the fleet sheet's final word

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Devaluation and revaluation at once

On Nov. 7, 2013, the Czech National Bank devalued the crown by 5% and turned on the printing presses. Before it ended the process 41 months later, the central bank had printed Kč 2 trillion in new money and had passed these crowns out to those who had privileged access to them. As the newly released minutes of the Nov. 2013 meeting show, Board Member Kamil Janáček warned of the risk of starting such a process without taking into account the "possible complications and costs of ending the intervention scenario." As it turned out, the CNB handled the end of the intervention quite well in April 2017. What it never did, though, was to *reverse* the intervention. Instead, it launched a policy of revaluing the crown through interest-rate hikes. The CNB now finds itself in the unusual situation of having both a devaluation and revaluation regime in place at the same time. The euros bought to devalue the crown are still on its balance sheet, and interest rates are instead being used to cause the appreciation. This means that the risk Kamil Janáček spoke of in Nov. 2013 is still present and is growing by the day.

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