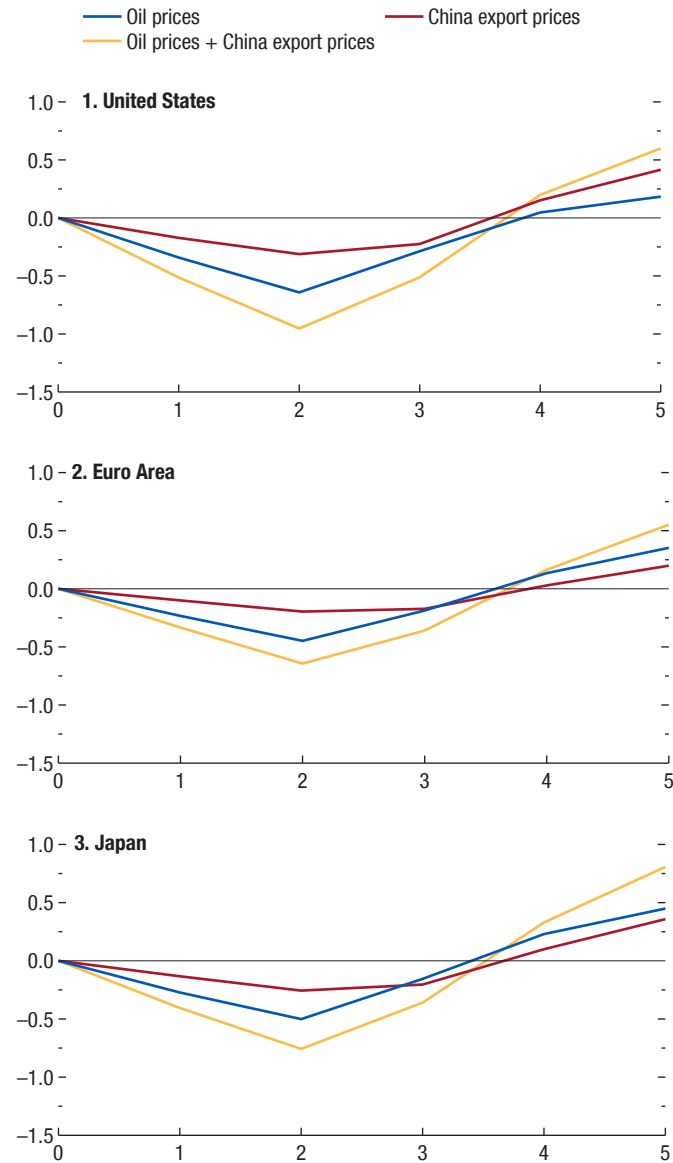


Annex Figure 3.2.1. Effect of Disinflationary Shocks on Core Inflation in Advanced Economies under Constrained Monetary Policy

(Percentage points; years after the shock on x-axis)



Source: IMF staff estimates.

Note: The figure reports the responses of core inflation after a shock to international oil prices and a shock to China's export prices. The model assumes that conventional monetary policy is constrained at the effective lower bound on nominal interest rates in all countries.