022 period, even though there is still substantial room for recovery – in August 2025, value added remained ≈11.2% below the August 2021 level.

Consumer demand remained high in August 2025

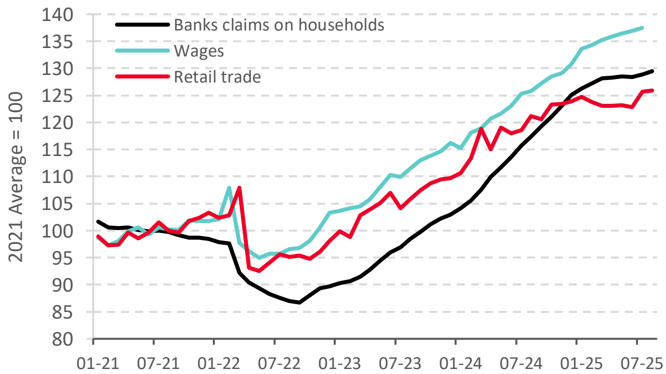
Retail trade turnover in August was practically unchanged from July levels, holding at a historical peak – about 26% above the 2021 average (Fig. 5.a). Wage growth, fueled by labor shortages, sustained strong consumer activity. Household lending grew at a restrained pace in August (Fig. 5.a), limited by National Bank directives capping banks' credit portfolio expansion. Strong consumer demand, amid declining industrial activity, continues to keep the Belarusian economy overheated, with elevated inflation persisting despite strict regulatory price controls.

Investment rose in August, driven by spending on machinery, equipment, and vehicles (Fig. 5.b)

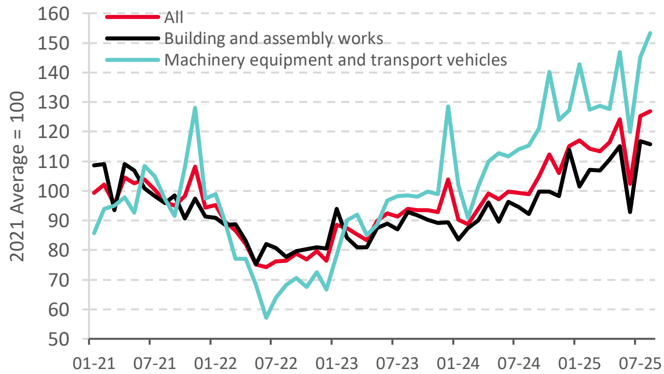
The efficiency of investments remains in question, as capital growth was not accompanied by a comparable increase in output. It is possible that, amid intensifying competition in the Russian market, even maintaining current high production and export volumes requires productivity improvements, including through capital upgrades. Investments are predominantly financed by enterprises' own funds and the state budget, while corporate lending has expanded only modestly in recent months, despite relatively low real interest rates. Against the backdrop of GDP growth lagging behind government targets, it cannot be ruled out that the National Bank will intensify efforts to stimulate bank lending to firms, primarily through administrative measures.

Figure 5. Retail trade and investment dynamics

a) retail trade, wages and lending (seasonally adjusted, in real terms)



b) investment (seasonally adjusted, in real terms)



Note: Real retail trade volume is calculated by deflating nominal volume by the Consumer Price Index for goods. Real wage has been calculated by deflating the nominal wage by the Composite Consumer Price Index. Real investment indicators have been calculated by deflating nominal investment by construction price indices. The indicator dynamics updates once new data are published.

The foreing trade deficit in goods is estimated at around $450 mln (5.7% of GDP) in July 2025 (seasonally adjusted; based on Belstat data)

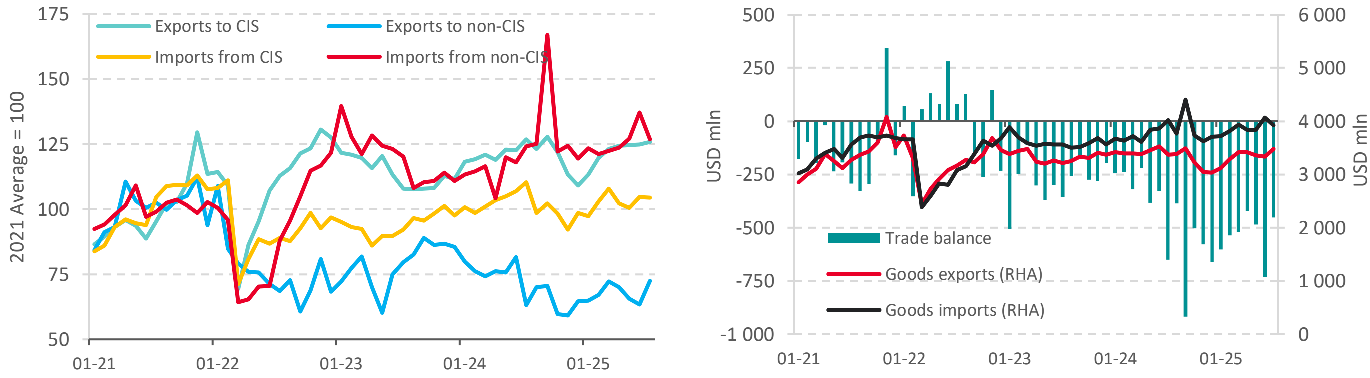
The negative balance narrowed by almost $280 mln (3.7 p.p. of GDP) compared to June 2025. Imports of goods adjusted downward after a temporary spike in June (Fig. 6.b). Despite the decline in imports in July, their volume remained high amid overheated domestic demand. Exports of goods in July increased by ≈$140 mln compared to June 2025 (seasonally adjusted). Shipments to non-CIS countries rose (Fig. 6.a), which may signal some recovery in petroleum product exports in July. Deliveries to CIS countries grew only slightly in July (Fig. 6.a), indicating continued stagnation in exports to Russia.

The overall seasonally adjusted trade balance in goods and services is preliminarily estimated close to balance in July 2025

A surplus in services trade offset the goods deficit. In the near term, foreign trade will likely return to a moderate deficit given high domestic demand in Belarus, weak demand dynamics in Russia, and limited resources – primarily labor – for rapid expansion of industrial output in Belarus. As a result, the deficit in foreign trade in goods and services is expected to be around 1–2% of GDP by the end of 2025. This deficit level corresponds to a moderate weakening of the Belarusian ruble by 1–2% against the currency basket by the end of the current year.

Figure 6. Dynamics of foreign trade indicators

a) value volumes of goods exports and imports (seasonally adjusted) b) value volumes of foreign trade (seasonally adjusted)



Note: The indicator dynamics updates once new data are published.

Inflation slowed in August: the annual rate declined to 7.2% YoY, while the annualized monthly price growth slowed to ≈5–6% MoM (seasonally adjusted; hereafter – MoM; Fig. 7.a)

The slowdown in inflation in August 2025 was driven by continued weakening in food price growth (Fig. 7.c). The growth of fruit and vegetable prices (seasonally adjusted) remained close to zero due to delayed arrivals of the new vegetable harvest caused by weather conditions. Price dynamics for other food products were mixed in August. Despite the decline in the aggregate inflation rate in this segment, its median value (excluding fruits and vegetables) rose from ≈5.8% MoM in July to ≈8.8% MoM in August. This indicates persistent price pressure amid rising costs in the economy. Nevertheless, the high grain harvest this year and the sharp deceleration of inflation in Russia reduce the risks of food inflation acceleration in the short term.

Core inflation decreased from ≈7.2% MoM in July to ≈6.4% MoM in August 2025 (Fig. 7.b)

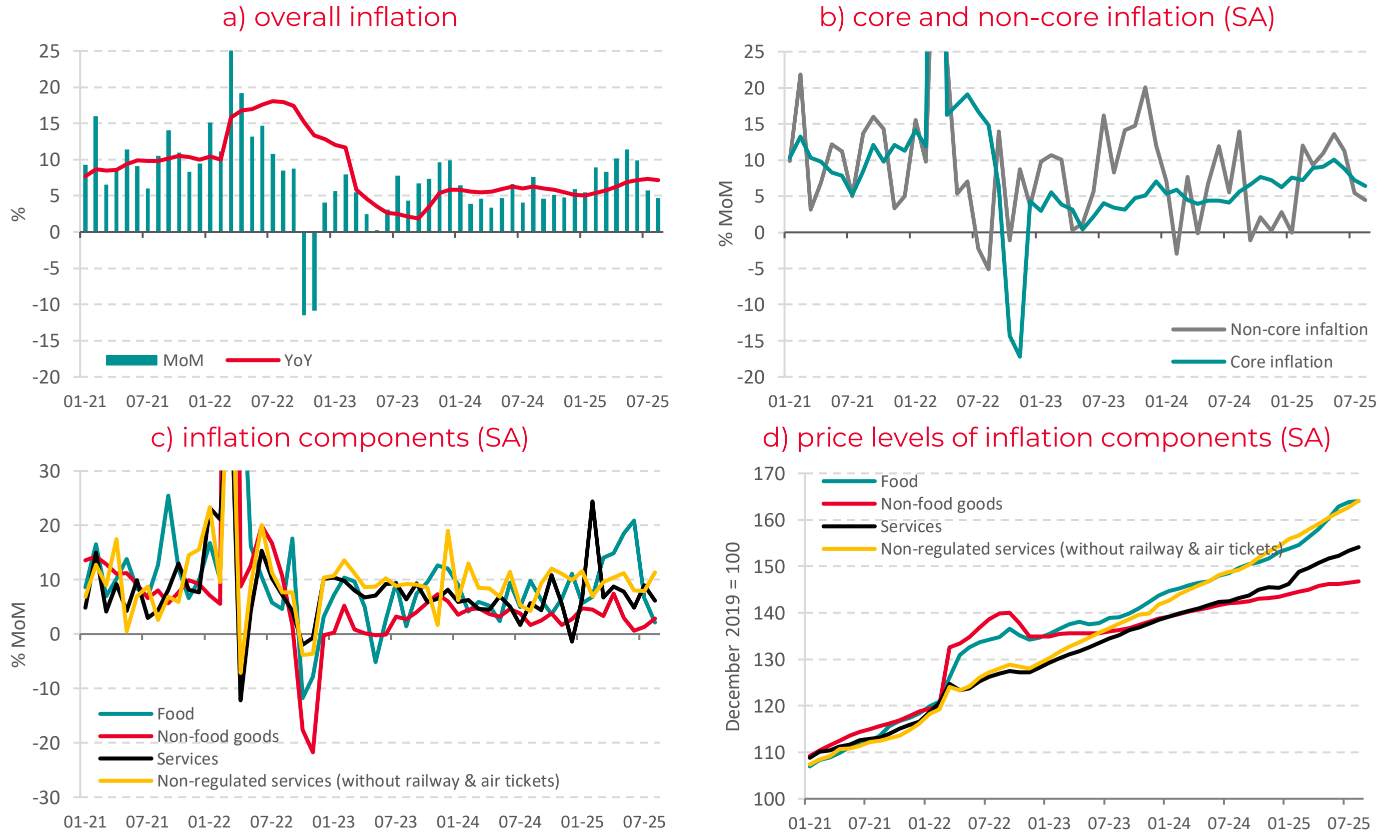
The slowdown in core inflation was due to weaker price dynamics in several "heavy" food categories (milk and dairy products, oils and fats, eggs, restaurants) as well as a decline in highly volatile air ticket and international railway transport prices. Inflation in the segment of non-regulated services (excluding volatile international rail and air transportation) accelerated from ≈8% MoM in July to ≈11.3% MoM in August (Fig. 7.c). The average monthly growth rate of market services is estimated slightly above 9.5% MoM in January–August 2025, compared to ≈8.9% MoM in 2024. Persistently high inflation in this segment continues to signal the presence of price pressures in the overheated Belarusian economy. Meanwhile, non-food goods price dynamics remained weak – ≈2.8% MoM in August (Fig. 7.c). This was constrained by a strong Belarusian ruble and strict price controls. The accumulated gap between prices of non-regulated services and non-food goods approached 12% in August 2025 (Fig. 7.d), indicating ongoing risks of a prolonged period of elevated inflation due to accumulated price overhang, even with an "economic cooling."

Non-core inflation is estimated at around 4.5% MoM in August 2025 (Fig. 7.b)

Subdued price dynamics in fruit and vegetable products and administratively regulated goods and services (below 5% MoM in August) contained non-core inflation.

In September, annual inflation is expected at around 7.2–7.5% YoY, while the forecast range of 7–9% YoY for year-end remains relevant

Figure 7. Inflation dynamics in Belarus



Note: YoY (year-on-year) is a monthly growth rate versus the corresponding month of the previous year; MoM (month-on-month) is an annualized monthly growth rate (seasonally adjusted) versus the previous month. SA is a seasonally adjusted indicator. The dynamics updates once new data are published.