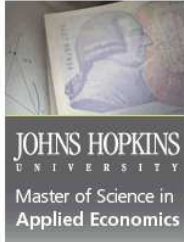


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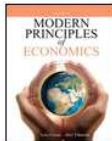


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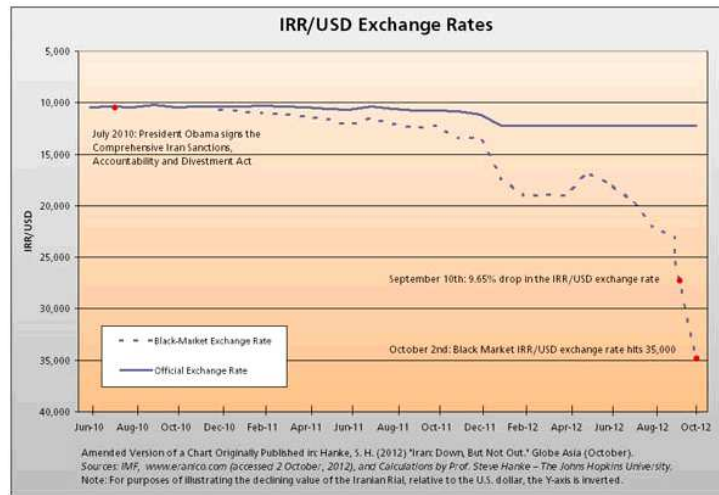
Launching The Innovation Renaissance

### Hyperinflation in Iran

by Alex Tabarrok on October 4, 2012 at 7:24 am in Data Source, Economics | Permalink

Steve Hanke estimates that Iran's *monthly* inflation rate has reached 70%.

When President Obama signed the Comprehensive Iran Sanctions, Accountability, and Divestment Act, in July 2010, the official Iranian rial-U.S. dollar exchange rate was very close to the black-market rate. But, as the accompanying chart shows, the official and black-market rates have increasingly diverged since July 2010. This decline began to accelerate last month, when Iranians witnessed a dramatic 9.65% drop in the value of the rial, over the course of a single weekend (8-10 September 2012). The free-fall has continued since then. On 2 October 2012, the black-market exchange rate reached 35,000 IRR/USD – a rate which reflects a 65% decline in the rial, relative to the U.S. dollar.



The rial's death spiral is wiping out the currency's purchasing power. In consequence, Iran is now experiencing a devastating increase in prices – hyperinflation.

Iran's hyperinflation is still well below world leader Hungary whose inflation rate in July of 1946 reached  $4.19 \times 10^{16}$  percent per month or Zimbabwe's more recent November of 2008 rate of  $7.96 \times 10^{10}$  percent per month.