

## CBJ Working Paper

**Inflation at Risk (IaR): The Case of a Hard-Pegged Exchange Rate Regime \***

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**Abstract**

This paper examines how inflation risks have evolved over time in a hard peg exchange rate regime (i.e., Jordan). Quantile regressions show a general increase in upside inflation risks over time, reflecting inflationary processes since 2006, which is consistent with the adoption of the oil-derivatives pricing equation by the Jordanian government. Substantial non-linearities have evolved since then. Results indicate that future core inflation distribution has become more volatile, positively skewed, has fatter tails, and has experienced a rightward shift.

**Keywords:** Inflation Risks; Quantile Regression; Pegged Exchange Rate Regimes.**JEL classification:** C21, C53, E31, E44.

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