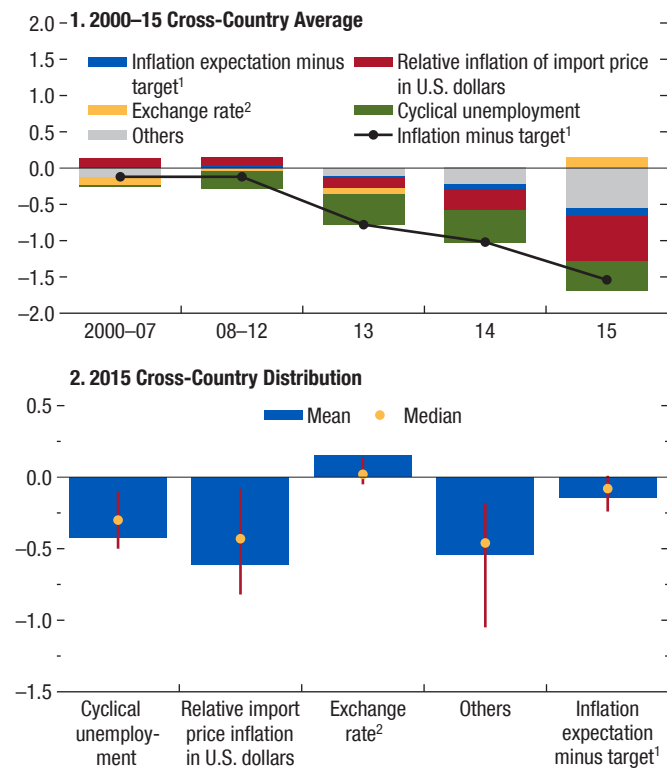


**Figure 3.12. Contribution to Inflation Deviations from Targets: Advanced Economies**  
(Percent)

Cyclical unemployment and weaker import prices can account for the bulk of the deviation of inflation from targets in advanced economies since the global financial crisis, but other unexplained factors have been playing an increasingly larger role more recently.



Sources: Consensus Economics; Haver Analytics; Organisation for Economic Cooperation and Development; and IMF staff calculations.

Note: Vertical lines in panel 2 denote interquartile ranges. The sample is defined in Annex Table 3.1.1. Estonia, Latvia, Lithuania, the Slovak Republic, and Slovenia are excluded as outliers.

<sup>1</sup> Target refers to the average of long-term inflation expectations in 2000–07, which are from Consensus Economics (10-year inflation expectations) or *World Economic Outlook* inflation forecasts (5-year inflation expectations).

<sup>2</sup> Exchange rate is defined as currency value per U.S. dollar.