



## **Can aggregation explain the high persistence of inflation in China? Empirical evidence from CPI disaggregate data**

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**Abstract:** The high or low persistence of inflation is directly related to the accurate comprehension of inflation dynamics and the effectiveness of monetary policies. In recent years, the inflation persistence in many Europe and America countries experiences a significant decline process, but in China, the inflation persistence has remained high level. In this paper, the author first measures the inflation persistence of 8 large category indexes, 39 intermediate category indexes and 34 small category indexes by the methods of the sum of autoregressive coefficients and the grid bootstrap proposed by Hansen (1999) in 2005-2015 in China. Then, the sources and characteristics of inflation persistence are analyzed in different categorical levels of CPI by the double-level factor model. Finally, the author analyses and assesses whether aggregation can explain the high persistence of inflation in China.