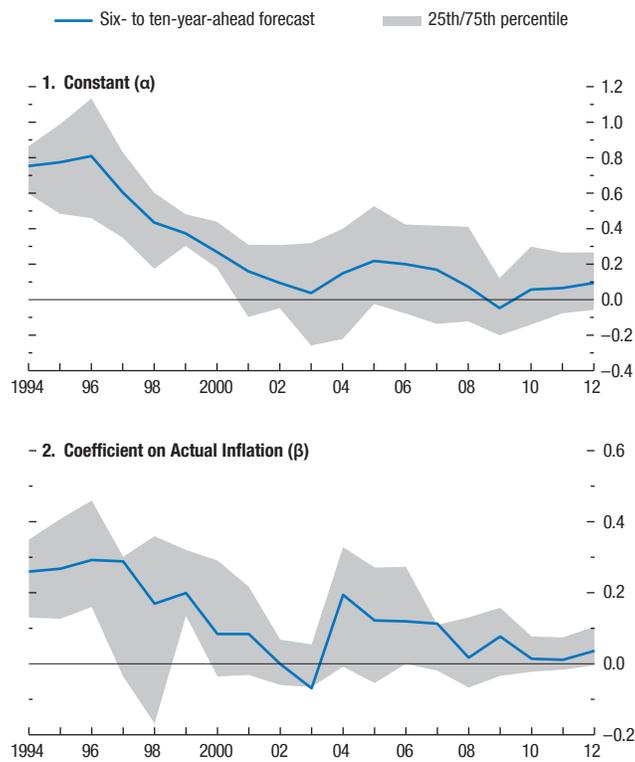


Figure 3.4. Rolling Regressions of Inflation Expectations over Actual Inflation
(Net of inflation target)

Inflation expectations are now better anchored to targets and respond less to actual changes in inflation. This is shown below in rolling regressions of inflation expectations over actual inflation in deviations from central banks' targets, which reveal that both the intercept α and the slope β have moved closer to zero.



Sources: *Consensus Forecasts*; Organization for Economic Cooperation and Development; and IMF staff calculations.