



Article

Post-Pandemic Global Inflation: Causes and Consequences

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Abstract: This article examines global inflation in the post-pandemic period, focusing on its main drivers, dynamics, and economic consequences. Following the COVID-19 crisis, the world economy experienced a sharp increase in inflation due to disrupted supply chains, rising energy and food prices, and expansionary fiscal and monetary policies. The study analyzes statistical trends across major economies and highlights the role of demand recovery, labor market imbalances, and geopolitical tensions in accelerating price growth. Particular attention is given to the differences between developed and developing countries in terms of inflationary pressures and policy responses. The article also evaluates the effectiveness of central banks' measures, including interest rate hikes and tightening policies, in stabilizing prices. The findings suggest that while global inflation has started to decline, structural challenges remain, requiring coordinated policy actions. This research contributes to a better understanding of inflation patterns in the post-pandemic global economy.

Keywords: Global Inflation, Post-Pandemic Economy, Supply Chain Disruption, Energy Prices, Monetary Policy, Fiscal Stimulus, Demand Recovery, Price Stability

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1. Introduction

Global inflation has become one of the most significant economic challenges of the post-pandemic era. Following the COVID-19 crisis, economies around the world faced unprecedented disruptions that affected production systems, supply chains, labor markets, and financial stability. As countries began recovering from the pandemic, rapid increases in consumer demand, combined with limited supply capacities, created strong inflationary pressures across both developed and developing economies[1].

The sharp rise in energy and food prices, disruptions in international logistics, expansionary fiscal policies, and accommodative monetary measures adopted during the pandemic significantly accelerated global price growth. In addition, geopolitical tensions and instability in commodity markets further intensified inflationary processes, creating uncertainty in the global economy. These developments have had a direct impact on household purchasing power, business activity, investment decisions, and social welfare.

Inflation in the post-pandemic period differs from previous inflationary episodes due to its global scale and the simultaneous influence of multiple economic and non-economic factors[2]. Central banks and governments have been forced to implement various anti-inflationary measures, including interest rate increases, monetary tightening, and fiscal adjustments, in order to stabilize prices and maintain macroeconomic balance.

The relevance of this research is determined by the necessity of understanding the main causes, dynamics, and consequences of global inflation in the modern economic environment. Analyzing the factors behind inflationary growth is essential for developing effective economic policies aimed at ensuring price stability and sustainable economic development[3].

The purpose of this article is to examine the major drivers of global inflation in the post-pandemic era, analyze their impact on economic systems, and evaluate policy responses implemented by governments and central banks to address inflationary pressures.

Literature Review

The issue of inflation and its determinants has long been a central topic in economic theory and policy research. In the post-pandemic period, the rapid acceleration of global inflation has attracted renewed attention from economists, international organizations, and policymakers.

According to Blanchard, post-pandemic inflation emerged as a result of simultaneous supply and demand shocks[4]. The author explains that disruptions in global supply chains, shortages of raw materials, and rising transportation costs significantly limited production capacity, while expansionary fiscal and monetary policies stimulated aggregate demand.

Research conducted by the International Monetary Fund indicates that global inflation was intensified by rising energy and food prices, labor market imbalances, and geopolitical conflicts. The IMF emphasizes that inflationary pressures affected developing economies more severely due to weaker institutional capacity and greater dependence on imports[5].

Friedman's monetary theory highlights the relationship between money supply growth and inflation. Although classical monetary explanations remain relevant, many modern researchers argue that post-pandemic inflation cannot be explained solely by monetary expansion. Goodhart and Pradhan note that demographic changes, globalization trends, and labor shortages also play an important role in shaping long-term inflation dynamics.

Studies by the World Bank demonstrate that the COVID-19 pandemic caused major disruptions in global production and logistics networks, leading to shortages of goods and increased production costs. These supply-side problems significantly contributed to rising inflation across international markets.

In addition, Krugman argues that inflationary pressures in the post-pandemic economy were strengthened by rapid recovery in consumer demand after lockdown restrictions were lifted[6].

Increased household spending, supported by government stimulus programs, created excess demand in many sectors of the economy.

Researchers also emphasize the role of central banks in controlling inflation. Taylor and subsequent monetary policy studies underline the importance of interest rate adjustments and inflation-targeting mechanisms in maintaining price stability. In recent years, many central banks have adopted tighter monetary policies to reduce inflation expectations and stabilize economic conditions.

2. Methodology

One of the most pressing problems observed in the world economy in recent years is the sharp increase in global inflation. Especially in the post-COVID-19 pandemic period, as many countries enter the process of economic recovery, price instability, disruptions in supply chains and instability in the energy market have further intensified inflationary pressures. Inflation is a complex economic phenomenon that directly affects not only economic indicators, but also the standard of living of the population, the consumer basket and social stability.

A number of factors contributed to the increase in global inflation in the post-pandemic period. In particular, temporary cessation of production, disruptions in logistics

systems, large-scale fiscal and monetary stimulus measures implemented by countries, and a sharp increase in raw material and energy prices. In addition, geopolitical tensions and uncertainties in international markets have further complicated inflationary processes.

3. Results

In this context, global inflation and its causes in the post-pandemic period are emerging as a pressing scientific and economic topic that requires in-depth analysis. This article will highlight the main factors of inflation, its impact on the world economy, and the trends observed in different countries.

Inflation is a macroeconomic process that represents a steady increase in the general price level in the economy and a decrease in the purchasing power of money. Simply put, in conditions of inflation, the same amount of money can buy fewer goods and services than before. Global inflation means that this process is not limited to a single country, but affects the entire world economy.

Inflation may be a natural part of the economic system, but its excessive growth leads to economic instability. Especially in conditions of high inflation, real incomes of the population decrease, the negative impact on the investment climate increases, and economic growth slows down[7]. Therefore, controlling inflation is an important part of the macroeconomic policy of each country.

The COVID-19 pandemic has dealt an unprecedented blow to the global economy. Production chains have been disrupted, transport and logistics systems have ground to a halt, and many enterprises have temporarily or permanently closed down. As a result, the supply side has shrunk sharply.

During the pandemic, governments have implemented large-scale fiscal packages, subsidies, and increased money supply to support the economy. This has injected additional liquidity into the economy, but the real sector has been slow to recover, which has led to a growing imbalance between supply and demand.

In the post-pandemic period, as economies have begun to reopen, consumer demand has increased rapidly. However, since production capacity has not yet been fully restored, the market has not been able to meet this demand. As a result, prices have risen sharply and global inflationary pressures have increased[8].

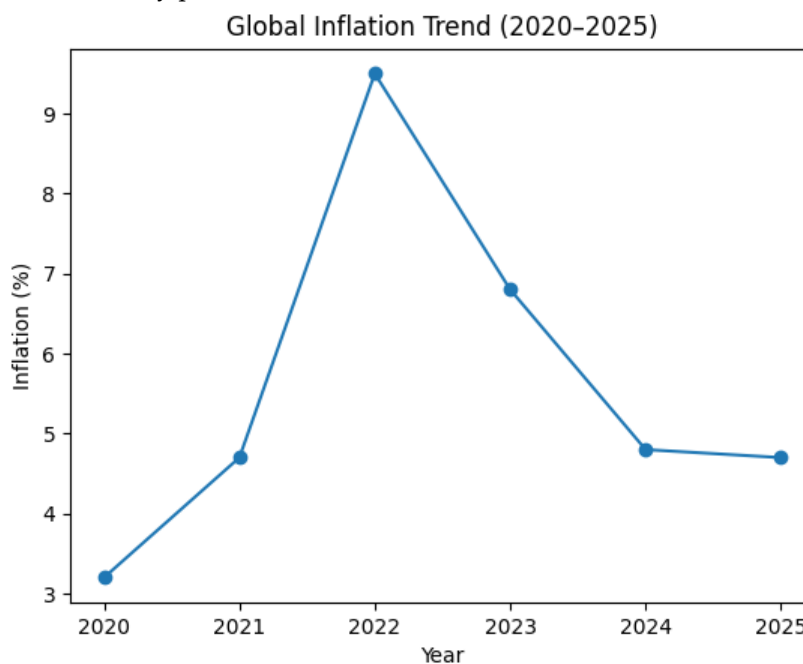


Diagram 1

One of the main factors of global inflation is disruptions in supply chains. During the pandemic, ports were closed, shipping restrictions were imposed, and international trade volumes fell sharply. This led to a shortage of raw materials and components necessary for production[9].

For example, a shortage of semiconductors (chips) caused a major crisis in the automotive industry, electronics manufacturing, and other high-tech industries. Product production was delayed, which led to an increase in prices.

Rising logistics costs also fueled inflation. As shipping, fuel prices, and freight services became more expensive, the cost of final products also increased[10].

Energy resources are one of the main drivers of global inflation. Rising oil, gas, and electricity prices affect almost all sectors, as they are the main resources for production and transportation.

4. Discussion

In the post-pandemic period, demand for energy increased sharply, but production and supply volumes could not meet this demand. As a result, oil and gas prices have risen significantly. In addition, geopolitical tensions have also had a negative impact on the energy market[11]. Political conflicts in some regions have hindered energy exports and imports, increasing price volatility in the global market.

Another important cause of inflation is the monetary policy of central banks. During the pandemic, many countries have lowered interest rates and increased the money supply to support the economy[12].

Although cheap loans and ample liquidity have had a positive effect on the economy in the short term, in the long term this has increased inflationary pressure. The influx of excess money into the market has led to an artificial increase in demand.

In the post-pandemic period, central banks have been forced to raise interest rates to curb inflation. However, these measures require a difficult balance, as they can slow economic growth[13].

Another important factor affecting inflation is changes in the labor market. After the pandemic, many countries experienced a labor shortage. This led to an increase in wages.

Although the increase in wages increases consumer income, it also creates additional costs for producers. To cover these costs, enterprises increase the prices of products and services, which results in further inflation. Geopolitical instability in the global economy also has a significant impact on inflation processes. Trade wars, sanctions, regional conflicts, and tensions in international relations increase uncertainty in global markets[14].

In such conditions, investors act cautiously, investments decrease, and production chains are disrupted. This leads to an increase in prices and economic instability.

Global inflation has a number of negative consequences. First, real incomes of the population decrease and living standards fall. Second, uncertainty in the business environment increases and investment activity slows down. Third, economic inequality increases, as inflation mainly affects low-income groups more negatively[15].

Inflation also threatens the financial stability of countries. Problems such as increasing budget deficits, increasing debt burdens, and currency instability arise.

Causes of Global Inflation (Post-Pandemic)

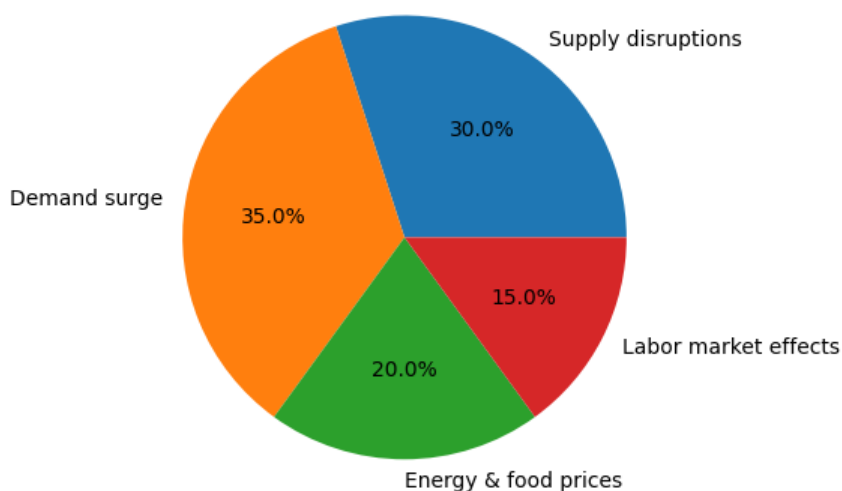


Diagram 2

5. Conclusion

In conclusion, global inflation in the post-pandemic period is a complex economic process formed as a result of the interaction of several factors. It is not explained by a single cause, but is the result of a complex of production, demand, monetary policy, energy markets and geopolitical factors.

Therefore, an integrated approach is needed to control inflation, and each country should align its economic policy with global trends.

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