

# Belarus Watch: Prices skyrocketed

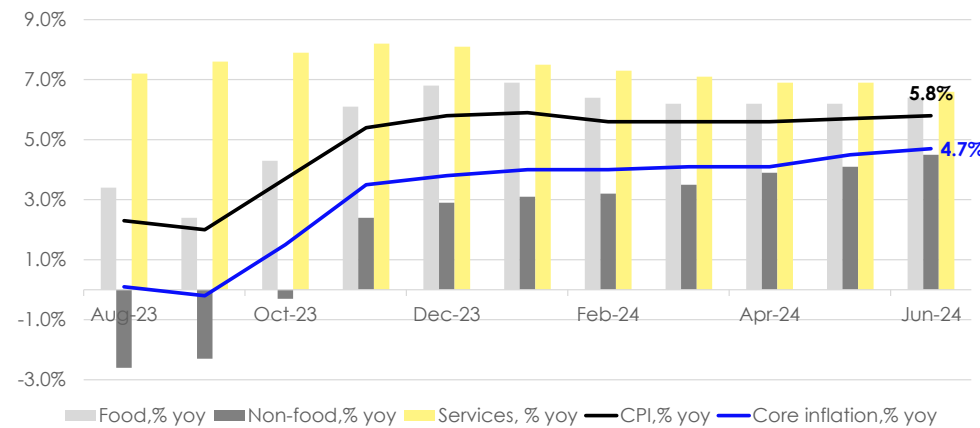
In June 2024, inflation marked another anticipated increase. Government decisions to hike the costs of utilities, electricity, and fuel have notably driven up service and food prices. The 2023 comparison base and high inflationary expectations also contribute to price growth.

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## Inflation gaining momentum



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

In June 2024, the annual Consumer Price Index (CPI) recorded another expected increase. **Higher inflation was triggered by the authorities' resolutions** to hike the utilities, electricity and fuel prices, which primarily affected the cost of services and food. June **CPI amounted to 5.8% yoy**. Food prices rose by 6.4% yoy, non-food goods became 4.5% yoy more expensive, and service costs surged by 6.6% yoy. Monthly inflation stood at 0.6%, with food prices higher by 0.8% mom, non-food goods climbing by 0.4% mom, and services growing up by 0.5% mom.

**The core CPI**, excluding volatile items, **increased by 4.7% yoy**, indicating a steady increase.

**The hike in utility tariffs and electricity prices**, coupled with the ongoing rise in **fuel costs**, is expected to continue **driving prices upwards**. Additionally, the population's inflation expectations remained higher than the current CPI figures. In Q1 2024, perceived inflation over the past 12 months was 11.4%, while expected inflation for the next 12 months was projected at 11%. **We maintain our forecast and expect inflation to reach 9% by the end of 2024.**

In 1H 2024 Belarusian National Bank's **interest rate policy remained stable**. The **key rate, set at 9.5% a year ago**, enabled the regulator to maintain financial stability while

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supporting the real sector and providing households with affordable loans against the background of real income growth. The **National Bank of Belarus controlled the volume of lending** and the circulation of the Belarusian ruble **through interest rate caps** for households and legal entities loans **and the broad money supply**. Interest rate caps for loans have been raised twice since the beginning of the year, from 11.26% for legal entities and 16.44% for individuals to 11.98% and 17.22%, respectively. BYN broad money supply has increased by 5% since 2024 start. **Due to the escalating inflation, we expect the key rate to be raised to 10% still in 2024.**

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Symbol	Date	Recommendation	Company
BY	28.02.2024	Under Revision	Belarus
BY	11.09.2023	Under Revision	Belarus

History of long term recommendations			
Symbol	Date	Recommendation	Company
BY	28.02.2024	Not rated	Belarus
BY	11.09.2023	Not rated	Belarus

The distribution of all recommendations relating to the 12 months prior to the publications date (column A), as well as the distribution of recommendations in the context of which services of investment firms set out in Sections A (investment services and activities) and B (ancillary services) of Annex I of Directive 2014/65/EU of the European Parliament and of the Council ("special services") have been provided in the past 12 months (column B).

	Column A	Column B
Investment recommendation	Basis: All recommendations for all financial instruments (last 12 months)	Basis: Recommendations for financial instruments of all issuers, for which special services were rendered in the last 12 months
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
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
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
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
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
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
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
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
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