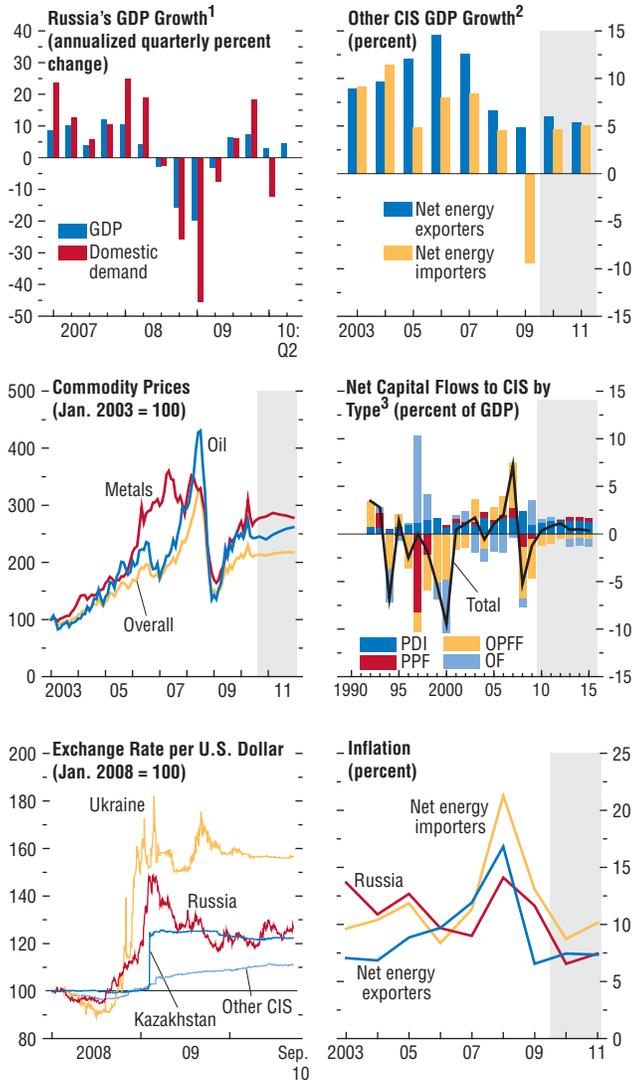


Figure 2.11. Commonwealth of Independent States (CIS): A Modest Recovery

The recovery in the CIS region is gaining traction, supported by high commodity prices, normalizing trade and capital flows, accommodative policies, and positive spillovers from Russia. Amid a more favorable external environment, capital flows are expected to pick up, but to lower levels than before the crisis. In Russia, the more flexible exchange rate regime, alongside cuts in policy interest rates, has helped deter speculative capital inflows. But the focus now should be on inflation control.



Sources: Haver Analytics; IHS Global Insight; IMF Primary Commodity Price System; and IMF staff estimates.

¹Domestic demand data available only through 2010:Q1.

²Net energy exporters include Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan. Net energy importers include Armenia, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, and Ukraine.

³OF: official flows; OPFF: other private financial flows; PDI: private direct investment; PPF: private portfolio investment.