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Inflation and Its Impact on Young People



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Background. Inflation is usually measured for the average household, but young people buy a different mix of goods and services and hold few assets that protect them from rising prices.
Objective. To assess how inflation in Uzbekistan in 2019–2025 affected the purchasing power of young people and whether its impact differed from that on the average household.
Methods. Secondary analysis of official consumer price data from the Agency of Statistics and the Central Bank of Uzbekistan and of World Bank / ILO youth unemployment estimates. Cumulative inflation was calculated by chaining annual rates; an illustrative youth basket was compared with an average household basket; the correlation between inflation and youth unemployment was estimated.
Results. Prices rose by about 102% over seven years, so 100,000 soums at the start of 2019 bought at the end of 2025 only what about 49,400 soums had bought before. In food-driven years (2019, 2022) the youth basket rose 0.5–1.1 percentage points more slowly than the household basket; in services-driven years (2024, 2025) it rose 3.6 and 1.3 points faster. Inflation and youth unemployment were not correlated ($r = -0.01$).
Conclusions. The composition of inflation, not only its level, determines its impact on young people. A youth-specific price index, indexation of student stipends to services inflation and school financial literacy education could reduce this impact.
Keywords: inflation, young people, purchasing power, consumer price index, Uzbekistan, financial literacy

1. Introduction

Inflation is a general and sustained rise in prices, which reduces how much a fixed amount of money can buy. Governments and central banks usually track it with a single consumer price index (CPI). The CPI is based on the spending of an average household, so it can hide large differences between groups of people. Jaravel (2021) shows that households with different spending patterns experience different "personal" inflation rates, a problem he calls inflation inequality.

Young people are an important group to study for three reasons. First, they usually have little savings and few assets that grow with prices, such as property, so they cannot protect themselves easily (Doepke & Schneider, 2006). Second, a large share of their income comes from allowances, stipends or first jobs, which are often fixed in nominal terms and adjusted slowly. Third,

experiences early in life shape long-term beliefs: Malmendier and Nagel (2016) find that people who live through high inflation when young expect higher inflation for decades. Easterly and Fischer (2001) also show that people with lower incomes are more likely to name inflation as a top concern.

Uzbekistan is a useful case. It has a young population, and since the currency liberalization of 2017 the country has gone through a period of high but falling inflation. A 2019 presidential decree set a permanent inflation target of 5% (Kun.uz, 2025), but actual inflation stayed between 7% and 15% each year. At the same time, prices of regulated services such as gas, electricity and public transport rose sharply in 2024 and 2025.

Most studies of inflation in Uzbekistan look at the economy as a whole. This study instead focuses on young people and asks three questions:

1. How much purchasing power did money lose in Uzbekistan between 2019 and 2025?
2. Does the type of inflation (food-driven or services-driven) affect young people differently from the average household?
3. Is there a relationship between inflation and youth unemployment in this period?

Aim of the study. The aim of this study is to measure the loss of purchasing power caused by inflation in Uzbekistan in 2019–2025 and to determine whether this loss was larger or smaller for young people than for the average household.

2. Materials and Methods

Research design. This is a quantitative study based on secondary data. No personal data were collected.

Data. Annual (December-to-December) inflation rates for 2019–2025 and their breakdown into food, non-food goods and paid services were taken from the Agency of Statistics of the Republic of Uzbekistan, as reported by Kun.uz, Gazeta.uz and UzDaily. Youth unemployment (share of the labour force aged 15–24) comes from World Bank / ILO modelled estimates published by the Federal Reserve Bank of St. Louis (FRED, series SLUEM1524ZSUZB).

Step 1: Cumulative inflation. The overall price level change over 2019–2025 was calculated by chaining the annual rates:

$$P = \prod_{t=2019}^{2025} (1 + \pi_t)$$

where π is the annual inflation rate. The real value of a fixed sum of money was then calculated as the nominal amount divided by P.

Step 2: Comparing two baskets. Official data do not report inflation by age group. I therefore built two illustrative baskets with assumed spending shares:

Basket	Food	Non-food goods	Paid services
Average household	45 %	30%	25%
Young person (15–24)	30 %	30%	40%

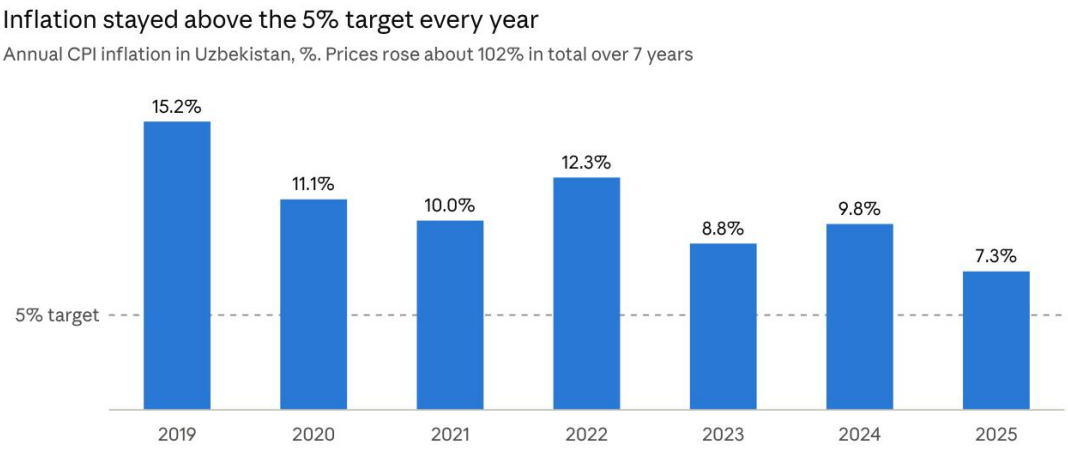
The youth basket gives more weight to services because young people spend a larger share on transport, mobile communication, education and rent, and many do not yet buy food for a whole family. For each year with a published breakdown (2019, 2022, 2024, 2025), basket inflation was calculated as the weighted sum of the three category rates. The household basket was checked against the official CPI: it reproduced the official rate within 0.3 percentage points in every year, which suggests the assumed weights are reasonable.

Step 3: Inflation and youth unemployment. The Pearson correlation coefficient between annual inflation and youth unemployment for 2019–2025 was calculated to see whether the two moved together.

Limitations of the method. The basket weights are assumptions, not survey data, so the results show the direction and approximate size of the effect, not exact values. The time series has only seven years, which is too short for strong statistical conclusions.

3. Results

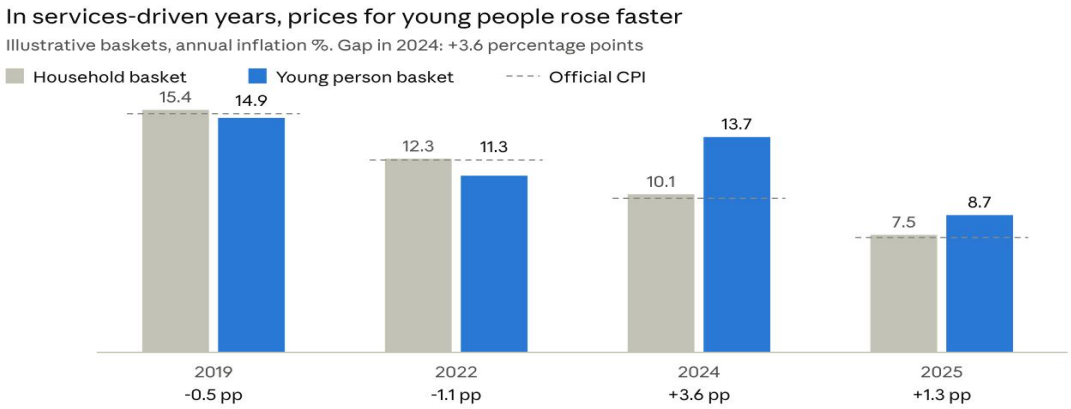
3.1 Loss of purchasing power



Agency of Statistics of Uzbekistan via Kun.uz, Gazeta.uz, UzDaily · December-to-December, 2019–2025

Annual inflation fell from 15.2% in 2019 to 7.3% in 2025, but it never reached the 5% target. Chaining the annual rates gives a cumulative price increase of about 102%: prices roughly doubled in seven years. Money saved by a young person at the start of 2019 lost about half of its value: 100,000 soums bought at the end of 2025 only what about 49,400 soums bought in January 2019.

3.2 Food-driven versus services-driven inflation



Category inflation from the Agency of Statistics; basket weights assumed (see Methods) · years with a published breakdown

The structure of inflation changed sharply during the period. In 2019 and 2022 food prices rose fastest (18.6% and 15.6%). In 2024 and 2025 paid services led (26.7% and 13.9%), while food inflation was low (2.4% and 5.5%). In the food-driven years the youth basket rose 0.5–1.1 percentage points more slowly than the household basket. In the services-driven years it rose faster, by 3.6 points in 2024 and 1.3 points in 2025.

The services behind this gap are ones that young people use every day. In 2024 piped gas tariffs became about 2.3 times higher, electricity about 1.7 times higher and suburban train fares rose by 40.1%. In 2025 city bus fares rose by 21.1% and airfares by 21.7%. At the same time some staple foods became cheaper: in 2025 rice fell by 16.6% and eggs by 14.5%. These price falls mainly help families who buy food in large amounts, not students living on a small allowance.

3.3 Inflation and youth unemployment

Youth unemployment (ages 15–24) stayed between 10.8% (2023) and 13.0% (2021) during 2019–2025. The correlation between annual inflation and youth unemployment was $r = -0.01$, which is practically zero. In this period inflation did not move together with youth joblessness, so its effect on young people came mainly through prices rather than through jobs.

4. Discussion

4.1 Principal findings

The main finding is that young people's experience of inflation depends on what is driving it. The headline CPI is built around a typical household, which spends a large share of its budget on food. When food prices rise fastest, as in 2019 and 2022, the official rate may even slightly overstate inflation for a young person. When regulated services rise fastest, as in 2024 and 2025, the official rate understates it. This supports Jaravel's (2021) argument that one national inflation number hides real differences between groups.

The 2024 result is especially important. Official inflation that year (9.8%) was close to the year before (8.8%), so the headline number suggested stability. But paid services rose by 26.7%, and my illustrative youth basket rose by about 13.7%. A student whose allowance or stipend was raised in line with official inflation would still have lost purchasing power. Because young people hold almost no assets that rise with prices (Doepke & Schneider, 2006), they cannot offset this loss with gains elsewhere.

The absence of a link between inflation and youth unemployment is also informative. In 2019–2025 youth unemployment stayed high, between about 11% and 13%, whatever happened to prices. This means that the two problems need different solutions: monetary policy can slow price growth, but it is unlikely to solve youth joblessness on its own.

4.2 Comparison with previous studies

The long-term effects may be the most serious. Malmendier and Nagel (2016) show that people who live through high inflation when young expect higher inflation for many years. A generation of young Uzbeks who saw prices double in seven years may prefer to spend money quickly or hold it in foreign currency, rather than save in soums. Lusardi and Mitchell (2014) find that financial literacy strongly influences such decisions, which suggests that education can soften this effect.

4.3 Limitations

First, the youth basket uses assumed weights, not data from a survey of young people's spending, so the size of the gap is approximate. Second, the analysis uses only four years with a category breakdown and seven years of annual data. Third, the study does not include young people's income: if wages or stipends grew faster than prices, the real loss would be smaller. A survey of students' monthly spending would allow future research to replace the assumed weights with measured ones.

4.4 Implications and recommendations

The Agency of Statistics could publish an experimental price index for young people or students, as some countries already do for pensioners.

Student stipends and allowances could be indexed to services inflation, which matters more for students, instead of the headline CPI.

Schools could include practical financial literacy lessons on inflation, saving and the real value of money, starting before grade 11.

4.5 Conclusions

Between 2019 and 2025 prices in Uzbekistan roughly doubled, and money held by young people lost about half of its value. The impact on young people was not the same every year. It was milder than average when food drove inflation and stronger than average when regulated services such as energy and transport drove it, with a gap of about 3.6 percentage points in 2024. Inflation was not linked to youth unemployment in this period, so its effect on young people came mainly through prices. Measuring inflation for young people separately, indexing stipends to the prices students actually pay and teaching financial literacy in school could help the next generation protect its purchasing power. Future research should test these results with a survey of young people's real spending.

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