

IMF Publication

# Inflation Targeting and the IMF

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INTERNATIONAL MONETARY FUND



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Table 1. Inflation Targeters 1/

	Inflation Targeting Adoption Date	Inflation Rate at Start (percent)	Unique Numeric Target = Inflation	Current Inflation Target (percent)	Forecast Process	Publish Forecast
Emerging market countries						
Israel	1997Q2	8.5	Y	1–3	Y	Y
Czech Rep.	1998Q1	13.1	Y	3 (+/- 1)	Y	Y
Poland	1998Q4	9.9	Y	2.5 (+/- 1)	Y	Y
Brazil	1999Q2	3.3	Y	4.5 (+/- 2.0)	Y	Y
Chile	1999Q3	2.9	Y	2–4	Y	Y
Colombia	1999Q3	9.3	Y	5 (+/- 0.5)	Y	Y
South Africa	2000Q1	2.3	Y	3–6	Y	Y
Thailand	2000Q2	1.7	Y	0–3.5	Y	Y
Korea	2001Q1	3.2	Y	2.5–3.5	Y	Y
Mexico	2001Q1	8.1	Y	3 (+/-1)	Y	N
Hungary	2001Q2	10.5	Y	3.5 (+/- 1)	Y	Y
Peru	2002Q1	-0.8	Y	2.5 (+/- 1)	Y	Y
Philippines	2002Q1	3.8	Y	5–6	Y	Y
Slovak Rep.	2005Q1	3.2	Y	3.5 (+/- 1)	Y	Y
Indonesia	2005Q3	7.8	Y	5.5 (+/- 1)	Y	Y
Romania	2005Q3	8.8	Y	7.5 (+/- 1)	Y	Y
Industrial countries						
New Zealand	1990Q1	7.0	Y	1–3	Y	Y
Canada	1991Q1	6.2	Y	1–3	Y	Y
United Kingdom	1992Q4	3.6	Y	2	Y	Y
Sweden	1993Q1	4.8	Y	2 (+/- 1)	Y	Y
Australia	1993Q2	1.9	Y	2–3	Y	Y
Iceland	2001Q1	3.9	Y	2.5	Y	Y
Norway	2001Q1	3.7	Y	2.5	Y	Y

Source: National authorities.

1/ The listing of countries and timing of adoption is based on standard classifications. See e.g. Roger and Stone (2005), Truman (2003), or Mishkin and Schmidt-Hebbel (2005). Switzerland and the ECB are not included in this table because, although their monetary policy frameworks have many features of inflation targeting, the central banks reject this classification of their frameworks.















Figure 3. Macroeconomic Variability Under Alternative Monetary Policy Regimes  
(Standard deviations measured in percentage points)

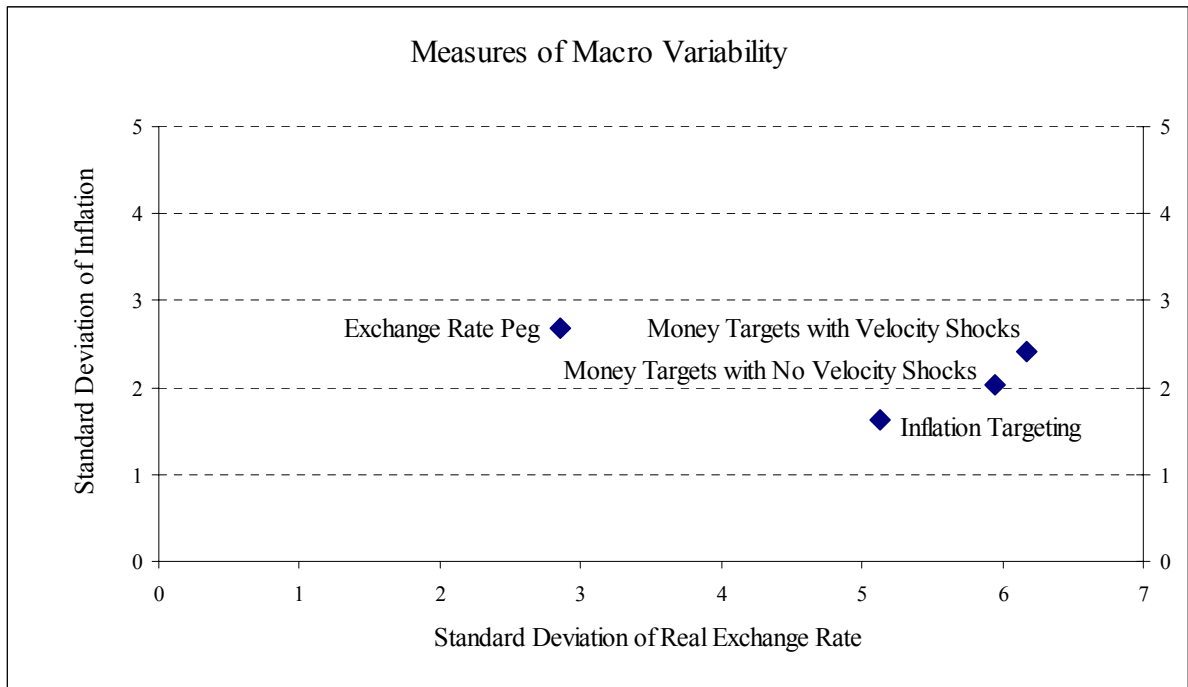
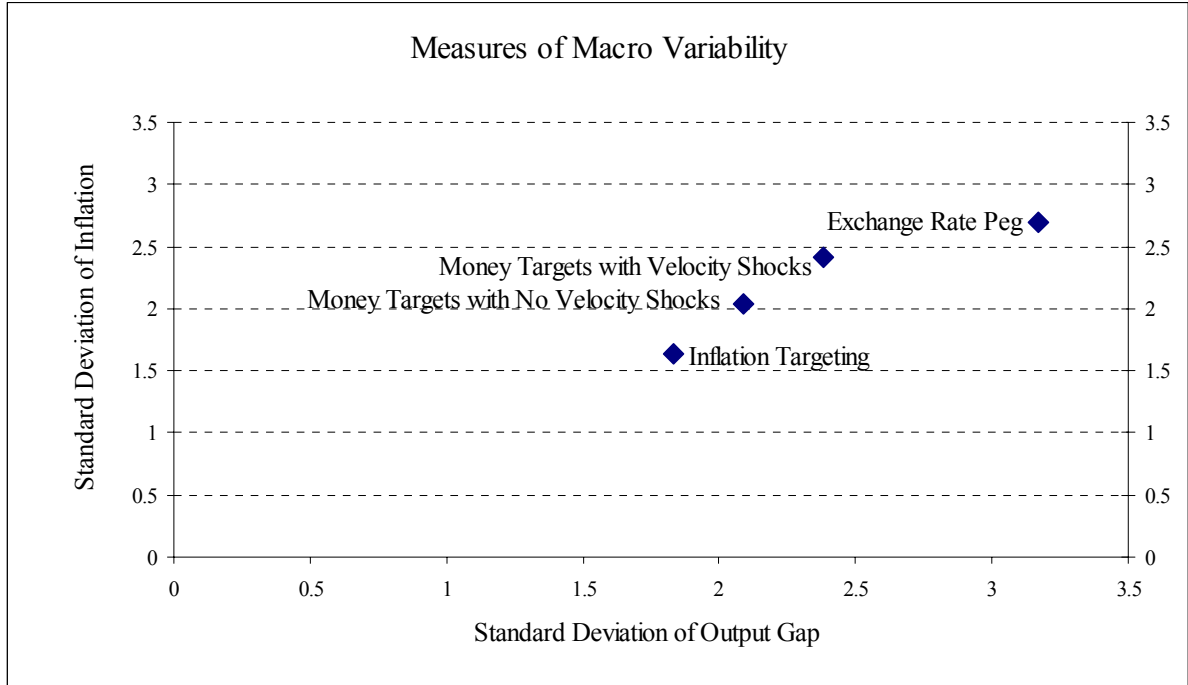




















Table 5. Inflation Outcomes Relative to Targets 1/

	Number of Countries	Mean Deviation from Range Center (percentage points)	Standard Deviation around Mean Outcome (percentage points)	Root Mean Squared Deviation from Range Center (percentage points)	Frequency of Outcomes Outside Target Range (percent of outcomes)	Persistence of Deviations from Range Center (months)
All countries	22	0.1	1.4	1.8	43.5	17.3
Industrial 2/	11	-0.2	1.1	1.3	34.8	15.5
EM and Developing Economies 3/	11	0.3	1.7	2.3	52.2	19.1
Disinflation Phase						
All countries	14	0.4	1.7	2.2	59.7	16.3
Industrial	5	-0.1	1.5	1.8	52.1	17.6
EM and developing economies	9	0.7	1.8	2.5	63.9	15.5
Unchanging or Medium-term Inflation Target Phase						
All countries	17	-0.4	1.0	1.3	32.2	15.1
Industrial	11	-0.3	0.9	1.1	28.6	13.9
EM and developing economies	6	-0.6	1.0	1.6	39.0	17.3

Source: Roger and Stone (2005).

1/ Data calculated as equally-weighted averages of corresponding statistics for individual countries in relevant groups. Individual country figures are based on monthly (quarterly for Australia and New Zealand) differences between 12-month inflation rates and target inflation or center of target range.

2/, 3/ See Roger and Stone (2005) for details of country composition of each group.

































































































Upper Middle Income Countries

18 Countries	
Argentina	Poland
Botswana	Russia
Chile	South Africa
Costa Rica	Turkey
Croatia	Uruguay
Czech Republic	Venezuela
Hungary	Israel
Korea	Lebanon
Malaysia	Mexico

Not Severely Indebted Countries\*

30 Countries	
Algeria	Korea
Botswana	Malaysia
Chile	Mexico
China	Morocco
Colombia	Nigeria
Costa Rica	Pakistan
Czech Republic	Philippines
Dominican Republic	Poland
El Salvador	Russia
Egypt	South Africa
Ghana	Tanzania
Guatemala	Thailand
Hungary	Tunisia
India	Ukraine
Israel	Venezuela

\* World Bank Classification of country external indebtedness