Lecture 02: Inflation

Activity one: *Reading and comprehension*

1. **Consider this statement:** "When the price of a good or service rises, the inflation rate rises."
    - ➤ Do you agree or disagree? ....
    - ➤ Explain: ....

2. **Consider the following economic agents:**

    1–Salaries 2–Stock holders'   3–Bond holders'

    3.   4–business 5– Merchants 6–Stock brokers

    4.   7–Government 8–Banks

    → **put each agent in the right column based on your understanding of the inflation's effects:**

Economic agents who benefit from inflation (**beneficiaries**)	Economic agents who do not benefit from inflation (**non–beneficiaries**)

3. **Based on the concepts given in the text, select whether the following sentences are True or False:**

3. .... When an economy experiences low inflation, local currency loses its value quickly over time.

4. .... When an economy experiences Hyperinflation, people trust local currency because it keeps its value over time.

5. .... When an economy approaches full employment, the inflation rate fall.

6. .... When aggregate spending is less than the economy's normal full-employment level of output, the inflation rates decreases.

4. Take a look on the figures shown in table 01 below, then put each country in the appropriate column according to its current rate of inflation

Deflation	Inflation		
	Low Inflation	Galloping Inflation	Hyper Inflation

Table 01: The international inflation rates per country (monthly rates)

Country	Latest Value	Previous Value	Date Referenced
Venezuela	9586.00%	14291.00%	déc-19
Zimbabwe	676.00%	540.00%	mars-20
Sudan	71.40%	64.28%	févr-20
Argentina	46.90%	50.30%	mars-20
Iran	22.00%	25.00%	mars-20
Angola	19.62%	18.74%	mars-20
Turkmenistan	13.40%	9.40%	déc-19
Rwanda	13.10%	13.50%	mars-20
Nigeria	12.26%	12.20%	mars-20
Turkey	11.86%	12.37%	mars-20
Pakistan	10.74%	12.03%	mars-20
Lebanon	10.04%	6.96%	janv-20
Egypt	5.10%	5.30%	mars-20
Poland	4.60%	4.70%	mars-20
China	4.30%	5.20%	mars-20
South Africa	4.10%	4.60%	mars-20
Hungary	3.90%	4.40%	mars-20
Colombia	3.86%	3.72%	mars-20
Syria	3.80%	2.81%	déc-18
Chile	3.70%	3.90%	mars-20
Afghanistan	3.70%	2.70%	janv-20
Brazil	3.30%	4.01%	mars-20
Mexico	3.25%	3.70%	mars-20
Indonesia	2.96%	2.98%	mars-20
Russia	2.50%	2.30%	mars-20
Hong Kong	2.30%	2.20%	mars-20
Australia	1.80%	1.70%	déc-19
Maldives	1.70%	1.70%	janv-20
Kuwait	1.70%	1.70%	févr-20
Algeria	1.70%	1.40%	févr-20
Bahamas	1.68%	1.31%	nov-19
Faroe Islands	1.60%	1.50%	mars-20
Saudi Arabia	1.50%	1.20%	mars-20
United Kingdom	1.50%	1.70%	mars-20
United States	1.50%	2.30%	mars-20
Germany	1.40%	1.70%	mars-20
Palestine	1.11%	1.24%	mars-20
South Korea	1.00%	1.10%	mars-20
Libya	0.90%	-0.90%	déc-19

Canada	0.90%	2.20%	mars-20
Norway	0.70%	0.90%	mars-20
Burkina Faso	0.70%	-0.90%	févr-20
France	0.70%	1.40%	mars-20
Belgium	0.62%	1.10%	mars-20
Sweden	0.60%	1.00%	mars-20
Italy	0.10%	0.30%	mars-20
Singapore	0.00%	0.30%	mars-20
Spain	0.00%	0.70%	mars-20
Taiwan	-0.01%	-0.21%	mars-20
Liechtenstein	-0.10%	0.20%	févr-20
Malaysia	-0.20%	1.30%	mars-20
Oman	-0.29%	0.18%	mars-20
Switzerland	-0.50%	-0.10%	mars-20
Thailand	-0.54%	0.74%	mars-20
United Arab Emirates	-1.30%	-1.30%	févr-20
Qatar	-1.40%	-0.47%	mars-20
Mali	-1.40%	0.10%	mars-20
Eritrea	-27.60%	-14.40%	déc-19

Source : https://worldpopulationreview.com/country-rankings/inflation-rate-by-country