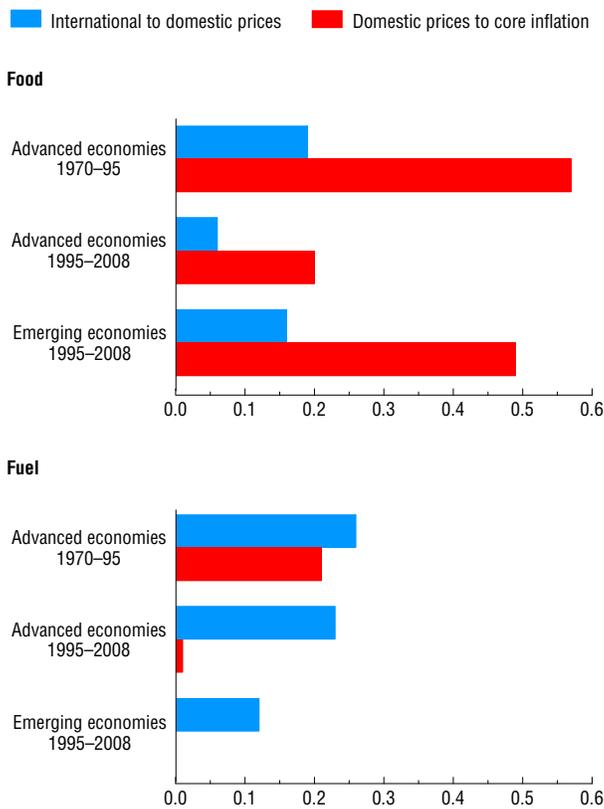


Figure 3.11. Commodity Price Pass-Through¹

(Full long-term response to a 1 percentage point change in commodity price inflation, in percentage points)

The recent food price pass-through in emerging economies resembles that seen in advanced economies in the 1970s, whereas the fuel price pass-through has been markedly lower. The recent pass-through to core inflation has been moderate for both food and fuel prices in advanced economies.



Source: IMF staff calculations.

¹Weighted averages of country-by-country estimates using quarterly data. The pass-through from international to domestic prices is estimated using bivariate regressions. The pass-through from domestic commodity prices to core inflation is estimated using Phillips curve equations with domestic prices net of any influences other than international prices and their own lags. In both estimations, the full long-term pass-through is calculated as the sum of coefficients on the current value and the four lags of the independent variable divided by 1 minus the sum of coefficients on the four lags of the dependent variable.