Growth in the CIS economies is increasingly dampened by supply constraints. Supply-side reforms are needed to boost the region’s growth potential. In several countries macroeconomic policies should avoid widening macro imbalances given heightened financial risks and limited buffers.

1. Real GDP Growth, 2010:Q1–2013:Q2 (percent, year over year)
2. Real GDP Growth, 2004–14 (percent)
3. Output Gap (percent)
4. Bond Country Flows2 (millions of U.S. dollars)
5. Inflation (percent)
6. General Government Fiscal Balance3 (percent of fiscal year GDP)

Sources: EPFR Global/Haver Analytics; Haver Analytics; and IMF staff estimates.
Note: CIS = Commonwealth of Independent States. Georgia, which is not a member of the CIS, is included in this group for reasons of geography and similarity in economic structure. Net energy exporters (NEE): Azerbaijan, Kazakhstan, Russia (RUS), Turkmenistan, Uzbekistan. Net energy importers (NEI): Armenia, Belarus, Georgia, Kyrgyz Republic, Moldova, Tajikistan, Ukraine. NEE excl. RUS = net energy exporters excluding Russia.
1European CIS comprises Belarus, Moldova, Russia, and Ukraine.
2EPFR flows provide a limited proxy for overall balance of payments (BoP) flows, although recent studies have found a close match in the pattern of EPFR flows and BoP gross portfolio flows (see Fratzscher, 2012). In addition, these high-frequency data are more up to date than the BoP series. Moreover, the EPFR bond flows can be considered a proxy for sovereign bond flows, which were the most prominent part of portfolio flows toward countries in the region in recent years.
3General government fiscal balance refers to net lending/borrowing except for NEI, where it is the overall balance.