CASE BELARUS

MACROECONOMIC REVIEW OF BELARUS

January- June 2016

CONTENTS

Abbreviations 4

I. REAL SECTOR

1.1. Economic growth 5

1.2. Labor market 6

1.3. Wages and consumer demand 8

1.4. Investments 9

1.5. Inflation 10

II. FISCAL SECTOR

2.1. Government Budget 11

III. MONETARY SECTOR

3.1. Monetary base 13

3.2. Multiplier and money velocity 14

3.3. Monetary supply 15

3.4. The resource base of commercial banks 16

3.5. Financial depth of the economy 17

3.6. Borrowing in the economy 18

3.7. Foreign exchange market 19

IV. EXTERNAL SECTOR

4.1. Balance of payments 20

4.2. Foreign trade 21

4.3. External conditions and diversification of exports 22

4.4. External debt 23

4.5. Creditworthiness 24

4.6. Real exchange rate and price competitiveness 25

4.7. Foreign-exchange reserves 26

CONTENTS

V. INTERSECTORAL FINANCIAL FLOWS
5.1. Internal sectoral imbalances 27
5.2. The linkages between monetary and external sectors 28
5.3 Separate financial flows between the National Bank, banks and Ministry of Finance 30
5.4 External imbalance 31

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
2017F – 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

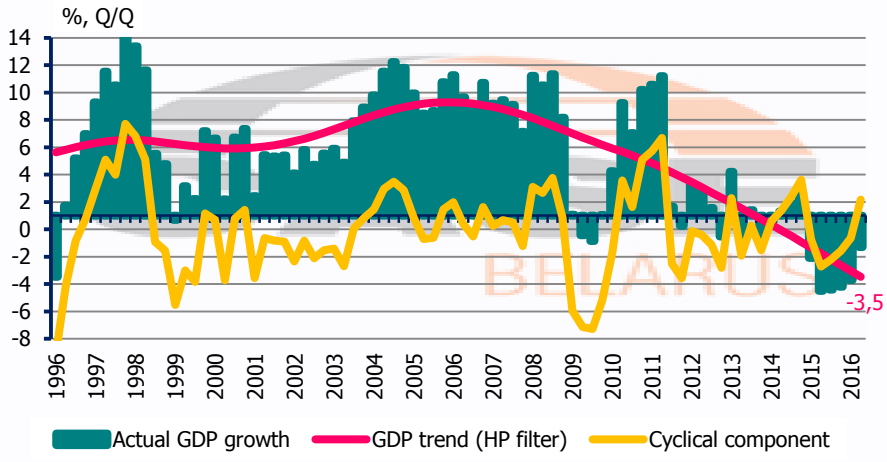

Fig. 1.1 – Trend and cycle of real GDP

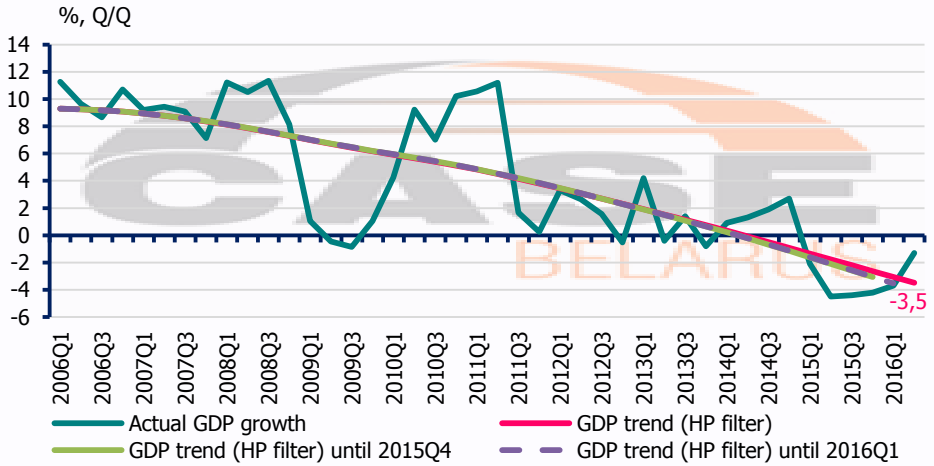

Fig. 1.2 – Trend of GDP calculated to the last quarter

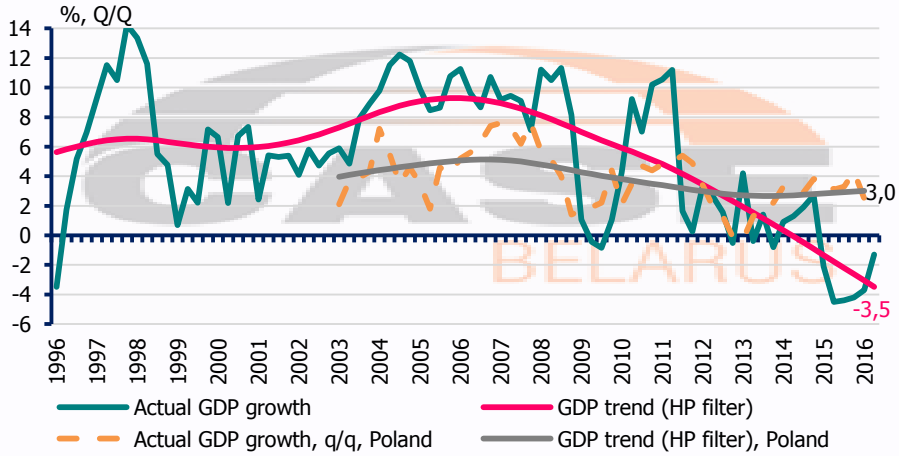

Fig. 1.3 – Trend of real GDP of Belarus and Poland

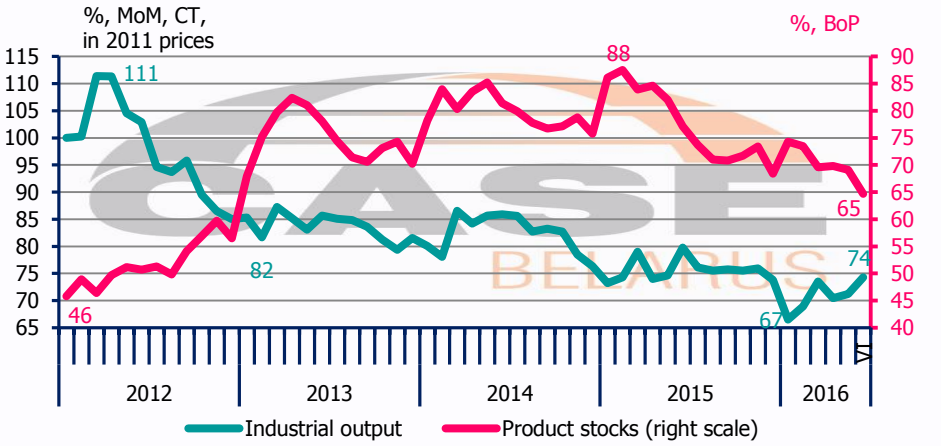

Fig. 1.4 – Industrial output and product stocks

1.2 Labor market

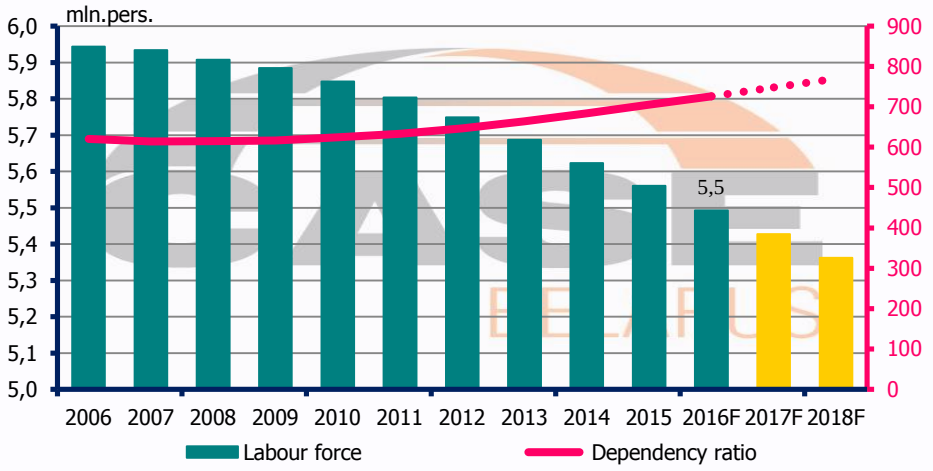

Fig. 1.5 – Labour force and dependency ratio

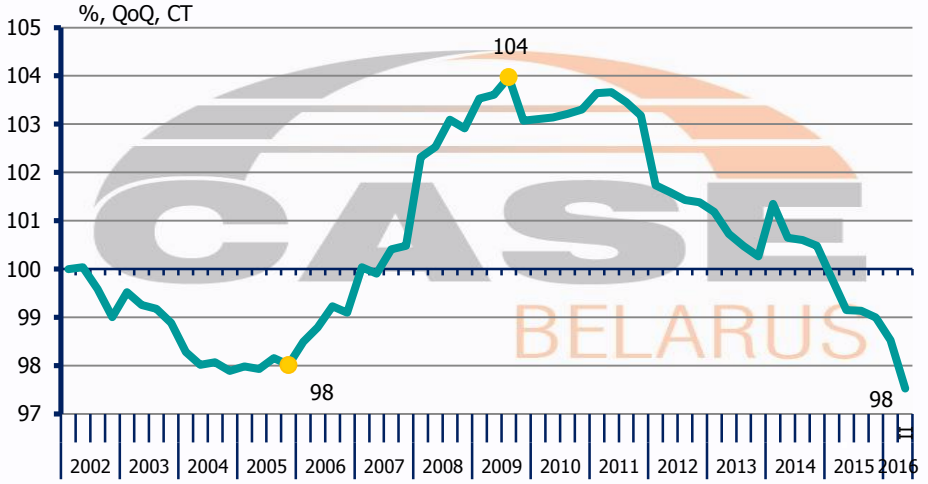

Fig. 1.6 – Number of employed in the economy

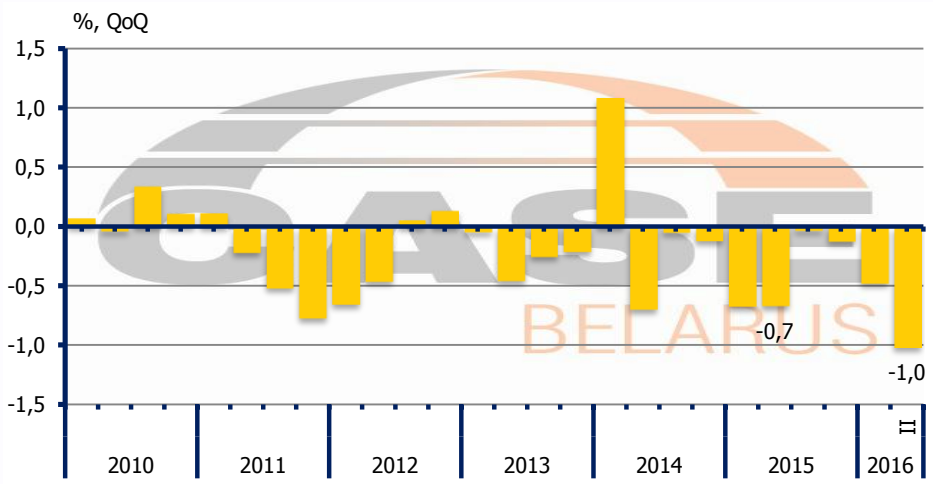

Fig. 1.7 – Employment growth rate

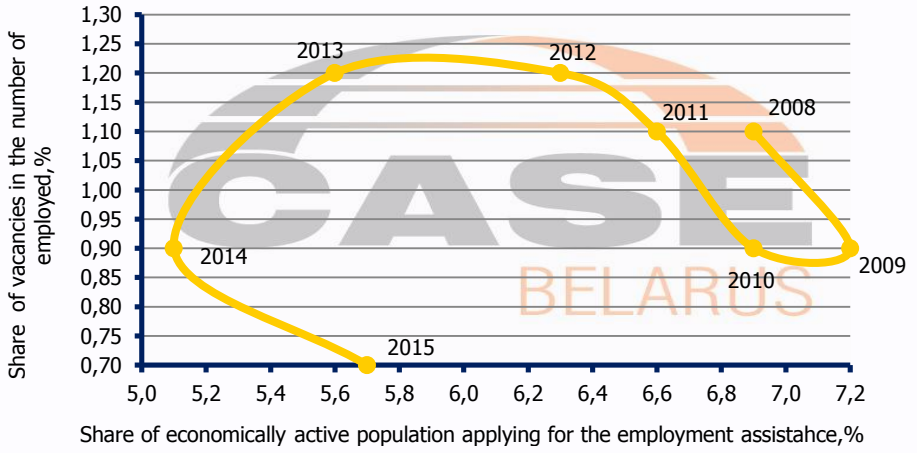

Fig. 1.8 – The Beveridge curve for Belarusian labor market, 2008-2015 y.

1.2 Labor market II

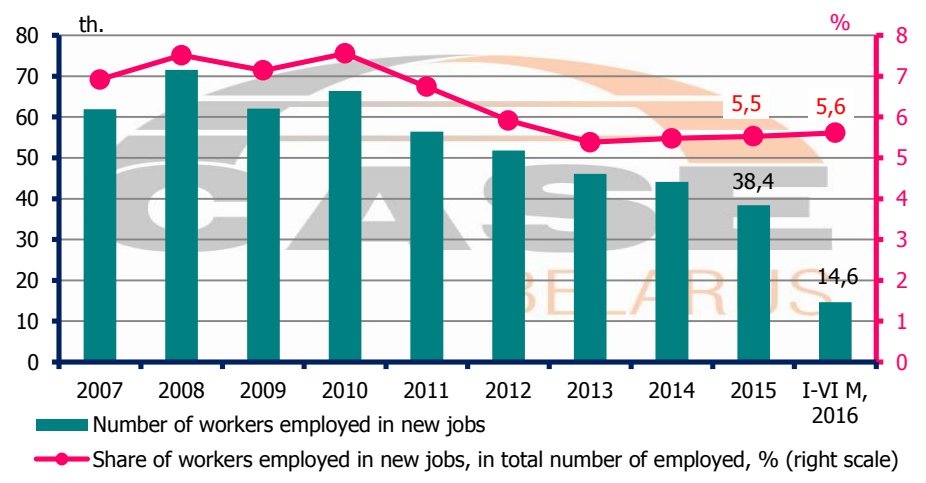

Fig. 1.9 – Dynamics of employed in new jobs

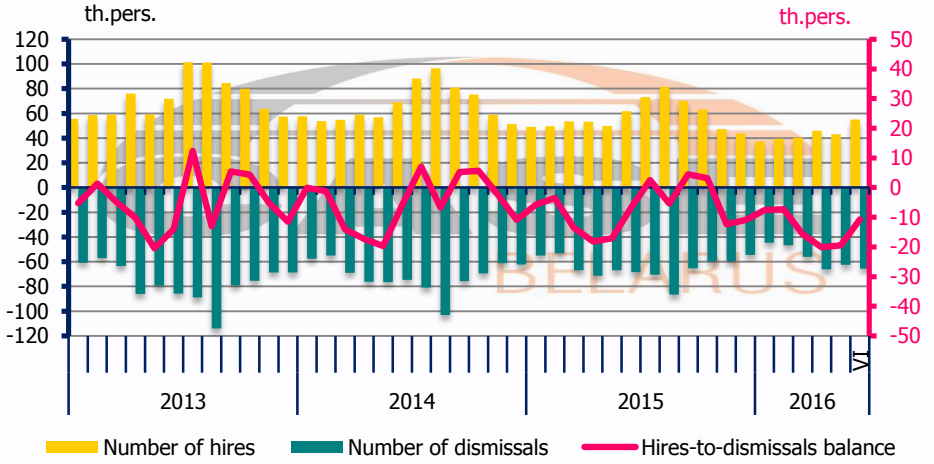

Fig. 1.10 – The ratio of hired and dismissed workers

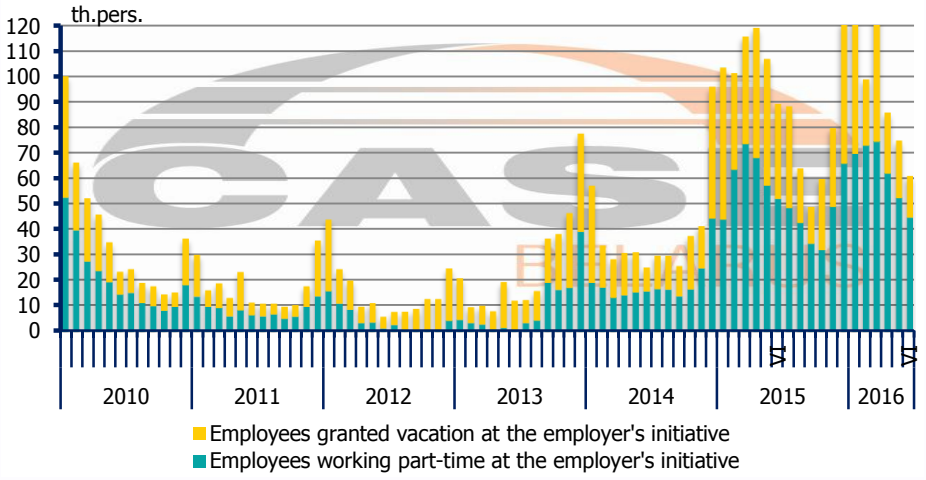

Fig. 1.11 – Employees in forced vacation and part-time work

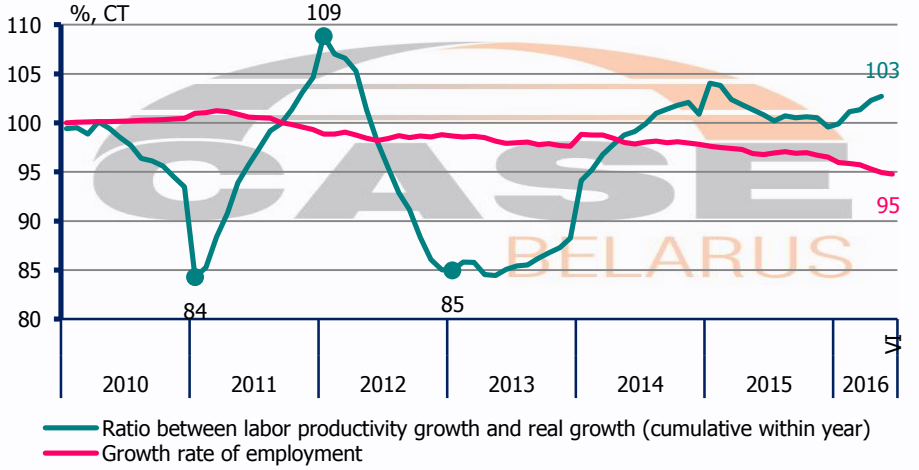

Fig. 1.12 – The ratio of labor productivity qrowth to real wages

1.3 Wages and consumer demand

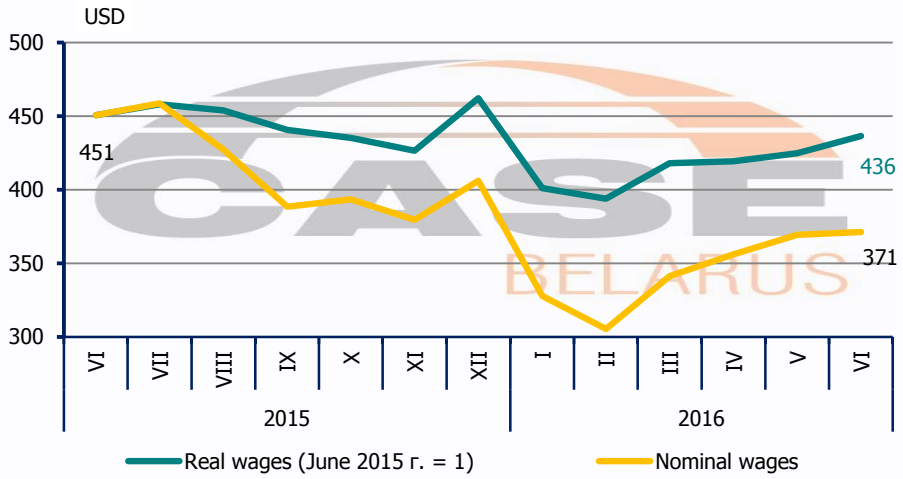

Fig. 1.17 - Dynamics of real wages in USD

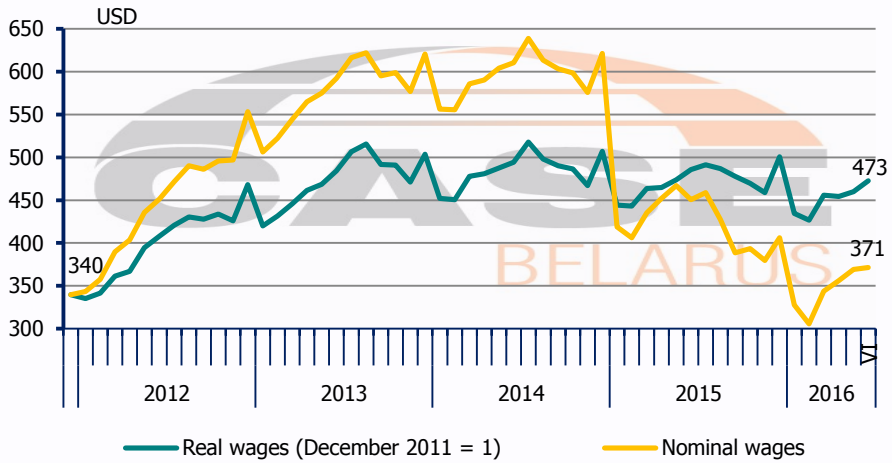

Fig. 1.18 - Dynamics of real wages in USD

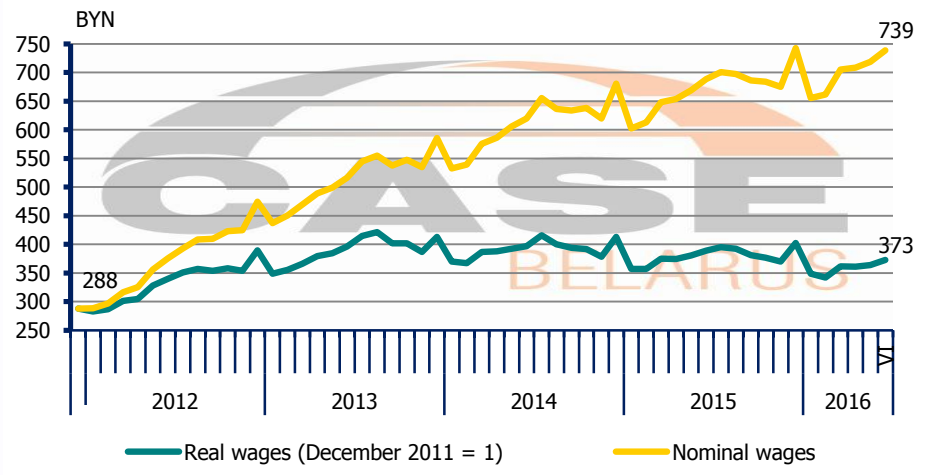

Fig. 1.19 - Dynamics of nominal and real average monthly wages

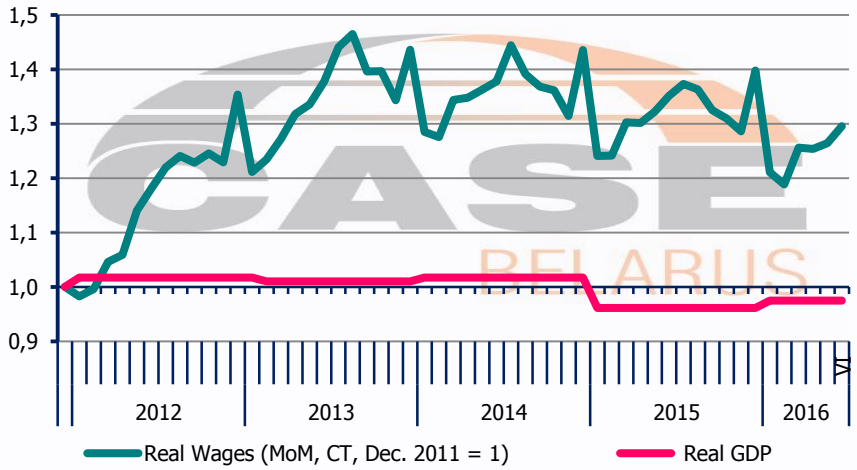

Fig. 1.20 – Dynamics of real wages and GDP

1.4 Investments

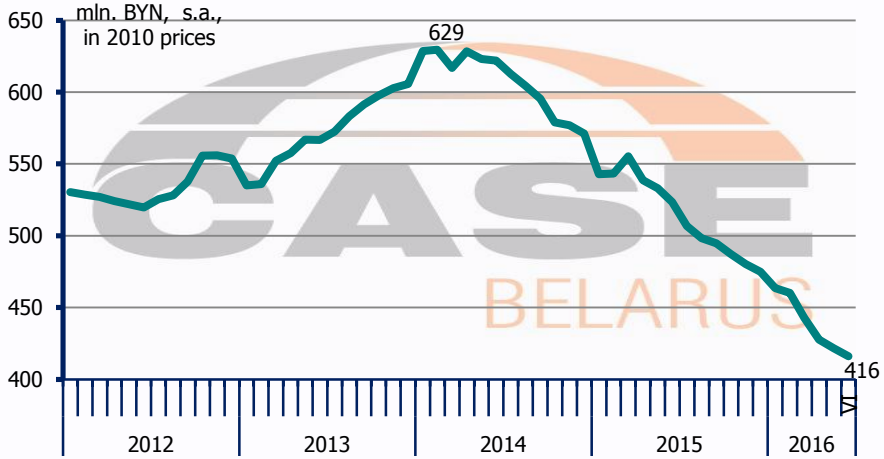

Fig. 1.21 – Fixed capital investment in real terms

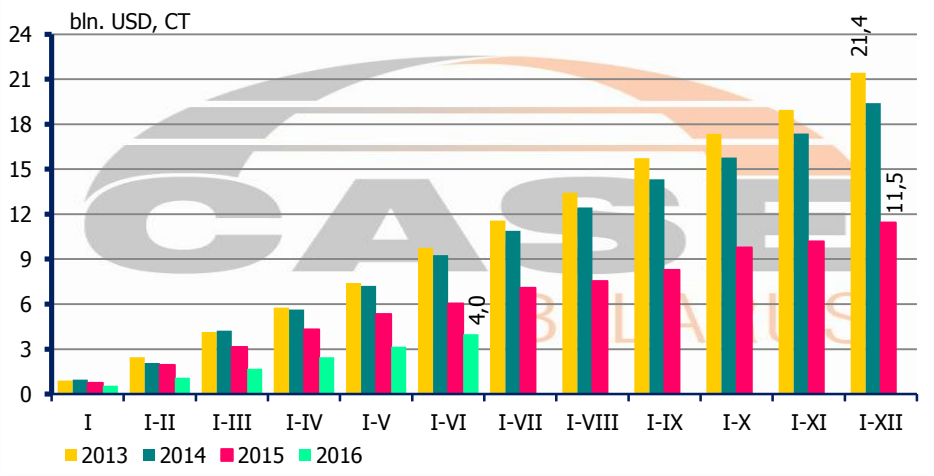

Fig. 1.22 – Fixed capital investment in current USD

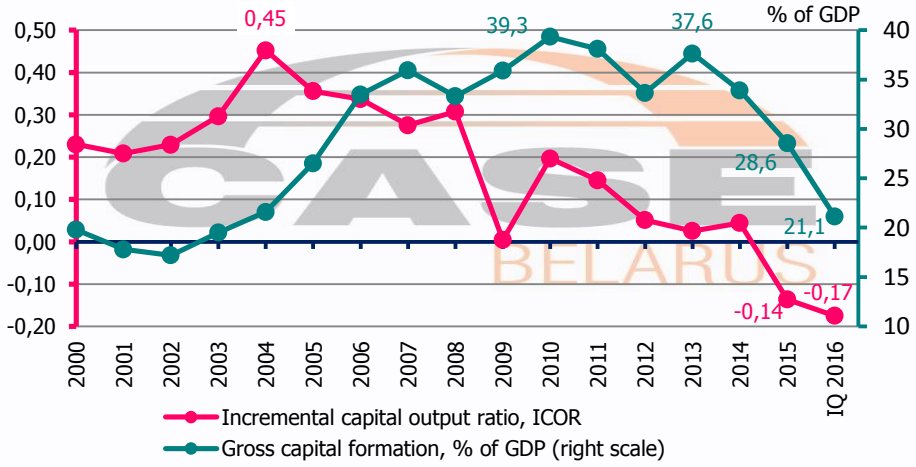

Fig. 1.23 – Incremental capital output ratio (right scale) and gross capital formation (left scale)

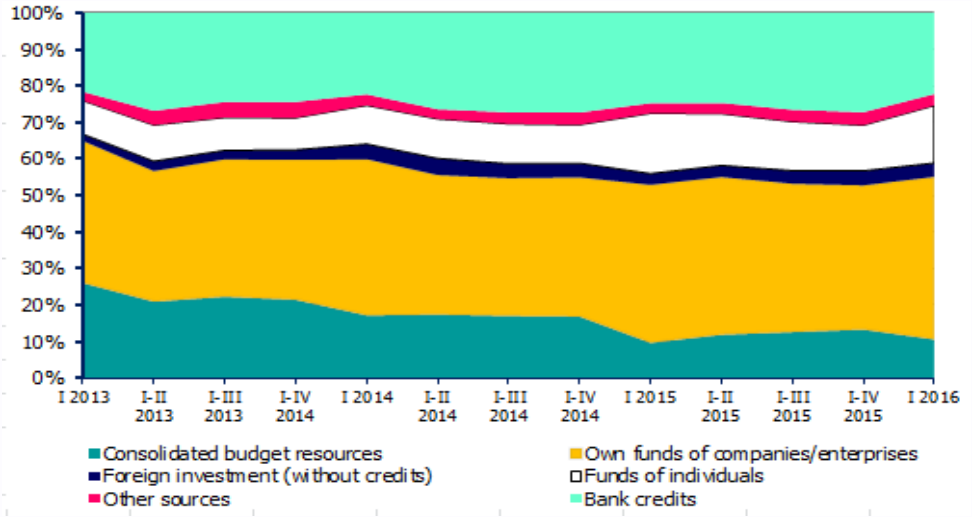

Fig. 1.24 – Fixed capital investment by source of financing

1.5 Inflation

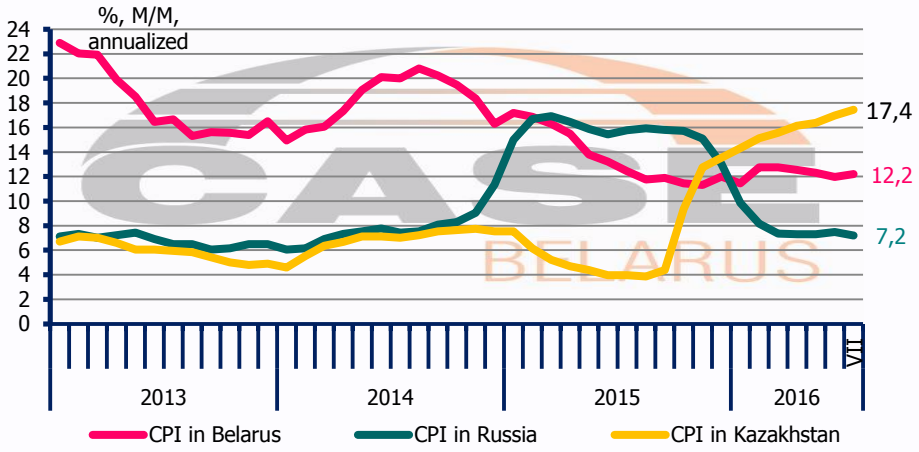

Fig. 1.25 - Inflation in Belarus, Russia and Kazakhstan

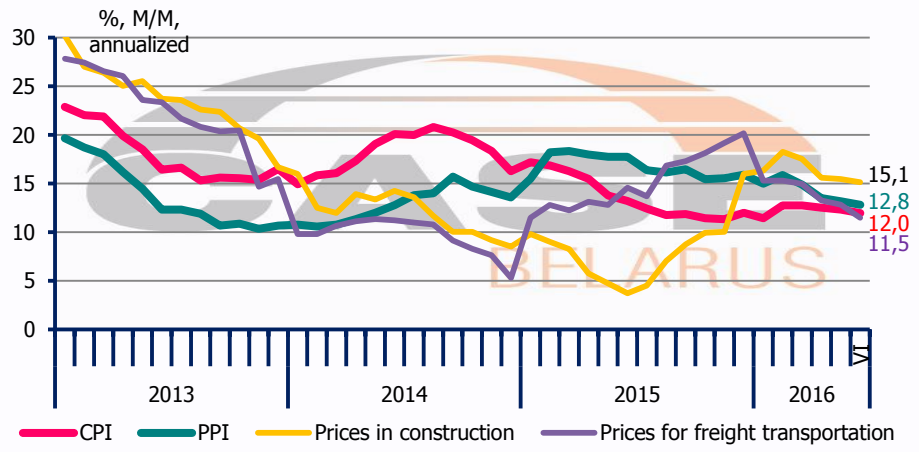

Fig. 1.26 – CPI by kind of prices

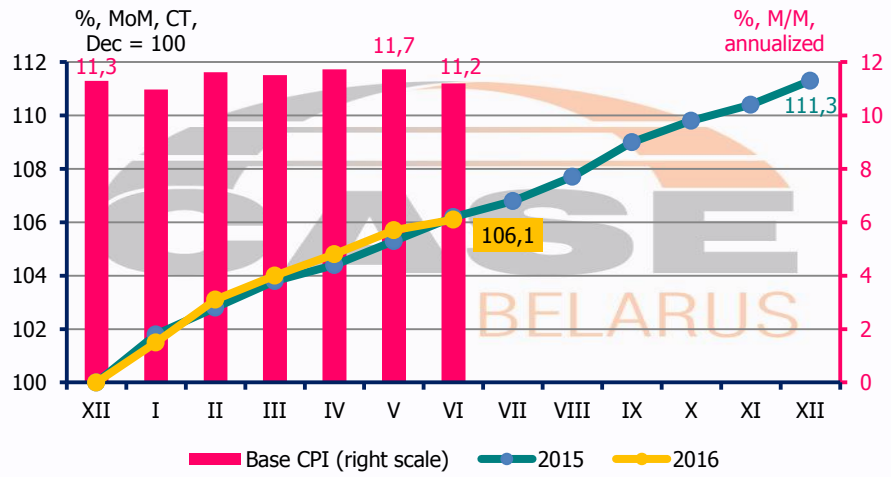

Fig. 1.27 – GDP Deflator and CPI

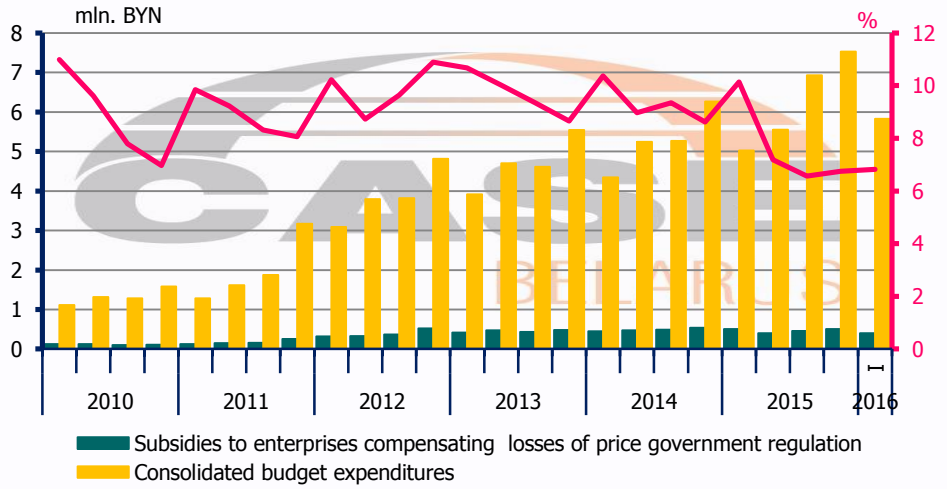

Fig. 1.28 - Share of subsidies covering losses of price regulation

2.1 Government Budget

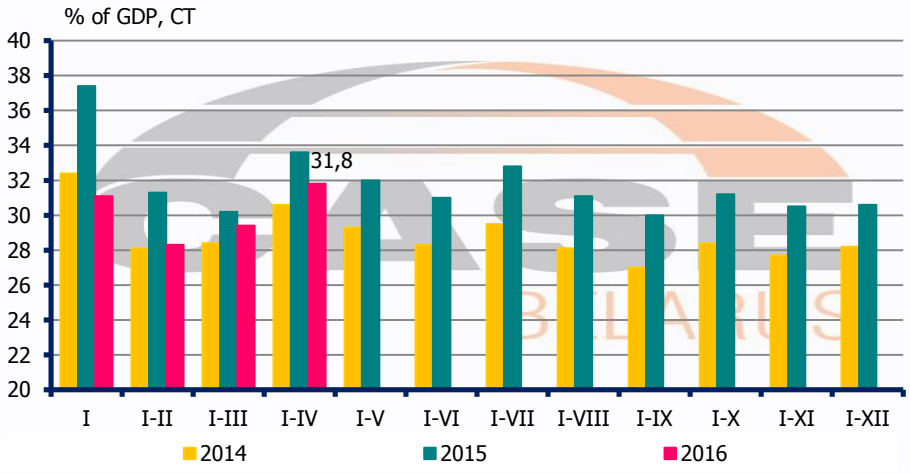

Fig. 2.1 – Revenues of consolidated budget

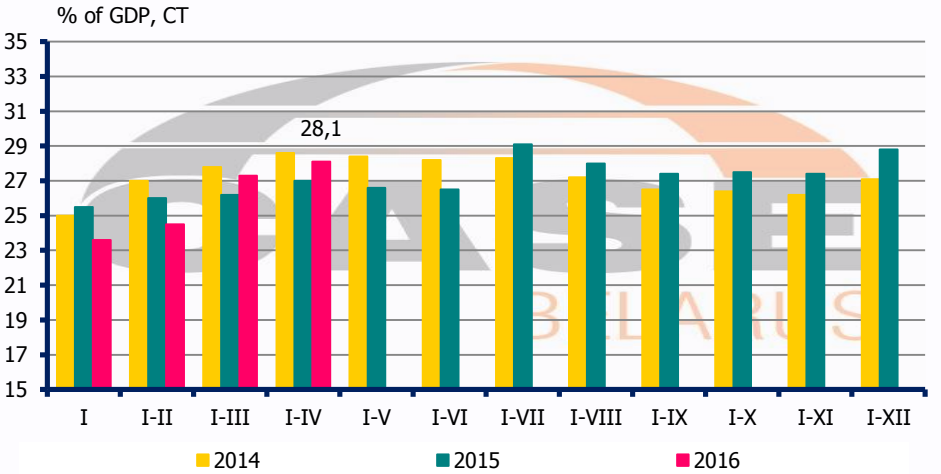

Fig. 2.2 - Expenditures of consolidated budget

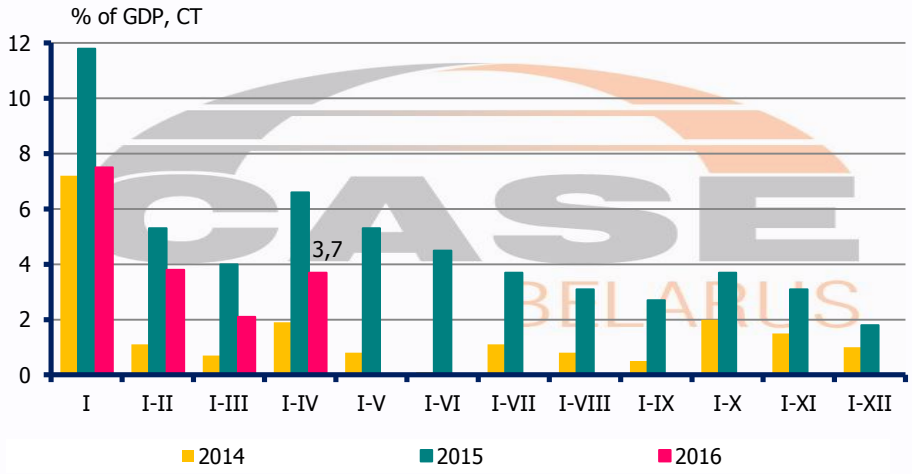

Fig. 2.3 - Surplus (+) / deficit (-) of consolidated budget

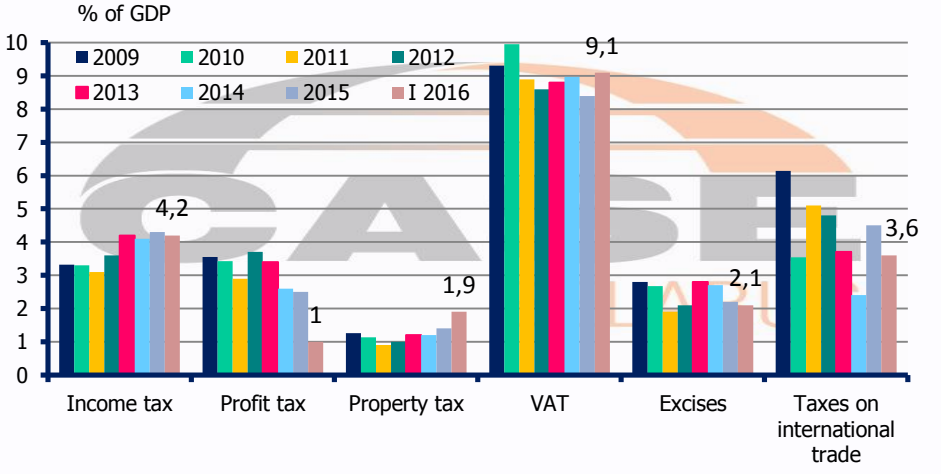

Fig. 2.4 - Tax revenues to GDP ratio

2.1 Government Budget II

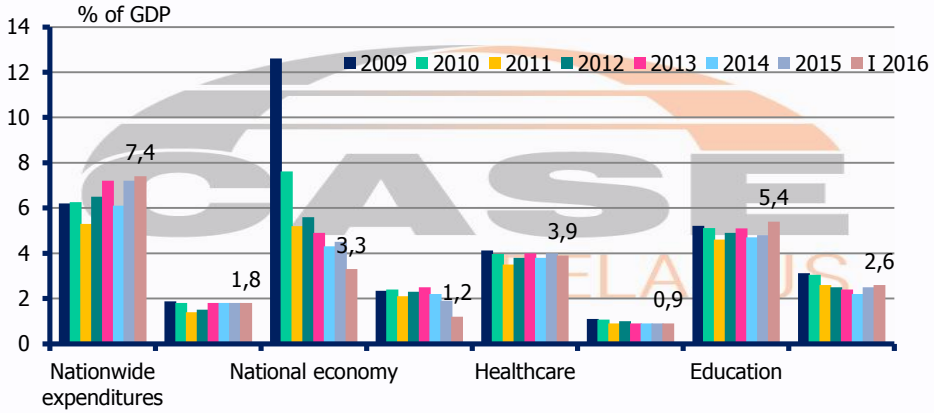

Fig. 2.5 – Structure of consolidated budget expenditures

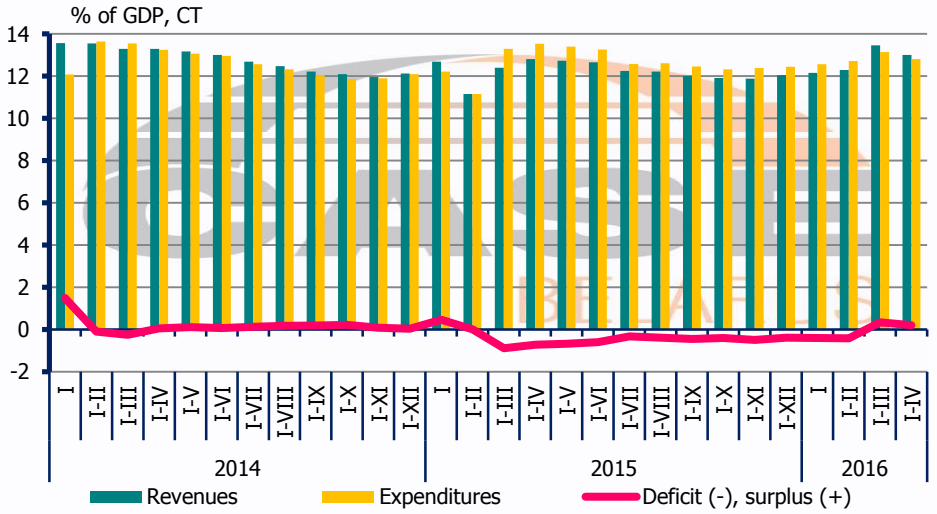

Fig. 2.6 – The Social Security Fund balance

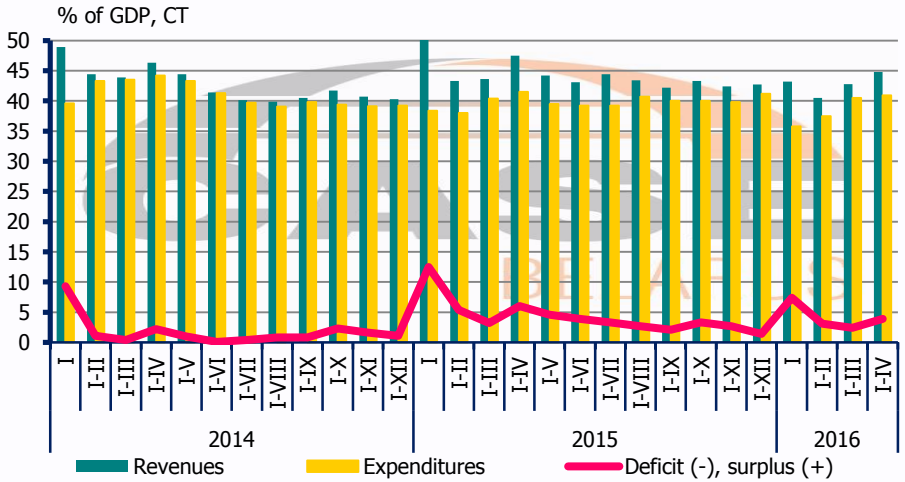

Fig. 2.7 – The central government budget balance

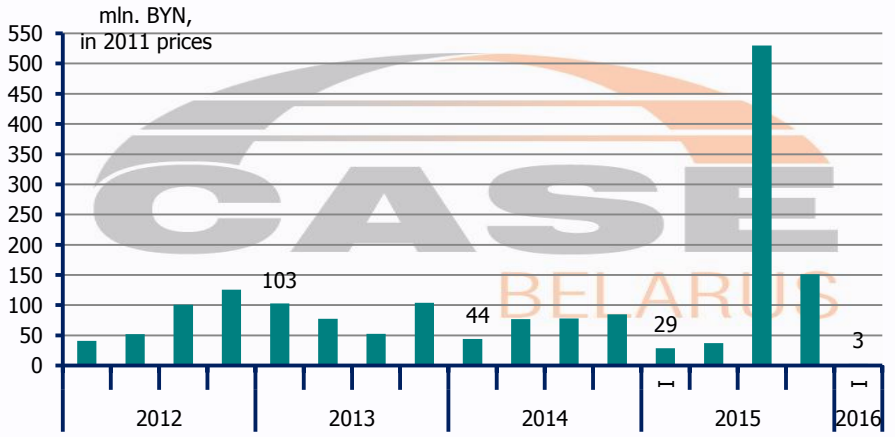

Fig. 2.8 – The size of the state support provided to legal entitles

3.1 Monetary base

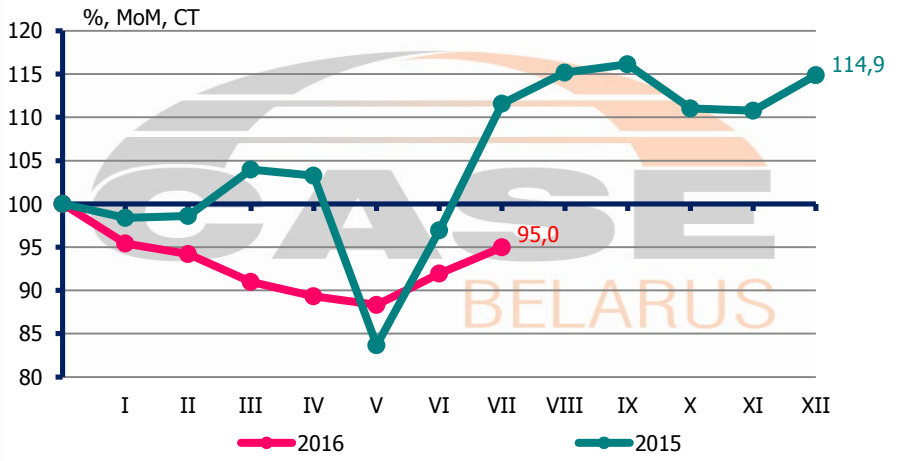

Fig. 3.1 – Monetary base

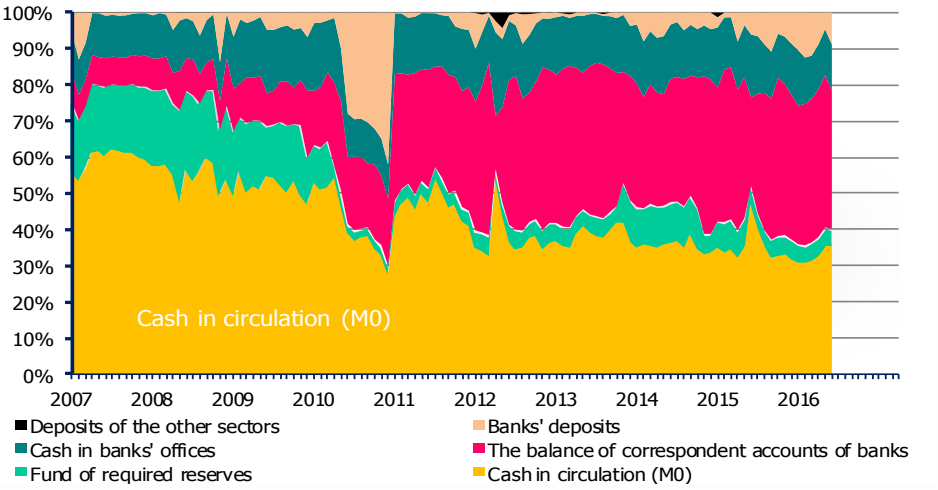

Fig. 3.2 - Monetary base structure dynamics

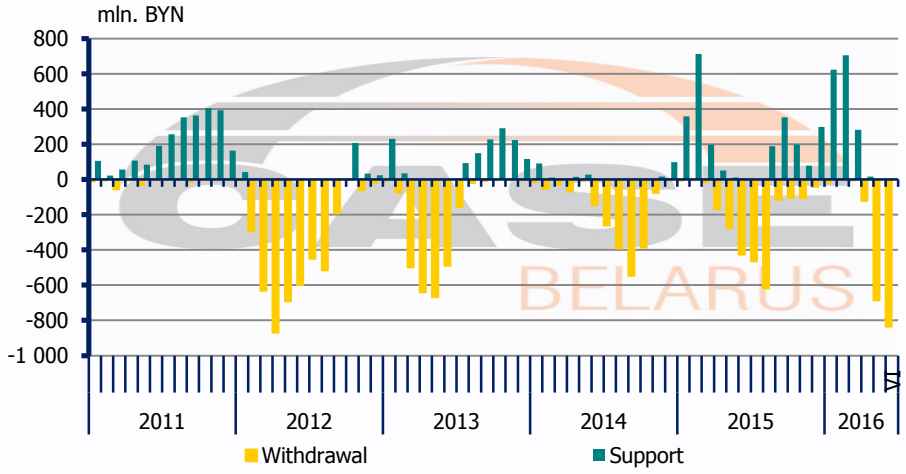

Fig. 3.3 - Regulation of the banking system liquidity by National Bank

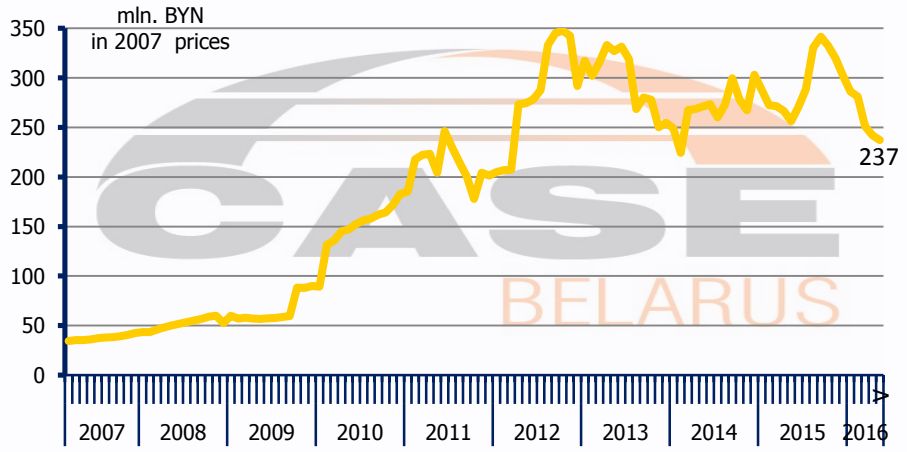

Fig. 3.4 – Balance of correspondent accounts

3.2 Multiplier and money velocity

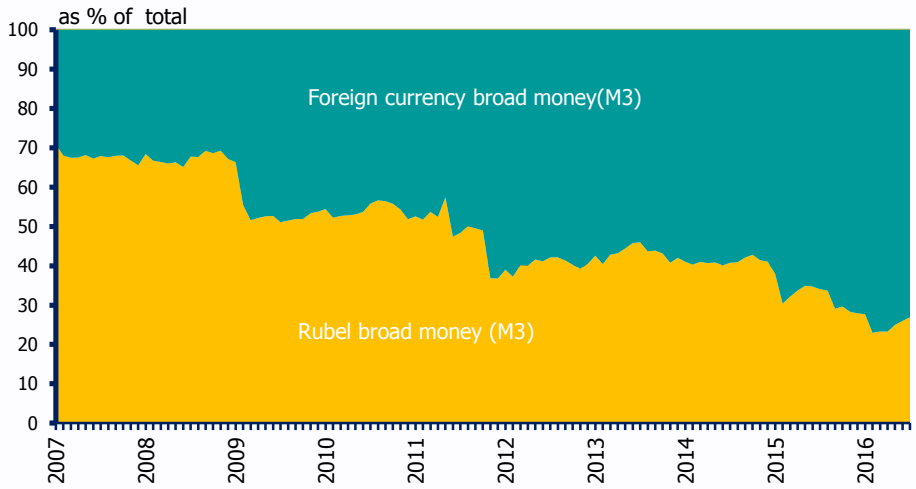

Fig. 3.5 – Dollarization of the money supply

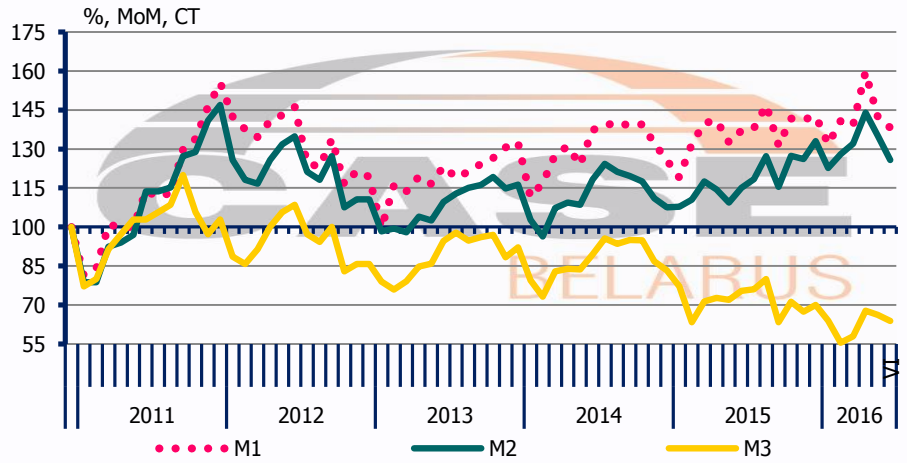

Fig. 3.6 – Money velocity

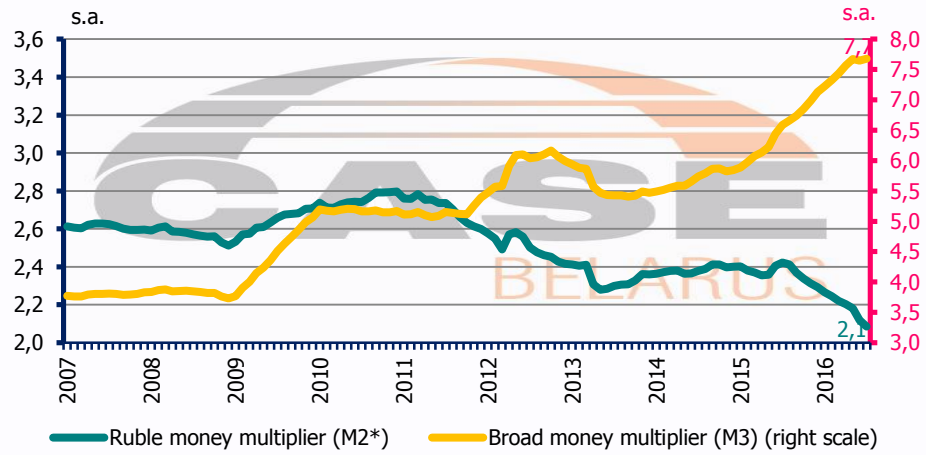

Fig. 3.7 – Money multiplier

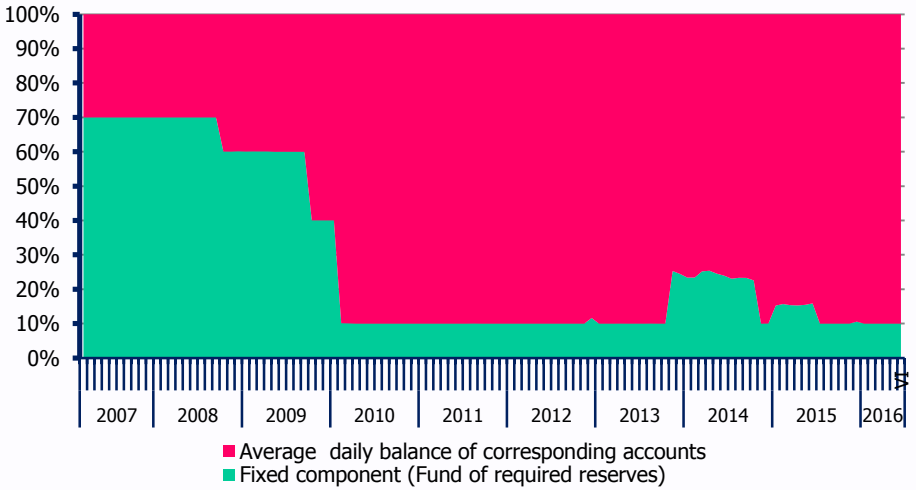

Fig. 3.8 – Structure of the commercial banks reserves in the monetary base

3.3 Money supply

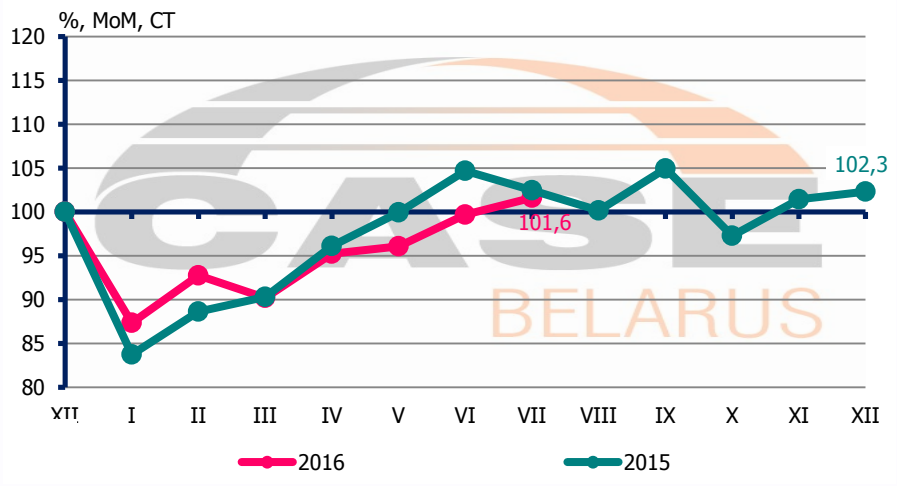

Fig. 3.9 – M1 growth

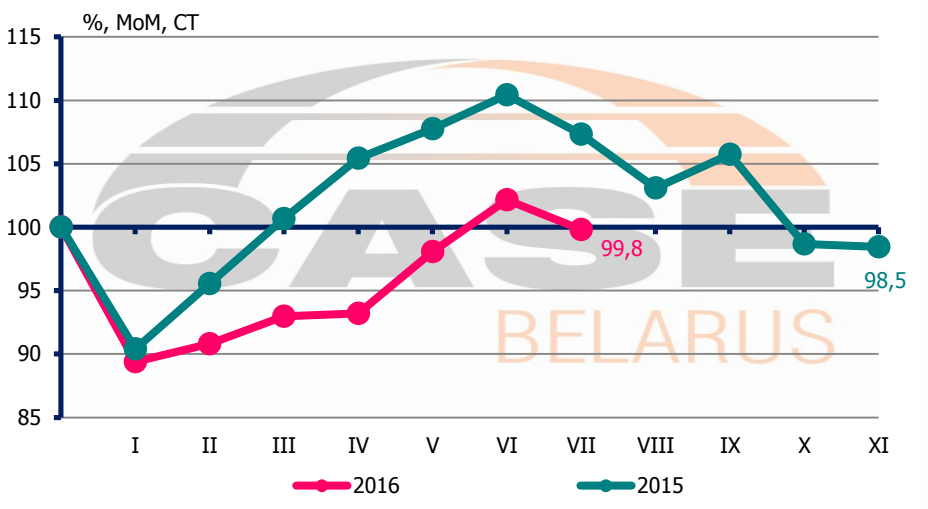

Fig. 3.10 – M2* growth

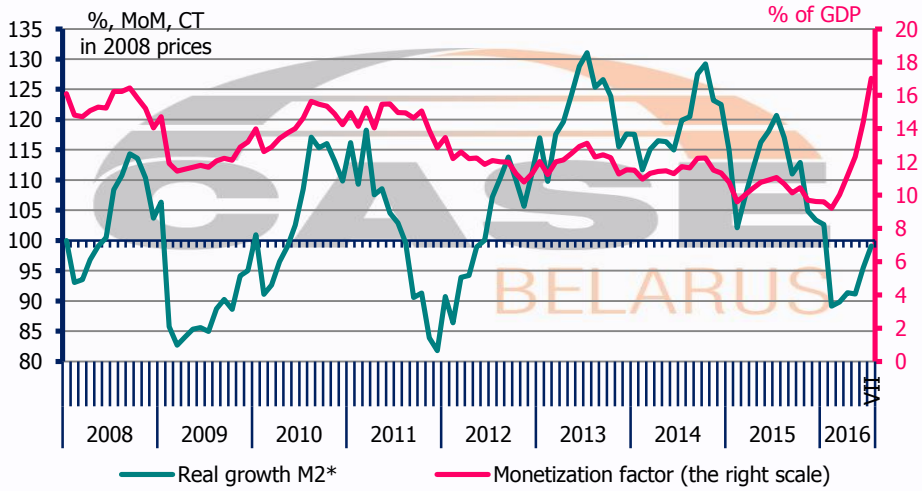

Fig. 3.11 – M2* dynamics

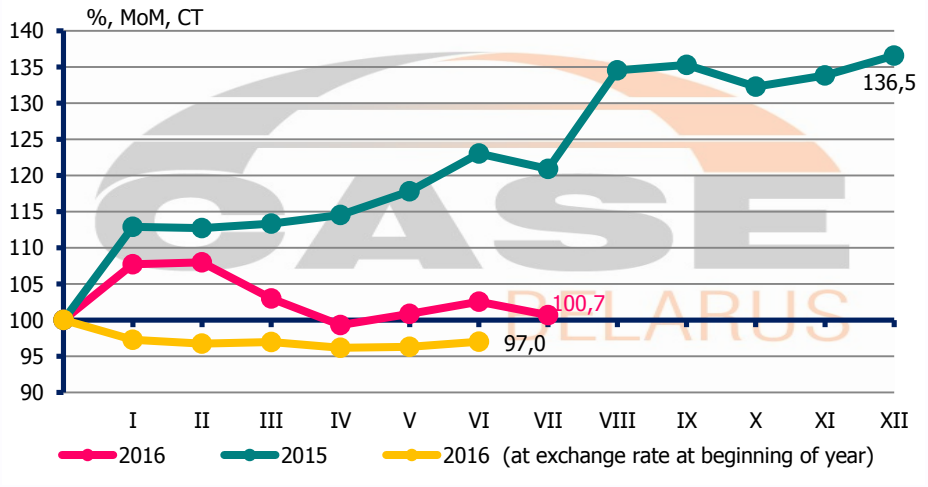

Fig. 3.12 – M3 growth

3.4 The resource base of commercial banks

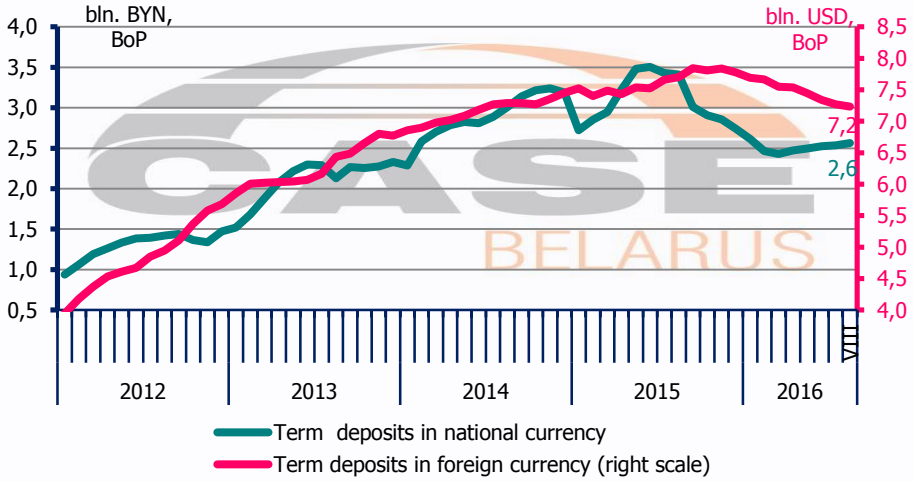

Fig. 3.13 – Term deposits of individuals in national and foreign currency

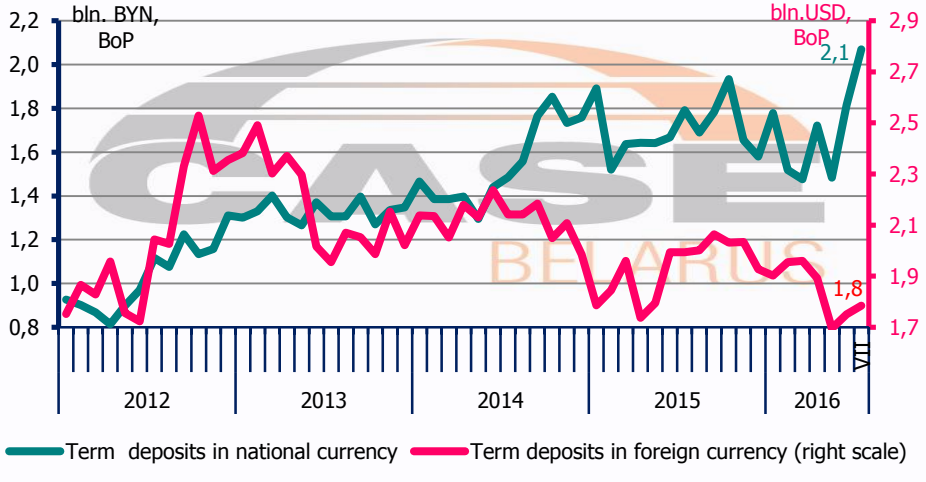

Fig. 3.14 – Term deposits of enterprises in national and foreign currency

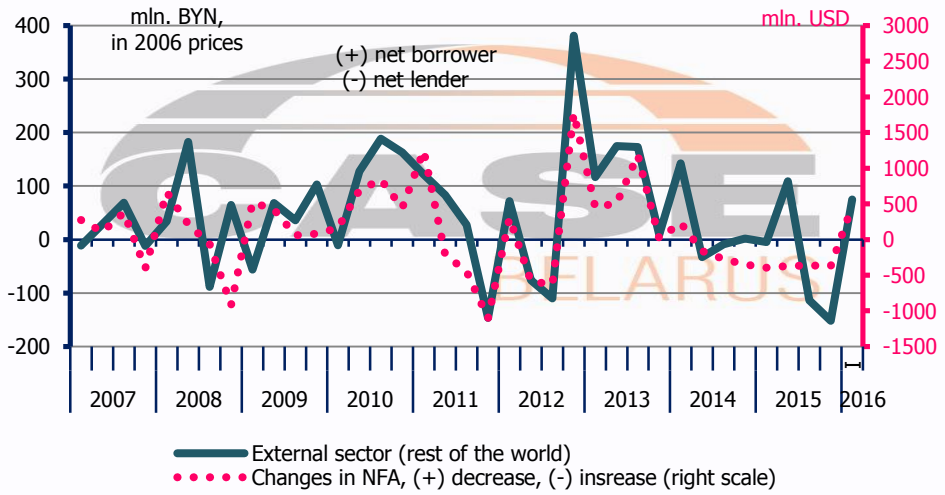

Fig. 3.15 – Finance resources attracted by banks from the rest of the world

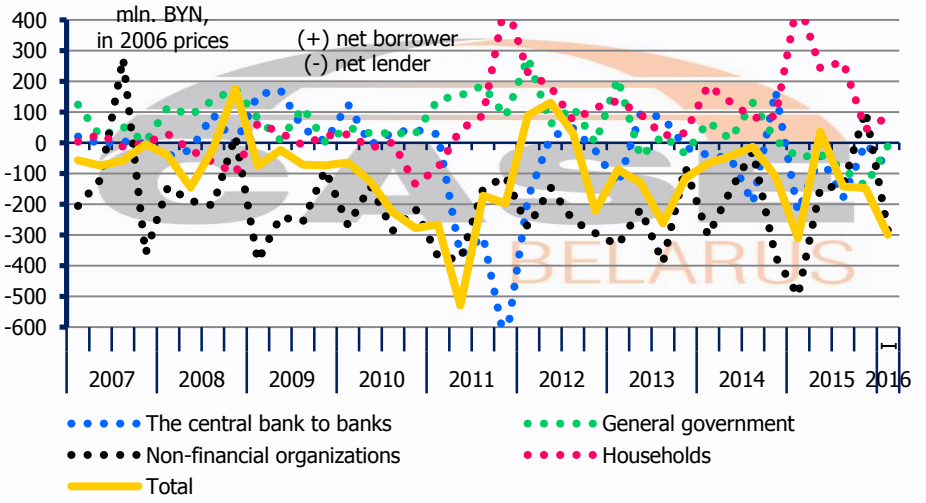

Fig. 3.16 – Domestic finance resources attracted by banks

3.5 Financial depth of the economy

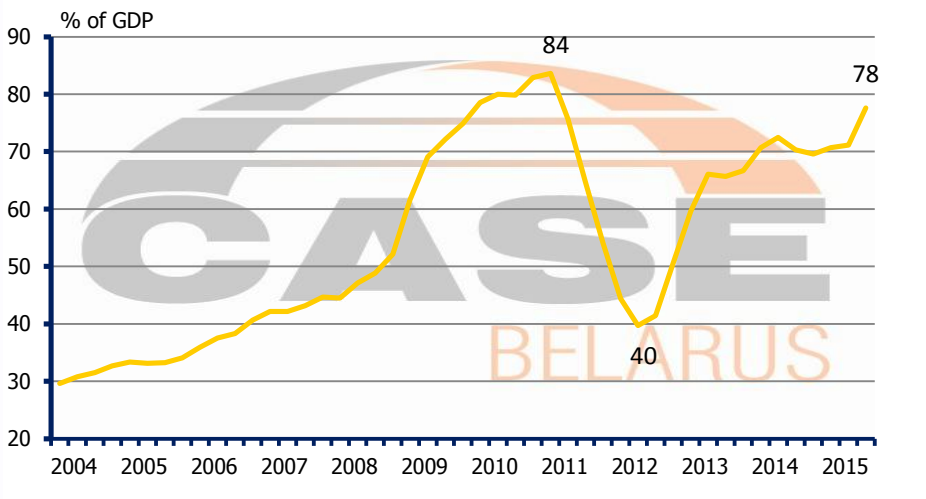

Fig. 3.17 – SDEO to GDP ratio, deflated

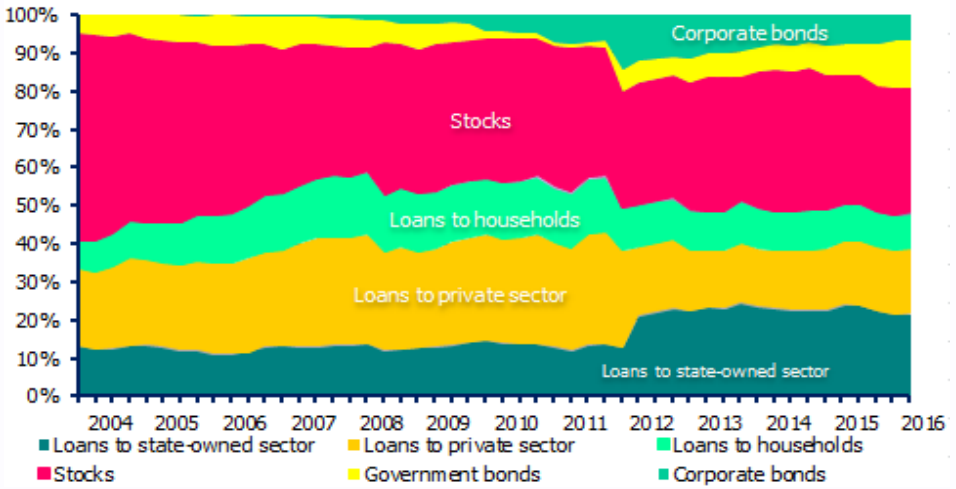

Fig. 3.18 – SDEO structure

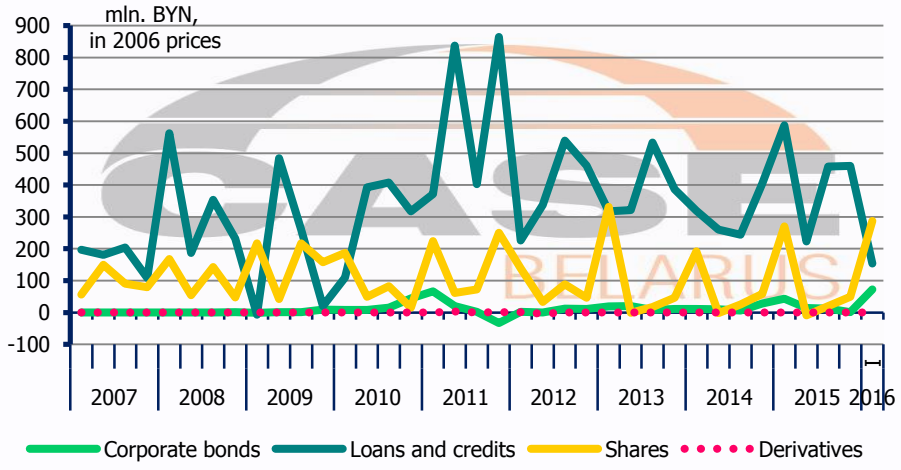

Fig. 3.19 – Attracted resources of enterprises by financial instruments

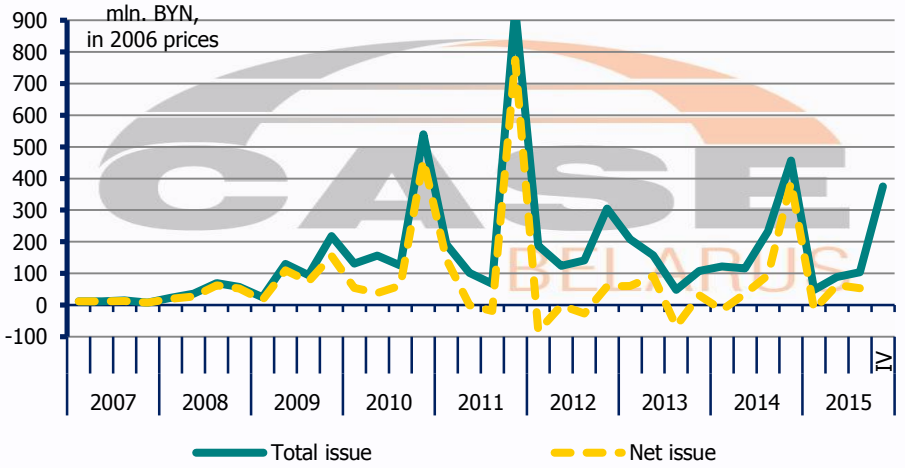

Fig. 3.20 – Corporate bonds issue

3.6 Borrowing in the economy

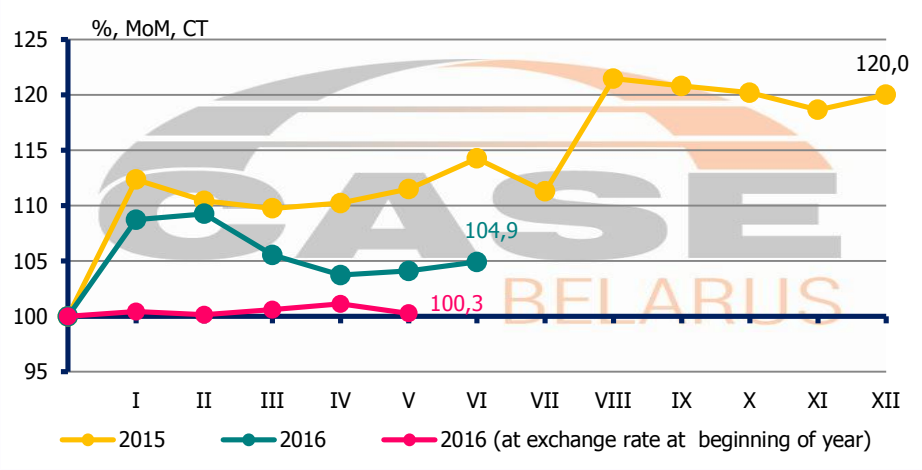

Fig. 3.21 — Bank's claims on the economy
Financial sector claims on enterprises

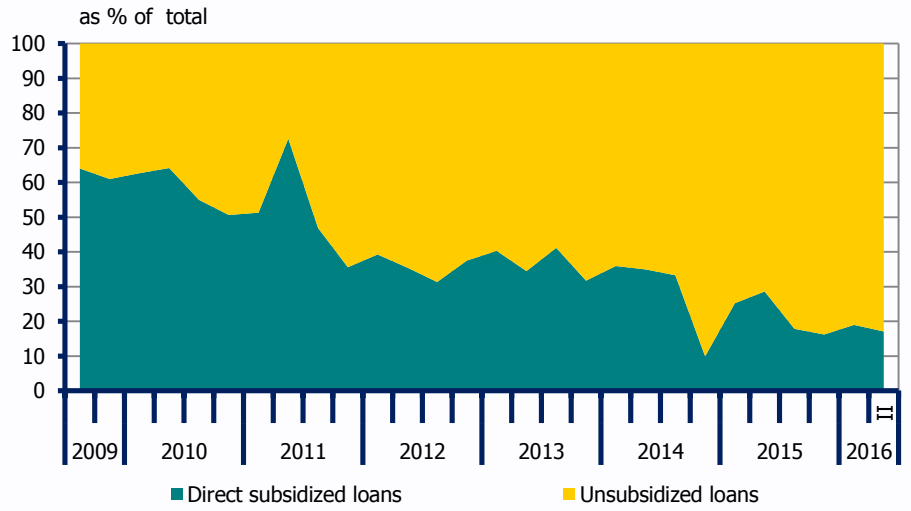

Fig. 3.22 Preferential loans in total loans of commercial banks

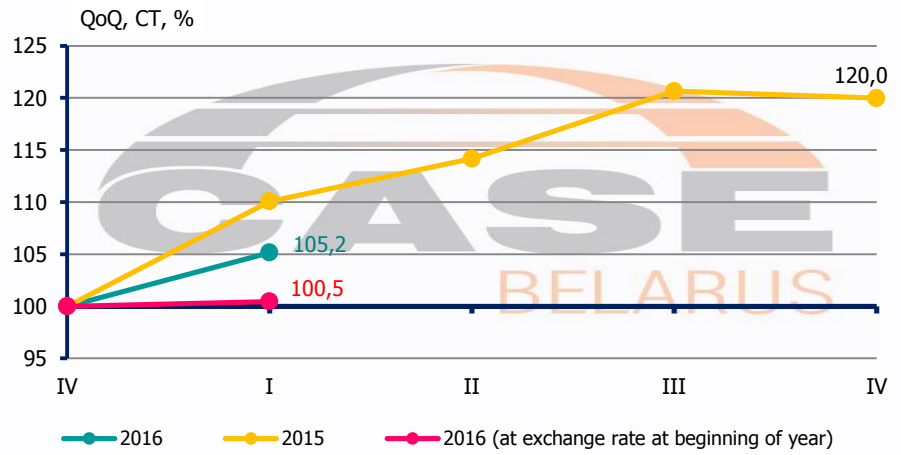

Fig. 3.23 Financial sector claims on the economy

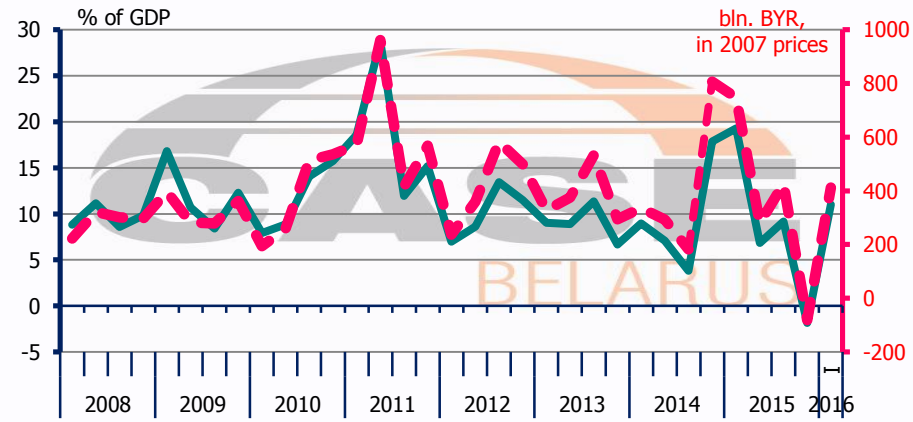

Fig. 3.24 Financial sector claims on enterprises

3.7 Foreign exchange market

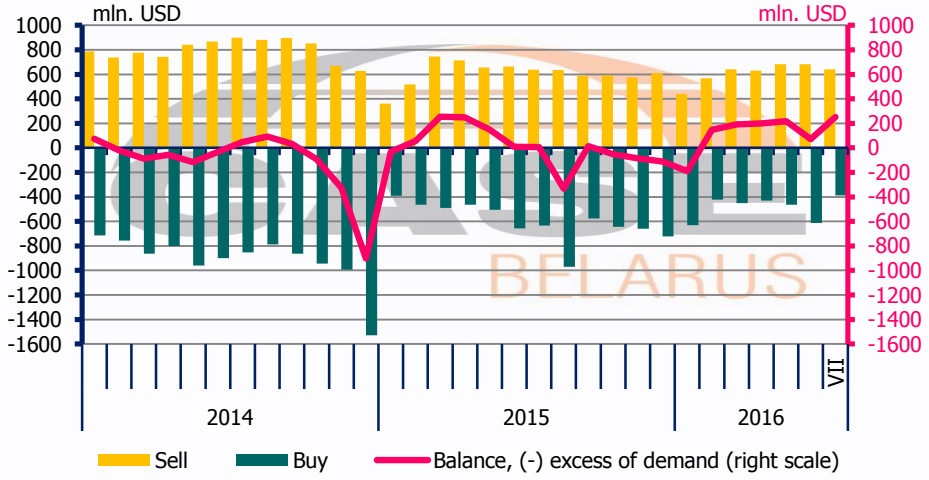

Fig. 3.25 – Buy and sell volumes of foreign exchange market by households

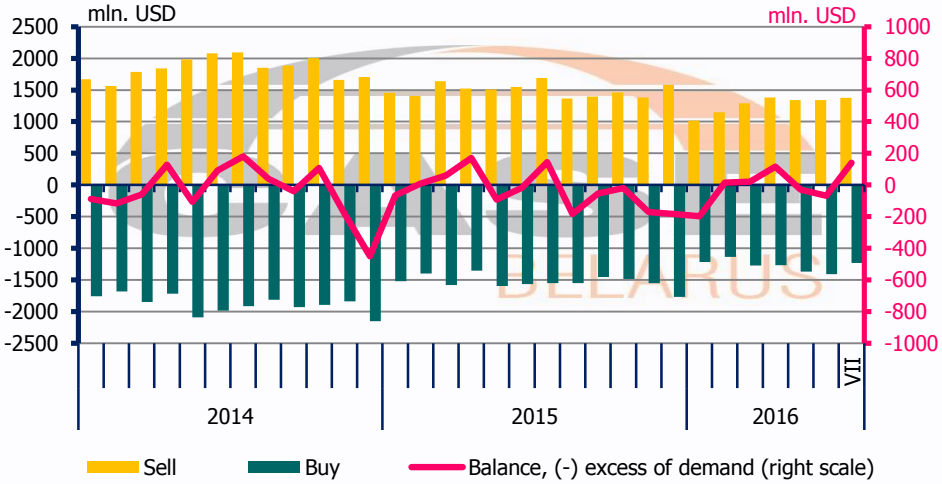

Fig. 3.26 - Buy and sell volumes of foreign exchange market by companies

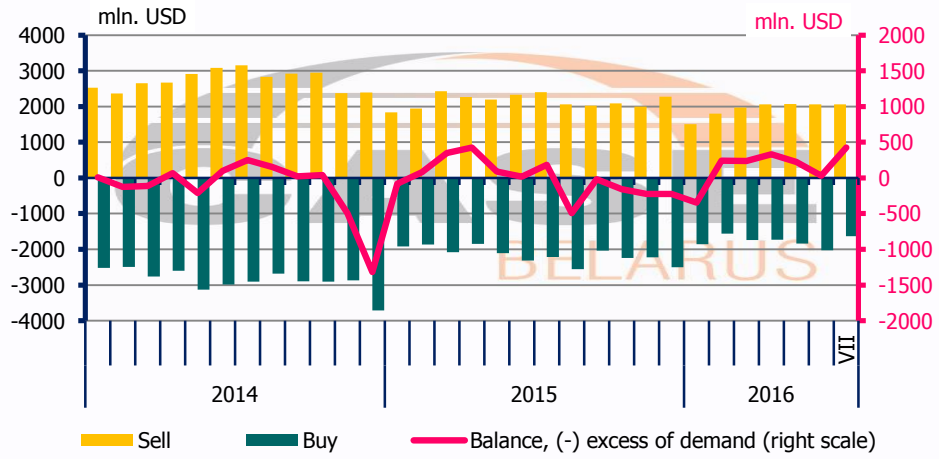

Fig. 3.27 – Total buy and sell volumes of foreign exchange market

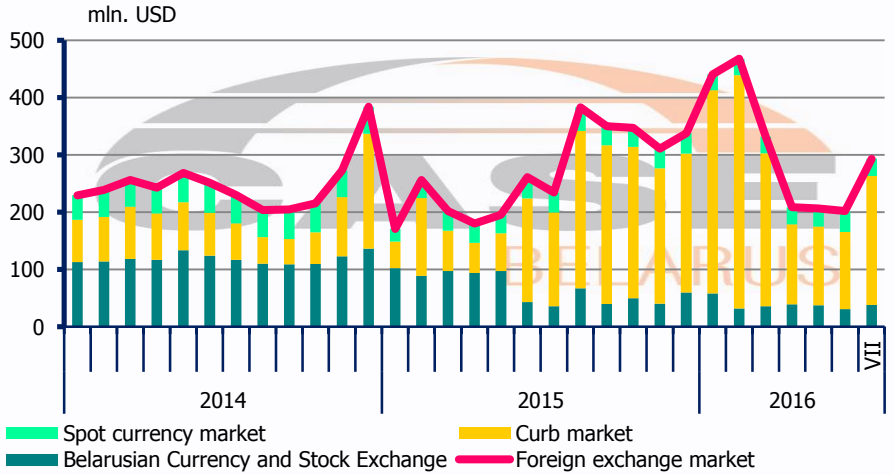

Fig. 3.28 - Average daily turnover of foreign currency on the foreign exchange market

4.1 Balance of payments

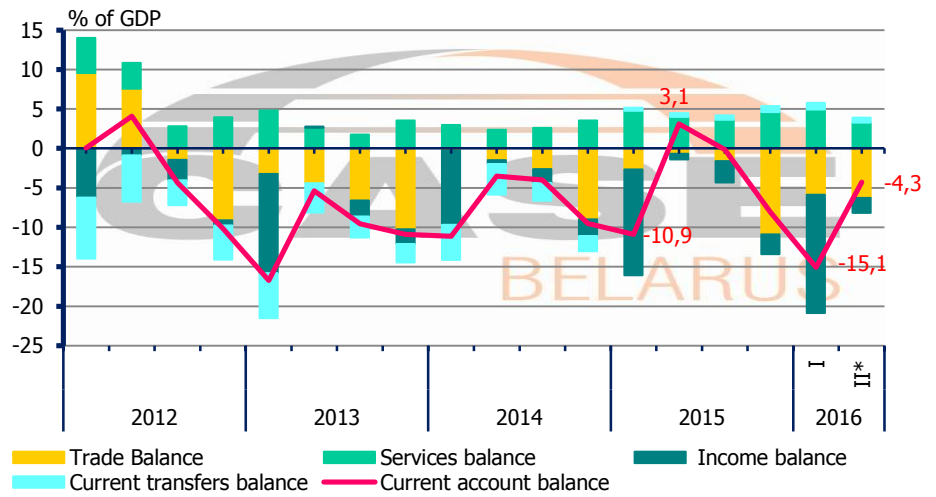

Fig. 4.1 – Current account balance

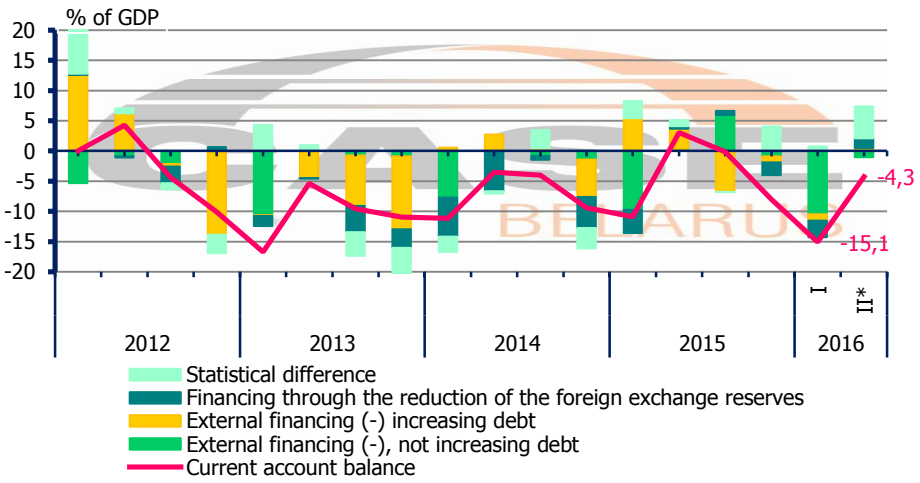

Fig. 4.2 – Sources of financing of current balance deficit

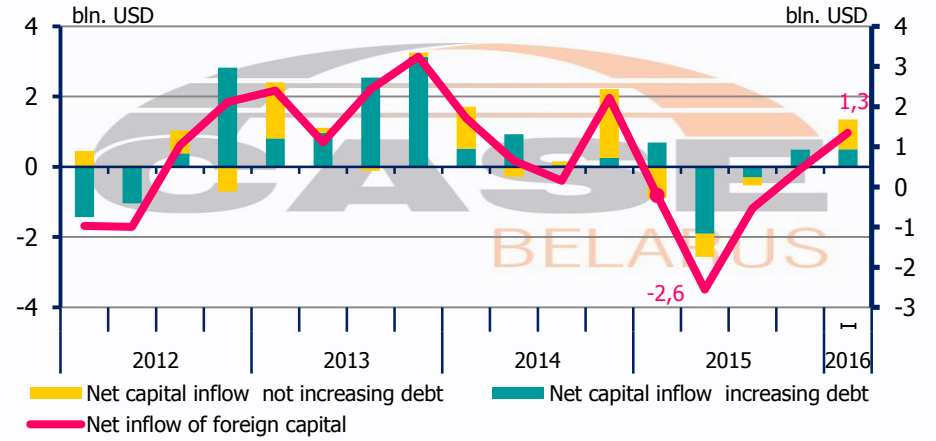

Fig. 4.3 – Net capital inflow to cover the current account's deficit

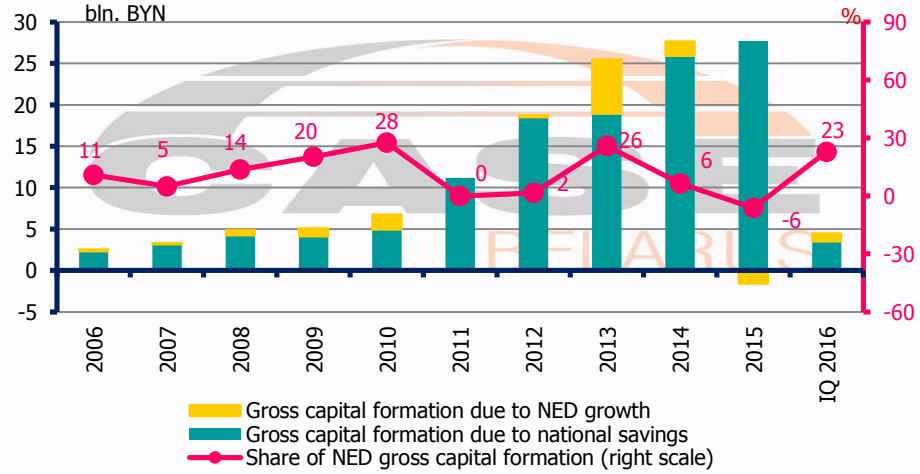

Fig. 4.4 – Gross capital formation due to NED growth

4.2 Foreign trade

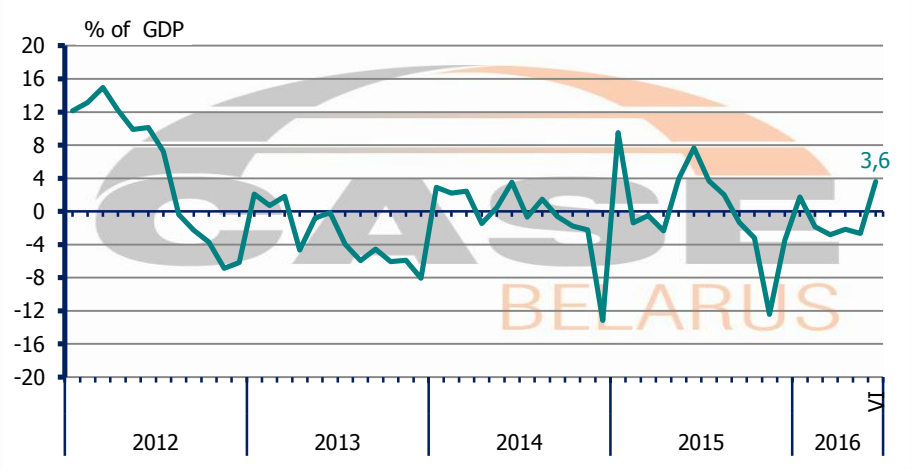

Fig. 4.5 – The ratio of trade balance in goods and services to GDP

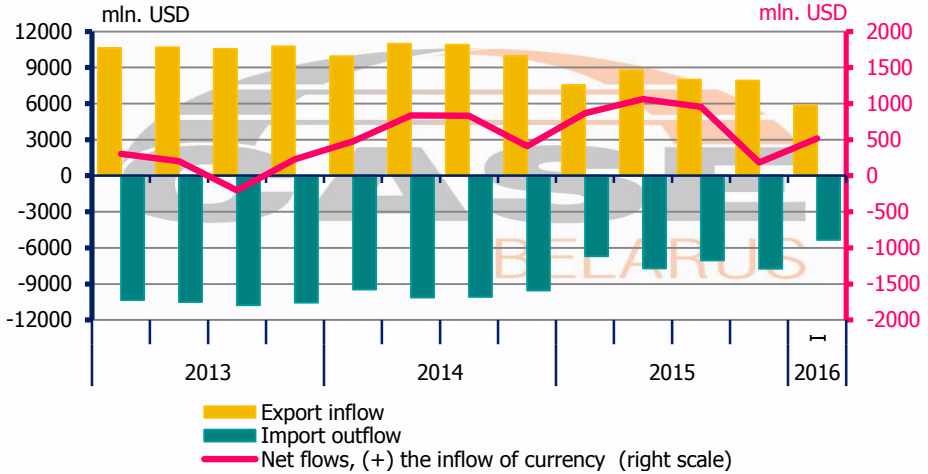

Fig. 4.6 – Foreign exchange inflow from export and outflow for import

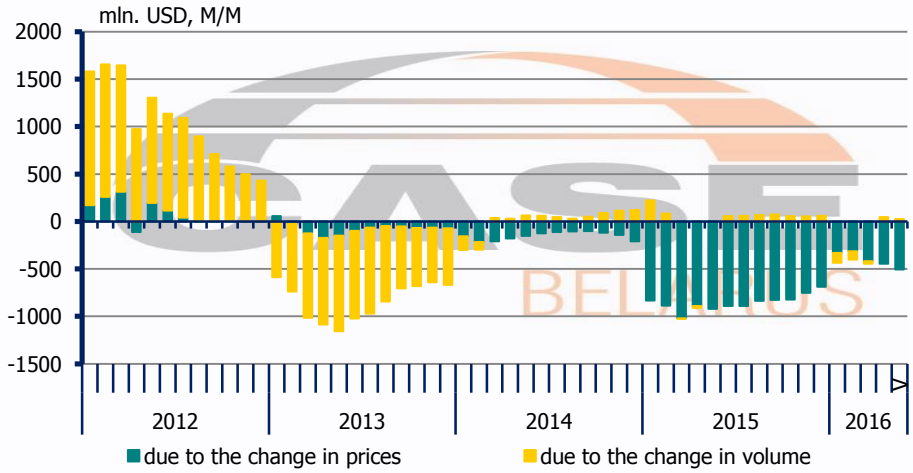

Fig. 4.7 – Changes in export of goods

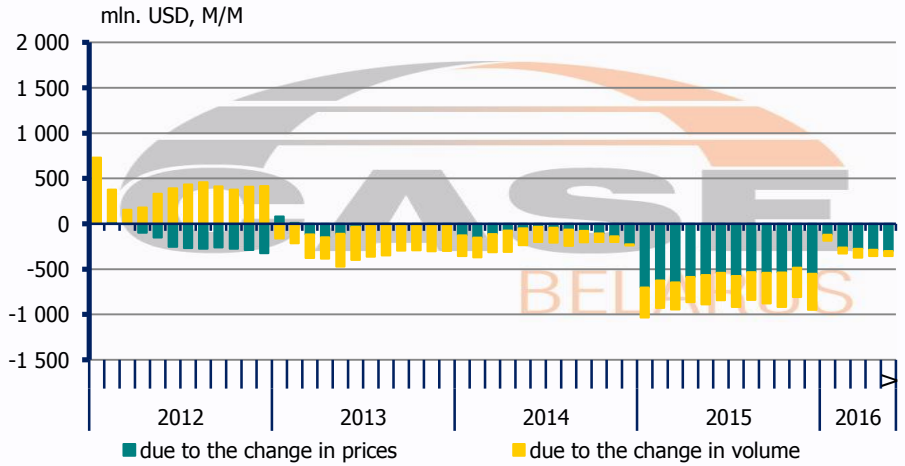

Fig. 4.8 – Changes in import of goods

4.3 External conditions and diversification of exports

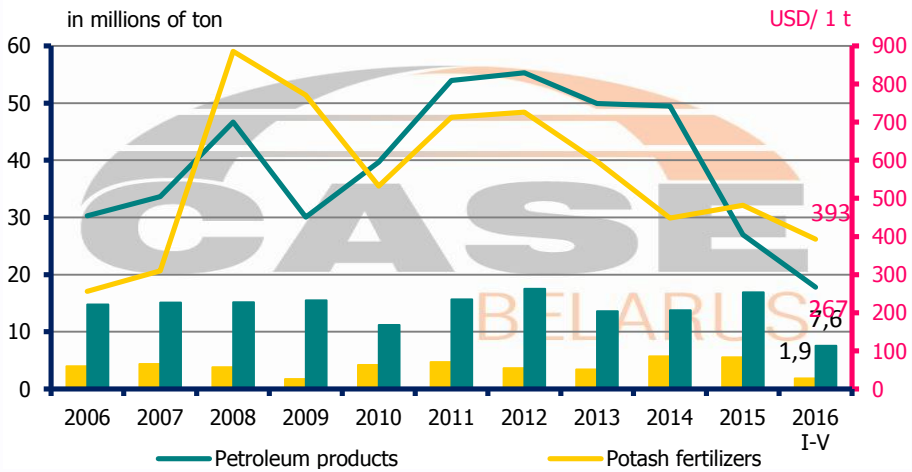

Fig. 4.9 – Export volumes and export prices

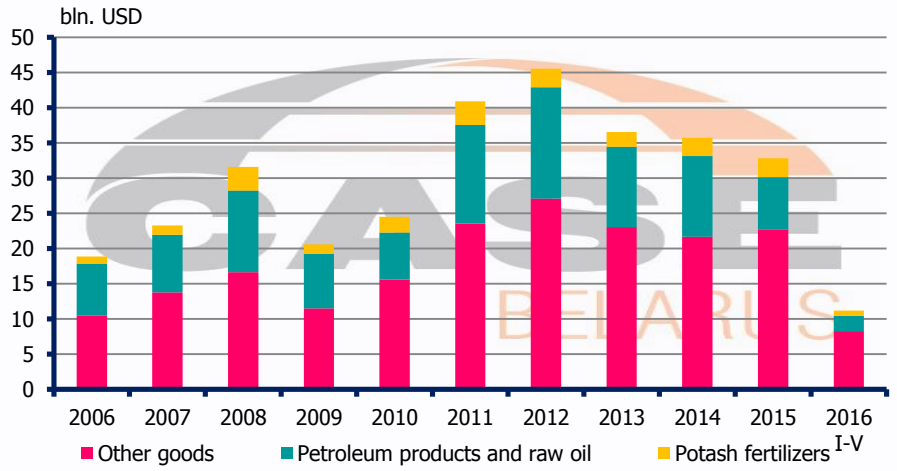

Fig. 4.10 – Export volume of goods

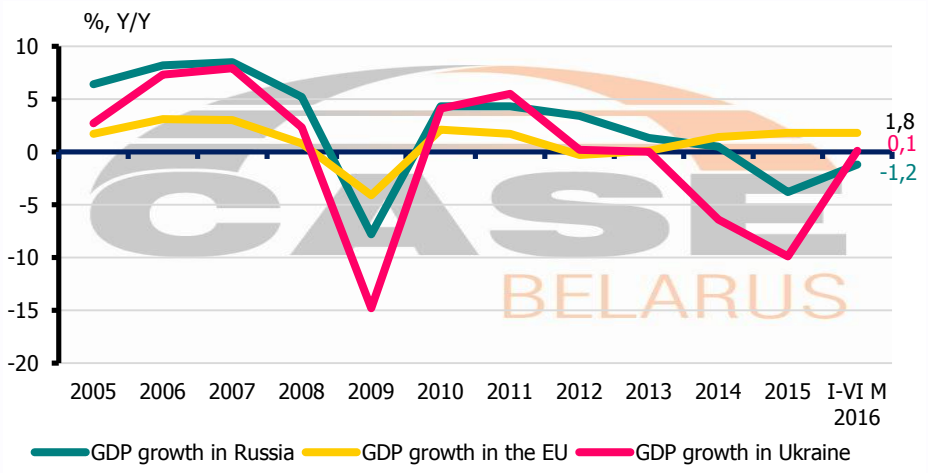

Fig. 4.11 – GDP growth in Russia and the EU

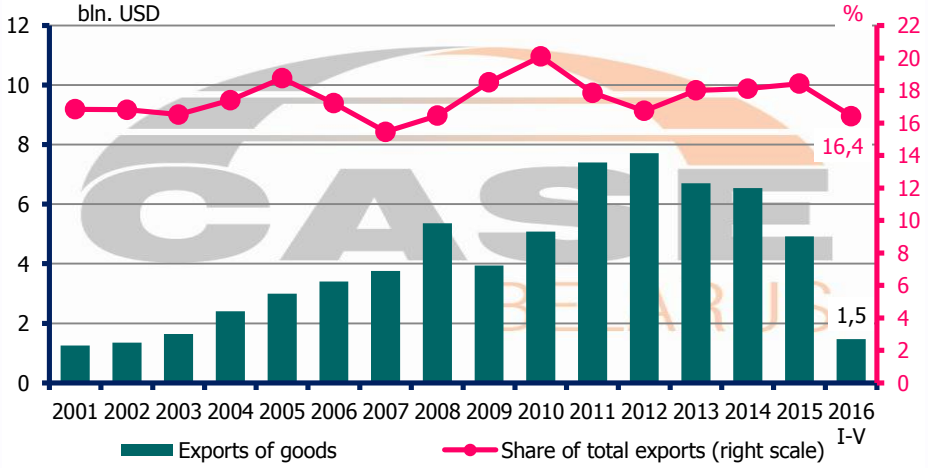

Fig. 4.12 – Export of goods without 10 largest trading partners

4.4 External debt

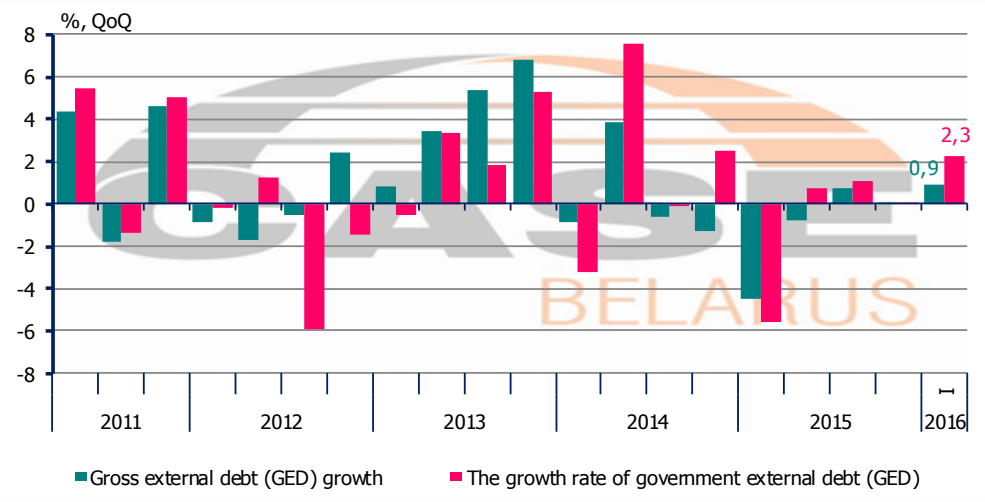

Fig. 4.13 – Growth rates of GED and GovED

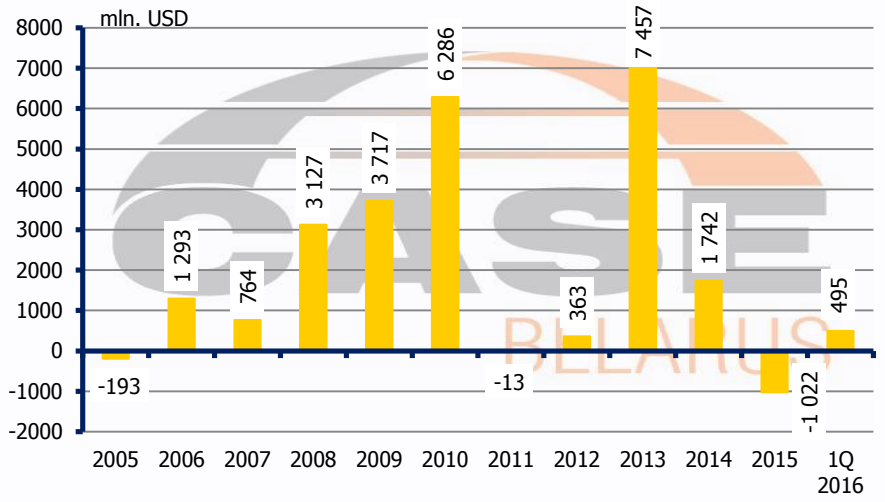

Fig 4.14 – NED Growth

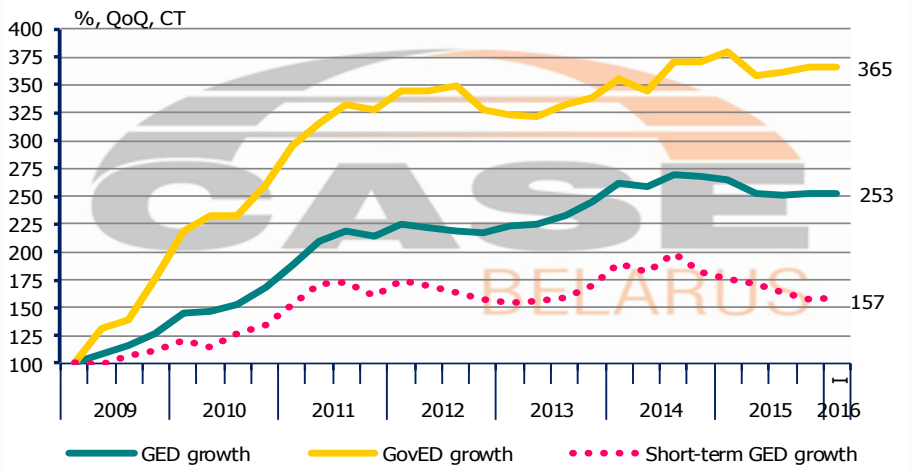

Fig. 4.15 – GED, GovED and short-term GED

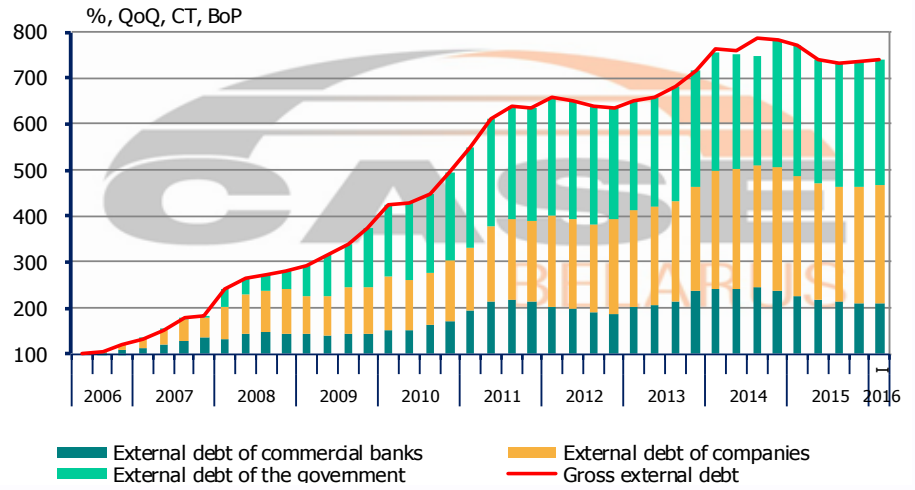

Fig. 4.16 – Dynamics of structure of gross external debt

4.5 Creditworthiness

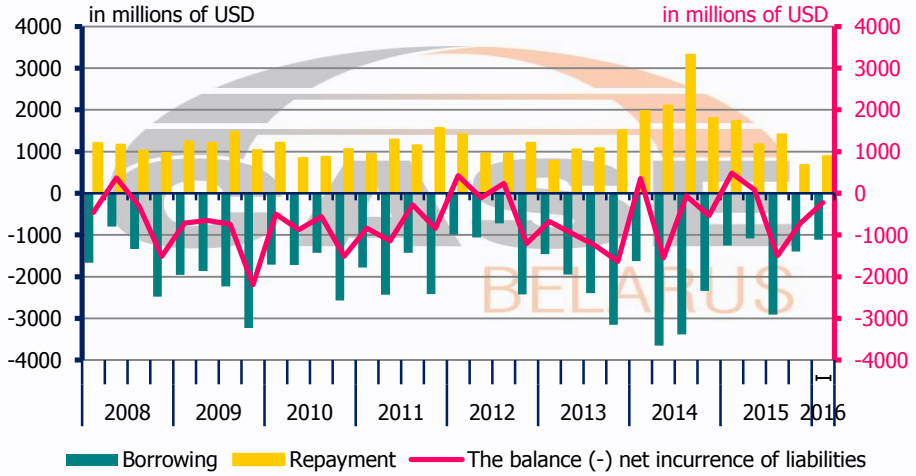

Fig. 4.17 – Borrowing and repayment of foreign loans

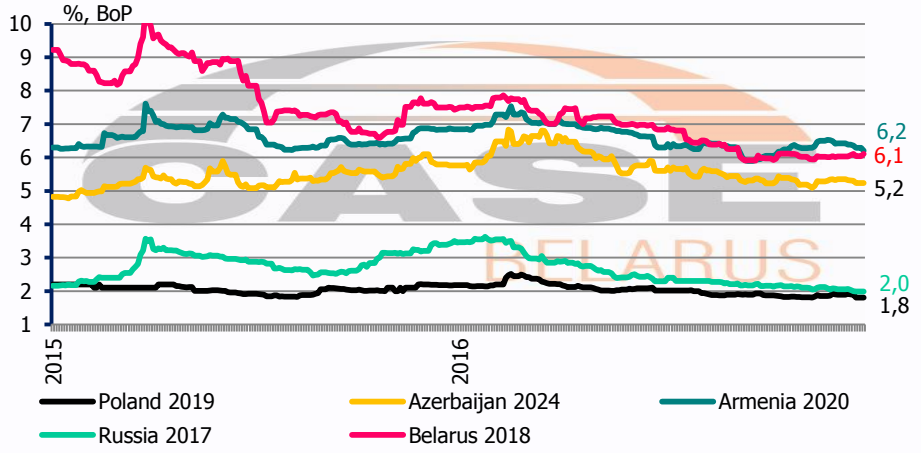

Fig. 4.18 – Eurobonds

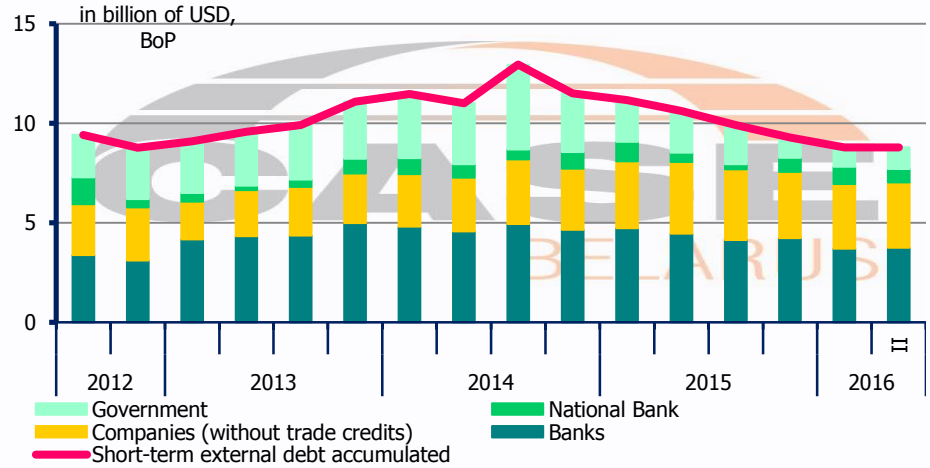

Fig. 4.19 – Short-term GED by residual maturity maturity

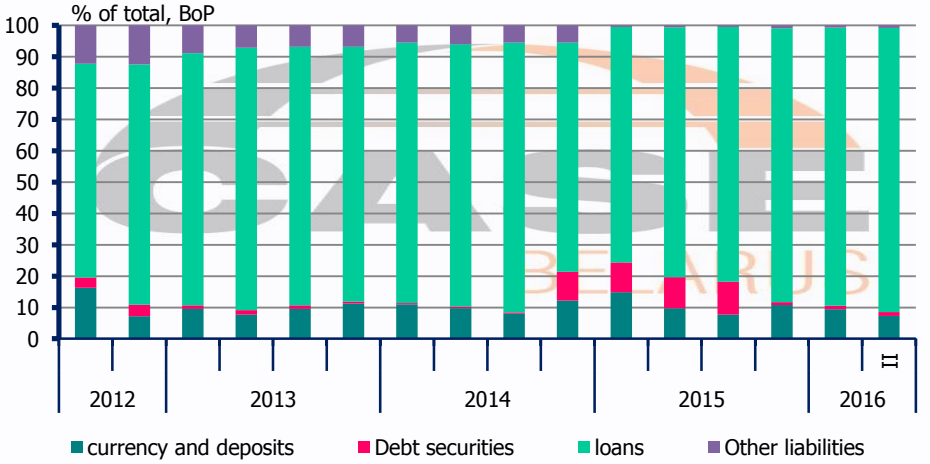

Fig. 4.20 – Short-termed GED by financial instruments

4.6 Real exchange rate and price competitiveness

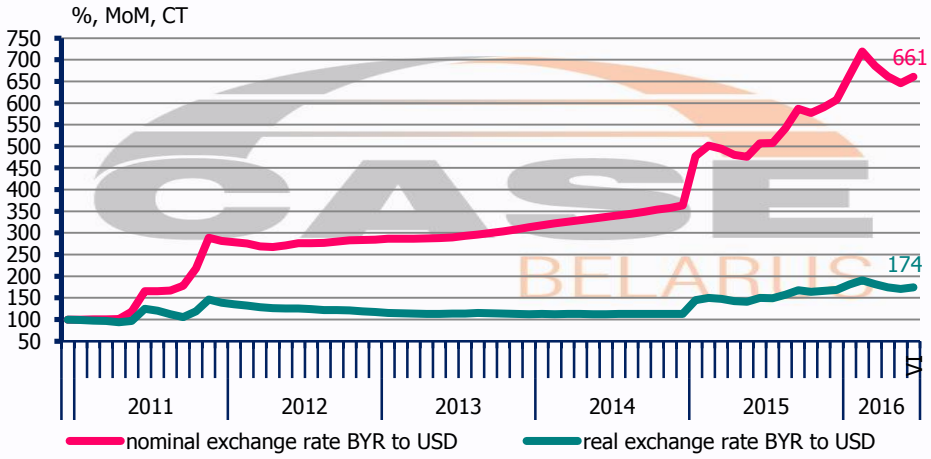

Fig. 4.21 Nominal and real exchange rate of BYR to USD (calculated by CPI)

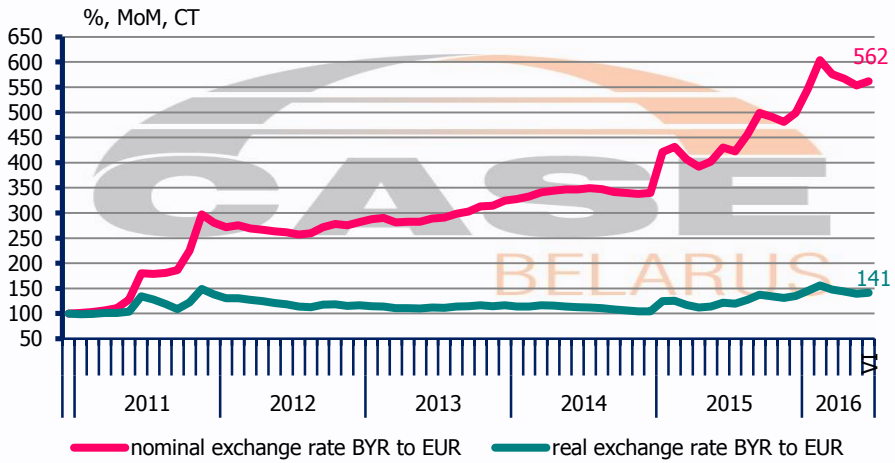

Fig. 4.22 - Nominal and real exchange rate of BYR to EUR (calculated by CPI)

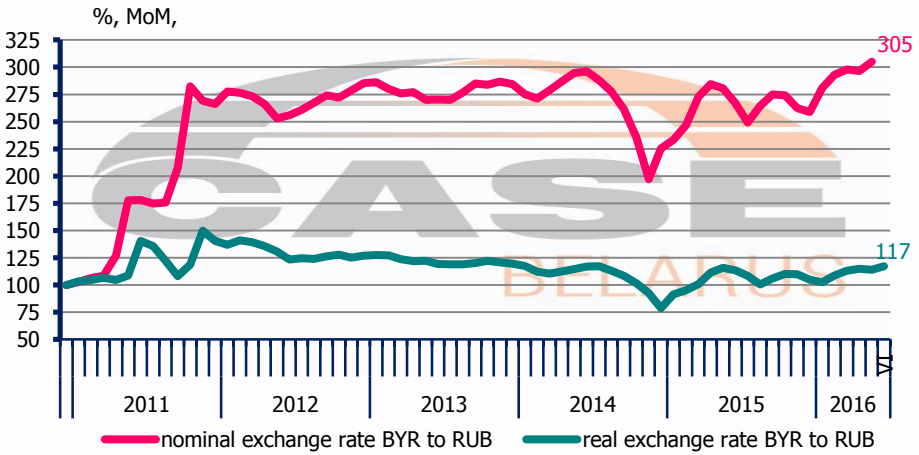

Fig. 4.23 - Nominal and real exchange rate of BYR to RUB (calculated by CPI)

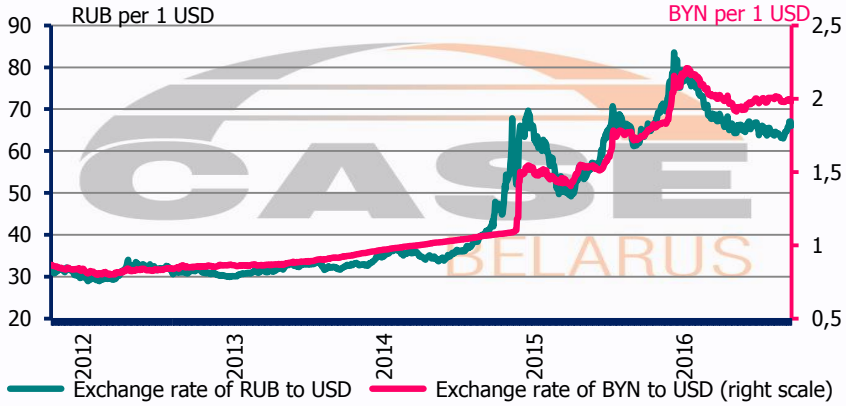

Fig. 4.24 – Exchange rate of RUB and BYN to USD

4.7 Foreign-exchange reserves

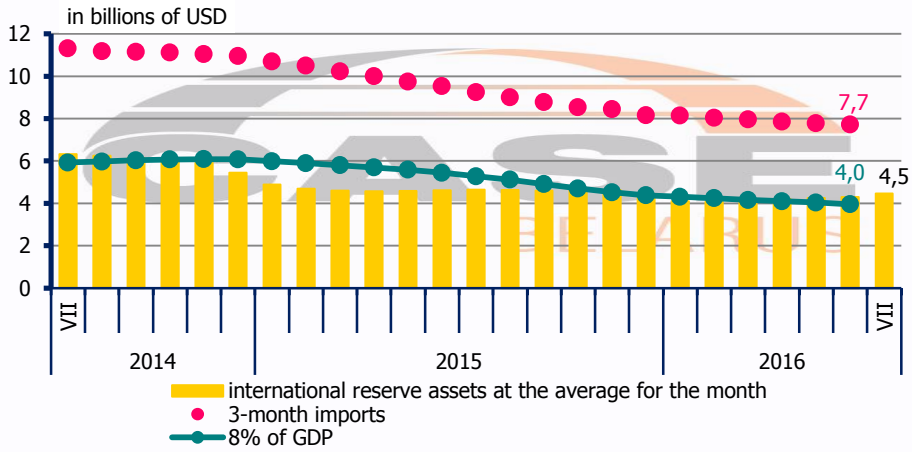

Fig. 4.25 – The level of adequacy of the reserves

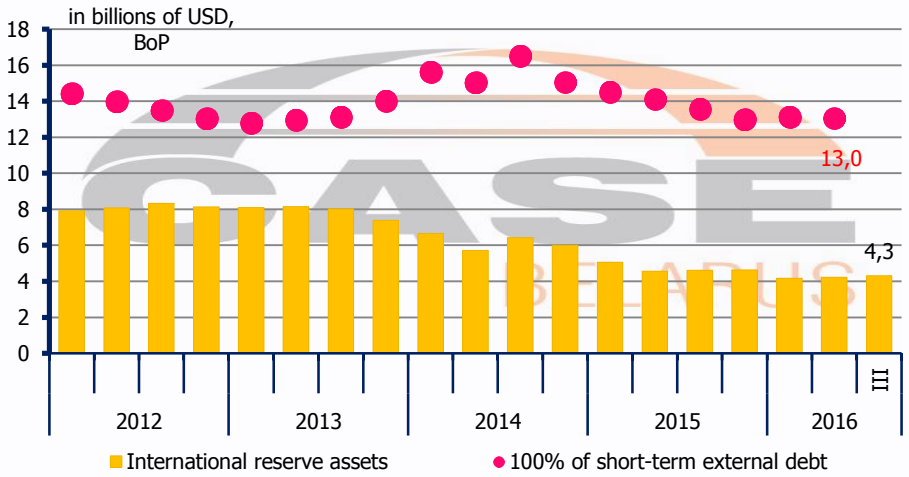

Fig. 4.26 – The level of adequacy of reserves

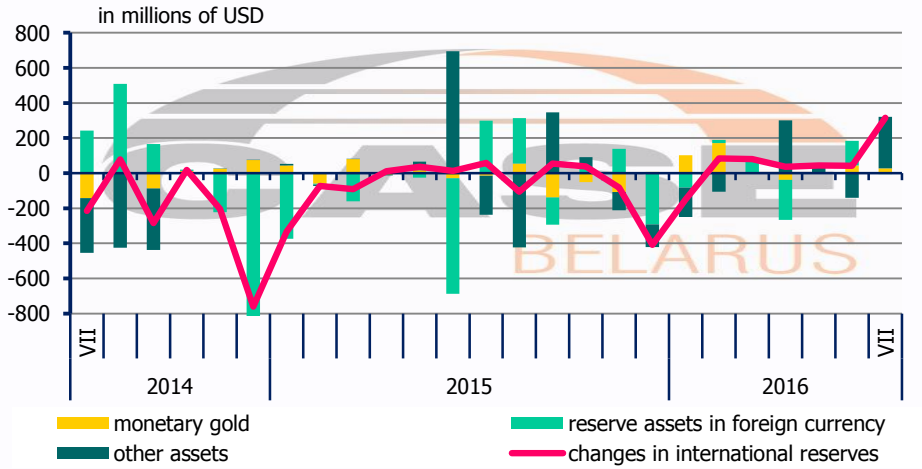

Fig. 4.27 – IRA structure

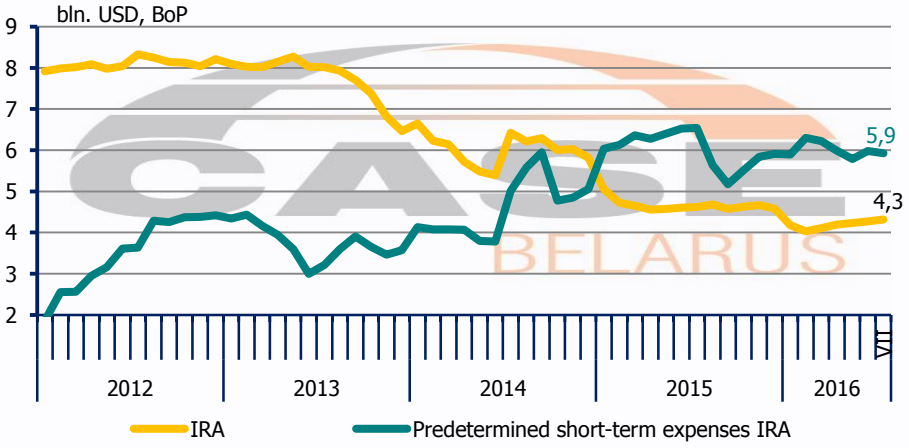

Fig. 4.28 – Predetermined expenses of IRA during the year

5.1 Internal sectoral imbalances

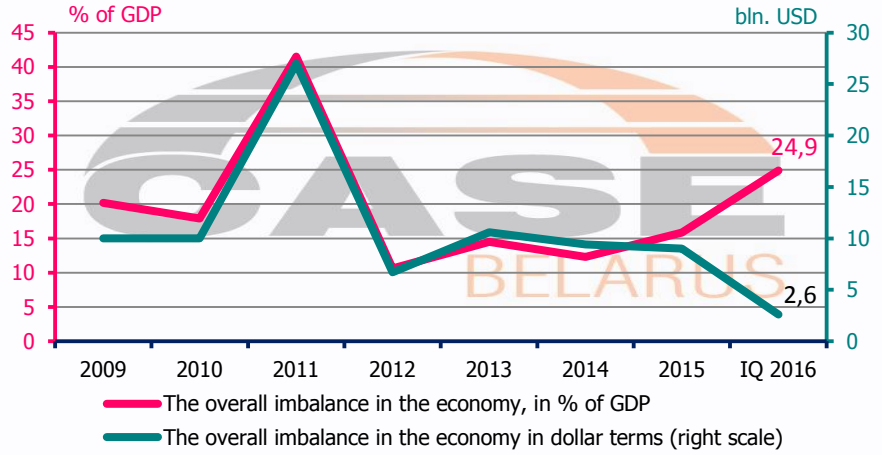

Fig. 5.1. – The overall imbalance in the economy

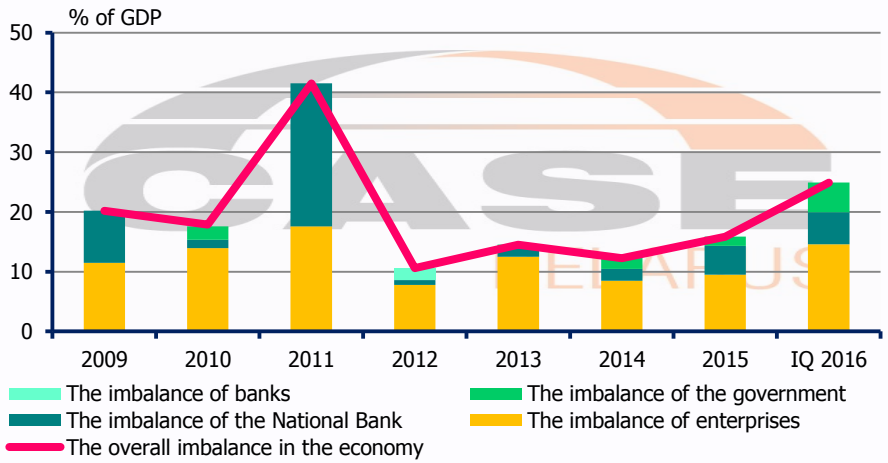

Fig. 5.2 – Agents that create an imbalance

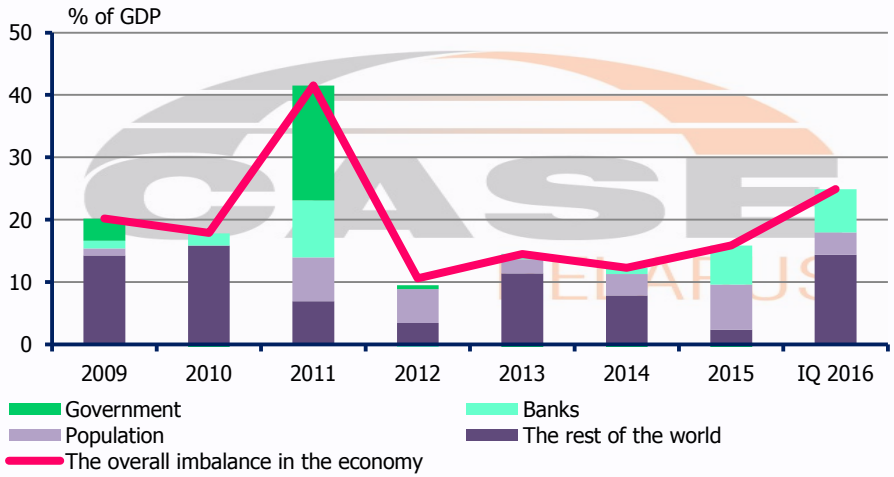

Fig. 5.3 Agents that fund imbalance

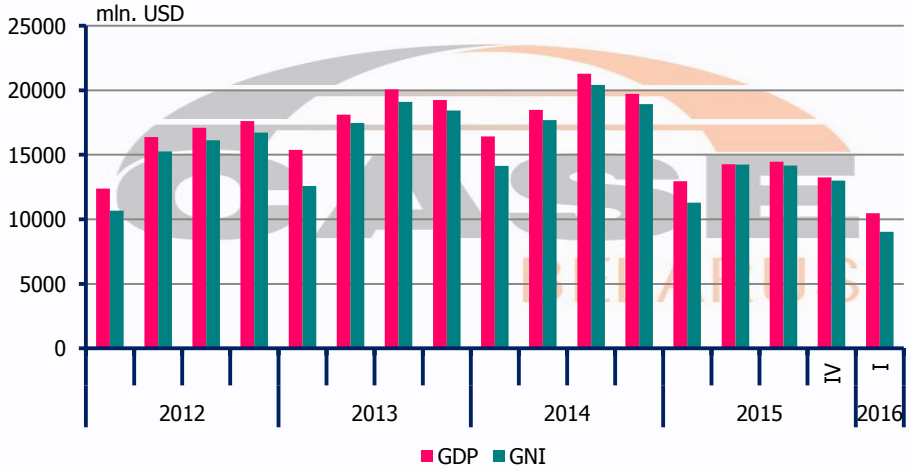

Fig. 5.4– GDP и GNI

5.2 The linkages between monetary and external sectors

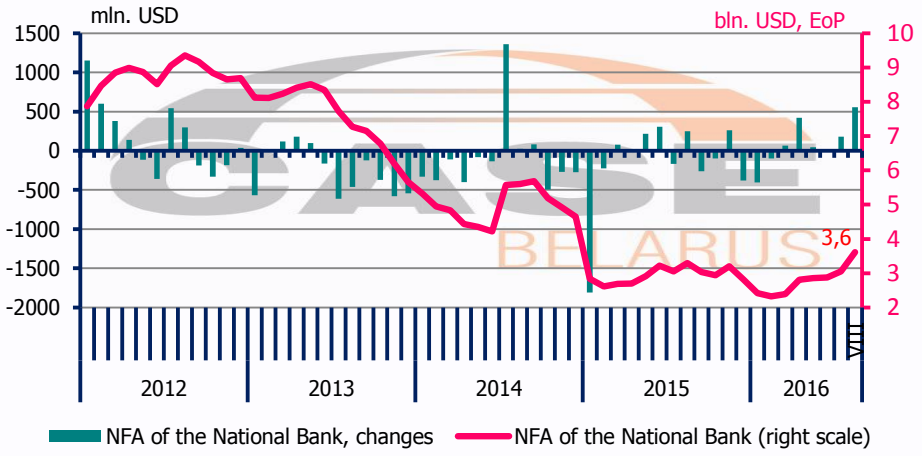

Fig. 5.5 – NFA of the National Bank

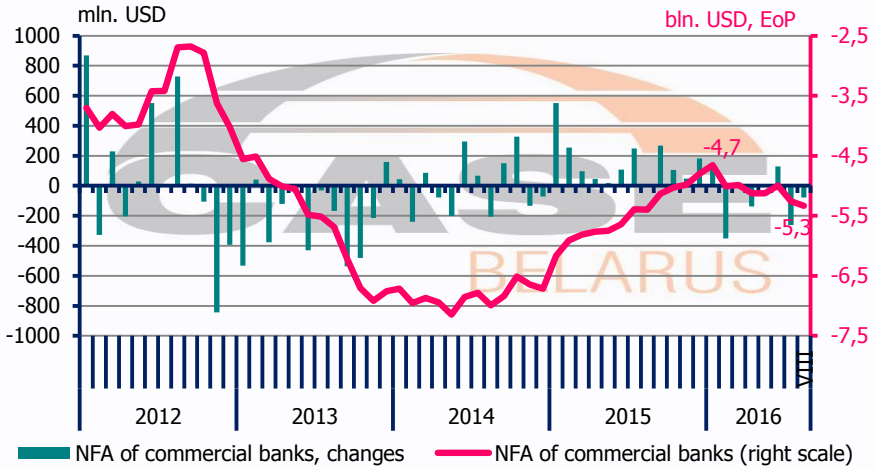

Fig. 5.6 – NFA of commercial banks

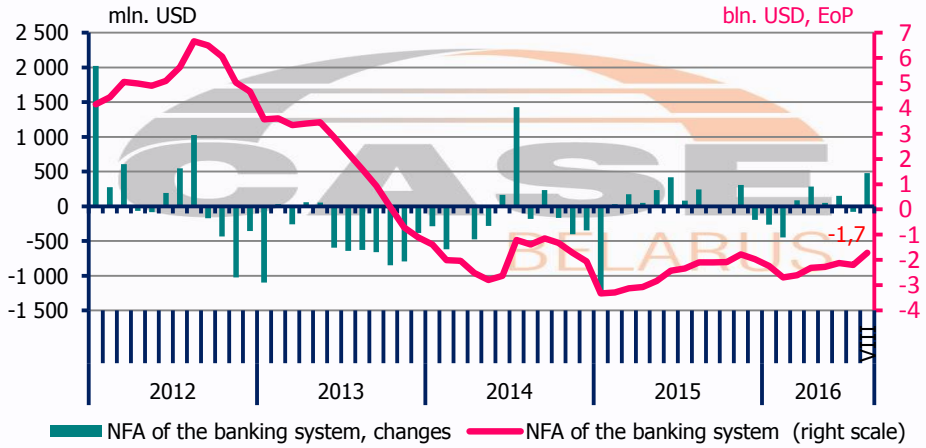

Fig. 5.7 – Changes in NFA of the banking system

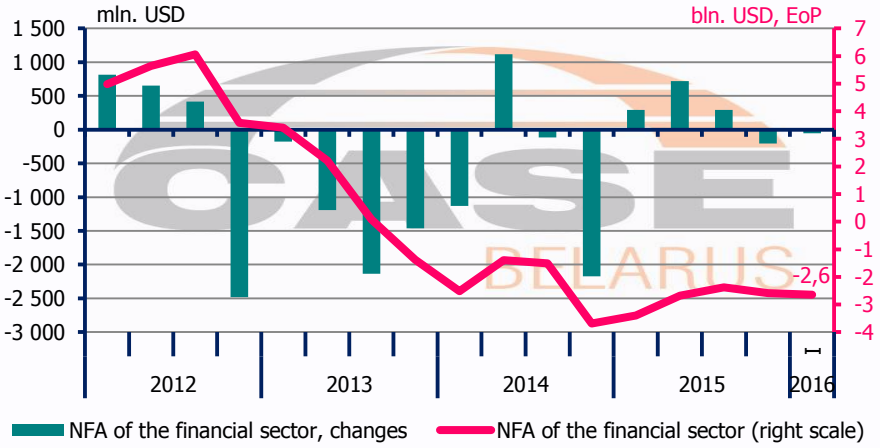

Fig. 5.8 – NFA of the financial sector

5.2 The linkages between monetary and external sectors

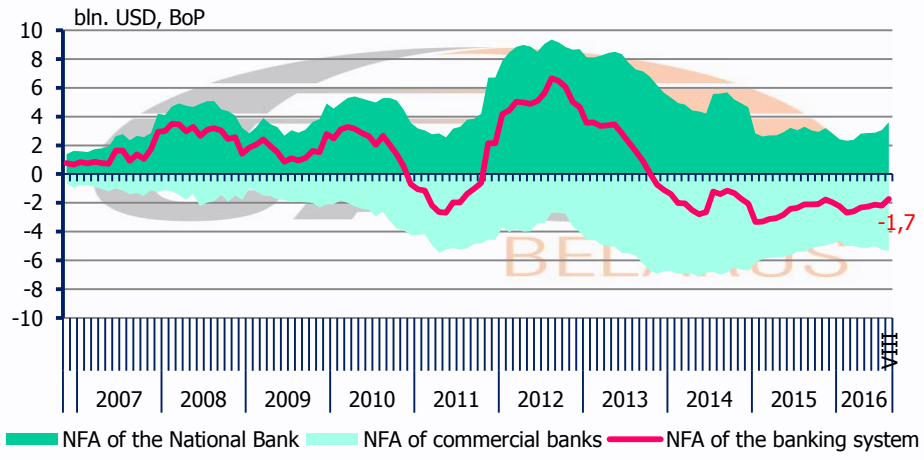

Fig. 5.9 – NFA of the banking system

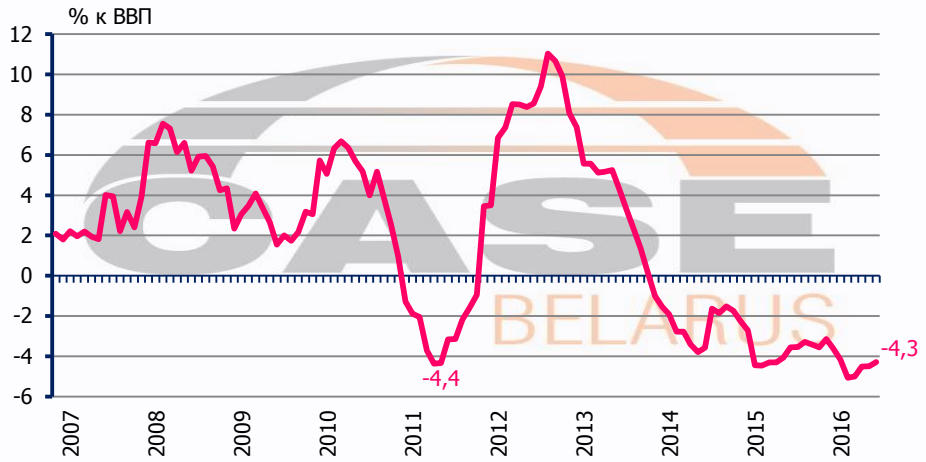

Fig. 5.10 – NFA of the banking system in % to GDP

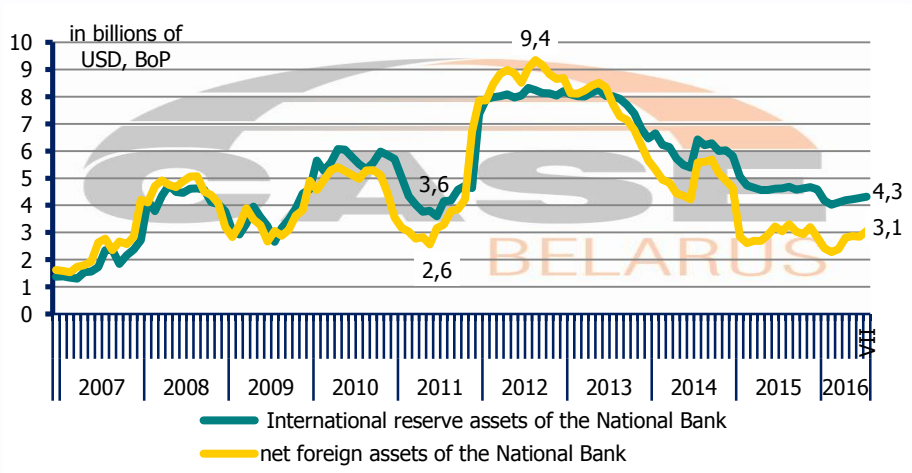

Fig. 5.11 – IRA and NFA of the National Bank

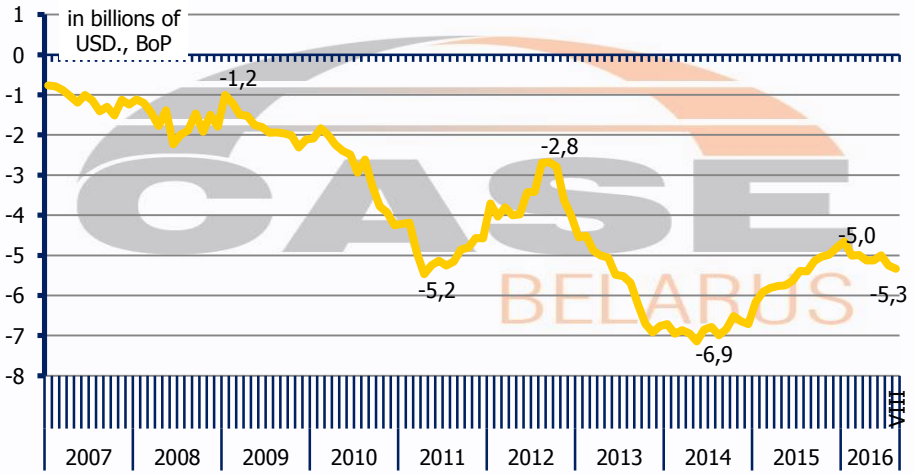

Fig. 5.12 – NFA of commercial banks

5.3 Separate financial flows between the National Bank, banks and Ministry of Finance

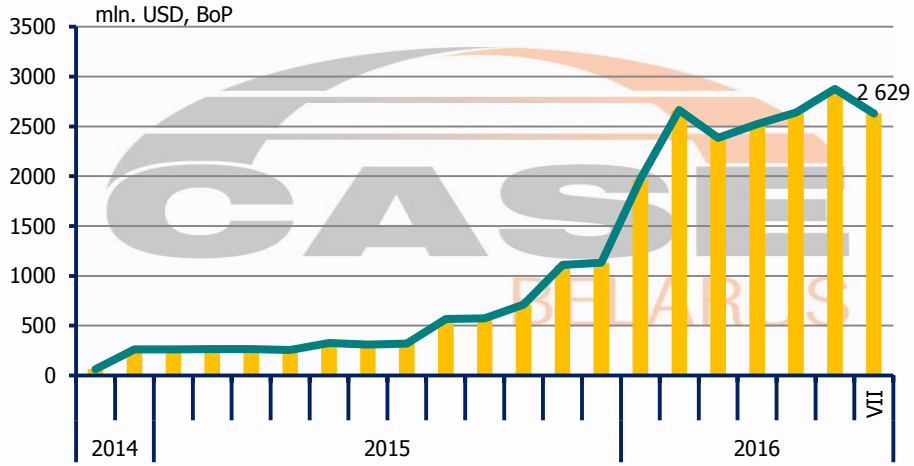

Fig. 5.13 National Bank foreign currency denominated bonds in the portfolio of banks

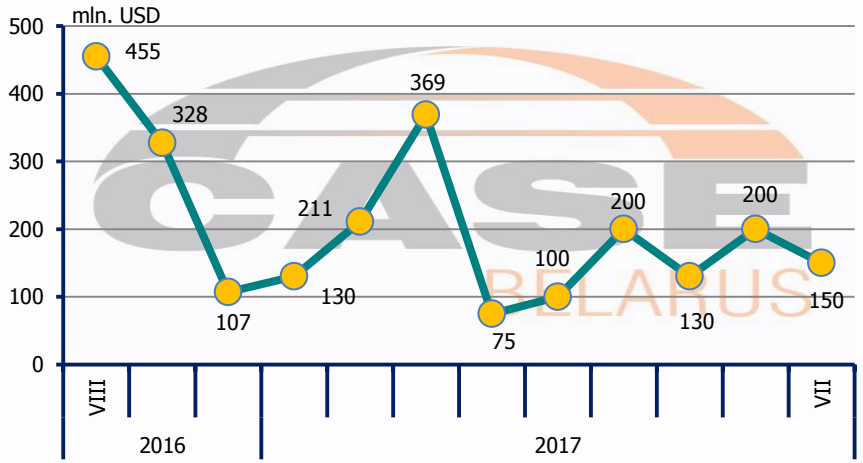

Fig. 5.14 – Upcoming National Bank repayment of foreign currency bonds

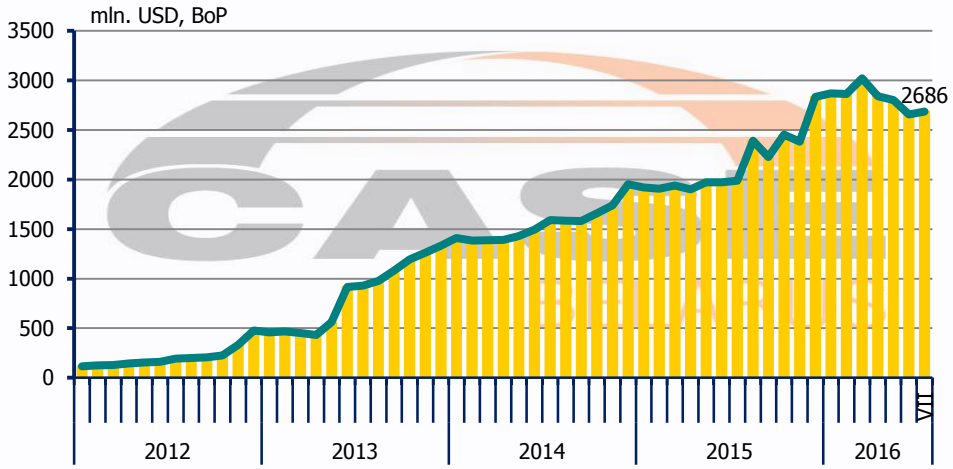

Fig. 5.15 – Ministry of Finance foreign currency denominated bonds in the portfolio of banks

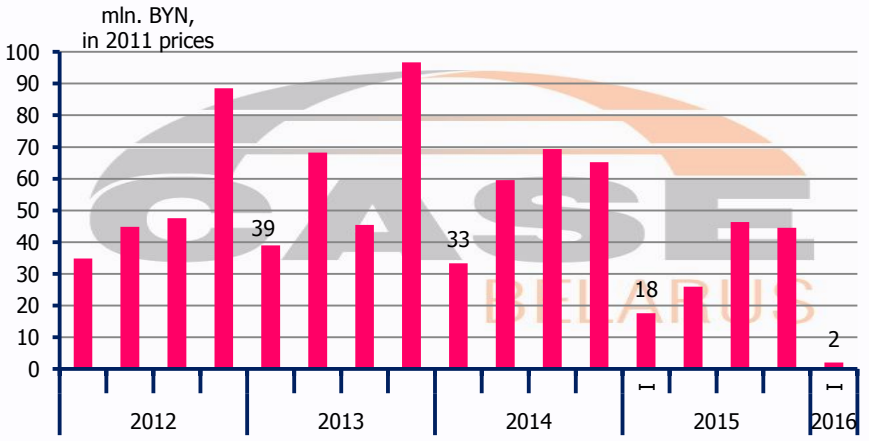

Fig. 5.16 – Subsidising of interest rates on banking loans by the Ministry of Finance

5.4 External imbalance

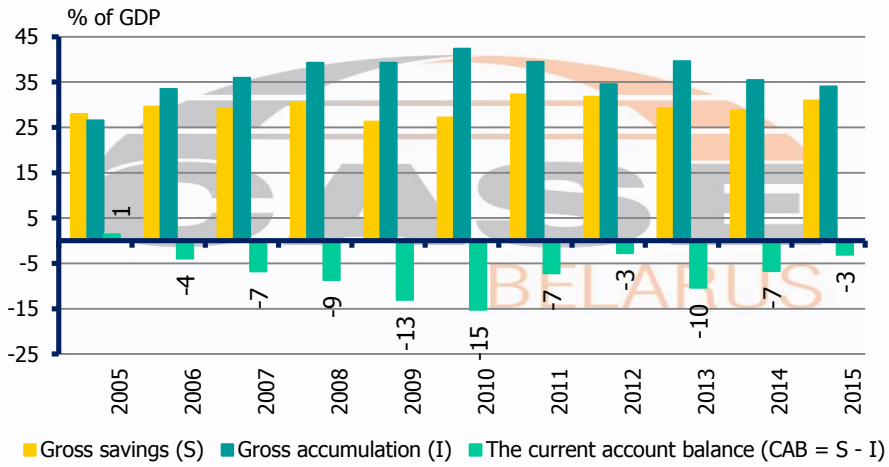

Fig. 5.17 – The resource gap

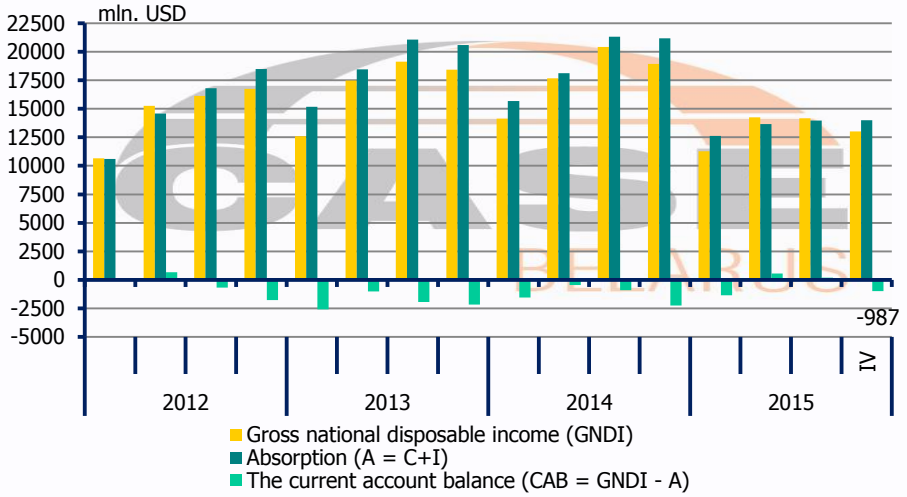

Fig. 5.18 – GNDI and absorption

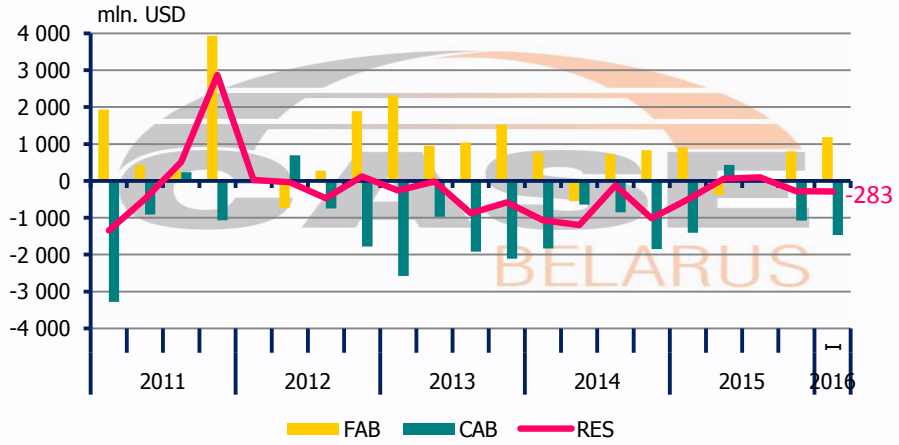

Fig. 5.19 The sources of financing balance of payments deficits

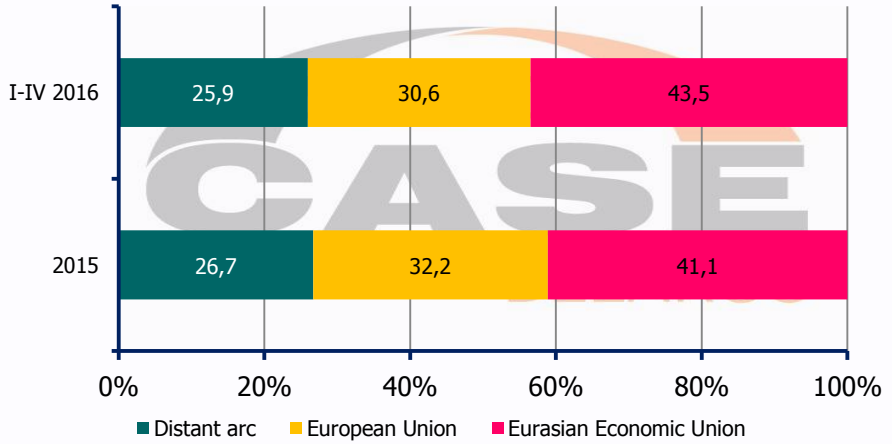

Fig. 5.20 – Diversification of Exports

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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.

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