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Inflation and Global Markets: Some Introductory Notes

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ABSTRACT

The **subject** of this article is to assess the impact of globalization in the markets of tradable goods on the dynamics and manageability of inflationary processes. The main **purpose** of the article is to develop a methodology for identifying the causes and consequences of inflationary processes in the context of globalization and deglobalization of the economy. The **relevance** of this study is due to the low sensitivity of inflationary processes in the world to the impacts of monetary policy tools, including non-conventional measures, on them. Given the impossibility of effective application of monetary rules to coordinate inflationary processes, it is advisable to systematize modern approaches to determining the causes of inflation. At the same time, it is advisable to pay special attention to global factors in the development of inflationary processes, since it is the destruction of established value chains that is often associated with the increase in inflationary pressure on the global economy. The novelty of the study is to choose and justify a new classification of factors that affect the development of inflationary processes, as well as to identify the role and place of the situation in global markets in the system of these factors. The most important applied result of the work done is to identify the links between the liquidity of the global commodity market segment and the possibility of applying exchange rate management policies to affect the inflation rate. In terms of the effectiveness of conventional anti-inflation policies, this means that a country's export structure can lead to the inability of anti-inflation policies.

Keywords: inflation; exchange rate; globalization; international trade

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INTRODUCTION

The study of the causes and consequences of inflation, its forms, manifestations, and coverage of various markets has been ongoing for more than a century. Based on the developed theories from the times of early mercantilists to modern complex structural models of economic growth, institutional models, and intricate scenarios of the functioning of the transmission mechanism channels of monetary policy, a methodological apparatus for the study of inflation is constructed, and a mode of operation for monetary authorities is chosen that corresponds to the adopted theoretical and methodological model [1].

However, the inflationary process is difficult to accurately assess and adequately regulate. Ambiguity remains from the application of the so-called "hedonic" inflation index, where price increases are not included in the inflation calculation if certain technological innovations

have occurred and new, previously unmet needs are being satisfied [1].

Moreover, the extremely low sensitivity of inflation to the methods used for its regulation raises questions: during the period of active implementation of unconventional monetary policy and ultra-loose regulation in reserve currency-issuing countries, the attempt to accelerate inflation in order to boost economic growth rates failed to increase the rate of price growth [2]. In turn, the policy of quantitative tightening aimed at overcoming the consequences of the pandemic through additional budget financing in economically developed countries, amounting to 16 trillion USD according to the IMF,¹ is unable to influence the widespread rise in prices and curb consumer inflation, or to transfer it to the financial market.

¹ IMF Report 2021. URL: <https://www.imf.org/external/pubs/ft/ar/2021/eng/downloads/imf-annual-report-2021-ru.pdf/> (accessed on 09.10.2024).

Thus, inflationary trends, as well as the very nature of inflation, its impact on price dynamics in various markets, the nature of its manifestation in different countries both in quantitative terms and in terms of its effect on the structure of the economy and the rates of economic growth, cannot be characterized with a sufficient degree of reliability.

The history of inflation research dates back to the earliest forms of monetary circulation, although commodity theories of money have also had little success in combating this phenomenon. Nevertheless, the generalization of the papers of economists from various eras has somewhat structured the factors of development and intensification of inflationary processes. Since the scope of our research includes the circulation of fiat currencies, we will omit the theories of inflation arising from metallic circulation.

MATERIALS AND METHODS

So, the key factors in the emergence of inflationary processes are traditionally considered to be the following.

1. Monetary factors are directly related to the circulation of money, the volume of the money supply, its velocity, and the interest rate [3], which influences real macroeconomic variables thru the channels of the transmission mechanism of monetary policy. Monetarism can be considered an extreme liberal theory of price formation in the money market, which, according to the postulates of neoclassical synthesis, reaches equilibrium when certain interest rates are established and influences the establishment of equilibria in other markets, including equilibrium prices. The money supply within this framework is neutral and does not affect real economic indicators, reflecting only in nominal values. In later works that take into account price rigidity, the responsibility for this factor of inflation is assigned to fiscal policy, as the central bank is granted the autonomous right not to participate in structural processes in the economy.

2. Factors arising on the side of effective demand include household incomes, wages,

social benefits, pensions, and corporate dividend policies in a developed retail investment market. Indirectly, budget expenditures in the case of low business activity in the business environment also belong to this group of factors [4]. Considering inflation as the result of the “Wages — Costs — Prices” spiral leads us, at the very least, to the duality of the inflationary process. On the one hand, the rise in wages and other production costs, according to the classical cost-push inflation theory, leads to an increase in production prices. At the same time, the less perfect the competition in the markets, the less likely it is that producers will reduce or maintain prices in the face of rising costs, sacrificing their own profits (later we will discuss Ehkli’s theory, which is dedicated to production price markups). On the other hand, the increase in wages on the demand side leads to a greater ability to make expenditures in consumer and other markets. And in this regard, the possibilities for diversifying consumption between markets determine the direction of financial flows to ensure price dynamics either in the financial market or in the consumer market. Thus, even a preliminary consideration of the theory as factors of inflation and its impact must take into account the level of competition in the markets, the degree of individual involvement in financial market operations, the profitability and liquidity of financial market operations, the level of monopolization in certain industries, and the situation in the labor market (the level of unemployment and competition for mass jobs). The initially set degree of inequality also plays a significant role. The higher the Gini coefficient, the greater the portion of wage growth that leads to an increase in effective demand for elastic goods, and the stronger the market response can be to the strengthening of workers’ positions and the desire of capital owners to devalue the increased incomes of the middle class.

3. Credit and deposit factors of inflation. This group of factors, while remaining dependent on monetary regulation, nevertheless begins to play an independent role in the formation

of inflationary patterns at a certain point [5]. The fact is that the credit-deposit multiplier creates credit money, and with correspondent relationships with banks in other countries, the money supply can be created in various currencies. The possibility of creating credit money largely depends on the degree of concentration in the banking system. The more accounts are opened in one bank, the greater the bank's ability to increase off-budget issuance of credit money. The reserve requirements of the Central Bank partially regulate the process of creating credit money, but in conditions of structural liquidity surplus (especially in a weak financial market), these restrictions are merely cosmetic. As for Russian practice, the degree of asset concentration in the banking sector, according to the Association of Russian Banks, reached 79% in the first quarter of 2024.² This means that the top ten banks are capable of issuing their own non-cash credit money almost without limit, which is generally confirmed by the generosity of the loyalty programs offered by the banks, despite the tight monetary policy and the sharp decline in margins against the backdrop of rising key rates.

Moreover, an important factor of inflation is the liquidity of the credit market. The sense of security from scale is deceptive, as evidenced by the bankruptcy or near-bankruptcy of "too big to fail" financial institutions during the financial turmoil of 2007–2009. Such a situation arose precisely against the backdrop of the structural vulnerability of the banking sector. In relation to the problem of inflation, this means the presence of structural imbalances in the monetary circulation, a slowdown in the velocity of circulation in some market segments, and excessive acceleration in others. In conditions of structural inflexibility and the need to increase liquidity to maintain the turnover rate in overheated segments, this can lead to price increases both due to the

slowdown in the circulation of money and the small number of market agents in the sector, as well as due to the acceleration of the money turnover rate. In this regard, today's news about the necessity of making mandatory payments on instruments with a declared subordination period from the country's largest credit institution looks very much like a margin call.³ Thus, the problems of low liquidity in the credit market become inflationary [2] due to the structural imbalance of the economy, and the liquidity risk transforms into a price, rather than a banking, crisis due to the excessive presence of the state in the banking sector.

4. Within one of the structural theories of inflation, a factor can be inefficient investments in fixed capital. According to this theory, investments are multiplied thru the cost mechanism across all related industries, which increases demand in all related industries multiple times the initial investment amount, both due to the additional funds injected into the economy and the increase in wages in the supplier industries related to this investment project. If the investments increase the marginal return on capital, then inflationary factors do not arise. If, however, the investments turn out to be unprofitable (in terms of economic, not accounting profit), then the additional money supply is not balanced by an increase in consumer utility. This leads to rising prices and an increase in structural imbalances in the economy.

The combination of the third and fourth factors of inflationary pressure is specific to the Russian economy, as the multiplication occurs not only at the level of investment projects but also against the backdrop of fairly concentrated liquidity in the money market. The inefficiency of investments is combined with the financing of the same projects from different sources, encouraged or directly subsidized by the state. For example, the infrastructure railroad project is financed thru direct subsidies, loans from a development institution, bonds purchased by state banks, and an additional issuance of

² Association of Russian Banks. URL: https://arb.ru/banks/analitics/itogi_bankovskogo_sektora_za_1_e_polugodie_2024_goda_obrechennye_na_kontsentrats-10674960 (accessed on 09.10.2024).

³ URL: <https://deita.ru/article/559409> (accessed on 09.10.2024).

preferred shares bought back by the government. At the same time, the conditions for carriers remain market-based, and the infrastructure component is included in the railroad tariff. Taking into account the structural problems of the industry itself, the inefficient use of the rolling stock of private operators, and the emerging bottlenecks in the infrastructure, the quality of service and the speed of cargo delivery also do not improve. The costs of carriers are rising, liquidity is concentrated in the hands of contractors who have accounts in the same banks, and all this is included in the price of transported and, notably, non-transported goods (due to low competition in most segments and extremely narrow regional markets for producers of almost any product). There is no need to talk about the monetary nature of inflation in this context.

5. Within the framework of the “bottleneck” theory, the impact of the most inefficient or scarce factor of production or production process on the increase in the cost of the finished product is considered. A low level of competition or excessively long (in the direct geographical or metaphorical technological sense) production chains lead to price increases, determining the price dynamics for the market as a whole. Pricing based on the principle of appropriating second-order differential rent in non-rent sectors leads to the level of prices being determined by the most expensive factor of production (for example, in the consumer services sector — rent, and in the domestic automotive industry — the absence of mass production of components), which affects the overall price level and does not allow for increasing price competition. Under such conditions, prices can only rise.

6. Budget revenues, expenditures, and methods of financing public debt are also factors in the development of inflationary processes [6]. Thus, the policy of budget expenditures affects the level of money supply and the profitability of public investments. The policy of managing state revenues directly affects the ability to sterilize the money supply, as well as the capacity of businesses

to invest and the population to save money. The development of the domestic public debt institution directly affects the liquidity of the banking sector and the refinancing opportunities from the Central Bank, that is, the parity participation of the state in risk-sharing with the private sector. Thus, the state’s budgetary policy directly affects not only price rigidity, as outlined in overlapping generations models, but also structural factors of inflation, whether it be the possibility of choosing between markets, investment efficiency, or the liquidity of the money market.

In the liberal doctrine, there is an interpretation of inflation as a “consequence of improper taxation” — a situation of excessive expenditure of budgetary resources aimed at increasing employment or implementing other social programs without strict budgetary constraints [2].

7. An important factor of inflation, which amplifies the impact of all other factors, is the degree of monopolization in the economy. The classical model appears as a description of the impact of monopoly tariffs on the formation of producer prices across all industries, as natural monopolies often control infrastructure [3]. However, there is another factor of monopolism that is often overlooked when justifying the mutual influence of monopolies and inflation. Meanwhile, the feedback loop certainly exists. The higher the level of inflation, the easier it is for the state to rely on monopolists in tariff regulation rather than trying to influence the multitude of sellers of rising goods and services.

The factor in question is the high share of cash turnover carried out within large vertically integrated holdings. The largest corporations, which today compete with some states in terms of political and economic power, have numerous subsidiary and “grandchild” structures that provide funding for a greater number of the parent company’s transactions. At the same time, the rules of international financial reporting standards require that all intra-group transactions and their balances be excluded when preparing consolidated financial statements. According to various estimates,

the intra-group turnover of such corporations amounts to trillions of dollars [4]. Thus, within the corporation, between dependent and subsidiary structures, the volumes of liquidity circulating at transfer internal prices exceed the funds outside such systems. For this reason, market agents without access to intra-group liquidity form negative savings, or in other words, accumulate debts instead of saving a portion of their income. This, in turn, leads to a significant role of interest rates in price formation thru the mechanism of interest payments, which are taken into account in profit taxation. Thus, negative savings in one part of the system and excessive liquidity in another part lead to:

a) to the ineffectiveness of the interest rate channel of the monetary policy transmission mechanism for intra-group liquidity;

b) to the ineffectiveness of the equity channel and the wealth channel of the monetary policy transmission mechanism for the majority of the population;

c) to the direct increase in costs due to the inevitable inclusion of loan interest in the price.

8. The low level of competition in supply chains, even in the absence of clearly monopolistic structures, leads to the market becoming extremely narrow. And if holding structures ensure the availability of suppliers and their pricing levels thru vertical integration, then for medium and small businesses, finding suppliers (even without considering sanctions) often becomes problematic and costly. Additional costs also arise due to the increase in transaction costs, including logistics, payment infrastructure, platform services, as well as services from the shadow sector to circumvent anti-Russian sanctions. One can anticipate objections regarding the non-inflationary nature of such price increases; however, it seems that the structural weakness of the economy, the lack of stable clusters, and the absence of opportunities to choose suppliers of any factors of production, including capital, are all signs of an imbalance that leads to rising prices. But as a result of disruptions in the reproductive cycle, this

price increase quickly transmits thru goods that do not have such problems in the value chain. In other words, price increases that lead to further price increases are a sign of structural inflation, regardless of the initial cause of their occurrence. This phenomenon is examined within the framework of Ehkli's surplus theory: "Ehkli suggested that inflation is a composite result of supply shortage pressures and the rising costs of labor and raw materials. It cannot be the result of only one of these causes (demand-pull inflation or cost-push inflation). According to Ehkli, employers (firms) set their prices by adding a fixed amount to direct material and labor costs to cover profits, while workers include a fixed cost-of-living allowance in their earnings" [7]. Thus, the structural weaknesses of the economy make it possible to establish surcharges on profits and labor compensation requirements, which leads to an unjustified increase in inflation from the perspective of both monetary and non-monetary factors.

9. Low or unbalanced level of institutional development in the economy. In particular, such institutions as a democratic society, the rule of law, especially in the financial sector, inclusivity of access to financial services and financial markets, consumer protection, protection of entrepreneurial freedom, developed banking legislation, a developed stock market, transparency of the budget process, etc. — collectively determine the possibilities for forming a financially strong and stable society based on adequate market mechanisms, striving for equilibrium and excluding the redistributive nature of inflationary processes [8].

10. External economic factors of inflation. Traditionally, the depreciation of the national currency against one or several reserve currencies (the one in which most foreign economic transactions are conducted, most often the US dollar) is highlighted as a factor of inflation. In this case, prices for imported goods rise, leading to an overall increase in the price level.

It is interesting to note that in a study dedicated to the anti-inflationary policy of the

Russian Federation in the period following the global crisis of 2007–2008, the following was noted: “Industrial imports reduce inflation, consumer imports have almost no effect on it... excessive openness and involvement of the national economy in global economic relations, especially exports, increase inflation” [9]. Despite the fact that the conclusion is based on the analysis of events long past, it is possible to identify a certain logical connection with some of the factors described above. Industrial imports, even under unfavorable exchange rates, are aimed at expanding internal value-added chains, whereas exports, in the case of Russia — resource-based — only lead to an increase in the money supply without a corresponding increase in domestic supply. Since this increase in the money supply is mainly distributed among those involved in the export raw materials sector, in addition to monetary pressure, there is also a rise in inequality, which nullifies fiscal methods of regulating the economy, as they become even more neutral with respect to the real sources of imbalances in the demand structure.

Next, it should be noted that external economic sources of inflation after the pandemic are often seen in the disruption of global value chains, referring to global logistics chains. Nevertheless, such a problem has indeed worsened since the onset of the pandemic, which continues to negatively impact global price dynamics to this day [10]. The transition of trade to online platforms creates an illusion of choice for consumers, but has a completely opaque pricing policy, which in itself becomes a factor in increasing inflationary pressure.

The financial sector of developed countries also has a global impact on price dynamics. The accumulation of debt by developing economies to implement often unprofitable investment projects thru external borrowing is a standard mechanism for increasing inflation and inequality in developing countries [11].

At the same time, several studies note the negative impact of fragmentation and deglobalization on the effectiveness of anti-inflationary policy [12]. In particular,

deglobalization is recognized as an inflationary factor, as this process leads to an increase in price dispersion between different economies, which, in turn, can cause speculation and the concentration of liquidity in hedging instruments. This, in the case of a poorly developed stock channel of the transmission mechanism, can result in the transmission of price impulses throughout the entire value chain [13].

Mentioning the price range, or price dispersion, it should be noted that modern Marxists consider this phenomenon to be a criterion of inflation, distinguishing the rise in costliness from true inflation [14]. In this case, a number of countries may gain several comparative advantages from saving on production factors at given prices for finished products.

An interesting consequence of such an interpretation of inflation can be considered the following conclusion: “International value is closely linked to national values: in some cases, it is determined by them, in others, it determines them. Everything depends on the place and role of a country in a particular global commodity market: the national values of leading countries determine the international value, which then influences the national values of countries occupying secondary positions in the global commodity market. Such influence is observed not only for the same consumer value but also spreads to other goods thru the multiplier mechanism” [15].

Due to the intuitively apparent validity of the cited statement, an attempt has been made in this work to prove or disprove this hypothesis. Namely, the task is to prove that the prices of traded goods are determined in the largest markets and do not depend on exchange rate policies and other monetary rules [16] adopted in countries that are unable to influence the dynamics of the corresponding market. In other words, the possibility of increasing export competitiveness thru the depreciation of the national currency is being questioned. Considering that the commodities market is in a strong functional dependence on the global money market and its largest segment — the Euro market, an analysis of the impact on

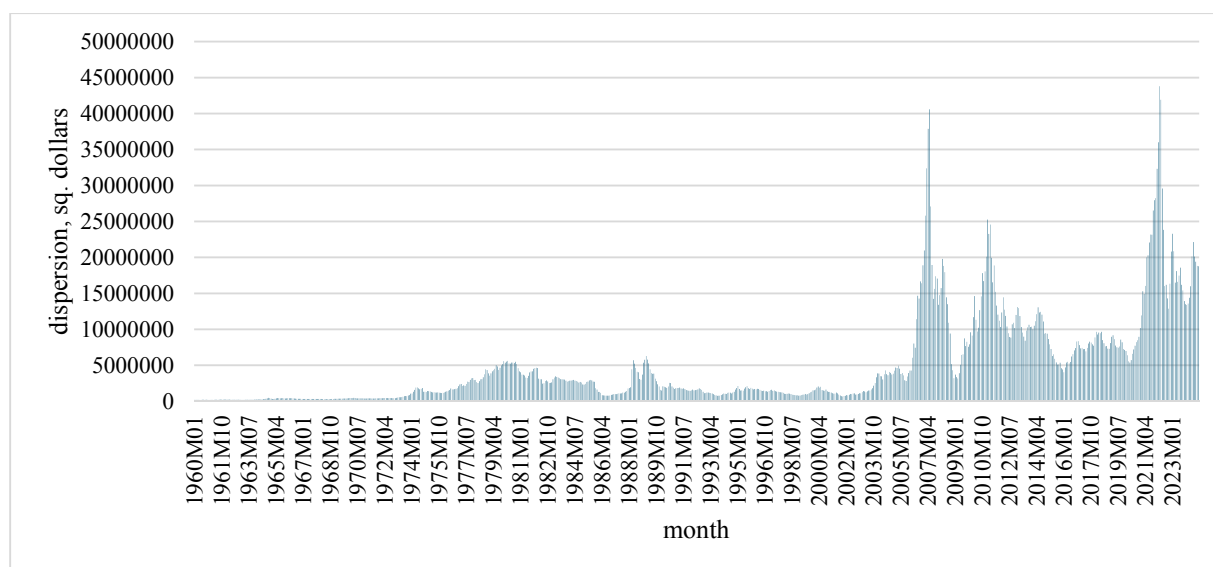


Fig. 1. Dynamics of Price Dispersion for a Sample of 71 Traded Goods

Source: Compiled by the author based on data from URL: <https://www.worldbank.org/en/research/commodity-markets> (accessed on 10.10.2024).

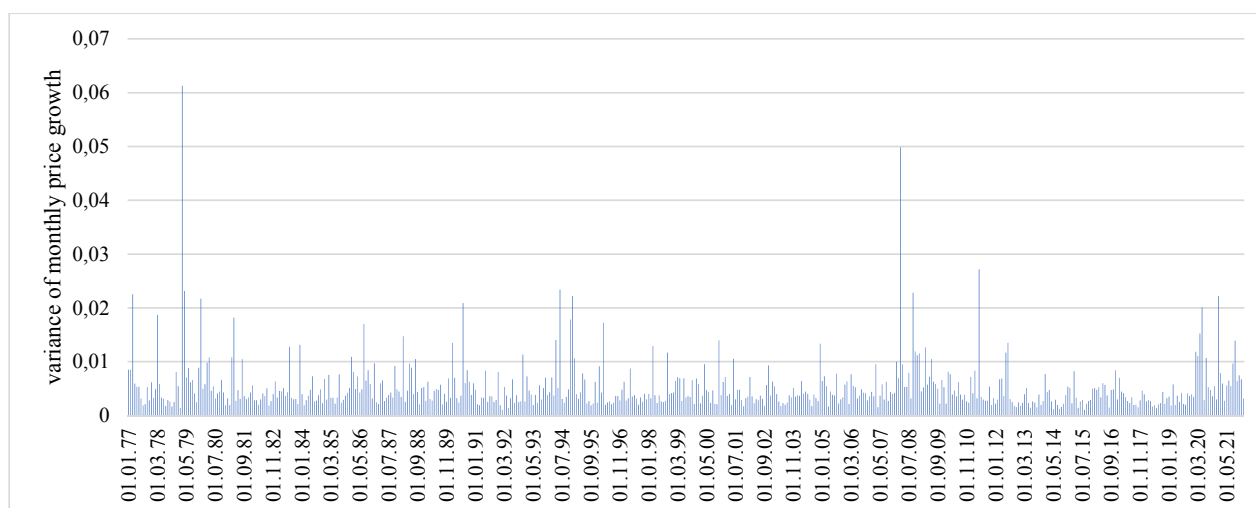


Fig. 2. Dynamics of Dispersion of Price Growth Rates for the Main Traded Commodity Items

Source: Compiled by the author based on data from URL: <https://www.worldbank.org/en/research/commodity-markets> (accessed on 10.10.2024).

pricing of global liquidity and futures prices on key traded positions is also necessary [17].

To conduct research of this kind, it is necessary to systematize the price dynamics of major traded goods, assess their dispersion, and compare these data with trade dynamics. Next, it is necessary to compare the obtained data with the parameters of monetary policy in exporting countries, namely the dynamics of the exchange rate and the level of inflation. In the event that the initial hypothesis

is confirmed, the viability of the second hypothesis should be assessed — markets are ranked by their degree of influence on pricing. It appears that in a number of Asian economies, markets have formed that are currently price-dependent on both global commodity markets and the money market. However, these countries have sufficient market power to establish compensatory prices when trading with markets that are smaller in capacity than those of the mentioned countries.

Table 1

**Analysis of Nickel Exports by Supplier Countries and Average Annual Exchange Rates
of their National Currencies**

Exporters	2019, thousands of dollars	2020, thousands of dollars	2021, thousands of dollars	2022, thousands of dollars	2023, thousands of dollars
Total, including:	26 816 385	23 701 677	29 890 199	44 305 628	42 240 363
Indonesia	813 159	808 420	1 284 499	5 977 671	6 815 597
Canada	2 980 267	2 778 503	3 627 919	5 235 333	4 316 139
USA	3 120 255	2 212 008	2 204 622	3 142 630	4 071 617
Russia	2 985 414	3 023 812	1 995 599	4 991 980	3 375 779
UK	1 401 271	1 298 263	1 535 562	1 965 832	2 348 740
Germany	1 568 836	1 460 264	1 565 235	2 051 113	2 342 302
Norway	1 264 345	1 249 059	1 659 347	2 068 918	2 089 138
Finland	1 029 530	1 022 476	1 058 810	1 730 654	1 790 698
China	914 848	547 847	502 863	1 184 719	1 520 969
Japan	850 248	922 406	877 152	1 018 705	1 456 457
Netherlands	834 238	693 395	1 058 282	1 338 198	1 414 979
France	762 467	691 788	757 650	914 753	1 229 196
World price per nickel	13 913,91	13 787,26	18 464,97	25 833,73	21 521,12
Exporters' currency rates:	2019	2020	2021	2022	2023
Indonesia	14 147,67	14 582,2	14 308,14	14 849,85	15 236,88
Canada	1,326 793	1,341 153	1,253 877	1,301 555	1,349 909
USA	1	1	1	1	1
Russia	64,737 66	72,104 91	73,654 35	68,484 94	85,162 01
United Kingdom	0,783 445	0,78	0,727 065	0,811 302	0,804 539
Germany	0,893 276	0,875 506	0,845 494	0,949 624	0,924 84
Norway	8,8	9,415 833	8,59	9,614 167	10,563 33
Finland	0,893 276	0,875 506	0,845 494	0,949 624	0,924 84
China	6,908 385	6,900 767	6,448 975	6,737 158	7,083 998
Japan	109,009 7	106,774 6	109,754 3	131,498 1	140,491 1
Netherlands	0,893 276	0,875 506	0,845 494	0,949 624	0,924 84
France	0,893 276	0,875 506	0,845 494	0,949 624	0,924 84

Source: Compiled by the author based on data from URL: <https://www.intracen.org/resources/data-and-analysis/trade-statistics>; <https://wits.worldbank.org/CountryProfile/en/Country/BY-COUNTRY/StartYear/1988/EndYear/2022/TradeFlow/Export/Indicator/XPRT-TRD-VL/Partner/WLD/Product/AgrRaw#> (accessed on 10.10.2024).

RESULTS AND CONCLUSIONS

At the first stage, it is necessary to determine the price dispersion of various goods. To conduct the calculations, we will use data from the World Bank (Pink Sheet).⁴ This collection summarizes the dynamics of world prices for various products. We have calculated the variance of

absolute price values in current dollars based on a sample of 71 traded goods (*Fig. 1*).

This *Fig. 1* shows not only the main periods of fluctuations in relative prices of traded goods but also the increase in the overall price scale, which within the framework of modern Marxist models is not considered inflationary but leads to inflation.

Next, the chain growth rates of prices and the variance relative to the obtained values were calculated (*Fig. 2*).

⁴ World Bank. URL: <https://www.worldbank.org/en/research/commodity-markets> (accessed on 10.10.2024).

Table 2

Generalized Results of the Analysis of Dependencies Between Prices, Trade Volumes and Exchange Rate Dynamics

Tradable Commodity	General Trend	Exceptions to the General Trend	Dependence of Trade on World Commodity Prices
Tin	No link between export volumes and exchange rates	Peru	Weak
Zinc	No link between export volumes and exchange rates	Turkey	Strong
Cocoa	No link between export volumes and exchange rates	Negative correlation between currency and export volume for Côte d'Ivoire	Strong
Coffee	The link is visible: for Switzerland and France – opposite, for Brazil, Vietnam, Colombia, Italy, Belgium, Netherlands – direct	Honduras	Strong
Tea	Feedback between trade volumes and currency rates	Kenya, Japan	Weak
Coal	No link between export volumes and exchange rates	Mongolia, Indonesia, Colombia	Strong
Copper	No link between export volumes and exchange rates	Congo, Zambia	Strong
Iron	No link between export volumes and exchange rates	Indonesia	Average
Nickel	Direct link between trade volumes and currency rates	Russia	Strong
Aluminum	Average relationship between trade volumes and exchange rates	Russia, UAE, China	Strong
Lead	No link between export volumes and exchange rates	Korea, India, Malaysia	Average
Bananas	No link between export volumes and exchange rates	Guatemala, India, Vietnam, Cameroon	Average
Wheat	Direct link between trade volumes and currency rates	Argentina, Russia, Canada	Average

Source: Compiled by the author.

The second figure allows for a detailed examination of relative price fluctuations without considering the overall price level increase. It is noteworthy that on the graph, periods of high price fluctuations coincide with other economic upheavals: the 2008 crisis, liquidity crises, and the pandemic.

For the purposes of this study, it is necessary to compare the dynamics of prices and trade volumes. For this purpose, data on export dynamics for a number of commodity groups (excluding oil, gas, and precious metals) have

been summarized. Based on the statistics from the International Trade Center⁵ for the studied product groups, 10–15 leaders in terms of export levels were selected, and then a comparison was made between the exchange rates of the national currencies of the mentioned countries and the dynamics of exports.

As an example, let's provide data on nickel exports (*Table 1*).

⁵ International trade center. URL: <https://www.intracen.org/resources/data-and-analysis/trade-statistics> (accessed on 10.10.2024).

Such tables are compiled for various products, and the conclusions are presented in Table 2.

For a comprehensive analysis, it will also be useful to add that for most product categories, the dynamics of the euro exchange rate moderately correlated with the dynamics of trade volumes, despite the identified trends [18]. The conducted analysis confirms a strong dependence of prices on the majority of traded goods on market liquidity.

Thus, if the leader in exports in a particular category account for more than a quarter of the market, the overall price trend for all participants mirrors the leader's positions. Such a situation is characteristic of the markets for coal, tea, bananas, wheat, and tin. Another observation from the conducted work is that the higher the USA ranks on the list of leading exporters of a particular product, the greater the dependence of sales volumes on the average market prices for that product.

CONCLUSION

Thus, a contradictory conclusion has been reached regarding the impact of globalization on inflation. On the one hand, the prices of traded goods are determined by global markets, and the establishment of protectionist exchange rates allows for influencing trade dynamics only for goods that represent the largest share of exports and only if this share is significant for the global market. On the other hand, the higher the market liquidity, that is, the less dependence on each individual supplier, even among global leaders in the production of a particular good, the greater the opportunities to influence price dynamics thru currency management and production costs [19, 20]. Thus, for liquid markets of physical goods, there is potential for a positive impact of globalization on inflation dynamics in various countries. Therefore, forced deglobalization measures can actually lead to an increase in global inflation.

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