

# Blog *BanRep*: The Inflation Target and its Importance for Price Stability

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Inflation is the generalized and sustained increase in the prices of goods and services. When inflation is high, money loses its value rapidly, which affects all sectors of the economy, especially households, as their purchasing power declines. This means that with the same amount of money, a household can buy fewer basic goods such as food, and access fewer services such as transportation and rent. Additionally, when inflation is not only high but also volatile, it hinders the financing of long-term projects that require a significant investment of resources such as education, entrepreneurship, and home purchases.

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