

Easy money with Rusnok



Until the Czech National Bank turned on the digital printing presses and devalued the crown on Nov. 7, 2013, it kept a distance from the trendy practice of engaging in quantitative easing. CNB Board Member Lubomír Lízal said as late as May 2013 that [debt monetization had been tried several times in history](#) but had led to excessive inflation. Half a year later he and his colleagues became true believers and launched a form of quantitative easing that would last 41 months and cost Kč 2 trillion. It was a long period of easy money and a predictable exchange rate of Kč 27/euro. Jiří Rusnok took over as governor in May 2016, and the CNB lifted the cap on the crown on April 6, 2017. It seemed like a big break in policy, but few people noticed that the very next day Rusnok signaled where he expected the crown to go. He told [Czech Radio \(at the 31:30\) mark](#) that the CNB didn't care if the crown went to Kč 24 or to Kč 30. Last week the CNB released an [official forecast](#) of Kč 24.90 for this year and Kč 24.50 for next year. For those who knew how to listen, the easy-money effects of quantitative easing never ended.

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