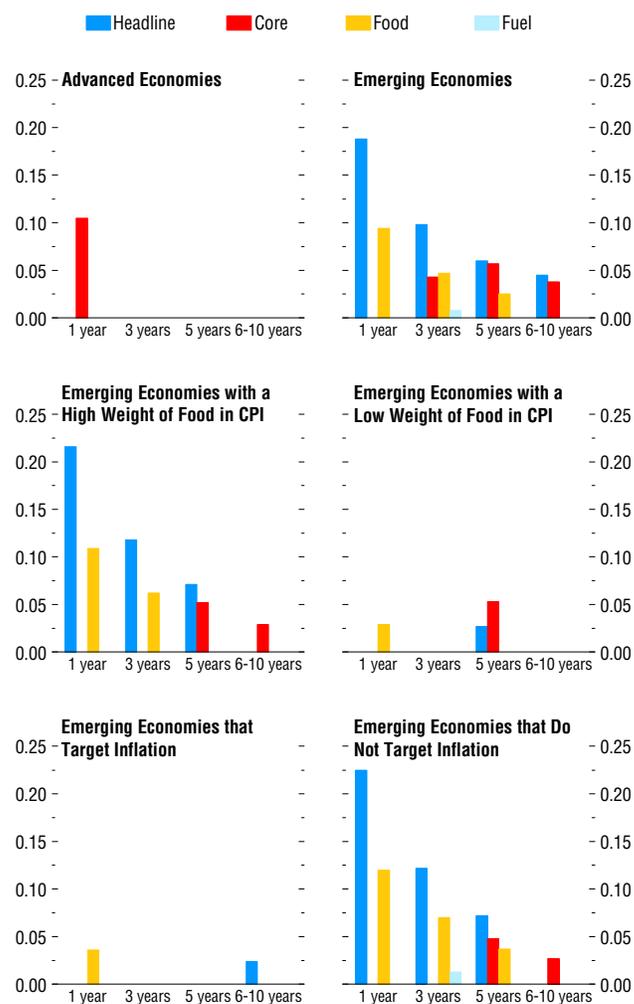


### Figure 3.12. Changes in Expected Inflation in Response to Changes in Actual Inflation<sup>1</sup>

(Expected inflation 1, 3, 5, and 6–10 years ahead; percentage point responses to a 1 percentage point change in actual inflation)

Inflation expectations appear significantly better anchored in advanced economies than in emerging economies, especially those with a high share of food in the CPI. In emerging economies, inflation targeting seems to have recently been more effective than alternative monetary policy frameworks in anchoring expectations.



Sources: Consensus Forecasts; and IMF staff calculations.

<sup>1</sup>Based on statistically significant coefficients from panel regressions with fixed effects, using semiannual data since 2003. The measure of core inflation is net of food and fuel inflation.