

Hyperinflationary Economies Update – year-end 2025

International Financial Reporting Bulletin

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BACKGROUND

IAS 29, *Financial reporting in hyperinflationary economies* applies when an entity's functional currency is 'hyperinflationary'.

IAS 29 requires the financial statements (including any comparative periods) to be stated in terms of the measuring unit current at the end of the applicable reporting period. This is because the currency of a hyperinflationary economy loses a significant amount of purchasing power from period to period such that presenting financial information based on historical amounts, even if only a few months old, does not provide relevant information to users of financial statement.

The term 'hyperinflation' is not defined in IAS 29, as it is a matter of judgment. IAS 29 provides the following example characteristics of a hyperinflationary economy (IAS 29.3):

- (a) *the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;*
- (b) *the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;*
- (c) *sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;*
- (d) *interest rates, wages and prices are linked to a price index; and*
- (e) *the cumulative inflation rate over three years is approaching, or exceeds, 100%.*

The International Monetary Fund (IMF) publishes historical and projected inflation data by country.

In July 2025, the IFRS Interpretations Committee (the Committee) published an agenda decision titled *Assessing Indicators of Hyperinflationary Economies*. The request asked a number of questions about assessing whether an economy is hyperinflationary, such as whether all indicators in IAS 29.3 should be considered in assessing when an economy becomes hyperinflationary, including whether to continue to consider all indicators even when one indicator in IAS 29.3 has been met. Evidence gathered by the Committee indicated little, if any, diversity in understanding the requirements for assessing when an economy becomes hyperinflationary. According to the evidence gathered, stakeholders do not conclude that an economy becomes hyperinflationary based solely on one of the indicators listed in IAS 29.3, such as the cumulative inflation rate.

During 2025, the list of hyperinflationary economies (and those economies on our watchlist) has continued to evolve due to deteriorating economic conditions and high inflation in several countries. The jurisdictions on the list of hyperinflationary economies must apply IAS 29, which results in financial statements (both current and prior comparative periods) being restated to reflect current inflation rates.

Based on the IMF's [October 2025 World Economic Outlook](#) (IMF WEO), below is an updated snapshot of countries which are expected to be hyperinflationary as at 31 December 2025, countries which have become hyperinflationary (or have ceased to be hyperinflationary) during 2025, and countries which are at risk of becoming hyperinflationary in 2026.

ACCOUNTING IMPACT

With increasing inflation rates and declining economic conditions around the world, many jurisdictions remain on the watchlist, however, four jurisdictions have ceased to be hyperinflationary in 2025 – Ethiopia, Ghana, Lao People's Democratic Republic and Suriname.

| <i>ECONOMIES WHICH ARE EXPECTED TO BE HYPERINFLATIONARY AS AT 31 DECEMBER 2025</i> | <i>ECONOMIES WHICH HAVE BECOME HYPERINFLATIONARY IN 2025</i> | <i>ECONOMIES WHICH HAVE CEASED TO BE HYPERINFLATIONARY IN 2025</i> | <i>ECONOMIES THAT HAVE A RISK OF BECOMING HYPERINFLATIONARY - WATCHLIST FOR 2026 AND ONWARDS (NEW TO THE WATCHLIST)</i> |
|---|---|---|---|
| <ul style="list-style-type: none"> ▶ Argentina ▶ Burundi¹ ▶ Haiti ▶ Islamic Republic of Iran ▶ Lebanon ▶ Malawi ▶ Sierra Leone ▶ South Sudan ▶ Sudan ▶ Türkiye (Turkey) ▶ Venezuela ▶ Zimbabwe | <ul style="list-style-type: none"> ▶ Burundi¹ | <ul style="list-style-type: none"> ▶ Ethiopia² ▶ Ghana³ ▶ Lao People's Democratic Republic⁴ ▶ Suriname⁵ | <ul style="list-style-type: none"> ▶ Angola⁶ ▶ Egypt⁷ ▶ Myanmar⁸ ▶ Nigeria⁹ ▶ Syria¹⁰ |

¹ Consistent with our half-year IFR Bulletin, **Burundi** has become hyperinflationary from 30 June 2025. Burundi's three-year cumulative inflation rate in the IMF WEO's forecasts is projected to be 112% by the end of 2025 and 122% for 2026. Given current inflation rates and the expectation that the three-year cumulative inflation rate will remain well in excess of 100% for the foreseeable future, Burundi is considered hyperinflationary from 30 June 2025.

² Consistent with our half-year IFR Bulletin, **Ethiopia** had previously been classified as hyperinflationary; however, inflation rates have decreased significantly. The IMF WEO forecasts the annual rate of inflation to be 10% for 2025 and 8% for 2026, with the three-year cumulative inflation rates for 2025 and 2026 forecasted to be 65% and 39% respectively. Given the sustained decrease in the actual and forecasted inflation rates, we no longer consider Ethiopia to be hyperinflationary from 30 June 2025.

³ **Ghana** had previously been classified as hyperinflationary; however, inflation rates have decreased significantly. The IMF WEO's forecasts the three-year cumulative inflation rates for 2025 and 2026 forecasted to be 71% and 50% respectively. Given the sustained decrease in the actual and forecasted inflation rates and the reduction in factors which led to the rapid increase in inflation in 2022 no longer being present, we no longer consider Ghana to be hyperinflationary.

⁴ **Lao People's Democratic Republic** had previously been classified as hyperinflationary; however, inflation rates have decreased significantly. The IMF WEO forecasts the three-year cumulative inflation rates for 2025 and 2026 to be 52% and 30% respectively. Given the sustained decrease in the actual and forecasted inflation rates and the extremely high periods of inflation in 2022 and 2023 receding, we no longer consider Lao People's Democratic Republic to be hyperinflationary.

⁵ **Suriname** had previously been classified as hyperinflationary; however, inflation rates have decreased significantly. The IMF WEO forecasts the three-year cumulative inflation rates for 2025 and 2026 to be 61% and 32% respectively. Given the sustained decrease in the actual and forecasted inflation rates and the extremely high periods of inflation from 2020 to 2023 receding, we no longer consider Suriname to be hyperinflationary.

⁶ **Angola's** three-year cumulative inflation rate in the IMF WEO's forecast is projected to be 84% by the end of 2025 and 73% for 2026. Given current inflation rates and future forecasts, Angola is not currently considered to be hyperinflationary, but its hyperinflationary status should continue to be monitored as inflation remains high.

⁷ **Egypt's** three-year cumulative inflation rate in the June 2025 IMF WEO's report was reported as 99%, with the three-year cumulative inflation rate forecast as 65% and 39% for June 2026 and June 2027. Considering all of the factors in IAS 29, Egypt is not currently considered to be hyperinflationary, but its hyperinflationary status should continue to be monitored as inflation remains high.

⁸ Reliable inflation data is not available for **Myanmar**, however, qualitative factors indicate that the actual rate of inflation is likely to be high. Local data from the Central Bank of Myanmar was up to March 2025 and reported three-year cumulative inflation of 107%. Given the lack of appropriate data, Myanmar is not currently considered to be hyperinflationary, but its hyperinflationary status should continue to be monitored as inflation remains high.

⁹ **Nigeria's** national accounts data has been revised and rebased in the October 2025 IMF WEO, resulting in revisions to a significant amount of the jurisdiction's GDP and inflation information. The IMF WEO reported three-year cumulative inflation as 81% as of December 2024. Considering all the factors in IAS 29 and the available data, Nigeria is not currently considered to be hyperinflationary, but its hyperinflationary status should continue to be monitored as inflation remains high and Nigeria may become hyperinflationary in 2026.

¹⁰ Reliable inflation data is not available for **Syria**, however, qualitative factors indicate that the actual rate of inflation is likely to be high. Given the lack of appropriate data, Syria is not currently considered to be hyperinflationary, but its hyperinflationary status should continue to be monitored as inflation remains high.



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