Inflation

* Slide 2: In the daily life everyone might have heard of inflation. Inflation is a sustained increase in price levels. The inflation or monetary depreciation has also been called ’money expansion’.However, just a few people know that Hungary has a world record in inflation. The loss of value of the pengo, the currency of Hungary at that time, in 1946 surpassed all sizes ever in the world history. Here, we can see a photo of an old Hungarian banknote.
* Slide 3: Slow and creeping inflation: In the case of creeping and slow inflation the price level grow with only a few per cents every year.
Gallows: In the case of gallows the price level change can be expressed with two or three-digit numbers every year.
* Slide 4: The Cause of it
One of the reasons for the inflation is the increase in the quantity of money.
* Lots of amount of money Generates inflation
* Little amount of money Opposite effect
* Its Regulation: Asset purchases : the central bank buys debentures and give money in return Money supply increases
* Slide 5: Advantages
* Inflation is a hidden tax.
* The main reasons of inflation:
* War: The state does not have enough money after a war, it's common
* The organisation of state institutions unravel
* Budget deficit