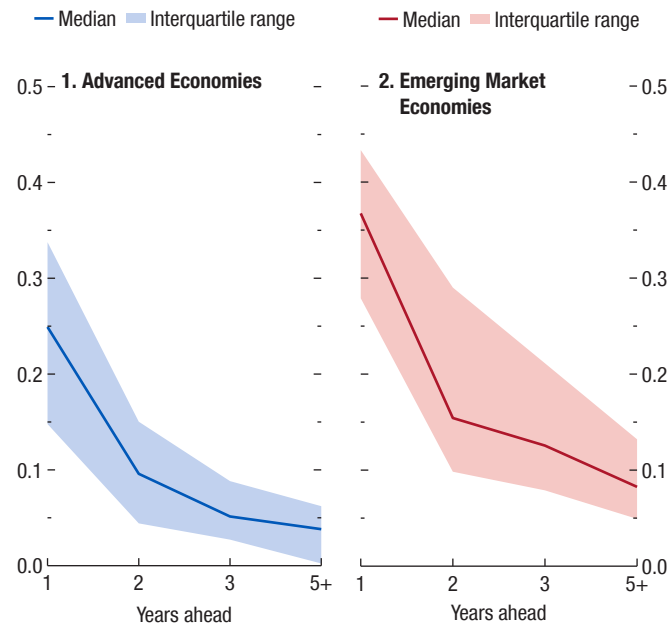


**Figure 3.16. Sensitivity of Inflation Expectations to Inflation Surprises**  
*(Years on x-axis)*

Inflation expectations are less sensitive to inflation surprises in advanced economies than in emerging market economies.



Sources: Consensus Economics; Haver Analytics; and IMF staff calculations.

Note: The figure shows the response of inflation expectations at various horizons to a 1 percentage point unexpected increase in inflation based on coefficients from country-specific static regressions. The sensitivity for 5+ years corresponds to the average of estimations using 5- and 10-year-ahead inflation expectations.