



MACROECONOMIC REVIEW OF BELARUS



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

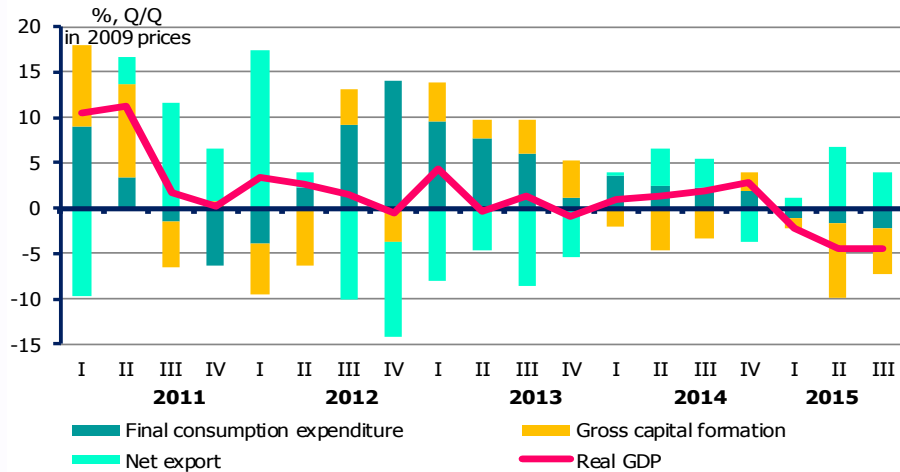


Fig. 1.1 – The structure of GDP by components of the demand

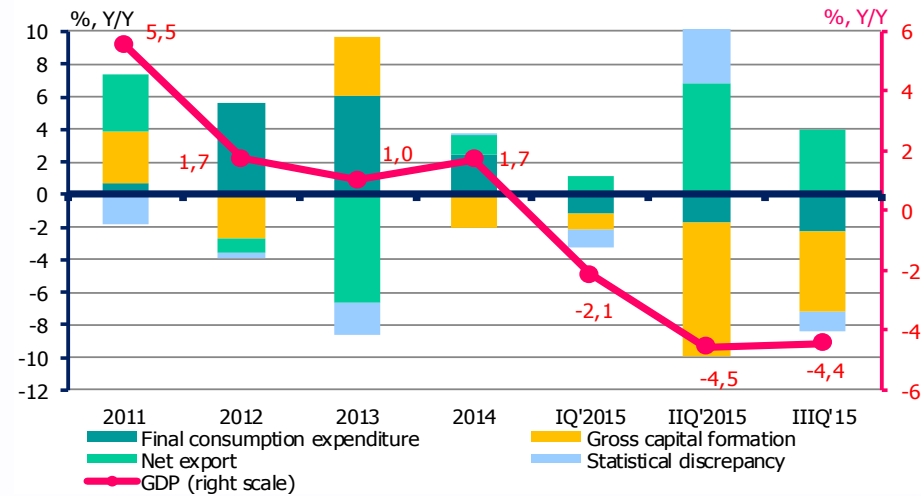


Fig. 1.2 – Decomposition of GDP growth (demand side)

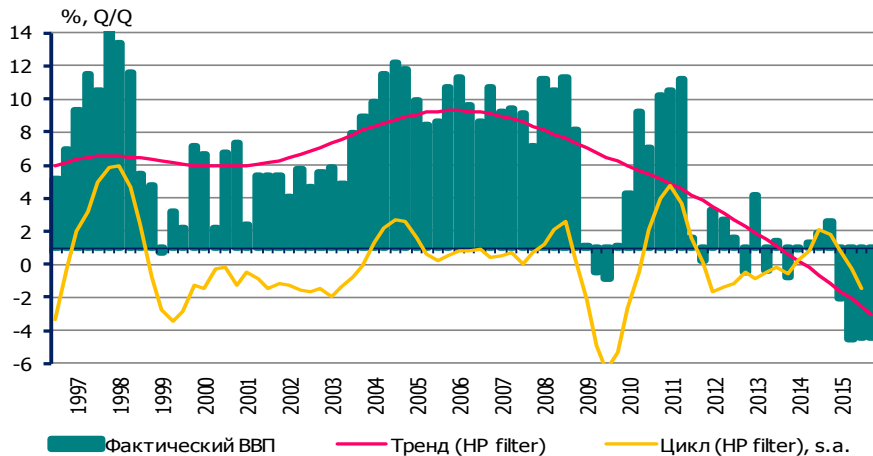


Fig. 1.3 – Trend and cycle of real GDP

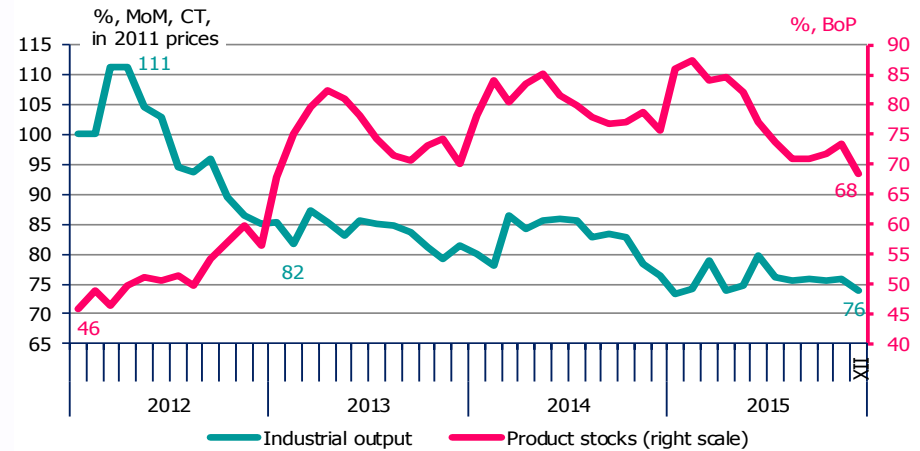


Fig. 1.4 – Industrial output and product stocks

1.2 Labor market

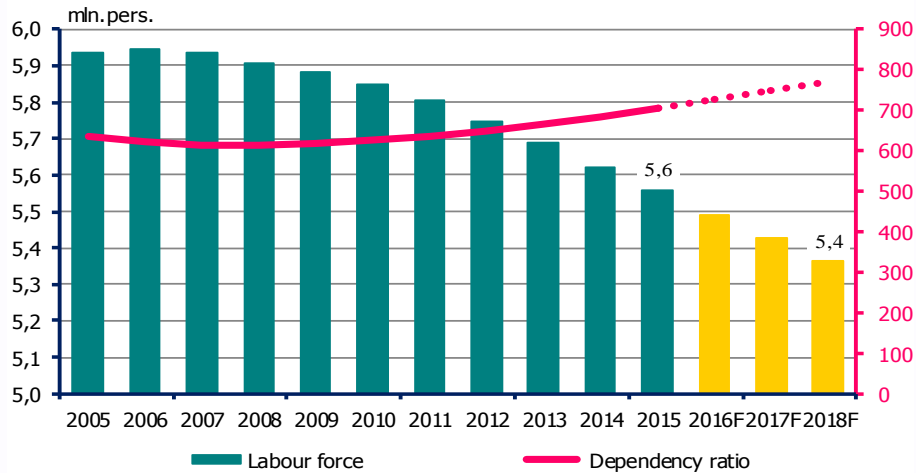


Fig. 1.5 – Labour force and dependency ratio

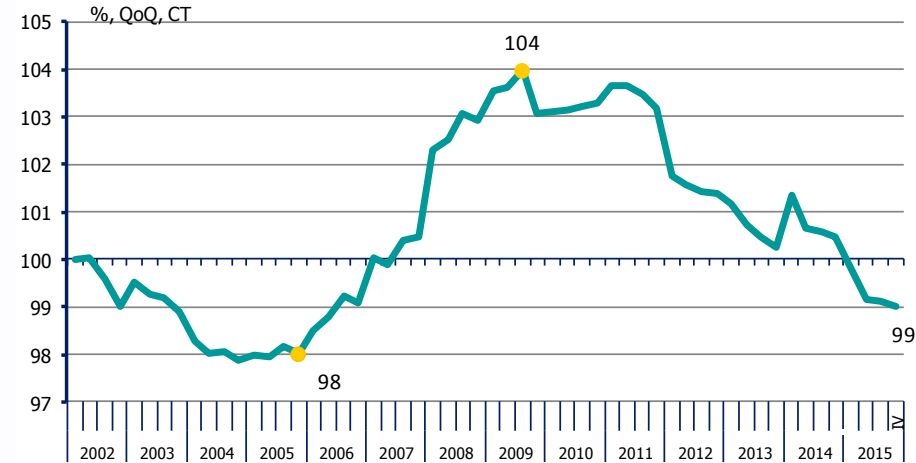


Fig. 1.6 – Number of employed in the economy

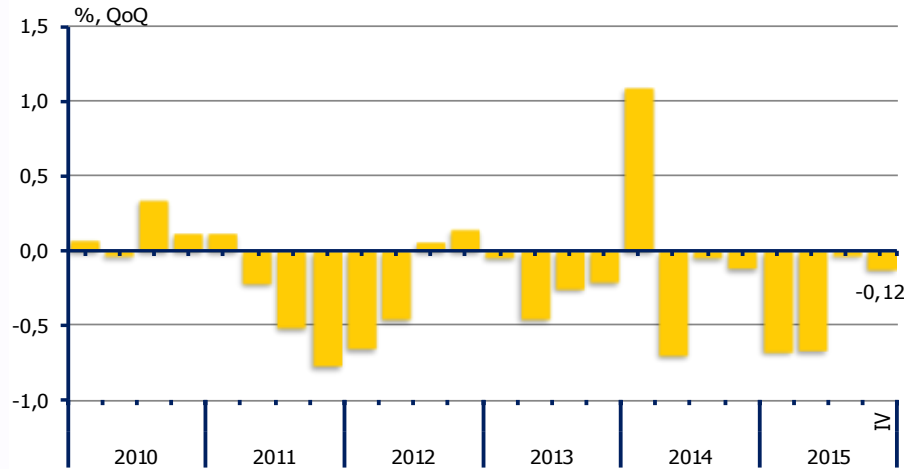


Fig. 1.7 – Employment growth rate

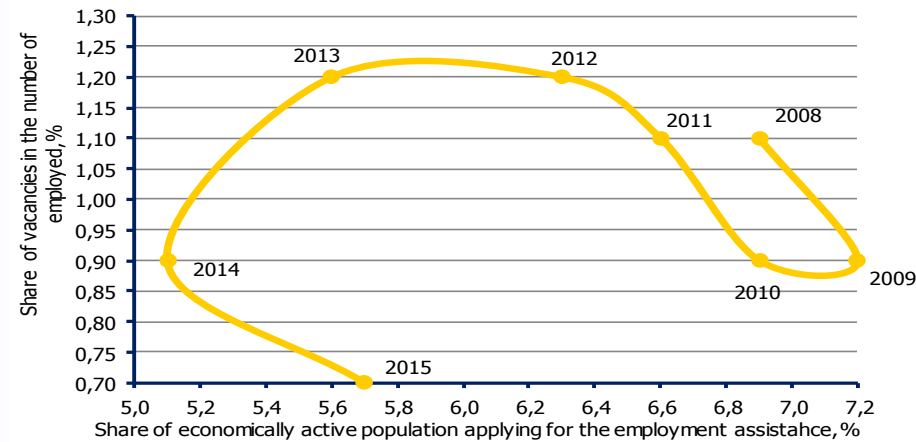


Fig. 1.8 – The Beveridge curve for Belarusian labor market, 2008-2015 v.

1.2 Labor market II

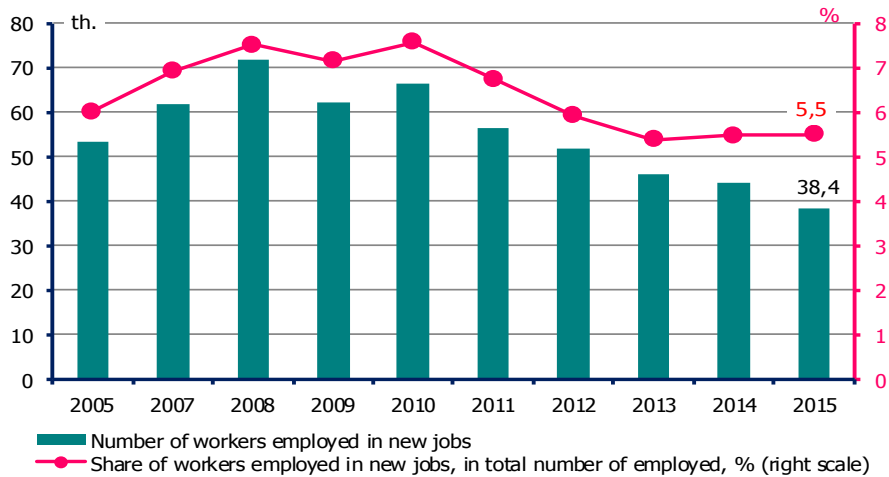


Fig. 1.9 – Dynamics of employed in new jobs

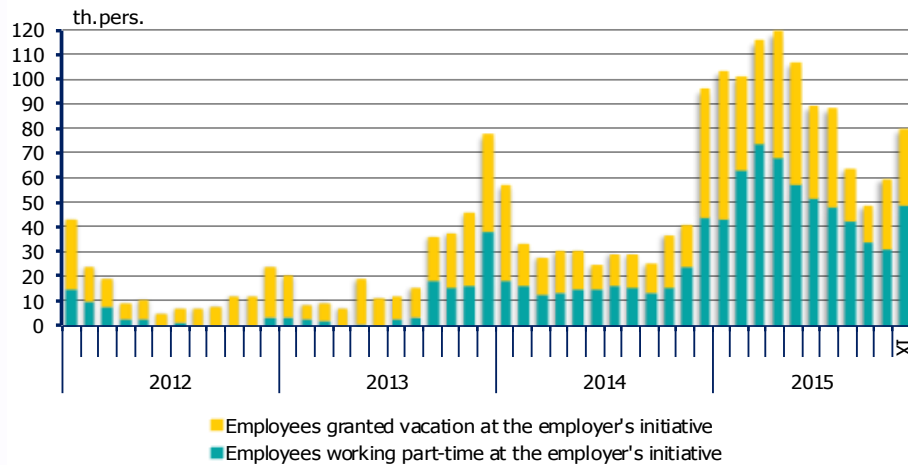


Fig. 1.11 – Employees in forced vacation and part-time work

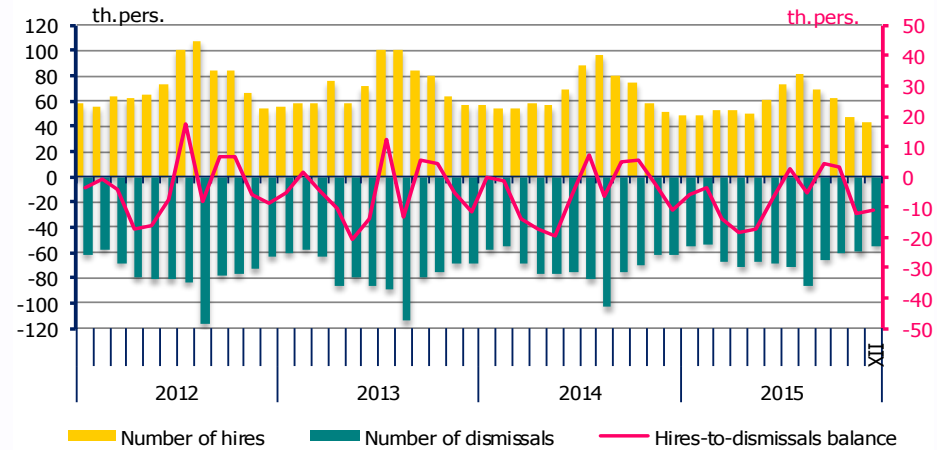


Fig. 1.10 – The ratio of hired and dismissed workers



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

1.2 Labor market III

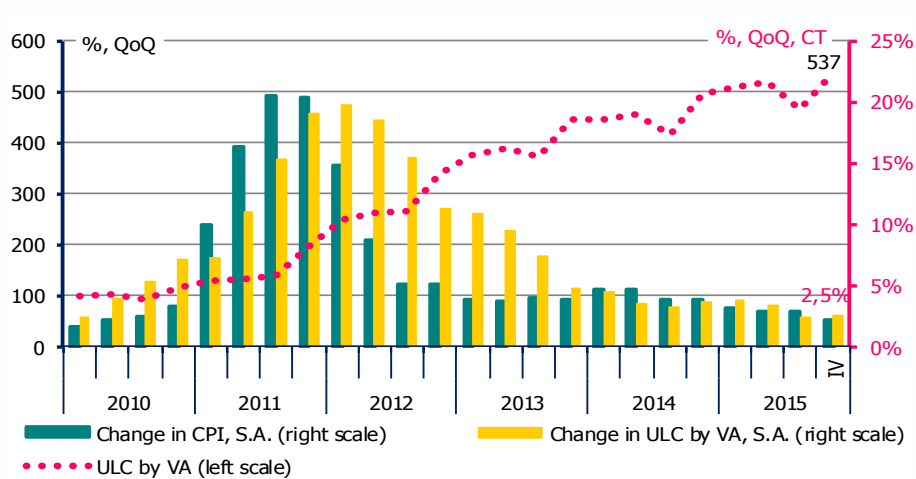


Fig. 1.13 – Change of ULC by value added and CPI

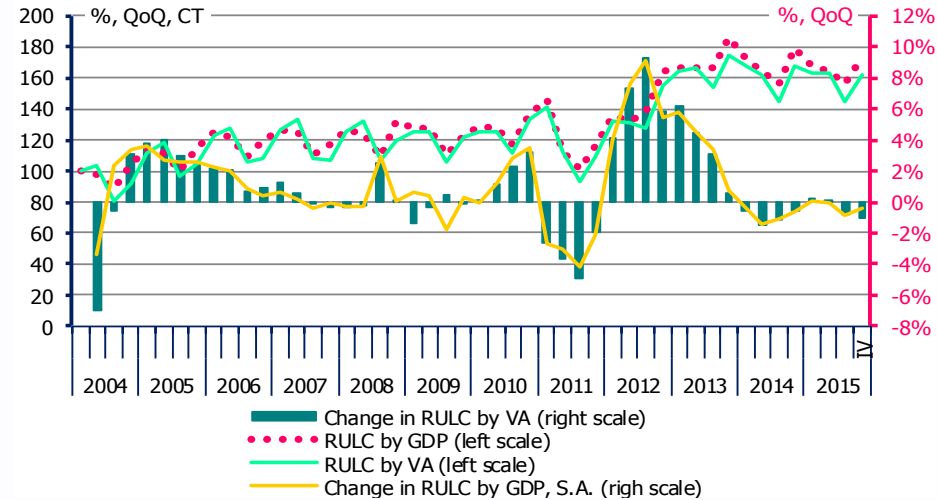


Fig. 1.14 - Dynamics (left scale) and change (right scale) in RULC by GDP and VA (real wages by CPI)

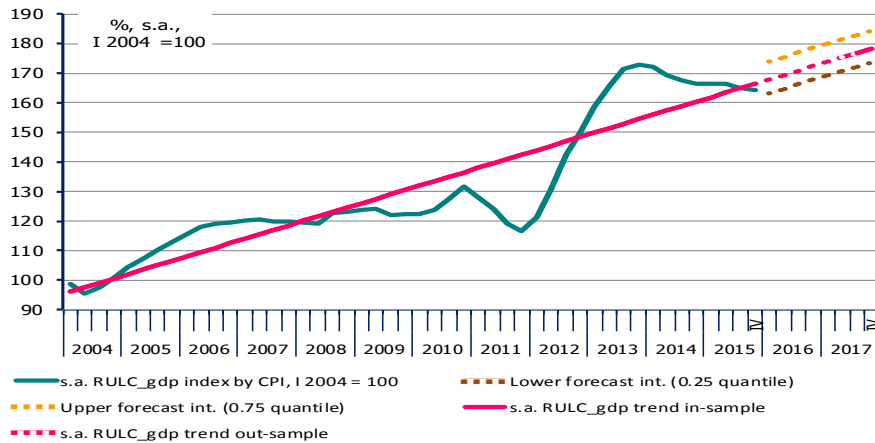


Fig. 1.15 – Dynamics and trend of RULC (ratio of real labour compensation (by CPI) to real GDP)

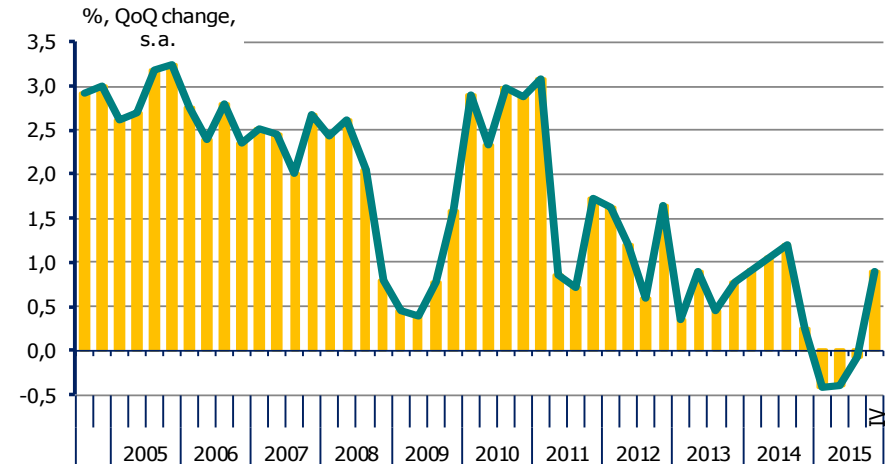


Fig. 1.16 – Labor productivity

1.3 Wages and consumer demand

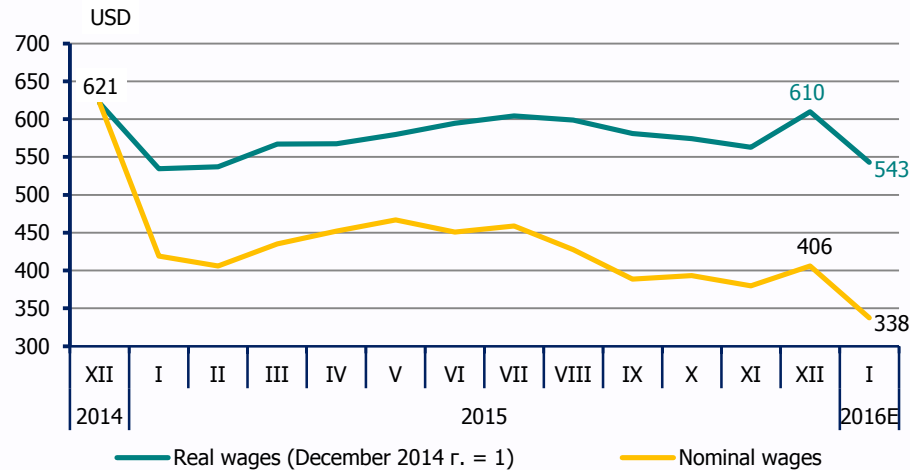


Fig. 1.17 - Dynamics of real wages in USD

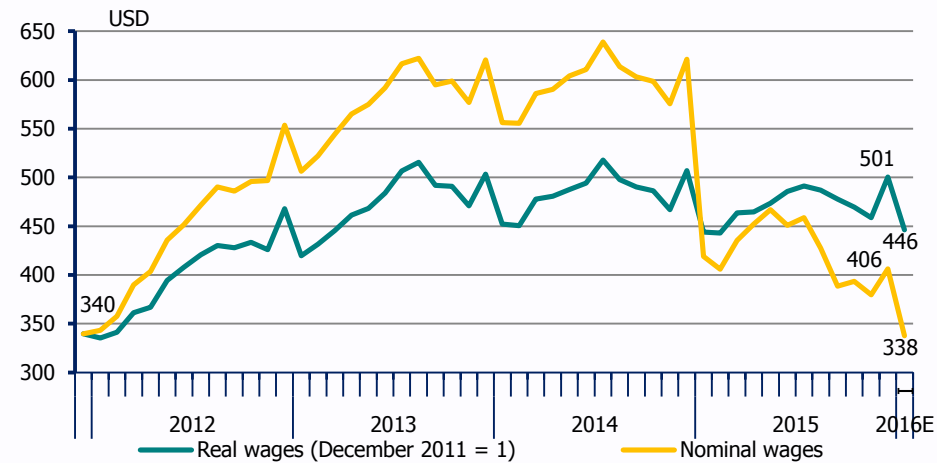


Fig. 1.18 - Dynamics of real wages in USD

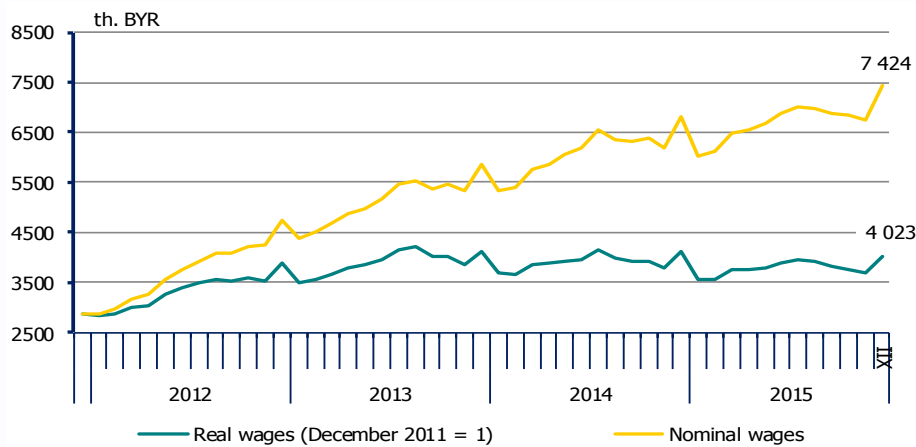


Fig. 1.19 - Dynamics of nominal and real average monthly wages

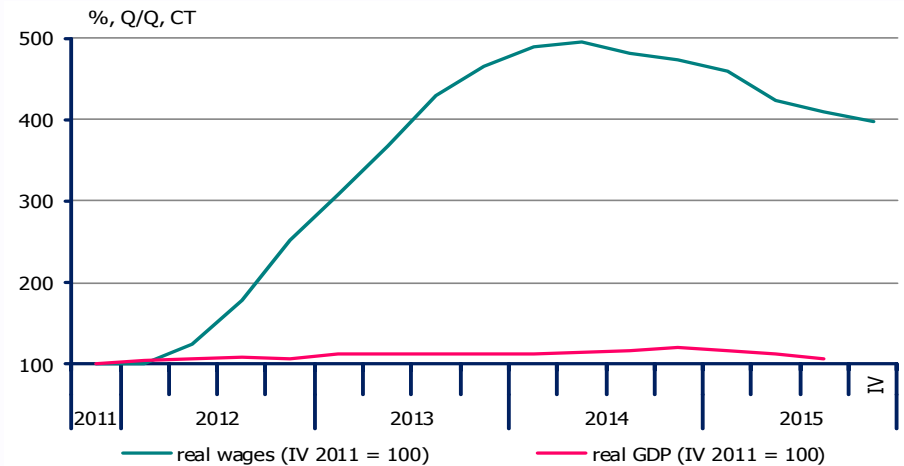


Fig. 1.20 - Dynamics of real wages and GDP

1.4 Investments

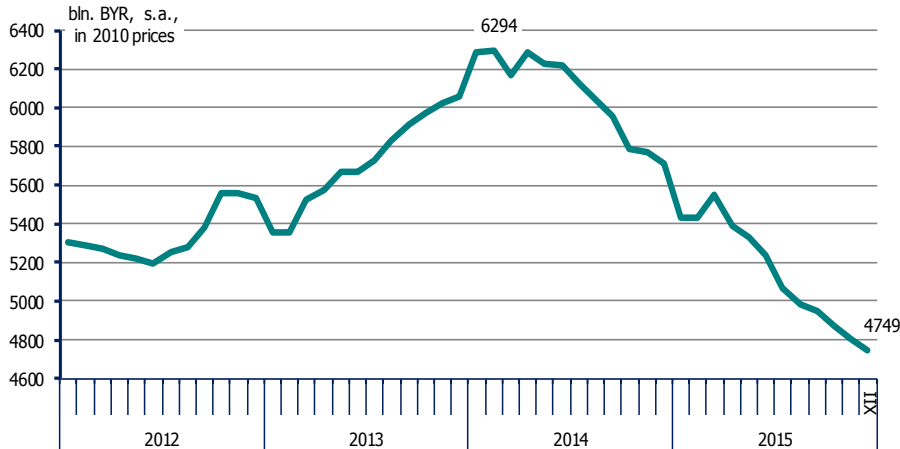


Fig. 1.21 – Fixed capital investment in real terms

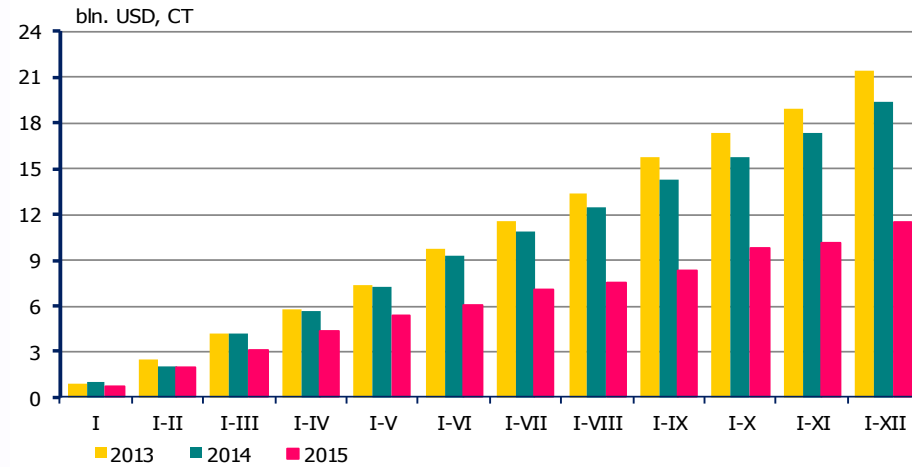


Fig. 1.22 – Fixed capital investment in current USD

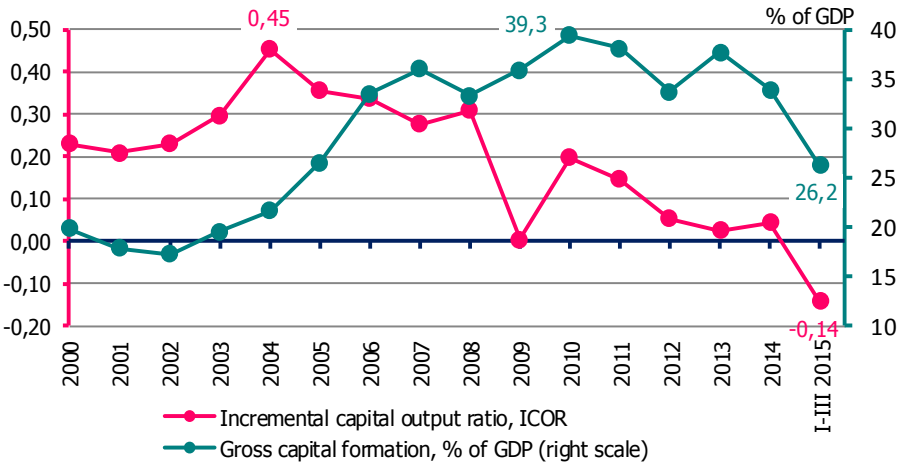


Fig. 1.23 – Incremental capital output ratio (right scale) and gross capital formation (left scale)

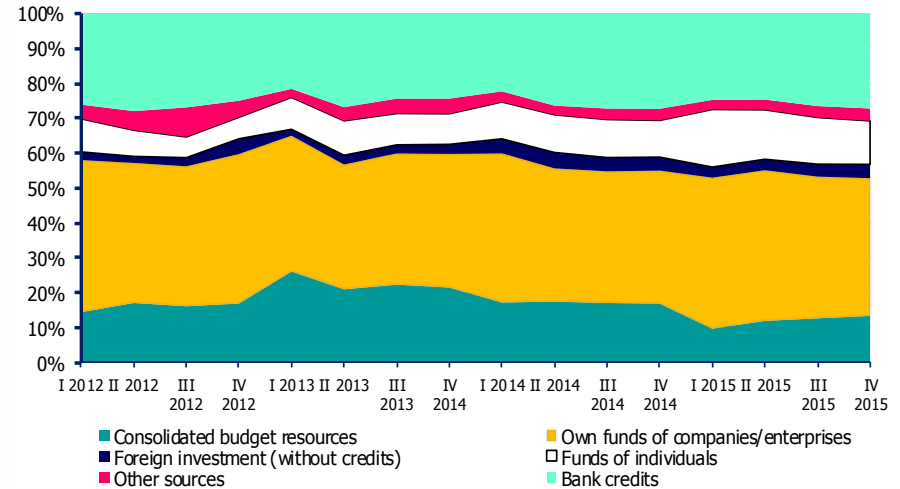


Fig. 1.24 – Fixed capital investment by source of financing

1.5 Inflation

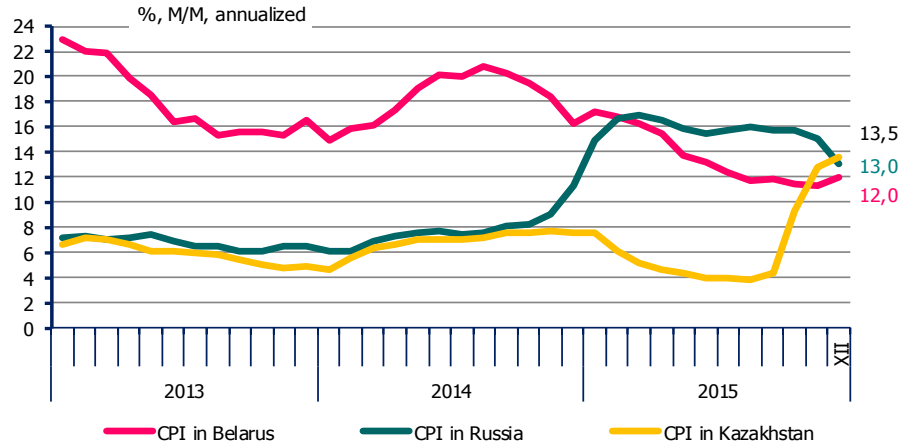


Fig. 1.25 - Inflation in Belarus, Russia and Kazakhstan

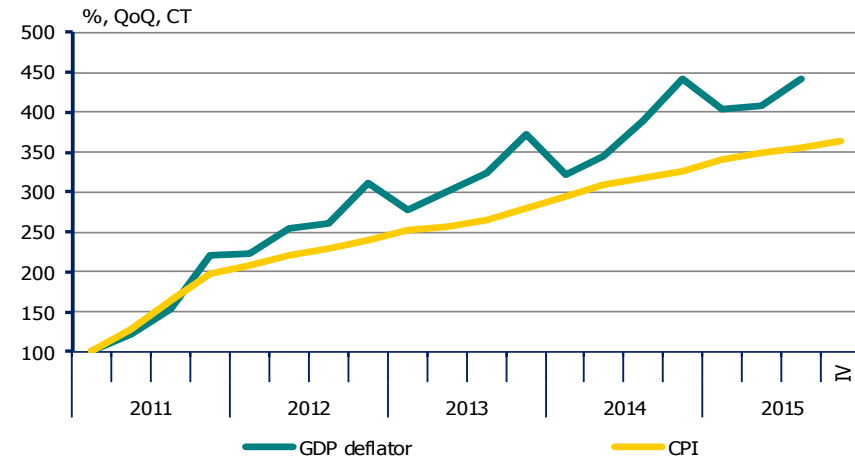


Fig. 1.27 – GDP Deflator and CPI

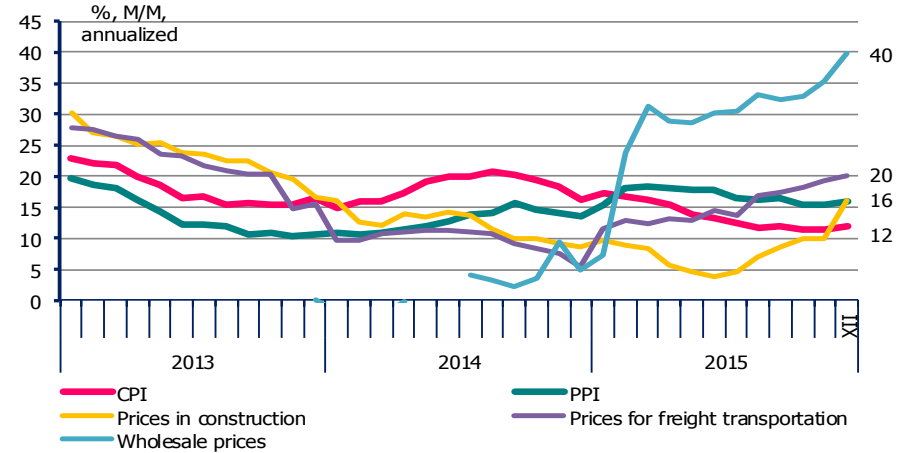


Fig. 1.26 – CPI by kind of prices

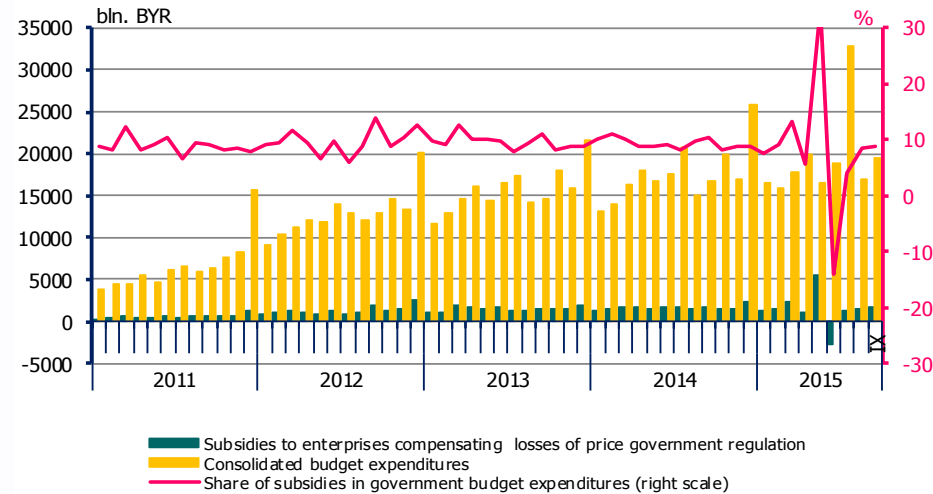


Fig. 1.28 - Share of subsidies covering losses of price regulation

2.1 Government Budget

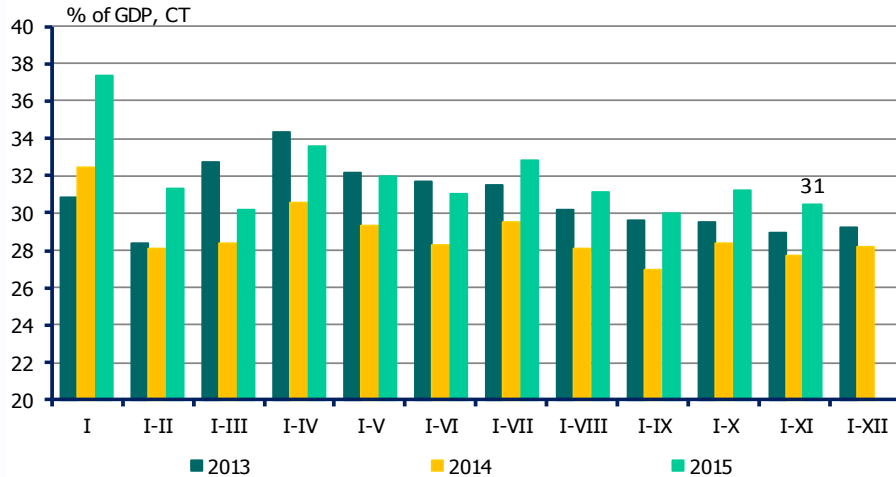


Fig. 2.1 – Revenues of consolidated budget

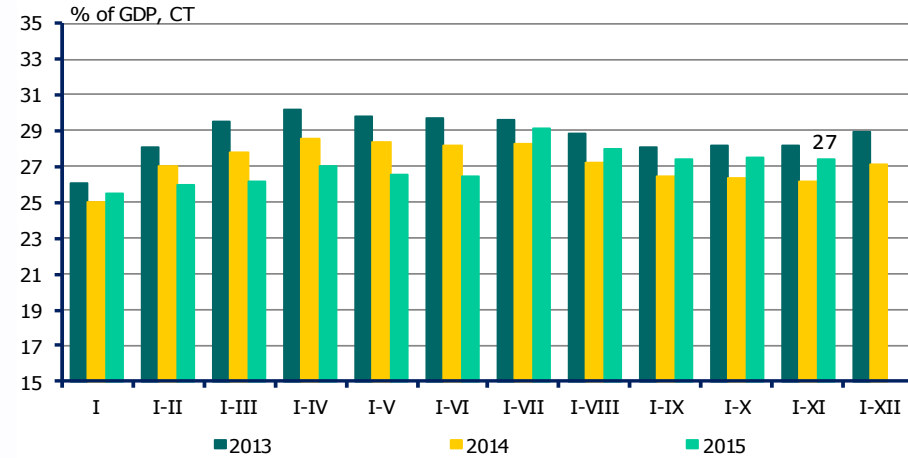


Fig. 2.2 - Expenditures of consolidated budget

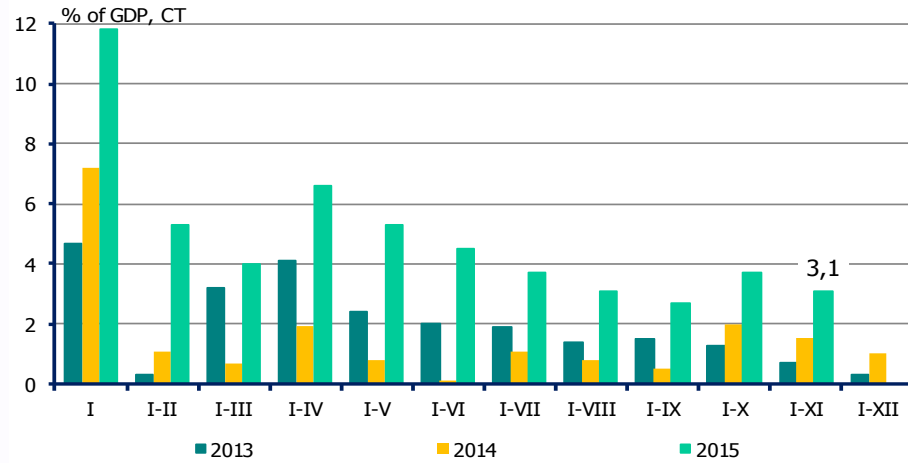


Fig. 2.3 - Surplus (+) / deficit (-) of consolidated budget

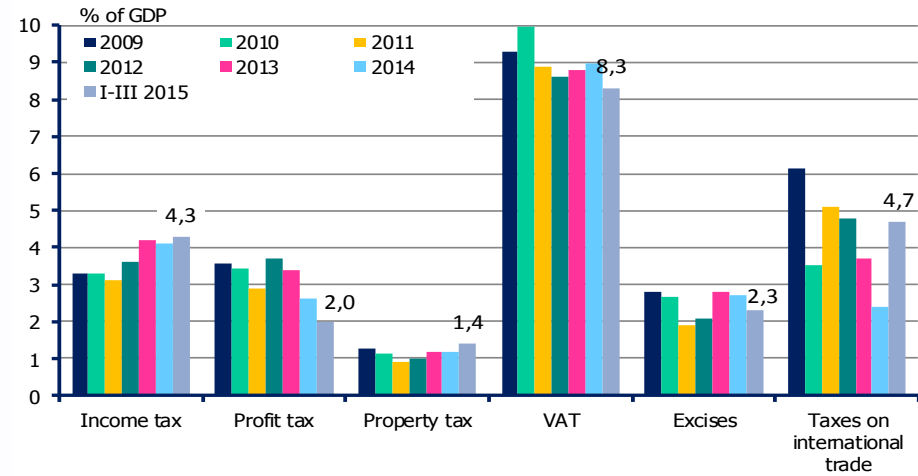


Fig. 2.4 - Tax revenues to GDP ratio

2.1 Government Budget II

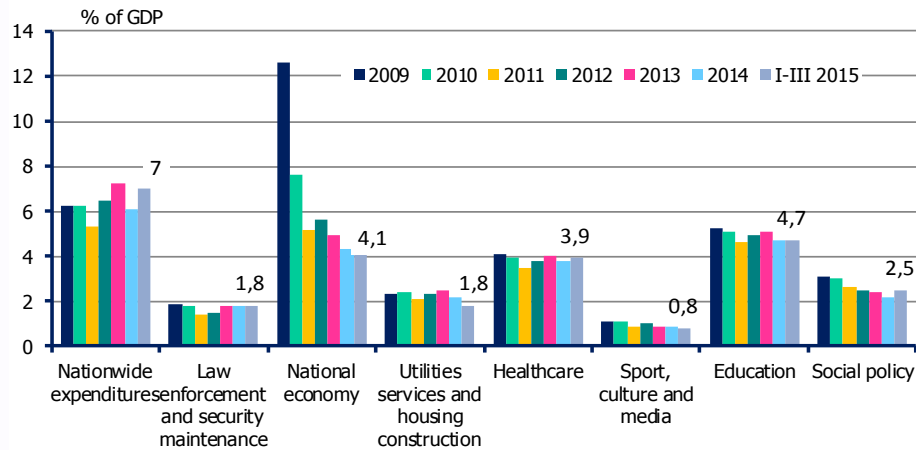


Fig. 2.5 – Structure of consolidated budget expenditures

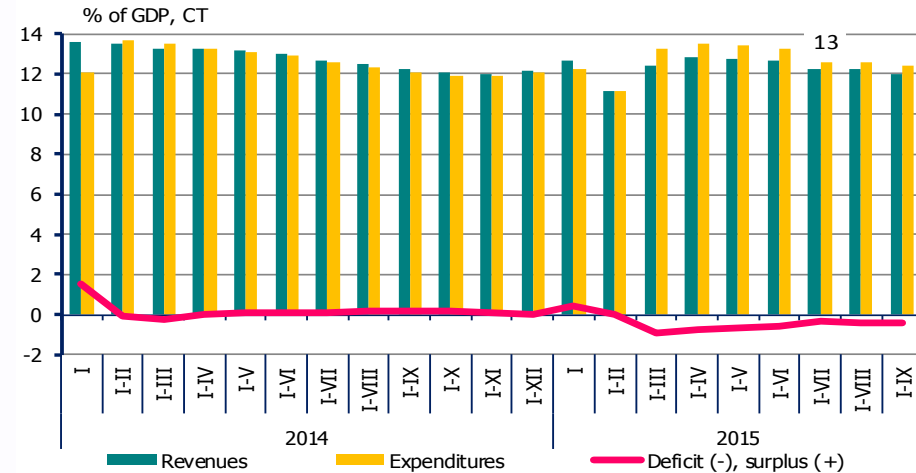


Fig. 2.6 – The Social Security Fund balance

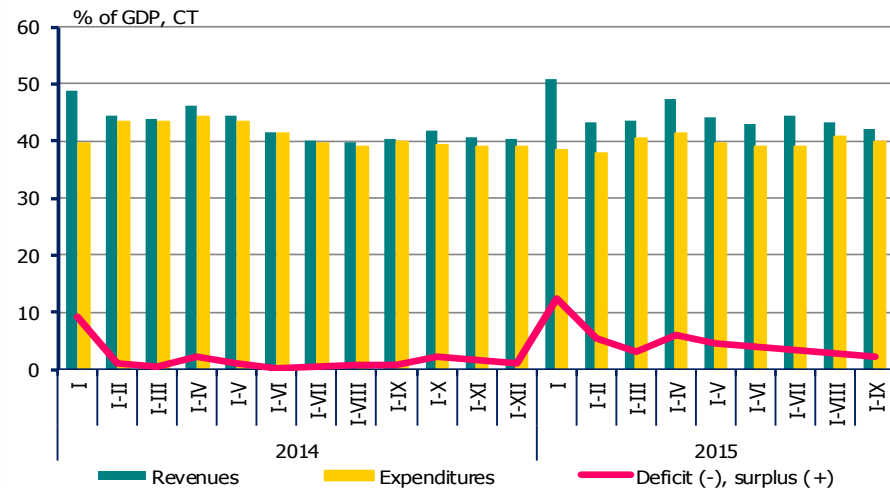


Fig. 2.7 – The central government budget balance

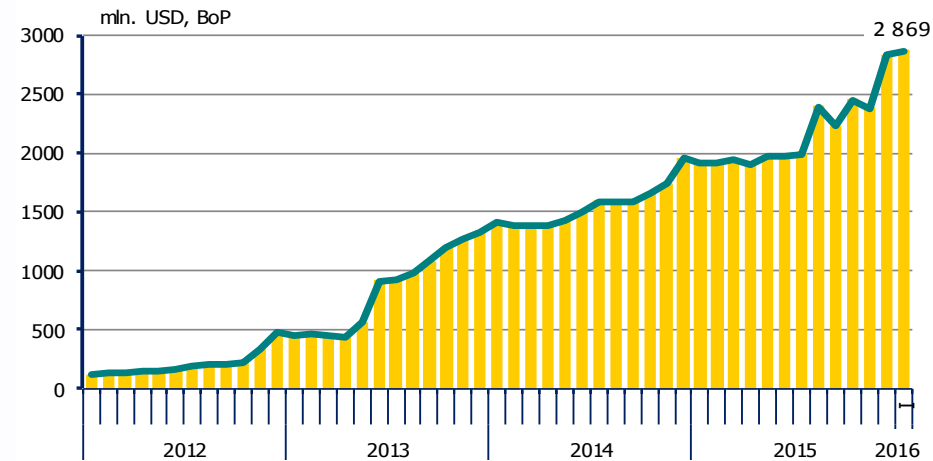


Fig. 2.8 – Foreign currency bonds issued by the Ministry of Finance in banks' portfolios

3.1 Monetary base

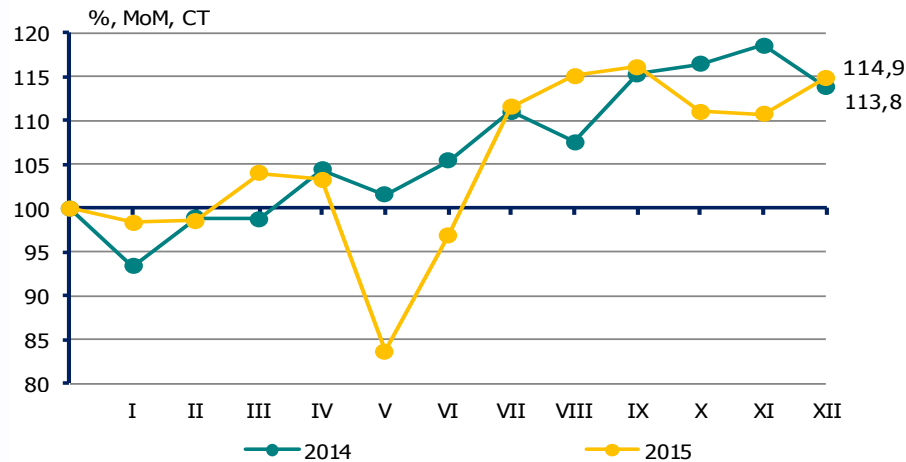


Fig. 3.1 – Monetary base

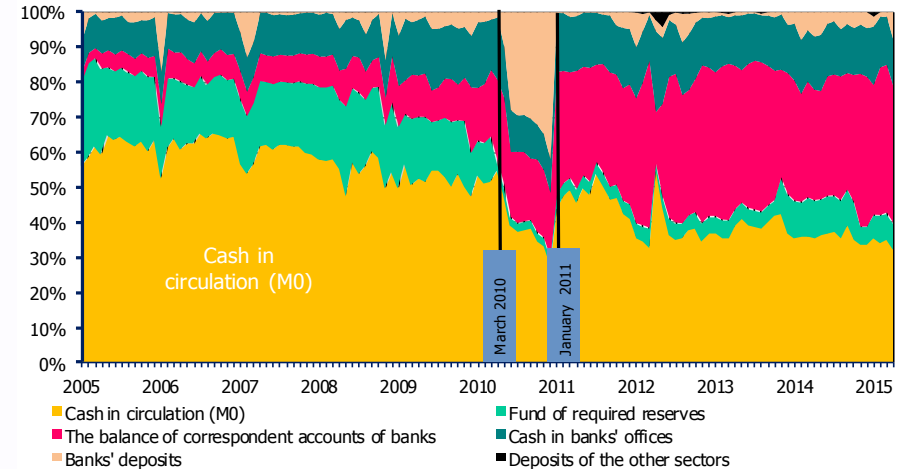


Fig. 3.2 - Monetary base structure dynamics

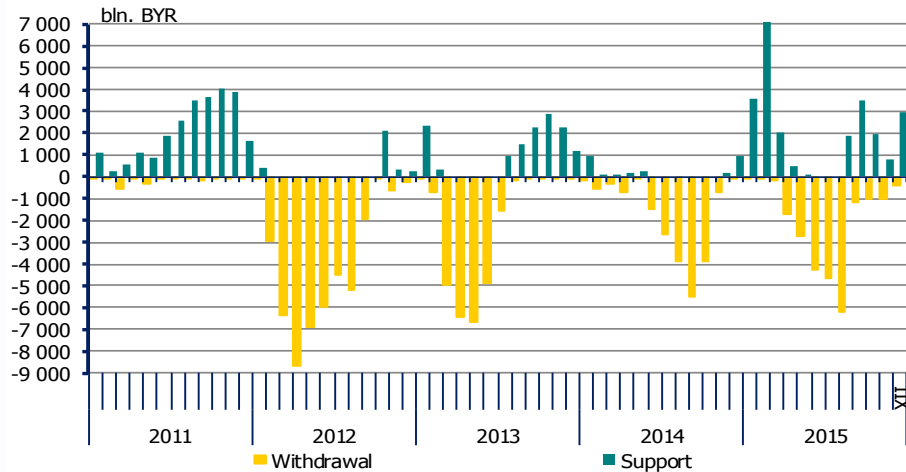


Fig. 3.3 - Regulation of the banking system liquidity by National Bank

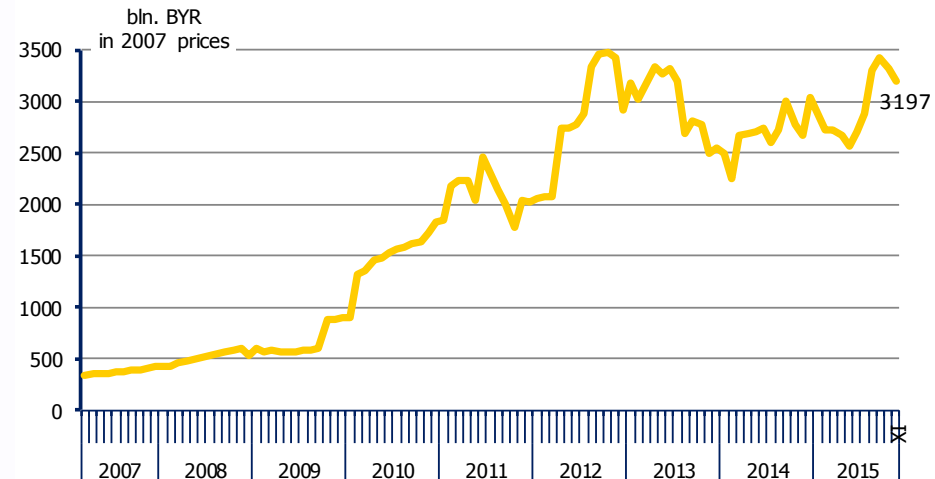


Fig. 3.4 – Balance of correspondent accounts

3.2 Multiplier and money velocity

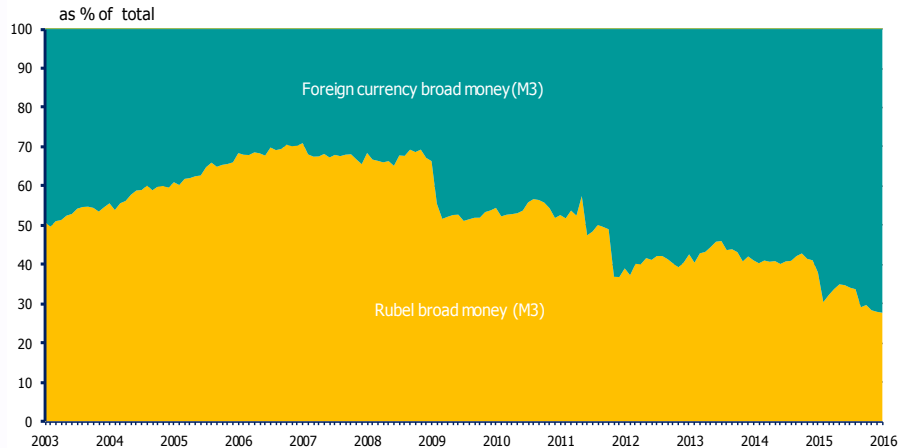


Fig. 3.5 – Dollarization of the money supply

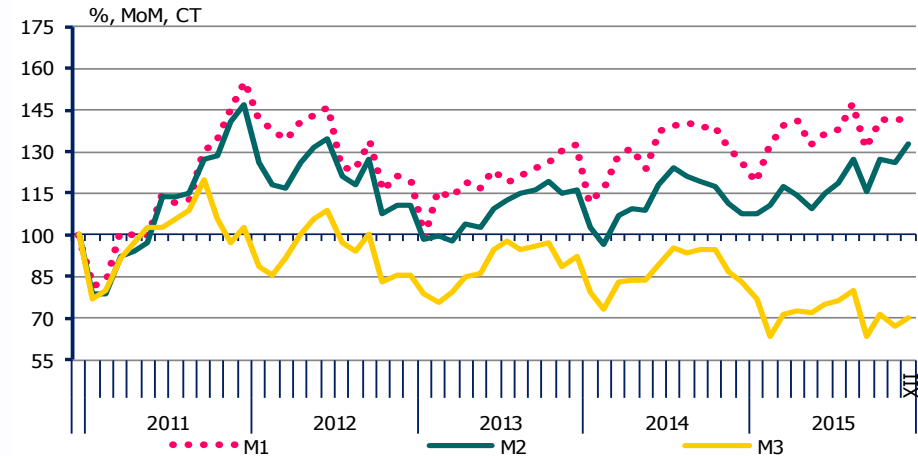


Fig. 3.6 – Money velocity

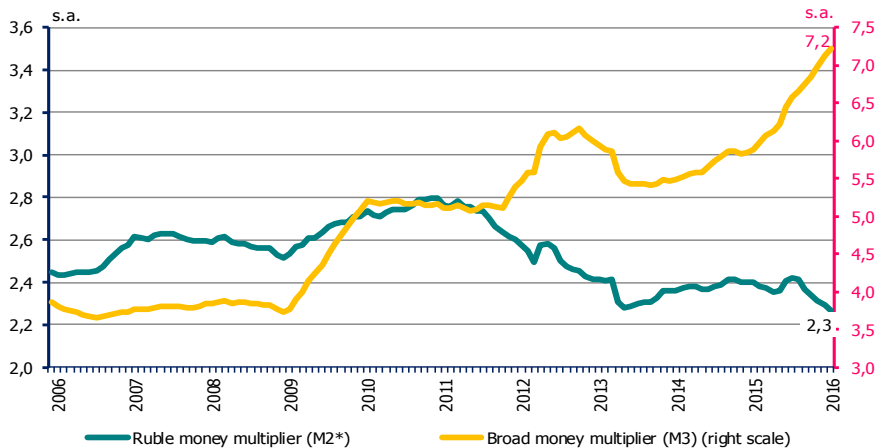


Fig. 3.7 – Money multiplier

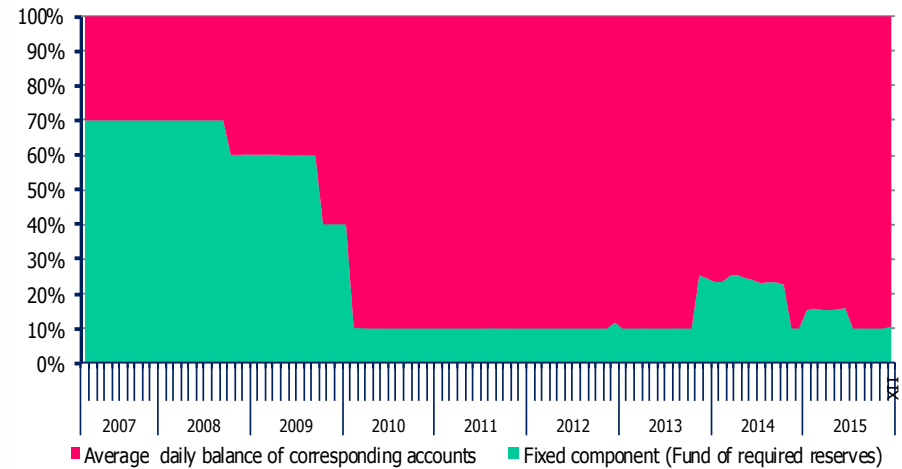


Fig. 3.8 – Structure of the commercial banks reserves in the monetary base

3.3 Money supply

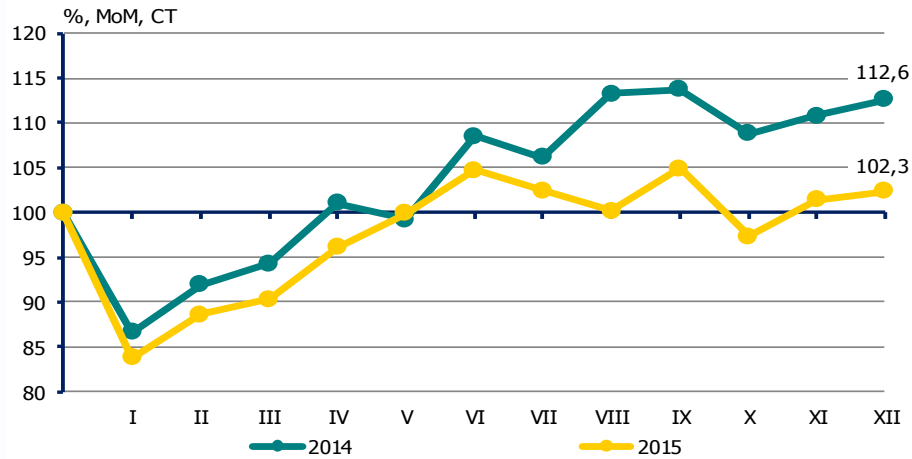


Fig. 3.9 – M1 growth

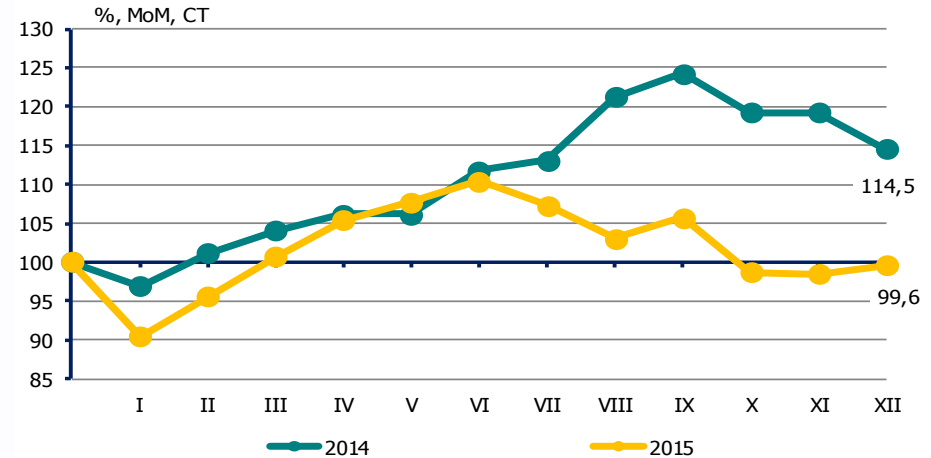


Fig. 3.10 – M2* growth

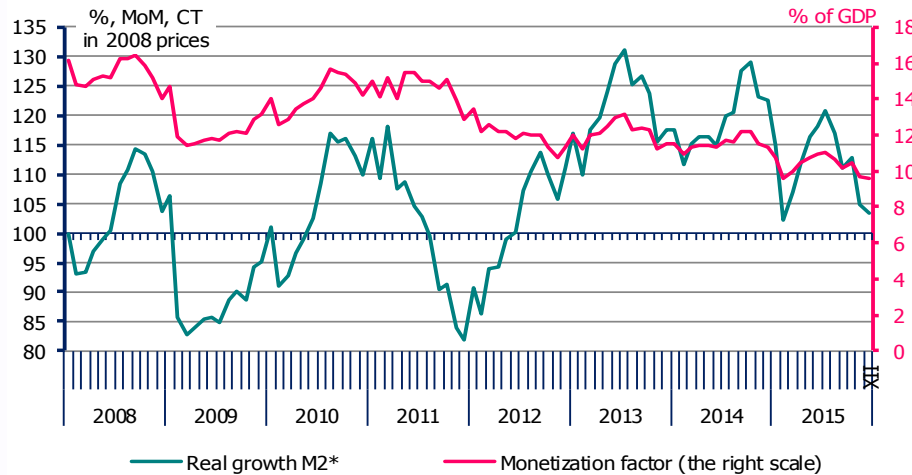


Fig. 3.11 – M2* dynamics

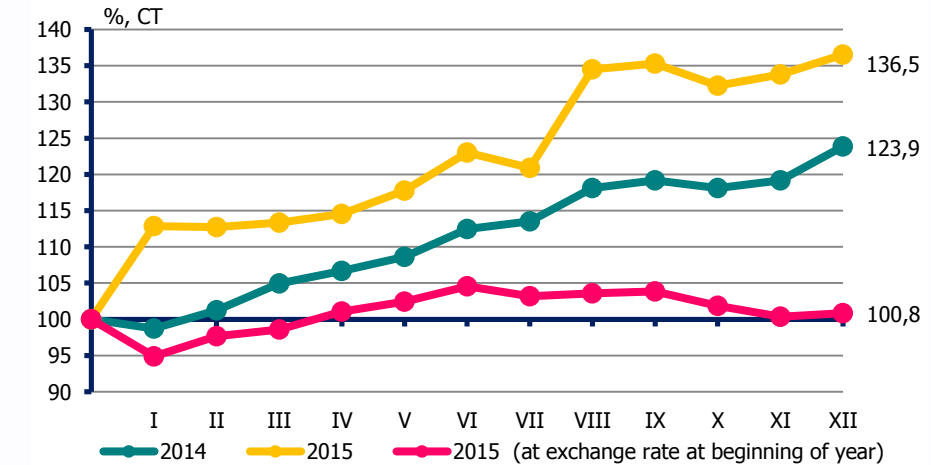


Fig. 3.12 – M3 growth

3.4 The resource base of commercial banks

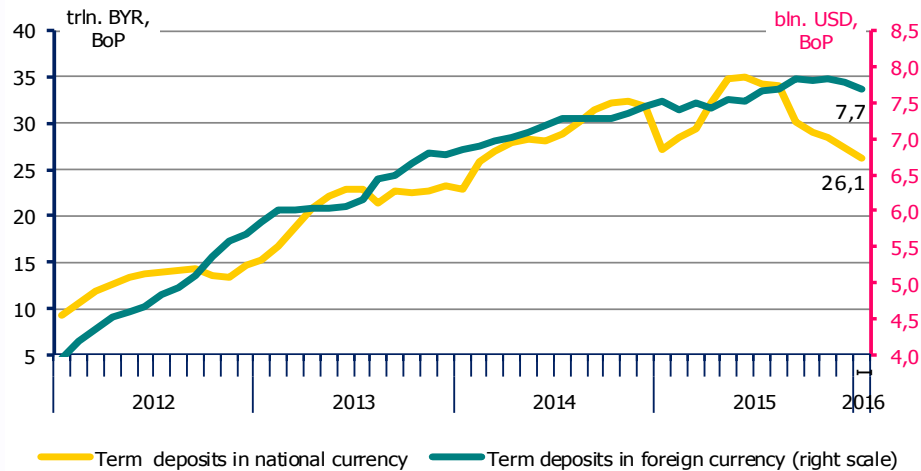


Fig. 3.13 – Term deposits of individuals in national and foreign currency

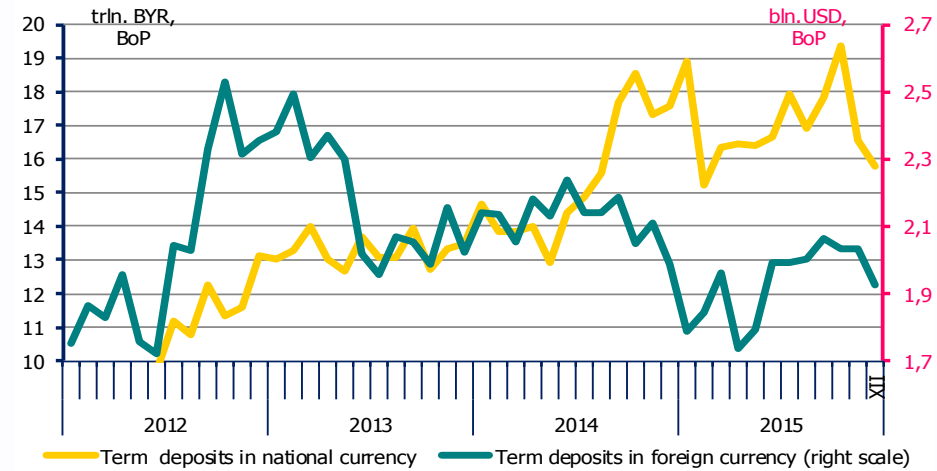


Fig. 3.14 – Term deposits of enterprises in national and foreign currency

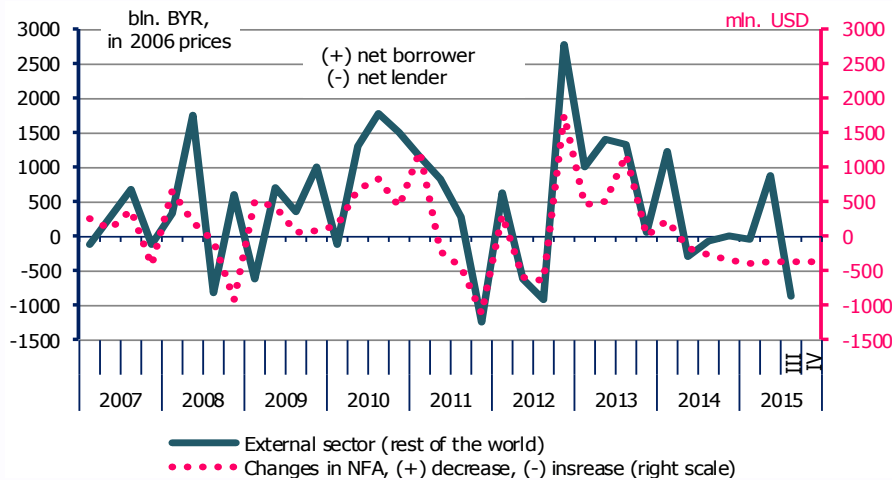


Fig. 3.15 – Finance resources attracted by banks from the rest of the world

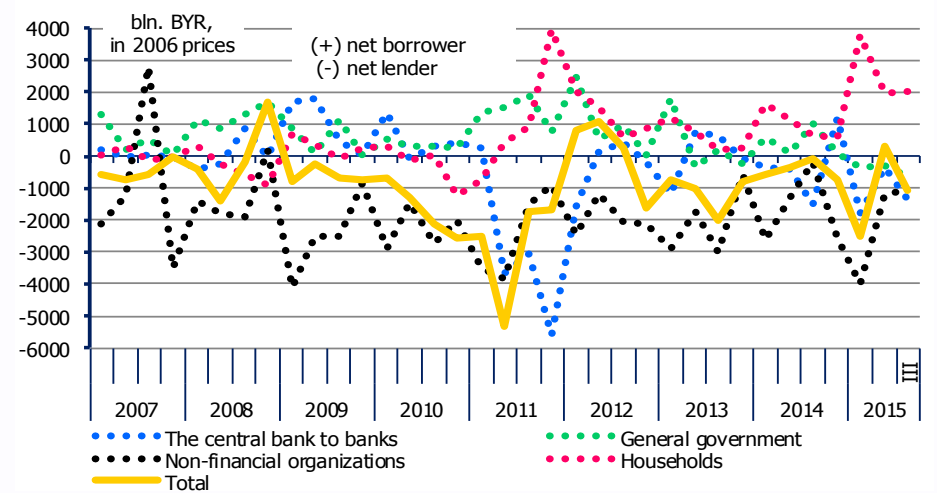


Fig. 3.16 – Domestic finance resources attracted by banks

3.5 Financial depth of the economy

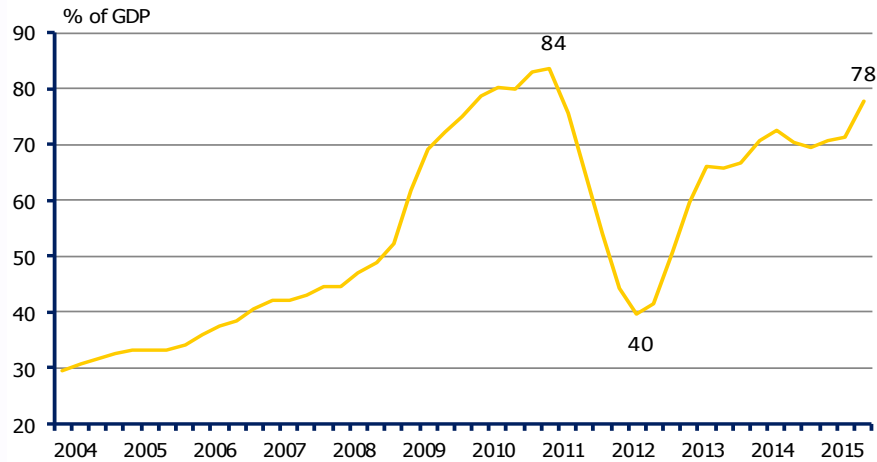


Fig. 3.17 – SDEO to GDP ratio, deflated

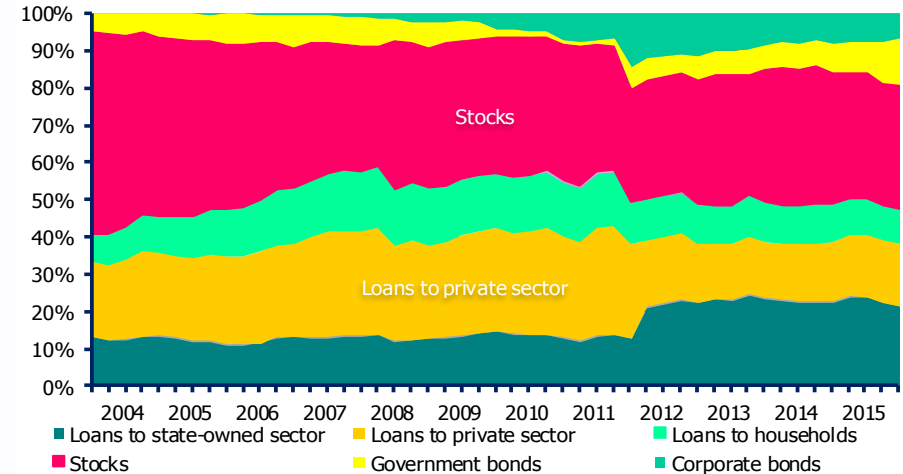


Fig. 3.18 – SDEO structure

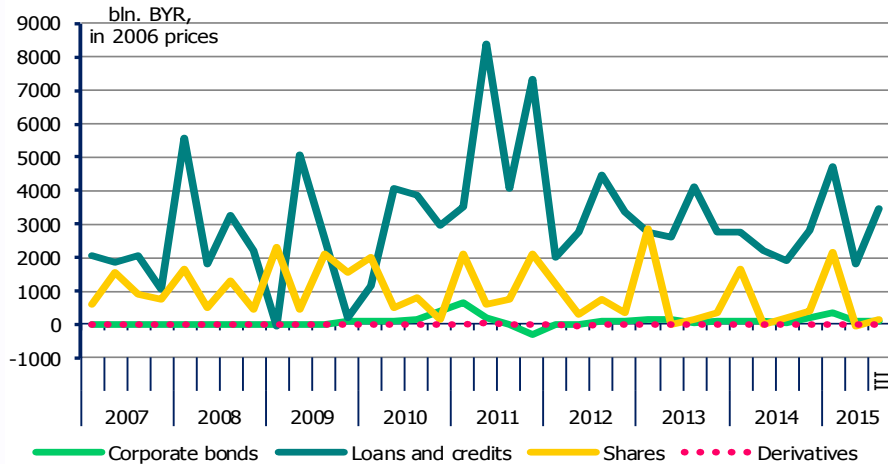


Fig. 3.19 – Attracted resources of enterprises by financial instruments

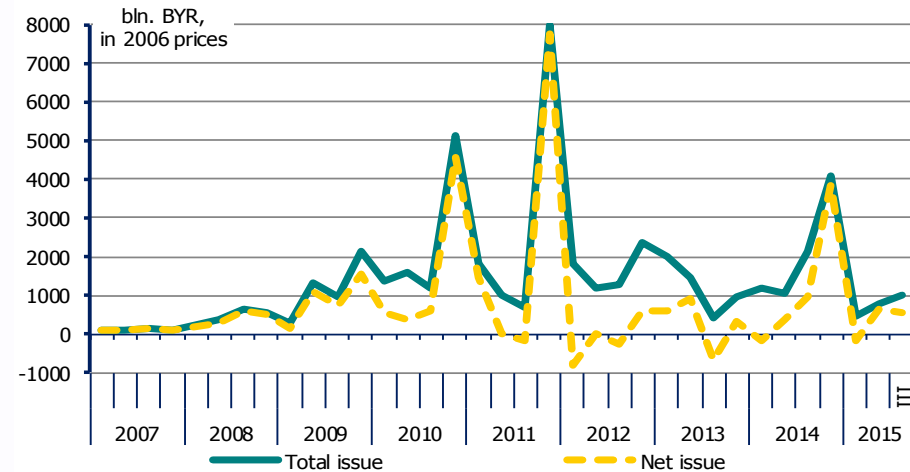


Fig. 3.20 – Corporate bonds issue

3.6 Borrowing in the economy

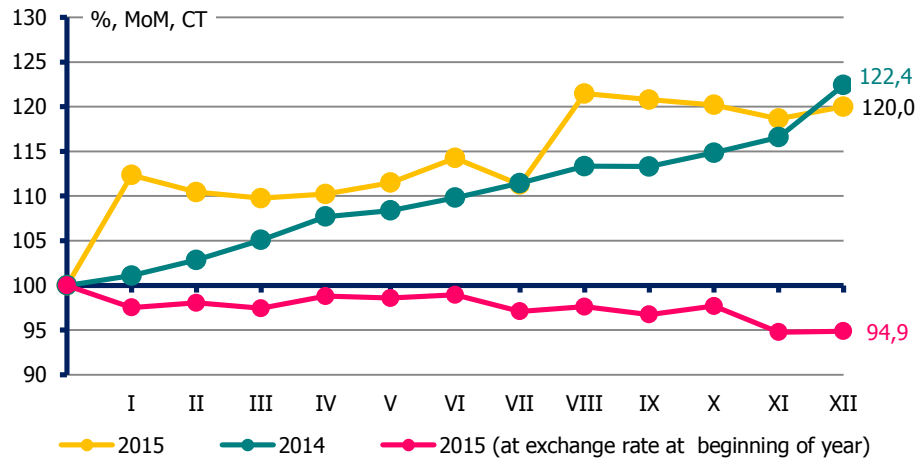


Fig. 3.21 — Bank's claims on the economy
Financial sector claims on enterprises

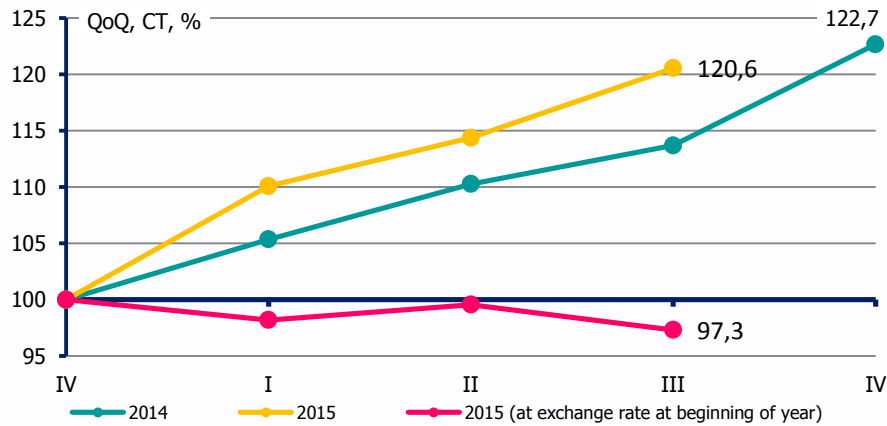


Fig. 3.23 Financial sector claims on the economy

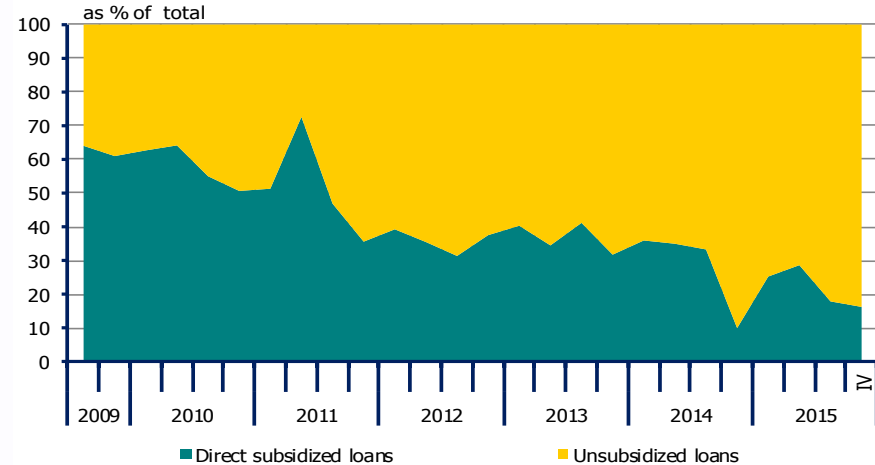


Fig. 3.22 Preferential loans in total loans of commercial banks

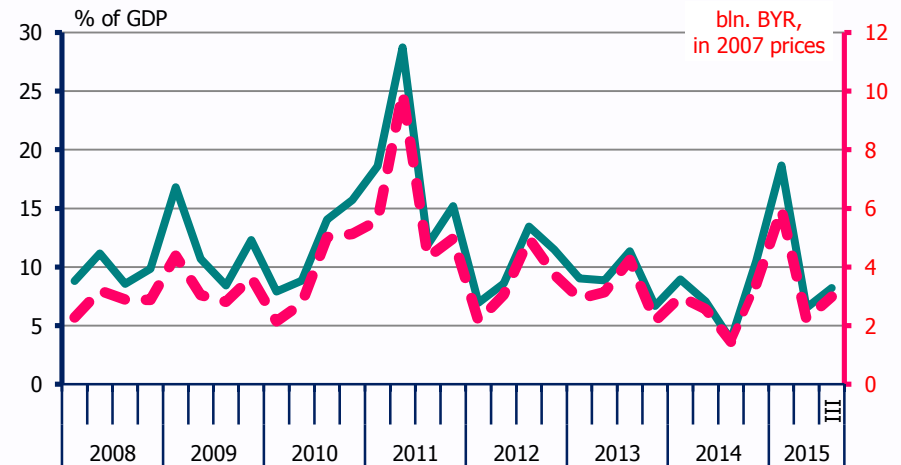


Fig. 3.24 Financial sector claims on enterprises

3.7 Foreign exchange market

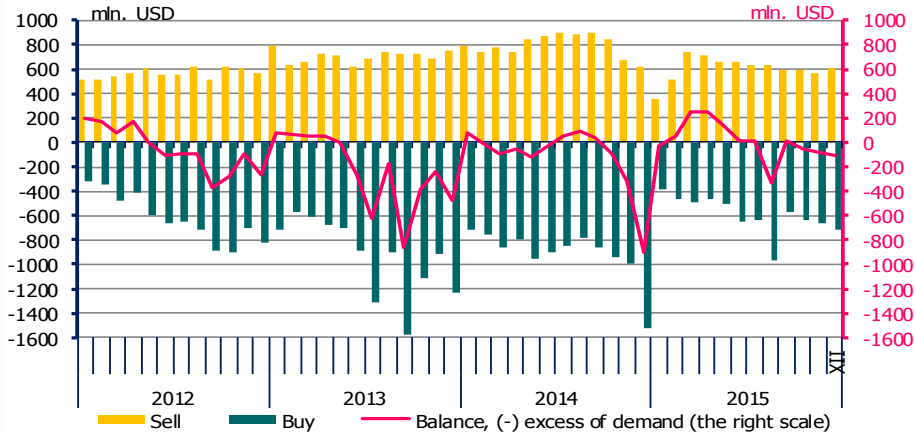


Fig. 3.25 – Buy and sell volumes of foreign exchange market by households

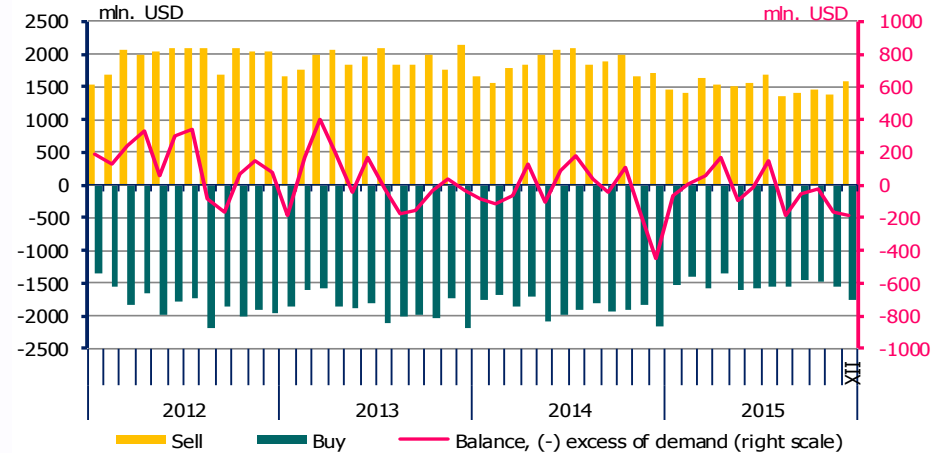


Fig. 3.26 – Buy and sell volumes of foreign exchange market by companies

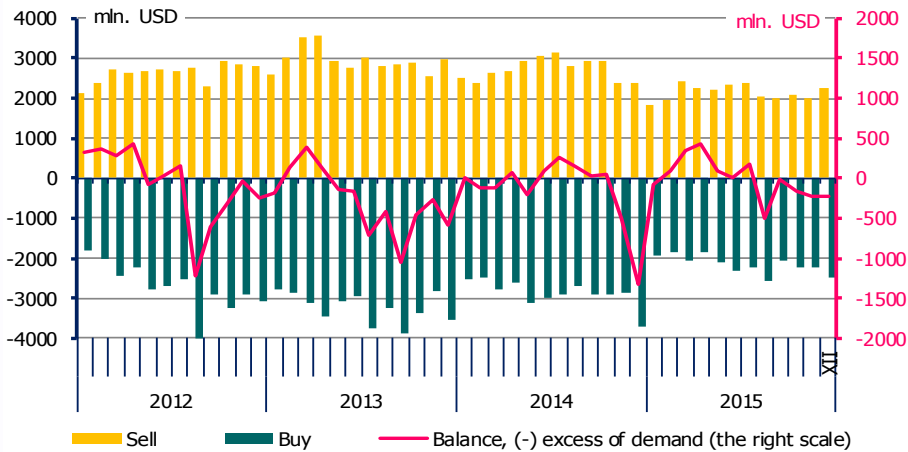


Fig. 3.27 – Total buy and sell volumes of foreign exchange market

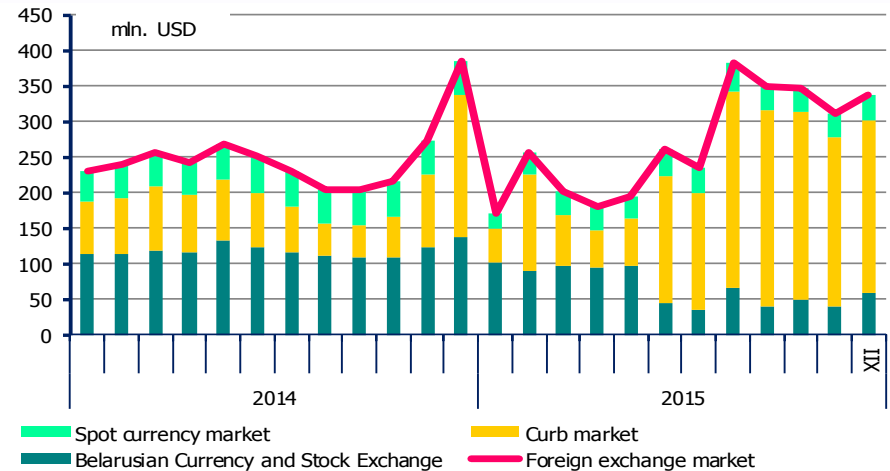


Fig. 3.28 – Average daily turnover of foreign currency on the foreign exchange market

4.1 Balance of payments

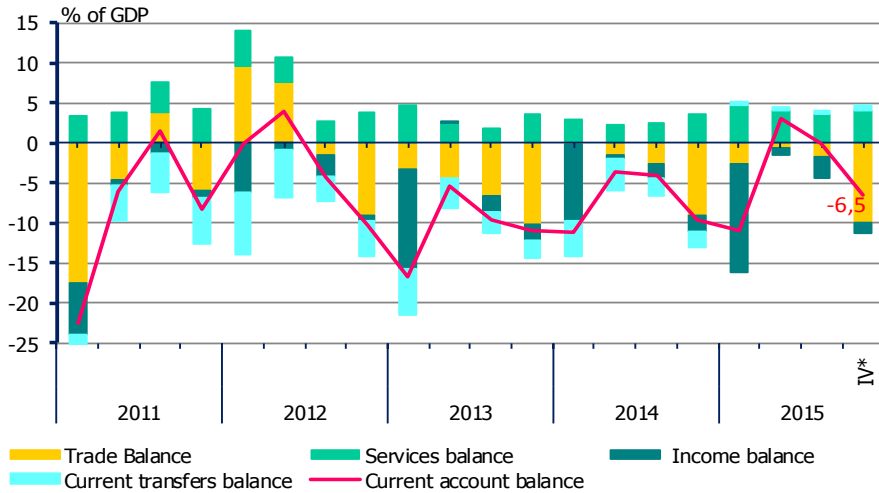


Fig. 4.1 – Current account balance

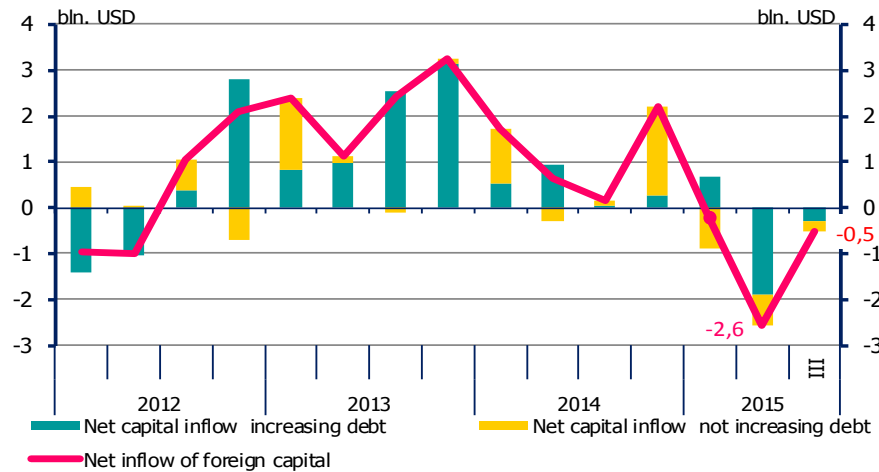


Fig. 4.3 – Net capital inflow to cover the current account's deficit

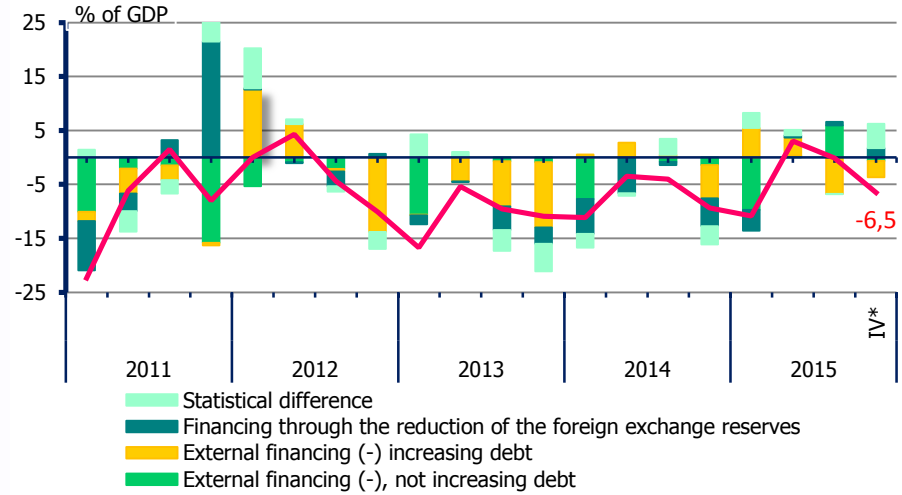


Fig. 4.2 – Sources of financing of current balance deficit

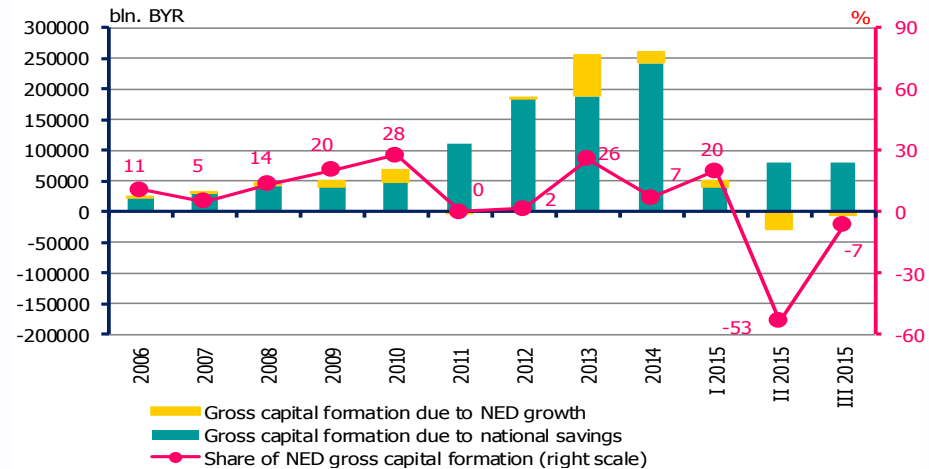


Fig. 4.4 – Gross capital formation due to NED growth

4.2 Foreign trade

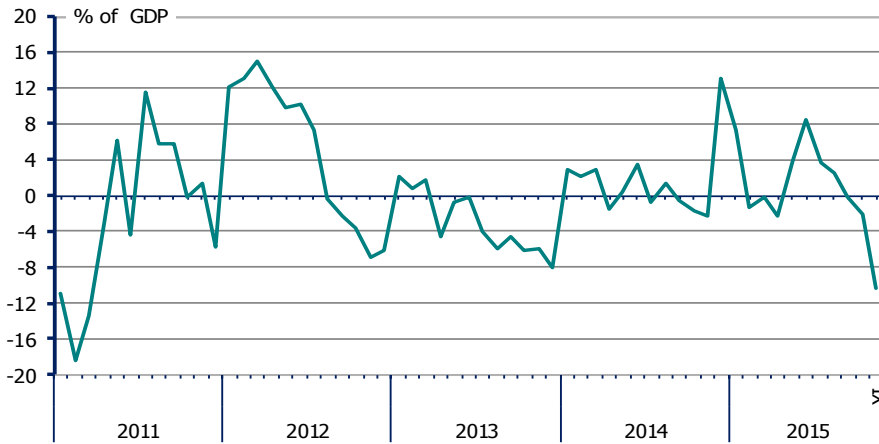


Fig. 4.5 – The ratio of trade balance in goods and services to GDP

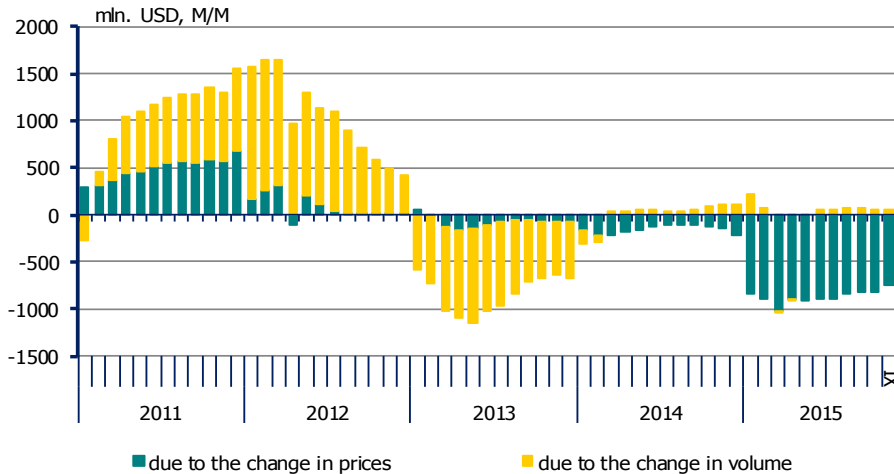


Fig. 4.7 – Changes in export of goods

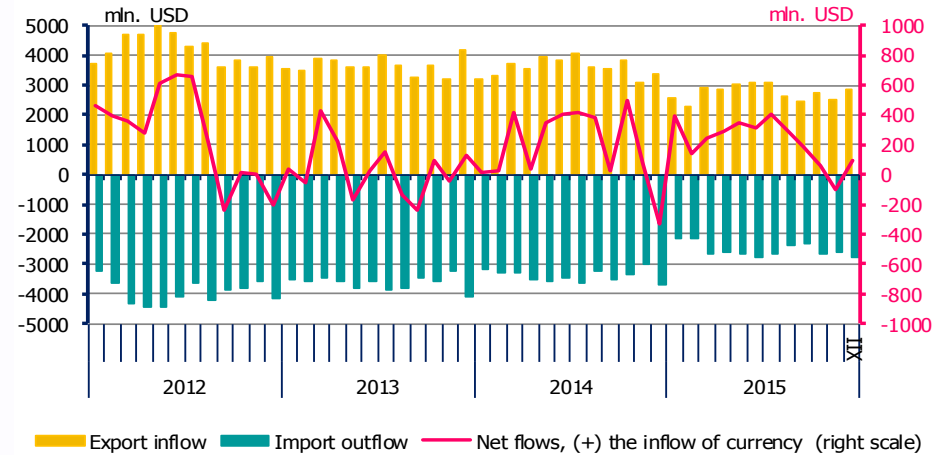


Fig. 4.6 – Foreign exchange inflow from export and outflow for import

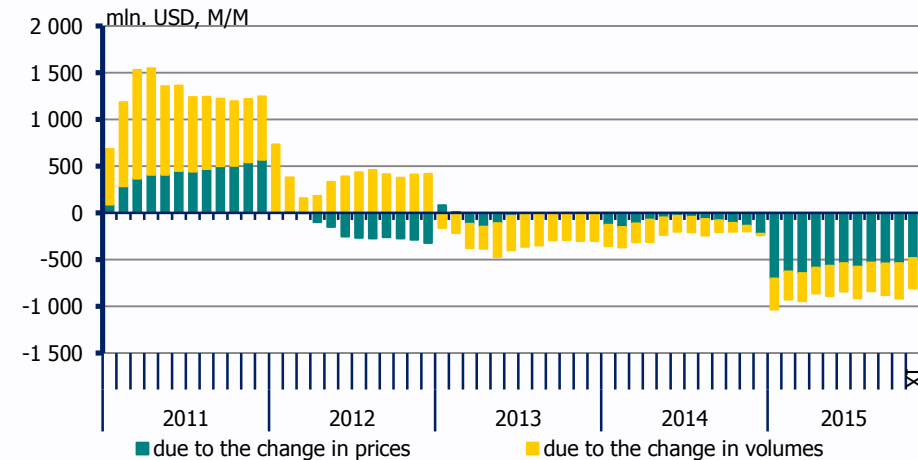


Fig. 4.8 – Changes in import of goods

4.3 External conditions and diversification of exports

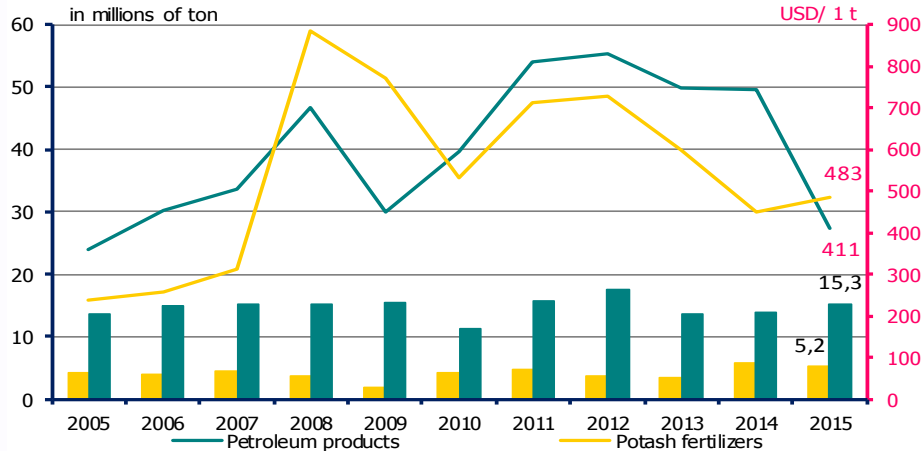


Fig. 4.9 – Export volumes and export prices

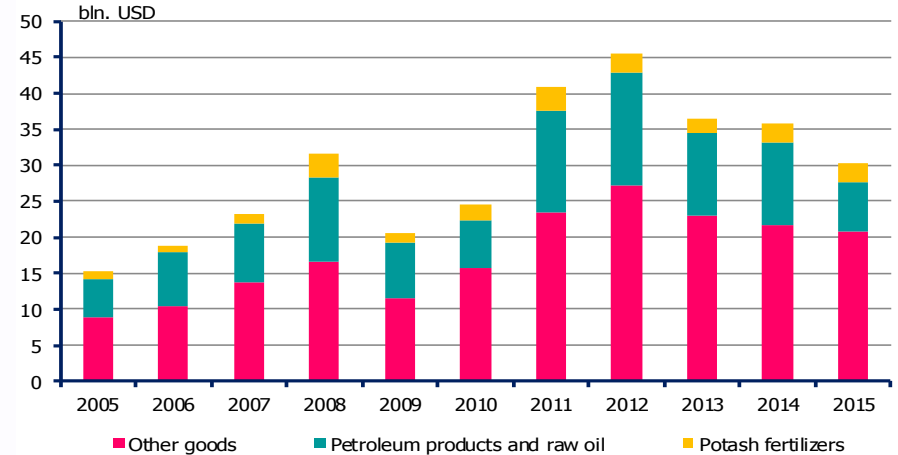


Fig. 4.10 – Export volume of goods

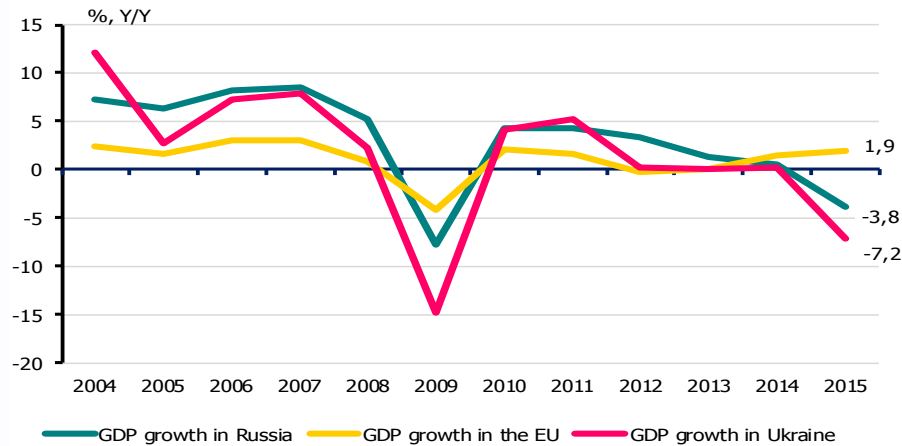


Fig. 4.11 – GDP growth in Russia and the EU

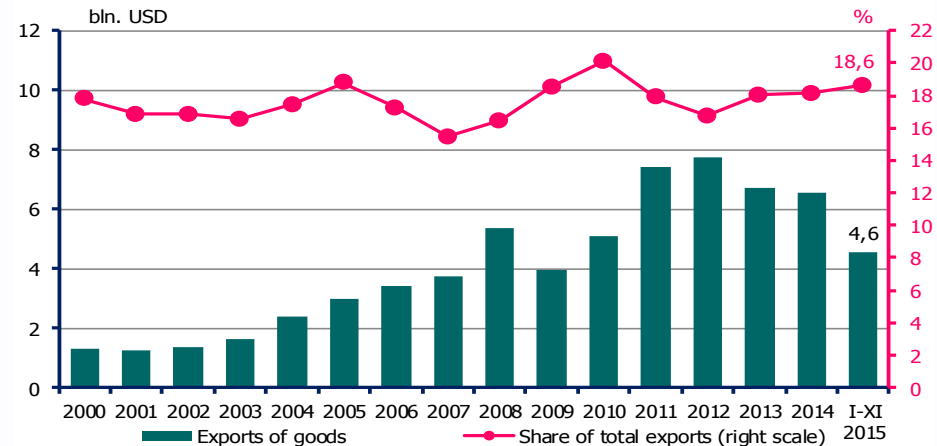


Fig. 4.12 – Export of goods without 10 largest trading partners

4.4 External debt

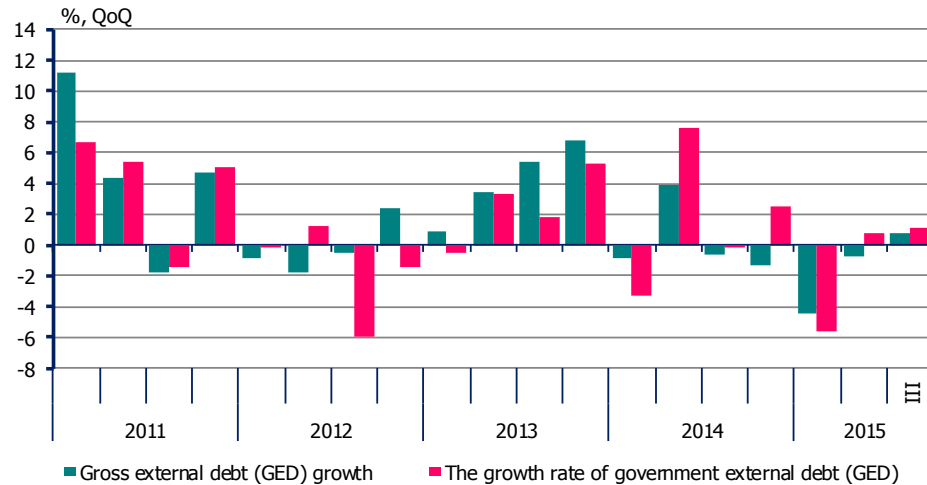


Fig. 4.13 – Growth rates of GED and GovED

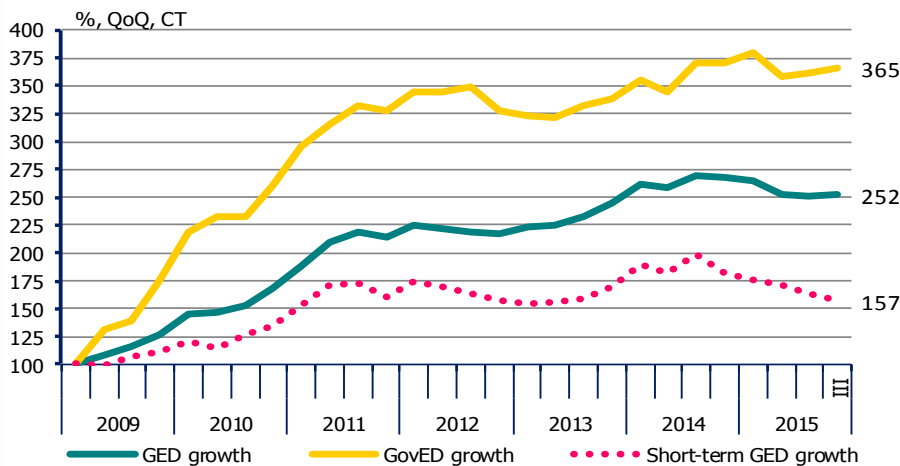


Fig. 4.15 – GED, GovED and short-term GED

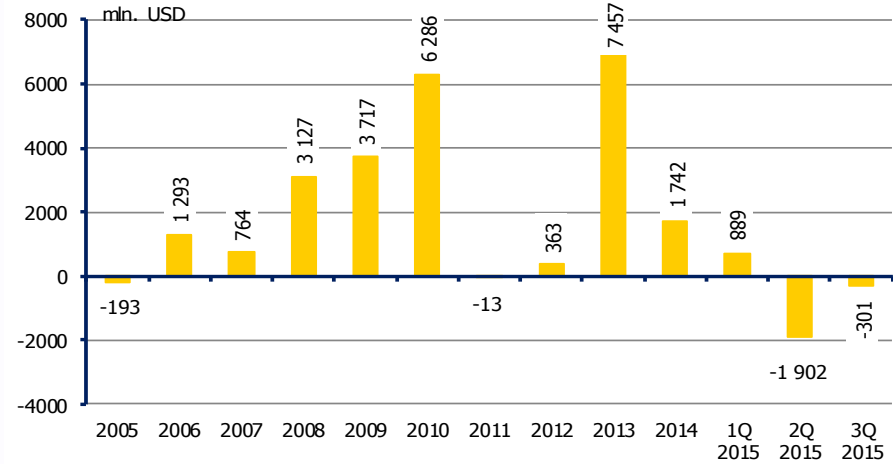


Fig 4.14 – NED Growth

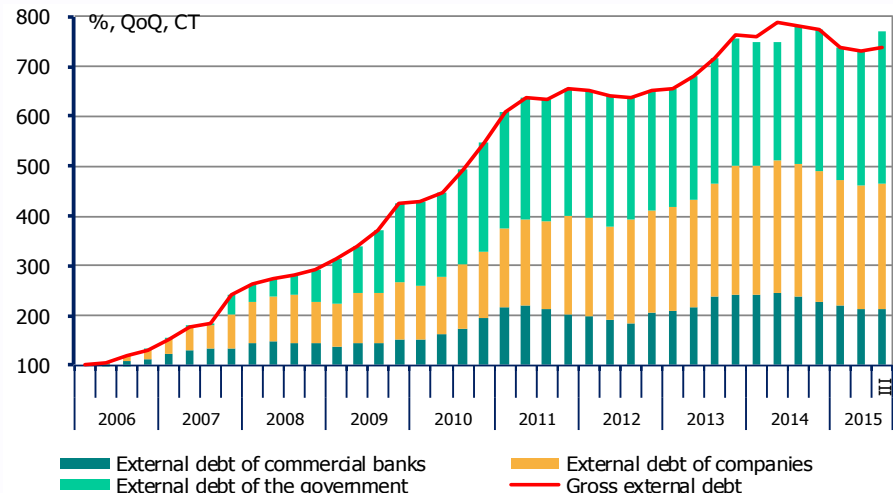


Fig. 4.16 – Dynamics of structure of gross external debt

4.5 Creditworthiness

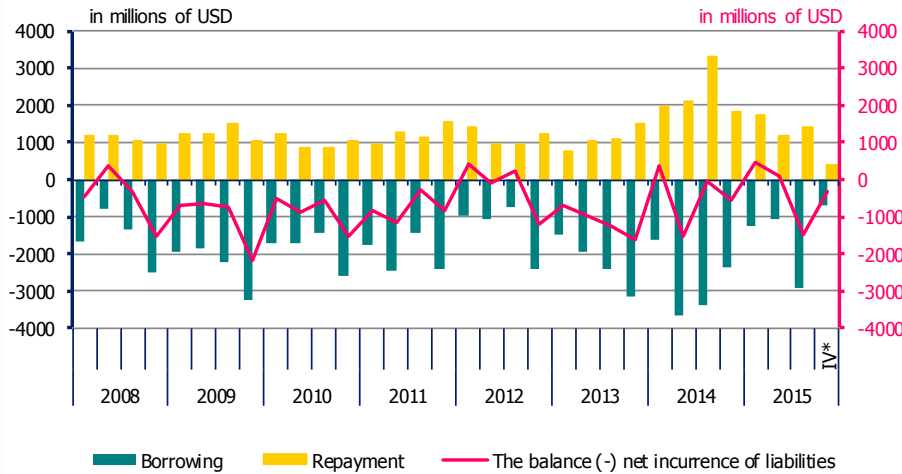


Fig. 4.17 – Borrowing and repayment of foreign loans

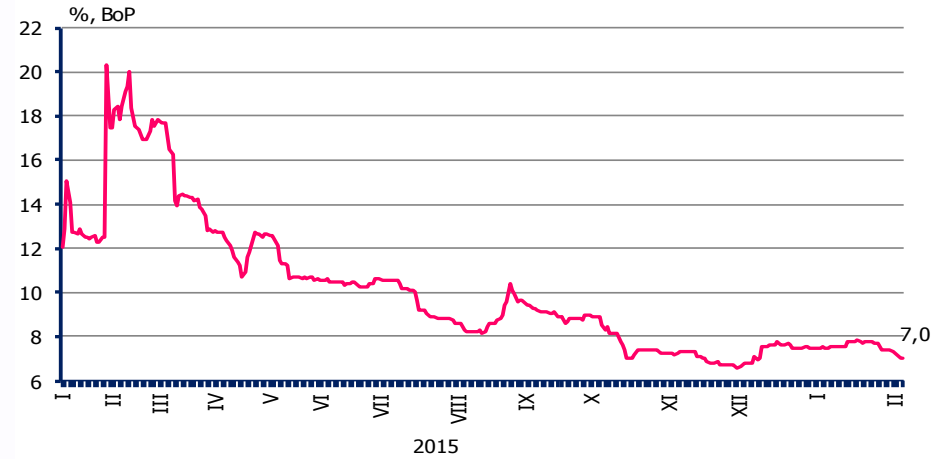


Fig. 4.18 – Belarus Gov Bonds 7Y

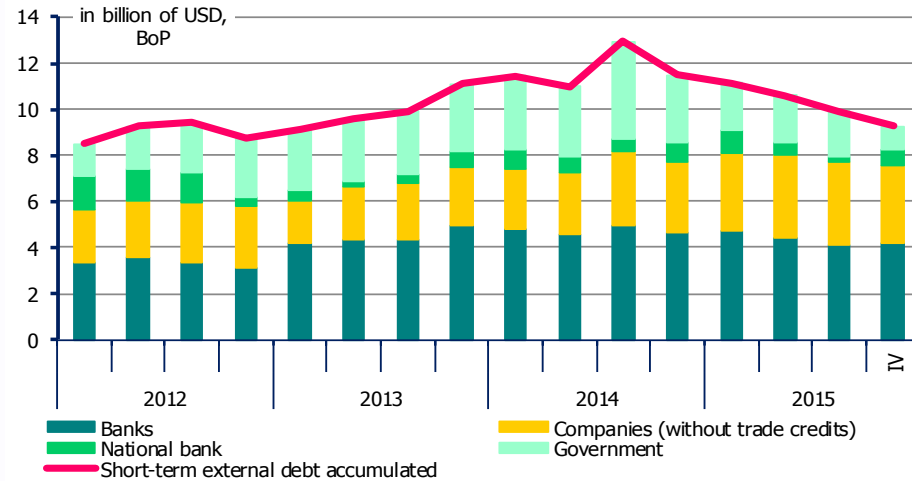


Fig. 4.19 – Short-term GED by residual maturity maturity

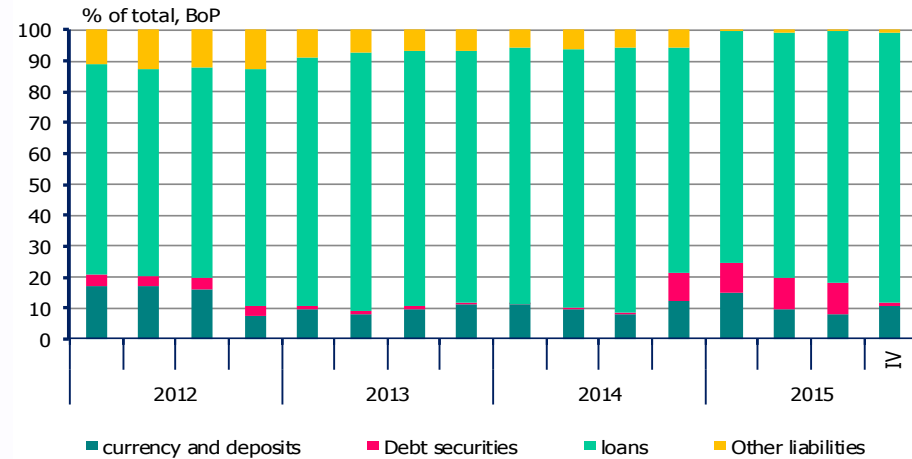


Fig. 4.20 – Short-termed GED by financial instruments

4.6 Real exchange rate and price competitiveness

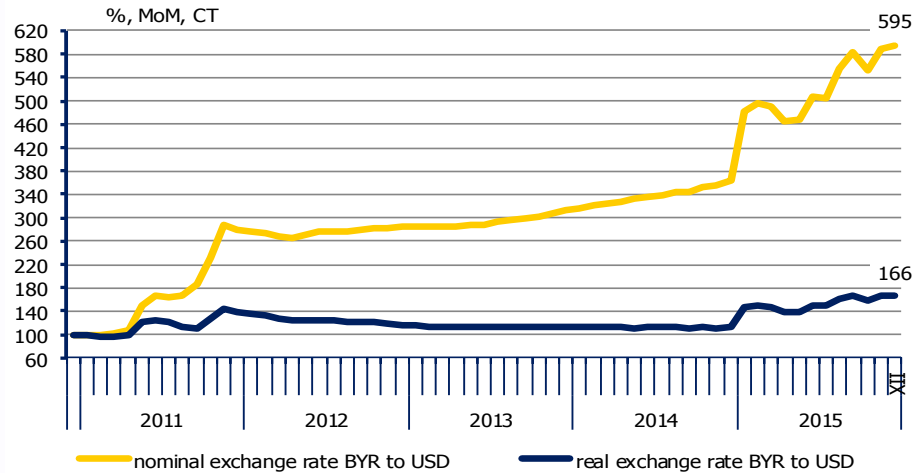


Fig. 4.21 Nominal and real exchange rate of BYR to USD (calculated by CPI)

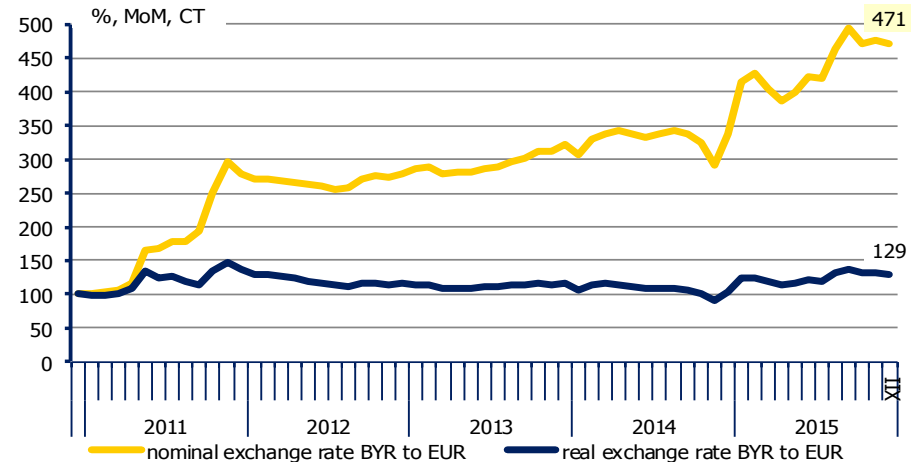


Fig. 4.22 - Nominal and real exchange rate of BYR to EUR (calculated by CPI)

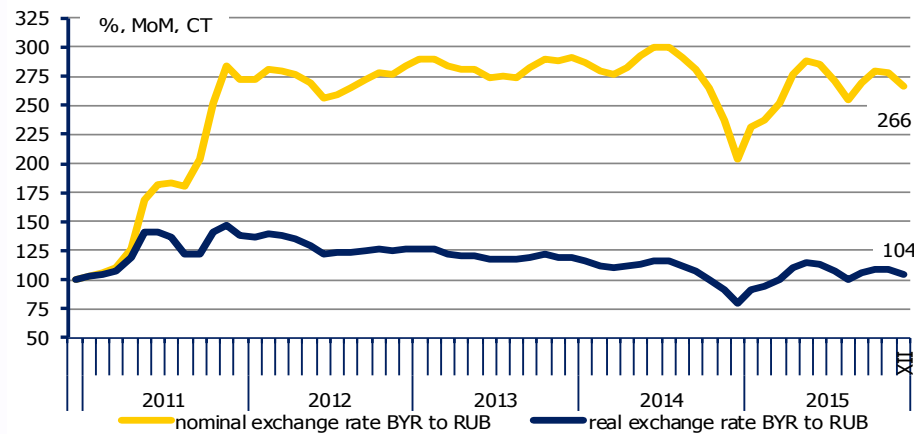


Fig. 4.23 - Nominal and real exchange rate of BYR to RUB (calculated by CPI)

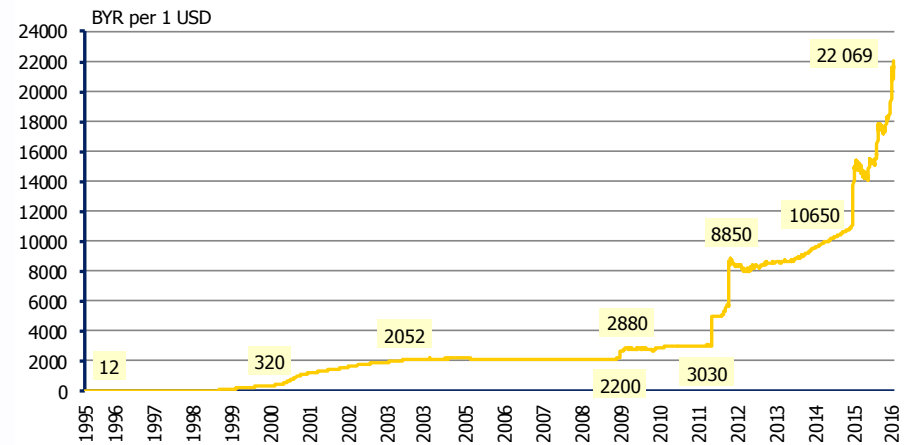


Fig. 4.24 – Exchange rate of BYR to USD

4.7 Foreign-exchange reserves

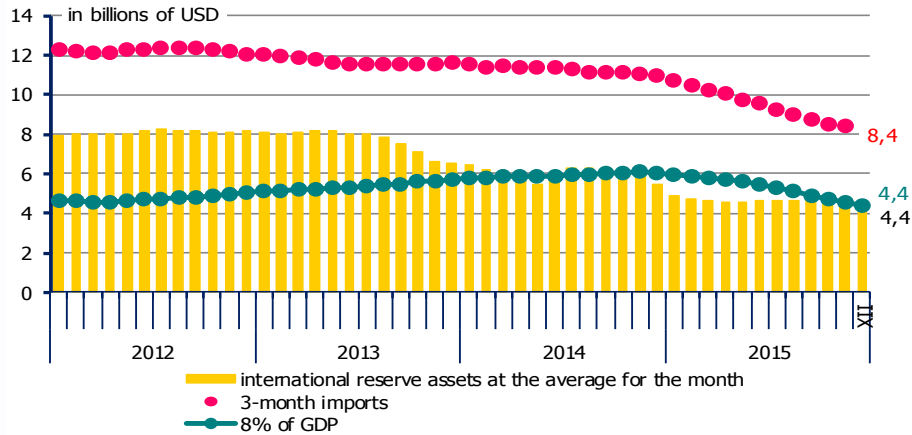


Fig. 4.25 – The level of adequacy of the reserves

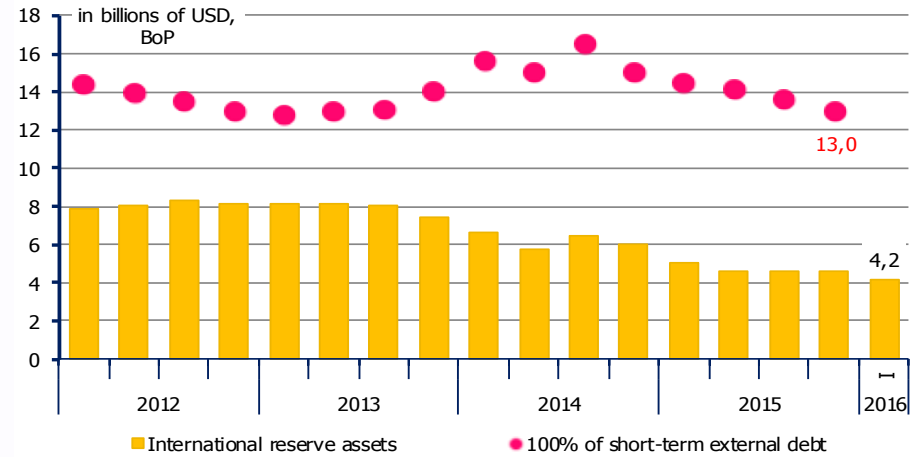


Fig. 4.26 – The level of adequacy of reserves

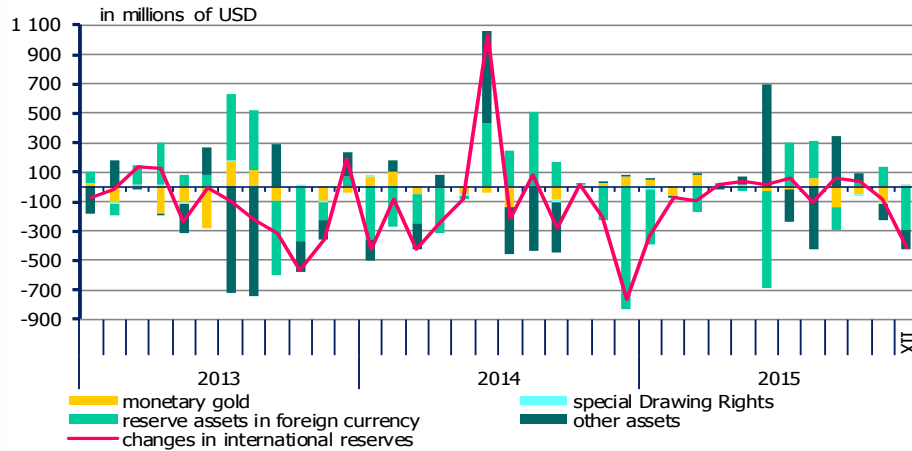


Fig. 4.27 - IRA structure

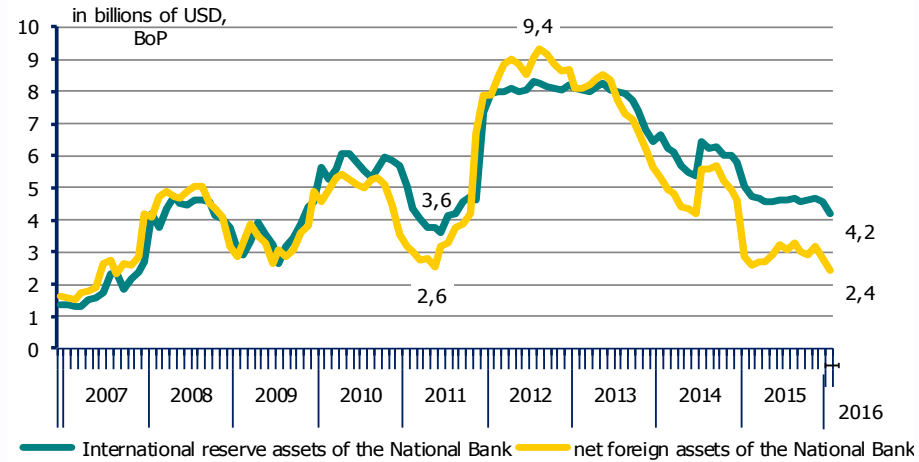


Fig. 4.28 - IRA and NFA of the National Bank

4.8 Balance of economic sectors

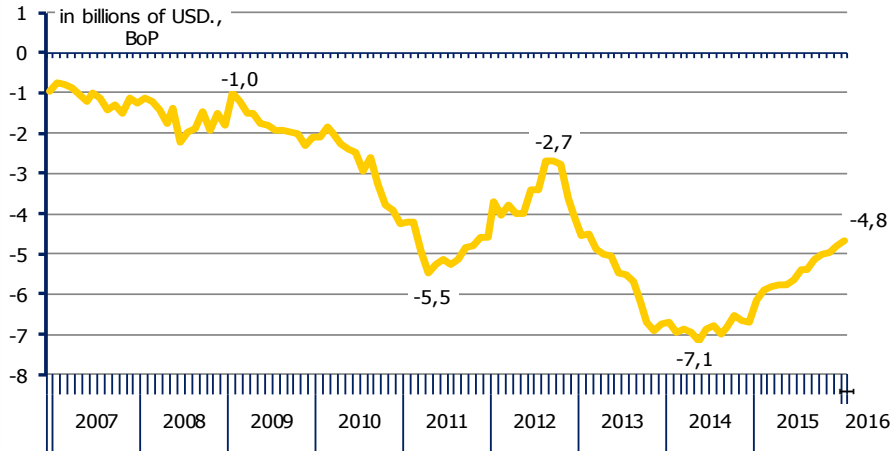


Fig. 4.29 – NFA of commercial banks

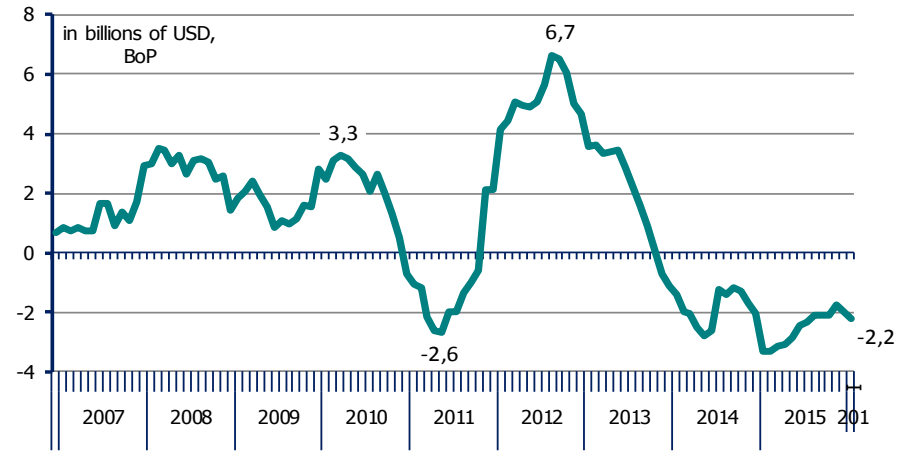


Fig. 4.30 – NFA of the banking system

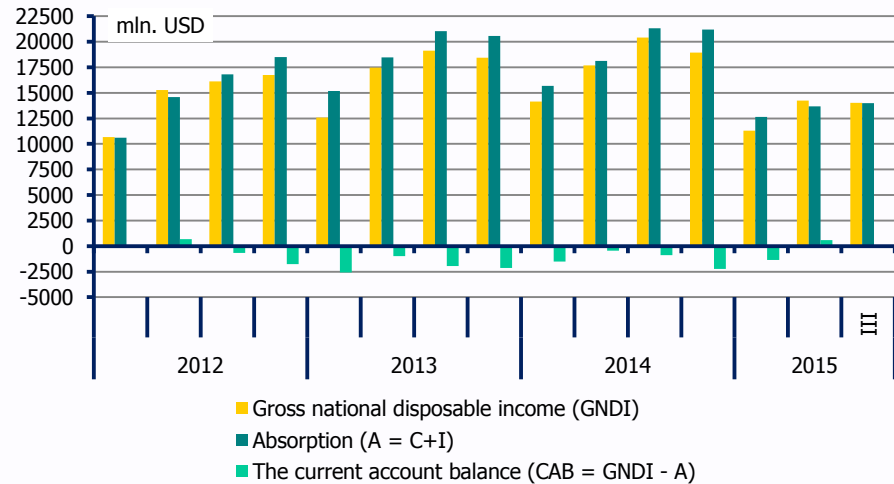


Fig. 4.31 – GNDI and absorption

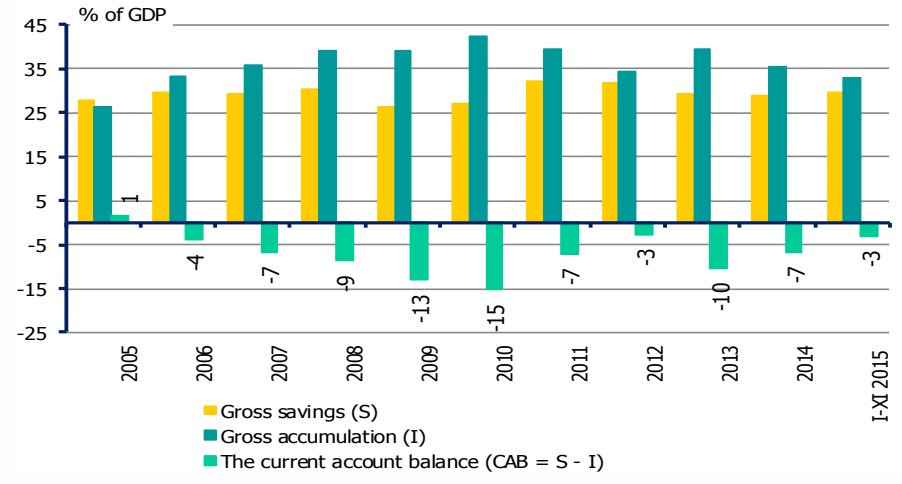


Fig. 4.32 – The resource gap

Table. Dynamics of key macroeconomic indicators

Real sector	Units	IV 2014	I 2015	II 2015	III 2015	IV 2015
Gross domestic product	%, Q/Q, rp	2,7	-2,1	-4,5	-4,4	
Final consumption expenditure	%, Q/Q, rp	1,8	-1,2	-1,7	-2,3	
Gross capital formation	%, Q/Q, rp	2,1	-1,0	-8,2	-4,9	
Net export	%, Q/Q, rp	-3,6	1,2	6,8	3,9	
Statistical discrepancy	%, Q/Q, rp	2,5	-1,1	-1,5	-1,2	
Production sector	%, Q /Q, cp	2,3	-3,5	-9,2	-5,8	
Services sector	%, Q /Q, cp	0,4	-0,5	-1,0	-1,3	
Industrial output	%, Q/Q, cp	-2,5	-8,2	-10,6	-9,1	-6,6
Production of machinery and equipment	%, Q/Q, cp	-17,7	-26,4	-29,4	-29,2	-25,2
Production of vehicles	%, Q/Q, cp	-26,7	-19,1	-23,4	-22,3	-13,7
Production of electronic equipment	%, Q/Q, cp	-17,1	-15,6	-12,4	-9,0	-6,7
Chemical industry	%, Q/Q, cp	32,8	6,6	7,5	7,1	6,3
Fixed capital investment	%, Q/Q, cp	-3,2	-1,1	-23,1	-15,3	-15,6
Gross capital formation	% to GDP	39,3	26,5	25,3	31,3	
Investment in machinery, equipment and transport vehicles	%, Q/Q, cp	-5,6	-12,8	-36,6	-25,7	-9,0
Fixed capital investment by bank credits	%, Q/Q, rp	3,0	6,5	-36,2	-11,1	-11,1
Fixed capital investment by budget resources	%,Q/Q, rp	-25,4	-45,4	-37,3	-26,8	-22,0
Fixed capital investment by foreign loans increasing external debt	mln. USD	251	688	-1902	-301	

Table. Dynamics of key macroeconomic indicators

Real sector	Units	IV 2014	I 2015	II 2015	III 2015	IV 2015
Foreign direct investment (FDI)	mln. USD	311	1280	-18	74	58*
Reinvested revenues	mln. USD	3	1251	-137	-38	0*
FDI excluding the reinvested revenues	mln. USD	308	29	119	112	58*
Accounts payable overdue	%,QoQ	10,5	21,2	6,6	9,2	7,0*
Accounts receivable overdue	%,QoQ	7,7	24,6	5,2	6,3	5,9*
Real wages in BYR	%,Q/Q, rp	-0,1	-2,6	-1,9	-3,2	-3,2
Real wages in USD	%,Q/Q, rp	-0,3	-8,2	-7,5	-9,4	-10,0
Real pensions in BYR	%,Q/Q, cp, EoP	13,9	-1,5	0,8	0,0	
Retail turnover	%,Q/Q, cp	-1,7	1,9	0,4	0,6	-1,7
Turnover of public catering	%,Q/Q, cp	-10,5	-11,1	-11,3	-6,2	-3,8
Paid services for population	%,Q/Q, cp	1,9	-1,8	-1,7	-3,2	
Consumer price index (CPI)	%, QoQ	2,4	5,0	2,3	1,7	2,5
Consumer price index (CPI)	%, annualized	16,3	16,3	13,2	11,9	12,0
GDP deflator	QoQ, %	13,4	-8,6	1,1	8,4	
Producer price index (PPI)	%, QoQ	2,2	7,4	2,5	3,5	1,7
Employment	%, QoQ	-0,1	-0,7	-0,7	0,0	-0,1
Balance of hired (+) and fired (-) workers	th. pers.	-7,4	-22,9	-42,1	1,7	-20,1
Change of Unit Labor Cost by GDP	%, QoQ, s.a.	3,2	3,1	2,6	2,1	0,6**
Change of Real Unit Labor Cost by GDP, s.a. (ratio of real labour compensation (by CPI) to real GDP)	%, QoQ, s.a.	-0,7	0,1	-0,1	-0,9	-0,5**
Fiscal sector	Units	IV 2014	I 2015	II 2015	III 2015	IV 2015
Revenues of consolidated budget	% to GDP	31,8	30,2	31,8	28,3	32,7*
Expenditures of consolidated budget	% to GDP	29,4	26,2	26,8	29,0	27,1*
Surplus (+) / deficit (-) of consolidated budget	% to GDP	2,4	4,0	5,0	-0,7	5,6

Table. Dynamics of key macroeconomic indicators

Fiscal sector	Units	IV 2014	I 2015	II 2015	III 2015	IV 2015
Revenues of the Social Protection Fund (SPF)	% to GDP	11,9	12,4	13,6	10,2	
Expenditures of the Social Protection Fund (SPF)	% to GDP	12,3	13,3	14,0	9,1	
Deficit (-), surplus (+) of the SPF	% to GDP	-0,4	-0,9	-1,1	-2,9	
Revenues of the central government budget balance	% to GDP	43,7	42,6	44,7	52,4	
Expenditures of the central government budget balance	% to GDP	41,7	39,4	40	52,2	
Deficit (-), surplus (+) of the central government budget balance	% to GDP	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	262	-20	86	464	418
Monetary sector	Units	IV 2014	I 2015	II 2015	III 2015	IV 2015
Monetary base	%, QoQ	-1,3	4,0	-6,7	19,8	-1,1
Monetary aggregate M1	%, QoQ	-1,0	-9,7	15,9	0,2	-2,5
Ruble money (monetary aggregate M2*)	%, QoQ	-7,9	0,7	9,7	-4,3	-5,8
Broad money (monetary aggregate M3)	%, QoQ	4,0	13,3	8,5	10,0	0,9
Banks' requirements to economy	%, QoQ	8,0	9,7	4,1	5,7	-0,7
Share of preferential loans in total volume of claims	as % of total	9,9	25,2	28,6	17,9	16,2
Preferential loans of banks on the economy	%,Q/Q, rp	-67,7	-25,2	-47,8	-52,3	45,1
Financial sector claims on the economy	%, QoQ	8,2	12,1	4,1	5,7	
Selling and buying volumes of foreign exchange market by households	mln. USD	-1320	281	490	-314	-246
Selling and buying volumes of foreign exchange market by companies	mln. USD	-522	1	62	-93	-373
Selling and buying volumes of foreign exchange market by nonresidents	mln. USD	76	71	62	82	11
Total selling and buying volumes of foreign exchange market; (-) excess of demand	mln. USD	-1766	353	532	-325	-608
Average daily turnover of foreign currency on the Belarusian Currency and Stock Exchange	mln. USD	123	96	78	48	50

Table . Dynamics of key macroeconomic indicators

Monetary sector	Units	IV 2014	I 2015	II 2015	III 2015	IV 2015
Average daily turnover of foreign currency on the curb market	mln. USD	120	84	100	239	248
Average daily turnover of foreign currency on the spot currency market	mln. USD	48	30	34	36	34
Average daily turnover of foreign currency on the foreign exchange market	mln. USD	291	210	212	323	332
External sector	Units	IV 2014	I 2015	II 2015	III 2015	IV 2015
Current account balance (the resource gap)	mln. USD	-1850	-1410	437	-18,0	-587
Current account balance (the resource gap)	% to GDP	-9,4	-10,9	3,1	-0,1	-6,5
Net inflow (-), outflow (+) on the financial account	mln. USD	-1498	-522	523	-117	-332
Net inflow (-), outflow (+) on the financial account	% to GDP	-7,5	-4,0	3,7	-0,8	-3,7
Deficit (-), surplus (+) of the balance of payments	mln. USD	-1018	-500	63	98	155*
Deficit (-), surplus (+) of the balance of payments	% to GDP	-5,2	-3,9	0,4	-0,7	1,7
Changes of IRA in the definition of IMF	mln. USD	-1018	-500	63	98	155*
Foreign loans for financing of current balance deficit	mln. USD	0	0	0	0	0
Net capital inflow increasing debt	bln. USD	0,2	0,7	-1,9	-0,3	
Net capital inflow not increasing debt	bln. USD	2,0	-0,9	-0,7	-0,2	
Net inflow of foreign capital	bln. USD	2,2	-0,2	-2,6	-0,5	
Borrowing of foreign loans	bln. USD	2,3	1,3	1,1	2,9	0,7*
Repayment of foreign loans	bln. USD	1,8	1,7	1,2	1,4	0,4*
Repayment of interest on foreign loans	bln. USD	246	400	221	439	
The balance of foreign exchange inflow from export and outflow for import; (+) the inflow of currency	mln. USD	245	783	949	883	54

Table . Dynamics of key macroeconomic indicators

External sector	Units	IV 2014	I 2015	II 2015	III 2015	IV 2015
Changes of NER of BYR to USD	%	4,0	37,0	-0,7	11,6	8,7
Changes of RER of BYR to USD	%	0,2	31,3	-1,9	9,5	5,4
Changes of NER of BYR to EUR	%	-2,0	23,7	-2,8	12,3	7,1
Changes of RER of BYR to EUR	%	-4,7	18,1	-4,5	10,0	4,4
Changes of NER of BYR to RUB	%	-19,9	2,2	18,9	-6,9	4,0
Changes of RER of BYR to RUB	%	-18,1	4,6	17,4	-6,9	3,8
Changes of NFA of the National Bank	mln. USD	-2353	-144	354	-110	-521
Changes of NFA of commercial banks	mln. USD	348	396	374	365	371
Changes of NFA of the banking system	mln. USD	-2005	252	728	255	-150
Gross external debt (GED)	bln. USD, BoP	40,5	40,0	38,2	37,9	38,2
General government external debt (GovED)	bln. USD, BoP	14,9	15,3	14,4	14,6	14,7
GovED in the extended definition	bln. USD, BoP	23,2	23,2	21,8	21,8	22,3
Net external debt (NED)	bln. USD, BoP	26,6	28,4	27,5	25,6	25,3
Short-term GED by residual maturity	bln. USD, BoP	11,5	11,2	10,6	9,9	9,3

* 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.

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