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Inflation in the Republic of Belarus

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There are a lot of factors which cause some changes in the economy. Some of them are favorable, some are not. The inflation is one of these factors. It's a parameter which moves economy forward, but if you lose control of it, it will make a bad impact on economy and consequently on all the spheres of life.

The goal of research is to explore the inflation as a definition, how does it work and to introduce it to the students to improve their knowledge about it and the economy itself.

The research objects are: information about the inflation from the Internet, statistics about inflation in Belarus.

Inflation is a sustainable growth of price level of goods and services. Prices on some goods can increase, some goods can get cheaper, and some goods can stay at current prices.

There are some types of inflation. These are low, temperate, high, hyperinflation and deflation. Low inflation is lower than 6% a year. Temperate is 6-10% a year, it is dangerous because its control can be lost and there will be a high inflation. The high one is 10-100% a year. Hyperinflation comes when prices are growing hundreds and thousands of times. There is also a deflation – it is a negative inflation, when prices are falling. Because of that the economy stops developing, consumers refuse to buy goods, hoping prices will fall more. The best script for economy is stable and low inflation. Spending power of money is saved and it lets us plan personal finances, to save money and invest it, to run new

business projects. The possibility of building of long plans gets the economy to peak.

Who controls the inflation? This is central banks' task. They use different instruments of monetary politics. For this goal our country has the National Bank.

There are some inflation indicators in Belarus.

In August 2016, for the first time in a long time, there was a deflation in Belarus. It was ensured by a seasonal decline in prices for fruits and vegetables. Since the beginning of 2016, inflation rose to 10% in January-November period. According to the forecast indicators for 2016, inflation should not exceed 12%. At the end of the year, inflation did not exceed the forecast indicators and amounted to 10.6%. A further decline in inflation was expected in 2017. In the summer, the government lowered inflation forecasts to 6-6.5% (previously, according to forecasts: 9%). 2017 ended with an inflation rate of 4.6%. Inflation at the end of 2018 amounted to 5.6%, with the target parameter not exceeding 6%. In Belarus, inflation for 2019 amounted to 4.7%, while the planned figure was no more than 5%. Inflation in Belarus was planned at a level of no more than 5% in 2020. In October 2020, inflation exceeded the planned target and amounted to 7.4% at the end of the year.

Forecast inflation parameters at the beginning of the year for 2021 were within 5%. At the end of November, the deputy said that in Belarus, by the end of 2021, inflation is expected within a maximum of 9-9.4%. Inflation in 2021 was 9.97%. This indicator exceeded the target forecast by almost two times. Compared to 2020, inflation has accelerated markedly. There is an interesting fact that the official inflation rate is significantly lower than the perception of people who estimated price growth at 14.5% in 2021. At the end of 2021, the Belarusian ruble was attached to the three major currencies, which became a deterrent to inflation.

Rapid price increases in 2021 have been a global problem. For example, in the US consumer inflation reached 7%, which happened for the first time in 40 years. In European countries, price growth accelerated to 5%, which exceeded the medium-term inflation target by 2.5 times. In the countries neighboring Belarus, inflation rose to 8.4% in Russia and up to 10% in Ukraine. The main driver of growth in 2021 was the fact that the global economy quickly recovered from the coronavirus pandemic. Many companies continued to produce, and consumers began to return to normal consumption. The inflation is a necessity in economy of each country. The best script for economy is stable and low inflation. Spending power of money is saved and it lets us plan personal finances, to save money and invest it, to run new business projects. The possibility of building of long plans gets the economy to peak.

But we have to remember that inflation is the thing that we need to keep under control. Though this is the one of the methods to build and develop a healthy economy, it can be the most destructive element of crisis in each life sphere. To avoid it, central banks have to use their monetary politics' instruments correctly.

As for Belarus, the National Bank plans to reduce inflation to 6% by the end of 2022. The IMF predicts price growth at 7.1%. According to the forecasts of the Eurasian Development Bank, the inflation rate will be 7.4%. These projections are above the NBRB's medium-term target of 5%.