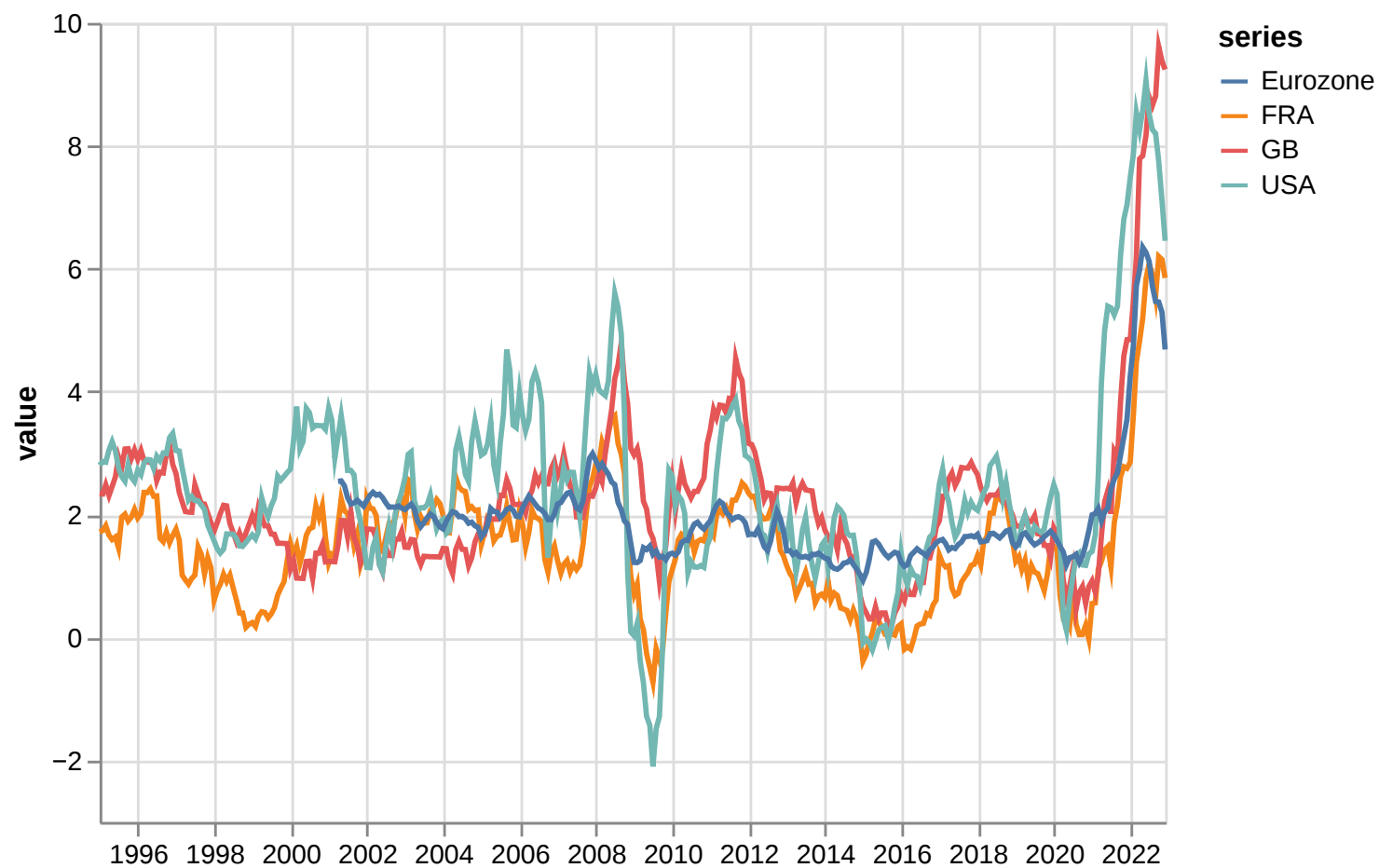


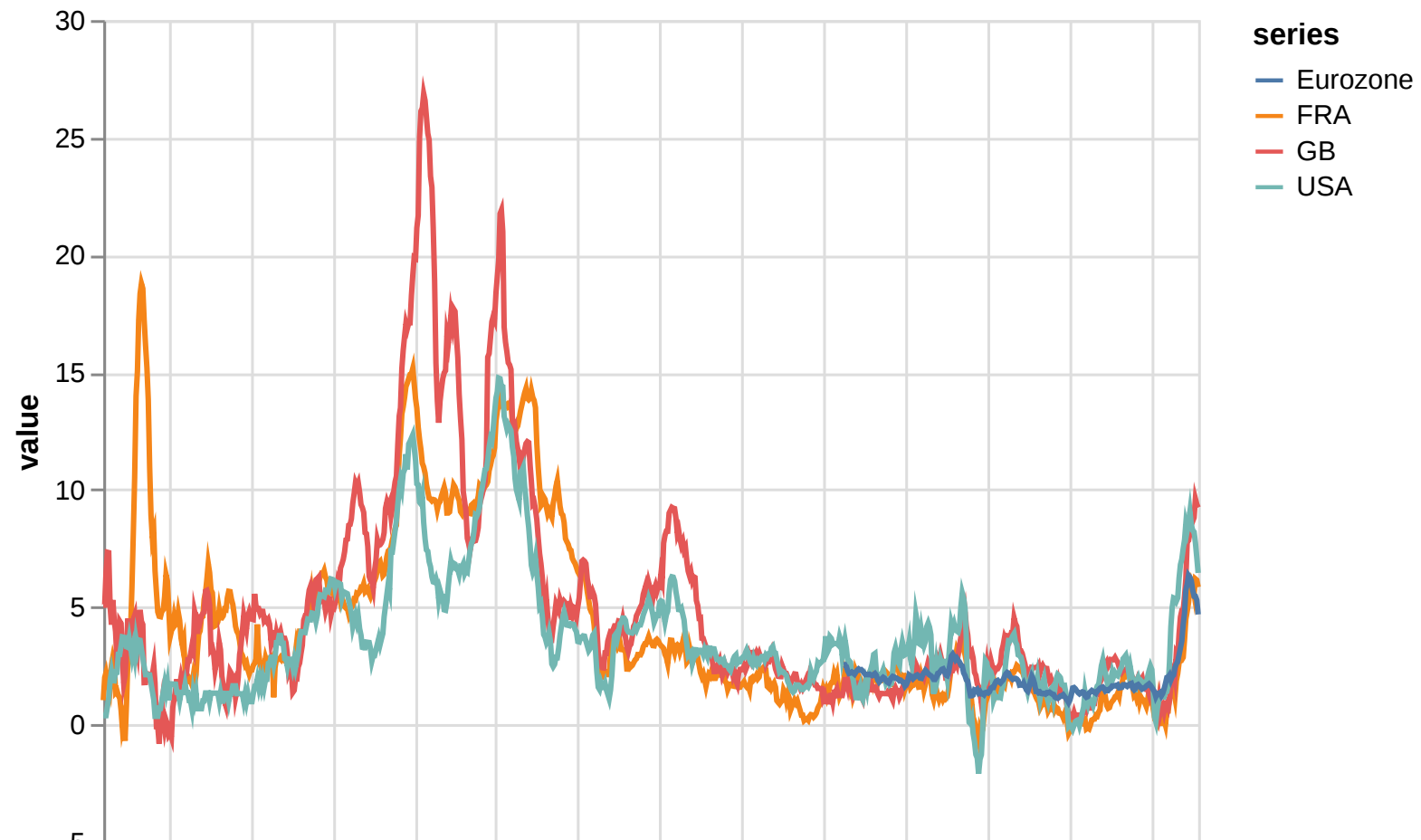
The return of the big bad inflation?

Is Inflation Coming back?

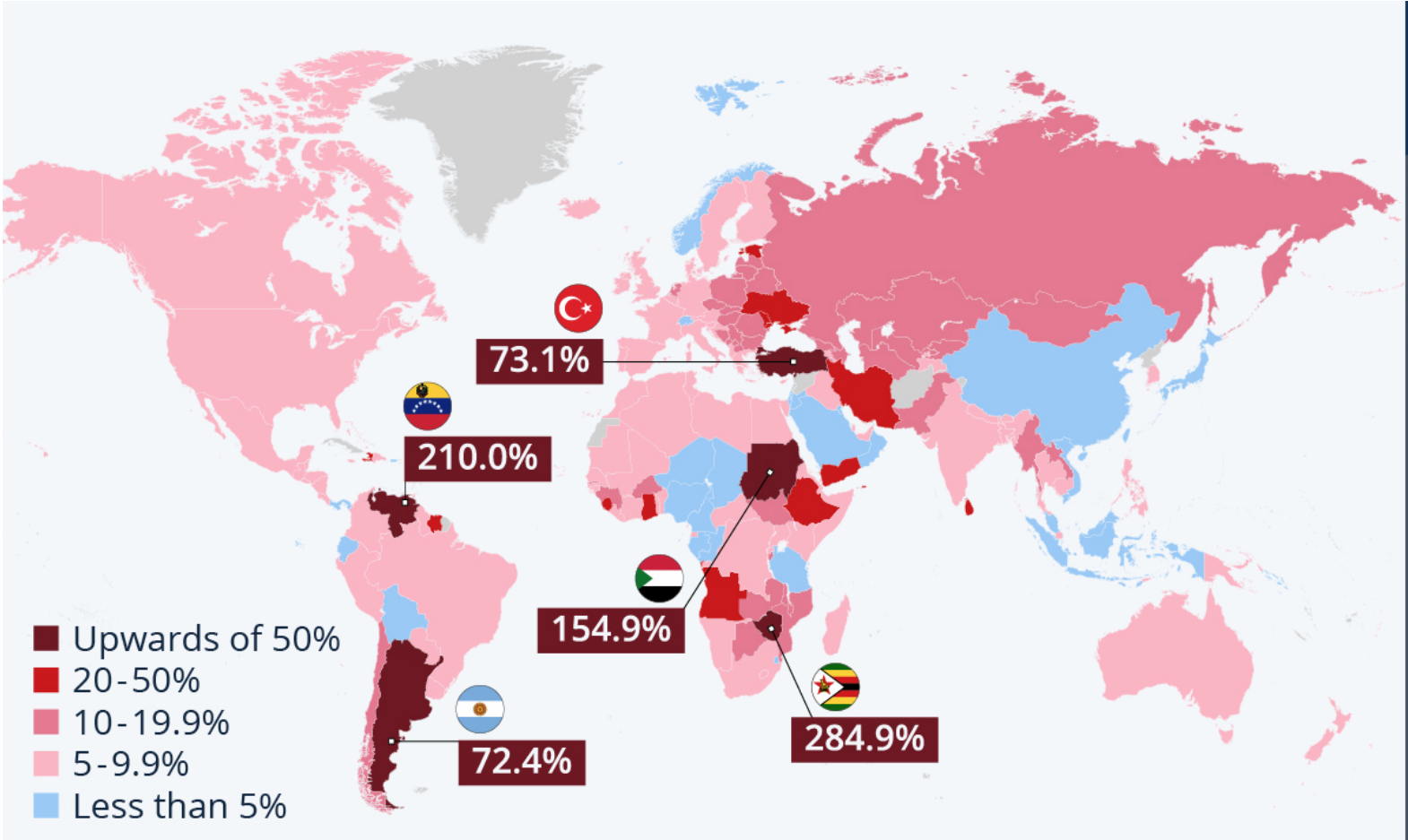
Inflation



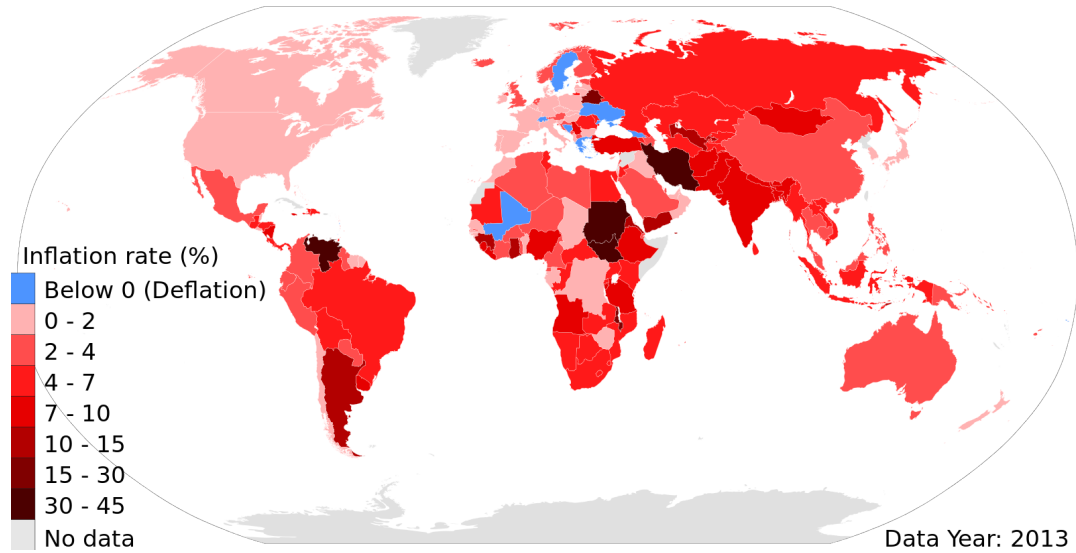
Inflation



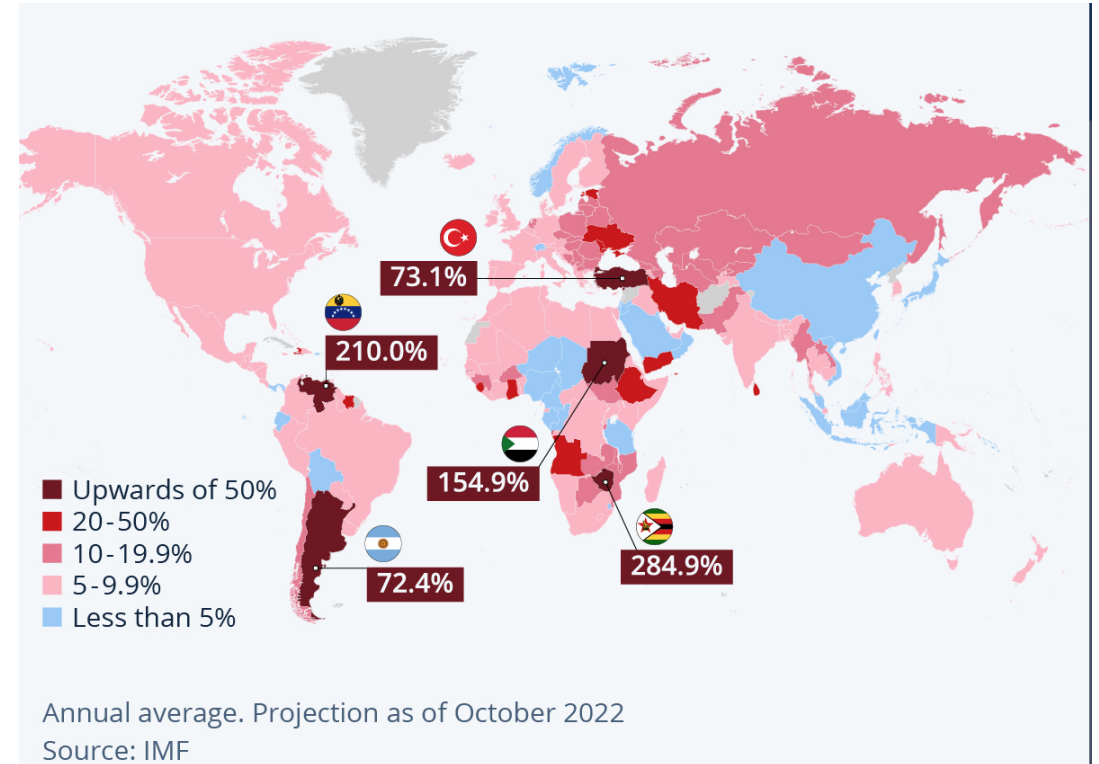
Emerging / Developed Markets



Emerging / Developed Markets



World Inflation Outlook (2013)



World Inflation Outlook (2022)

- Inflation has never disappeared from the world
- The problem is quite different in developed and emerging countries

Redistributive Effects of Inflation (1)

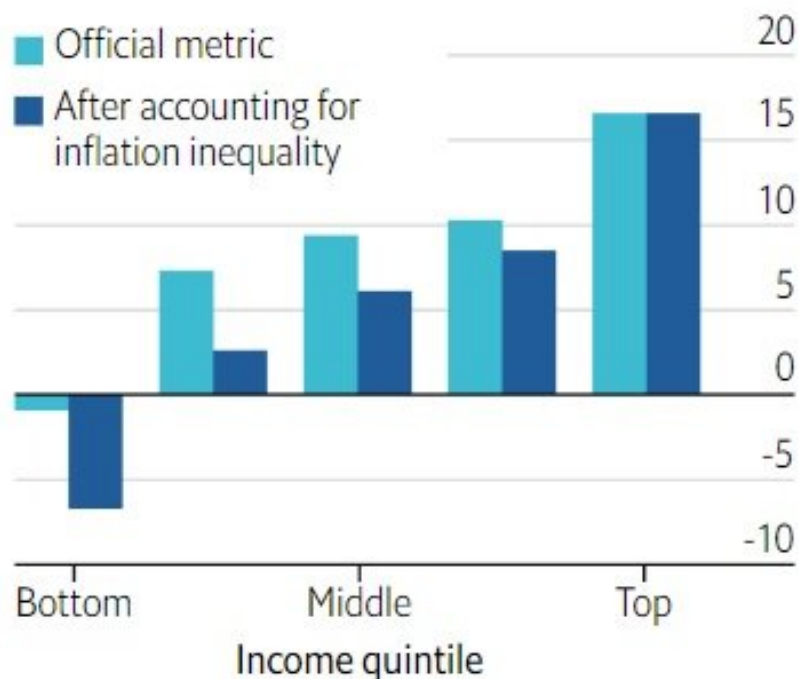
Inflation has *redistributive* effects:

- nonhomogeneity in consumption:
 - different household consume a different consumption basket
 - not all goods are affected in the same way
 - some households loose purchasing power today

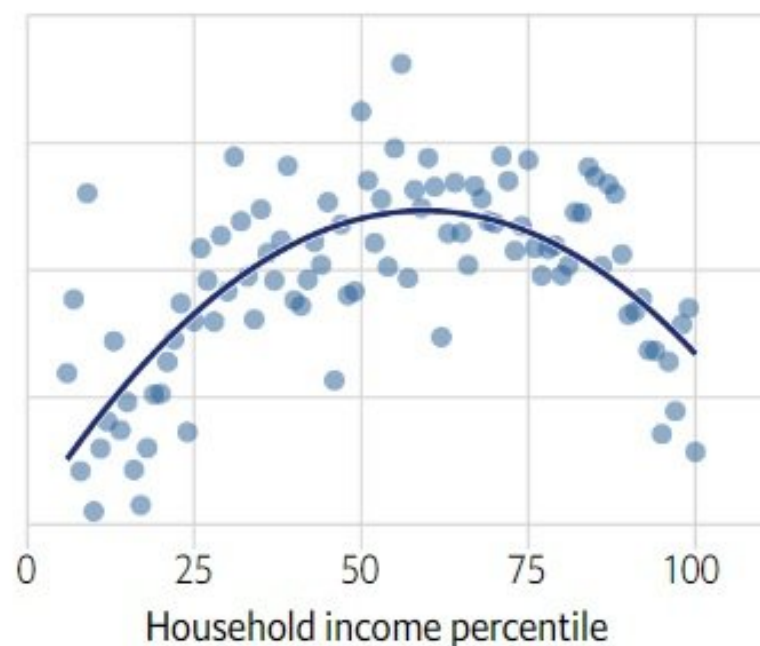
Feeling the pinch

United States

% change in real household income
2004-18



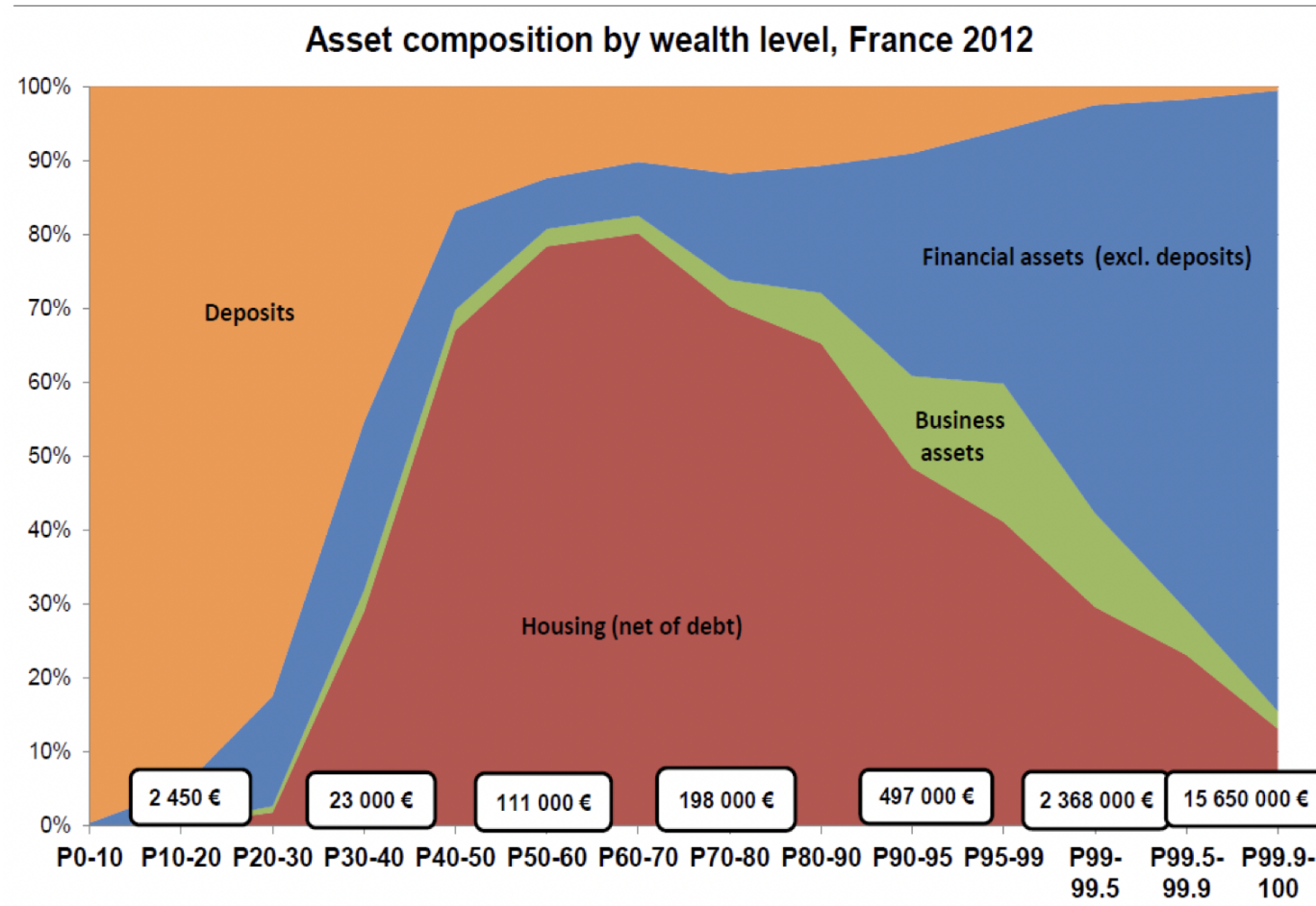
Cumulative CPI inflation, %
May 2020-May 2022



Sources: "The costs of being poor: inflation inequality leads to three million more people in poverty", by C. Wimer, S. Collyer and X. Jaravel, Centre on Poverty & Social Policy, 2019; "Inflation and inequality", by X. Jaravel, LSE, 2022

Redistributive Effects of Inflation (3)

between savers and borrowers



Redistributive Effects of Inflation (2)

between agents in the economy

[A little Tweet](#)

- workers vs capital vs consumers

Excessive Inflation

The redistribution caused by inflation introduces distortions in many.

Higher inflation is even more volatile and distorts markets even more:

- it makes the calculation of relative prices more hazardous

Hyperinflation is an extreme version

- defined by Cagan as inflation > 50% per month
- follows extreme shocks/conditions
- usually associated with big government deficits

... added to a persistent disorganization of world supply-chains

[TODO]

Inflation sous-jacente (hors énergie et alimentation) : +4,2 % en France, +5,2 % en zone euro

Missing:

- historical context
- reading