

Belarus Watch: Inflation on the rise again

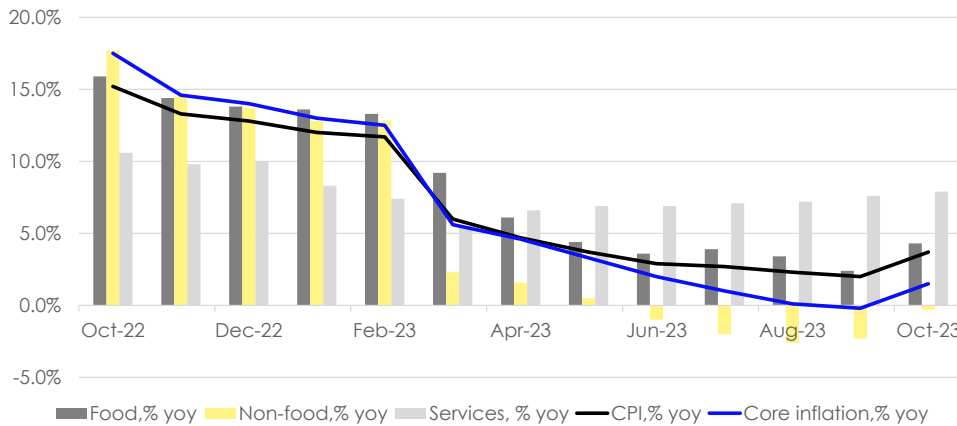
The influence of key deflationary factors decreased and October 2023 inflation rose to 3.7% yoy from 2% amid delayed BYN devaluation effect and seasonal factors among others. Still, due to large decline in previous months, we lowered our December 2023 inflation forecast.

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After historical lows, prices went up



Source: National Bank of Belarus, Belstat, RBI/Raiffeisen Research

In October 2023 **inflation amounted to 3.7% yoy** vs. 2% yoy in September. The **main driver of CPI growth was services** where inflation equaled 7.9% yoy. The seasonal factor affected the growth in the foodstuffs cost which increased by 4.3% yoy. At the same time, non-food products are cheaper by 0.3% yoy.

Monthly inflation equaled 0.6% mom. At the same time, the food and non-food prices rose by 1.2% mom and by 0.4% mom respectively, while services costs declined by 0.1% mom in October 2023.

Core inflation resumed its upward trend and reached 1.5% yoy in October 2023 vs. September 0.2% yoy deflation. **State regulated prices and tariffs gained 7.7% yoy** in October 2023 against 7.1% yoy in September 2023.

Resumption of **inflation growth was facilitated by the delayed effect of BYN devaluation** against USD and CNY, **rising consumer and investment imports** (especially from the Asian region), **seasonality and the start of the heating period**, as well as the **waning impact of the 2022 comparison base**. We anticipate the negative influence of the above-mentioned factors on CPI to persist until the end of the year. Still, due to the larger than we assumed decline in CPI in the previous months we **adjusted our**

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forecast downwards and expect 7.0% yoy CPI in December 2023 vs 8.5% forecasted previously.

At the same time, as for the National Bank of Belarus rate policy, **we assume that the regulator will maintain its cautious approach in cutting the key rate** and keep it at 9-9.5% until the end of 2023.

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Symbol	Date	Recommendation	Company
BY	11.09.2023	Under Revision	Belarus
BY	28.04.2023	Under Revision	Belarus
BY	13.02.2023	Under Revision	Belarus
BY	30.11.2022	Under Revision	Belarus

History of long term recommendations			
Symbol	Date	Recommendation	Company
BY	11.09.2023	Not rated	Belarus
BY	28.04.2023	Not rated	Belarus
BY	13.02.2023	Not rated	Belarus
BY	30.11.2022	Not rated	Belarus

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