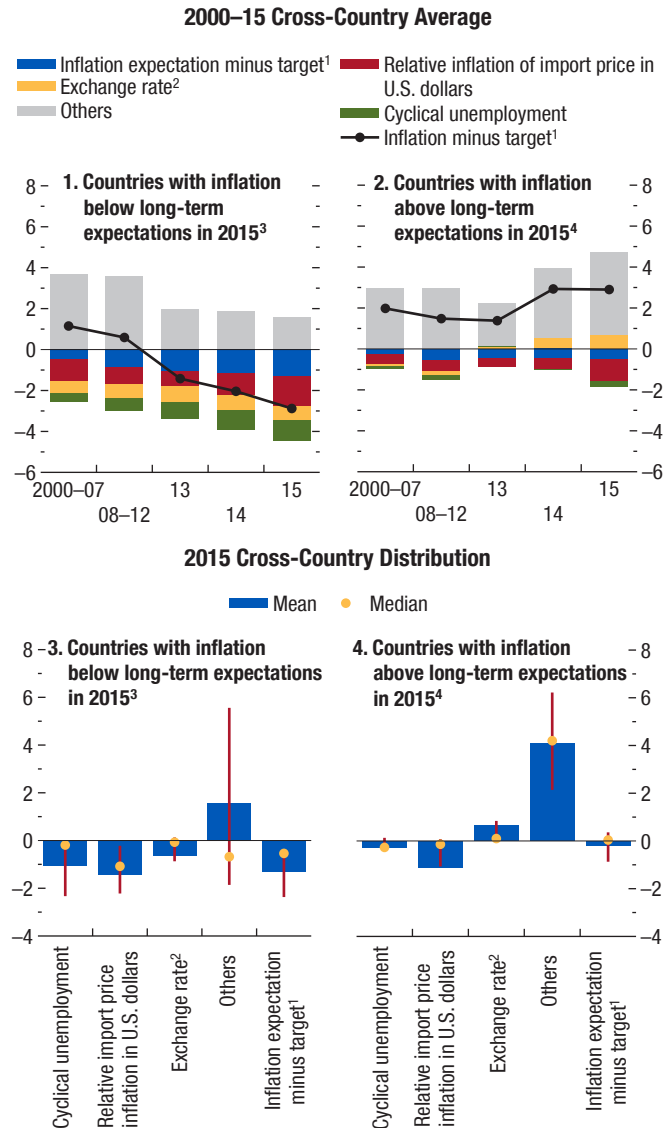


Figure 3.13. Contribution to Inflation Deviations from Targets: Emerging Market Economies

Economic slack and weak import prices also account for a large share of the observed disinflation in emerging market economies with inflation below long-term inflation expectations over the recent past. In contrast, exchange rate depreciations and other unexplained factors played a key role in emerging market economies in which inflation has been above long-term expectations.



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

Note: Vertical lines in panels 3 and 4 denote interquartile ranges. The sample is defined in Annex Table 3.1.1. Venezuela is excluded because of missing data. Ukraine is excluded as an outlier.

¹ 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).

² Exchange rate is defined as currency value per U.S. dollar.

³ Bulgaria, China, Hungary, Malaysia, Mexico, Philippines, Poland, Romania, Thailand.

⁴ Argentina, Brazil, Chile, Columbia, India, Indonesia, Peru, Russia, Turkey.