
IRAN INFLATION RATE HITS RECORD HIGH

26.07.2019

Radio Farda (26 July 2019)

The point-to-point inflation that reflects the increase in prices in Iran in comparison with the same time in the previous year has reached 48 percent, the Iranian Statistical Center reported on July 24.

Meanwhile, the inflation rate in the 12-month period ending in July 2019 has reached 40.4 percent, the report said.

The point-to-point inflation rate is indicative of the momentum of rise in prices by comparing the prices of various commodities to prices during the similar period in the previous year.

On the other hand, the 12-month inflation rate shows the average increase in prices during the past 12 months.

In the current situation of Iran's economy, the point-to-point inflation can indicate the depth of the country's economic crisis in a more transparent way.

The report by the Iranian Statistical Center about the price of goods and services in Iran further shows that the trend of increasing prices has slowed down in July compared with previous months.

Nevertheless, price hikes are continuing at an unprecedented rate. In June, the point-to-point inflation rate was over 50 percent.

The following chart compares the rise in inflation rate during periods of sanctions in Iran under President Mahmud Ahmadinejad and recent months.

The rise in inflation rates has been unusually high since the United States withdrew from the nuclear deal with Iran in May 2018.

Considering the 12-month inflation, which shows price rises within a one-year period, we see that the inflation rate in July has been the highest since 1975.

The Rise in the Prices of Foodstuff

According to estimates made by the Iranian Statistical Center, a quarter of the income of an Iranian family is spent on foodstuff and beverages. The increase in the price of food has been higher, nearly twofold, compared with other goods and services.

Generally, the prices of fruit, vegetables, and meat have risen higher than other commodities. The price of meat has risen 95 percent.

During recent years, the rise in the rate of exchange for U.S. dollar has directly affected the inflation rate and the economic situation in general. As a result, prices of imported goods have risen in a dramatic way.

The rate of exchange for the U.S. dollar has been declining during the past three weeks. The fourth month of the year on the Iranian calendar started in late June with the rate of exchange for dollars being at over 130,000 rials. The rate did not seem to react to political developments or the crisis in the Persian Gulf, and reached to less than 120,000 rials for every dollar last week.

Nevertheless, the 77 percent decline in Irans oil exports compared with the previous year will be a serious challenge for the Iranian governments ability to provide foreign currency for the countrys domestic markets during the coming months.

<https://en.radiofarda.com/a/iran-inflation-rate-hits-record-high-in-24-years/30075675.html>

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