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# Hyperdeflation

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## WHAT IS Hyperdeflation

Hyperdeflation is an extremely large and relatively quick level of deflation in an economy. Hyperdeflation occurs when the [purchasing power](#) of currency rises drastically in a relatively short period of time. This increase results in debts being more pronounced, as the real value of goods and services increases and the value of the currency falls.

## BREAKING DOWN Hyperdeflation

Hyperdeflation is a more or less theoretical term, and there is no exact measure of difference between it and [deflation](#). However, hyperdeflation, like deflation, can lead to a deflationary spiral in which a deflationary environment leads to lower production, lower wages and lower demand, and thus lower price levels. This scenario creates a positive feedback loop that continues until an outside force (the government, for example) steps in.

The United States has experienced severe periods of deflation just before and right after the Civil War, and at the onset of the [Great Depression](#). Some economists believe that the financial crisis of 2007-2009 brought on a period of deflation in the United States. Japan entered a severe period of deflation that has been ongoing since the 1990s.

## Example of Hyperdeflation

Unlike hyperinflation, there are no real-world examples of hyperdeflation in history. Recently, however, the world has seen the emergence of cryptocurrency: decentralized