

Box 4 Inflation and interest rates in selected countries

Countries with formal inflation targets

<i>Country</i>	<i>Inflation (%)</i>	<i>Inflation target (%)</i>	<i>Central Bank policy rate (%)</i>	<i>Latest change in the policy rate (%)</i>	<i>Date of latest change in the policy rate</i>	<i>Policy rate in real terms (%)</i>
Australia	2.5	2-3	4.25	-0.25	Dec. 5 2001	1.8
Brazil.....	7.5	3½ (±2½)	19.00	0.75	July 18 2001	11.5
UK.....	1.8	2½	4.00	-0.50	Nov. 8 2001	2.2
Chile.....	2.6	2-4	6.50	-0.20	August 9 2001	3.9
Iceland.....	9.4	2½ (1-4½)	10.10	-0.80	Nov. 8 2001	0.7
Israel.....	1.4	2-3	3.80	-2.00	Dec. 25 2001	2.4
Canada.....	1.7	1-3	2.25	-0.50	Nov. 27 2001	0.6
Norway.....	2.1	2½ (±1)	8.50	-0.50	Dec. 13 2001	6.4
New Zealand.....	2.4	0-3	4.75	-0.50	Nov. 14 2001	2.4
Poland	3.6	5 (±1)	11.50	-1.50	Nov. 28 2001	7.9
South Africa	4.3	3-6	10.50	1.00	Jan. 15 2002	6.2
Switzerland	0.3	0-2	1.25-2.25	-0.50	Dec. 7 2001	1.5
Sweden.....	2.7	2 (±1)	3.75	-0.50	Sept. 19 2001	1.1
Czech Republic	4.1	3-5	4.75	-0.50	Nov. 30 2001	0.7
Thailand	1.2	0-3	2.25	-0.25	Dec. 25 2001	1.1
Average	3.2	.	6.5	-0.45		3.3

Other industrialised countries

USA.....	2.1	.	1.75	-0.25	Dec. 11 2001	-0.4
Japan	-0.8	.	0.10	-0.15	Sept. 18 2001	0.9
Euro area	2.1	0-2	3.25	-0.50	Nov. 8 2001	1.2
Denmark.....	2.0	.	3.60	-0.50	Nov. 8 2001	1.6
Average of all countries.....	2.8	.	6.7	-0.39		2.6

Inflation is calculated on the basis of the twelve-month change in the index on which the respective country's monetary policy is based, or in the CPI, as appropriate. The most recent available measurements are stated. Policy rates in real terms are calculated from past inflation. Until August 9 the Central Bank of Chile targeted real interest rates. Changes in policy rates in real terms before then are calculated on the basis of the inflation rate. For Switzerland, the mean value of the policy rate spread is used. The table shows inflation targets for 2002 or long-term targets in countries where these have already taken effect. Iceland's long-term target is 2½% (±1½%), to be attained in 2003. The long-term target for Poland is an inflation rate of less than 4%, to be attained in 2003. The inflation target for the Czech Republic decreases linearly and should end up at 2%-4% in 2005. Mexico is not included in the table despite having an inflation target, since its central bank does not have a proper policy rate target, but bases its monetary policy instead on a target of liquidity in circulation.