

**Volume 31, Issue 4****Research Announcement****The relevance of the inflation targeting policy: a new analysis approach of the evolutionary spectral analysis**

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Laboratory***Abstract**

In this paper, we study the inflation dynamics in four industrial inflation-targeting (IT) countries. Our objective is to check whether this monetary policy had a stabilization effect on inflation rate for four industrial countries. We propose in this paper a new empirical methodology by using a non-parametric approach. This is the evolutionary spectral analysis, as defined by Priestley (1965-1996). Then, we employ a test presented by Ahamada & Boutahar (2002). This can detect many break points endogenously. This is the first time that this method is used in the IT literature. In this work, we have two important results. The first one consists on the identification of a common break point few years before the IT adoption. By analyzing the economic events in all countries, we interpret this result by the reforms undertaken in the objective to remain the initial inflation rate near from the range target that will be adopted to avoid any inflation bias and to raise the credibility of monetary policy actions. The second important result in this paper consists on the stability character of the common break point. Contradictory to other breaks identified which reflects some transitory shocks, this point present a long-run change in the inflation dynamics. We interpret this result by the successful of IT policy to maintain the inflation rate in the range target by anchoring the inflation expectation.

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