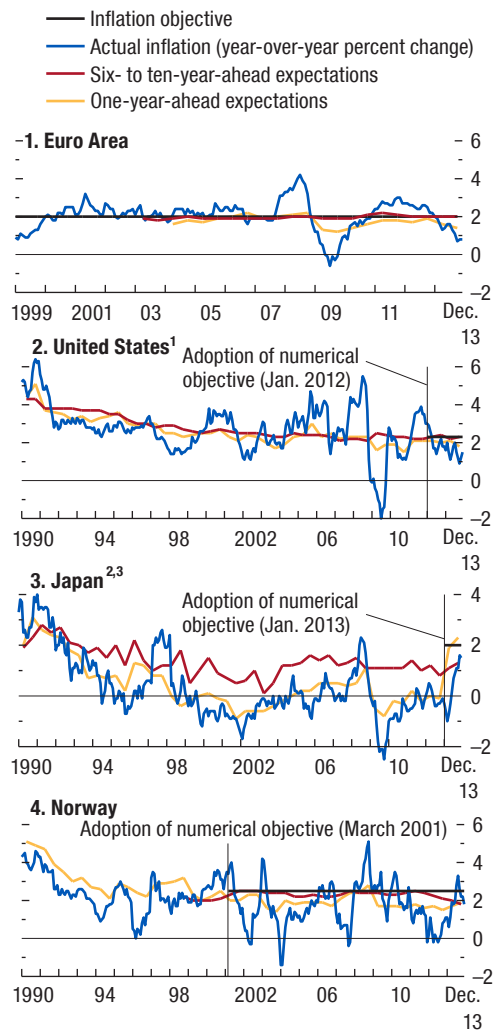


Figure 1.3.1. Inflation Expectations in Euro Area, United States, Japan, and Norway



Sources: Consensus Economics; and IMF staff calculations.

¹The implicit consumer price index (CPI) inflation objective is estimated at about 0.3 percentage point above the Federal Reserve's official personal consumption expenditures (PCE) inflation objective of 2.0 percent. This is based on the difference in long-term CPI and PCE inflation forecasts from the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*.

²The announcement of the numerical inflation objective was made in December 2012; implementation occurred in January 2013.

³In October 2013, the Japanese government announced that the value-added tax rate would be increased by 3 percentage points, effective April 2014. This led to a sharp rise in short-term inflation expectations.