
Ihre Ansprechpartner

Sehr geehrte Damen und Herren,

für Rückfragen zu der beigefügten Publikation „In brief“ zur Thematik
“Hyperinflationary economies at 31 December 2014”
stehen Ihnen folgende Ansprechpartner gerne zur Verfügung:



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In brief

A look at current financial reporting issues

December 2014

Hyperinflationary economies at 31 December 2014

Issue

Paragraph 4 of IAS 29 states that it is preferable for all entities that report in the currency of the same hyperinflationary economy to apply IAS 29 from the same date. We have listed below those countries that meet the criteria in IAS 29 to be classified as hyperinflationary at 31 December 2014.

Impact

Entities that report in the currency of one of the countries listed below should apply IAS 29.

The following economies are hyperinflationary at 31 December 2014:

- Belarus.
- Venezuela.
- Sudan.
- Iran.
- Syrian Arab Republic.

The following economy ceased to be considered hyperinflationary during fiscal year 2014:

- South Sudan.

The following economy is on the watchlist at 31 December 2014 and might become hyperinflationary during 2015:

- Malawi.

Insight

Hyperinflationary economies

Belarus

Belarus became a hyperinflationary economy for years ended 31 December 2011 and remains a hyperinflationary economy for the year ended 31 December 2014. Annual inflation rates have decreased from about 110% in 2011 to about 22%, 12% and 17% in 2012, 2013 and 2014 respectively, but signs of price and exchange rate pressure remain. The overall inflation and economic situation has improved, and it is expected that Belarus will come out of hyperinflation in 2015.

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Venezuela

Venezuela became a hyperinflationary economy for years ended 31 December 2009 and remains a hyperinflationary economy for the year ended 31 December 2014. Annual inflation in 2014 was 74%. Three-year cumulative inflation through 2014 exceeds 100%.

Sudan

Sudan became a hyperinflationary economy for years ended 31 December 2013. Following the secession of South Sudan in 2011, which contained the majority of Sudan's oilfields, Sudan lost a significant portion of its foreign currency revenues and the economy suffered. Annual inflation has decreased from about 45% in 2012 to about 20% in 2013 and 18% in 2014, but signs of price and exchange rate pressure remain. Three-year cumulative inflation through 2014 exceeds 100%.

Iran

Iran's macroeconomic environment is challenging because of the adverse external conditions caused by economic sanctions against the country. Iran's economy is recovering and inflation has decreased from 41% in 2012 to 22% in 2013 and 24% in 2014. Three-year cumulative inflation through 2014 exceeds 100%.

Syrian Arab Republic

Syria has been in a civil war over the past three years. Both the European Union and the United Nations have imposed trade sanctions, which have reduced exports of oil. Oil accounts for three-quarters of Syria's exports and revenue, so the decrease in activity has negatively impacted the economy. It is difficult to obtain information on the current inflation rate in Syria, but the information available suggests that this country remains hyperinflationary for years ended 31 December 2014.

Economies that ceased to be considered hyperinflationary during 2014

South Sudan

South Sudan became a hyperinflationary economy for years ended 31 December 2012. The country was founded in 2011. The economic environment in South Sudan is challenging. Local inflation rates have been published for the first time in 2014. IMF data indicates that three-year accumulated inflation for 2014 is below 30%, so entities that report in the currency of South Sudan are not required to apply IAS 29 for the year ended 31 December 2014.

Economies on the watchlist

Malawi

IMF data shows that three-year cumulative inflation for 2014 is high, and local information shows that three-year cumulative inflation could exceed 100% as of 31 December 2014. However, forecast information shows that this trend will not persist in the future. Teams with clients that hold investments in Malawi are encouraged to monitor inflation during 2015.