

**MACROECONOMIC REVIEW**  
**OF BELARUS**

January-September 2015

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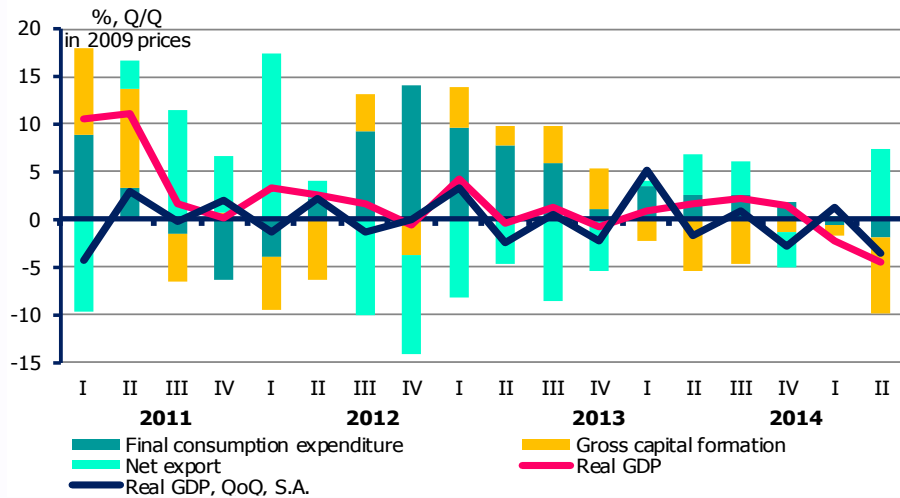
## Abbreviations:

**annualized** – in annual terms  
**BoP** – Beginning of the Period  
**CT** – Cumulative Total  
**cp** – in comparable prices  
**EoP** – End of the Period  
**M/M** – Month over comparable Month of previous year  
**MoM** – Month on previous Month  
**Q/Q** – Quarter over comparable Quarter of previous year  
**QoQ** – Quarter on previous Quarter  
**s.a.** – seasonally adjusted  
**rp** – in real (constant) prices  
**YoY** – Year on previous Year  
**2015F** – Forecast

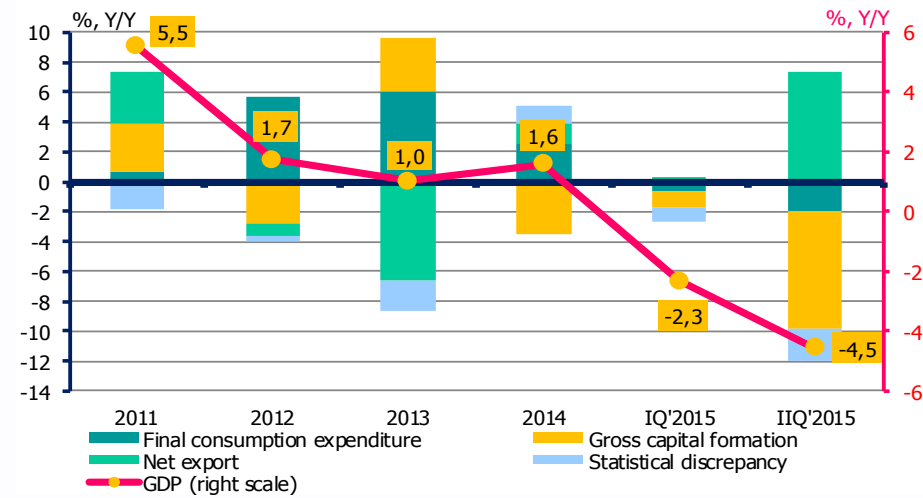
## Acronyms:

**CB** – Commercial banks  
**CPI** – Consumer price index  
**FCE** – Final consumption expenditure  
**GDP** – Gross domestic product  
**GED** – Gross external debt  
**GovED** – General government debt  
**IRA** – International reserve assets  
**NED** – Net external debt  
**NFA** – Net foreign assets  
**NULC** – Nominal unit labour cost  
**PPI** – Producer price index  
**RULC** – Real unit labour costs  
**SDEO** – Stock of debt and equity outstanding  
**ULC** – Unit labour costs  
**VA** – Value added

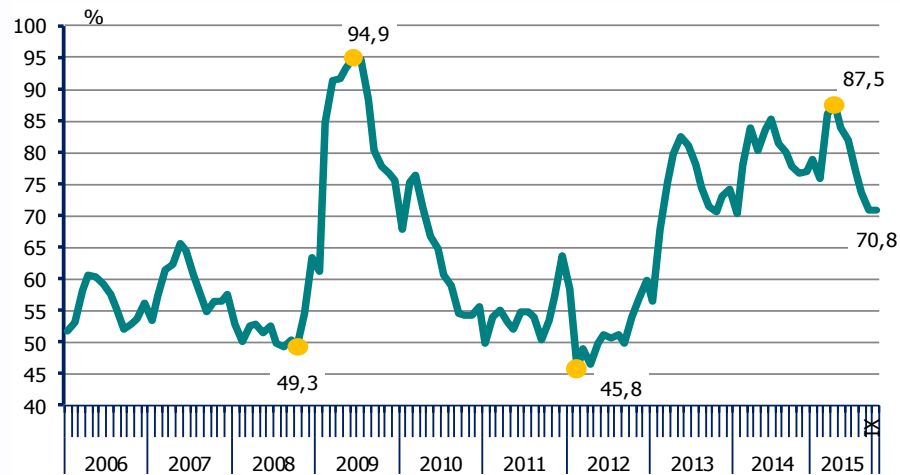
## 1.1 Economic growth



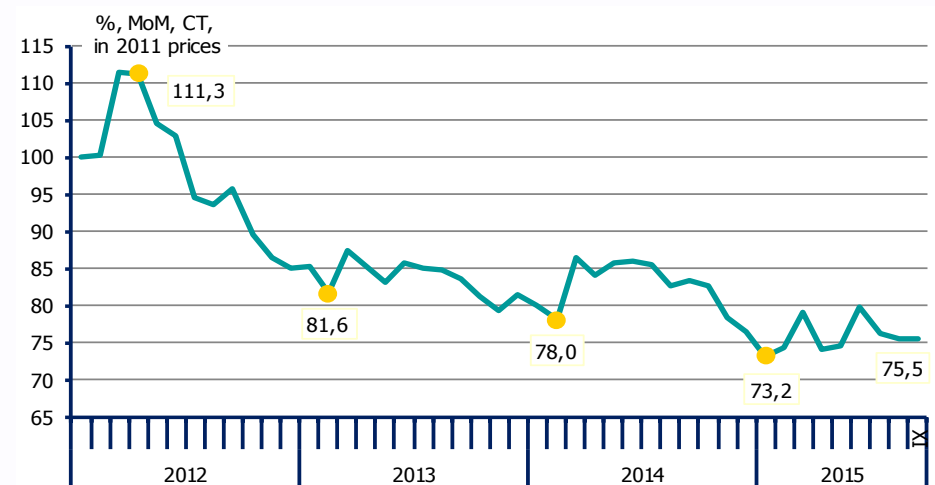
**Fig. 1.1 – The structure of GDP by components of the demand**



**Fig. 1.2 – Decomposition of GDP growth (demand side)**

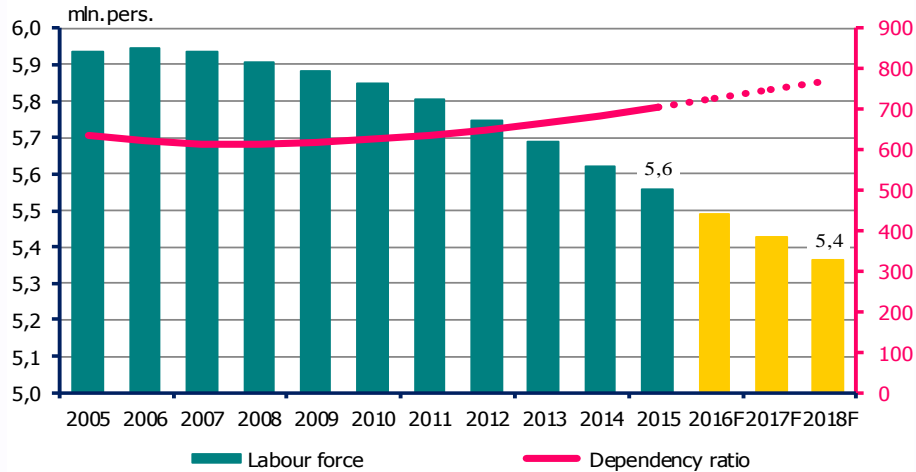


**Fig. 1.3 – Stocks of finished products, as % to average monthly volume of industrial output**

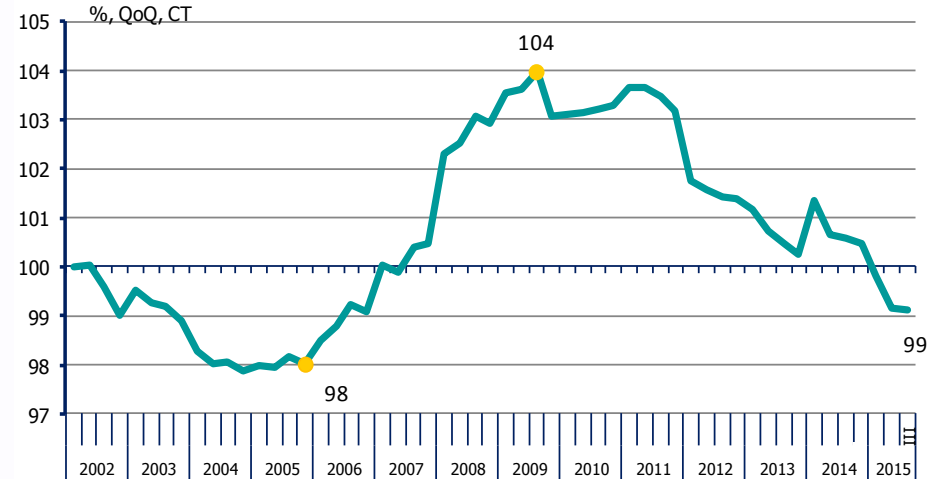


**Fig. 1.4 – Industrial output**

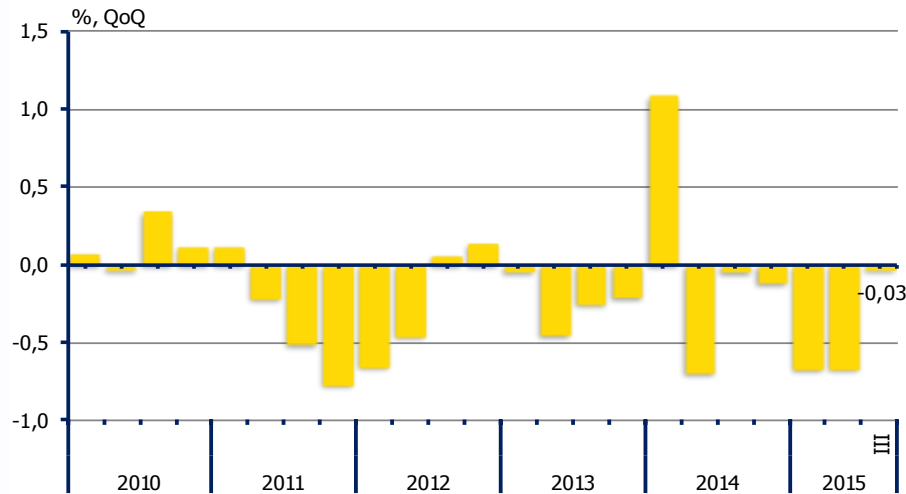
## 1.2 Labor market



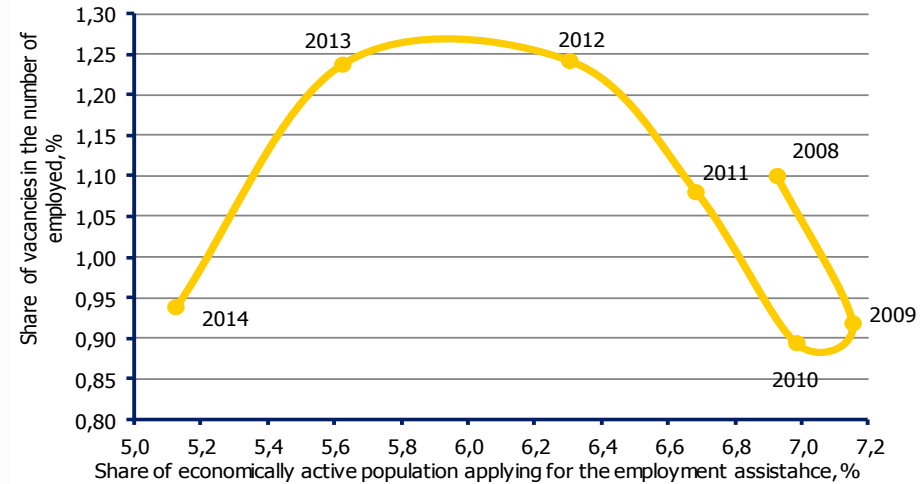
**Fig. 1.5 – Labour force and dependency ratio**



**Fig. 1.6 – Number of employed in the economy**

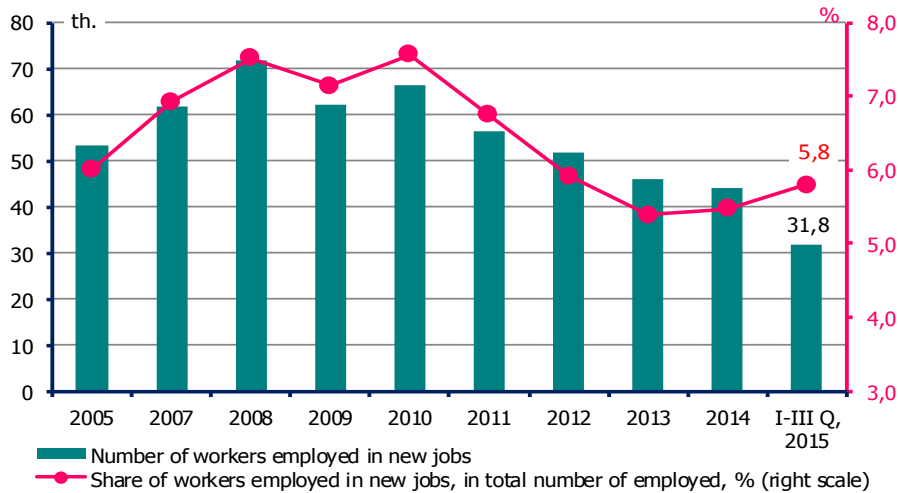


**Fig. 1.7 – Employment growth rate**

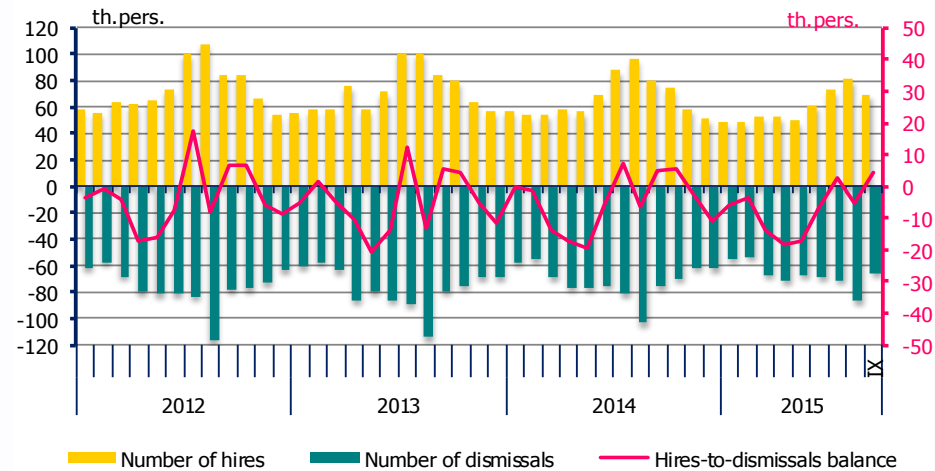


**Fig. 1.8 – The Beveridge curve for Belarusian labor market, 2008-2014 v.**

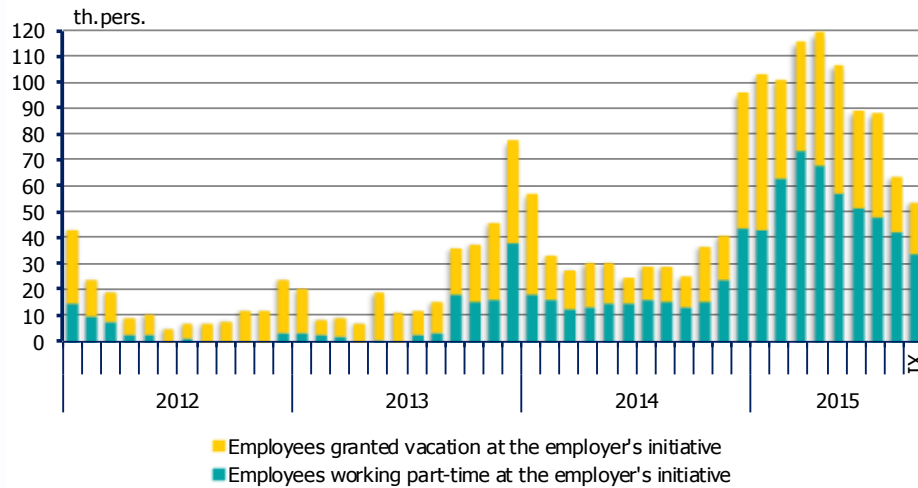
## 1.2 Labor market II



**Fig. 1.9 – Dynamics of employed in new jobs**



**Fig. 1.10 – The ratio of hired and dismissed workers**

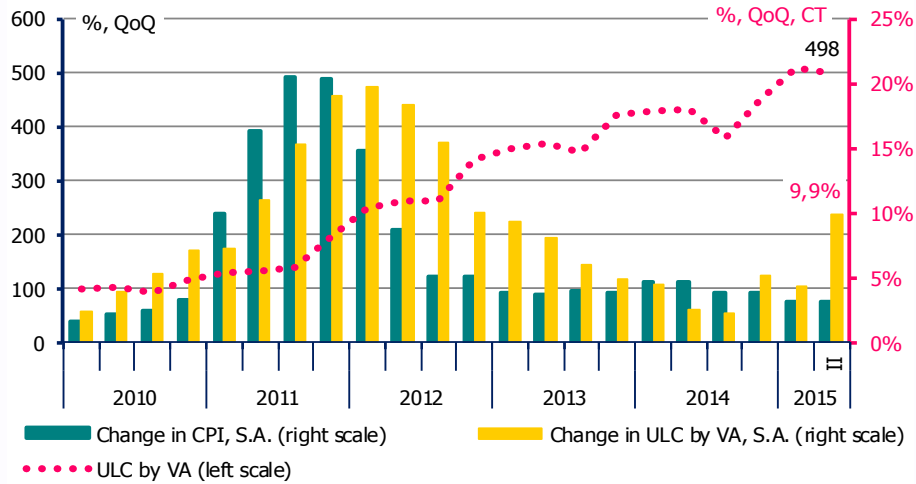


**Fig. 1.11 – Employees in forced vacation and part-time work**

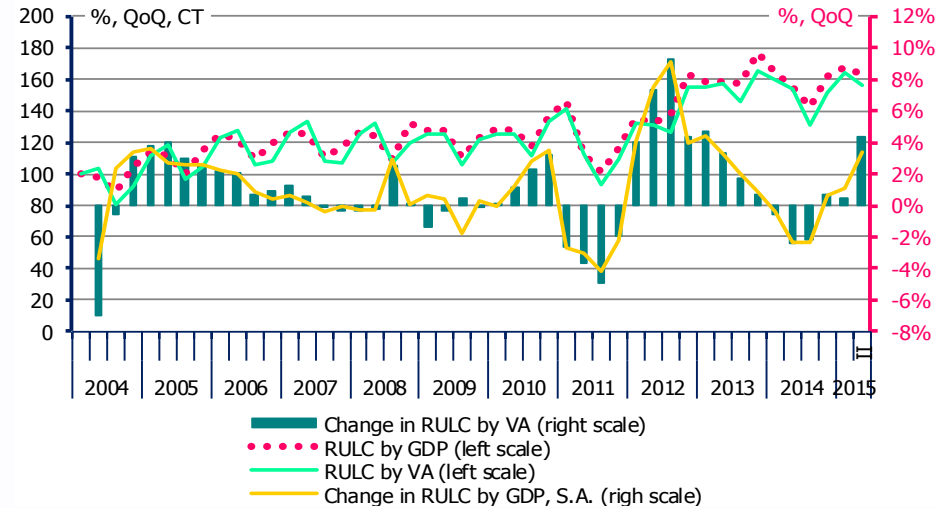


**Fig. 1.12 – The ratio of labor productivity growth to real wages**

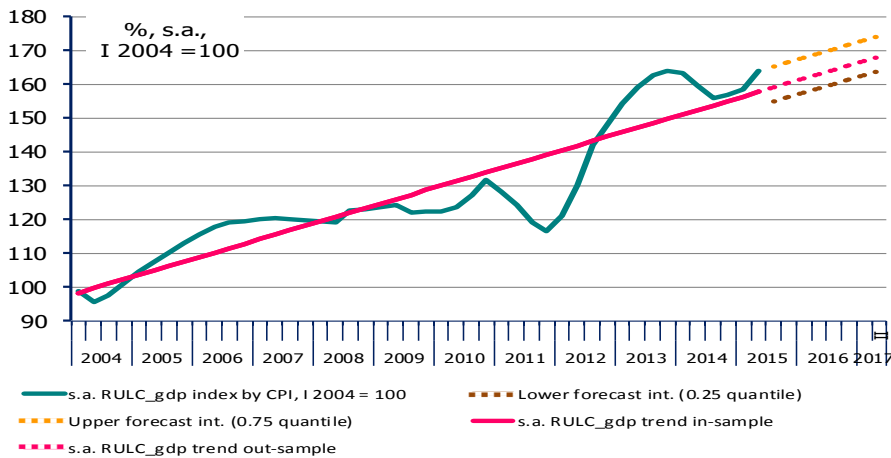
### 1.2 Labor market III



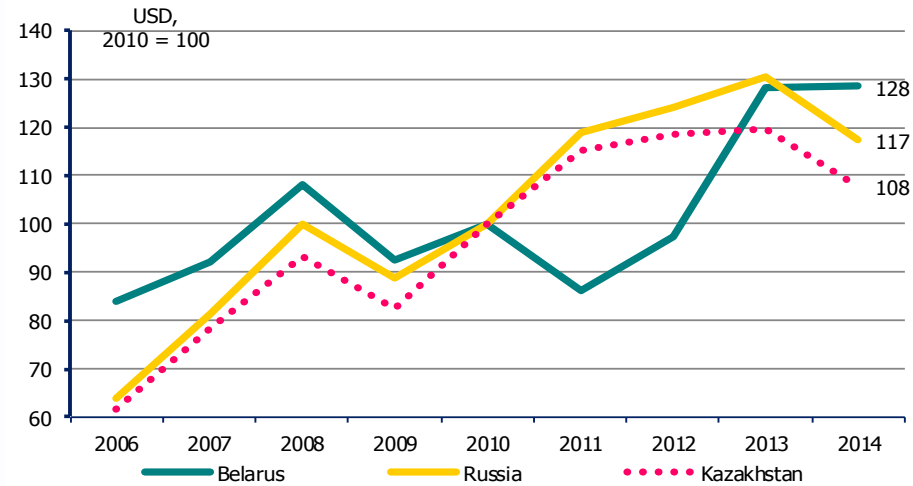
**Fig. 1.13 – Change of ULC by value added and CPI**



**Fig. 1.14 - Dynamics (left scale) and change (right scale) in RULC by GDP and VA (real wages by CPI)**

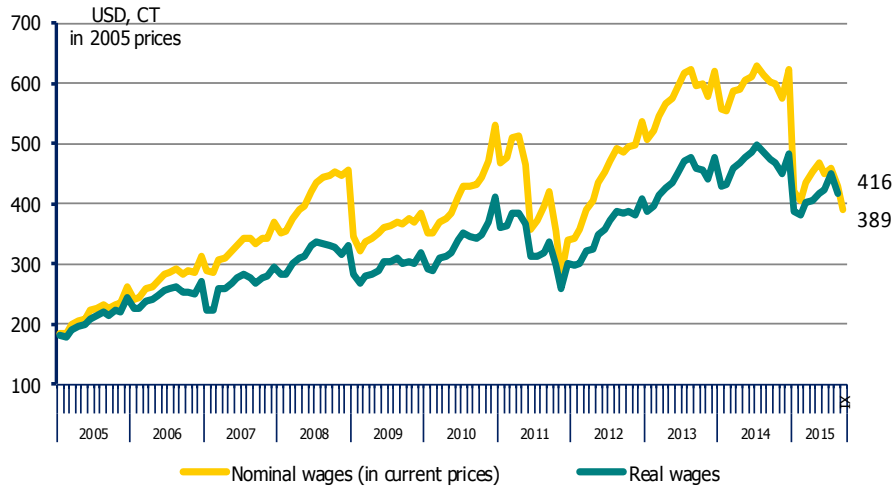


**Fig. 1.15 – Dynamics and trend of RULC (ratio of real labour compensation (by CPI) to real GDP)**

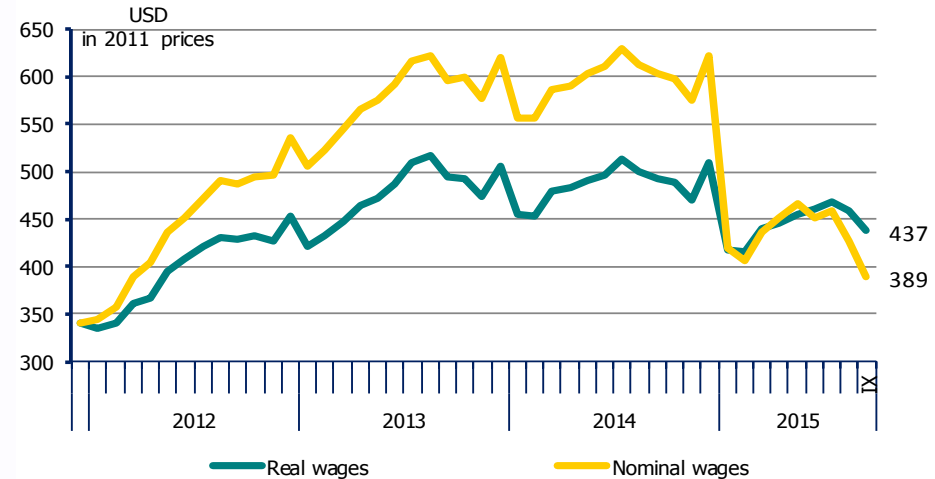


**Fig. 1.16 - NULC in EEU countries**

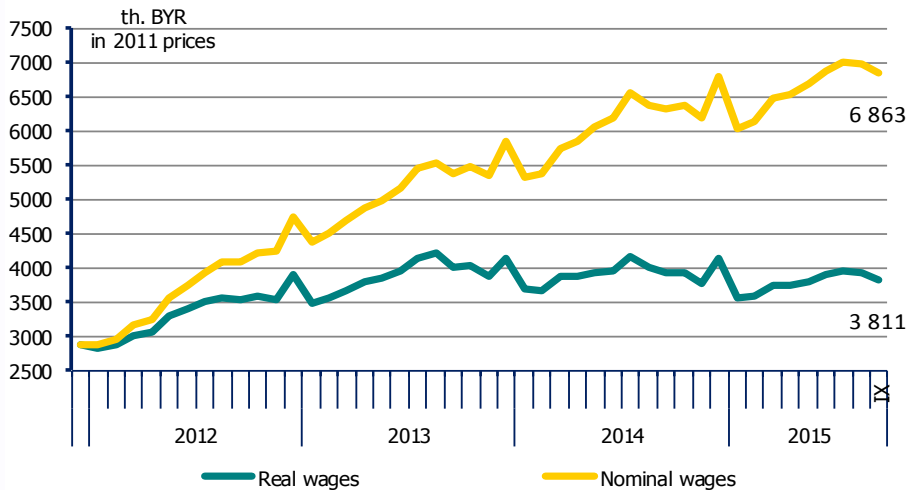
### 1.3 Wages and consumer demand



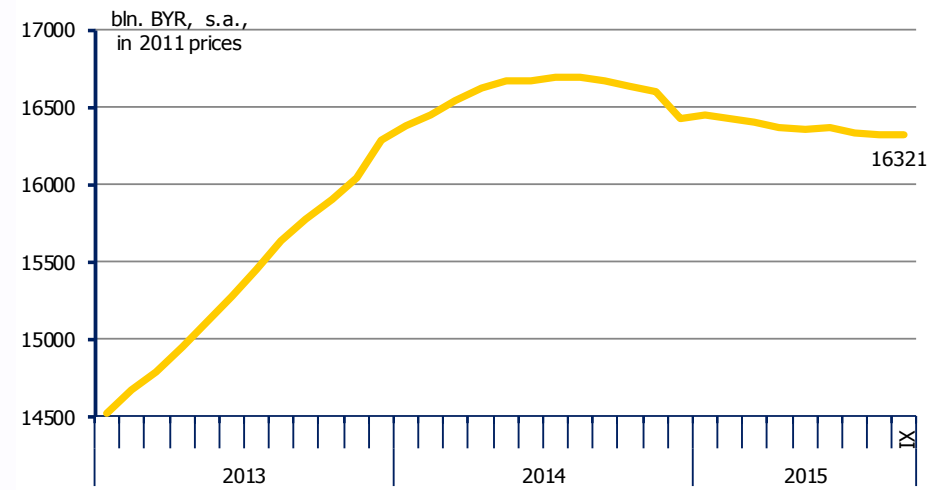
**Fig. 1.17 - Dynamics of real wages in USD**



**Fig. 1.18 - Dynamics of real wages in USD**



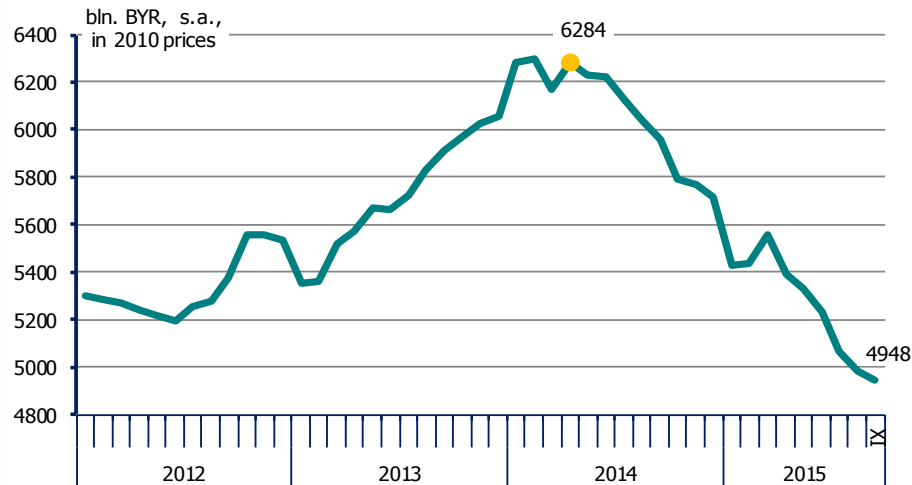
**Fig. 1.19 - Dynamics of nominal and real average monthly wages**



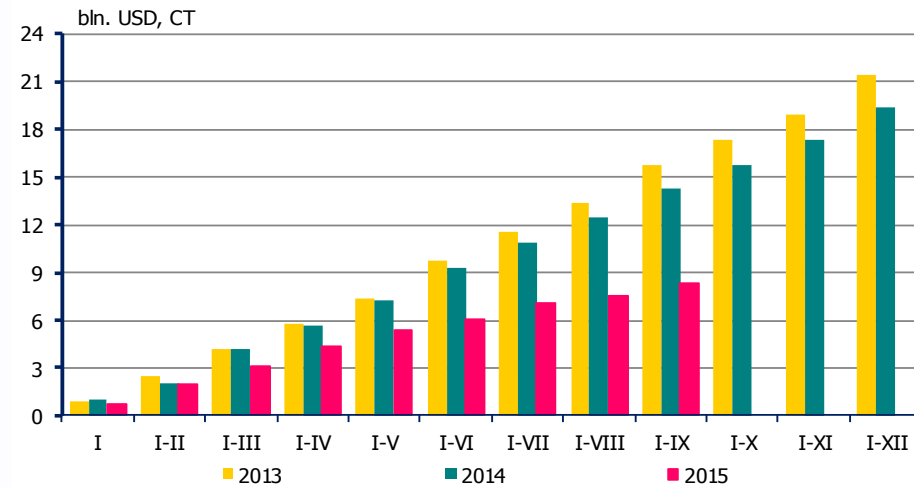
**Fig. 1.20 - Dynamics of retail trade turnover**



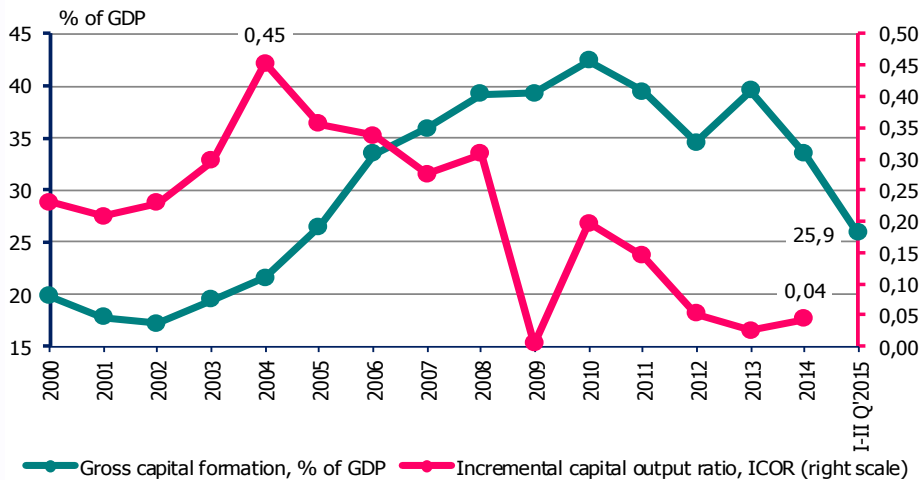
## 1.4 Investments



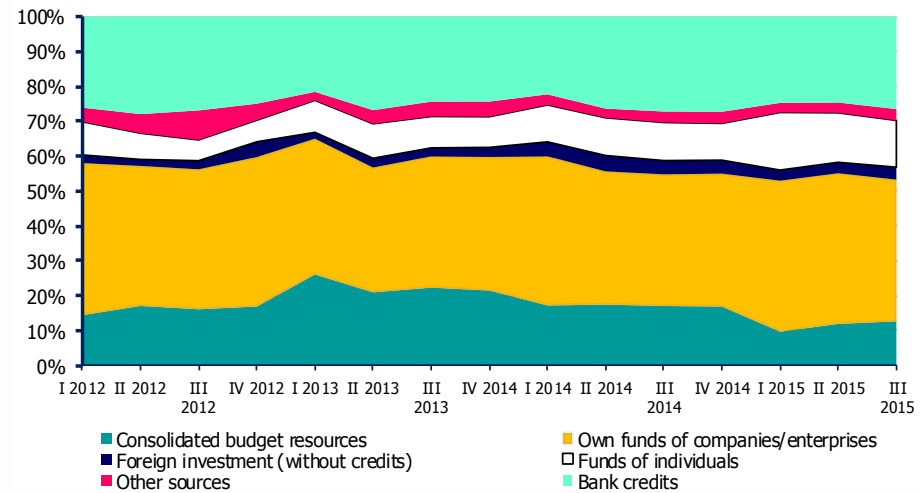
**Fig. 1.21 – Fixed capital investment in real terms**



**Fig. 1.22 – Fixed capital investment in current USD**

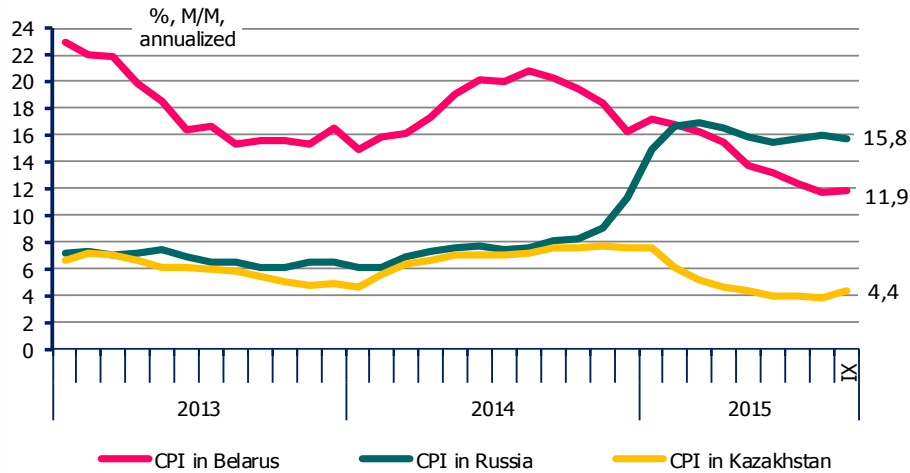


**Fig. 1.23 – Incremental capital output ratio (right scale) and gross capital formation (left scale)**

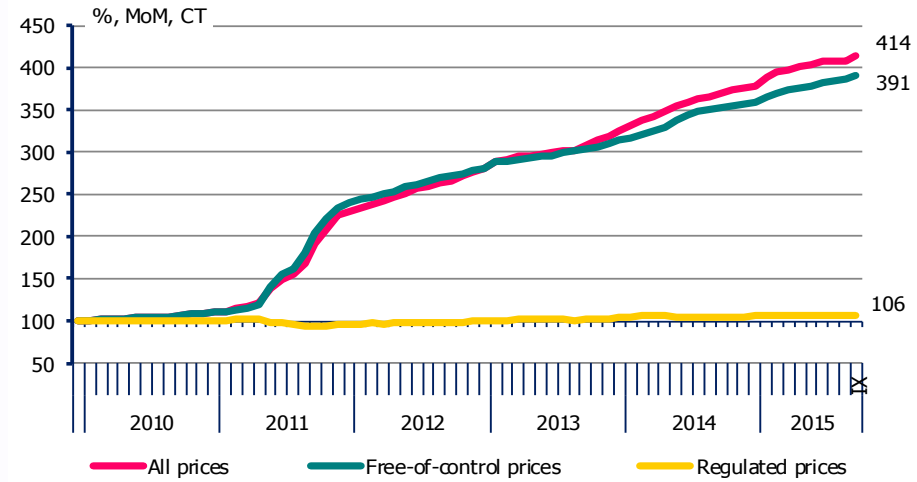


**Fig. 1.24 – Fixed capital investment by source of financing**

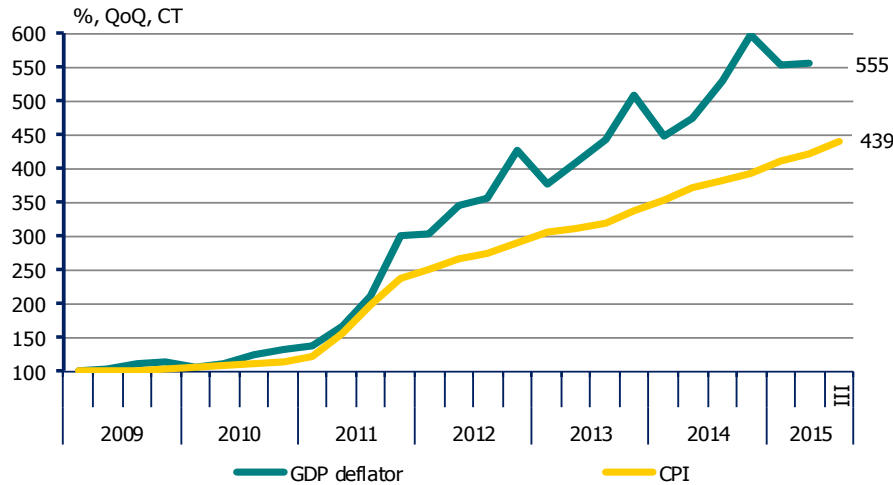
### 1.5 Inflation



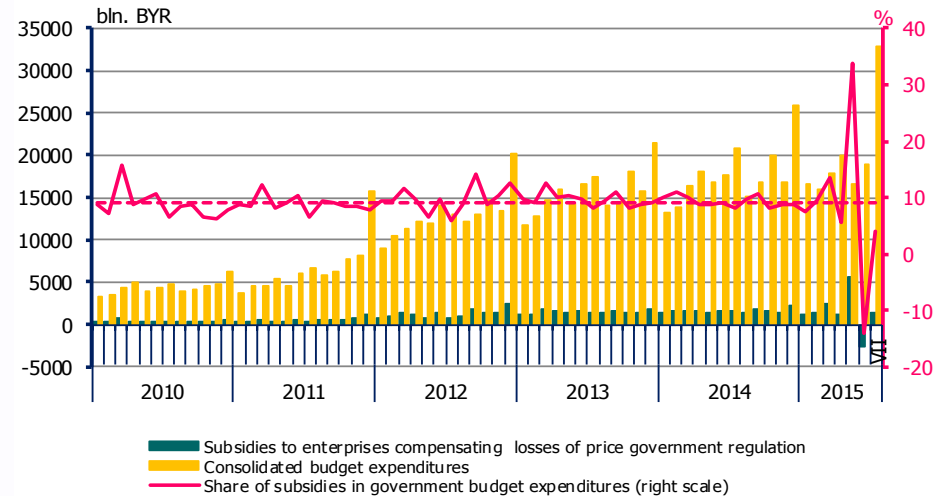
**Fig. 1.25 - Inflation in Belarus, Russia and Kazakhstan**



**Fig. 1.26 – CPI by kind of prices**

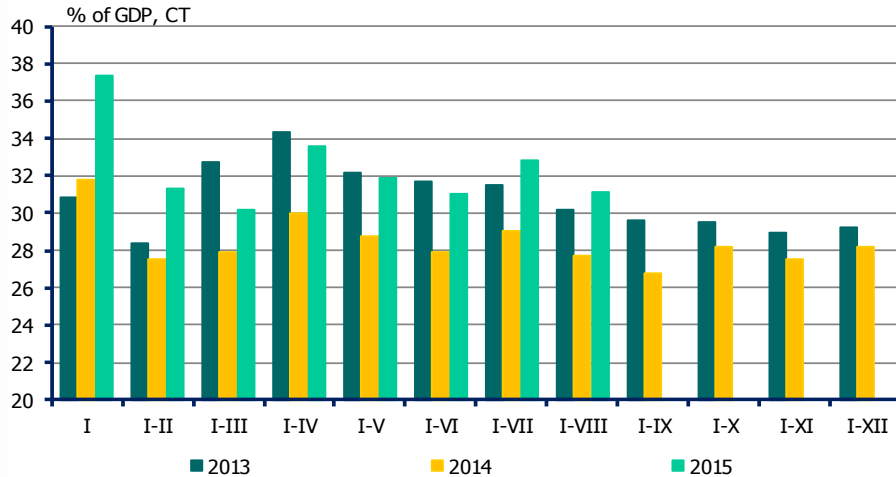


**Fig. 1.27 – GDP Deflator and CPI**

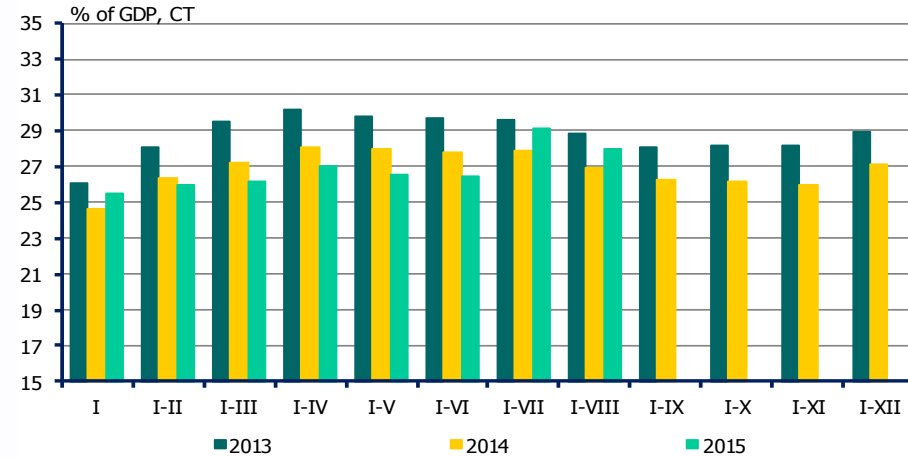


**Fig. 1.28 - Share of subsidies covering losses of price regulation**

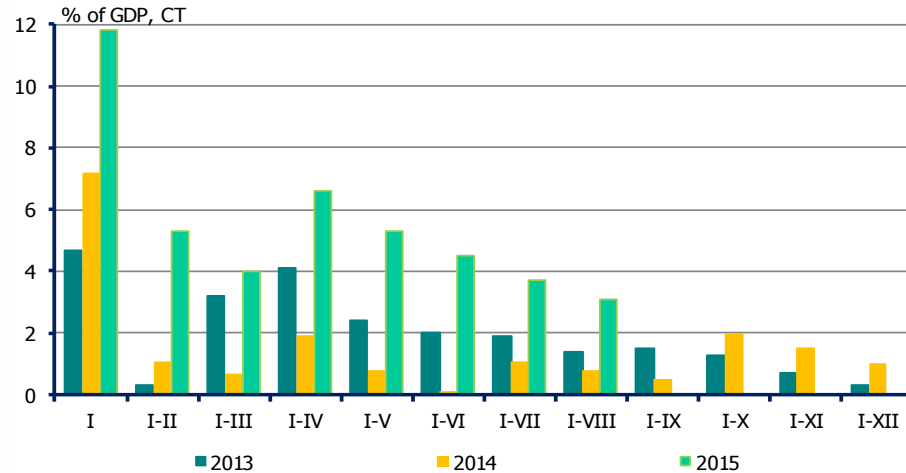
## 2.1 Government Budget



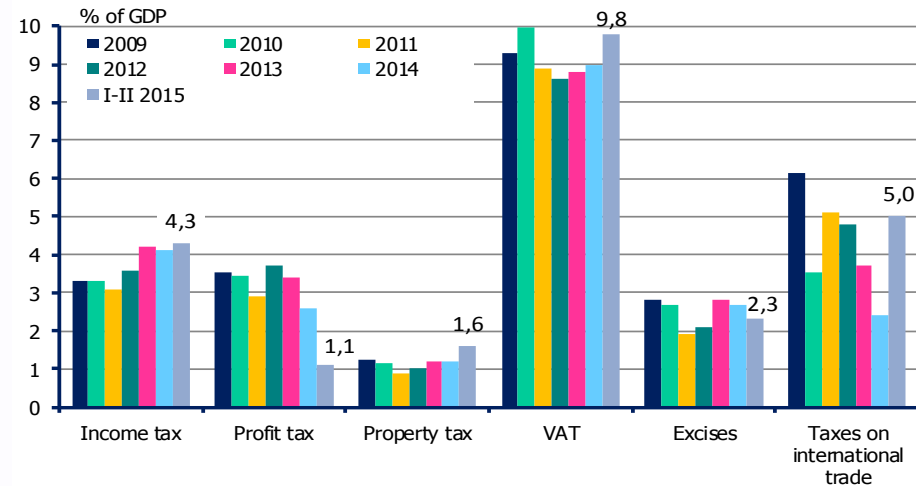
**Fig. 2.1 – Revenues of consolidated budget**



**Fig. 2.2 - Expenditures of consolidated budget**

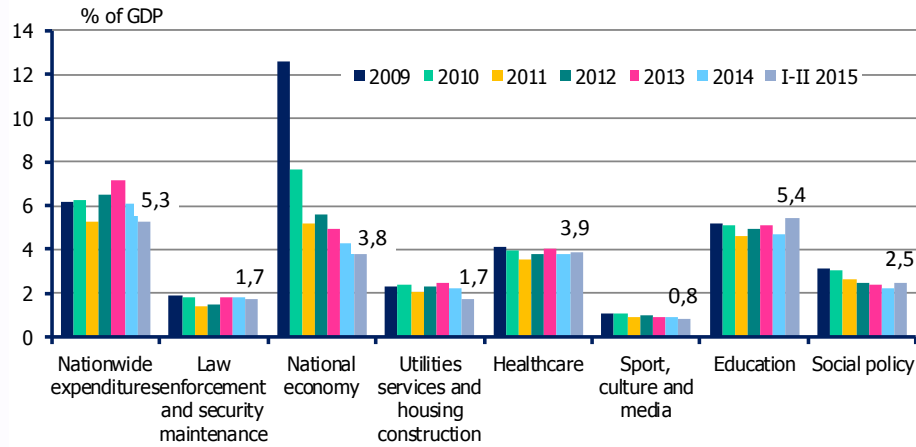


**Fig. 2.3 - Surplus (+) / deficit (-) of consolidated budget**

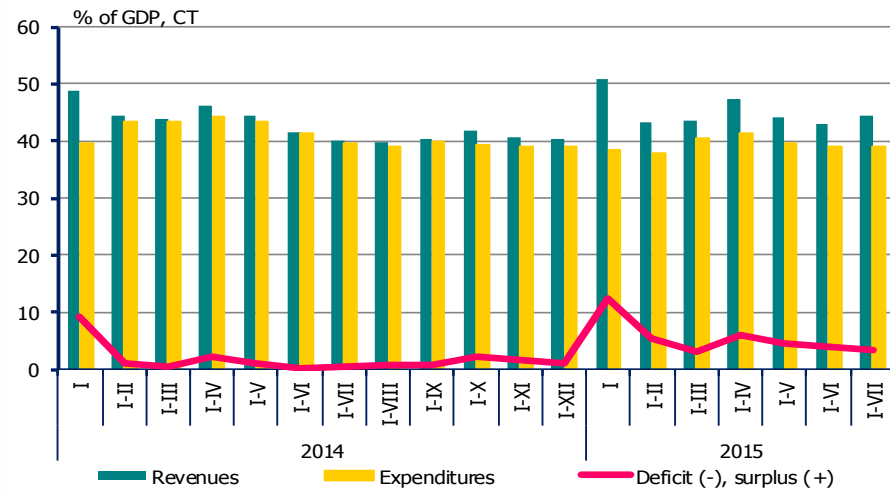


**Fig. 2.4 - Tax revenues to GDP ratio**

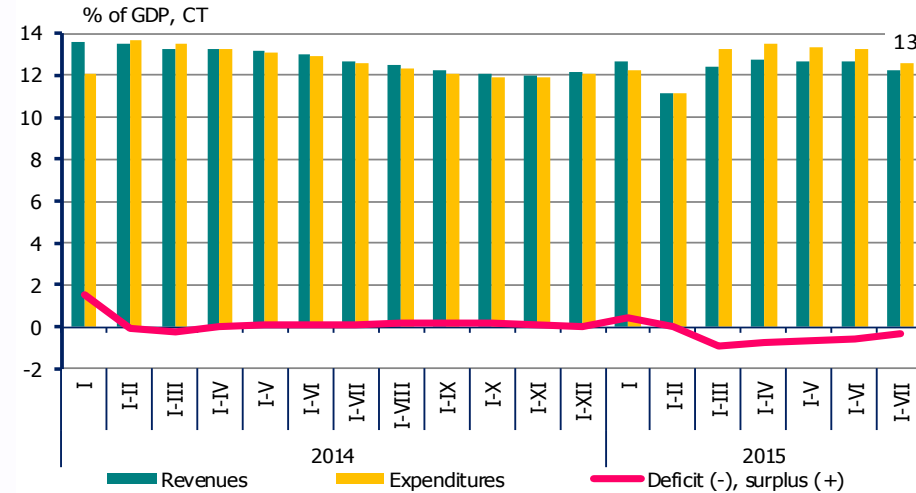
## 2.1 Government Budget II



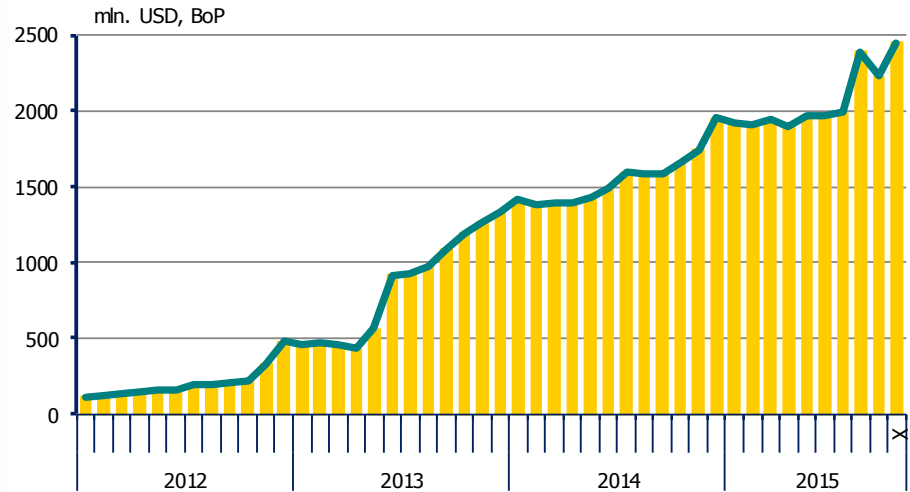
**Fig. 2.5 – Structure of consolidated budget expenditures**



**Fig. 2.7 – The central government budget balance**

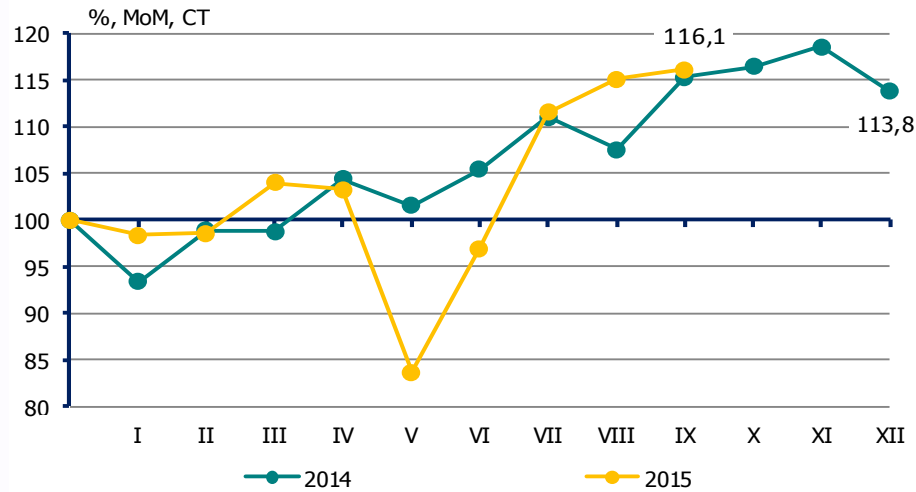


**Fig. 2.6 – The Social Security Fund balance**

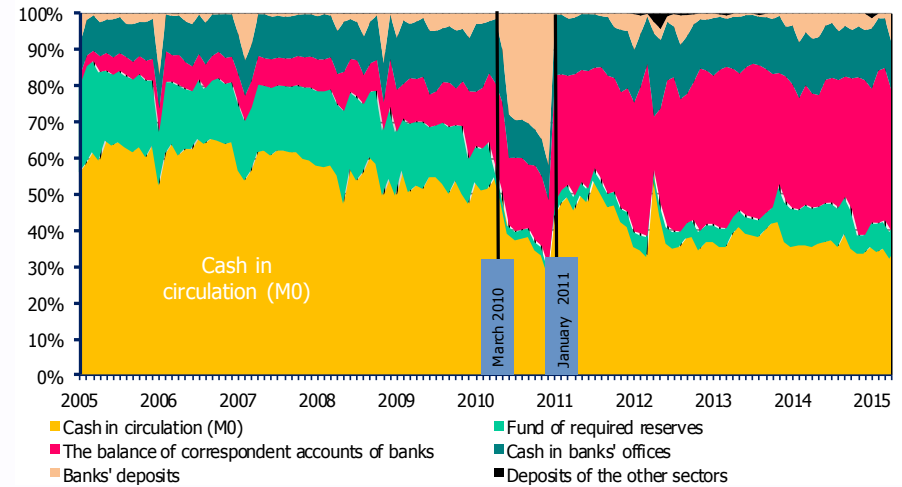


**Fig. 2.8 – Foreign currency bonds issued by the Ministry of Finance in banks' portfolios**

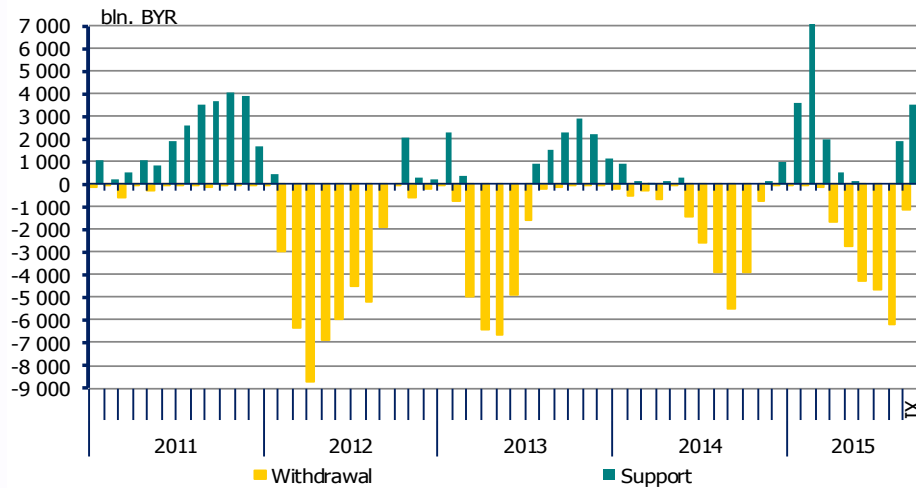
## 3.1 Monetary base



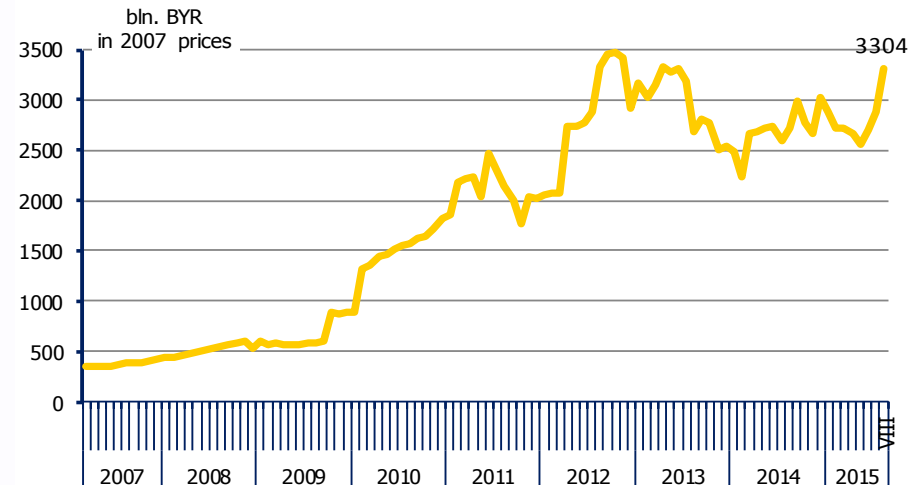
**Fig. 3.1 – Monetary base**



**Fig. 3.2 - Monetary base structure dynamics**

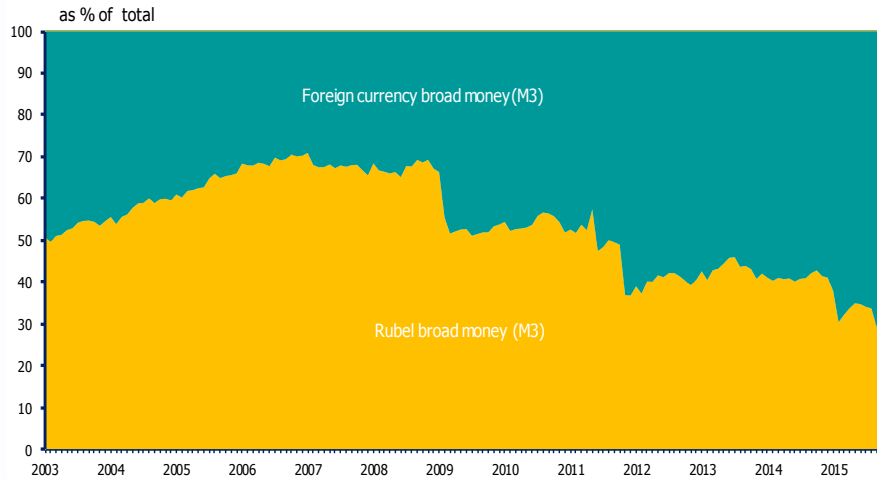


**Fig. 3.3 - Regulation of the banking system liquidity by National Bank**

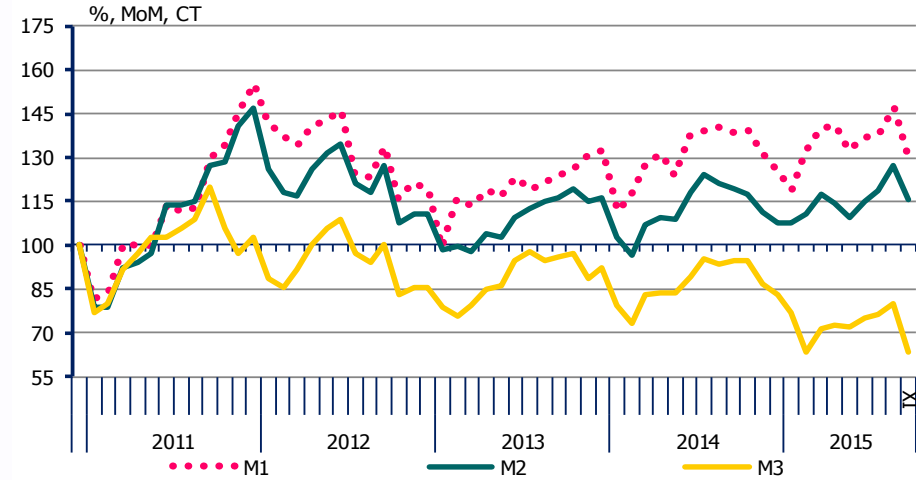


**Fig. 3.4 – Balance of correspondent accounts**

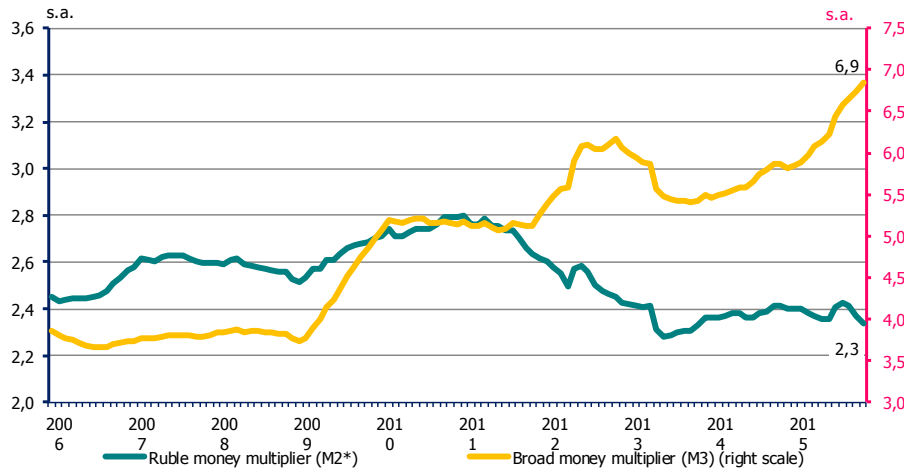
## 3.2 Multiplier and money velocity



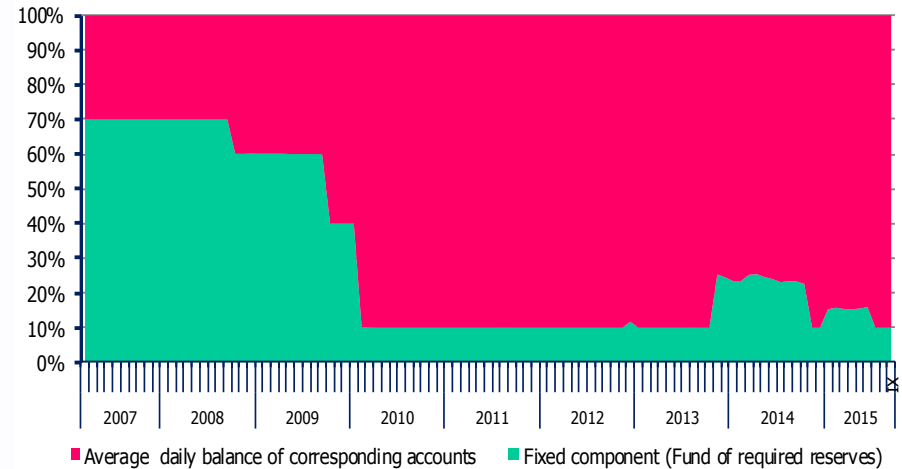
**Fig. 3.5 – Dollarization of the money supply**



**Fig. 3.6 – Money velocity**

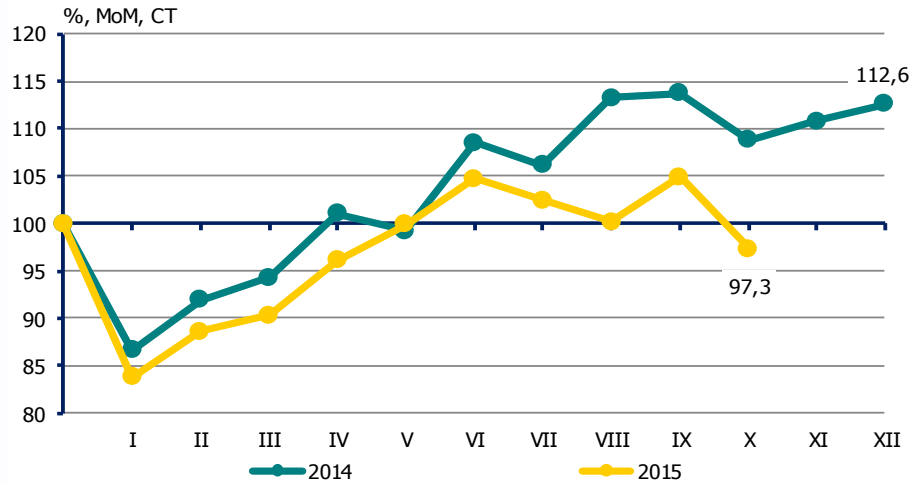


**Fig. 3.7 – Money multiplier**

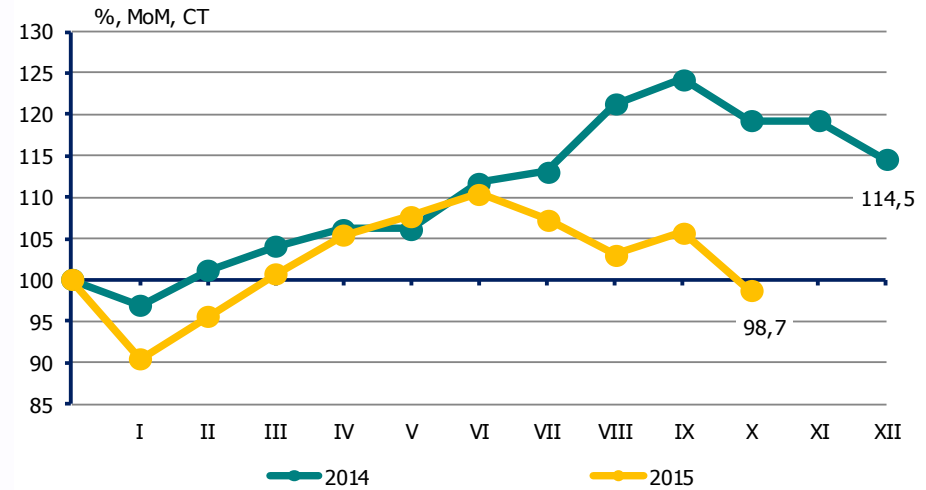


**Fig. 3.8 – Structure of the commercial banks reserves in the monetary base**

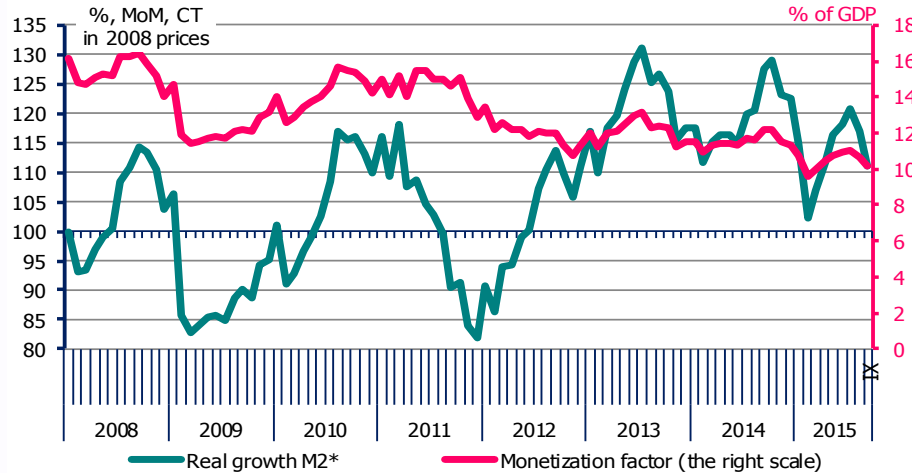
## 3.3 Money supply



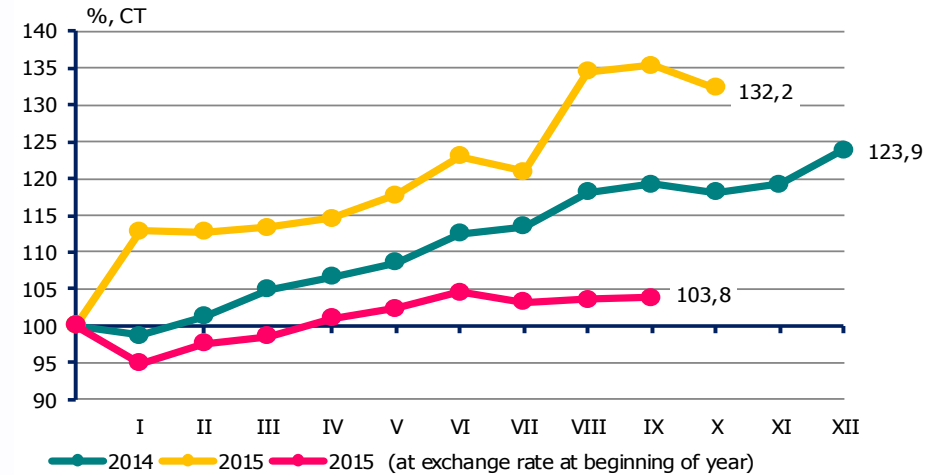
**Fig. 3.9 – M1 growth**



**Fig. 3.10 – M2\* growth**

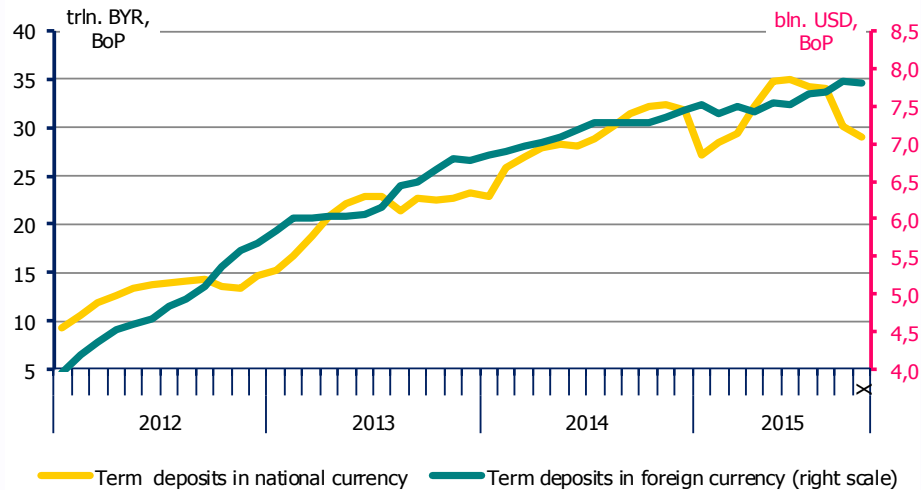


**Fig. 3.11 – M2\* dynamics**

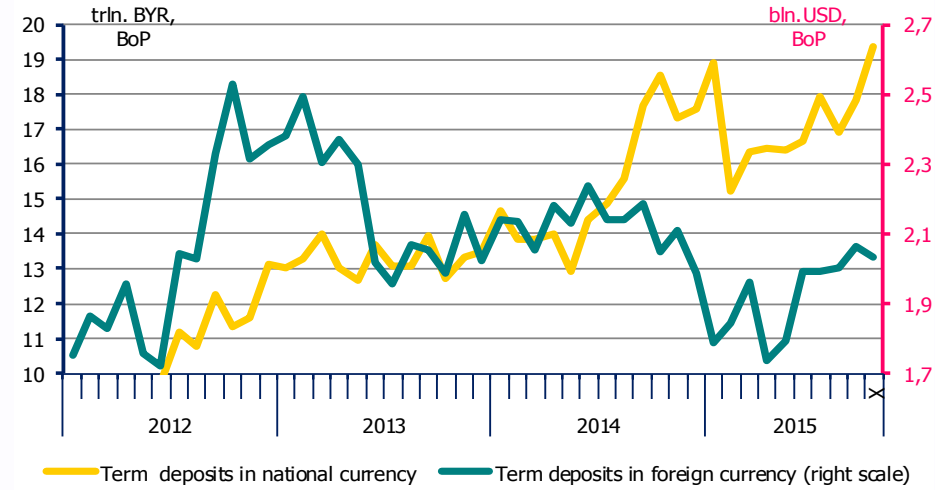


**Fig. 3.12 – M3 growth**

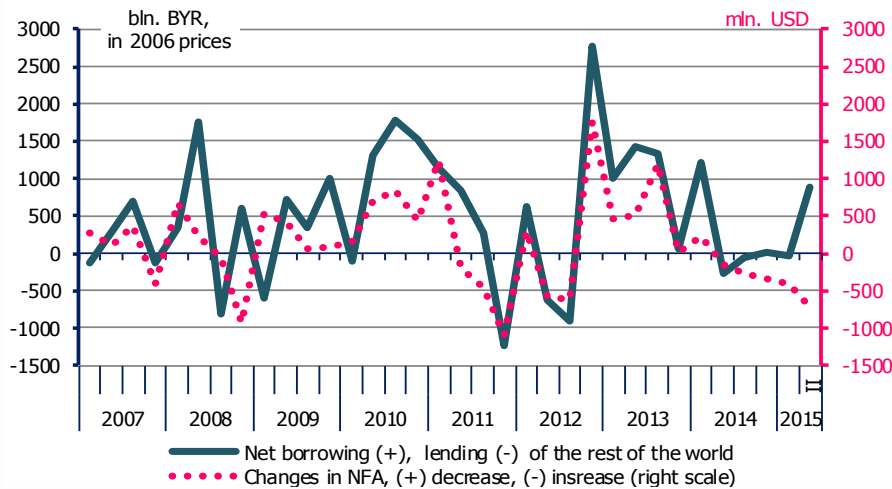
## 3.4 The resource base of commercial banks



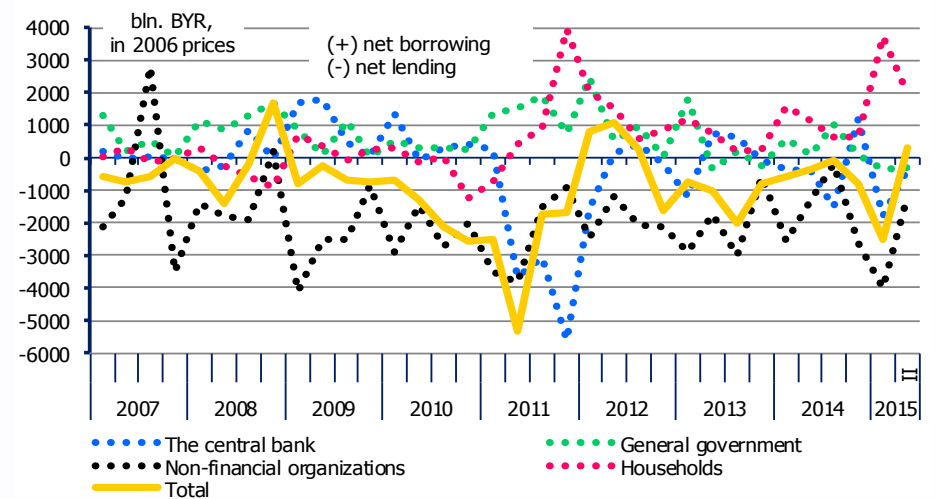
**Fig. 3.13 – Term deposits of individuals in national and foreign currency**



**Fig. 3.14 – Term deposits of enterprises in national and foreign currency**



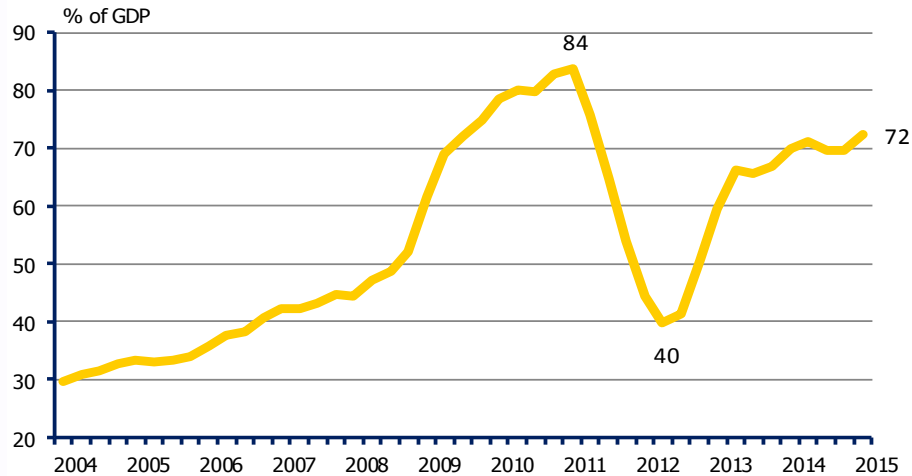
**Fig. 3.15 – Finance resources attracted by banks from the rest of the world**



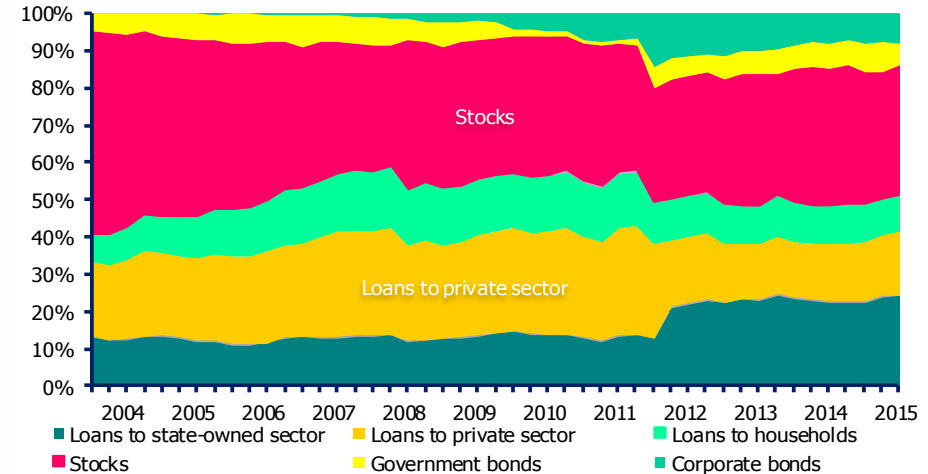
**Fig. 3.16 – Domestic finance resources attracted by banks**



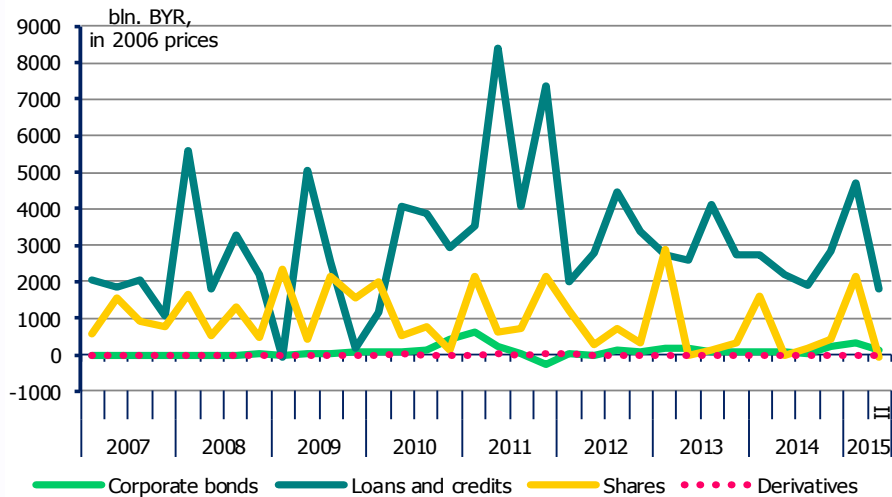
## 3.5 Financial depth of the economy



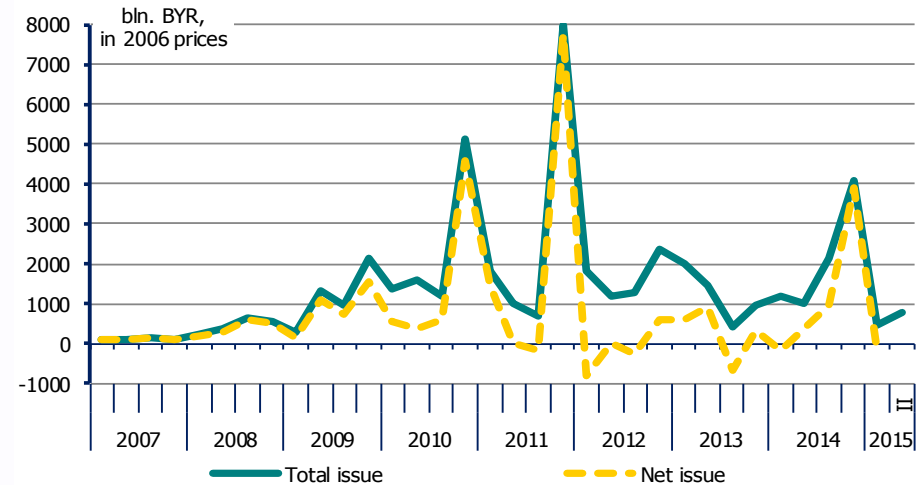
**Fig. 3.17 – SDEO to GDP ratio, deflated**



**Fig. 3.18 – SDEO structure**

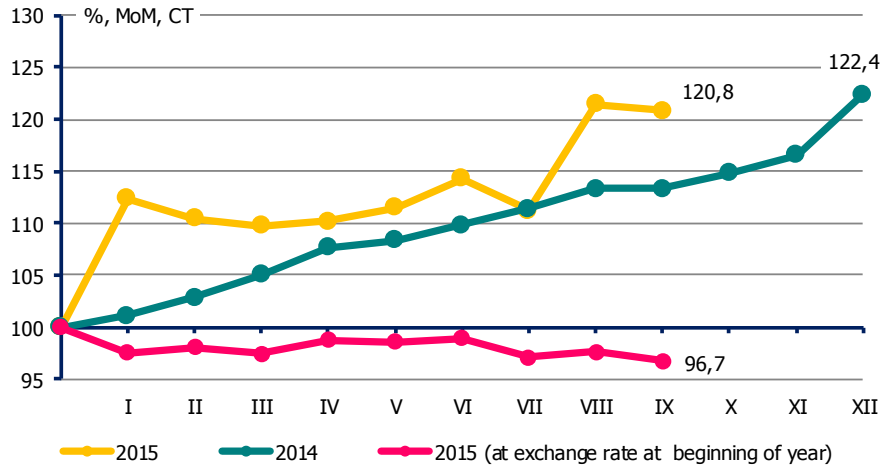


**Fig. 3.19 – Attracted resources of enterprises by financial instruments**

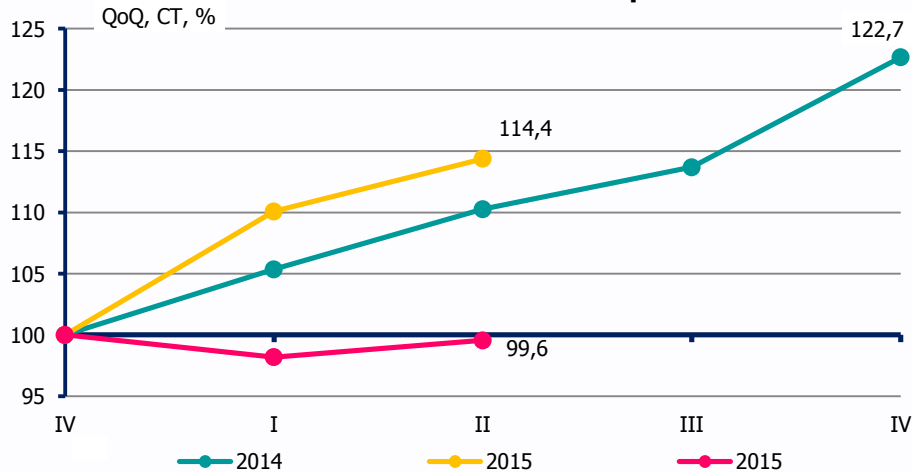


**Fig. 3.20 – Corporate bonds issue**

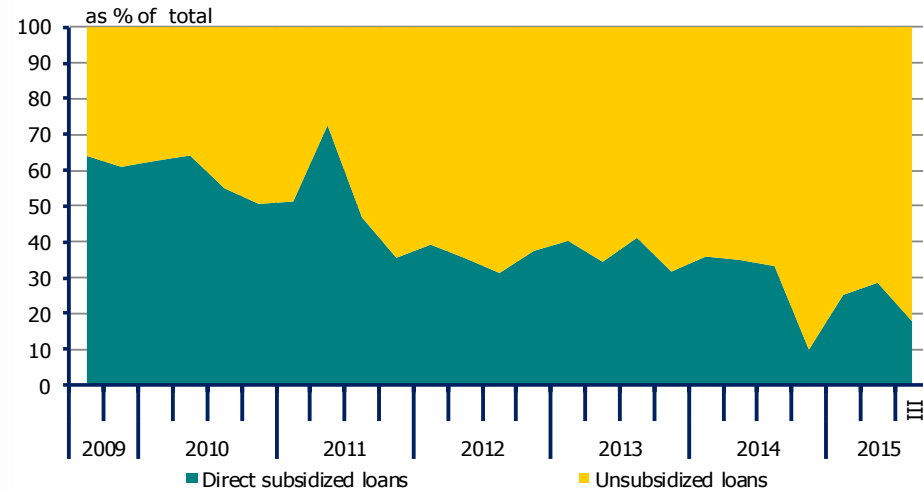
## 3.6 Borrowing in the economy



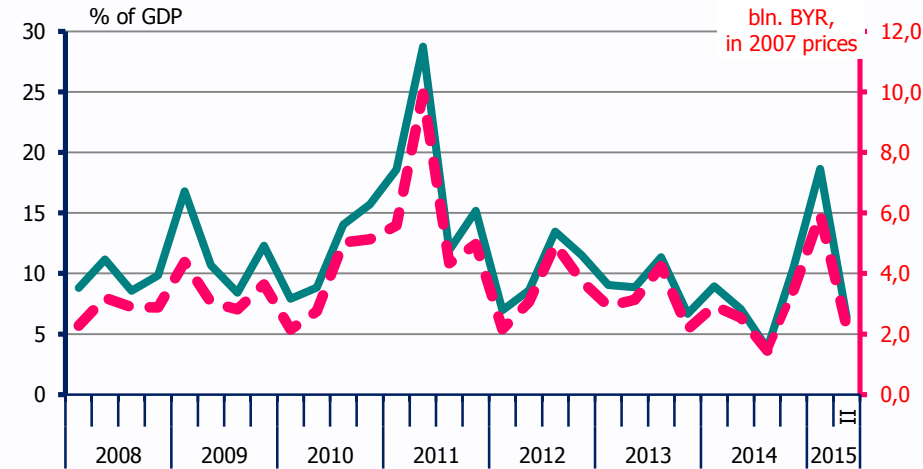
**Fig. 3.21 — Bank's claims on the economy**  
Financial sector claims on enterprises



**Fig. 3.23 Financial sector claims on the economy**

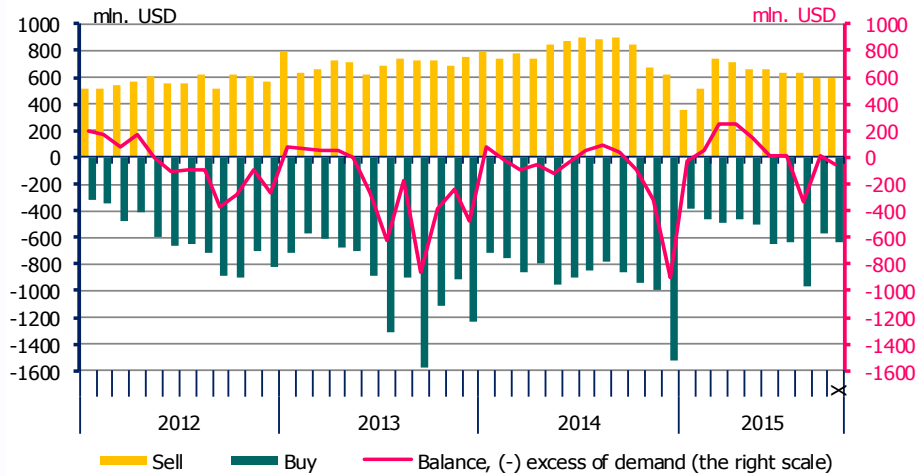


**Fig. 3.22 Preferential loans in total loans of commercial banks**

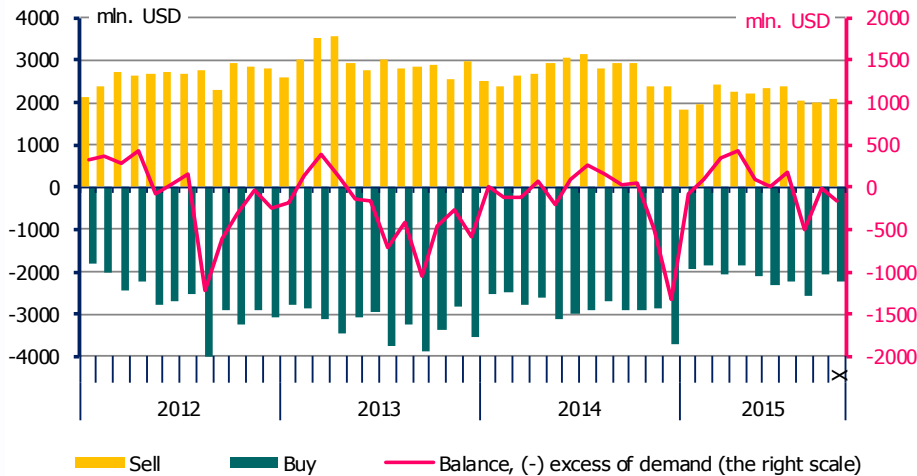


**Fig. 3.24 Financial sector claims on enterprises**

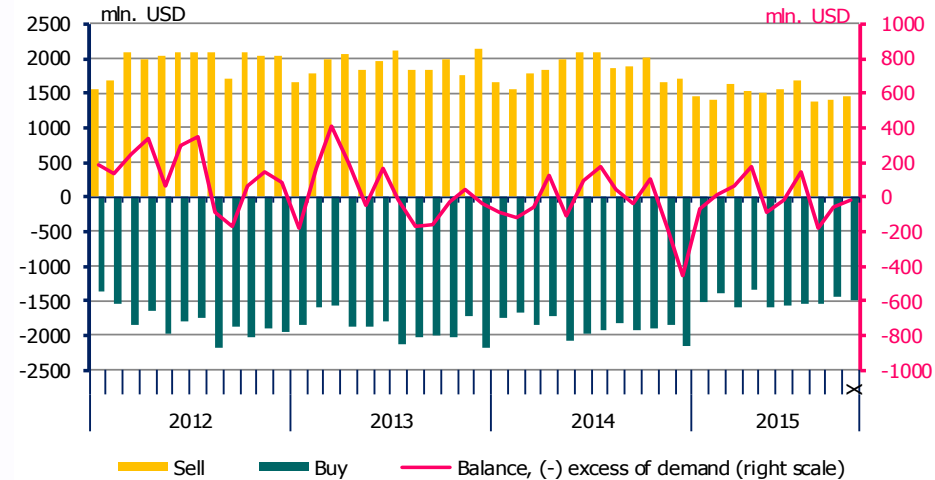
## 3.7 Foreign exchange market



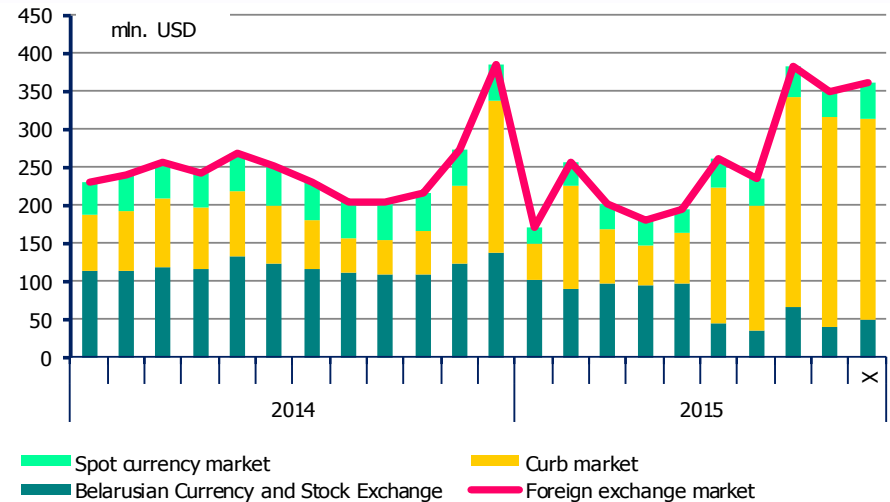
**Fig. 3.25 – Buy and sell volumes of foreign exchange market by households**



**Fig. 3.27 – Total buy and sell volumes of foreign exchange market**

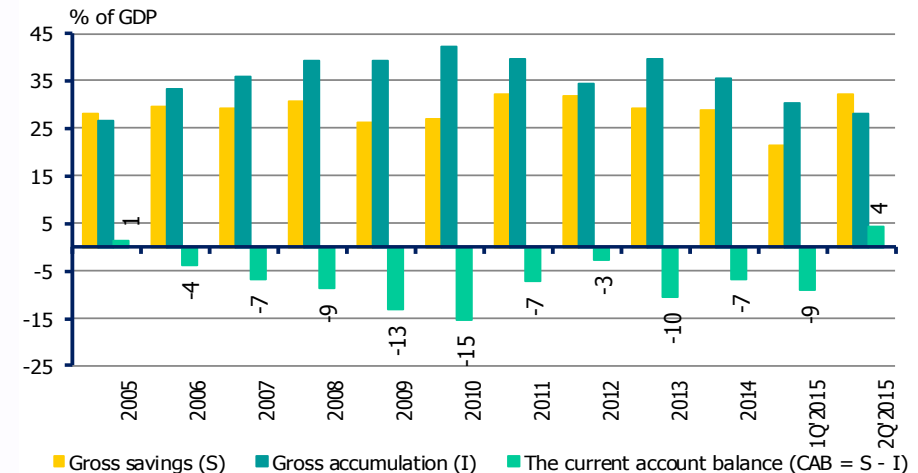
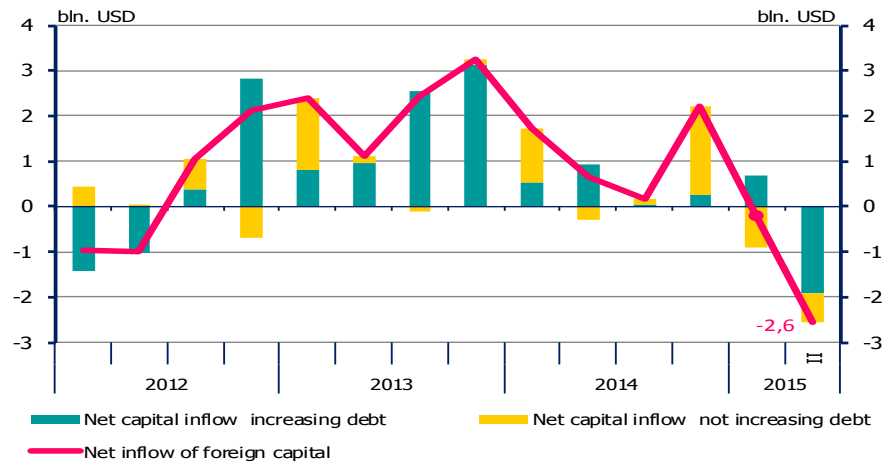
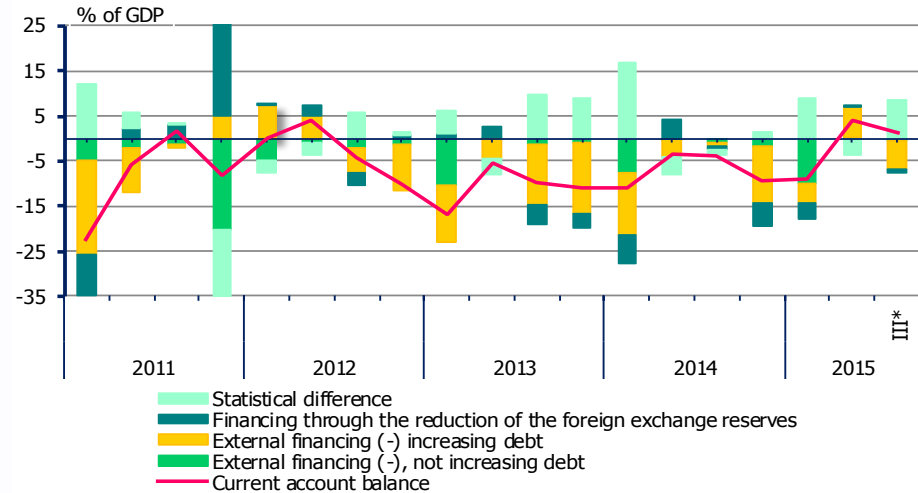
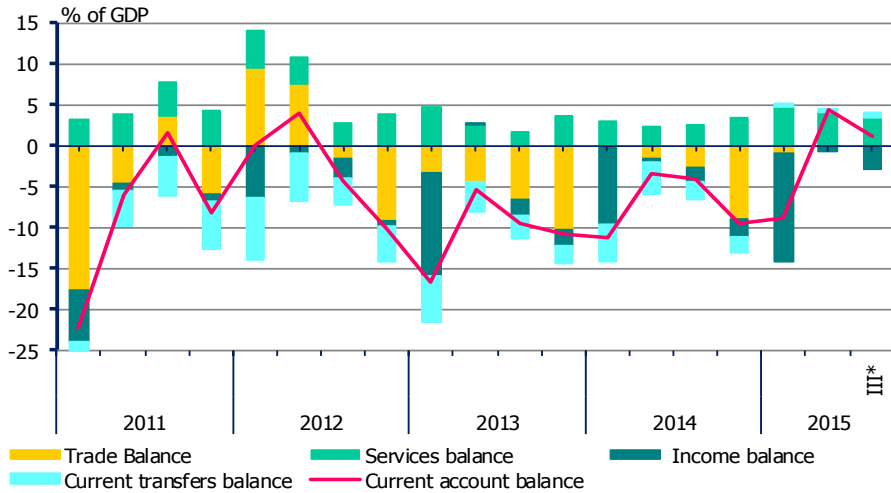


**Fig. 3.26 - Buy and sell volumes of foreign exchange market by companies**



**Fig. 3.28 - Average daily turnover of foreign currency on the foreign exchange market**

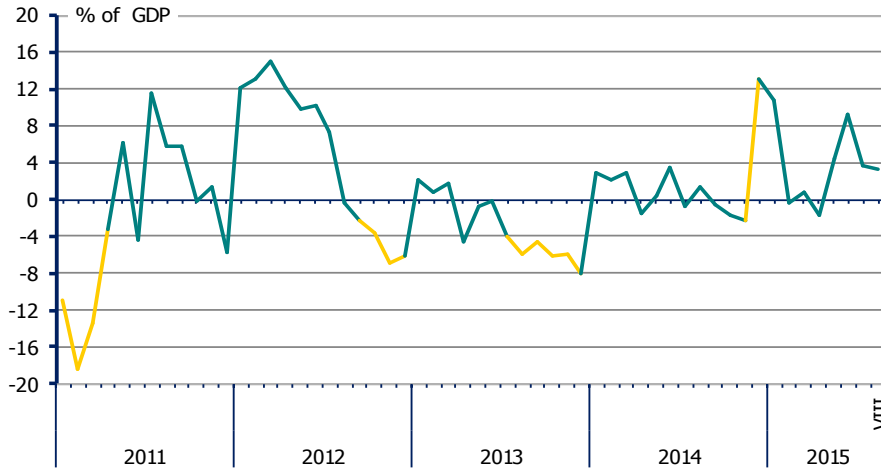
## 4.1 Balance of payments



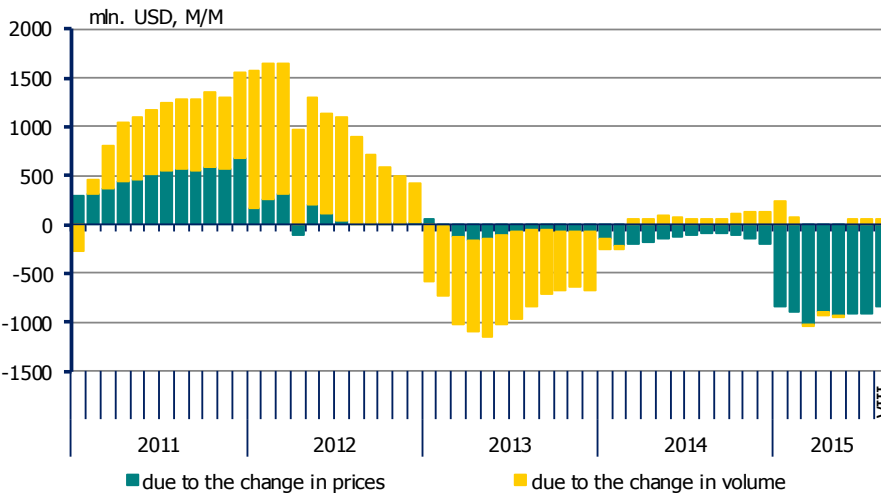
**Fig. 4.3 – Net capital inflow to cover the current account's deficit**

**Fig. 4.4 – The resource gap**

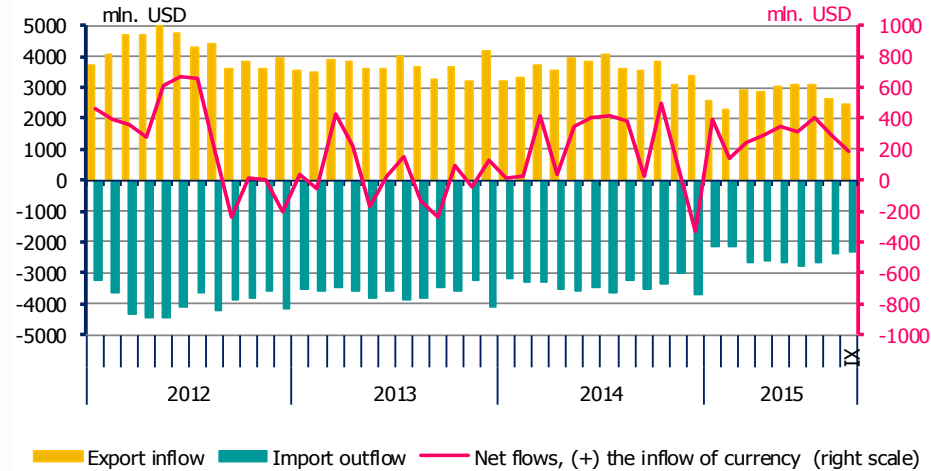
## 4.2 Foreign trade



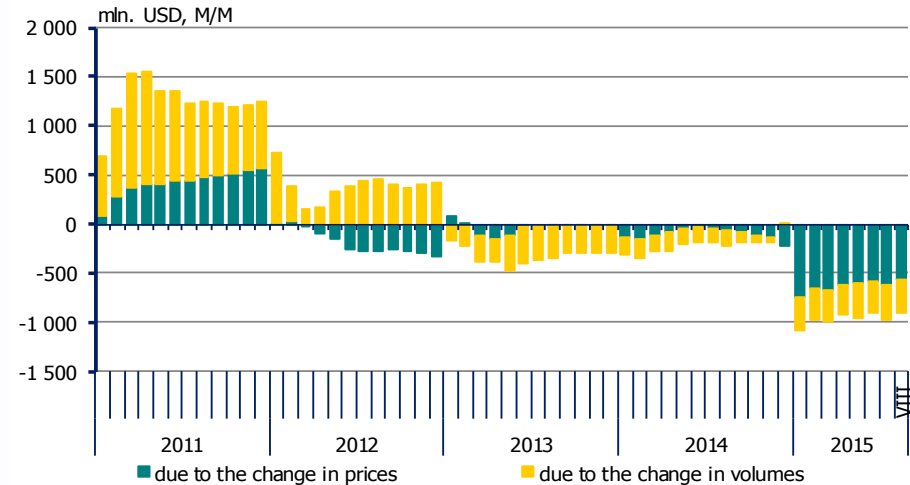
**Fig. 4.5 – The ratio of trade balance in goods and services to GDP**



**Fig. 4.7 – Changes in export of goods**

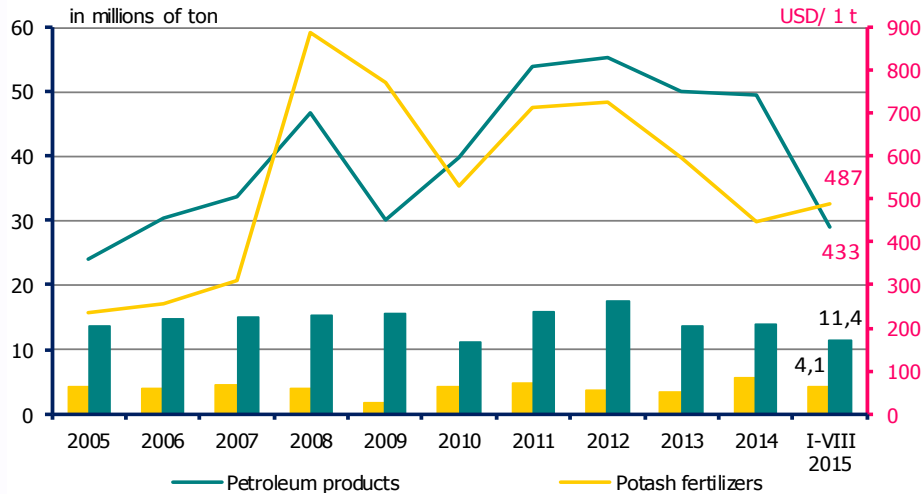


**Fig. 4.6 – Foreign exchange inflow from export and outflow for import**

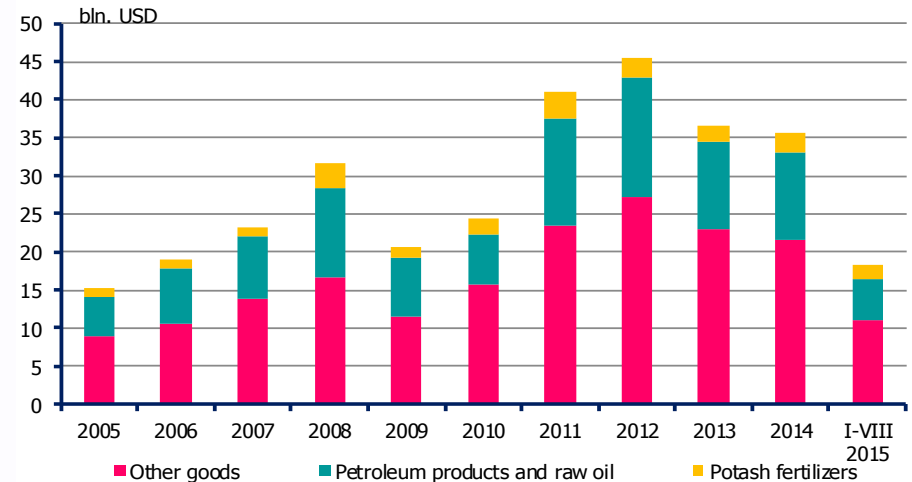


**Fig. 4.8 – Changes in import of goods**

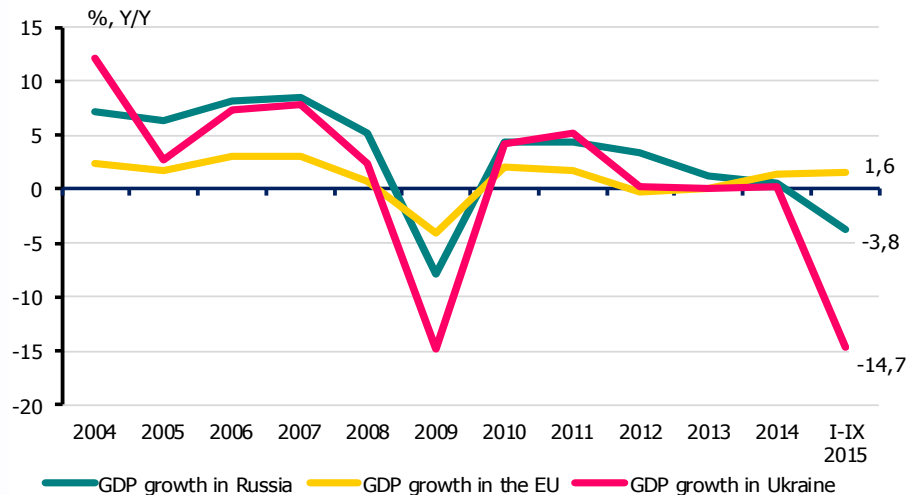
## 4.3 External conditions and diversification of exports



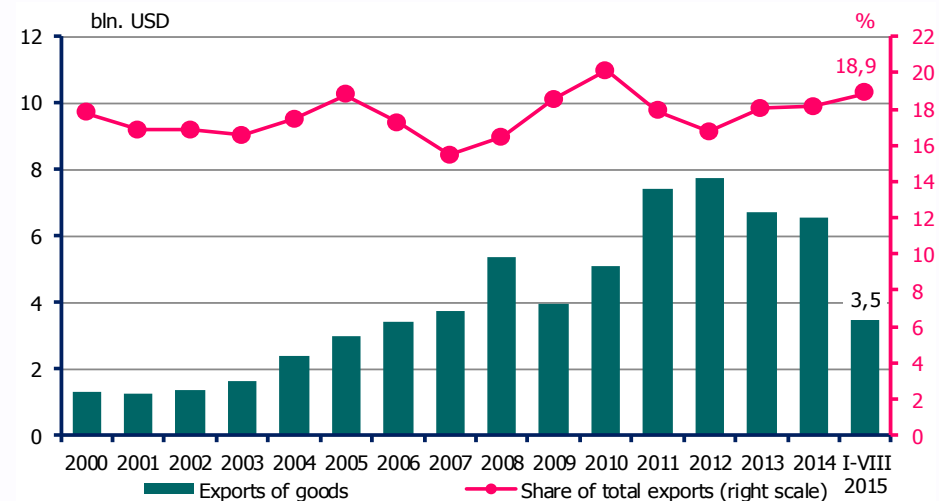
**Fig. 4.9 – Export volumes and export prices**



**Fig. 4.10 – Export volume of goods**

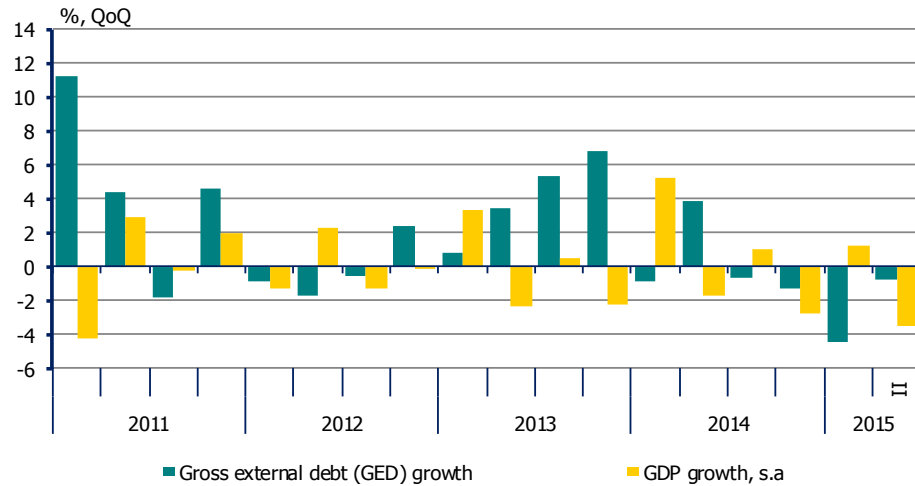


**Fig. 4.11 – GDP growth in Russia and the EU**

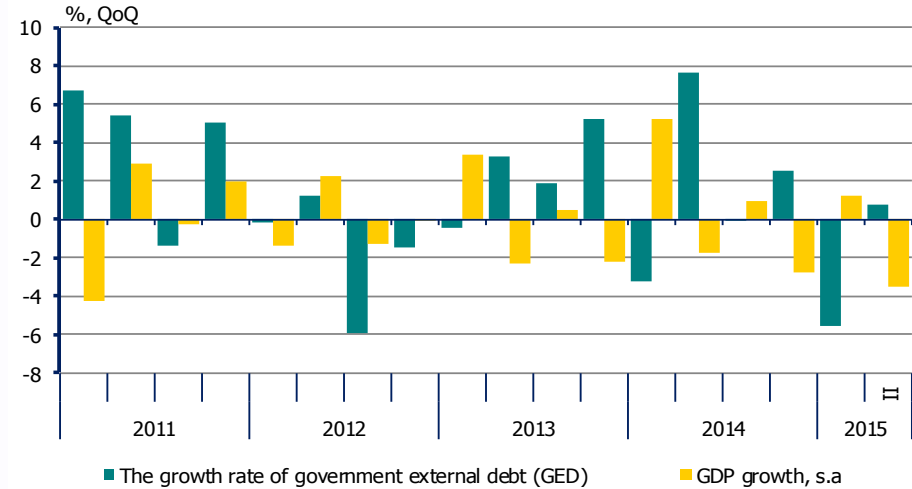


**Fig. 4.12 – Export of goods without 10 largest trading partners**

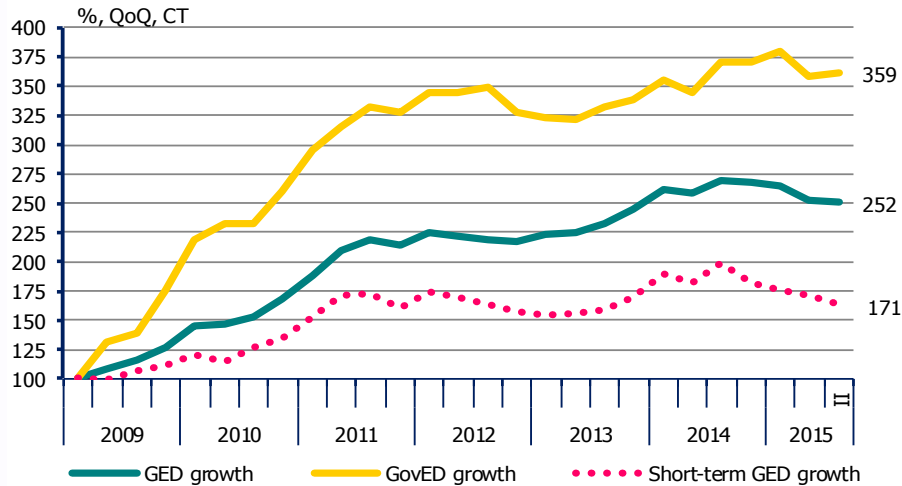
## 4.4 External debt



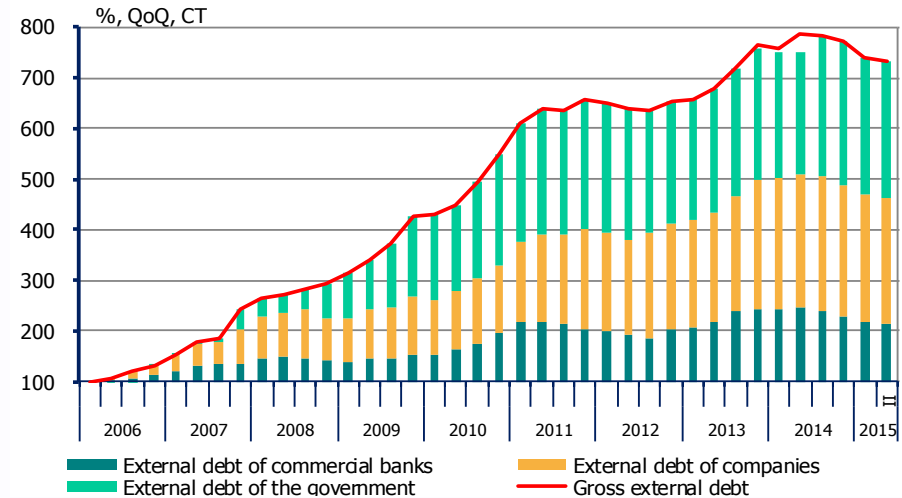
**Fig. 4.13 – Growth rates of GED and GDP**



**Fig 4.14 – Growth rates of GovED and GDP**

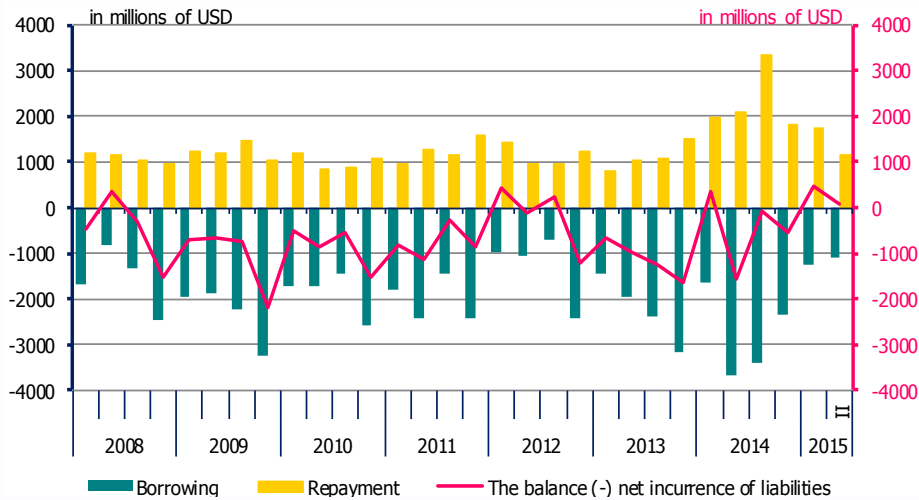


**Fig. 4.15 – GED, GovED and short-term GED**



**Fig. 4.16 – Dynamics of structure of gross external debt**

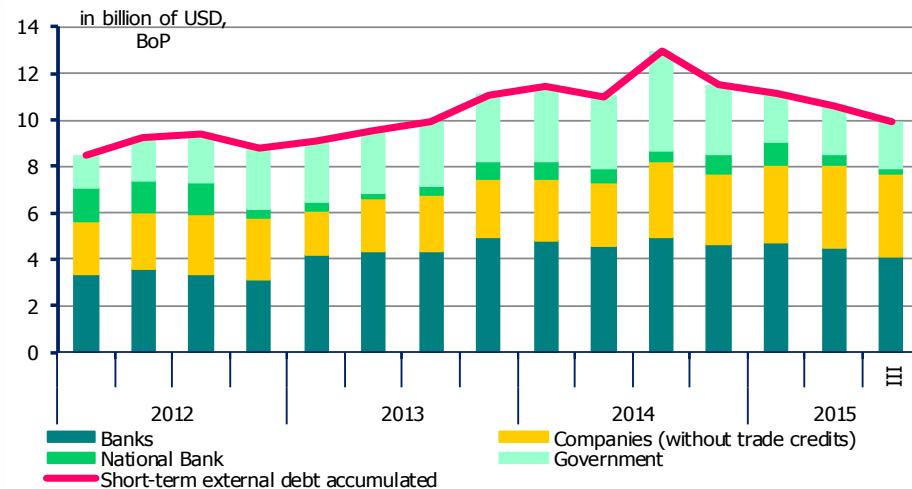
## 4.5 Creditworthiness



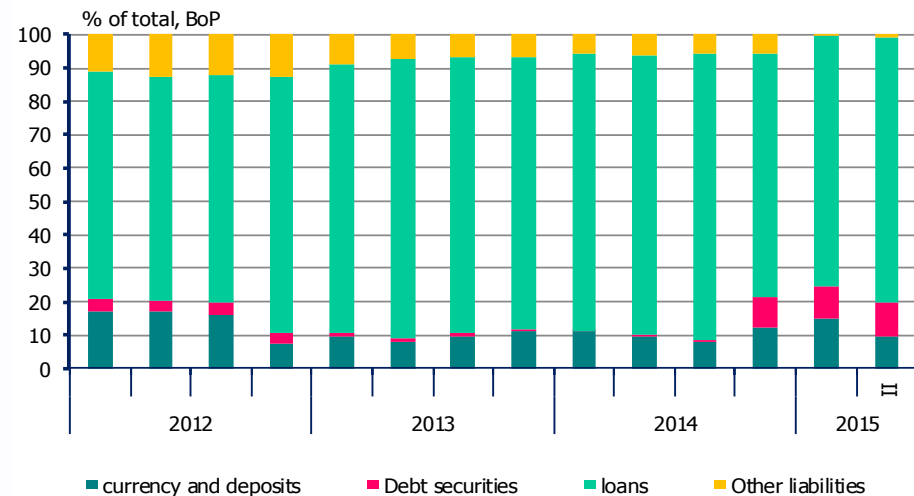
**Fig. 4.17 – Borrowing and repayment of foreign loans**



**Fig. 4.18 – Belarus Gov Bonds 7Y**



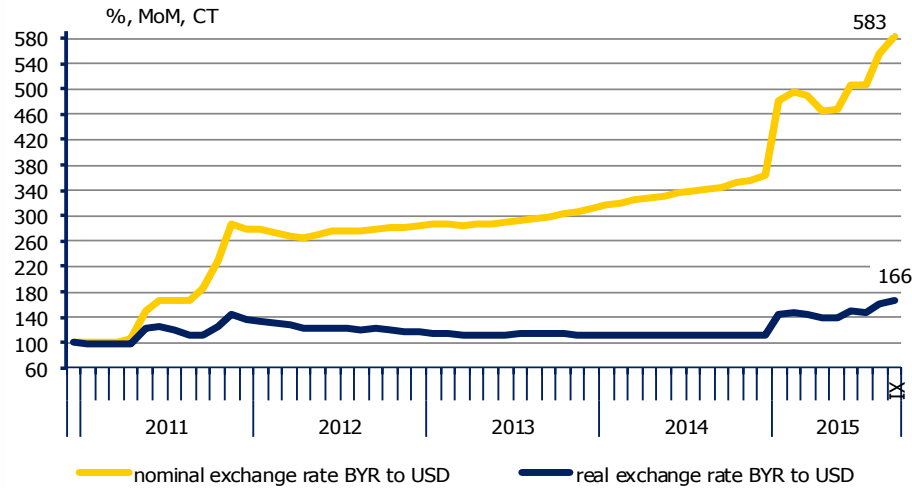
**Fig. 4.19 – Short-term GED by residual maturity maturity**



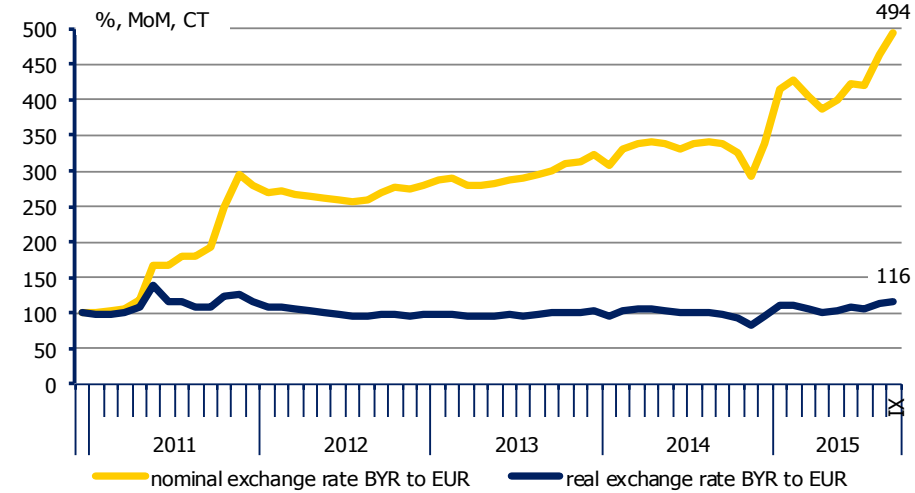
**Fig. 4.20 – Short-termed GED by financial instruments**



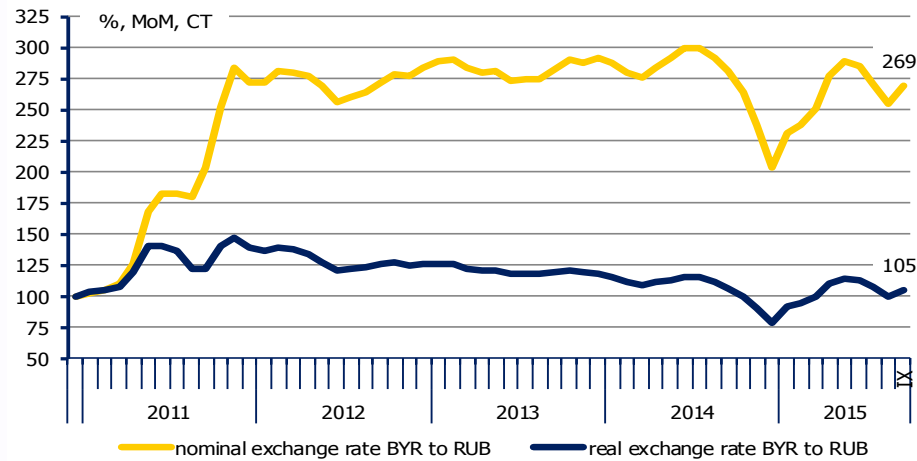
### 4.6 Real exchange rate and price competitiveness



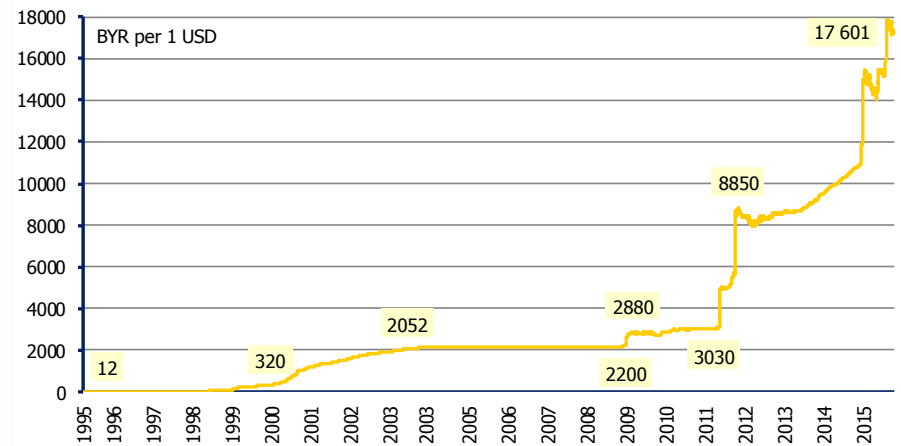
**Fig. 4.21 Nominal and real exchange rate of BYR to USD (calculated by CPI)**



**Fig. 4.22 - Nominal and real exchange rate of BYR to EUR (calculated by CPI)**

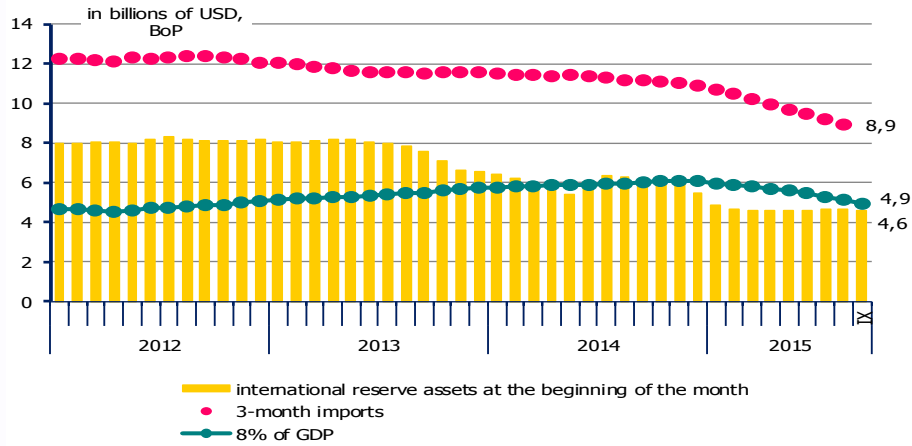


**Fig. 4.23 - Nominal and real exchange rate of BYR to RUB (calculated by CPI)**

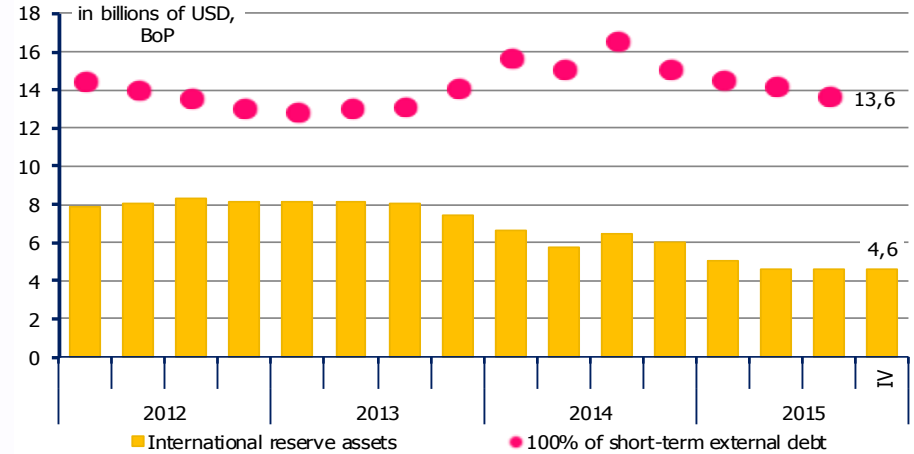


**Fig. 4.24 – Exchange rate of BYR to USD**

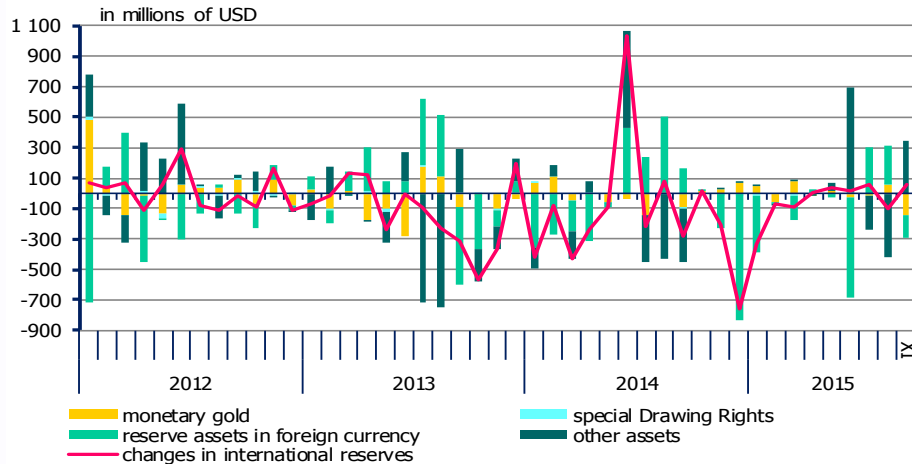
## 4.7 Foreign-exchange reserves



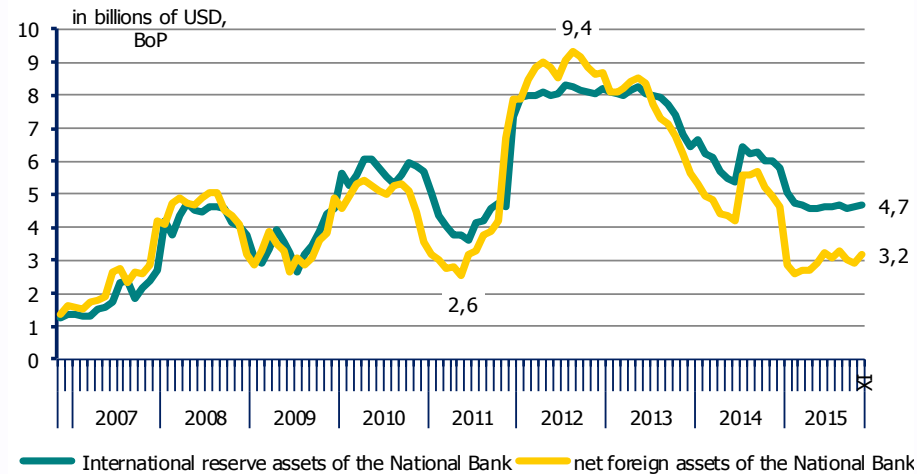
**Fig. 4.25 – The level of adequacy of the reserves**



**Fig. 4.26 – The level of adequacy of reserves**

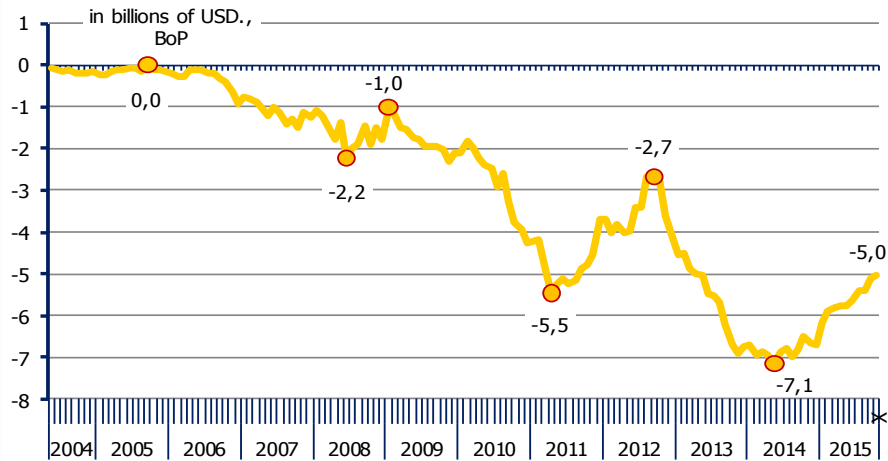


**Fig. 4.27 - IRA structure**

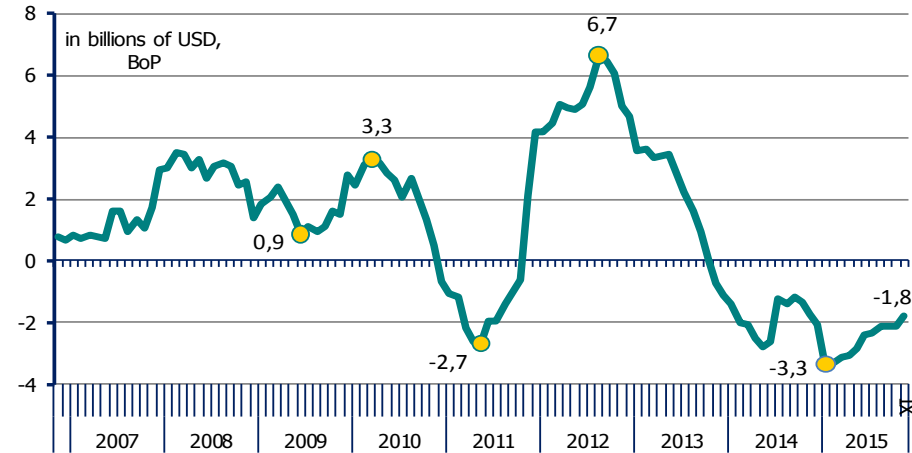


**Fig. 4.28 - IRA and NFA of the National Bank**

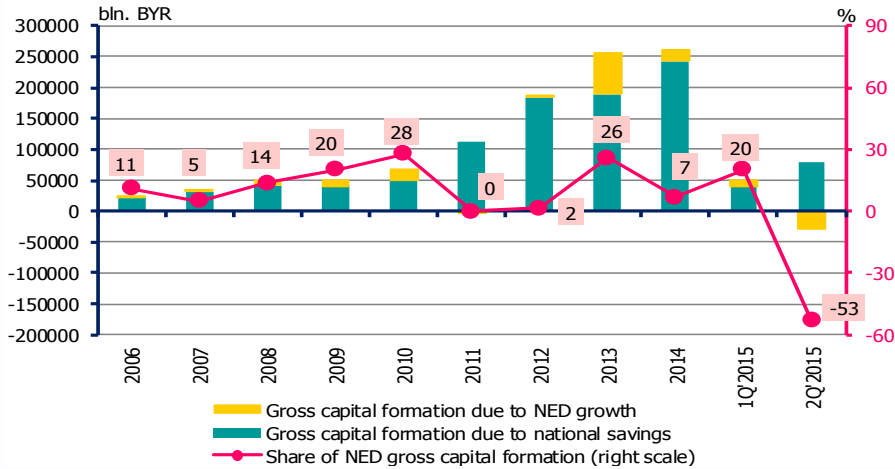
## 4.8 Net foreign assets



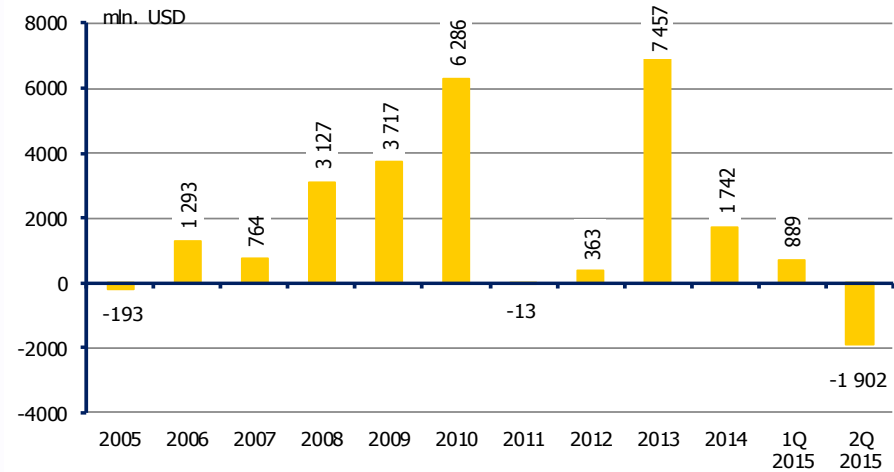
**Fig. 4.29 – NFA of commercial banks**



**Fig. 4.30 – NFA of the banking system**



**Fig. 4.31 – Gross capital formation due to NED growth**



**Fig. 4.32 – NED Growth**

**Table. Dynamics of key macroeconomic indicators**

Real sector	Units	III 2014	IV 2014	I 2015	II 2015	III 2015
Gross domestic product	%, Q/Q, rp	2,1	1,5	-2,1	-4,5	
Final consumption expenditure	%, Q/Q, rp	2,6	1,8	-0,6	-1,9	
Gross capital formation	%, Q/Q, rp	-4,6	-1,3	-1,1	-8,0	
Net export	%, Q/Q, rp	3,5	-3,8	0,3	7,4	
Statistical discrepancy	%, Q/Q, rp	0,6	4,8	-0,7	-2,0	
Production sector	%, Q /Q, cp	3,1	2,3	-3,5	-8,4	
Services sector	%, Q /Q, cp	1,5	0,4	-0,6	-0,4	
Industrial output	%, Q/Q, cp	-0,9	-2,5	-8,2	-10,6	-9,1
Production of machinery and equipment	%, Q/Q, cp	-22,5	-17,7	-26,4	-33,4	-29,2
Production of vehicles	%, Q/Q, cp	-10,9	-26,7	-19,1	-27,7	-22,3
Production of electronic equipment	%, Q/Q, cp	-10,5	-17,1	-15,6	-9,2	-9,0
Chemical industry	%, Q/Q, cp	39,4	32,8	6,6	8,4	7,1
Fixed capital investment	%, Q/Q, cp	-16,8	-3,2	-1,1	-23,1	-14,0
Gross capital formation	% to GDP	33,0	39,3	26,5	25,3	
Investment in machinery, equipment and transport vehicles	%, Q/Q, cp	-21,3	-5,6	-12,8	-36,6	-11,1
Fixed capital investment by bank credits	%, Q/Q, rp	-3,9	3,0	6,5	-36,2	-11,1
Fixed capital investment by budget resources	%,Q/Q, rp	-36,7	-25,4	-45,4	-37,3	-26,8
Fixed capital investment by foreign loans increasing external debt	mln. USD	42	251	688	-1902	

**Table. Dynamics of key macroeconomic indicators**

<b>Real sector</b>	<b>Units</b>	<b>III 2014</b>	<b>IV 2014</b>	<b>I 2015</b>	<b>II 2015</b>	<b>III 2015</b>
Foreign direct investment (FDI)	mln. USD	176	311	1280	-18	72*
Reinvested revenues	mln. USD	28	3	1251	-137	-1
FDI excluding the reinvested revenues	mln. USD	148	308	29	119	73*
Accounts payable overdue	%,QoQ	3,9	10,5	21,2	6,6	6,5*
Accounts receivable overdue	%,QoQ	5,4	7,7	24,6	5,2	5,0*
Real wages in BYR	%,Q/Q, rp	-2,9	-1,5	-3,1	-2,8	-3,2
Real wages in USD	%,Q/Q, rp	-0,9	-0,3	-8,2	-7,5	-9,4
Real pensions in BYR	%,Q/Q, cp, EoP	-6,1	13,9	-1,5	0,8	
Retail turnover	%,Q/Q, cp	5,8	0,6	1,9	0,4	0,6
Turnover of public catering	%,Q/Q, cp	-3,6	-10,5	-11,1	-11,3	-6,2
Paid services for population	%,Q/Q, cp	-0,9	1,9	-1,8	-1,6	
Consumer price index (CPI)	%, QoQ	2,9	2,4	5,0	2,3	1,7
Consumer price index (CPI)	%, annualized	20,2	16,3	16,3	13,2	11,9
GDP deflator	QoQ, %	5,9	12,5	-7,4	0,5	
Producer price index (PPI)	%, QoQ	4,7	2,2	7,4	2,5	3,5
Employment	%, QoQ	-0,1	-0,1	-0,7	-0,7	0,0
Balance of hired (+) and fired (-) workers	th. pers.	5,5	-7,4	-22,9	-42,1	1,7
Change of Unit Labor Cost by GDP	%, QoQ, s.a.	2,0	4,8	4,6	8.1**	
Change of Real Unit Labor Cost by GDP, s.a. (ratio of real labour compensation (by CPI) to real GDP)	%, QoQ, s.a.	-2,3	0,6	1,1	3.4**	
<b>Fiscal sector</b>	<b>Units</b>	<b>III 2014</b>	<b>IV 2014</b>	<b>I 2015</b>	<b>II 2015</b>	<b>III 2015</b>
Revenues of consolidated budget	% to GDP	25,1	31,8	30,2	31,8	31,4*
Expenditures of consolidated budget	% to GDP	23,9	29,4	26,2	26,8	31,9*
Surplus (+) / deficit (-) of consolidated budget	% to GDP	1,2	2,4	4,0	5,0	-0,5*

## Table. Dynamics of key macroeconomic indicators

<b>Fiscal sector</b>	<b>Units</b>	<b>III 2014</b>	<b>IV 2014</b>	<b>I 2015</b>	<b>II 2015</b>	<b>III 2015</b>
Revenues of the Social Protection Fund (SPF)	% to GDP	11,0	11,9	12,4	13,6	10,2
Expenditures of the Social Protection Fund (SPF)	% to GDP	10,6	12,3	13,3	14,0	9,1
Deficit (-), surplus (+) of the SPF	% to GDP	0,4	-0,4	-0,9	-1,1	-2,9
Revenues of the central government budget balance	% to GDP	36,1	43,7	42,6	44,7	52,4
Expenditures of the central government budget balance	% to GDP	34,4	41,7	39,4	40	52,2
Deficit (-), surplus (+) of the central government budget balance	% to GDP	1,6	2,0	3,1	4,7	0,1
Changes of volume of foreign currency bonds issued by the Ministry of Finance in banks' portfolios	mln. USD	69	262	-20	86	464
<b>Monetary sector</b>	<b>Units</b>	<b>III 2014</b>	<b>IV 2014</b>	<b>I 2015</b>	<b>II 2015</b>	<b>III 2015</b>
Monetary base	%, QoQ	9,4	-1,3	4,0	-6,7	19,8
Monetary aggregate M1	%, QoQ	4,8	-1,0	-9,7	15,9	0,2
Ruble money (monetary aggregate M2*)	%, QoQ	11,2	-7,9	0,7	9,7	-4,3
Broad money (monetary aggregate M3)	%, QoQ	6,0	4,0	13,3	8,5	10,0
Banks' requirements to economy	%, QoQ	3,2	8,0	9,7	4,1	5,7
Share of preferential loans in total volume of claims	as % of total	33,3	9,9	25,2	28,6	17,9
Preferential loans of banks on the economy	%,Q/Q, rp	-22,3	-67,7	-25,2	-47,8	-52,3
Financial sector claims on the economy	%, QoQ	3,2	8,2	12,1	4,1	
Selling and buying volumes of foreign exchange market by households	mln. USD	175	-1320	281	490	-314
Selling and buying volumes of foreign exchange market by companies	mln. USD	179	-522	1	62	-93
Selling and buying volumes of foreign exchange market by nonresidents	mln. USD	74	76	71	62	82
Total selling and buying volumes of foreign exchange market; (-) excess of demand	mln. USD	428	-1766	353	532	-325
Average daily turnover of foreign currency on the Belarusian Currency and Stock Exchange	mln. USD	112	123	96	78	48

**Table . Dynamics of key macroeconomic indicators**

<b>Monetary sector</b>	<b>Units</b>	<b>III 2014</b>	<b>IV 2014</b>	<b>I 2015</b>	<b>II 2015</b>	<b>III 2015</b>
Average daily turnover of foreign currency on the curb market	mln. USD	51	120	84	100	239
Average daily turnover of foreign currency on the spot currency market	mln. USD	50	48	30	34	36
Average daily turnover of foreign currency on the foreign exchange market	mln. USD	213	291	210	212	323
<b>External sector</b>	<b>Units</b>	<b>III 2014</b>	<b>IV 2014</b>	<b>I 2015</b>	<b>II 2015</b>	<b>III 2015</b>
Current account balance (the resource gap)	bln. USD	-0,8	-1,9	-1,1	0,6	0,1*
Current account balance (the resource gap)	% to GDP	-3,7	-9,4	-8,6	4,3	1,1*
Net inflow (-), outflow (+) on the financial account	bln. USD	-0,3	-1,4	-0,5	1,0	-0,6
Net inflow (-), outflow (+) on the financial account	% to GDP	-1,5	-7,3	-3,3	6,7	-6,0
Deficit (-), surplus (+) of the balance of payments	bln. USD	-0,1	-1,0	-0,5	0,1	-0,1
Deficit (-), surplus (+) of the balance of payments	% to GDP	-0,6	-5,2	-3,9	0,4	-0,9
Changes of IRA in the definition of IMF	bln. USD	-0,4	-0,9	-0,5	0,1	-0,1
Foreign loans for financing of current balance deficit	bln. USD	0	0	0	0	0
Net capital inflow increasing debt	bln. USD	0,0	0,2	0,7	-1,9	
Net capital inflow not increasing debt	bln. USD	0,1	2,0	-0,9	-0,7	
Net inflow of foreign capital	bln. USD	0,1	2,2	-0,2	-2,6	
Borrowing of foreign loans	bln. USD	3,4	2,3	1,3	1,1	
Repayment of foreign loans	bln. USD	3,3	1,8	1,7	1,2	
Repayment of interest on foreign loans	bln. USD	0,4	0,3	0,4	0,2	
The balance of foreign exchange inflow from export and outflow for import; (+) the inflow of currency	mln. USD	823	245	783	949	883

**Table . Dynamics of key macroeconomic indicators**

External sector	Units	III 2014	IV 2014	I 2015	II 2015	III 2015
Changes of NER of BYR to USD	%	3,4	4,0	37,0	-0,7	11,6
Changes of RER of BYR to USD	%	0,4	0,2	31,3	-1,9	9,5
Changes of NER of BYR to EUR	%	0,0	-2,0	23,7	-2,8	12,3
Changes of RER of BYR to EUR	%	-2,9	-4,7	18,1	-4,5	10,0
Changes of NER of BYR to RUB	%	0,1	-19,9	2,2	18,9	-6,9
Changes of RER of BYR to RUB	%	-1,4	-18,1	4,6	17,4	-6,9
Changes of NFA of the National Bank	bln. USD	-0,4	-2,3	-0,1	0,3	0,0
Changes of NFA of commercial banks	bln. USD	0,3	0,3	0,4	0,4	0,3
Changes of NFA of the banking system	bln. USD	-0,1	-2,0	0,3	0,7	0,3
Gross external debt (GED)	bln. USD, BoP	40,8	40,5	40,0	38,2	37,9
General government external debt (GovED)	bln. USD, BoP	14,9	14,9	15,3	14,4	14,6
GovED in the extended definition	bln. USD, BoP	23,3	23,2	23,2	21,8	21,8
Net external debt (NED)	bln. USD, BoP	26,5	26,6	28,4	27,5	25,6
Short-term GED by residual maturity	bln. USD, BoP	12,9	11,5	11,2	10,6	9,9

\* first two months of the quarter

\*\* estimate

**Условные обозначения:**

**annualized** – in annual terms

**BoP** – Beginning of Period

**cp** – in comparable prices

**ЕoP** – End of Period

**Q/Q** – Quarter over comparable Quarter of previous year

**QoQ** – Quarter on previous Quarter

**rp** – in real (constant) prices

**s.a.** – seasonally adjusted

*The information in the table is based on official statistics and calculations performed by CASE Belarus.*



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The information presented in the review is based on the data from official sources and calculations of CASE Belarus staff. When using the graphs presented in the review, reference to CASE Belarus is requested.

Any suggestions and comments please forward to: [review@case-belarus.eu](mailto:review@case-belarus.eu)

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