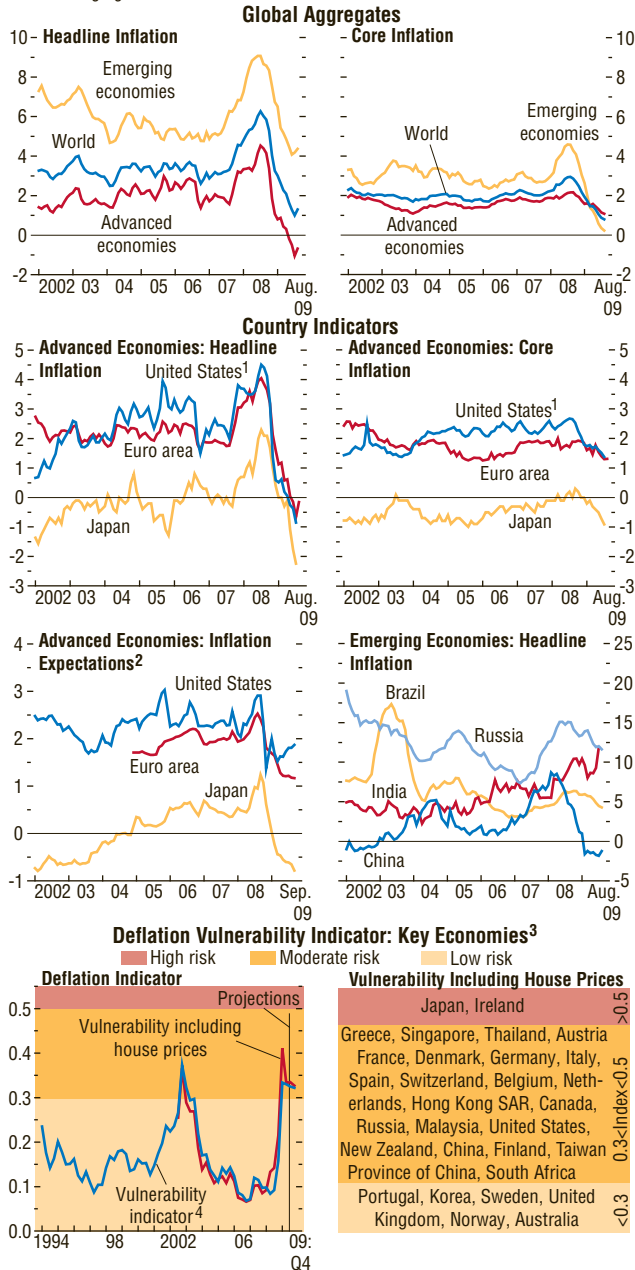


Figure 1.10. Global Inflation

(Twelve-month change in the consumer price index unless otherwise noted)

The global recession has caused a large drop in inflation and rising concern about mild deflation. However, the decline in inflation pressures has been limited among some emerging economies.



Sources: Bloomberg Financial Markets; Haver Analytics; and IMF staff calculations.

¹Personal consumption expenditure deflator.

²One-year-ahead consensus forecasts. The December values are the average of the surrounding November and January values.

³For details on the construction of this indicator, see Decressin and Laxton (2009). The figure also features an expanded indicator, which includes house prices. Vulnerability as of 2009:Q3. For the equity, real exchange rate, and nominal house price components, values for August 2009 were used.

⁴Major advanced and emerging economies.