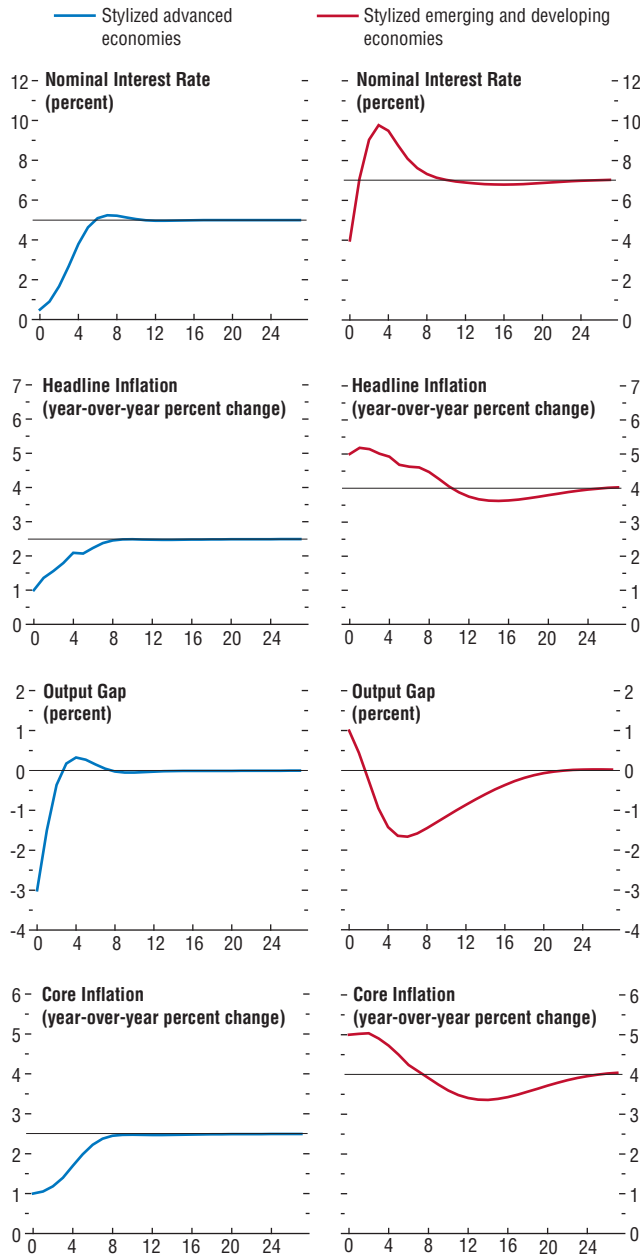


Figure 3.15. Response to a Food Price Shock amid Current Cyclical Conditions

In emerging and developing economies with a high food share in consumption, low monetary policy credibility, and initial inflation already above target, aggressive monetary policy tightening is required after a food price shock (left column). By contrast, in advanced economies with well-anchored inflation expectations and economic slack, a gradual unwinding of monetary policy stimulus is required (right column).



Source: IMF staff estimates.

Note: The time period is in quarters. The food price shocks occurs at $t = 0$.