

Types of Inflation by Rate of Increase

Creeping inflation (1-4%)

When the rate of inflation slowly increases over time. For example, the inflation rate rises from 2% to 3%, to 4% a year. Creeping inflation may not be immediately noticeable, but if the creeping rate of inflation continues, it can become an increasing problem.

Walking inflation (2-10%)

When inflation is in single digits – less than 10%. At this rate – inflation is not a major problem, but when it rises over 4%, Central Banks will be increasingly concerned. Walking inflation may simply be referred to as moderate inflation.

Running inflation (10-20%)

When inflation starts to rise at a significant rate. It is usually defined as a rate between 10% and 20% a year. At this rate, inflation is imposing significant costs on the economy and could easily start to creep higher.

Galloping inflation (20%-1000%)

This is an inflation rate of between 20% up to 1000%. At this rapid rate of price increases, inflation is a serious problem and will be challenging to bring under control. Some definitions of galloping inflation may be between 20% and 100%. There is no universally agreed definition, but hyperinflation usually implies over 1,000% a year.

Hyperinflation (> 1000%)

This is reserved for extreme forms of inflation – usually over 1,000% though there is no specific definition. Hyperinflation usually involves prices changing so fast, that it becomes a daily occurrence, and under hyperinflation, the value of money will rapidly decline.