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# How global is “global inflation”?\*

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## Abstract

Recent research on high-income economies highlights the role of global factors in explaining the variance of inflation. Data availability has until now limited the analysis beyond this small number of economies. Using a comprehensive new dataset of consumer prices for 223 economies, this paper shows that the observed explanatory power of “global inflation” does not extend to middle and low income economies. Moreover, when inflation is split by sub-component, common factors explain a large share of the variance in energy, and to a lesser extent, food prices but not housing or other prices. How global is “global inflation”? Not very.

JEL Classification Codes: E31, E52, F42

Keywords: global inflation, food prices, energy prices.

## 1 Introduction

Recent research has highlighted a large and growing role of global factors in explaining movements in national inflation rates. Ciccarelli and Mojon (2010) (hereafter CM) in

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