Inflation expectations appear significantly better anchored in advanced economies than in emerging economies, especially those with a high share of food in the CPI. In emerging economies, inflation targeting seems to have recently been more effective than alternative monetary policy frameworks in anchoring expectations.

**Figure 3.12. Changes in Expected Inflation in Response to Changes in Actual Inflation**

(Expected inflation 1, 3, 5, and 6–10 years ahead; percentage point responses to a 1 percentage point change in actual inflation)

Inflation expectations appear significantly better anchored in advanced economies than in emerging economies, especially those with a high share of food in the CPI. In emerging economies, inflation targeting seems to have recently been more effective than alternative monetary policy frameworks in anchoring expectations.

**Sources:** Consensus Forecasts; and IMF staff calculations.

1Based on statistically significant coefficients from panel regressions with fixed effects, using semiannual data since 2003. The measure of core inflation is net of food and fuel inflation.