

Inflation in emerging markets

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Presentation plan

Introduction

❖ Terminology

Inflation in last 16 years

- China
- India
- Brazil
- Mexica

Conclusion

Terminology

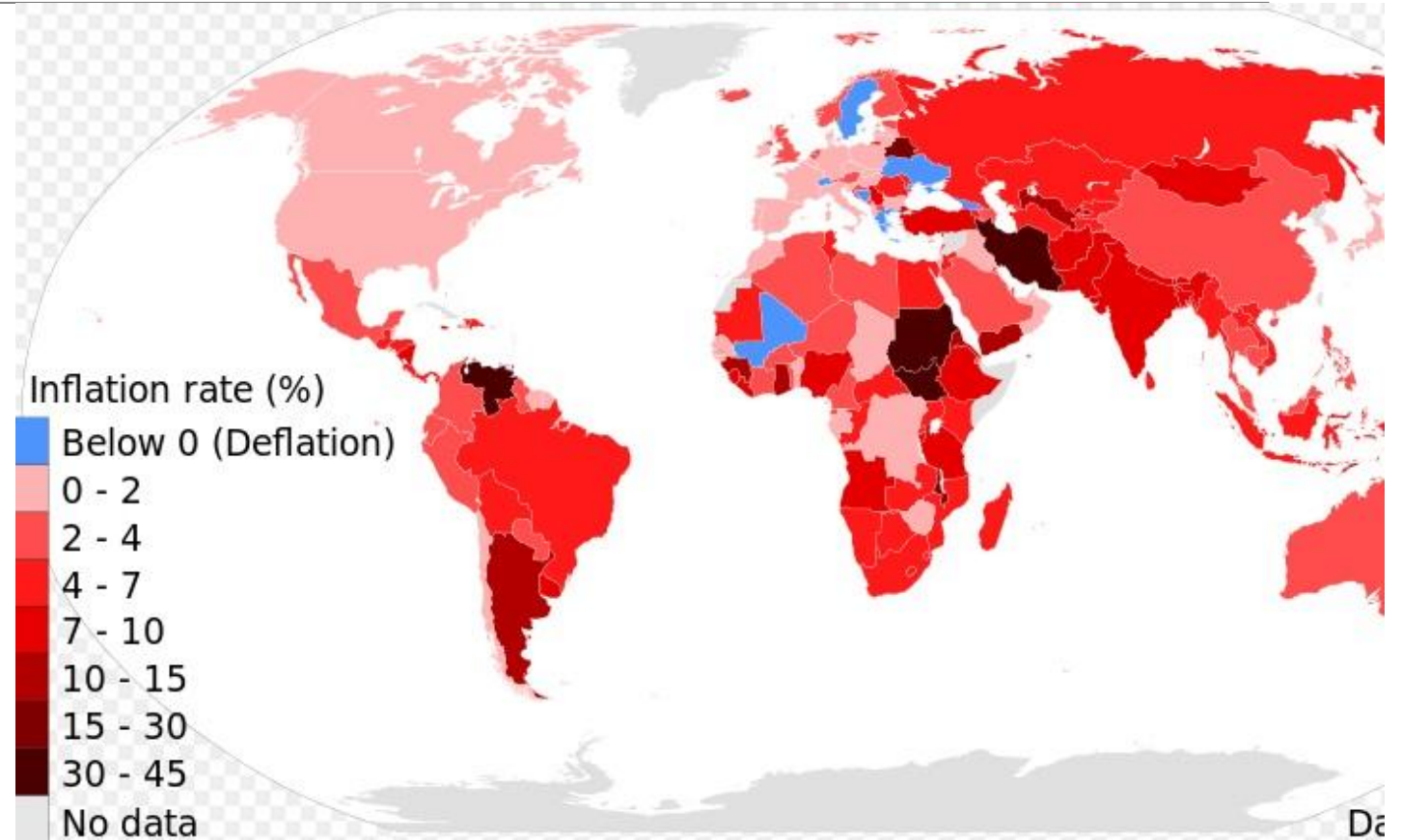
In the 1970s, "less developed countries" (LDCs) was the common term for markets that were **less "developed" than the developed countries such as the United States, Western Europe, and Japan.**

This term was thought by some to be politically incorrect so the ***emerging market*** label was created.



Inflation

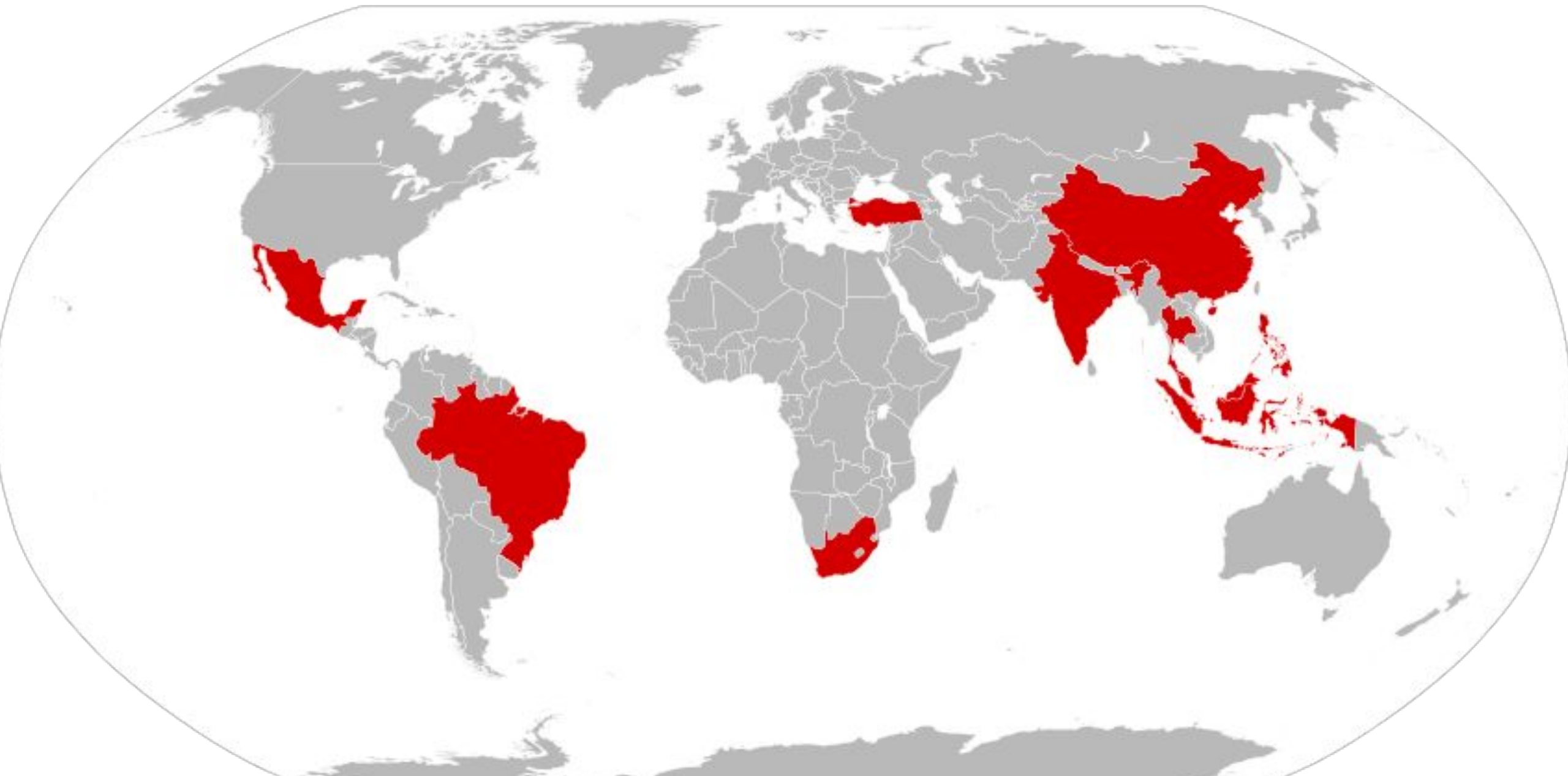
Inflation is a sustained increase in the general price level of goods and services in an economy over a period of time



Inflation rates around the world in 2013, per International Monetary Fund

Causes

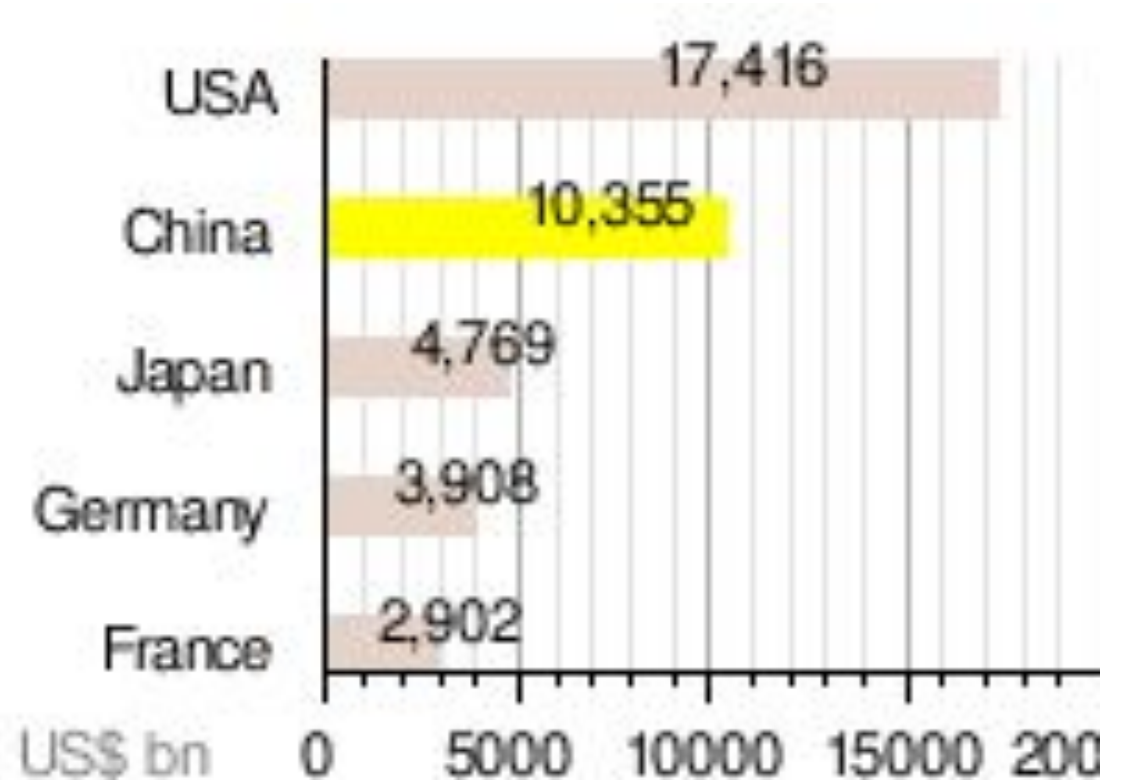
1. A **growing economy** can create some inflation as people feel confident about the future and spend more.
2. Expectations **of inflation**
3. Expansion of the **money supply**



Newly industrialized countries as of 2013. This is an intermediate category between fully developed and developing.

China

As of 2014, China has the world's second-largest economy in terms of nominal GDP, totaling approximately **\$10.355** trillion according to the International Monetary Fund.



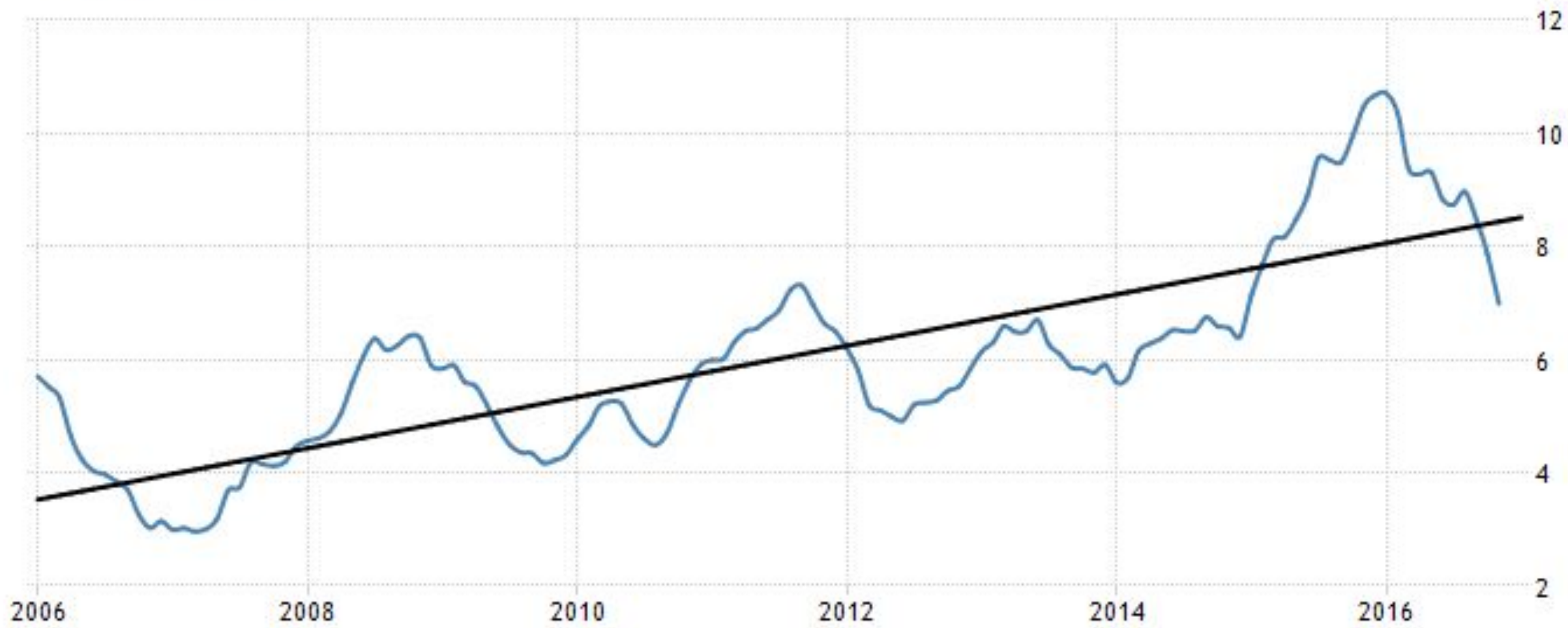
Graph comparing the 2014 nominal GDPs of major economies in US\$ billions

CHINA INFLATION RATE



SOURCE: WWW.TRADINGECONOMICS.COM | NATIONAL BUREAU OF STATISTICS OF CHINA

BRAZIL INFLATION RATE

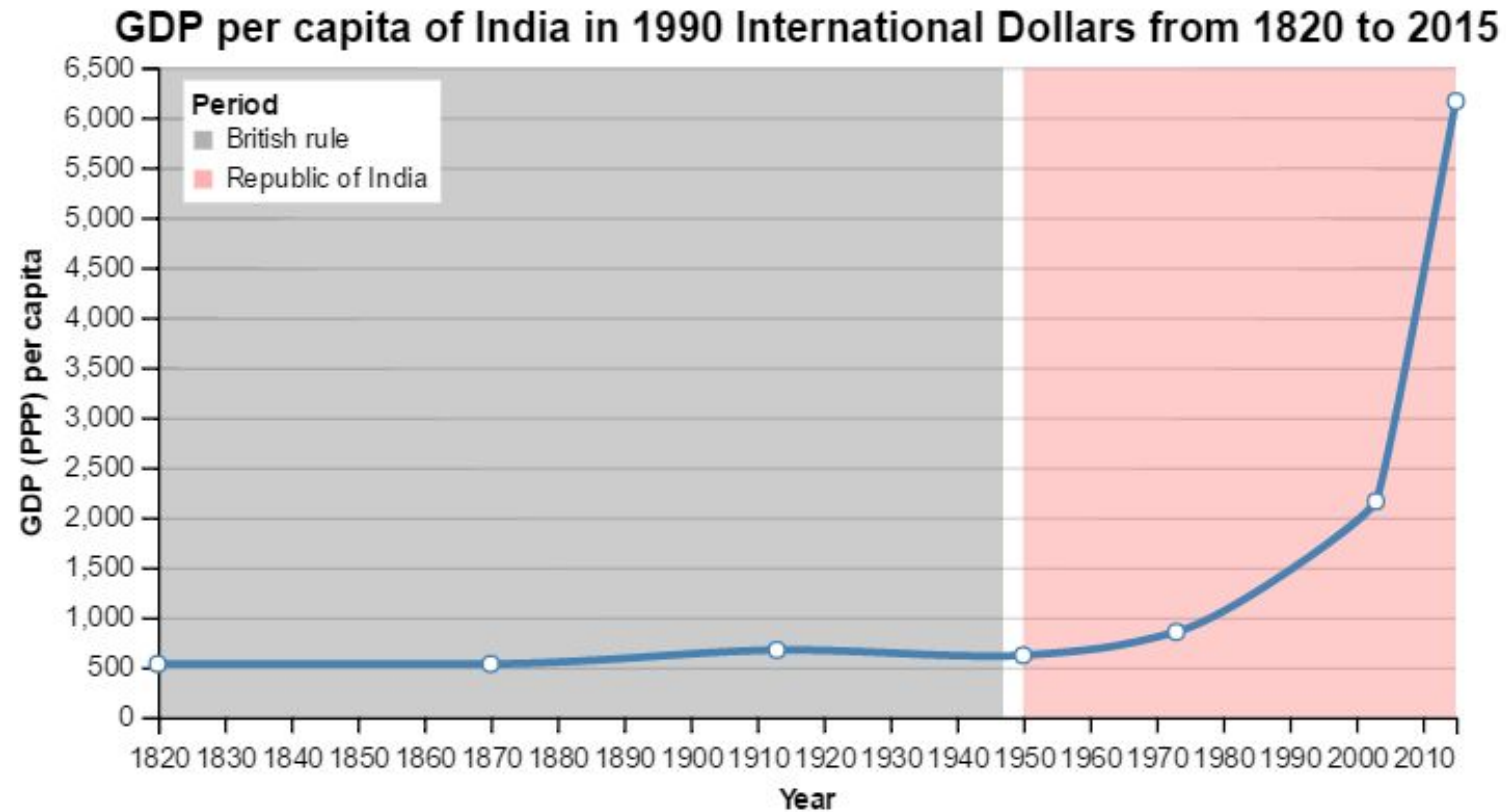


SOURCE: WWW.TRADINGECONOMICS.COM | INSTITUTO BRASILEIRO DE GEOGRAFIA E ESTATÍSTICA (IBGE)

India

It is the seventh-largest country by area, the second-most populous country (with over 1.2 billion people)

Average annual GDP growth rate of **5.8%** over the past two decades, and reaching **6.1%** during 2011–12



All GDP numbers are inflation adjusted to 1990
The 2015 estimate is retrieved from the International Monetary Fund.

INDIA INFLATION RATE



SOURCE: WWW.TRADINGECONOMICS.COM | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI), INDIA

Conclusion

Inflation is not stable and depends on **economic growth**, **expectations** and **monetary policy**.

Emerging markets target their inflation in order to maximize economic growth

Thank you for your attention!
