Spurred by rising earnings from commodity exports and rapid credit expansion, domestic demand in the CIS region is growing very strongly. This strong growth, together with rising food prices, has led to a sharp pickup in inflation in recent months.

Figure 2.7. Commonwealth of Independent States (CIS): Inflation Pressures Remain the Central Concern

Sources: IMF, International Financial Statistics; and IMF staff calculations.

[Diagram showing GDP and Domestic Demand Growth, Consumer Price Inflation, Private Credit Growth, Net Foreign Assets of Banking System, Real Effective Exchange Rate, and Policy Interest Rates for CIS, Russia, Ukraine, and Kazakhstan, with data from 2003 to 2008.]