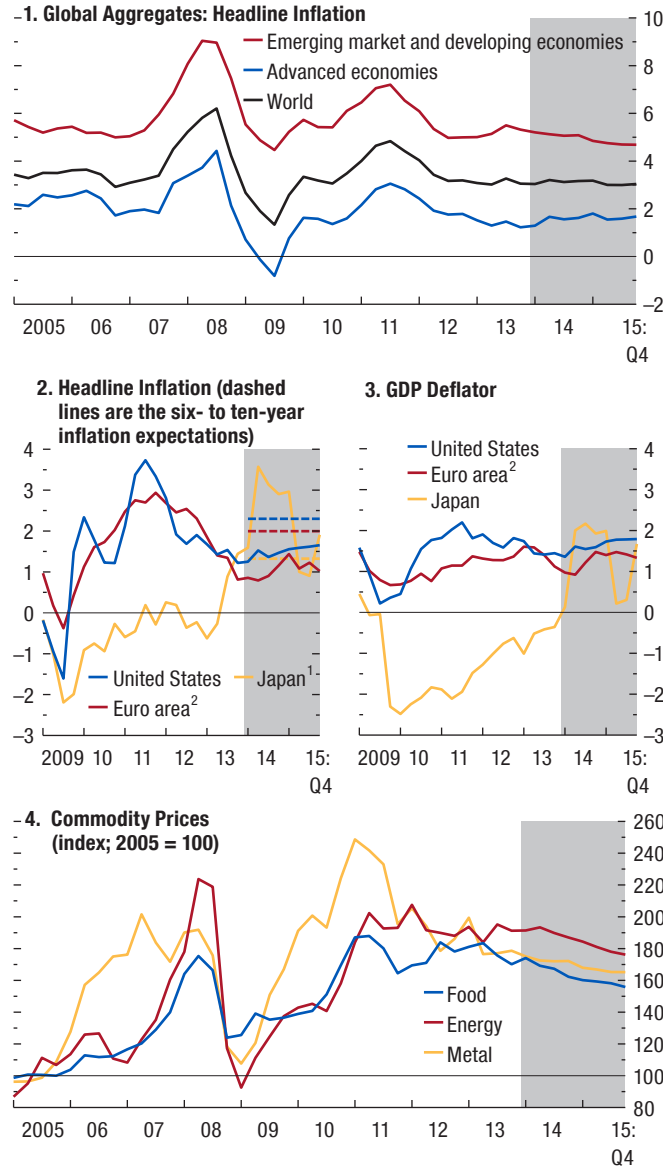


Figure 1.5. Global Inflation

(Year-over-year percent change, unless indicated otherwise)

Inflation is generally projected to remain subdued in 2014–15 with continued sizable negative output gaps in advanced economies, weaker domestic demand in several emerging market economies, and falling commodity prices. In the euro area and the United States, headline inflation is expected to remain below longer-term inflation expectations, which could lead to adjustments in expectations and risks of higher debt burdens and real interest rates.



Sources: Consensus Economics; Haver Analytics; IMF, Primary Commodity Price System; and IMF staff estimates.

¹In Japan, the increase in inflation in 2014 reflects, to a large extent, the increase in the consumption tax.

²Excludes Latvia.