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## Rusnok's revaluation is finally working

A revaluation is the opposite of a devaluation and usually occurs when a fixed exchange rate for one currency is raised with regard to a second currency. The Czech National Bank started the revaluation of the crown on April 6, 2017, by lifting the Kč 27/euro cap, thereby allowing the crown to float again. The CNB then undertook a series of interest-rate hikes that increased the rate differential with the eurozone. The CNB used another of the tools in its kit, forward guidance, to talk up the crown by hinting at further rate increases and by giving some of the [most optimistic forecasts of major institutions for GDP growth](#) and for the exchange rate. Not even this worked until recently, but Gov. Jiří Rusnok's competitive revaluation based on interest rates, which we [first identified as such in June 2018](#), has now finally started to bear fruit. The crown is trading at around a seven-year high, just as Czech exporters are starting to feel the pinch. Rusnok can now declare, Mission Accomplished!

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