



Zimbabwe's Inflation is Still Surging

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The most important price in an economy is the exchange rate between the local currency and the world's reserve currency — the U.S. dollar. As long as there is an active black-market (read: free market) for currency and the data are available, changes in the black-market exchange rate can be reliably transformed into accurate estimates of countrywide inflation rates—if the annual inflation rates exceed 25%. The economic principle of Purchasing Power Parity (PPP) allows for this transformation.

I compute the implied annual inflation rates with high-frequency data and report them on a daily basis. PPP is used to translate changes in the black-market exchange rates into annual inflation rates. For the countries that I follow each day, the table below shows the annual rates for the five countries with the highest inflation rates.

Hanke Inflation Weekly					
Country	Free-Market Exchange Rate	Date of Information	Hanke Annual Measured Inflation Rate ¹	IMF Year-End Inflation Projection ²	Hanke - IMF Differential
Venezuela†	7,475.90 VES/USD	06/27/19	23,525%	10,000,000%	-9,976,475% pts.
Zimbabwe	9.22 "zollars"/USD	06/27/19	482%	10.9%	471% pts.
Sudan	71.00 SDG/USD	06/27/19	78%	56.8%	21% pts.
Iran	132,500 IRR/USD	06/27/19	71%	27.7%	43% pts.
Argentina	44.20 ARS/USD	06/27/19	59%	20.2%	39% pts.

Computed by Steve H. Hanke, The Johns Hopkins University

¹ Hanke annual inflation rates are implied using PPP from free and black market exchange rate data.

² These are the International Monetary Fund's year-end inflation projections for 2019 as of the October 2018 World Economic Outlook

† The redenomination ratio of Venezuela's new sovereign bolívar (VES) to old bolívar fuerte (VEF) is 1:100,000.

Zimbabwe's inflation is still surging. Zimbabwe's annual inflation rate as of June 27, 2019 is a whopping 482%/yr.

Venezuela has been suffering from hyperinflation since November 2016 and holds down the top spot on my list, with an annual inflation rate of 23,525%. Note that my MEASUREMENT of the

implied inflation rate is accurate and much lower than the widely reported International Monetary Fund's (IMF) end-of-year FORECAST of an absurd 10,000,000%. I write "absurd" because no one has ever been able to forecast the durations and magnitudes of hyperinflations. You can MEASURE hyperinflations with great accuracy, but you can't FORECAST their durations or magnitudes.

A comparison of the IMF's projections for the other four countries' year-end annual inflation rates are also way off. Given these large divergences and the IMF's poor record of forecasting inflation in countries experiencing elevated inflation rates, one wonders why the financial press reports these forecasts, which have usually proved to be useless.

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