

Success or failure of inflation targeting?: analyzing the response to inflationary rebounds of 2007 – 2008

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ABSTRACT

Since 2007, the world experienced a spike in inflation by rising food and fuel. This paper empirically analyzes the performance of a selected set of countries with and without inflation targets against this rebound controlled by country-specific factors, and found that those who adopted the system of inflation targeting had minor increases in both, observed inflation observed and expected inflation, but did not have sufficient immunity to prevent inflation rising, probably due the rise in inflation did reduce the accumulated credibility.

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