EFSD EURASIAN FUND FOR STABILIZATION AND DEVELOPMENT

SUMMER 2026
UPDATE

In Q1 2026, most countries in the region recorded a significant slowdown in economic activity, which led us to revise our estimates.

2026 ESTIMATE

GDP growth estimate for 2026 revised downwards for most countries in the region

GDP growth, y/y, %

	2025	2026 (E)	change, p. p.
Russia	1.0	0.6	-0.6
Kazakhstan	6.5	5.0	-0.2
Armenia	7.1	5.5	-0.2
Belarus	1.3	1.3	0.9
Kyrgyz Republic	11.1	8.5	0.2
Tajikistan	8.4	7.1	0

The inflation estimate for 2026 has been revised downwards for some countries. We expect inflation to accelerate in countries that import food and energy and have strong domestic demand

Inflation, y/y, %

	Dec 2025	May 2026	Dec 2026 (E)	change, p. p.
Russia	5.6	5.3	6.0	0.6
Kazakhstan	12.3	10.4	9.8	-0.3
Armenia	3.3	4.2	3.9	-0.1
Belarus	6.8	4.6	4.8	-1.3
Kyrgyz Republic	9.4	11.0	9.5	2.9
Tajikistan	3.5	4.1	6.3	1.4

CURRENT SITUATION

Domestic demand remains the key driver of growth

Fixed capital investment, y/y, %

	Jan–Apr 2026
Kyrgyz Republic	69.7
Tajikistan	34.2
Armenia*	7.2
Kazakhstan	6.7
Belarus**	1.5
Russia*	-14.3

*Jan-Mar, **Jan-May

Retail sales, y/y, %

	Jan–Apr 2026
Tajikistan	30.3
Kyrgyz Republic	13.6
Armenia	7.5
Belarus	6.2
Russia	4.3
Kazakhstan	3.4

Fiscal policy in most countries remains expansionary

Russia	Kazakhstan	Armenia	Kyrgyz Republic	Tajikistan
Strongly expansionary	Formally restrictive	Restrictive	De facto expansionary	Restrictive

Monetary conditions remained mostly tight despite policy rate cuts

Changes in key policy rates in 2026

Russia	Kazakhstan	Armenia	Belarus	Kyrgyz Republic	Tajikistan
-1.75 p.p.	-1.00 p.p.	no change	-0.50 p.p.	+1.00 p.p.	-0.50 p.p.

RISKS

UPSIDE RISKS TO GDP GROWTH

- More active economic stimulus in Belarus, Kazakhstan, and the Kyrgyz Republic.
- More favourable external economic conditions, including commodity prices and demand from trading partners.

DOWNSIDE RISKS (PRIMARILY INFLATIONARY)

- **Kazakhstan:** uncertainty following the lifting of the moratorium on increases in utility and fuel prices.
- **Kyrgyz Republic:** overheated domestic demand and rising fuel and food prices.
- **Tajikistan:** possible disruptions to fuel supplies and rising wheat prices.
- **Armenia:** external trade risks.