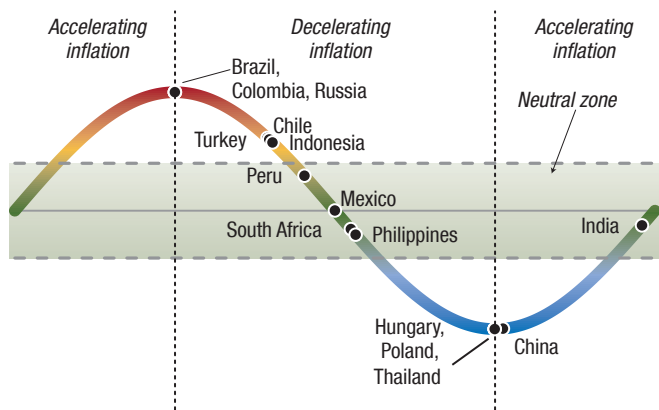


Figure 1.21. Wide Range in the Inflation Outlook of Emerging Market Economies

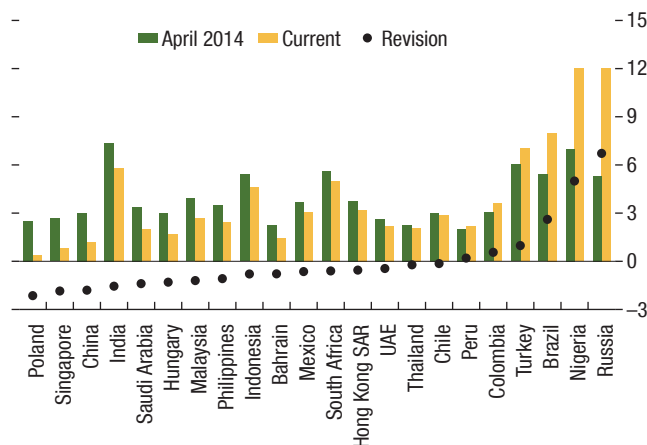
Inflationary pressures in emerging market economies are broad...

... but inflation is expected to decelerate in most countries in 2015, with a few exceptions.

1. Headline Inflation Phase Curve (February 2015)



2. 2015 Forecast Headline Inflation (Year over year, percent)

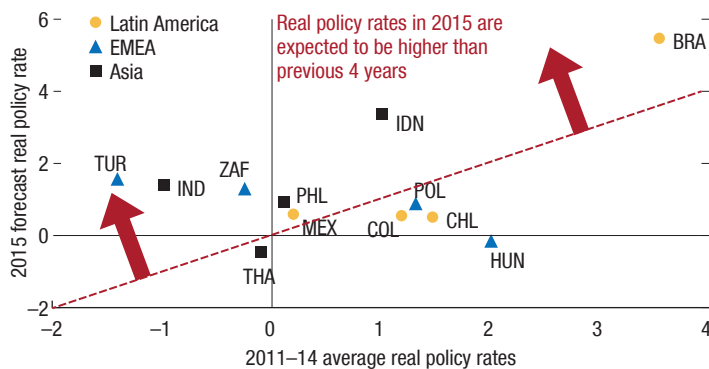


Sources: National authorities; and IMF staff calculations.
 Note: Countries are placed on the phase curve according to where their February 2015 year-over-year headline inflation print is relative to (1) central bank inflation target band (where available), (2) three-month trend, and (3) efficacy of monetary policy (using inflation targeting performance in previous two years). When inflation is in the central bank band, it is placed within the dotted lines, otherwise outside, and the distance from the closest dotted line is determined by criterion 3, because inflation expectations are not considered. Future inflation prints may not follow the arc trajectory.

Source: IMF, World Economic Outlook database.
 Note: UAE = United Arab Emirates.

Real rates are expected to remain high in 2015, and higher than in the previous four years for many emerging markets.

3. Real Policy Rates in Major Emerging Markets (Ex post, percent)



Sources: Bloomberg, L.P.; IMF, World Economic Outlook database; and IMF staff calculations.
 Note: The 2015 forecast real policy rate is calculated using the end-2015 policy rate as implied by the market (using forward-rate agreements or interest rate swaps) and the *World Economic Outlook* end-2015 headline inflation forecast. BRA = Brazil; CHL = Chile; COL = Colombia; EMEA = Europe, Middle East, Africa; HUN = Hungary; IND = Indonesia; IND = India; MEX = Mexico; PHL = Philippines; POL = Poland; THA = Thailand; TUR = Turkey; ZAF = South Africa.