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Rusnok at the root of today's inflation

A major inflation-related anniversary passed Czechs by two week-ends ago, when their attention was fixed on the Slovak elections and remembering the Munich Accord. Seven years ago on Sept. 29, newly appointed Gov. Jiří Rusnok announced (starting at [9:35](#)) that the CNB was declaring a "hard commitment" that the exit from the Kč 27/euro cap on the crown would not come before the second quarter of the following year. He also said that the risk of delaying the exit beyond the second quarter seemed minimal. The CNB had already forecasted on Aug. 5 that the [crown would appreciate after the exit](#) due to an increase in Czech interest rates and the differential. Rusnok was thereby giving speculators a six-month window until April 1 to plow into the crown in anticipation of handsome returns later. And plow into the crown they did. Of the €79bn purchased by the CNB with crowns during the 41-month devaluation period, [€52bn was bought during this six-month period](#). When CNB Gov. Aleš Michl blames the Rusnok-led CNB for [sharply increasing the money supply](#) in 2016-17 and causing much of today's inflation, this is what he means.

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