



# BCC 10th Annual Conference “Is inflation back, and in which form?”

Policy panel 1: How global is inflation?

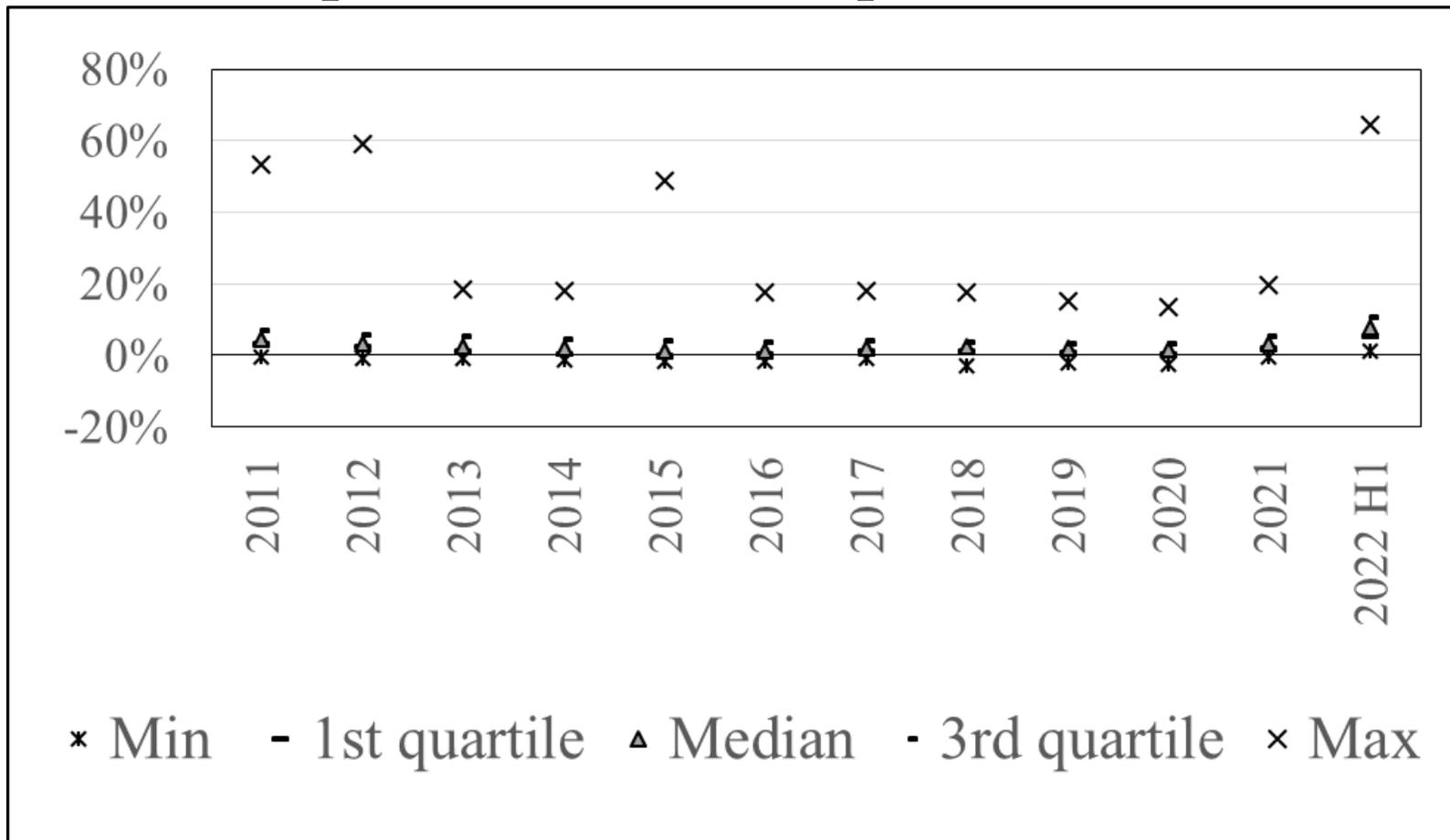
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The views expressed during the panel are the personal views of the presenter and do not necessarily reflect those of the Central bank of Bosnia and Herzegovina





## Period on period inflation, quartiles



|              | 2022 H1 |
|--------------|---------|
| Min          | 1.0%    |
| 1st quartile | 5.4%    |
| Median       | 7.7%    |
| 3rd quartile | 10.5%   |
| Max          | 64.6%   |

Source: IMF IFS, 87 countries that reported inflation through June 2022





Are these measures even remotely mutually comparable?

- Price index components weights based on final consumption expenditure;
- Administered prices and price caps;
- Reliability of measurement and an incentive to underreport inflation





A monetary phenomenon, the supply shock, or a structural issue?

**High inflation registered in the CBAs (money supply not under control of the central bank).**

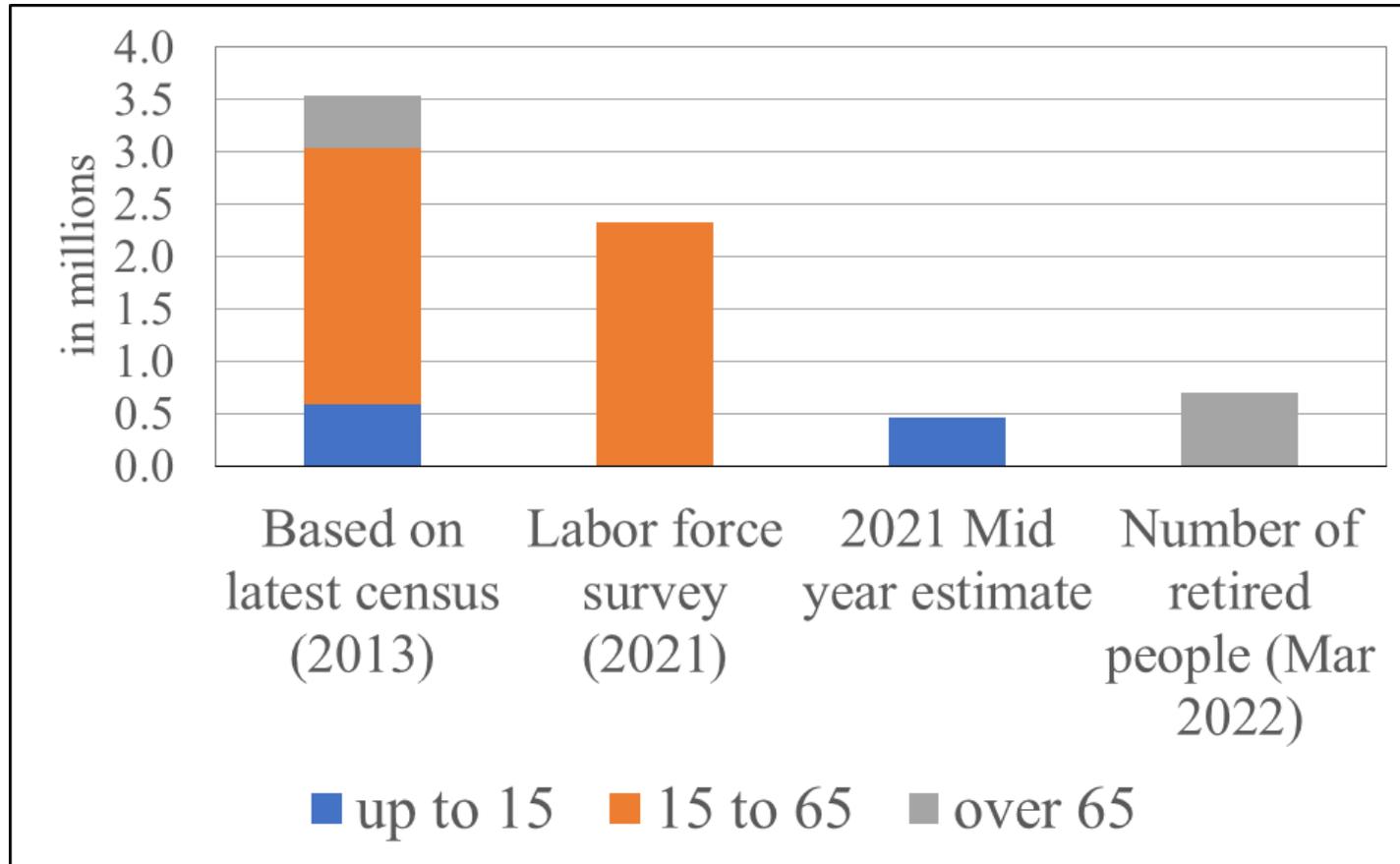
- Price index components weights - much larger sensitivity to shocks in food prices (not a monetary phenomenon);
- Administered prices and price caps - much larger sensitivity to shocks in energy prices if not in place (not a monetary phenomenon);
- Reliability of measurement and an incentive to underreport inflation – what if policy decisions are based on wrong/incomplete information (not a monetary phenomenon);
- Population structure and the structure of the economy – labour shortages, aging population, reliance on other sources of energy, etc. (not a monetary phenomenon).

**A perfect storm in some countries?**





# Population structure



Source: BHAS; Quarterly labor force survey, latest census figures and aggregated latest pension system figures





For how long will it last, who will be affected, and how?

- Trends in population (affecting, among other things, the union bargaining power);
- Future fiscal position (dependant on, among other things, the type of pension system);
- Monetary policy spillover effects (the cost of future borrowing);
- All other possible shocks, other than geo-political (future trade patterns, low carbon transition, etc.)

**Inflation measures seem to be rather polarised over the past decade. Uncertain for how long it is going to last anywhere, and not sure on how global it is currently.**

