BUILDING TRANSPARENCY AND CREDIBILITY OF THE CENTRAL BANK

The case of Polish inflation targeting

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† Opinions expressed in the presentation represent the author’s views and do not necessarily correspond to those of the National Bank of Poland.
The history of inflation targeting in Poland

- CPI inflation
- 12-month inflation expectations of financial sector analysts
- NBP inflation target, lower limit
- NBP inflation target, upper limit
- NBP inflation target
Central bank transparency indices for Poland

- Mahadeva and Sterne (2000) transparency index - right axis
- Eijffinger and Geraats (2006) transparency index (x100) - right axis
Transparency and predictability of monetary policy

- Mahadeva and Sterne (2000) transparency index - right axis
- Eijffinger and Geraats (2006) transparency index (x100) - right axis
- Error (MAE) of interest rate forecasts - left axis
- Error (MAPE) of interest rate forecasts (x10) - left axis
Errors of interest rate forecasts

- Absolute error
- MAE 2000:01-2004:08
- MAE 2004:09-2007:05
- MAE (2007:06-2012:12)

--- MAE
Deviations of inflation expectations from the NBP target

2001:05-2004:08

since 2004:09

consumers
producers
financial sector analysts
The weight of the NBP target in expectation formation

![Bar chart showing the weight of the NBP target in expectation formation for consumers, producers, and financial sector analysts. The chart compares the period 2001:05-2004:08 and since 2004:09.](chart)
Inflation expectations of financial sector analysts

- 12-month inflation expectations of financial sector analysts
- NBP inflation target
- NBP staff inflation forecast
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