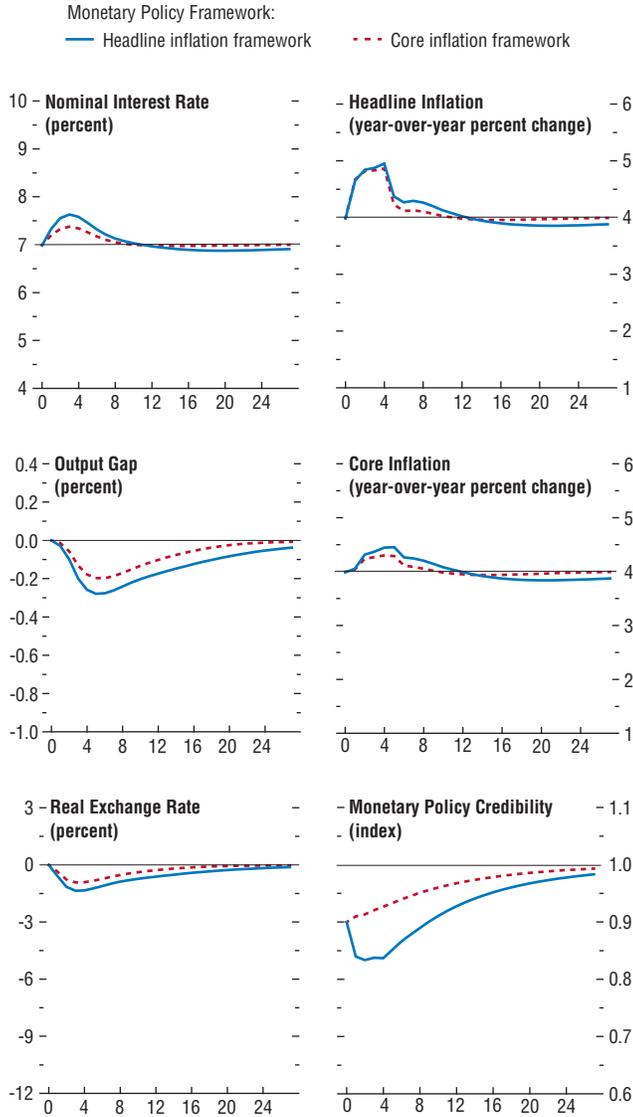


**Figure 3.12. Response to a Food Price Shock in a Stylized High-Credibility Emerging and Developing Economy**

In economies with a high food share in consumption and high monetary policy credibility, less monetary policy tightening is needed after a one-time food price shock. Targeting core inflation still achieves greater output stabilization, but there is now a slightly greater increase in headline inflation in the short term.



Source: IMF staff estimates.  
 Note: The time period is in quarters. The food price shocks occurs at  $t = 0$ .