



EUROJÄRJESTELMÄ
EUROSYSTEMET

What Russia can learn from other countries' experiences on its way to inflation targeting?

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14 September, 2011

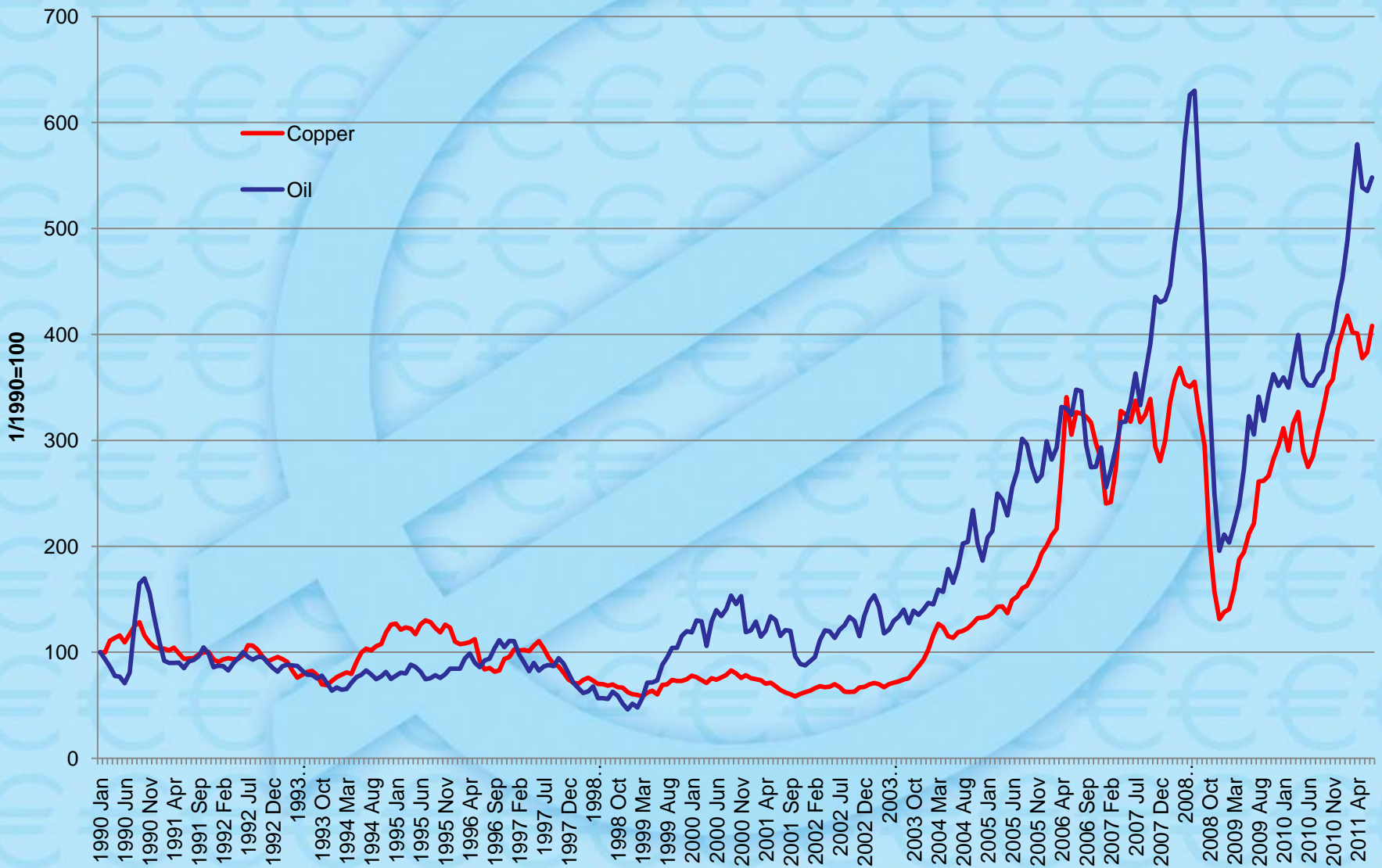
Inflation targeting

- ◆ Institutionalized commitment to price stability
- ◆ Public announcement of inflation target
- ◆ Mechanism to make the central bank accountable
- ◆ Policy of communicating the rationale for decisions taken

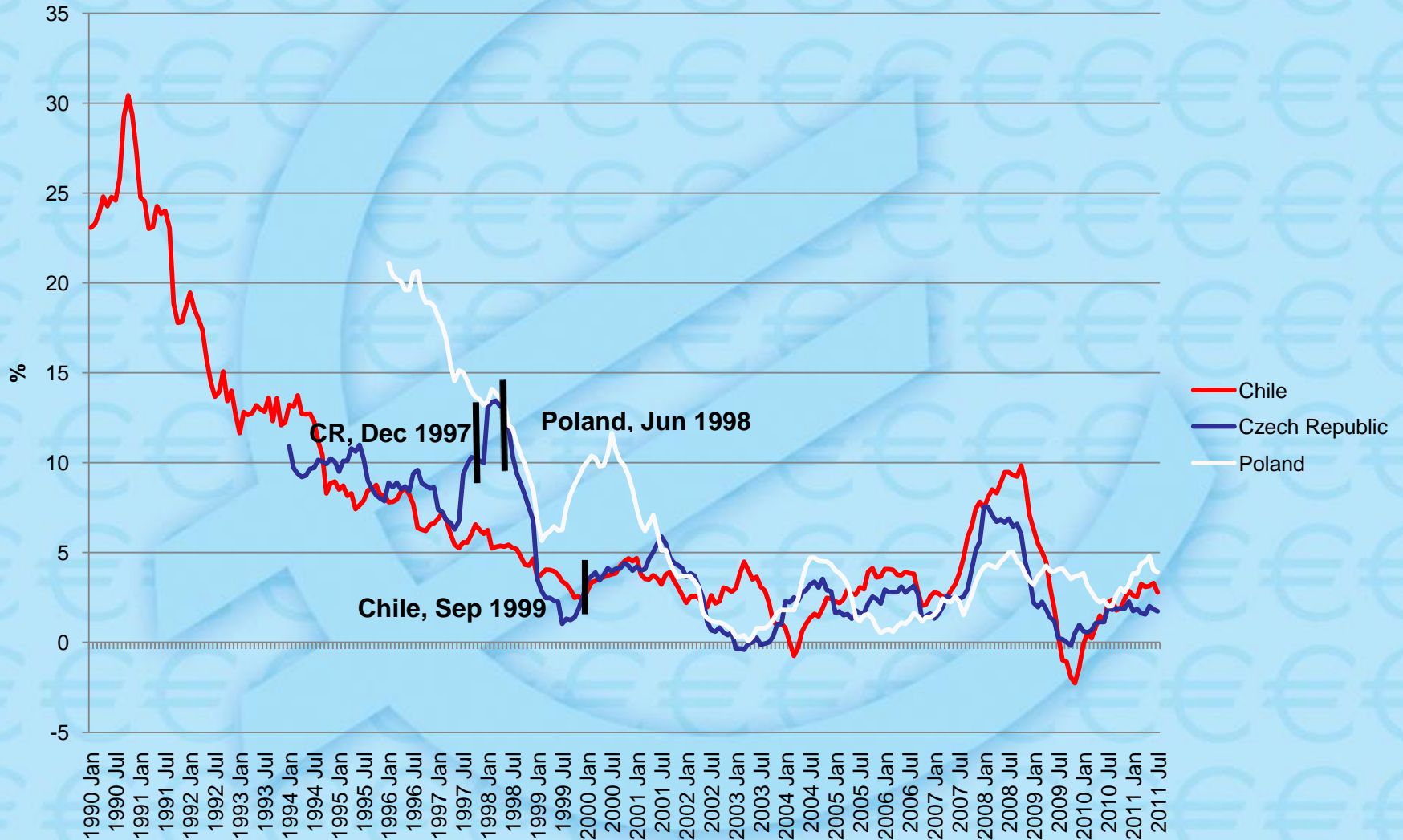
Inflation targeting in Russia?

- ◆ Can be instructive to look at the experiences of countries that can in some ways to be compared to Russia
- ◆ How have they fared with inflation targeting?
- ◆ Look at Chile as an example of raw material exporting countries, also take a glance at the Czech Republic and Poland as examples of middle income countries

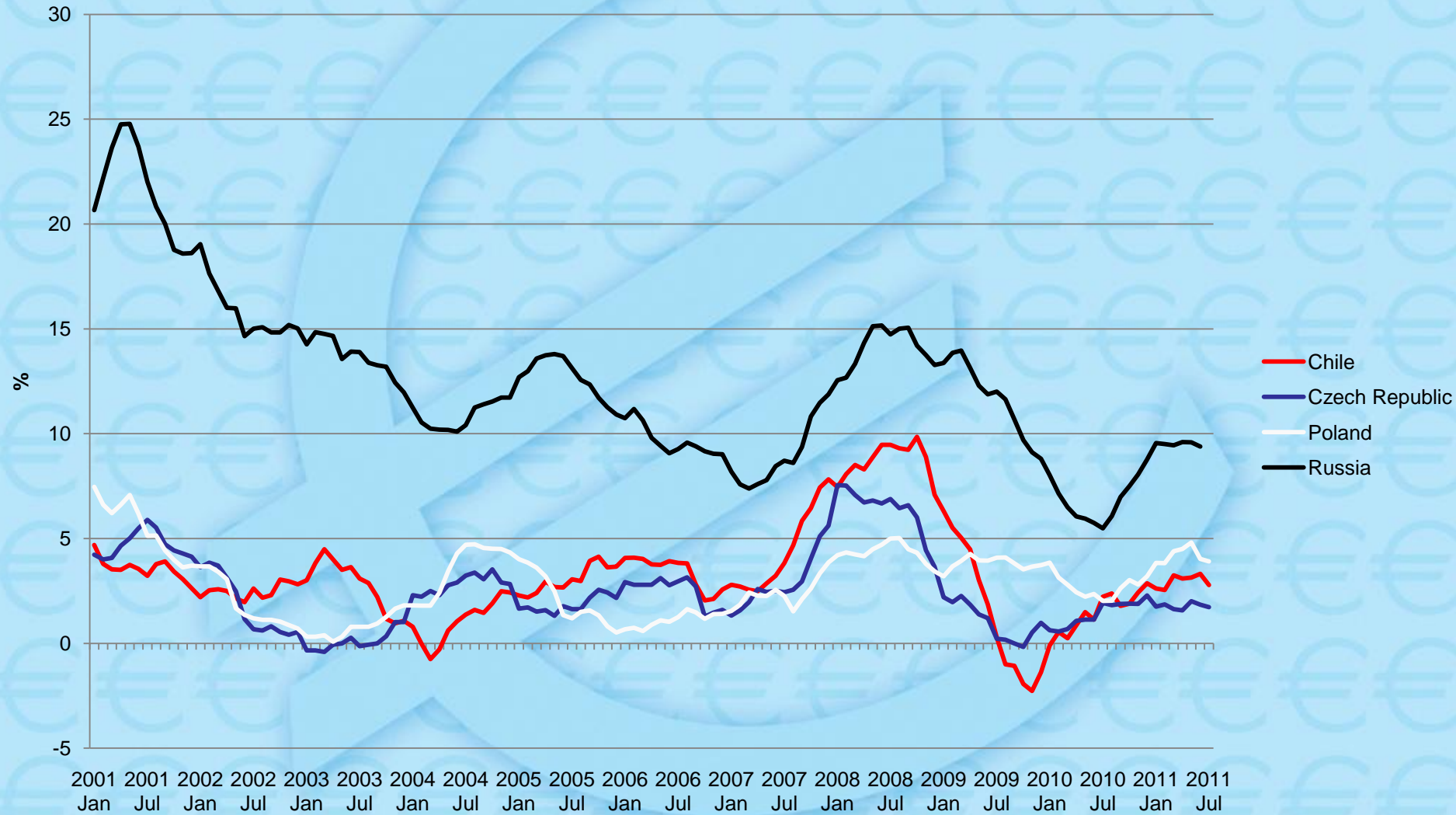
Chile & copper ≈ Russia & oil



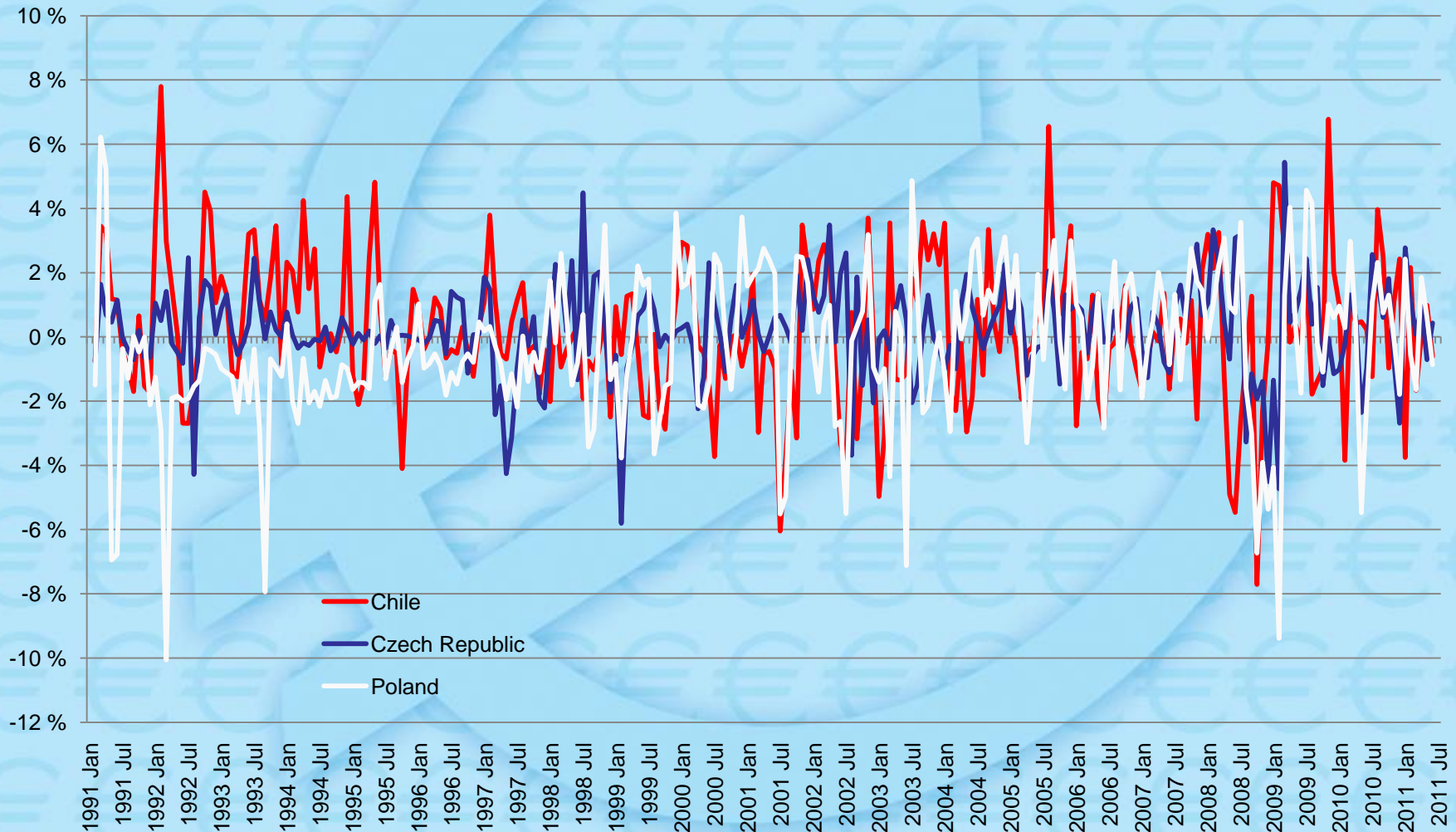
Inflation



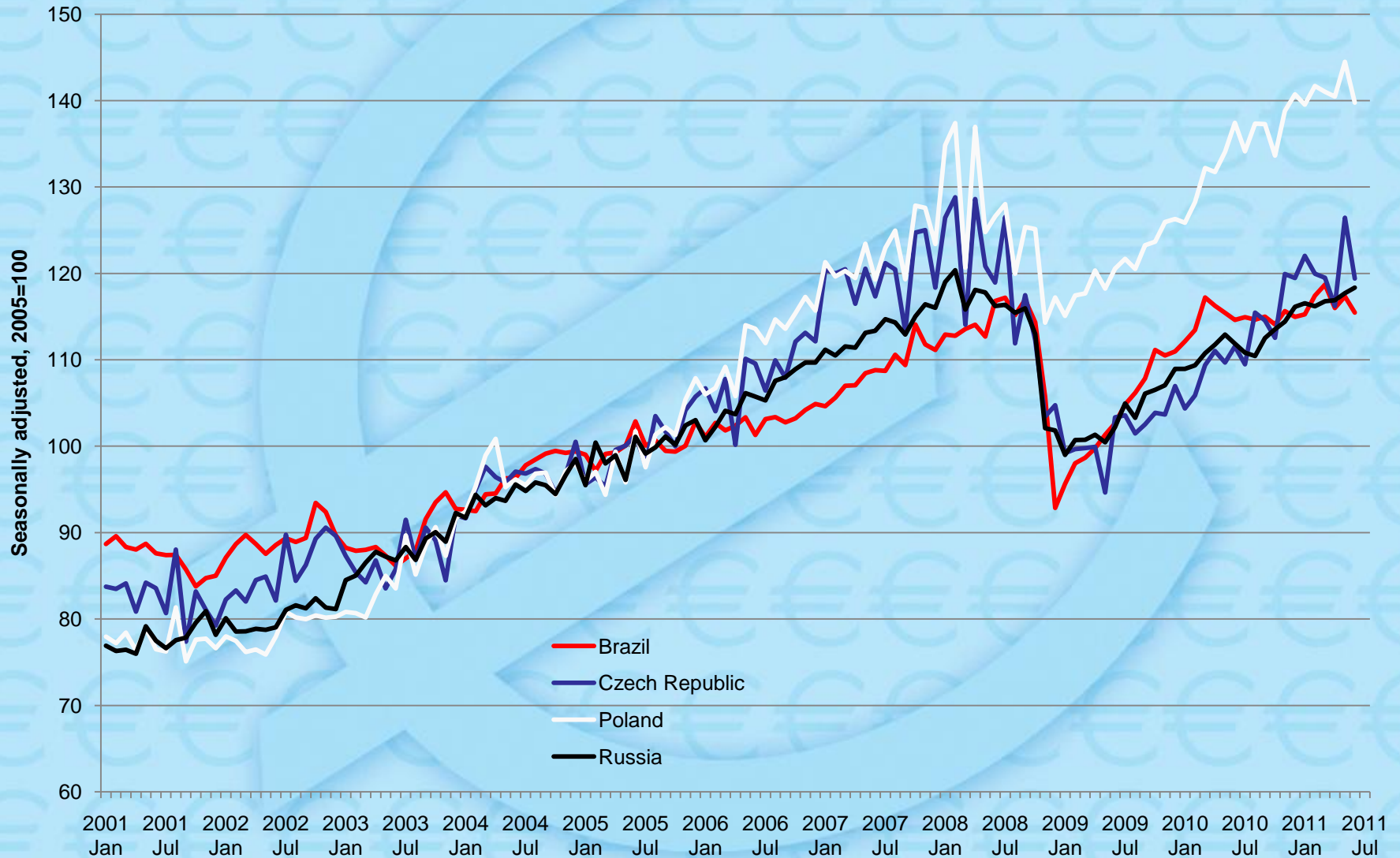
Russian inflation premium?



Volatility of nominal effective exchange rate seems to go up with IT...even if it hard to see with the naked eye



Industrial production



In our mini-sample, inflation targeting...

- ◆ has been used to steer inflation expectations when inflation has already been brought to reasonably low level
- ◆ has been associated with lower volatility of inflation, with the expense of somewhat higher exchange rate volatility
- ◆ has not had any noticeable effect on the volatility of real output