

MACROECONOMIC  
OUTLOOK

2026–2028



JUNE 2026



# MACROECONOMIC OUTLOOK

KEY FINDINGS  
JUNE 2026

## 2026

Growth rates in most of the region's economies will remain high



GDP growth in 2026

Inflation is declining in RB, RK, RF, RU; rising in RA, KR, RT

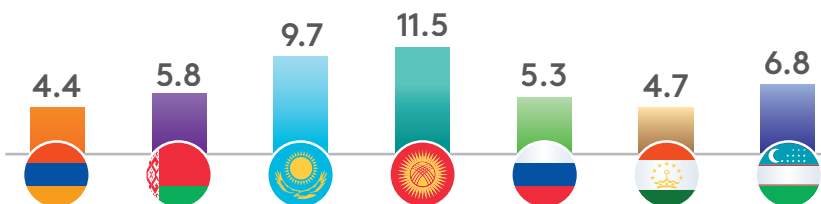
**6.1%** Aggregate inflation in the region at the end of 2026

Continued key rate cuts by the Central Bank of the Russian Federation and the start of base rate cuts by the National Bank of Kazakhstan

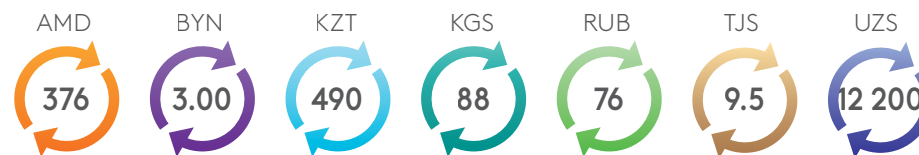
**12%** Key rate in Russia at the end of 2026

**16%** Base rate in Kazakhstan at the end of 2026

Inflation (at the end of the year, %)



Exchange rate to U.S. dollar (the year's average)



## 2027

We forecast an increase in the region's GDP growth rate



GDP growth in 2027

Inflation's gradual convergence to targets in the absence of new shocks

**5.3%** Aggregate inflation in the region at the end of 2027

Continued interest rate cuts

**≈10%** Key rate in Russia at the end of 2027

**≈12%** Base rate in Kazakhstan at the end of 2027

Vinokurov, E., Kuznetsov, A., Sharafutdinov, A., Berdigulova, A., Fedorov, K., Dolgovechny, A., Babajanyan, V., Ishuova, Zh. (2026) *Macroeconomic Outlook 2026–2028. June 2026*. Almaty: Eurasian Development Bank.

## Authors

Evgeny Vinokurov, Chief Economist of the EDB, [vinokurov\\_ey@eabr.org](mailto:vinokurov_ey@eabr.org)

Alexey Kuznetsov, Head of the Research Department [kuznetsov\\_as@eabr.org](mailto:kuznetsov_as@eabr.org)

Artur Sharafutdinov, Head of the Centre for Macroeconomic Analysis, Research Department, [sharafutdinov\\_ar@eabr.org](mailto:sharafutdinov_ar@eabr.org)

Aigul Berdigulova, Senior Analyst, Centre for Macroeconomic Analysis, Research Department, [berdigulova\\_ar@eabr.org](mailto:berdigulova_ar@eabr.org)

Konstantin Fedorov, Senior Analyst, Centre for Macroeconomic Analysis, Research Department, [fedorov\\_ks@eabr.org](mailto:fedorov_ks@eabr.org)

Anton Dolgovechny, Senior Analyst, Centre for Macroeconomic Analysis, Research Department, [dolgovechny\\_ap@eabr.org](mailto:dolgovechny_ap@eabr.org)

The document includes a detailed description of current domestic and external macroeconomic conditions, as well as a coordinated forecast. The analysis takes into account the existing interrelationships between the economies of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan and their main trading partners. The forecast of macroeconomic indicators was prepared by the EDB using an integrated model system based on a multi-country structural dynamic general equilibrium macroeconomic model. More detailed information on this system is presented in a joint report by the EDB and the EEC (EDB, 2016).

**Keywords:** economic growth, forecast, GDP, inflation, exchange rate, demand, monetary policy, budget, interest rate, investment.

**JEL:** E17, F15, F31, H62, O11.

This document is for information purposes only and should not be construed as a recommendation to buy or sell financial instruments. Neither the information contained in this document nor any other information relating to the subject matter of this document that may be disseminated in the future may be used as the basis for entering into any contract. Notwithstanding the care taken in preparing this document, no analyst, director, manager, employee or counterparty of the EDB makes any warranties or representations, express or implied, and accepts no liability whatsoever as to the reliability, accuracy or completeness of the information contained in this analytical document. The EDB expressly disclaims all liability and responsibility in connection with any information contained in this document. Any information contained in the document is subject to change at any time without prior notice.

Reproduction of the text for non-commercial purposes, in whole or in part, including substantial extracts, and publication of the text on external electronic resources is permitted provided that a reference to the original text is included.

The electronic version of the document is available at <https://eabr.org/analytics/ceg-quarterly-reviews>.

© Eurasian Development Bank, 2026

# TABLE OF CONTENTS

<b>SUMMARY</b> .....	4	<b>KYRGYZ REPUBLIC</b> .....	47
<b>FROM THE CHIEF ECONOMIST</b> .....	6	Current situation .....	48
Current situation .....	6	Outlook .....	50
Forecast .....	9	Risks .....	54
Box 1. Economic consequences of the conflict in the Middle East .....	15	<b>RUSSIAN FEDERATION</b> .....	55
Box 2. Risk scenario: a long-term decline in oil prices, starting in 2027–2028. ....	19	Current situation .....	56
<b>REPUBLIC OF ARMENIA</b> .....	23	Forecast .....	58
Current situation .....	24	Risks .....	62
Forecast .....	26	<b>REPUBLIC OF TAJIKISTAN</b> .....	63
Risks .....	30	Current situation .....	64
<b>REPUBLIC OF BELARUS</b> .....	31	Forecast .....	66
Current situation .....	32	Risks .....	70
Forecast .....	34	<b>REPUBLIC OF UZBEKISTAN</b> .....	71
Risks .....	38	Current situation .....	72
<b>REPUBLIC OF KAZAKHSTAN</b> .....	39	Forecast .....	74
Current situation .....	40	Risks .....	78
Forecast .....	42	<b>REFERENCES</b> .....	79
Risks .....	46	<b>ABBREVIATIONS</b> .....	81
		<b>GLOSSARY</b> .....	83

# SUMMARY

**The global economic landscape changed dramatically in March 2026.** The escalation of the conflict in the Persian Gulf led to rising oil prices, a slowdown in global growth and heightened inflationary risks. The decline in economic activity is most pronounced in Europe and, to a lesser extent, in the USA. Asia's leading economies — India, China and Japan — are maintaining more resilient momentum.

**In the baseline scenario, we forecast a slowdown in global economic growth to 2.5% in 2026, following 2.9% in 2025.** US GDP is forecast to grow by 1.7%, following 2.1% a year earlier. Eurozone growth could fall to 0.9% after 1.4% in 2025. **The Chinese economy will continue to grow at a rapid pace.** In the first quarter of 2026, GDP growth accelerated to 5.0% year-on-year; the forecast for 2026 is 4.6%.

**Inflation has accelerated significantly against the backdrop of the energy crisis.** In the USA, consumer price inflation could reach 3.6% by the end of 2026, and 3.0% in the eurozone. The Fed is likely to maintain a longer pause in the process of monetary policy easing. The ECB may raise rates to limit the inflationary expectations.

---

**The EDB region's aggregate GDP could reach over \$3.5 trillion in 2026.**

---

**In 2026, the economy of the EDB's region of operations will continue to grow steadily, by 2%.** The impact of the Gulf conflict on EDB member countries will vary depending on whether they are net exporters or importers of energy resources.

**Growth rates in most of the region's economies will remain high in 2026** thanks to strong investment activity. We forecast GDP growth in 2026 of 6.0% for Armenia, 5.5% for Kazakhstan, 10.2% for the Kyrgyz Republic, 8.3% for Tajikistan and 7.9% for Uzbekistan. The Russian economy will grow by 1.0%, and that of Belarus by 1.3%.

---

**The Central Asian economy could exceed \$600 billion as early as 2026.**

---

**We forecast an increase in the region's GDP growth rate to 2.4% in 2027.** This will be driven primarily by an acceleration in economic activity in Russia and Belarus. Other countries in the region will maintain their current growth rates.

**Inflation trends in 2026 will be mixed.** We expect it to fall in Belarus, Kazakhstan, Russia, and Uzbekistan. Inflation will rise in Armenia, Kyrgyz Republic and Tajikistan. **Across the region as a whole, price growth will slow to 6.1% YoY in 2026,** following 6.5% YoY in 2025, barring any further shocks. We forecast inflation in the region to slow to 5.3% YoY in 2027.

Country	Indicator	2024	2025	2026F	2027F	2028F
Republic of Armenia	GDP, %	5.9	7.2	6.0	5.7	5.3
	Inflation, % y/y	1.5	3.3	4.4	3.9	3.5
	Refinancing rate, %	8.0	7.0	7.2	7.5	6.5
	Dram to dollar exchange rate	392	387	376	384	392
Republic of Belarus	GDP, %	4.3	1.3	1.3	1.6	1.9
	Inflation, % y/y	5.2	6.8	5.8	5.5	5.0
	Refinancing rate, %	9.5	9.6	9.5	9.0	8.5
	Belarusian rouble to dollar exchange rate	3.25	3.01	3.00	3.10	3.30
Republic of Kazakhstan	GDP, %	5.0	6.5	5.5	5.5	5.5
	Inflation, % y/y	8.6	12.3	9.7	6.2	5.0
	Base rate, %	14.7	16.6	17.3	12.7	9.1
	Tenge to dollar exchange rate	469	521	490	505	525
Kyrgyz Republic	GDP, %	11.5	11.1	10.2	8.3	7.5
	Inflation, % y/y	6.3	9.4	11.5	9.2	7.0
	Base rate, %	10.5	9.3	11.8	12.0	12.0
	Exchange rate of the som against the dollar	87.1	87.4	88	89	90
Russian Federation	GDP, %	4.9	1.0	1.0	1.5	1.8
	Inflation, % y/y	9.5	5.6	5.3	4.9	4.4
	Key interest rate, %	17.5	19.2	13.6	10.5	9.5
	Russian rouble to dollar exchange rate	92.4	83.4	76	84	94
Republic of Tajikistan	GDP, %	8.4	8.4	8.3	7.7	7.1
	Inflation, % y/y	3.6	3.5	4.7	4.9	5.0
	Refinancing rate, %	9.3	8.2	7.2	7.5	8.0
	Somoni to dollar exchange rate	10.8	10.0	9.5	9.9	10.3
Republic of Uzbekistan	GDP, %	6.5	7.7	7.9	6.9	6.5
	Inflation, % y/y	9.8	7.3	6.8	5.7	5.2
	Base rate, %	13.8	13.9	13.7	12.4	11.2
	Soum to dollar exchange rate	12,652	12,577	12,200	12,900	14,100

← Table 1. EDB Forecast. Key macroeconomic indicators for the Bank's member states (base scenario) – year-on-year growth in %, unless otherwise stated

**Note:** here and in the other tables, 'F' denotes a forecast. GDP at constant prices. Inflation at the end of the period. Average annual rate. Average annual exchange rate of national currencies against the US dollar.  
**Source:** national authorities of EDB member states, EDB analysts' calculations.

From the Chief Economist

# CHANGING TRENDS: THE CRISIS IN ENERGY MARKETS AND ITS IMPACT ON THE REGION

## Current situation

**The global economic landscape changed dramatically in March this year.** The escalation of the conflict in the Persian Gulf has led to a rise in oil and natural gas prices. It is difficult to predict how long this period of higher prices will last. However, it is already possible to assess the initial effects of the rise in energy prices and the likely trajectories of the global economy — in 2026 and in the medium term.

**At the start of the second quarter of 2026, global GDP growth is showing signs of slowing.** The global Purchasing Managers' Index (PMI) averaged 51.4 points in March–April — the lowest level since June last year. Following a sharp deterioration in March, global business activity recovered somewhat in April. However, the average PMI for March–April remains below the figures from the start of the year, indicating a weakening of momentum in the global economy

following the energy shock. Output growth has slowed in both the manufacturing sector and the services sector.

**The most notable slowdown is being recorded in sectors sensitive to energy prices and rising interest rates.** These include property, construction, building materials manufacturing, tourism and transport.

**Growth in producer prices, particularly input prices, is accelerating.** The PMI Input Prices and PMI Output Prices indices have reached their highest levels since 2023. This points to heightened inflationary risks and risks of a deterioration in companies' financial health.

---

**A slowdown in economic activity is occurring primarily in Europe and, to a lesser extent, in the US. Asia's leading economies — India, China and Japan — are maintaining more stable growth trajectories.**

---

**Differences in the resilience of growth are linked to three factors:** the scale of fiscal support, the state of the economy prior to the energy shock, and the structure of energy balances. The significant role of coal in the energy mix of China and India partially reduces the electricity sector's sensitivity to shocks in the oil and gas market. However, these economies remain

vulnerable to rising oil prices through transport, logistics, import costs and the balance of payments.

**In commodity markets, the key development has been the rise in energy prices.** At their peaks in late April, the Brent had risen by approximately 94% compared with the start of 2026. Prices for natural gas, coal, fertilisers and agricultural products have also increased. In April 2026, the FAO Food Price Index rose to 130.7 points, marking the third consecutive month of growth. According to the World Bank's forecast, the fertiliser price index is set to rise by more than 30% in 2026.

**Metal prices, by contrast, fell slightly.** They came under pressure from concerns about weakening industrial demand amid a global economic slowdown, as well as expectations of higher interest rates. The situation in the commodities markets is discussed in more detail in Box 1.

**The US economy continues to grow steadily.** In the first quarter of 2026, GDP rose by 2.7% year-on-year — faster than the average for 2025. GDP is being supported by investment, exports, consumer spending and government expenditure. Meanwhile, the manufacturing sector is showing strong momentum in leading indicators: its PMI reached 54.5 in April — a four-year high.

**Several factors are supporting US industry.** These include increased military spending, a shift in demand towards domestic producers following the rise in import tariffs, and growing demand against a backdrop of rising inflationary expectations. The oil and gas sector, for which current market conditions are favourable, could provide further impetus.

**The US services sector is showing more subdued growth.** The PMI stood at 51.0 in April 2026, compared with an average of 53.5 for 2025. Activity is being constrained by the Fed's relatively tight policy and high economic uncertainty.

---

### High energy prices are affecting the leading economies unevenly

---

**The eurozone is performing the weakest among the world's major economies.** In Q1 2026, GDP growth slowed to 0.8% YoY — down from 1.3% YoY in Q4 2025. The slowdown may continue in Q2.

**Leading indicators suggest that the slowdown in activity in the eurozone will continue.** In April, the composite PMI fell to 48.8 — its lowest level in over a year and a half. The services PMI stood at 47.6 — its lowest level in over five years.

**Consumer demand in the eurozone is being negatively affected by rising energy prices.** The economy's sensitivity to this factor stems from its high dependence on energy imports, rising costs for businesses and households, and disruptions to established energy supply chains.

The **eurozone's** manufacturing sector **appears more resilient than the services sector.** The manufacturing PMI stood at 52.2 in April, up from 52.0 in March, and remains in expansionary territory. This may be linked to increased military spending and a temporary rise in orders against a backdrop of accelerating inflation.

**Asia's largest economies are maintaining higher and more stable growth rates.** India's PMI rose to 58.2 in April 2026 from 57.0 in March. Strong performance was seen in both the manufacturing and services sectors. Three factors are underpinning **the resilience of the Indian economy:** expansion of production capacity, demographics and investment. Leading indicators **for Japan** also point to continued growth.

**China continues to develop at a rapid pace.** In Q1 2026, the country's GDP grew by 5.0% YoY, following 4.5% YoY in Q4 2025. This acceleration is driven by export growth (up 9.8% YoY as of April), a revival in industry and the development of high-tech manufacturing.

**Manufacturing activity in China remains strong,** though domestic demand remains uneven. The composite PMI stood at 53.1 in April 2026. This is the highest level since June 2023.

**High oil and gas prices are already putting pressure on the global economy:** *inflation has accelerated, and global GDP growth is showing signs of slowing. If the situation in the Middle East drags on and oil and LNG supplies from the Persian Gulf do not begin to recover, the consequences in the second half of 2026 could become more pronounced.*

## Forecast

↓ **Table 2. Forecast values of key external economic indicators (baseline scenario)**

Indicator	2024	2025	2026F	2027F	2028F
<b>Oil price</b> (\$/bbl, annual average)					
Brent	79.8	69	82	75	71
Urals	67.9	58	74	64	56
<b>GDP growth</b> (%)					
US	2.8	2.1	1.7	1.8	2.0
Eurozone	0.8	1.4	0.9	1.1	1.3
China	5.0	5.0	4.6	4.4	4.4
<b>Inflation</b> (% at year-end)					
US	2.9	2.7	3.6	2.8	2.6
Eurozone	2.4	2.0	3.0	2.6	2.2
<b>Key interest rates</b> (% average for the year)					
Fed	5.1	4.1	3.7	3.5	3.3
ECB	4.1	2.4	2.4	2.6	2.4

**Source:** 2024, 2025 – data from the IMF, the World Bank, the US Federal Reserve, and the ECB; 2026–2028 – forecasts by EDB analysts.

**Commodity markets in the forecast period will depend primarily on geopolitics.** In the baseline scenario, the risks of oil prices deviating from the forecast, both upwards and downwards, are considered balanced. The average price of Brent could reach \$82 per barrel in 2026 due to a reduction in supply against the backdrop of the conflict in the Middle East (Table 2). The forecast of an average of \$82 per barrel for 2026 assumes that, following a price spike in the second quarter, supplies will gradually recover and oil prices will fall significantly in the second half of the year.

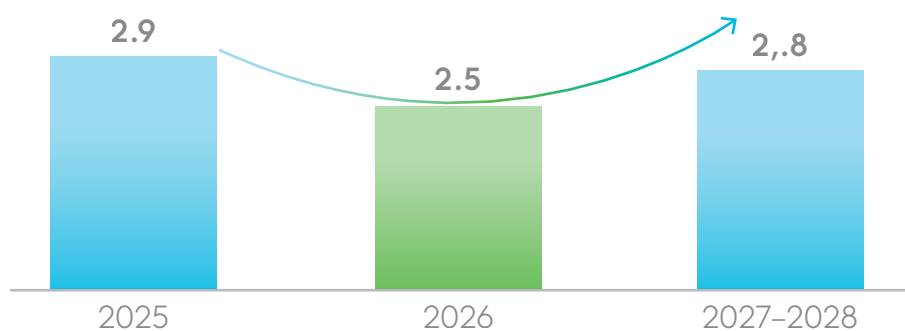
---

**We expect global GDP growth to slow to 2.5% in 2026 under the baseline scenario.**

---

**In 2027, oil prices will remain elevated.** Even after hostilities cease, the consequences of the conflict in the Persian Gulf may continue to affect the market for about another year: capacity and transport infrastructure will need to be restored, and a risk premium will persist. Oil prices will be supported by the replenishment of commercial and strategic stocks. Consumers will want to hold reserves of oil and petroleum products at levels comparable to or exceeding those held prior to the escalation of the conflict. The average price of Brent could reach \$75 per barrel in 2027 and \$71 per barrel in 2028 (Table 2). The risk of a long-term decline in oil prices is discussed in Box 2.

↓ Figure 1. Average global GDP growth, %



Source: national agencies, EDB analysts' calculations.

**We view the rise in oil prices as a medium-term phenomenon.**

Beyond one year, the impact of the conflict is likely to diminish: Gulf exporters will be able to restore supplies, including by developing pipeline and port infrastructure outside the Gulf waters.

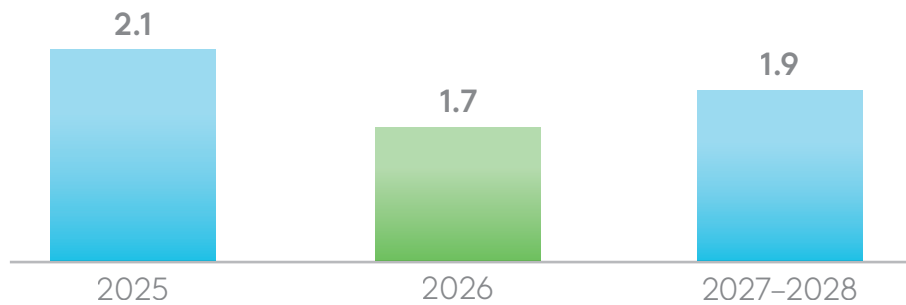
**In the baseline scenario, global economic growth will slow.**

Average global GDP growth may fall to 2.5% in 2026, following 2.9% in 2025, and recover to 2.8% in 2027-2028.

**The oil shock will spread to other commodity markets.**

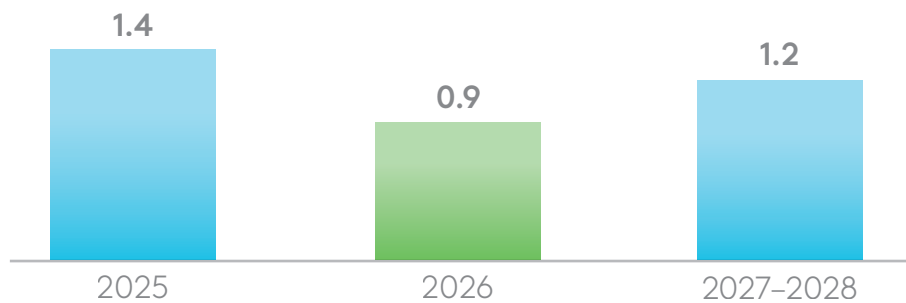
Higher costs will lead to rising fertiliser and food prices in 2026-2028. Gold prices will remain high due to economic and inflationary risks. In the short term, metals will face pressure from the risk of slowing industrial demand and higher interest rates. In the medium term, demand from the power sector, grid infrastructure and low-carbon technologies could provide support.

↓ Figure 2. Average US GDP growth, %



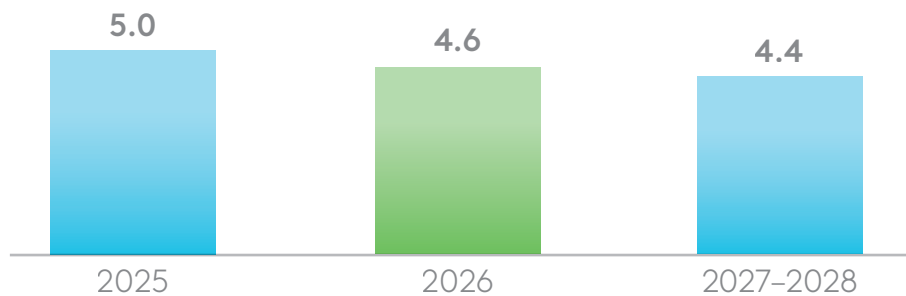
Source: national agencies, EDB analysts' calculations.

↓ Figure 3. Average GDP growth in the eurozone, %



Source: national authorities, EDB analysts' calculations.

↓ Figure 4. Average GDP growth in China, %



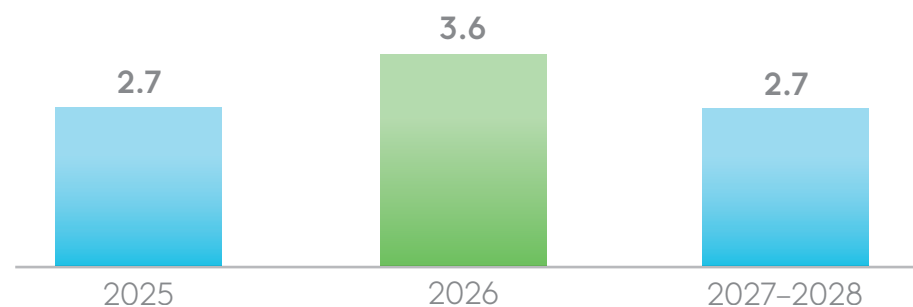
Source: national agencies, EDB analysts' calculations.

**We forecast that US GDP growth will slow to 1.7% in 2026** from 2.1% in 2025. Thereafter, economic growth will accelerate to 1.8% and 2.0% in 2027 and 2028, respectively (Table 2). Economic momentum will be supported by fiscal spending and investment inflows into the oil and gas sector. Tariff policy may temporarily support domestic demand for US-made goods, but at the same time it increases costs and inflationary risks.

**The eurozone remains particularly vulnerable to an energy shock** due to its high dependence on energy imports, weak domestic demand dynamics and limited scope to offset rising costs. GDP growth may fall to 0.9% in 2026 after 1.4% in 2025, then recover to 1.1% in 2027 and 1.3% in 2028. Pressure will come from high energy prices and US tariffs. Increased government spending will only partially offset the impact of these adverse factors.

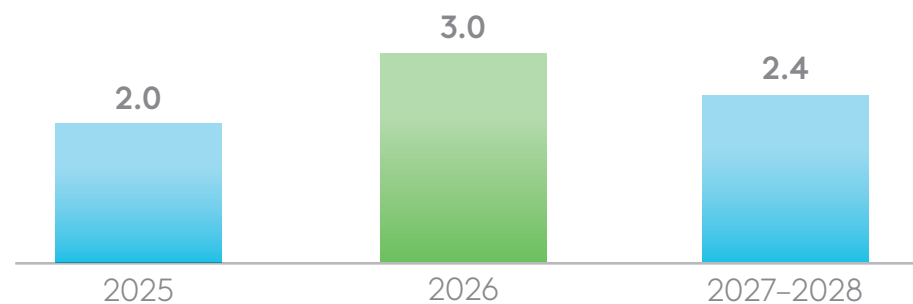
**We forecast China's economic growth at 4.6% in 2026,** following 5.0% in 2025 (Table 2). Economic momentum will be supported by fiscal policy measures, growth in investment linked to the development of artificial intelligence, and an expansion in electronics exports. An additional factor could be increased external demand for green technology products against a backdrop of high global energy prices.

↓ Figure 5. Inflation in the US, % YoY



Source: national agencies, EDB analysts' calculations.

↓ Figure 6. Inflation in the eurozone, % YoY



Source: national authorities, EDB analysts' calculations.

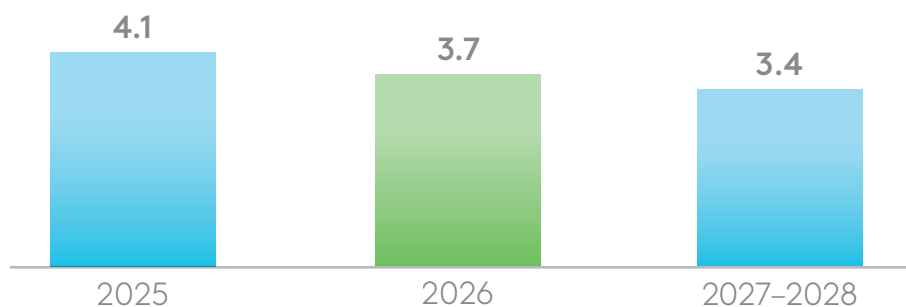
**In the US, consumer price inflation reached 3.8% YoY in April 2026** — a three-year high — following 2.4% YoY in January and February. Core inflation remains consistently above target: at the end of April 2026, it stood at 2.8% YoY. We estimate that inflation could reach 3.6% by the end of 2026 ([Table 2](#)).

**In the eurozone, inflation accelerated to 3.0% YoY in April 2026.** In the second half of 2025, the rate was close to the 2% target. Core inflation stood at 2.2% YoY, down from 2.3% at the end of 2025, reflecting weak economic activity.

**For the eurozone, the key risks relate to rising global energy and food prices.** In our view, inflation may remain at 3.0% by the end of 2026 ([Table 2](#)).

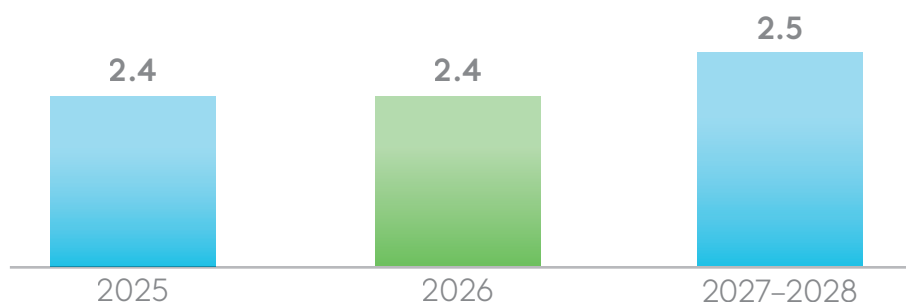
**The impact of the oil shock will persist to some extent until the end of the forecast period.** Higher inflation expectations and rising costs, including those resulting from trade tariffs, will hinder the slowdown in inflation. By the end of 2028, inflation may fall to 2.6% in the US and 2.2% in the euro area, but will remain above target ([Table 2](#)).

↓ Figure 7. Average Fed policy rate, %



Source: national authorities, EDB analysts' calculations.

↓ Figure 8. Average ECB key interest rate, %



Source: national authorities, EDB analysts' calculations.

**The Fed is likely to maintain a cautious stance.** A rate cut is only possible if there is confirmation of a sustained slowdown in inflation. Consequently, monetary conditions in the US will remain relatively tight for most of the forecast period. The average rate is expected to be 3.7% in 2026, 3.5% in 2027 and 3.3% in 2028. We expect the rate to be around 3.5% at the end of 2027 and around 3.25% at the end of 2028.

**The ECB may move to raise rates** if rising energy prices begin to entrench themselves in inflation expectations and core inflation. We expect the European regulator's refinancing rate to reach around 2.5% by the end of 2026 and average 2.6% in 2027 ([Table 2](#)).

## Impact on countries in the EDB's region of operations

**EDB member countries will experience the consequences of the conflict in the Persian Gulf in different ways.** The impact will be determined by two key factors: the countries' status as net exporters or net importers of energy resources, and the extent of their dependence on changes in the cost of international logistics and global food price dynamics.

**For Russia and Kazakhstan, rising energy prices will, in the short term, support export earnings and budget revenues.** Higher oil and gas prices will ensure **stronger exchange rates** for the rouble and the tenge in 2026. At the same time, the effect on exporting countries will not be straightforward. A possible strengthening of national currencies will curb import inflation, but may reduce the tenge or rouble equivalent of part of export revenues. Additional risks are linked to logistical and production constraints, and for Russia to the sanctions regime on oil exports.

**The outlook for supplies of certain commodities is improving, particularly for fertilisers.** For Belarus, for instance, rising global demand for fertilisers could create additional opportunities to expand exports of potash and nitrogen fertilisers. For metals, the effect will be more mixed: short-term pressure may come from weak industrial demand, while the development of energy and grid infrastructure could provide medium-term support.

**The Bank's other countries of operation, being net importers of energy resources, will face primarily inflationary risks.** This will be linked to higher oil and food prices. The result may be the persistence of heightened inflationary risks.

## Box 1. Economic consequences of the conflict in the Middle East

**The conflict in the Middle East and the closure of the Strait of Hormuz have caused a severe disruption to energy supply chains.** Around 25% of global oil trade and around 20% of LNG pass through the strait. According to IEA estimates, recent events have led to the largest disruption to oil supplies in the history of the global market.

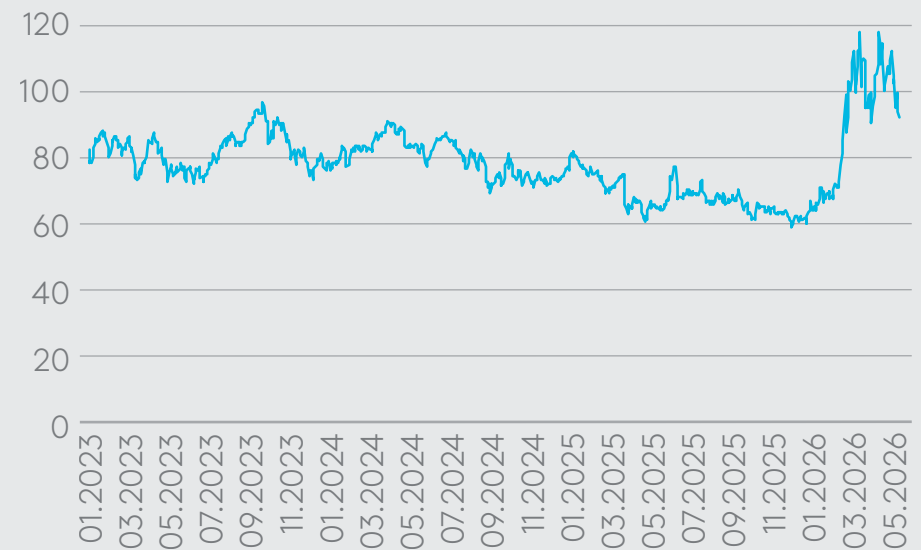
**Global oil supply has fallen by more than 8–10 million barrels per day.** More than 60 key energy facilities in the region have been damaged. The decline in production in the Gulf states has been partially offset by stockpiles, alternative routes and supplies from other regions. Consequently, the net reduction in global supply is estimated to be lower than the drop in regional production.

**Gas infrastructure has also been severely affected.** Among the affected facilities is the Ras Laffan complex in Qatar, which accounts for around 93% of LNG production in the Gulf. Approximately 80% of these supplies are destined for the Asia-Pacific region. It may take several years to repair the damaged infrastructure.

**Against this backdrop, the price of Brent crude rose from around \$70 per barrel in February to a peak of \$115 per barrel in May.** Alongside high volatility, prices remained above the \$100 per barrel mark for most of the period from March to early May. At the same time, long-term oil price forecasts were also revised upwards.

**Even if tensions ease, prices may not return to pre-crisis levels quickly** if infrastructure constraints, higher insurance premiums and increased demand for oil persist, driven by the need to replenish stocks. Infrastructure damage has already been done. Many countries have faced shortages of refined petroleum products, diesel and jet fuel.

↓ Figure 9. Brent crude oil prices (ICE), USD per barrel

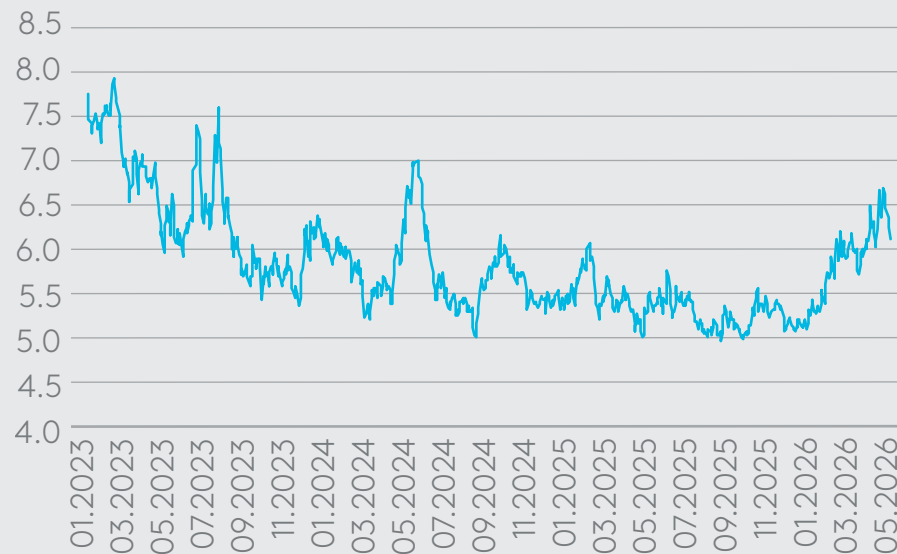


Source: Bloomberg.

**LNG prices have also risen significantly.** Spot prices in Asian markets have doubled. Europe finds itself in a energy crisis, with low gas stocks — around 30% by the end of winter 2025/2026 — and facing fierce competition for LNG from Asian buyers.

**The shock was not limited to the energy market.** The Strait of Hormuz handles around 20–30% of global trade in fertilisers — ammonia, urea, sulphur and phosphates.

↓ **Figure 10. Wheat prices (CME), USD per bushel**



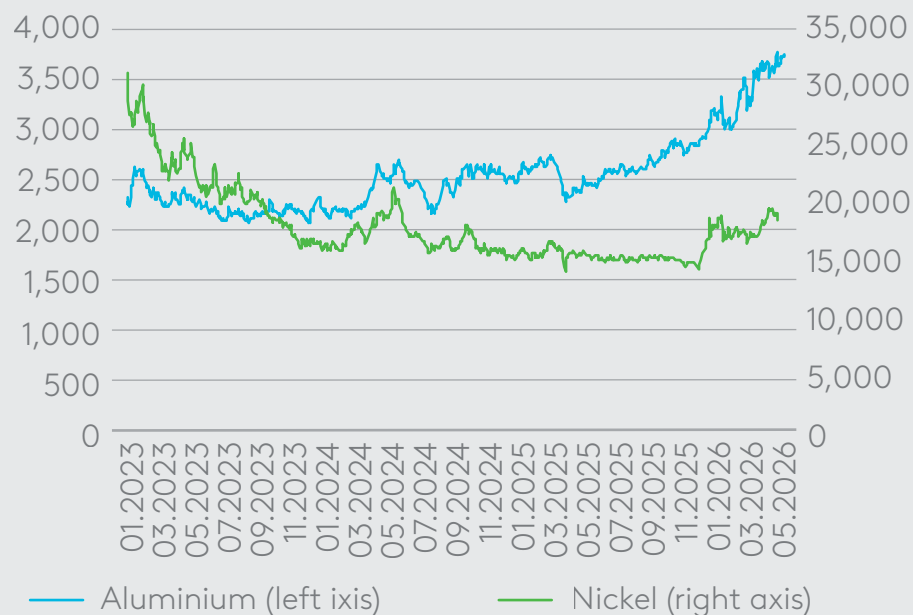
Source: Bloomberg.

**The coincidence of the conflict with the start of the sowing season in the Northern Hemisphere has intensified pressure on the agricultural sector.** Prices for nitrogen fertilisers have risen by 50%, to \$690/tonne by the end of April. According to UN estimates, the overall increase in fertiliser prices could reach 35% by the end of 2026.

**The risks of accelerating food inflation have risen significantly.** Fertiliser shortages could affect the 2026 harvest. Countries where food accounts for around 60% of consumer spending will be particularly hard hit.

**Disruptions to supply chains have created conditions for price rises in other commodities as well.** Aluminium rose by around 16% at its peak. Indonesia, which accounts for around 50% of global nickel production, has faced a shortage of sulphur, which is necessary for ore processing.

↓ Figure 11. Aluminium and nickel prices (ICE), USD per tonne

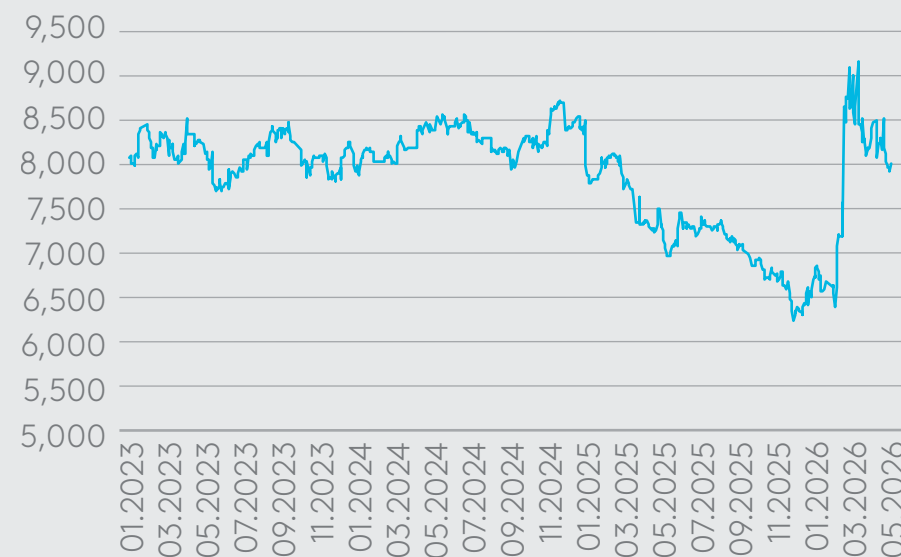


Source: Bloomberg.

**The petrochemical sector has also been affected.** Around 12% of global ethylene production has been knocked out of global supply chains. Against this backdrop, polyethylene prices in Asia have risen by 40–50%.

**The rise in the cost of petrochemical feedstocks could affect a wide range of goods.** This applies not only to plastics, but also to industrial and consumer products, in which polymers account for a significant proportion of the cost.

↓ Figure 12. Polyethylene prices (1M, Dalian), USD per tonne



Source: Bloomberg.

**The spread of inflationary pressures** may occur through three channels.

1. **Energy shock.** Rising prices for oil, gas and petroleum products create the primary inflationary impulse. Higher fuel costs are passed on to prices via energy-intensive manufacturing, the electricity sector and agriculture. Depending on access to energy resources, the direct impact on the global economy is estimated at 0.7–1.5 percentage points of additional inflation.

2. **Logistics channel.** Tanker freight rates have tripled. Air freight rates on certain routes have risen two to threefold. Against this backdrop, global merchandise trade growth could slow to 1.9% in 2026, following 4.6% in 2025. Rising transport costs will increase the cost of imported goods.

**Inflation expectations.** Short-term expectations have risen in both the US and the eurozone. If households and businesses begin to factor sustained price growth into contracts and pricing decisions, inflation may become entrenched at a higher level.

If price rises become entrenched in inflation expectations and contracts, **central banks may need to adopt a tighter policy stance.** Some regulators may opt simply to keep rates at elevated levels for a longer period.

**The full consequences of the energy shock will become clearer once logistics through the Strait of Hormuz have been restored.** However, its impact is already significant for both world prices and the global economy.

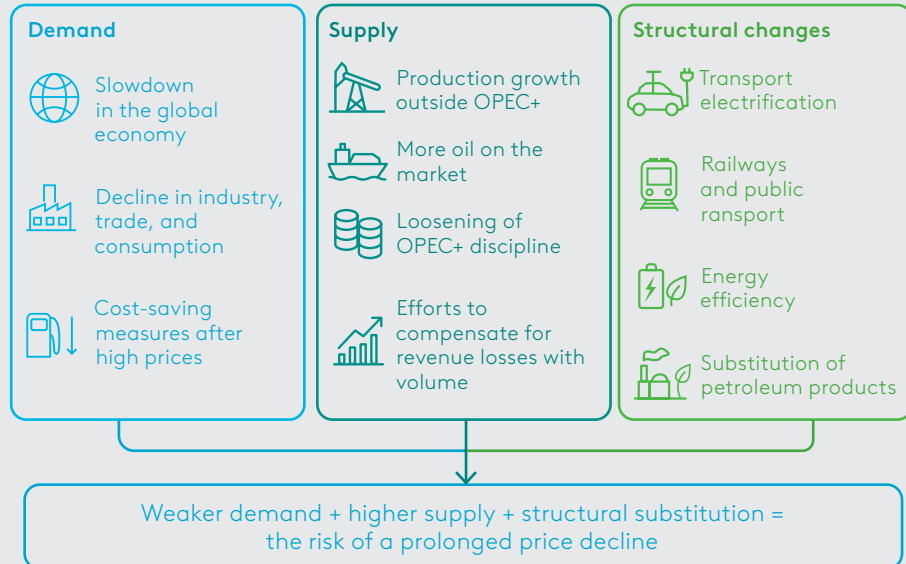
In a risk scenario, **oil prices remaining around \$100/barrel until the end of 2026 could lead to a slowdown in global economic growth to below 2%**, which corresponds to a global recession. Such a scenario becomes possible if the closure of the Strait of Hormuz continues until September, and the restoration of supplies following its reopening is slow or incomplete.

**Even if the strait reopens in September, oil prices may remain elevated until the end of the year.** It may take up to three months for supplies to normalise due to accumulated logistical disruptions and a build-up of tankers. Additional risks are associated with a partial reopening of the strait, the continuation of restrictions on oil transport, and accumulated damage to oil infrastructure in the Gulf states.

## Box 2. Risk scenario: a long-term decline in oil prices, starting in 2027–2028.

One of the significant risks facing the economies of the EDB's region of operations in the coming years relates to the oil market's potential shift from a supply shock to a long-term supply glut, a scenario not envisaged in the baseline forecast. Following a period of high oil prices, conditions for a lower price regime may emerge as a result of demand adjustment and increased supply by producers. Following the reopening of the Strait of Hormuz, the initial supply shock may gradually subside, while the resumption of supplies and a weakening of coordination among producers could heighten the risk of a long-term decline in oil prices (Figure 13).

↓ Figure 13. Channels through which high prices affect the long-term market balance



Source: EDB analysts' estimates.

**The first channel is a decline in demand.** High energy prices worsen the situation for households, industry, trade and transport. Consumers cut back on fuel expenditure, companies review their logistics, and oil-importing countries step up energy-saving measures. If the global economy slows down at the same time, the pressure on demand becomes more sustained: it is driven not only by the price factor, but also by a decline in business activity.

**The second channel is the growth in supply.** High prices increase the attractiveness of investment in production and encourage producers to ramp up physical supply volumes. This applies both to countries with spare capacity — primarily certain Gulf states and OPEC+ members — and to independent producers not bound by the alliance's quotas, including the US. As discipline within the group weakens, some countries may seek to offset the decline in revenue by increasing exports. In this context, the UAE's withdrawal from OPEC can be seen as a warning sign of a potential weakening of the previous coordination of supply.

**The third channel is the structural transformation of energy consumption.** High prices are accelerating the transition to more fuel-efficient vehicles, the electrification of transport, public transport, rail logistics and the partial substitution of petroleum products in industry. Consequently, part of the demand may not fully recover even after prices stabilise. This effect develops more slowly than the cyclical decline in demand, but it is precisely this that increases the risk of a more prolonged period of low prices.

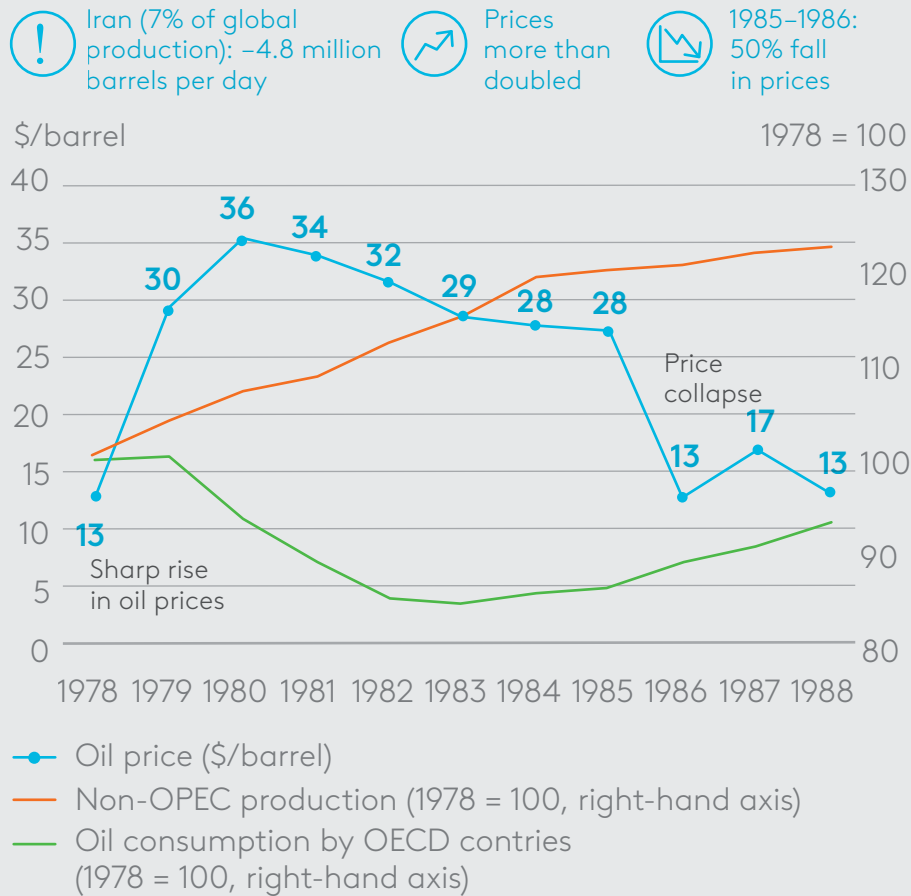
**Historical experience from the late 1970s to the mid-1980s shows how a period of high prices can create the conditions for a future oil glut.** One of the key triggers was the decline in Iranian production following the 1979 revolution, by approximately 4.8 million barrels per day, which accounted for around 7% of global production. Following the oil shock, prices almost tripled: from around \$13 per barrel in 1978 to around \$36 per barrel in 1980 (Figure 14).

**High prices stimulated growth in supply from outside OPEC.** Between 1980 and 1985, supplies from non-cartel countries continued to increase by approximately 1 million barrels per day per year, while the organisation's production fell sharply. Saudi Arabia cut production from around 9.9 million barrels per day in 1980 to 3.4 million barrels per day in 1985 in an attempt to support prices.

**At the same time, in the first half of the 1980s, high prices triggered a shift in demand.** Consumers and companies reduced their use of petroleum products, improved fuel efficiency and switched to alternative energy sources.

**After 1986, OPEC countries abandoned their policy of limiting production.** The supply of oil on the market rose sharply, and its price plummeted by more than 50%: from \$28 per barrel to \$13 per barrel. After that, **prices remained significantly below** early 1980s levels **for more than a decade.**

↓ Figure 14. The consequences of the 1980s oil shock for the oil market



Source: OPEC, IEA, IMF.

**The current situation differs from that of the early 1980s.**

The average price of Brent in March–May 2026 was around \$102 per barrel and remained within the range seen in recent years. In the early 1980s, the oil shock was significantly more severe: prices rose to roughly three times the 1978 level. However, the combination of high prices, OPEC production cuts and a possible weakening of coordination among producers maintains the risk of the market shifting to a supply surplus and a lower price regime.

**For oil-exporting countries, including Kazakhstan and Russia, the key risk** lies not only in the price decline itself, but also in the duration of the new price regime.

A short-term correction may be partially mitigated by fiscal rules and reserves. However, if low prices persist for a prolonged period, the impact gradually shifts from foreign trade to the budget, the exchange rate, inflation, investment and economic growth. For both economies, a fall in oil prices means a deterioration in external conditions, pressure on export revenues, risks of national currency depreciation and accelerating inflation. That said, the shock may be more severe for Russia due to sanctions, price caps and the risk that the discount of Russian crude grades to Brent will persist. Kazakhstan has a significant reserve buffer: the National Fund’s assets stood at around 24% of GDP at the end of the first quarter of 2026.

# REPUBLIC OF ARMENIA



# REPUBLIC OF ARMENIA

Armenia's GDP growth is forecast at 6.0% in 2026. Inflation at the end of 2026 is expected to stand at 4.4% amid external price pressures and high domestic demand. Inflation exceeding the target range will be a factor in raising the refinancing rate. The forecast for 2026–2028 assumes a moderately restrictive impact of fiscal policy on the economy.

## Current situation

**Armenia's economy maintained high growth rates at the start of 2026.** From January to April, economic activity grew by 6.9% YoY thanks to strong domestic demand. The main drivers were high growth in lending to households (15.5% YoY in April) and an increase in remittances to households (17.3% YoY in January–April). The services sector (7.6% YoY) and construction (22.9% YoY) also acted as growth drivers. Strong performance in the industrial sector (13.0% YoY in January–April) also contributed to the acceleration in economic growth over the last two quarters.

↓ Table 3. Key macroeconomic indicators for Armenia (baseline scenario)

Indicator	2024	2025	2026F	2027F	2028F
<b>GDP at constant prices</b> (year-on-year growth in %)	5.9	7.2	6.0	5.7	5.3
<b>Inflation</b> (year-on-year increase at year-end)	1.5	3.3	4.4	3.9	3.5
<b>Refinancing rate</b> (% , annual average)	8.0	7.0	7.2	7.5	6.5
<b>Armenian dram to US dollar exchange rate</b> (annual average)	392	387	376	384	392

Source: national authorities, EDB analysts' calculations.

**Inflation exceeded the Central Bank of Armenia's target range (3±1%).** In April, inflation in Armenia accelerated to 5.3% YoY, following 4.5% YoY and 4.2% YoY in February and March respectively. Core inflation also remained elevated — 4.9% YoY in April following 4.7% YoY in February and March. The elevated inflation is mainly driven by rising food prices (9.5% YoY in April, following 7.8% YoY in March). Core inflation trends also point to elevated demand. Price growth for non-food goods also accelerated — to 1.5% YoY from 0.8% YoY, while inflation in the services sector stabilised at 2.6% YoY.

**The foreign trade deficit remained at last year's level:**

in January–April 2026, it stood at \$1.6 billion (compared with \$1.5 billion in January–April 2025). Foreign trade trends were mixed: imports increased by 2.5% year-on-year, while exports fell by 3.3% year-on-year.

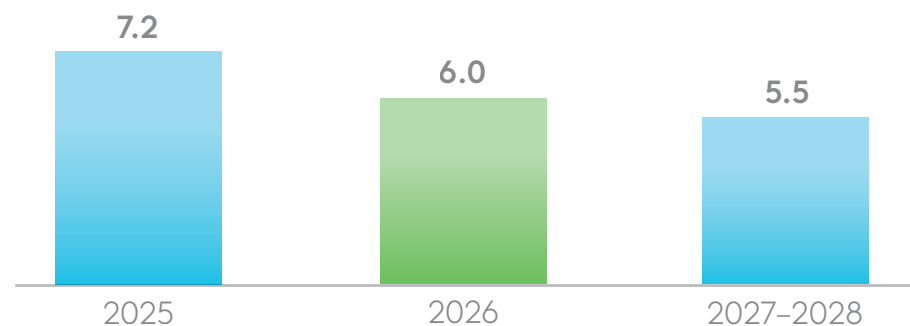
**The Central Bank of the Republic of Armenia kept the refinancing rate at 6.5%**

at its last three meetings since the start of the current year. Factors taken into account included the risks of a global economic slowdown and a reduction in Armenia's risk premium, suggesting a lower trajectory for interest rates.

**The fiscal position has improved.** In January–April 2026, the budget was executed with a surplus of 1.1% of GDP. With tax revenues growing by 13.7% YoY, expenditure increased by 7.6% YoY, which enabled the surplus to be achieved.

## Forecast

↓ Figure 15. Average GDP growth in Armenia, %



Source: national agencies, EDB analysts' calculations.

**We forecast that Armenia's GDP will grow by 6.0% in 2026** and stabilise at 5.5% in 2027–2028. Several factors will contribute to this.

**Strong domestic demand will continue to underpin Armenia's economic growth.** Household consumption will be the main driver of GDP growth, supported by active lending and high levels of savings.

**Investment activity will remain one of the key drivers of economic growth.** Investment in fixed capital increased by 7.2% year-on-year in the first quarter of 2026, while its volume remained close to peak levels — 21% of GDP in 2025 compared with an average of 19% of GDP over the past 10 years. We believe that capital inflows into Armenia will continue to grow against the backdrop of a decline in the country's risk premium and an improvement in sovereign ratings.

**Public investment will contribute to raising the economy's potential growth.** Maintaining budget capital expenditure at around 5.7% of GDP in 2026–2028 will boost overall productivity and have a positive impact on the economy's potential growth rate.

**The recovery in economic activity in Russia will have a positive impact on external demand,** supporting export earnings and remittances to Armenia.

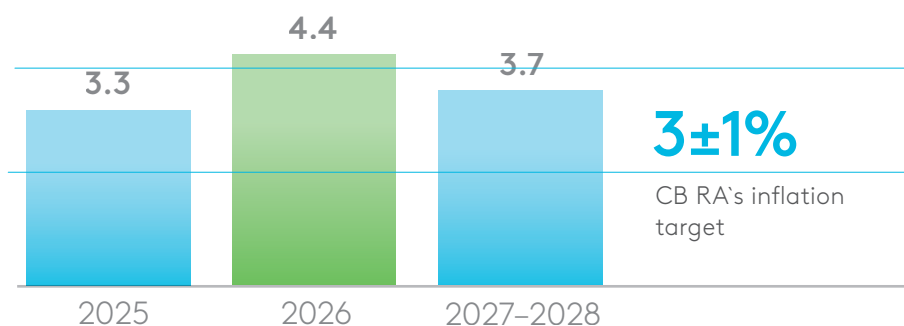
---

### Sustaining high economic growth rates in 2026

---

**Fiscal policy will become less expansionary compared to 2025 due to a reduction in the deficit.** According to the 2026 Budget Message, the RA Government plans to reduce the budget deficit as a percentage of GDP in 2026. This will be achieved by reducing expenditure to 30.4% of GDP in 2026 and to 28.7% of GDP in 2027–2028, while maintaining revenue at around 26% of GDP.

↓ Figure 16. Inflation in Armenia, % YoY



Source: national agencies, EDB analysts' calculations.

**We expect inflation in Armenia to rise to 4.4% YoY in 2026,** following 3.3% YoY in 2025. After peaking in the first half of the year, inflation may gradually slow by the end of 2026. This will be supported by a strong dram and the expected tightening of monetary conditions.

**Food inflation will remain one of the main drivers of price growth in 2026.** Pressure will stem from rising prices for imported food products, which account for around 16% of the consumer basket.

**Rising oil prices and geopolitical risks will intensify inflationary pressure.** The average price of Brent crude above \$80 per barrel in 2026 and potential disruptions to global supply chains will be among the factors driving up costs.

**High demand will hold back the slowdown in inflation.** Household expenditure rose by 10.7% year-on-year, while

tourist arrivals increased by 17.2% year-on-year in the first quarter of 2026. Sustained high consumer activity among the population and tourists will continue to act as a pro-inflationary factor.

---

**Inflation is expected to slow to 4.4% by the end of 2026, following a peak in the first half of the year.**

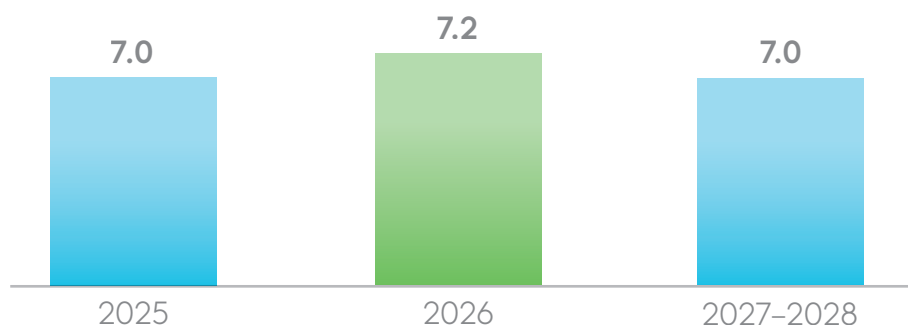
---

**We forecast inflation to fall to 3.9% YoY by the end of 2027 and to 3.5% by the end of 2028.** The return of the indicator to the CB RA's target range of 3±1% will be supported by the expected tightening of monetary policy and the continued strength of the dram.

**The projected increase in the refinancing rate will have a disinflationary effect.** Tighter monetary conditions in the second half of 2026 will limit consumer price growth.

**The strong dram will continue to curb inflationary pressures.** The average exchange rate in January–May 2026 stood at 376 drams per dollar, having strengthened by 4.4% year-on-year.

↓ Figure 17. Average refinancing rate, %



Source: national authorities, EDB analysts' calculations.

**In the baseline scenario, we expect the refinancing rate to rise to 7.5% by the end of 2026** if price pressures and inflation remain above the target range. If inflation falls more rapidly and the dram remains strong, the Central Bank of Armenia may opt for a more accommodative rate path.

**Increased external inflationary pressure will create the conditions for a tightening of monetary policy.** Rising global prices for raw materials and food, as well as the risks of increased logistics and transport costs, may accelerate consumer price inflation.

**Strong demand will also be an argument in favour of raising rates.** Robust consumption by the population and tourists, along with expanded lending, are factors that could lead to overheating demand.

---

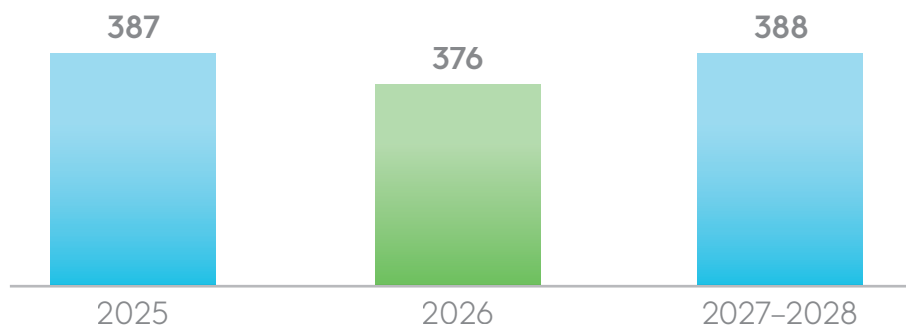
**Refinancing rate — around 7.5% by the end of 2026**

---

**A reduction in Armenia's country risk will cap the refinancing rate.** A lower risk premium implies a lower neutral rate trajectory and creates scope for easing monetary conditions in the future.

**Stabilisation of inflation within the CBA's target range will create conditions for a shift to a more accommodative monetary policy in 2028.** As price pressures ease, we forecast a gradual reduction in the rate. We expect the rate to stand at 6.5% in 2028.

↓ Figure 18. Average exchange rate, dram to US dollar



Source: national authorities, EDB analysts' calculations.

**We forecast an average annual exchange rate of 376 drams to the dollar in 2026.** This year, factors favouring a stronger dram will prevail — for example, the recovery of exports and high levels of tourist activity.

**High levels of international reserves and a decline in the country's risk premium** strengthen the economy's external resilience and reduce the likelihood of sharp exchange rate volatility. Armenia's international reserves reached a record \$5.5 billion in March 2026.

**Rising interest rates will also provide support for the dram.** Increases in the refinancing rate and other rates in Armenia's financial market will boost the attractiveness of assets denominated in the national currency and underpin demand for the dram.

**High volumes of remittances will support the dram exchange rate.** In January–April 2026, remittance inflows to Armenia (broadly defined<sup>1</sup>) increased by 17.2% YoY to \$2.0 billion. In the medium term, we expect a further increase in remittance volumes against the backdrop of a recovery in Russia's economic growth, which may support the dram exchange rate.

---

**We expect the dram to remain strong in 2026, averaging 376 drams per dollar.**

---

**In 2027–2028, the average annual exchange rate will be around 388 drams per dollar.** A moderate weakening of the dram will occur under the influence of two main factors:

- 1) Rising global prices** for food and raw materials will increase the cost of imports and, consequently, **demand for foreign currency.**
- 2) High demand for imports** will be an additional factor in the depreciation of the exchange rate. Growth in consumption and investment activity will support imports of goods and services, which will increase the economy's need for foreign currency.

<sup>1</sup> This includes all transfers made by individuals (including sole traders) via the RA banking system, regardless of their purpose, as well as those made via all payment systems.

## Risks

**Risks of accelerating inflation and a slowdown in external demand.** The continuation of the conflict in the Middle East could lead to disruptions in regional supply chains and intensify inflationary pressures. High geopolitical tensions are also contributing to persistently high oil prices. Rising global prices for food, energy and logistics services may exacerbate imported inflation and increase costs in the manufacturing industry, foreign trade and the transport sector. At the same time, there remains a risk of a slowdown in exports from Armenia due to the deteriorating economic situation in the Middle Eastern countries, which are important trading partners of the Republic of Armenia.

**A fall in oil prices relative to the baseline scenario also poses risks to the Armenian economy.** The main channel of impact could be a weakening of external demand from Russia for Armenian exports. At the same time, lower energy prices could reduce production and transport costs.

# REPUBLIC OF BELARUS



# REPUBLIC OF BELARUS

We forecast Belarus's economy to grow by 1.3% in 2026. Consumer and investment activity will support growth in domestic demand. Inflation, according to our estimates, will continue to slow and will not exceed the 7% target in 2026. We expect the refinancing rate to be around 9.25% by the end of 2026, while monetary conditions will continue to be regulated by macroprudential measures.

## Current situation

**At the start of 2026, the Belarusian economy showed signs of a slowdown in business activity.** GDP grew by 0.2% YoY in January–April, following growth of 1.3% YoY in 2025. The key factor behind the slowdown was a 2.5% YoY contraction in industrial production, driven by cooling demand in the market of Belarus's main trading partner, Russia. Abnormally low temperatures in January–February had an additional impact: they led to a 2.8% YoY decline in the volume of construction work overall for January–April.

**The IT sector and transport services made a positive contribution.** The IT sector continued to recover: information and communication services grew by 6.1% YoY and contributed 0.3 percentage points to GDP growth. The volume of transport and logistics services increased by 3.8% and contributed a further 0.2 percentage points to economic growth.

↓ Table 4. Key macroeconomic indicators for Belarus (baseline scenario)

Indicator	2024	2025	2026F	2027F	2028F
<b>GDP at constant prices</b> (year-on-year growth in %)	4.3	1.3	1.3	1.6	1.9
<b>Inflation</b> (year-on-year increase at year-end)	5.2	6.8	5.8	5.5	5.0
<b>Refinancing rate</b> (% , annual average)	9.5	9.6	9.5	9.0	8.5
<b>The exchange rate of the Belarusian rouble against the US dollar</b> (annual average)	3.25	3.01	3.00	3.10	3.30

Source: national authorities, EDB analysts' calculations.

**Consumer activity continued to support the economy.** Retail turnover grew by 6.2% YoY against a backdrop of a 7% YoY increase in real wages.

**Investment activity began to recover after a weak start to the year.** In March–April, investment growth stood at around 5% YoY, following a decline of 11.6% YoY in January and 3.9% YoY in February. This is largely driven by the expansion of preferential lending for investment financing, which increased 2.2-fold YoY in January–March 2026.

**Inflation continued to slow in January–April.** Consumer price inflation fell to 5.4% YoY in April 2026, down from 6.8% YoY in December 2025. The main contributor was the slowdown in food price inflation to 6.3% YoY from 9% YoY in December. Against the backdrop of the Belarusian rouble strengthening against the US dollar by 11.1% year-on-year in January–April 2026, the trend of slowing growth in goods prices persisted. Inflation in services accelerated to 8.4% year-on-year up from 8% year-on-year following the indexation of utility tariffs. Price growth rates in April remained at the March level following a decline over four consecutive months. Given the slowdown in core inflation to 5.9% YoY in April 2026 (following 7.3% YoY in December 2025), it is possible to speak of the sustainability of disinflationary processes.

**The National Bank has decided to cut the refinancing rate by 0.5 percentage points to 9.25%** as of 1 June 2026. The decision was taken against a backdrop of a sustained slowdown in inflation. The regulator notes that household savings remain high and assesses the impact of the domestic economy on price growth as neutral.

**The state of foreign trade in goods and services has improved** due to faster-than-expected export growth and strong performance in the services sector. In January–March 2026, the foreign trade deficit in goods and services narrowed to \$224 million, compared with \$658.1 million a year earlier. The trade deficit in goods stood at \$1,401.1 million, remaining at last year’s level. Exports of goods rose by 10.9%

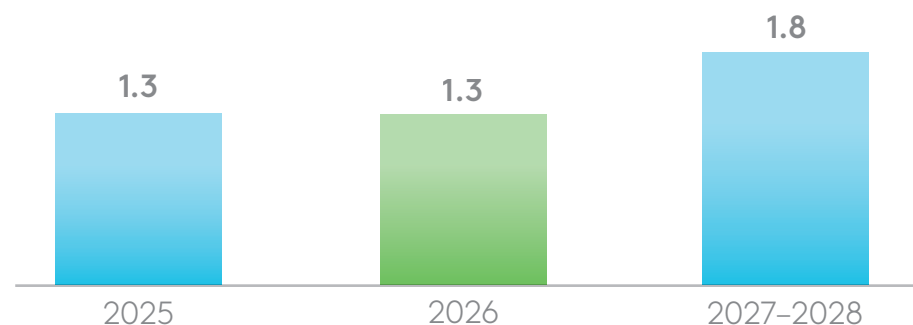
year-on-year, while imports increased by 9.4% year-on-year. More favourable price conditions were a factor in the faster growth of exports.

**The services trade surplus is growing against amid strong exports.** Exports of services increased by 28.2% year-on-year, while imports rose by 15.2%, leading to a 58.3% expansion in the services trade surplus to \$1,177.1 million. Growth was observed in the following categories: tourism services (+13.6% YoY), transport and logistics (+26% YoY), construction (+22.1% YoY), and computer and information services (+18.4% YoY).

**Gold and foreign exchange reserves continued to grow.** Between January and April, their volume increased by \$843 million, reaching \$15.3 billion by early May. A 5.6% rise in gold prices since the start of the year contributed to a \$519 million increase in the value of gold in the reserves. At the same time, foreign currency reserves increased by \$322 million against in the context of sustained net currency supply in the domestic market. The level of reserves exceeds three months’ worth of imports and covers approximately 90% of external public debt.

## Forecast

↓ Figure 19. Average GDP growth in Belarus, %



Source: national agencies, EDB analysts' calculations.

**We forecast an acceleration in GDP growth in the second half of 2026 and an expansion of output in 2027–2028.**

The economy will be supported by growth in real household incomes, positive investment trends, a gradual easing of credit conditions and an expansion of service exports.

**An increase in household incomes will underpin consumer demand.** Wage indexation of more than 14% accompanied by lower inflation will support growth in the real incomes of public sector workers. In the private sector, wages will continue to rise amid a labour shortage.

**Improved external trade conditions** will contribute to a recovery in economic growth rates. Rising global prices will help increase the value of Belarus's raw material exports.

**The positive trend in investment will continue.** An important factor will be the expansion of investment lending against a backdrop of the National Bank easing its requirements. Further support will come from the simplification of building regulations (RB, 2025). The state programme for agricultural construction, including the refurbishment of over 70 dairy farms, will also contribute to increased investment (RB, 2026).

**A cut in the refinancing rate** may support economic activity; however, the main channel through which lending conditions are eased will depend on banks' liquidity, macroprudential measures and the parameters of preferential lending.

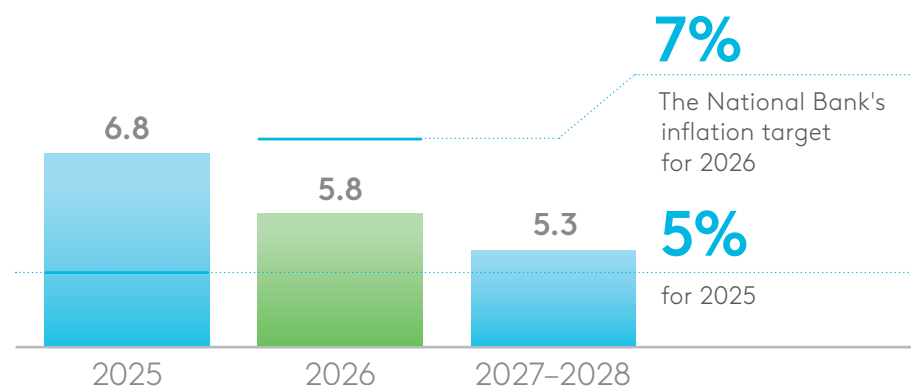
---

### Acceleration in GDP growth in the second half of 2026

---

**The expansion of service exports will support the Belarusian economy.** In January–March 2026, exports of information and computer services accelerated to 18.4% YoY, up from 7.9% in 2025, reflecting sustained external demand for Belarusian **IT services**, primarily from the Russian market. Inbound **tourism** will provide additional support: exports of tourism services grew by 13.6% year-on-year in January–March 2026.

↓ Figure 20. Inflation in Belarus, % YoY



Source: national agencies, EDB analysts' calculations.

**We forecast a slowdown in inflation to 5.8% in 2026**, following 6.8% in 2025, and a further decline to 5.5% YoY by the end of 2027 and to 5% by the end of 2028. The slowdown in inflation reflects a combination of a strong Belarusian rouble and administrative price controls. However, wage growth continues to pose inflationary risks.

**Administrative regulation will continue to limit price growth.** However, such measures may create deferred price pressures and affect the financial performance of certain sectors. **The strong exchange rate of the Belarusian rouble in 2026** will help to curb price growth for non-food goods and reduce inflation expectations.

---

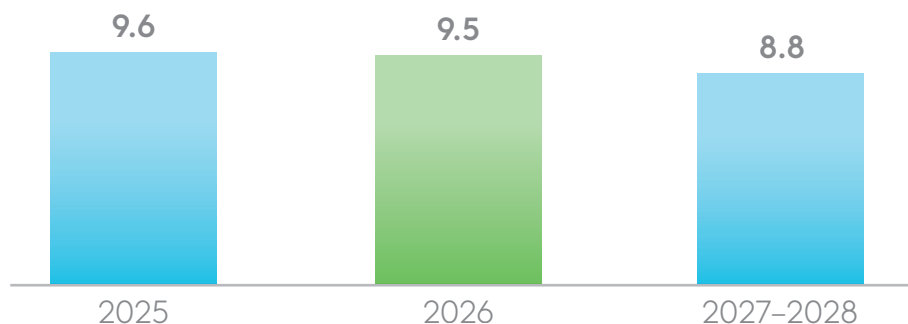
### Inflation to slow to 5% by the end of 2028

---

**Sustained wage growth** will continue to exert inflationary pressure through rising costs and expanding domestic demand.

**A slowdown in price growth in Belarus's key trading partner, Russia**, will help to further reduce imported inflation. However, the expected moderate depreciation of the Belarusian rouble in 2027-2028 may limit the pace of the slowdown in inflation.

↓ Figure 21. Average refinancing rate, %



Source: national authorities, EDB analysts' calculations.

**We forecast a refinancing rate of around 9.25% by the end of 2026.** We believe that this rate level will help to maintain financial and macroeconomic stability.

**Persistent inflationary pressure from robust domestic demand will require a cautious approach to rate cuts.** Wage growth and the expansion of lending in the national currency (+11.5% YoY in March 2026) will continue to support consumption growth.

**Low rates in the interbank lending market** (around 4%) will limit the scope for reducing the refinancing rate.

---

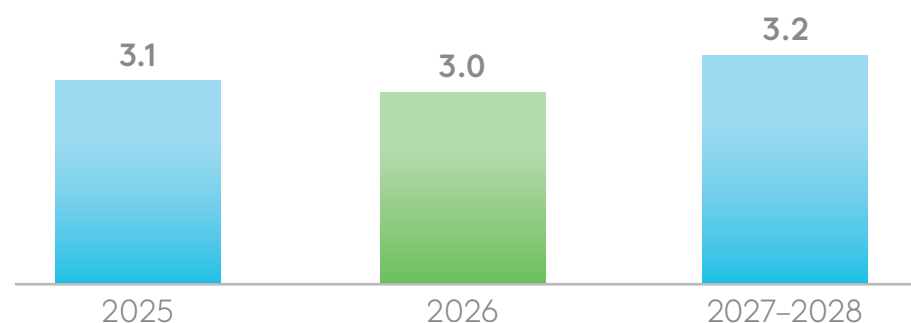
**Refinancing rate of around 9.25% at the end of 2026**

---

**Favourable lending conditions** will provide opportunities for further expansion of investment lending without a more aggressive rate cut. This allows credit resources to remain accessible to the real economy.

**In 2027–2028, we forecast a further reduction in the rate,** while the National Bank will continue to regulate monetary conditions through macroprudential measures.

↓ Figure 22. Average exchange rate, Belarusian rouble to US dollar



Source: national authorities, EDB analysts' calculations.

**We forecast an average exchange rate of around 3 Belarusian roubles per dollar in 2026**, with a further gradual depreciation to around 3.3 in 2028.

**Growth in domestic demand, driven by increased demand for imports, will exert moderate pressure on the Belarusian rouble exchange rate.** Rising real household incomes, a cut in the refinancing rate and expanded lending will support consumer and investment activity. This could lead to growth in imports of goods and services and, as a result, increase demand for foreign currency in 2027-2028.

**A gradual weakening of the Russian rouble** may contribute to a moderate depreciation of the Belarusian rouble. This is due to the close correlation between the value of the Belarusian currency and the exchange rate of the Russian rouble, which is driven by the high share of foreign trade transactions with Russia.

---

## Maintenance of a stable exchange rate for the Belarusian rouble in 2026

---

**Rising prices for exported goods** will support the rouble's exchange rate due to an increase in the supply of foreign currency.

**Growth in exports of services**, primarily transport, information, tourism and construction services, **will also limit the depreciation of the national currency** by increasing export revenue.

**Maintaining high interest rates on term deposits held by the public** — around 6% in real terms — will encourage saving and limit demand for foreign currency.

**The maintenance of net foreign currency supply in the domestic market**, including through retail transactions, will also provide support for the Belarusian rouble.

## Risks

**The risk of a slowdown in Russia's economic growth.** The synchronisation of the business cycle with Russia determines the Belarusian economy's high dependence on the Russian economy. A sharp cooling of consumer and investment demand in the key partner country could lead to a reduction in supplies of Belarusian products and industrial output due to limited opportunities to reorient towards other markets. A decline in incomes in Russia could also weaken demand for tourism and hotel services in Belarus. Taken together, these factors could dampen domestic demand and limit GDP growth.

**Risk of accelerating inflationary pressures.** Rising global prices for fertilisers and fuel may lead to higher food prices in external markets. For Belarus, this creates a risk of accelerating food inflation and intensifying overall price pressures, which could slow the growth of real incomes and consumption. An additional constraint may be the need to tighten monetary conditions: an increase in the refinancing rate will dampen consumer and investment activity.

# REPUBLIC OF KAZAKHSTAN



# REPUBLIC OF KAZAKHSTAN

We forecast steady economic growth in Kazakhstan of around 5.5% in 2026–2028. One of the key drivers of GDP growth will be the expansion of output in the manufacturing sector, alongside construction, transport and trade. Inflation will decline and approach the 5% target in 2028. We expect the base rate to fall to 16% by the end of 2026.

## Current situation

**Kazakhstan’s economy entered 2026 with more moderate growth following strong expansion in 2025.** According to preliminary data, GDP growth for January–April 2026 stood at 3.6% year-on-year. The main drag on growth was the weak performance of the mining sector, particularly the oil and gas segment, where production of oil and gas condensate was 28.3 million tonnes, or 86.2% of the volume produced during the corresponding period in 2025. According to the Ministry of Energy, the decline in the oil and gas sector’s performance is linked to the situation at the CPC and the Tengiz field.

↓ Table 5. Key macroeconomic indicators for Kazakhstan (baseline scenario)

Indicator	2024	2025	2026F	2027F	2028F
<b>GDP at constant prices</b> (year-on-year growth in %)	5.0	6.5	5.5	5.5	5.5
<b>Inflation</b> (year-on-year increase at year-end)	8.6	12.3	9.7	6.2	5.0
<b>Base rate</b> (% , annual average)	14.7	16.6	17.3	12.7	9.1
<b>Tenge to US dollar exchange rate</b> (annual average)	469	521	490	505	525

Source: national authorities, EDB analysts’ calculations.

**Non-resource sectors continue to underpin economic activity.** In January–April 2026, the highest growth rates were recorded in construction (+14.5% YoY), transport (+12.0% YoY), manufacturing (+9.9% YoY) and trade (+5.1% YoY).

**Inflationary pressure is gradually easing** but remains elevated. In April 2026, annual inflation fell to 10.6% from 11.0% in March, while the monthly increase in prices was 0.8%. Food prices rose by 11.3% YoY, non-food prices by 11.7% YoY, and paid services by 8.9% YoY. Tight monetary conditions and the strengthening of the tenge are exerting a dampening effect on inflation. Annual inflation has begun to decline, but current monthly price dynamics remain elevated. This indicates that inflationary pressures persist and calls for a cautious approach to lowering the base rate.

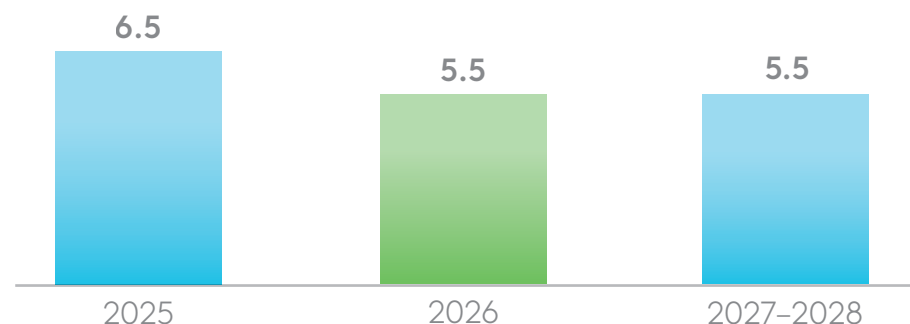
**The tenge strengthened in January–April 2026 relative to last year’s average levels.** The national currency is supported by a high base rate and the continued attractiveness of tenge-denominated assets to investors. Non-resident investment in Kazakh government securities has increased by 21% since the start of the year.

**The budgetary situation at the start of the year was stable.** In January–March 2026, state budget revenue excluding transfers amounted to 6.4 trillion tenge, an increase of almost 17% year-on-year. The national budget was executed at 102%, while state budget expenditure amounted to 94.3%. Budget execution remains stable.

**The trade balance remained in surplus.** In January–March 2026, exports of goods amounted to \$18.0 billion (+9.4% year-on-year), while imports stood at \$14.9 billion (+11.8% year-on-year). The trade surplus was around \$3.1 billion. The continued surplus creates the conditions for supporting foreign exchange inflows to the economy in the remaining months of 2026.

## Forecast

↓ Figure 23. Average GDP growth in Kazakhstan, %



Source: national agencies, EDB analysts' calculations.

**We forecast that Kazakhstan's GDP growth will remain at around 5.5% in 2026–2028.** This forecast assumes an acceleration in economic activity as the situation in the oil and gas sector normalises and non-resource sectors maintain their strong momentum.

**The government's industrial policy will support growth in the manufacturing sector.** In January–April 2026, output in the sector increased by 9.9% year-on-year. We expect this strong growth to continue as new production facilities come on stream and projects already underway reach full capacity. During 2026 the Government of Kazakhstan plans to implement around 200 investment projects with a total value of approximately 1.7 trillion tenge, creating 19,100 permanent jobs ([Ministry of Industry and Construction of Kazakhstan, 2026](#)). These measures will lay the groundwork

for further economic diversification and expansion of output in the non-resource sector.

**The National Infrastructure Plan will give a boost to construction and transport.** For example, in January–April 2026, the construction sector grew by 14.5% year-on-year, while transport and storage grew by 12.0% year-on-year. The continued implementation of infrastructure projects in transport, energy, telecommunications and housing and utilities will stimulate investment activity.

**The oil sector will also remain a significant driver of growth.** In April 2026, the average price of Brent stood at \$120.4 per barrel — up from \$69 per barrel in 2025. The average price of Brent in 2026, under the baseline scenario, will be around \$82 per barrel. Prices remaining elevated will support export earnings, budget revenues and business activity in related sectors.

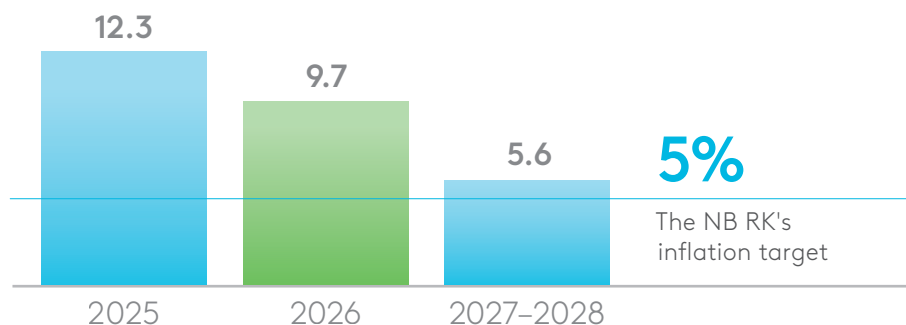
---

### Sustained economic growth of 5.5% in 2026–2028

---

**A gradual reduction in the base rate will contribute to sustained economic growth.** As inflation slows and the base rate is projected to fall, monetary conditions will become less tight. Therefore, a reduction in the base rate in 2027–2028 will support economic activity and GDP growth of around 5.5%.

↓ Figure 24. Inflation in Kazakhstan, % YoY



Source: national agencies, EDB analysts' calculations.

**We forecast a decline in inflation to 9.7% YoY by the end of 2026.** Following 12.3% at the end of 2025, this signifies a shift towards a disinflationary trajectory. Tight monetary conditions, a strong tenge exchange rate, stabilising consumer demand and measures to curb regulated prices will continue to contribute to the slowdown in inflation. Thanks to these factors, the slowdown in price growth will continue: **we forecast inflation of 6.2% YoY in 2027 and around 5.0% YoY in 2028.**

**Tight monetary conditions will remain the main factor slowing price growth.** A high base rate will maintain the attractiveness of savings in tenge and curb lending. These conditions will contribute to a gradual decline in inflation in 2026.

**A stronger tenge exchange rate in 2026 will continue to support disinflationary trends.** We expect that the maintenance of a relatively strong exchange rate will keep down the cost of imported goods, raw materials and components. This will create conditions for a further slowdown in price growth.

---

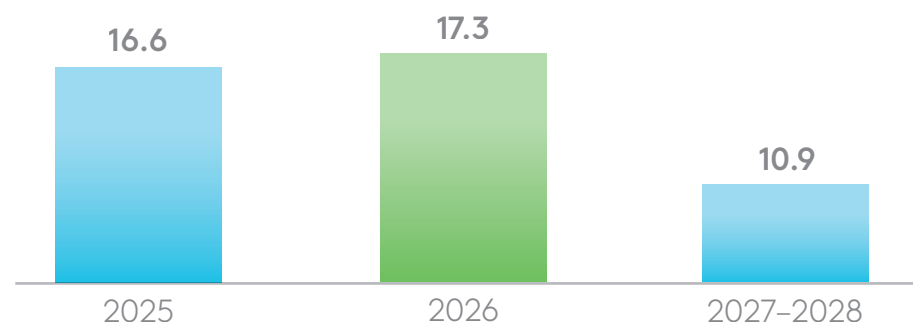
**We forecast a decline in inflation to 9.7% by the end of 2026.**

---

**Rising global prices will slow the decline in inflation.** Higher food and fertiliser prices will create additional pressure. This will increase costs in agriculture, processing and trade, holding back the slowdown in consumer price growth.

**Elevated inflation expectations will remain an additional pro-inflationary factor.** In April 2026, the public's inflation expectations for the coming year fell to 12.4% from 14.6% in March, but remained above the 2017–2020 average of 10.9%.

↓ Figure 25. Average base rate, %



Source: national authorities, EDB analysts' calculations.

**We forecast a cut in the base rate in the second half of 2026** amid a sustained slowdown in inflation and inflation expectations: by the end of the year, the rate is expected to be around 16%.

**Inflation expectations will limit the scope for further lowering the base rate.** Their elevated level was among the factors behind the National Bank's decision to keep the rate at 18.0% until June 2026, when it was lowered to 17.0%. Going forward, the room for monetary policy easing will depend on a sustained decline in inflation expectations.

**External inflationary risks remain.** Rising fertiliser prices and international transport and logistics costs could increase business costs, slow the decline in inflation and limit the scope for a rapid rate cut.

**The lending structure will remain more balanced.** By March 2026, the 12-month cumulative growth in unsecured consumer lending had slowed to 1.7% YoY. This trend will reduce pressure from consumer demand and allow the NB RK to move towards lowering the base rate.

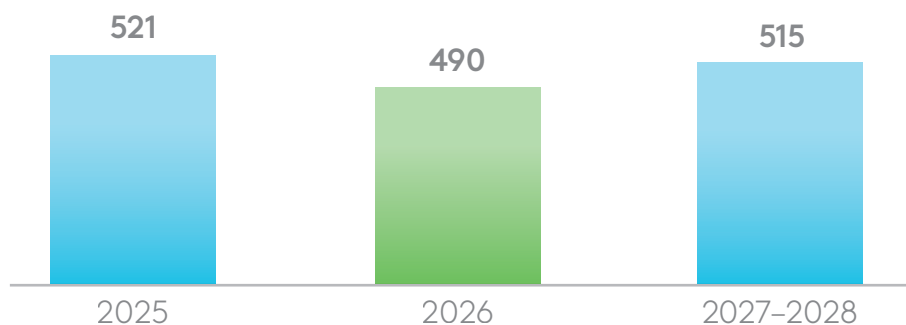
---

**We forecast the base rate at around 16% by the end of 2026.**

---

**In 2027-2028, the rate cut will continue** as inflation approaches the target. In the absence of new shocks and provided that a sustained slowdown in inflation is confirmed, monetary conditions will gradually ease.

↓ Figure 26. Average exchange rate, tenge to US dollar



Source: national agencies, EDB analysts' calculations.

**We forecast an exchange rate of around 500 tenge per dollar by the end of 2026.** Activity in the foreign exchange market will remain high: the volume of foreign currency trading on the Kazakhstan Stock Exchange in January–April increased by 47.3% year-on-year. High activity in the foreign exchange market indicates that liquidity remains strong, while the exchange rate will be supported by high yields on tenge-denominated instruments, oil prices and inflows of non-resident funds into government securities.

**Yields on tenge-denominated instruments will remain a key factor in supporting the exchange rate.** A high base rate will maintain the attractiveness of Kazakh government bonds denominated in tenge for investors. By the end of April, non-resident investment in Kazakh government bonds had increased by 21% since the start of the year. Continued interest in tenge-denominated instruments will support demand for the national currency.

**Higher oil prices will support foreign exchange inflows.**

Under the baseline scenario, the average price of Brent in 2026 will be \$82 per barrel, following \$69 per barrel in 2025. The baseline scenario assumes that, following a price spike in the second quarter of 2026, oil prices will gradually normalise, but remain above the 2025 average levels. This will support export earnings and foreign exchange inflows.

---

**We forecast an average exchange rate of 490 tenge per dollar in 2026.**

---

**In 2027–2028, we expect a moderate weakening of the tenge.** We forecast an average annual rate of around 505 tenge per dollar in 2027 and around 525 tenge per dollar in 2028. The exchange rate will be influenced by a decline in oil prices relative to the peak levels of the first half of 2026, a gradual easing of monetary policy and increased demand for imports, while economic growth continues. This does not imply a sharp depreciation, but reflects the normalisation of external and domestic conditions following strong support for the tenge in early 2026.

## Risks

**Risks of a slowdown in economic activity are primarily linked to external demand and commodity market conditions.**

The spread of trade restrictions, a slowdown in growth among trading partners, or a more pronounced decline in global oil prices could lead to a reduction in export earnings and budget revenues. In such a case, the contribution of the oil sector, foreign trade and related industries to GDP growth may turn out to be lower than in the baseline scenario.

**Inflationary risks may materialise through a further rise in global food and logistics prices.**

Possible secondary effects arising from rising business costs remain an additional source of uncertainty. Should these risks materialise, inflation will decline more slowly, and the NB RK may maintain tight monetary conditions for longer than assumed in the baseline scenario.

# KYRGYZ REPUBLIC



# KYRGYZ REPUBLIC

We forecast GDP growth in the Kyrgyz Republic to exceed 10% in 2026. The key driver will be high investment activity. Inflation, according to our forecasts, will slow to 7% in 2028 after peaking in 2026. We expect the policy rate to remain at 12% until 2028.

## Current situation

**The economy's strong performance is being driven by domestic sources of growth:** GDP grew by 12.4% YoY in January–April 2026. As we anticipated, domestic demand remains strong: retail sales rose by 11.6% YoY, while investment grew by 69.7% YoY (EDB, 2025).

**The industrial sector provided an additional boost,** contributing 2.86 percentage points, driven by a recovery in the output of base metals. A decline in exports acted as a drag.

↓ Table 6. Key macroeconomic indicators of the Kyrgyz Republic (baseline scenario)

Indicator	2024	2025	2026F	2027F	2028F
<b>GDP at constant prices</b> (year-on-year growth in %)	11.5	11.1	10.2	8.3	7.5
<b>Inflation</b> (year-on-year increase at year-end)	6.3	9.4	11.5	9.2	7.0
<b>Policy rate</b> (% , annual average)	10.5	9.3	11.8	12.0	12.0
<b>Exchange rate of the Kyrgyz som against the US dollar</b> (annual average)	87	87	88	89	90

Source: national authorities, EDB analysts' calculations.

**Inflation accelerated above the target.** In April 2026, consumer price inflation reached 11.4% YoY, up from 9.4% in December 2025. High food prices on global markets are being passed on to domestic prices. Strong domestic demand, stimulated by growth in consumer lending (+27.1% YoY in January–March 2026), is exerting additional inflationary pressure.

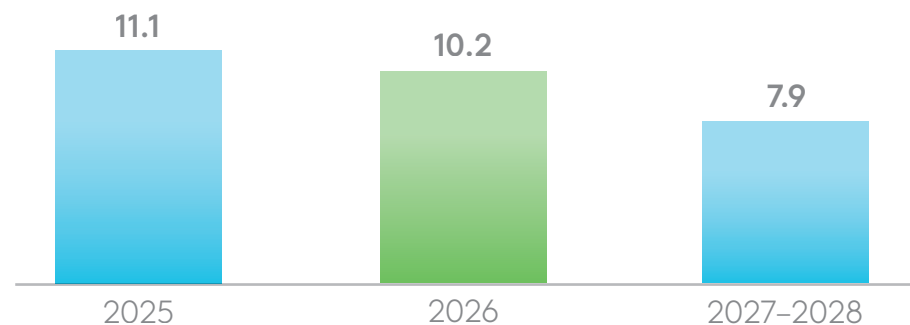
**The downward trend in goods exports continued** into early 2026: the value of exports in January–March 2026 amounted to 86.5% of the volume in the same period a year earlier. This is due to a decline in exports of machinery and equipment, as well as base metals. Imports fell by 2.3% YoY.

**The National Bank of Kyrgyzstan raised the policy rate by 100 basis points** to 12% in February 2026, and in May further increased the overnight deposit rate by 400 basis points to 10%. The decision was linked to sustained inflationary pressures. Key factors include rising global food and commodity prices, high inflation among trading partners, and an expected increase in electricity tariffs.

**The stability of the public finance sector** ensured that Fitch maintained its credit rating at 'B' with a 'stable' outlook. The decision is based on the budget surplus and a level of public debt lower than that of countries with a 'B' rating.

## Outlook

↓ Figure 27. Average GDP growth in Kyrgyzstan, %



Source: national agencies, EDB analysts' calculations.

**We forecast that GDP growth will remain high at 10.2% in 2026.** The economy will be supported by the following factors:

**The government investment program will provide a boost to growth.** In 2025, a 12-year record volume of sovereign financing — \$981.3 million — was raised for the implementation of long-term infrastructure projects (EFSR, 2026). By way of comparison: between 2014 and 2024, the average annual volume of funds from IFIs stood at \$565 million. Alongside this, the RKDF approved a record investment volume for 2026, over \$200 million, to strengthen the industrial base (RKDF, 2025).

**The government's infrastructure projects will help maintain high rates of economic growth.** By 2030, the government plans to implement 200 projects in the energy, tourism, industry, education and healthcare sectors (KABAR 2026).

**We expect the 'My Home' state programme,** which provides mechanisms for preferential housing finance, **to continue supporting growth momentum.** The construction of schools, funded by the Saudi Fund, will have an additional impact.

---

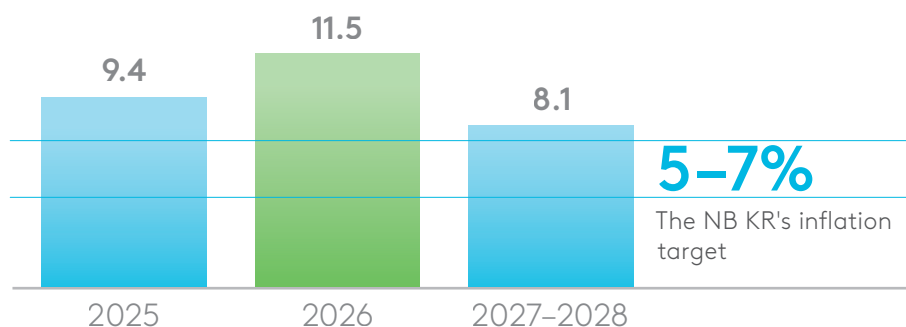
**The region's leader in GDP growth — over 10% in 2026**

---

**A twofold increase in salaries for healthcare and education workers** (Ministry of Justice of the Kyrgyz Republic, 2026) (15% of the total workforce) will partially offset the weak growth in remittances (a 7.5% year-on-year decline in January–March 2026).

**A decline in exports will have a dampening effect.** We expect that only a limited volume of gold will be exported in 2026. A further dampening effect may come from a reduction in export flows of certain technological goods and motor vehicles due to changes in foreign trade and regulatory conditions.

↓ Figure 28. Inflation in Kyrgyzstan, % YoY



Source: national agencies, EDB analysts' calculations.

**We expect inflation to stand at 11.5% by the end of 2026.**

The forecast has been raised by 3.2 percentage points due to new factors. **These include increased price pressures in global food markets** and rising global oil prices caused by logistical complications arising from the conflict in the Middle East.

**Wage increases in the public sector** will support household disposable income and consumer demand. This may slow the return of inflation to target. According to government plans, budget expenditure on wage increases will rise by approximately 50 billion soms (AKIpress, 2026), which corresponds to around 3% of GDP.

Inflationary pressures will continue to be exerted by **increases in excise duty rates on alcohol** between 2026 and 2029 (Kyrgyz Republic Ministry of Economy and Commerce, 2025) and the **medium-term tariff increase program** (Kyrgyz Republic Ministry of Justice, 2021). In May 2026, electricity tariffs were raised by an average of 11%, which, in our estimation, will add a further 0.4–0.6 percentage points to inflation.

---

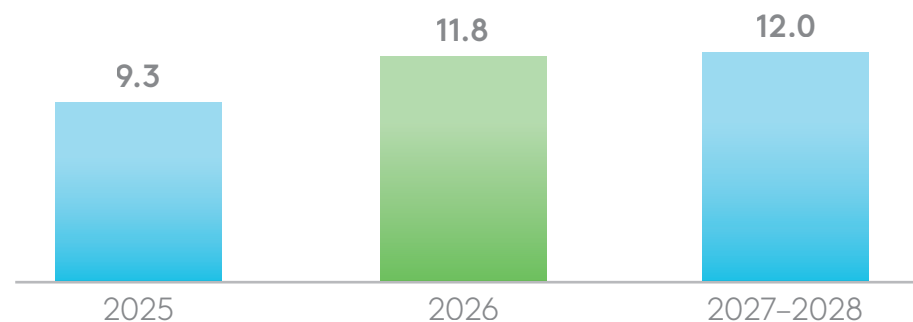
### Inflation is expected to slow after peaking in 2026.

---

The stability of the nominal exchange rate of the som against the dollar **will limit the rise in consumer prices.**

**Inflation will enter the target corridor in 2028.** According to our forecasts, the rate will slow to 9.2% by the end of 2027 and to 7.0% by the end of 2028. The return of inflation to the upper limit of the target range by 2028 implies a gradual easing of external price pressures and an effective tightening of monetary conditions through rising interbank rates.

↓ Figure 29. Average policy rate, %



Source: national authorities, EDB analysts' calculations.

**We expect the policy rate to remain at 12% throughout the forecast horizon**, as inflation is above target amid high consumer lending growth.

**Stabilising inflation expectations remains a priority.** The medium-term tariff hike programme and wage growth in the public sector are factors that could raise inflation expectations.

**Rising global food and energy prices will limit the scope for rate cuts.** Therefore, keeping the policy rate at an elevated level will help anchor economic agents' expectations.

---

**We forecast the policy rate to be around 12% by the end of 2026.**

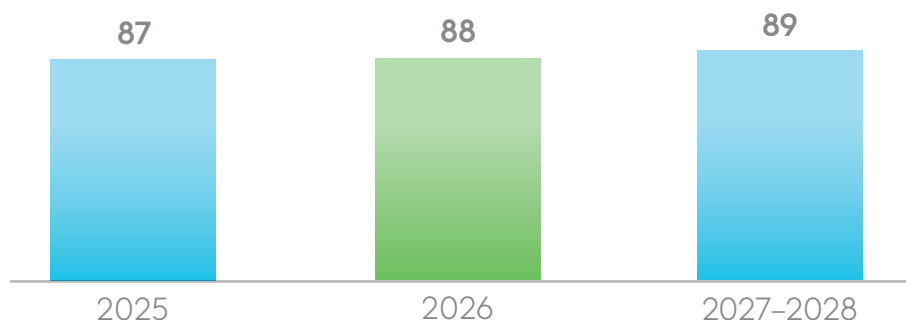
---

The National Bank of the Kyrgyz Republic maintained the asymmetry of the interest rate corridor until the end of May 2026. As a result, on average for January–May 2026, the overnight deposit rate stood at 5.7%, and the overnight lending rate at 13.6%. Meanwhile, the rate on the 7-day interbank REPO market<sup>2</sup> remained close to the cost of withdrawal instruments, averaging around 6% over the period in question.

**The baseline forecast assumes that the policy rate will remain at 12% throughout the forecast period.** We expect the exit from accommodative monetary conditions to be achieved by raising the interbank rate to the policy rate level. We believe that such **a tightening of monetary conditions will bring inflation back into the target range of 5–7%.**

<sup>2</sup> The time series for the BIR interbank reference interest rate is not available in open sources.

↓ Figure 30. Average exchange rate, som to US dollar



Source: national authorities, EDB analysts' calculations.

**We expect the Kyrgyz som exchange rate to remain stable, averaging 88 som per dollar in 2026.**

**Pressure on the som exchange rate from the trade deficit, driven by rising imports, will be limited.** We believe that import growth over the forecast period will be linked to the implementation of the government investment programme, which is financed primarily through foreign exchange inflows from IFIs.

**The National Bank will continue to smooth out sharp fluctuations in the domestic foreign exchange market.** In January–April 2026, net foreign currency sales reached a record \$893 million (by comparison: \$853 million for the whole of 2025). At the same time, thanks to gold accumulation, the level of foreign exchange reserves reached a historic high, covering seven months of imports. This provides additional scope for smoothing out sharp fluctuations in the dynamics of the som exchange rate.

---

**We forecast stability in the som exchange rate in 2026.**

---

**High global gold prices will increase the value of the National Bank of Kyrgyzstan's gold and foreign exchange reserves** through revaluation, which will further expand the regulator's scope for action.

Furthermore, **our forecast factors in a tightening of monetary policy through an increase in the interbank rate**, which will also support the som exchange rate.

## Risks

The main risk is the conflict in the Middle East entering a protracted phase. This could lead to a more significant **rise in food producers' costs** than in the baseline scenario, **due to higher prices for petroleum products and fertilisers**. Given that food accounts for around 40% of the consumer basket in the Kyrgyz Republic, inflation in the risk scenario may remain elevated for longer. Increased price pressure will heighten uncertainty in cost planning and may dampen investment activity, holding back overall economic growth.

An additional consequence of a protracted conflict could be **a slowdown in the global economy**. For the Kyrgyz Republic, this creates a risk of a decline in export revenues and a weakening of domestic demand. Pressure on the som could exacerbate imported inflation. In these circumstances, the National Bank of the Kyrgyz Republic may tighten monetary conditions, which would act as a further constraint on economic activity.

# RUSSIAN FEDERATION



# RUSSIAN FEDERATION

We forecast Russia's economy to grow by around 1% in 2026. An improvement in the external trade environment will boost growth through increased export revenues. Inflation will continue to slow, but remain above target due to a combination of heightened inflation expectations, rising regulated tariffs and wage pressures. We expect the key rate to be around 12% by the end of 2026.

## Current situation

**The Russian economy is showing signs of cooling in early 2026.** GDP fell by 0.2% YoY in January–March following growth of 1.0% YoY in 2025. This is partly due to a calendar effect: there were fewer working days in January–February than a year earlier. Additional pressure came from record-low temperatures, which hampered construction work. As a result, output in the construction sector fell by 10% year-on-year in January–March. Tighter lending conditions and the adaptation of businesses to a higher tax burden exerted more sustained pressure on business activity.

↓ Table 7. Key macroeconomic indicators for Russia (baseline scenario)

Indicator	2024	2025	2026F	2027F	2028F
<b>GDP at constant prices</b> (year-on-year growth in %)	4.9	1.0	1.0	1.5	1.8
<b>Inflation</b> (year-on-year increase at year-end)	9.5	5.6	5.3	4.9	4.4
<b>Key interest rate</b> (% , annual average)	17.5	19.2	13.6	10.5	9.5
<b>Russian rouble to US dollar exchange rate</b> (annual average)	92.4	83.4	76	84	94

Source: national authorities, EDB analysts' calculations.

**Industrial output growth slowed to 0.7% YoY** in January–April 2026 as a result of a decline in manufacturing output growth to 0.7% YoY.

This trend is linked to a weakening of investment demand amid persistently high interest rates. At the same time, business activity began to recover from the second quarter: the Bank of Russia's business climate indicator improved to an average of 2 points in April–May, following -0.1 points in March, reaching its highest level since the start of the year.

**Price pressures are easing.** In April 2026, consumer prices rose by 5.6% year-on-year, following 5.9% year-on-year in March 2026. Inflation is slowing after a January acceleration that was driven by one-off factors, including tax increases and tariff indexation. Meanwhile, seasonally adjusted monthly core inflation on an annualised basis fell below 3% in April, following 5.4% in December. This indicates that inflation is gradually returning to a downward trajectory. A further sign of this was the decline in public inflation expectations from 13.7% in December to 13% in May (the lowest level since October 2025).

**Consumer activity continued to support the economy.** Retail trade and paid services turnover increased by 3.5% YoY in the first quarter of 2026. This was driven by strong growth in real wages: 8.9% YoY for January–February.

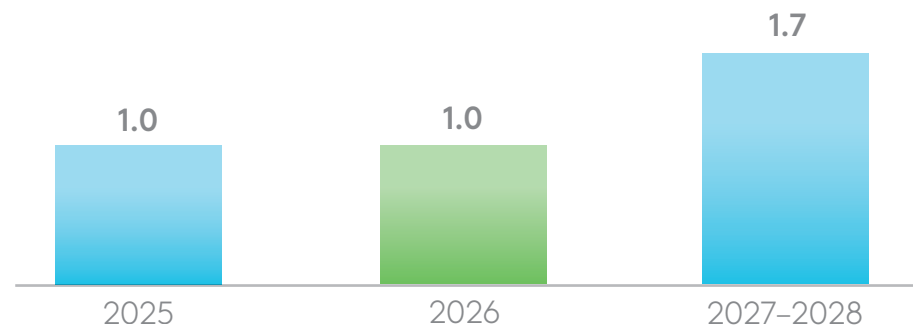
**The Bank of Russia continued to cut its key rate.** By the end of April, it was 14.5% following three consecutive cuts of 0.5 percentage points. The regulator is easing monetary conditions amid slowing consumer demand, subdued investment activity and a gradual easing of labour market tightness (the proportion of firms experiencing staff shortages has fallen to its lowest level since mid-2023).

**The current account surplus has narrowed significantly.** In January–March 2026, it fell to \$12.2 billion, compared with \$18.4 billion a year earlier. The main reason was a \$5.4 billion decline in the goods trade surplus to \$25.3 billion. Exports grew by 1.2% YoY; the low growth rate was largely due to a temporary 13.7% YoY fall in oil export prices. Imports are set to rise by 9.9% YoY against a backdrop of steady consumer demand and a 16.4% YoY strengthening of the real effective exchange rate of the rouble in January–March. Higher export prices are creating the conditions for an expansion of the foreign trade surplus in the remaining months of 2026.

**The federal budget deficit widened in January–April 2026.** It stood at 5.9 trillion roubles (or 2.5% of GDP) — compared with 2.9 trillion roubles (1.4% of GDP) a year earlier. The main reason was a 38.3% YoY decline in oil and gas revenues. As a result, total budget revenues fell by 4.5% YoY, despite a 10.2% YoY increase in non-oil and gas revenues. Expenditures increased by 15.7%, partly due to a 41.4% rise in public procurement allocations.

## Forecast

↓ Figure 31. Average GDP growth in Russia, %



Source: national agencies, EDB analysts' calculations.

**We forecast a recovery in GDP growth in the second half of 2026 and an acceleration in 2027–2028.** This will be driven by a number of factors:

**An improvement in the external economic environment will support export revenues.** This will create conditions for a recovery in business activity. The export price of Russian oil in April 2026 rose by 73.2% YoY to \$94.9 per barrel, compared with an average of \$42.8 per barrel in January–February. Under the baseline scenario, oil export prices will remain above \$70 per barrel for the remainder of 2026. An additional factor could be an increase in Russia's oil production quota within OPEC+. This will boost export revenues and budget receipts, and support business activity in related sectors.

---

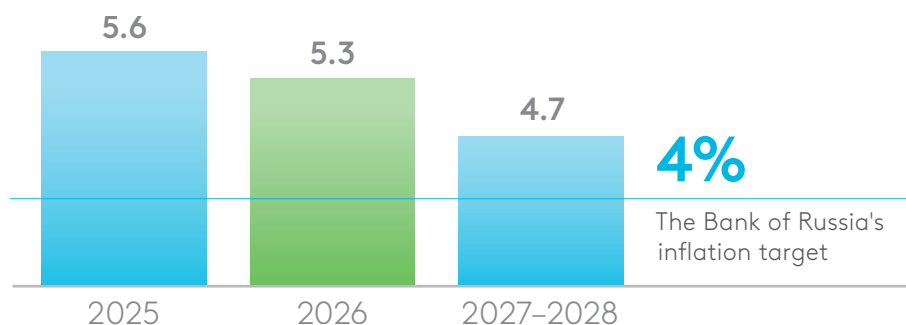
**A return to growth in the second half of 2026, accelerating to 1.8% in 2028**

---

**The projected cut in the key interest rate will support lending and investment.** High interest rates have been holding back capital investment since 2025, when a decline began to be recorded. Consequently, pent-up investment demand has built up, which may materialise as borrowing costs fall. The main impact on the economy will be felt in 2027–2028.

**Fiscal policy remains a factor supporting demand in 2026,** primarily through front-loading of expenditure at the start of the year. The scale of the net fiscal impulse in the second half of the year will depend on the dynamics of oil and gas revenues and the pace of expenditure.

↓ Figure 32. Inflation in Russia, end of year



Source: national agencies, EDB analysts' calculations.

**Inflation in Russia is expected to continue to decline in 2026.**

Tight monetary conditions and a strong rouble remain the main factors driving disinflation.

**A higher key rate in 2026 will maintain the attractiveness of rouble savings** and curb lending activity, thereby limiting excessive growth in domestic demand.

**A strong rouble in 2026 will continue to help slow price growth** and reduce inflation expectations among the public and businesses. Even with the projected weakening of the rouble, we do not expect a significant acceleration in inflation driven by the exchange rate.

**Tariff indexation, tax and fee increases will slow down disinflation.** An 8–12% increase in housing and utilities tariffs (RF, 2025a) from 1 October 2026 will lead to a rise in prices for regulated services. The expected introduction of a special

technology levy from 1 September will increase the cost of goods containing electronic components (RF, 2025b). The government's plans to introduce VAT on imported goods purchased via marketplaces from 2027 may lead to further price rises.

---

**A gradual slowdown in inflation to 5.3% by the end of 2026 following a peak at the start of the year**

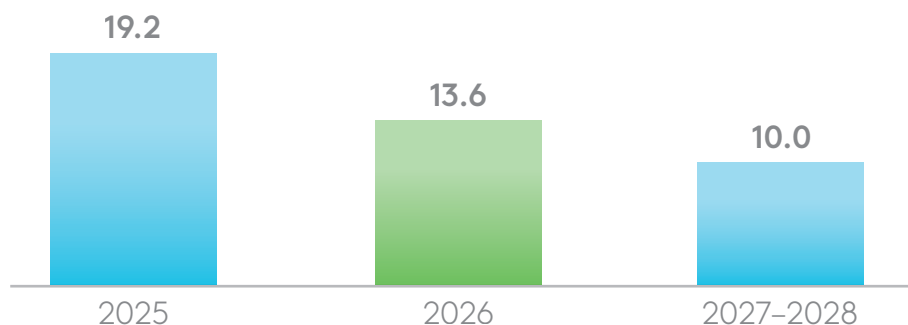
---

**Elevated inflation expectations will remain a pro-inflationary factor.** Despite falling to 13% in May 2026, their level remains significantly above the 2018–2019 average of 9.3%. This may also slow the return of inflation to target, as public and business expectations influence prices and contractual terms.

**A further widening of the budget deficit in 2026 could intensify inflationary pressures.** Growth in budget expenditure supports domestic demand and remains a pro-inflationary factor.

**Inflation will approach the target in 2028.** A conservative monetary policy in 2027–2028 will consolidate the disinflationary trajectory. However, the weakening of the rouble and tariff indexation will limit the pace of the decline in inflation. We forecast inflation to fall to 4.9% by the end of 2027 and to 4.4% by the end of 2028.

↓ Figure 33. Average key rate, %



Source: national authorities, EDB analysts' calculations.

**We expect the Bank of Russia to continue its cycle of key rate cuts.** The stabilisation of inflation in the context of a gradual cooling of domestic demand creates conditions for further interest rate cuts. However, to ensure the sustainability of the slowdown in price growth in the face of pro-inflationary risks, monetary conditions will remain moderately tight.

**Easing labour market tightness will slow the rise in costs.** Companies are planning more moderate wage indexation in 2026 compared with 2023–2025, which may lead to a gradual slowdown in wage growth (Bank of Russia, 2026a). This will reduce pressure on inflation.

**Household saving behaviour is becoming an additional disinflationary factor,** as it curbs consumer activity and helps to reduce inflationary pressure. The propensity to save remains high — at around 16% in Q4 2025<sup>3</sup> — compared with an average of around 10% in 2018–2021 (Bank of Russia, 2026b).

---

**We forecast the key rate to be around 12% by the end of 2026.**

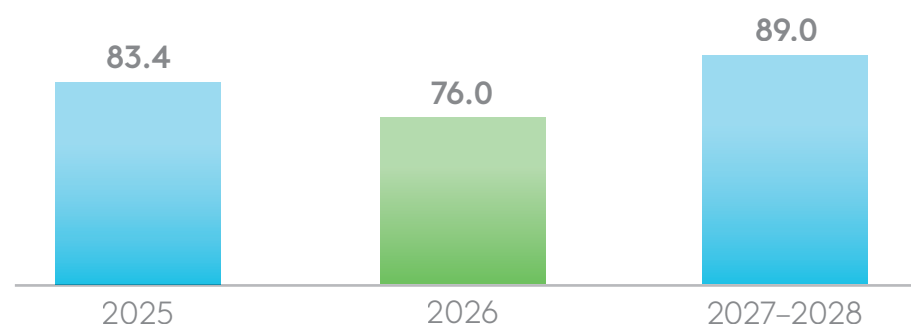
---

**Elevated inflation expectations may limit the pace of key rate cuts.** The Bank of Russia will maintain a cautious approach to prevent a renewed acceleration in inflation.

**In 2027–2028, the key rate may continue to fall.** As inflation slows and the budget consolidates, the regulator will continue to ease monetary conditions. We forecast the key rate to average around 9.5% in 2028.

<sup>3</sup> Seasonally adjusted

↓ Figure 34. Average exchange rate, rouble to US dollar



Source: national authorities, EDB analysts' calculations.

**We expect a moderate weakening of the Russian rouble to around 79 roubles per dollar by the end of 2026** and note the risk that the rouble may remain stronger. The stability of the rouble in January–February 2026 was supported by currency sales under the fiscal rule. The suspension of the rule in March–April, against a backdrop of rising oil prices, led to increased exchange rate volatility.

**The resumption of the currency buying and selling mechanism under the fiscal rule** will be one of the factors contributing to a moderate weakening of the exchange rate. Oil prices exceeding the trigger level and the execution of deferred currency purchases for March–April will generate additional demand in the foreign exchange market from the Ministry of Finance.

**A cut in the key rate will also weaken support for the rouble.** Lower yields on rouble-denominated assets will reduce their attractiveness and increase the supply of rouble liquidity.

**Easing monetary conditions will support demand for imports,** the value of which has not risen over the last three years. Growth in domestic demand will increase the need for imported goods and, consequently, demand for foreign currency.

---

**A moderate weakening of the Russian rouble to 79 roubles per dollar in 2026**

---

**High prices for oil and other export commodities will contribute to the strengthening of the rouble.** Growth in export revenues will support foreign exchange inflows and reduce pressure on the rouble. Therefore, the baseline scenario does not envisage a sharp depreciation of the exchange rate.

## Risks

**In a worst-case scenario, a protracted conflict in the Middle East could lead to a slowdown in the global economy, potentially even a recession.**

Should global growth rates fall to 2% or below in 2027, there could be a sustained decline in demand for commodities. In such a case, prices for oil, gas and metals could start to fall under pressure from deteriorating external demand. Additional pressure on the market could arise if coordination within OPEC+ weakens, with individual exporters increasing production to compensate for lost revenue and protect their market share. An additional factor will be the accelerated electrification of transport: sales of electric vehicles in the EU have already risen by more than 40% year-on-year in March–April 2026. Furthermore, high prices in spring 2026 and supply disruptions will encourage fuel-saving measures.

**For Russia, this implies the risk of a decline in export revenues and budget revenues, which translates into a weakening of domestic demand.**

Pressure on the rouble in the risk scenario could be exacerbated by imported inflation. In this case, the Bank of Russia would be forced to maintain tight monetary conditions for longer or even resume raising the key rate, which would become an additional factor slowing economic activity.

# REPUBLIC OF TAJIKISTAN



# REPUBLIC OF TAJIKISTAN

We forecast high economic growth rates for Tajikistan: over 8% in 2026. This will be driven by strong consumer and investment activity in a favourable external economic environment. Inflation is expected to remain within the NBT's target range (5±2%) throughout the forecast period. The anticipated moderate increase in the refinancing rate will help limit the risk of inflation exceeding the upper limit of the target.

## Current situation

**The economy continues to grow rapidly.** Real GDP grew by 8.0% YoY in January–March 2026, following 8.4% YoY in 2025. Growth was driven by all major sectors: industry expanded output by 14.0% YoY, agriculture by 8.0% YoY, trade (wholesale and retail) by 22.1% YoY, and freight turnover by 19.1% YoY.

↓ Table 8. Key macroeconomic indicators for Tajikistan (baseline scenario)

Indicator	2024	2025	2026F	2027F	2028F
<b>GDP at constant prices</b> (year-on-year growth in %)	8.4	8.4	8.3	7.7	7.1
<b>Inflation</b> (year-on-year increase at year-end)	3.6	3.5	4.7	4.9	5.0
<b>Refinancing rate</b> (% , annual average)	9.3	8.2	7.2	7.5	8.0
<b>Somoni to US dollar exchange rate</b> (annual average)	10.8	10.0	9.5	9.9	10.3

Source: national authorities, EDB analysts' calculations.

**The role of the driving force in industrial development is shifting from mining to metal smelting.** In January–March, the country produced 0.6% less ore than in the same period last year, whereas in 2025 the mining sector grew by 36%. At the same time, the metallurgical industry increased output by 26% YoY over the first three months of 2026 – following a 6.5% rise in 2025. Thus, Tajikistan's economy growth is driven less by extracting and exporting raw materials, and more by their processing.

**Inflation remains the lowest in the EDB’s region of operations.** In April 2026, consumer price inflation stood at 3.6% YoY, following 3.5% YoY at the end of 2025. Inflation is being held in check by the somoni exchange rate: by the end of April, the national currency had strengthened against the dollar by 11% YoY.

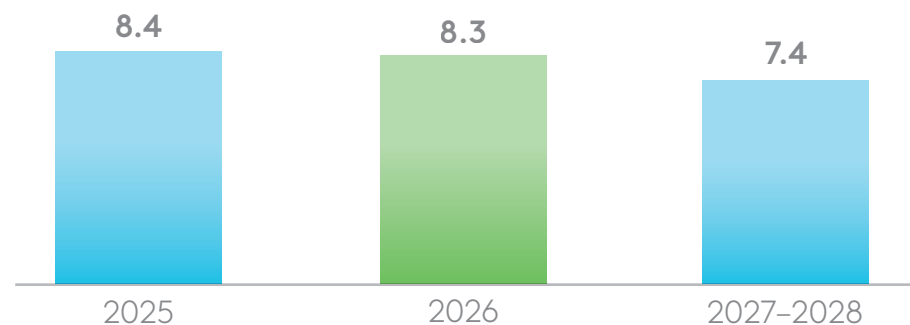
**The trade balance is in deficit**, which is consistently financed by inflows of remittances and investment. The merchandise trade deficit stood at \$1.6 billion, or 43% of GDP, for January–March 2026. A year earlier, these figures stood at \$1.3 billion and 48% of GDP. The reduction in the trade deficit relative to GDP is due to the fact that the economy is growing faster than the deficit itself.

**The National Bank eased monetary policy.** In 2025, the refinancing rate was cut by 2 percentage points to 7.5%. In February 2026, the rate was cut by a further 0.5 percentage points to 7.0%. These decisions are explained by the fact that inflation has remained below the midpoint of the National Bank’s target range (5±2%) since the end of 2023.

**The budget is running a surplus.** In January–March 2026, the government budget surplus was 2.8 billion somoni (7.9% of GDP), 2.5 times as much as in January–March 2025. Revenues rose by 28.8% YoY against a backdrop of economic growth, while expenditure increased by 14.5% YoY.

## Forecast

↓ Figure 35. Average GDP growth in Tajikistan, %



Source: national agencies, EDB analysts' calculations.

**Strong consumer and investment demand will continue to support economic activity.** Retail sales increased by 23.3% YoY, while investment rose by 33.2% YoY in January–February 2026. We expect the strong momentum of domestic demand to continue in the remaining months of 2026.

**We forecast GDP growth of 8.3% in 2026** and expect the economy to maintain high growth rates in 2027–2028, around 7–8%.

**Wage growth and the inflow of remittances are supporting consumption.** Given the budget surplus, the authorities will continue to raise public sector wages — the planned increase is 20–25% in 2026. Demand will also be supported by the inflow of remittances into the country as regional currencies strengthen.

**Government policy will continue to stimulate investment demand.** The state development programmes will continue throughout the forecast period. The largest investments are expected in the energy sector: the biggest projects in Tajikistan remain the construction of the Rogun HPP (over \$1 billion in 2026) and the modernisation of the Nurek HPP.

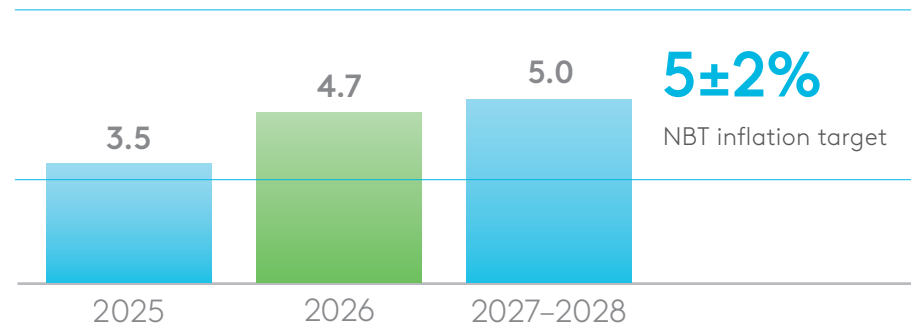
---

**We forecast that economic growth will remain above 8% in 2026.**

---

**The external trade environment will remain favourable for Tajikistan.** The average price of gold — the country's main export commodity — stood at \$4,873 per troy ounce at the end of the first quarter of 2026. This is the highest average quarterly price for gold in history. Growth in the value of gold exports, as well as mineral products, textiles and agricultural produce, contributed to a 28% year-on-year increase in the total value of exports by the end of 2025. We expect exports to maintain positive momentum amid high prices for gold and non-ferrous metals in 2026–2028.

↓ Figure 36. Inflation in Tajikistan, % YoY



Source: national agencies, EDB analysts' calculations.

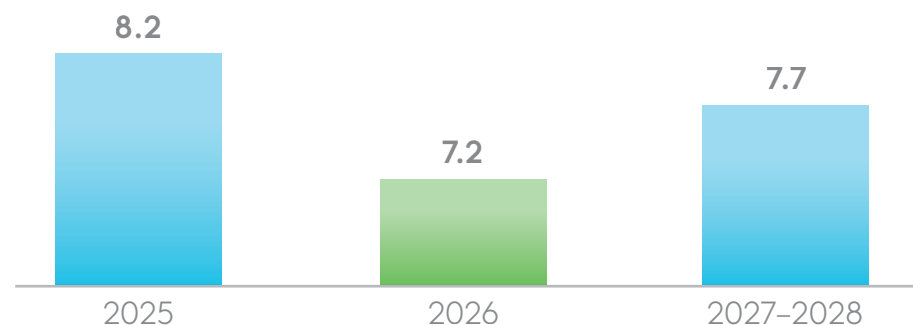
**We forecast that inflation will be 4.7% in 2026.** In 2027–2028, consumer price growth will stabilise near the midpoint of the National Bank's target range.

**Monetary conditions will not hinder the gradual return of inflation to the midpoint of the NBT's target range.** The current NBT refinancing rate is the lowest since 2015. The expected moderate rate hike in 2026–2028 will help limit the risk of inflation exceeding the upper limit of the target.

**This year, rising global prices for raw materials and food will contribute to higher inflation.** Tajikistan purchases oil, petroleum products and natural gas on foreign markets. Food remains another major import item. Rising international prices for goods, imports of which exceed 15% of GDP, may put upward pressure on price growth in the country.

**Inflation will stabilise in the middle of the target range (5±2%).**

↓ Figure 37. Average refinancing rate, %



Source: national agencies, EDB analysts' calculations.

**We expect the NBT refinancing rate to rise to 7.5% by the end of 2026.** In 2027–2028, the rate will continue to rise. The shift in monetary policy following a series of rate cuts in 2023–2025 is driven by the need to contain external risks.

**Rising import prices will be one of the factors driving the increase in the refinancing rate.** We expect the NBT to raise the rate to ensure that pressures from external energy and food markets do not push inflation above the upper limit of the target range.

**The stability of the somoni exchange rate creates conditions for maintaining accommodative monetary conditions.** An increase in export earnings, high volumes of remittances and higher gold prices will boost the supply of foreign currency. This will support the somoni against the dollar and help to contain price rises for imported goods.

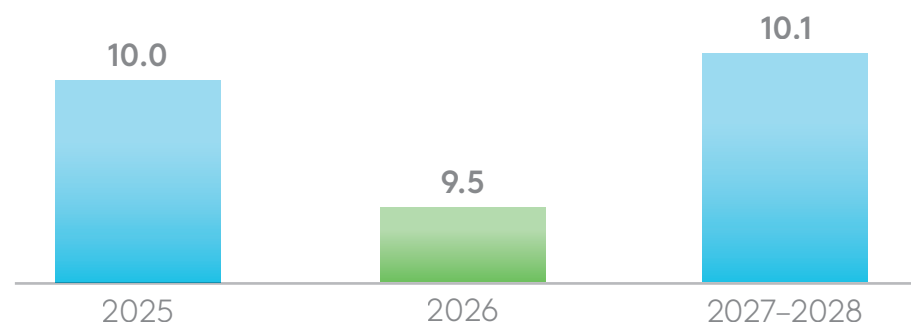
**We believe that raising the rate to 8% in 2027–2028 will bring inflation closer to 5% in the medium term and help limit the risk of inflation exceeding the upper limit of the target range.**

---

**We forecast the refinancing rate to be around 7.5% by the end of 2026.**

---

↓ Figure 38. Average exchange rate, somoni to US dollar



Source: national agencies, EDB analysts' calculations.

**We forecast the national currency to average 9.5 somoni per dollar** in 2026. Growth in export revenues against a backdrop of high gold prices, as well as a further increase in remittances, will support the somoni. At the same time, an expansion in imports may put pressure on the somoni exchange rate.

**Rising demand for imports will lead to increased demand for foreign currency.** In the period from January to March 2026, expenditure by Tajikistan's economic entities on the purchase of goods and services abroad increased by 17% year-on-year. We expect imports to continue to expand in the medium term. This will contribute to growth in demand for foreign currency and, as a result, act as a factor weakening the exchange rate.

**Movements in global prices for energy and agricultural products may contribute to a slight weakening of the somoni.** Higher oil and gas prices and rising food prices will increase the country's demand for foreign currency.

**A depreciation of the Russian rouble against the dollar** may reduce the dollar equivalent of remittances and export receipts linked to the Russian market. This will be one of the factors putting pressure on the somoni in the medium term.

---

**We expect the somoni to remain stable against the dollar in 2026.**

---

**Higher gold prices and a high volume of remittances will continue to support the supply of foreign exchange.** Individuals remitted \$9.5 billion into the country in 2025 – 53% more than in 2024. We expect remittance volumes to continue growing in 2026.

## Risks

**Risks of a deteriorating trade balance and rising transport costs.** Given the oil market crisis, Tajikistan's trade deficit may widen due to higher costs of imported petroleum products and natural gas. Rising global prices for transport services will also increase pressure on the economy. Due to its landlocked geographic location combined with high involvement in international trade and migration flows, Tajikistan is sensitive to the cost of freight and passenger transport. Rising logistics costs could further increase inflation and reduce the volume of remittances as labour migration declines.

**Inflationary risks.** A rise in global oil prices could accelerate inflation in Tajikistan and push it beyond the NBT's target range. In this case, the refinancing rate in 2026–2028 may turn out to be higher than we forecast. This would strengthen the dampening effect of monetary policy on economic growth.

# REPUBLIC OF UZBEKISTAN



# REPUBLIC OF UZBEKISTAN

We forecast that Uzbekistan's economy will grow by 7.9% in 2026. This will be supported by strong domestic demand, an acceleration in investment activity, and an expansion in industrial and construction output. Inflation, according to our forecasts, will slow to 6.8% by the end of 2026 thanks to moderately tight monetary conditions. As price pressures ease, we expect a gradual reduction in the base rate to around 13.5% by the end of 2026.

## Current situation

### Uzbekistan's economy continues to grow at a rapid pace.

In January–March 2026, GDP grew by 8.7% YoY. The main contributions came from services, industry and construction, at 4.9 percentage points, 2.2 percentage points and 0.9 percentage points, respectively.

### Industry and construction remain the drivers of growth.

Industry's share of the economy increased to 29.2%. Its output for January–April grew by 7.8% YoY, mainly due to an 8.5% YoY expansion in manufacturing. Construction grew by 14.1% YoY in January–April and maintained the highest growth rate among major sectors.

↓ Table 9. Key macroeconomic indicators for Uzbekistan (baseline scenario)

Indicator	2024	2025	2026F	2027F	2028F
<b>GDP at constant prices</b> (year-on-year growth in %)	6.5	7.7	<b>7.9</b>	<b>6.9</b>	<b>6.5</b>
<b>Inflation</b> (year-on-year increase at year-end)	9.8	7.3	<b>6.8</b>	<b>5.7</b>	<b>5.2</b>
<b>Base rate</b> (% , annual average)	13.8	13.9	<b>13.7</b>	<b>12.4</b>	<b>11.2</b>
<b>Soum to US dollar exchange rate</b> (annual average)	12,652	12,577	<b>12,200</b>	<b>12,900</b>	<b>14,100</b>

Source: national authorities, EDB analysts' calculations.

### Growth in investment activity accelerated.

In January–March 2026, investment in fixed assets grew by 29.6% YoY, following 5.4% YoY a year earlier. The main sources were foreign investment and loans, accounting for 53.6% and 15.2% of total investment, respectively.

### Inflation continues to slow and is already at its lowest level in the last 10 years.

In April 2026, consumer price inflation stood at 7.0% YoY, down from 7.3% at the end of 2025. Core inflation remained at 5.7% in March.

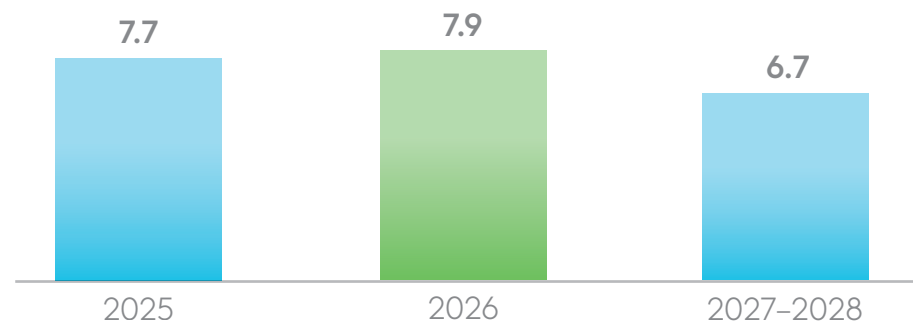
**The central bank maintained a cautious stance in April.** The base rate was left at 14%. The regulator aims to consolidate the disinflationary trend and reduce inflation expectations.

**Foreign trade reflects high domestic demand.** In January–April 2026, foreign trade turnover increased by 2.7% YoY to \$26.3 billion. Exports fell by 16.8% year-on-year, while imports rose by 26.7% year-on-year. The trade deficit widened 7.5-fold to \$6.4 billion due to a temporary absence of gold sales. Exports excluding gold continued to grow.

**Fiscal policy continues to support the economy through infrastructure spending and government programmes.** The budget deficit in 2025 was lower than planned, indicating limited additional fiscal stimulus: 2.1% of GDP against a target of 3% of GDP. Revenues exceeded the target by 16.6%, while expenditure rose by 12.8%.

## Forecast

↓ Figure 39. Average GDP growth in Uzbekistan, %



Source: national agencies, EDB analysts' calculations.

---

**We forecast GDP growth to accelerate to 7.9% in 2026.**

---

GDP growth will be the highest in the last decade, second only to the post-COVID recovery of 2021. Going forward, the economy will maintain high growth rates, at around 7% in 2027–2028.

**Economic growth will be supported by high levels of investment in fixed capital.** Investment will drive an expansion in industrial output, the volume of services provided and construction work, positively impacting GDP growth.

**Fiscal policy will continue to stimulate GDP growth in 2026–2028.** In 2026, 18.5 trillion soums, or \$1.5 billion, is earmarked from the budget for the development of social and industrial infrastructure. The funds are planned to be channelled into the development of transport, utilities and industrial infrastructure, as well as residential areas, under the “New Uzbekistan” programme.

**The growth in household incomes will continue to support the expansion of economic activity.** Behind this income growth lies a rise in wages — by the end of 2025, these had increased by 19% in nominal terms. Another factor driving income growth is the increase in remittance inflows. The value of remittances in US dollars rose by 16% in 2025. We expect them to increase further.

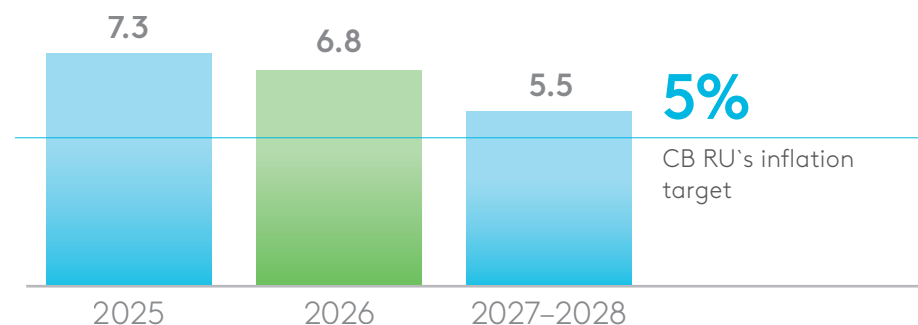
---

**Uzbekistan will remain one of the region's leaders in terms of economic growth.**

---

**Higher gold prices will continue to support economic growth.** Gold exports accounted for 69% of total goods exports in 2025. Favourable conditions in global gold markets will ensure the country high foreign trade revenues in the medium term.

↓ Figure 40. Inflation in Uzbekistan, % YoY



Source: national agencies, EDB analysts' calculations.

---

**Inflation is expected to slow to 6.8% by the end of 2026.**

---

**We expect inflation in Uzbekistan to slow in 2026–2028.**

Consumer price growth will be below 7% YoY by the end of 2026 and close to 5% by the end of the forecast period. This implies a gradual convergence towards the Central Bank's target.

**Inflation will continue to decline** under the influence of moderately tight monetary conditions and a stable exchange rate. At the same time, high domestic demand and rising global commodity prices will remain inflationary factors.

**Moderately tight monetary conditions will help to reduce inflationary pressures.** A positive real interest rate will support savings and limit inflationary pressures in the economy.

**The stability of the national currency will also contribute to lower inflation** by curbing price growth for imported non-commodity goods and services.

**Strong domestic demand will remain an inflationary factor** amid continued rapid growth in consumption. For example, retail sales rose by 25.4% year-on-year in January–March 2026, and we expect them to maintain strong momentum in 2026–2028.

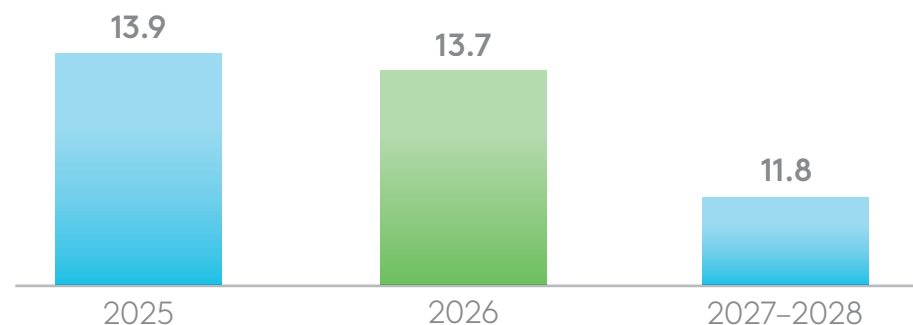
---

**We forecast a gradual decline in inflation towards the 5% target.**

---

**Rising global commodity prices may slow the decline in inflation.** High oil and gas prices will put pressure on the cost of fertilisers and electricity, increasing costs in agriculture, trade and transport. This could become a source of additional inflationary pressure in 2026–2027.

↓ Figure 41. Average base rate of the Central Bank of the Republic of Uzbekistan, %



Source: national authorities, EDB analysts' calculations.

**We forecast a reduction in the Central Bank of the Republic of Uzbekistan's key rate in the second half of 2026 to approximately 13.5% by the end of the year,** provided that inflation continues to slow steadily and inflation expectations decline. In the baseline scenario, we forecast the rate at 12% by the end of 2027 and 11% by the end of 2028.

**A sustained slowdown in inflation will provide scope for a cut in the key rate.** Maintaining a high real interest rate will allow the monetary policy stance to remain focused on bringing consumer price inflation back to the 5% target.

**Stability in the soum contributes to a transition towards more accommodative monetary conditions.** Growth in export receipts, inflows of remittances and favourable conditions in the gold market will support the supply of foreign currency. This will limit inflationary pressure via the import price channel.

---

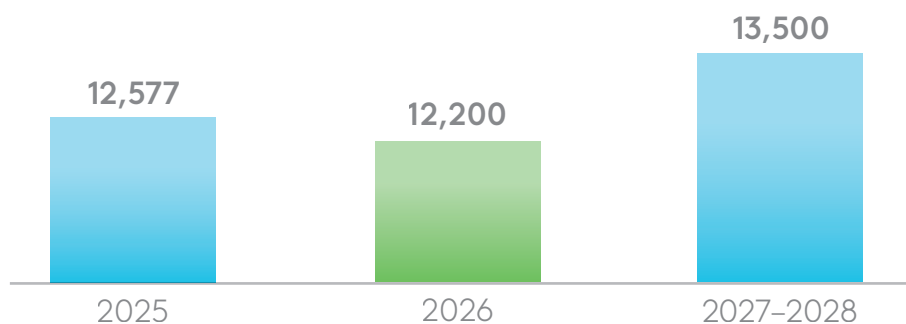
**We forecast the key rate to be around 13.5% by the end of 2026 and a further decline to 11% by the end of 2028.**

---

**A further decline in inflation expectations will create scope for rate cuts.** At the end of April 2026, the public's expectations of price growth over the next 12 months stood at 11% — the lowest level in the past year and a half.

**We forecast a gradual easing of the Central Bank of Uzbekistan's policy.** Keeping the key rate significantly above inflation will limit the pro-inflationary impact of high domestic demand, ensuring control over the associated risks.

↓ Figure 42. Average exchange rate, soum to US dollar



Source: national agencies, EDB analysts' calculations.

**We forecast the national currency to average 12,200 soums per dollar** in 2026. The soum will be supported by inflows of foreign investment and high volumes of remittances. An increase in import volumes, by contrast, will act as a factor weakening the soum.

**The inflow of foreign investment will help maintain a strong soum exchange rate.** The total volume of gross foreign direct, portfolio and other investments reached \$19 billion, or 13% of GDP, by the end of 2025. We expect foreign investors' interest in the country to remain steady in 2026–2028, which will limit the depreciation of the national currency. The inflow of foreign capital will support the supply of foreign currency, although its impact on the exchange rate will be partially offset by imports of equipment and intermediate goods for investment projects.

**High volumes of remittances flowing into Uzbekistan will also support the soum exchange rate.** By the end of 2025, the inflow of remittances had increased by 16%. In the medium term, this figure will be even higher amid accelerating economic growth in the region. Against this backdrop, the weakening of the soum will be limited and gradual.

---

**We forecast that the soum will remain strong in 2026 – an average exchange rate of 12,200 soum per dollar.**

---

**An increase in import volumes will contribute to a gradual weakening of the soum in 2027–2028.** High demand for foreign goods is driven by the active phase of the investment cycle. Purchases of machinery and equipment, energy resources and intermediate goods support the modernisation of the economy, but at the same time increase demand for foreign currency.

**Higher gold prices in 2027–2028 will support the value of the soum.** Assuming export revenues remain high, we expect the exchange rate to be 12,900 soum per dollar in 2027 and 14,100 in 2028.

## Risks

**There remains a risk that the trade balance will deteriorate.**

The trade deficit could widen due to both rising imports driven by high investment activity and a potential decline in export revenues as global gold prices fall. If the deterioration in the trade balance is more significant than we forecast, this could put pressure on the exchange rate and inflation, as well as lead to tighter monetary conditions than envisaged in the baseline scenario.

**Logistics risks may intensify in the event of a sharp rise in the cost of international transport and transit.**

The main causes could be rising fuel prices for road and air transport, as well as higher transport tariffs in the context of rising prices for oil, petroleum products and gas. A significant increase in logistics costs could intensify inflationary pressures, worsen the trade balance and slow down investment activity, particularly in projects with a high proportion of imported machinery, equipment and materials.

# REFERENCES

- AFK (2026) The volume of non-resident investments in government securities of the Republic of Kazakhstan rose by 40.8 billion tenge in April. Available at: <https://www.afk.kz/ru/analytics/monitor-ryinka/obyom-vlozhenij-nerezidentov-v-gczb-rk-za-aprel-vyiros-na-40%2C8-mlrd-tenge.html> (Accessed 13 May 2026).
- AKIpress News Agency (2026) Teachers' salaries: how much they earned and how much they will earn, 27 April 2026. Available at: <https://bilim.akipress.org/news:2457735/> (Accessed 27 April 2026).
- Bank of Russia (2026a) What the Trends Tell Us: Macroeconomics and Markets. No. 2 (85), March 2026. Available at: [https://cbr.ru/Collection/Collection/File/59717/bulletin\\_26-02.pdf](https://cbr.ru/Collection/Collection/File/59717/bulletin_26-02.pdf) (Accessed 11 May 2026).
- Bank of Russia (2026b) Household Savings Rate: International Experience and Calculation of the Indicator for Russia: Analytical Note. Available at: [https://www.cbr.ru/Content/Document/File/188504/analytic\\_note\\_20260401\\_ds.pdf](https://www.cbr.ru/Content/Document/File/188504/analytic_note_20260401_ds.pdf) (Accessed: 11 May 2026).
- BNS ASPIR RK (2026a) Inflation in the Republic of Kazakhstan (April 2026). Available at: <https://stat.gov.kz/ru/industries/economy/prices/publications/346502/> (Accessed 7 May 2026).
- BNS ASPIR RK (2026 b) Foreign trade turnover of the Republic of Kazakhstan. January–February 2026. Available at: <https://stat.gov.kz/ru/industries/economy/foreign-market/publications/341104/> (Accessed 7 May 2026).
- Demidenko, M., Karachun, O., Korshunov, D., Lipin, A., Hrebichuk, G. (EDB, 2016) Forecasting System for the Eurasian Economic Union. November 2016. St. Petersburg: Centre for Integration Studies of the EDB. Available at: <https://eabr.org/en/analytics/integration-research/cii-reports/forecasting-system-for-the-urasian-economic-union/> (Accessed 11 June 2026).
- Government of the Republic of Kazakhstan (2026a) Official information resource of the Prime Minister of the Republic of Kazakhstan. Growth in the manufacturing sector over four months stood at 9.9%. Available at: <https://primeminister.kz/ru/news/rost-obrabatyvaiushhego-sektora-promyslennosti-za-cetyre-mesiaca-sostavil-99-31366> (Accessed 13 May 2026).
- Eurasian Stabilisation and Development Fund (ESDF 2026) Sovereign Financing in the Eurasian Region 2025: Regional Projects and Initiatives of International Financial Institutions. Astana: Eurasian Stabilisation and Development Fund. Available at: [https://efsd.org/upload/iblock/c10/1fk0uhzmd5t3o46jo30ti9tyle01edzr/EFSD\\_SFD26\\_RU.pdf](https://efsd.org/upload/iblock/c10/1fk0uhzmd5t3o46jo30ti9tyle01edzr/EFSD_SFD26_RU.pdf) (Accessed 11 May 2026).
- FAO (2026) FAO Food Price Index. Available at: <https://www.fao.org/worldfoodsituation/foodpricesindex/en> (Accessed 14 May 2026).
- Government of the Republic of Kazakhstan (2026 b) Official information resource of the Prime Minister of the Republic of Kazakhstan. State budget revenue rose by 17% in the first quarter. Available at: <https://primeminister.kz/ru/news/v-i-kvartale-doxody-gosbiudzeta-vyrosli-na-17-31275> (Accessed 7 May 2026).
- Inform.kz (2026) The Ministry of Energy of the Republic of Kazakhstan has outlined the reasons for the decline in oil and gas production. Available at: <https://www.inform.kz/ru/prichini-padeniya-dobichi-nefti-i-gaza-ozvuchili-v-minenergo-rk-7142c4> (Accessed 7 May 2026).
- KASE (2026) In January–April 2026, the volume of foreign currency trading on KASE amounted to 20.1 trillion tenge. Available at: <https://kase.kz/ru/information/news/show/1566396> (Accessed 15 May 2026).
- Kyrgyz National News Agency KABAR (Kabar 2026) 200 investment projects by 2030. Large-scale industrialisation in Kyrgyzstan, 9 April 2026. Available at: <https://ru.kabar.kg/news/200-investproektov-k-2030-godu-masshtabnaya-industrializaciya-v-kyrgyzstane/> (Accessed 11 May 2026).
- Ministry of Industry and Construction of the Republic of Kazakhstan (2026) The manufacturing industry is strengthening its role in the structure of Kazakhstan's economy. Available at: <https://www.gov.kz/memleket/entities/mps/press/news/details/1180352?lang=ru> (Accessed 7 May 2026).
- Ministry of Economy and Commerce of the Kyrgyz Republic (2025). On the phased increase in excise duty rates on alcoholic products. 24 October 2025. Available at: <https://mineconom.gov.kg/ru/post/11269> (Accessed 12 May 2026).

Ministry of Justice of the Kyrgyz Republic (2021). Medium-Term Tariff Policy of the Kyrgyz Republic for Electricity for 2021–2025. 30 September 2021. Available at: <https://cbd.minjust.gov.kg/158785/edition/6855/ru> (Accessed 12 May 2026).

Ministry of Justice of the Kyrgyz Republic (2026) Decree of the President of the Kyrgyz Republic dated March 26, 2026 No. 121 On measures to improve the conditions of remuneration of certain employees of the budgetary sphere of the Kyrgyz Republic Available at: <https://cbd.minjust.gov.kg/5-11081/edition/50533/ru> (Accessed 25 May 2026).

NB RK (2026a) Statement by the Chairman of the National Bank of Kazakhstan, T.M. Suleimenov, on the National Bank's base rate. Available at: <https://nationalbank.kz/ru/news/informacionnye-soobshcheniya/19155> (Accessed 14 May 2026).

Republic of Belarus (2026) Decree of the President of the Republic of Belarus No. 143 of 30 April 2026 'On the development of the dairy industry' // National Legal Internet Portal of the Republic of Belarus, available at: <https://pravo.by/document/?guid=12551&p0=P32600143> (Accessed 13 May 2026).

Republic of Belarus (2025) Decree of the President of the Republic of Belarus No. 46 of 31 January 2025 "On the Specifics of the Construction and Commissioning of Facilities", available at: <https://pravo.by/document/?guid=12551&p0=P32500046> (Accessed 13 May 2026).

Republic of Belarus (2026) Decree of the President of the Republic of Belarus No. 143 of 30 April 2026 "On the Development of the Dairy Industry" National Legal Internet Portal of the Republic of Belarus. Available at: <https://pravo.by/document/?guid=12551&p0=P32600143> (Accessed 13 May 2026).

Russian Federation (2025) On the indices of change in the amount of utility fees paid by citizens, on average across the constituent entities of the Russian Federation for 2026, and on the clarification of the maximum permissible deviations for individual municipalities from the values of the specified indices for 2026: Decree of the Government of the Russian Federation No. 3413-r of November 25, 2025. Available at <https://publication.pravo.gov.ru/document/0001202511250017> (Accessed 15 May 2026).

Russian Federation (2025b) Federal Law No. 425-FZ of November 28, 2025, "On Amending Parts One and Two of the Tax Code of the Russian Federation, Certain Legislative Acts of the Russian Federation, and Repealing Legislative Acts (Certain Provisions of Legislative Acts) of the Russian Federation." Available at: <https://publication.pravo.gov.ru/document/0001202511280017> (Accessed 11 May 2026).

Sputnik Tajikistan (2026) The President of Tajikistan has ordered an increase in wages and an increase in scholarships, pensions and other social benefits. Dushanbe, 15 January 2026. Available at: <https://tj.sputniknews.ru/20260115/tajikistan-uvlicheniye-zarplata-pensiya-stipendiya-1074532463.html> (Accessed 22 May 2026).

Trading Economics (2026) World Container Index. Available at: <https://tradingeconomics.com/commodity/world-container-index> (Accessed 14 May 2026).

Russian-Kyrgyz Development Fund (RKDF 2025) RKDF to allocate over \$200 million to new projects in 2026, 14 December 2025. Available at: <https://rkdf.kg/rkfr-v-2026-godu-napravit-na-novye-proekty-bolee-200-mln/> (Accessed 11 May 2026).

Vinokurov, E., Kuznetsov, A., Sharafutdinov, A., Berdigulova, A., Fedorov, K., Dolgovechny, A., Babajanyan, V. (EDB 2025) Macroeconomic Forecast 2026–2028. December 2025. Almaty: Eurasian Development Bank. Available at: <https://eabr.org/analytics/ceg-quarterly-reviews/macro-economic-outlook-2026-2028/> (Accessed 11 May 2026).

World Bank (2026) Commodity Markets Outlook, April 2026. Available at: [https://documents1.worldbank.org/curated/en/099842304282633100/pdf/IDU-29\\_bd7eb3-10\\_b9-441a-89\\_be-9732d149e669.pdf](https://documents1.worldbank.org/curated/en/099842304282633100/pdf/IDU-29_bd7eb3-10_b9-441a-89_be-9732d149e669.pdf) (Accessed 14 May 2026).

# ABBREVIATIONS

<b>AI</b>	Artificial Intelligence	<b>IT</b>	Information Technology
<b>BIR</b>	Bishkek interest rate	<b>KR</b>	Kyrgyz Republic
<b>BNS ASPIR RK</b>	National Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan	<b>NB KR</b>	National Bank of the Kyrgyz Republic
<b>CPC</b>	Caspian Pipeline Consortium	<b>NB RB</b>	National Bank of the Republic of Belarus
<b>CB RA</b>	Central Bank of the Republic of Armenia	<b>NB RK</b>	National Bank of the Republic of Kazakhstan
<b>CB RF</b>	Central Bank of the Russian Federation (Bank of Russia)	<b>NBT</b>	National Bank of Tajikistan
<b>CME</b>	Chicago Mercantile Exchange	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>COVID-19</b>	COronaVirus Disease 2019, coronavirus infection	<b>OPEC+</b>	The alliance of OPEC member countries and oil-producing countries not belonging to the Organisation
<b>EAEU</b>	Eurasian Economic Union	<b>PMI</b>	Purchasing Managers' Index (business activity index)
<b>ECB</b>	European Central Bank	<b>RA</b>	Republic of Armenia
<b>EDB</b>	Eurasian Development Bank	<b>RB</b>	Republic of Belarus
<b>EEC</b>	Eurasian Economic Commission	<b>REPO</b>	a type of transaction in which securities are sold and, at the same time, an agreement for their repurchase at a pre-agreed price
<b>EU</b>	European Union	<b>RF</b>	Russian Federation
<b>FAO</b>	Food and Agriculture Organisation of the United Nations	<b>RK</b>	Republic of Kazakhstan
<b>Fed</b>	US Federal Reserve System	<b>RKDF</b>	Russian-Kyrgyz Development Fund
<b>GDP</b>	Gross Domestic Product	<b>RT</b>	Republic of Tajikistan
<b>ICE</b>	Intercontinental Exchange	<b>S&amp;P</b>	Standard & Poor's (an American credit rating and financial information provider)
<b>IFI</b>	international financial institution	<b>US, USA</b>	United States of America
<b>IMF</b>	International Monetary Fund	<b>VAT</b>	value added tax

<b>WB</b>	World Bank
<b>WTO</b>	World Trade Organisation
<b>bbi</b>	US barrel of oil
<b>%</b>	percent
<b>% YoY</b>	annual growth rate
<b>% m/m</b>	month-on-month growth rate
<b>\$, dollars</b>	US dollars
<b>Q/Q</b>	quarter-on-quarter
<b>pp</b>	percentage point

# GLOSSARY

## **Budget (fiscal) reserves**

The amount of unallocated funds in the state budget available to finance expenditures.

## **Fiscal impulse**

Characterises the impact of fiscal policy on economic activity. A positive fiscal impulse indicates a positive contribution of fiscal policy to GDP.

## **Dollarisation of bank deposits (loans)**

The share of foreign currency deposits (loans) in the total volume of commercial bank deposits (loans).

## **Neutral rate**

The interest rate level that corresponds to inflation and inflation expectations remaining stable at the target level, while GDP and the real exchange rate remain at equilibrium levels.

## **Potential (equilibrium) GDP**

The level of real GDP that would be achieved in the economy over a given period of time given the most efficient use of factors of production. Potential GDP can also be understood as the level of real GDP that the economy is capable of producing sustainably without creating economic imbalances.

## **Equilibrium exchange rate**

The real exchange rate that exerts neither an additional inflationary nor a disinflationary effect.

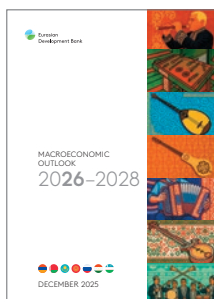
## **Output gap**

The deviation of real GDP from its potential level. A positive output gap typically indicates a situation of excess demand in the economy and is an indicator of inflationary pressure. The opposite is true for a negative output gap.

## **Purchasing Managers' Index (PMI)**

An indicator that measures changes in business activity and operating conditions for private enterprises in the manufacturing and services sectors. The index is calculated based on monthly surveys of purchasing managers. PMI readings above 50 points signal an increase in business activity, while readings below 50 indicate a decline.

# RESEARCH AT THE EDB WEBSITE



## Macroeconomic Outlook (RU/EN)

### Macroeconomic Outlook 2026–2028

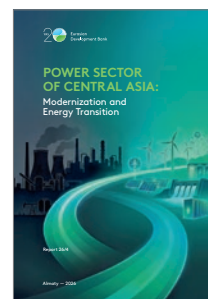
The Eurasian Development Bank (EDB) has presented its Macroeconomic Outlook for the seven member countries. The analysis reviews economic developments in 2025 and outlines key macroeconomic forecasts for 2026–2028.



## Report 26/5 (RU/EN)

### Waves of Investment Megahype. Digital, ESG, AI: What's Next?

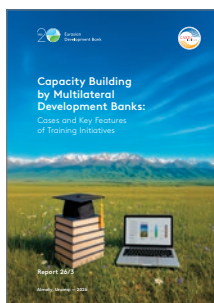
The report provides an overview of MDBs training initiatives (academies, institutes, training programs), analyzes their goals, governance and financing models, thematic areas, and other characteristics, outlines the long-term outlook for the development of the MDB training initiatives.



## Report 26/4 (RU/EN)

### Power Sector of Central Asia: Modernization and Energy Transition

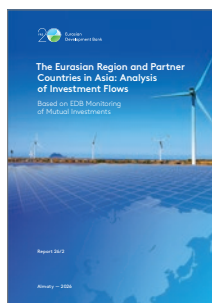
How can Central Asia secure a reliable and clean energy future? The answer lies in the «Middle Path» strategy. The report substantiates a balanced modernization model, integrating renewable energy potential with the stability of traditional generation and the synergies of regional cooperation.



## Report 26/3 (RU/EN)

### Capacity Building by Multilateral Development Banks: Cases and Key Features of Training Initiatives

The report provides an overview of MDBs training initiatives (academies, institutes, training programs), analyzes their goals, governance and financing models, thematic areas, and other characteristics, outlines the long-term outlook for the development of the MDB training initiatives.



## Report 26/2 (RU/EN)

### The Eurasian Region and Partner Countries in Asia: Analysis of Investment Flows based on EDB Monitoring of Mutual Investments

The report provides detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct foreign investment stock between Asian countries and countries in the Eurasian region for the period from 2016 to the first half of 2025.



## Report 26/1 (RU/EN)

### Cooperation of Multilateral Development Banks in Emerging Markets and Developing Countries: Untapped Opportunities

The report examines seven promising areas for MDB cooperation: 1) mobilizing capital, 2) capital markets, 3) local currencies, 4) project expertise, 5) pooling knowledge, 6) technical assistance, 7) cross-border projects.



## Report 25/15 (RU/EN)

### China and the Eurasian Region: Analysis of Investment flows based on EDB Monitoring of Mutual Investments

The report provides detailed information on the scale, dynamics, geographical and sectoral structure of mutual direct foreign investment stock between China and countries in the Eurasian region for the period from 2016 to the first half of 2025.



## Report 25/14 (RU/EN)

### Investment Cooperation in the Eurasian Region based on EDB Monitoring of Mutual Investments

The report provides comprehensive insights into the scale, dynamics, geographical and sectoral structure of mutual direct foreign investments in the Eurasian region from 2016 to the first half of 2025, as well as key trends in investment cooperation.



## Working Paper 25/13 (RU)

### Arab Gulf: Macroeconomic and Financial Monitoring

The EDB's monitoring provides an analysis of the economies of six Gulf countries and assesses medium-term trends, including GDP growth, inflation, debt sustainability, and fiscal and monetary policies.

# EDB DIGITAL ACADEMY

## Online Learning Platform



With the EDB Academy platform, you can:



take online courses and apply to participate in in-person events organised by the EDB Academy



explore materials on project financing, industrial development, and the activities of international financial institutions



join a professional community

**OUR TRAINING COURSES AND PROGRAMS ARE DEVELOPED IN COLLABORATION WITH THE BANK'S LEADING EXPERTS AND TOP INTERNATIONAL PROFESSIONALS**

Online Course <sup>Ru</sup>



### Partnership for Development: Maximising Cooperation with Multilateral Development Banks

This course focuses on the multilateral development bank (MDB) system.

You will learn why MDBs are established, how they operate, and how they contribute to countries and society.

You will gain practical tools and approaches for working effectively with MDBs to achieve your strategic objectives. The course also provides insight into the activities of the Eurasian Development Bank.

Online Course <sup>Ru</sup>



### Central Asia: Green Finance in Action — Tools, Successes, Lessons

In this course, you will learn:

- How to apply green finance tools effectively in your work
- What sovereign and municipal green bonds, subsidies and grants, and green funds are, and how they function in practice
- The key challenges and emerging trends in the development of green finance in Central Asia
- The role of international development banks in supporting green projects.



**CENTRE FOR MACROECONOMIC ANALYSIS  
RESEARCH DEPARTMENT  
EURASIAN DEVELOPMENT BANK**

Your comments and suggestions concerning  
this document are welcome at:

[pressa@eabr.org](mailto:pressa@eabr.org)



[www.eabr.org](http://www.eabr.org)