

BUILDING TRANSPARENCY AND CREDIBILITY OF THE CENTRAL BANK

The case of Polish inflation targeting

Tomasz Łyziak[†]

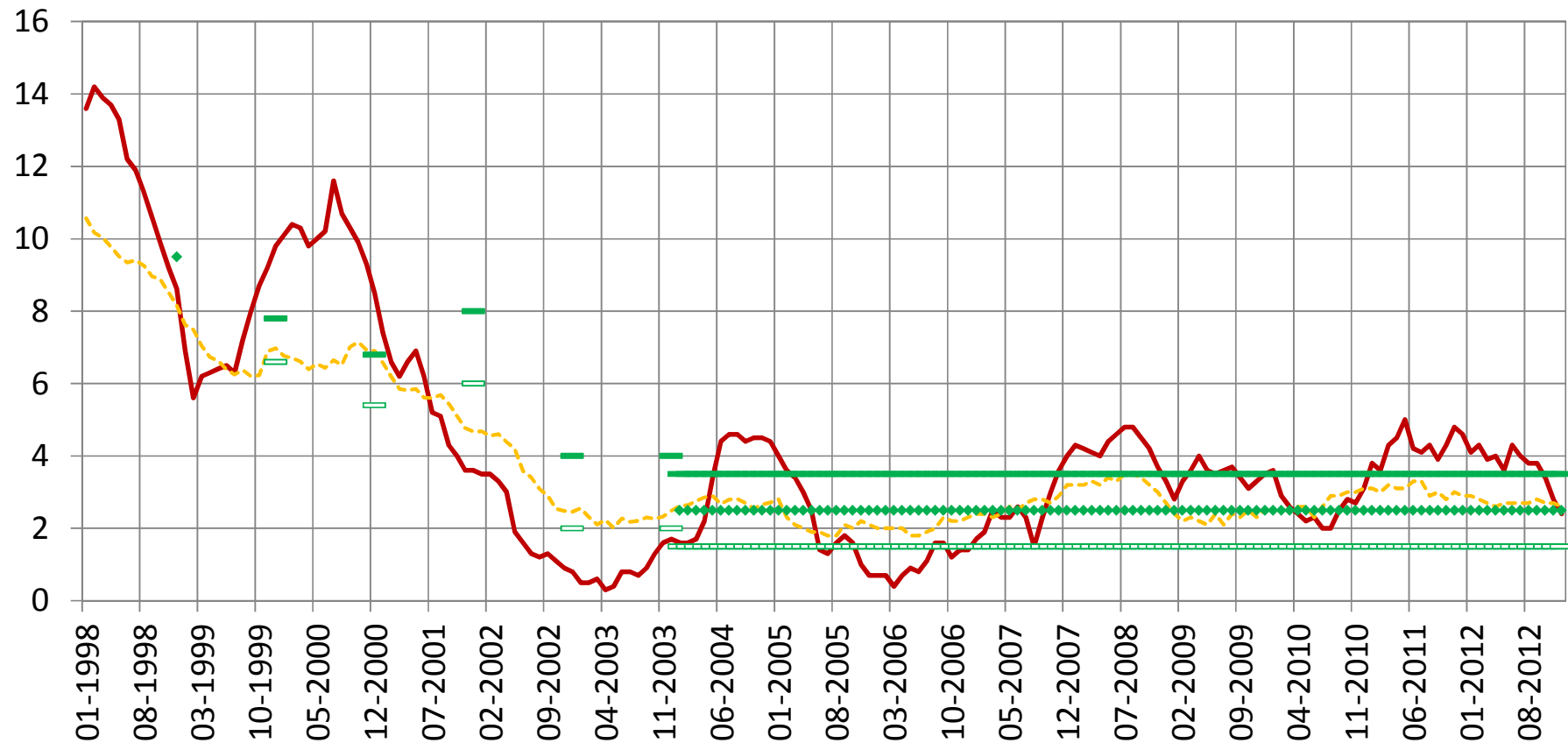
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Tunis, May 23rd, 2013

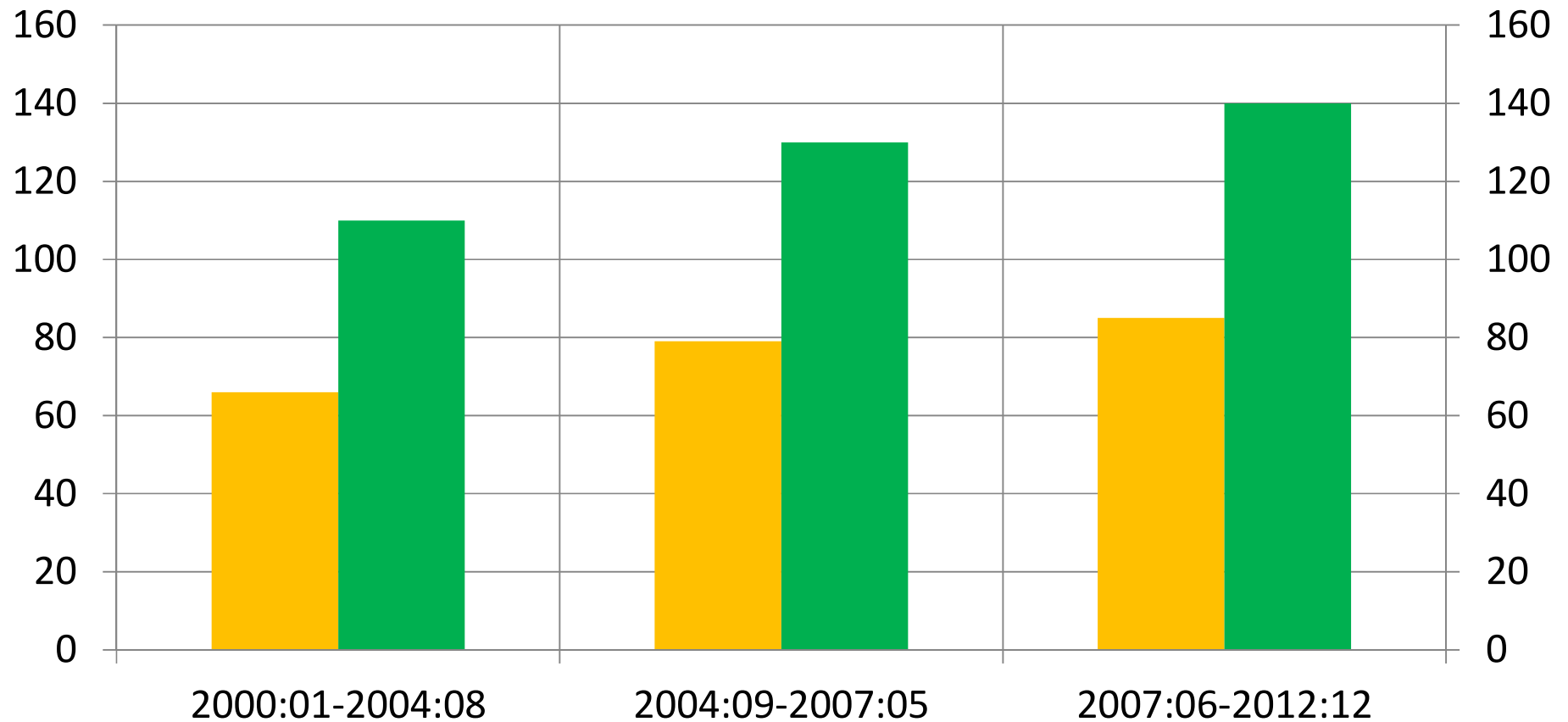
[†] Opinions expressed in the presentation represent the author's views and do not necessarily correspond to those of the National Bank of Poland.

The history of inflation targeting in Poland



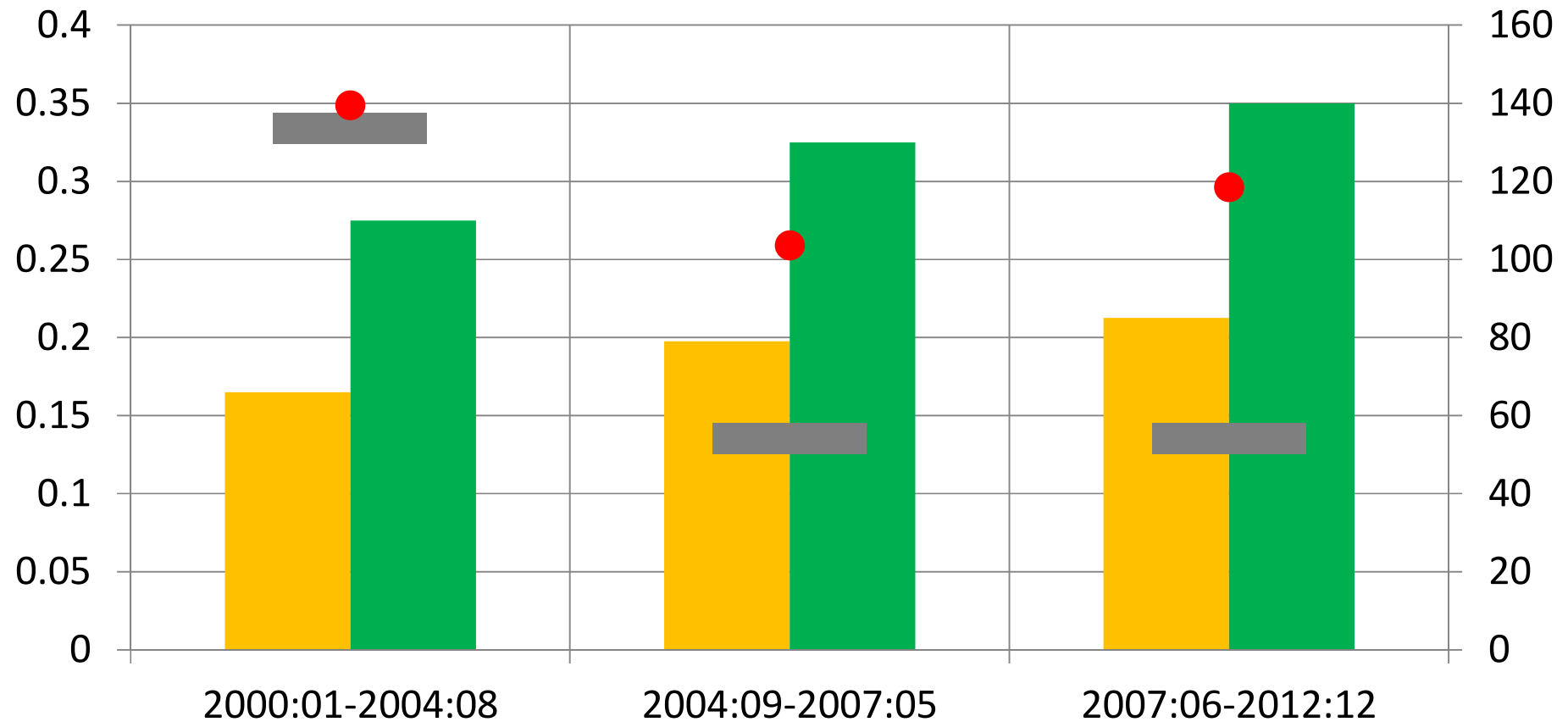
- CPI inflation
- - - 12-month inflation expectations of financial sector analysts
- NBP inflation target, lower limit
- NBP inflation target, upper limit
- ◆ NBP inflation target

Central bank transparency indices for Poland



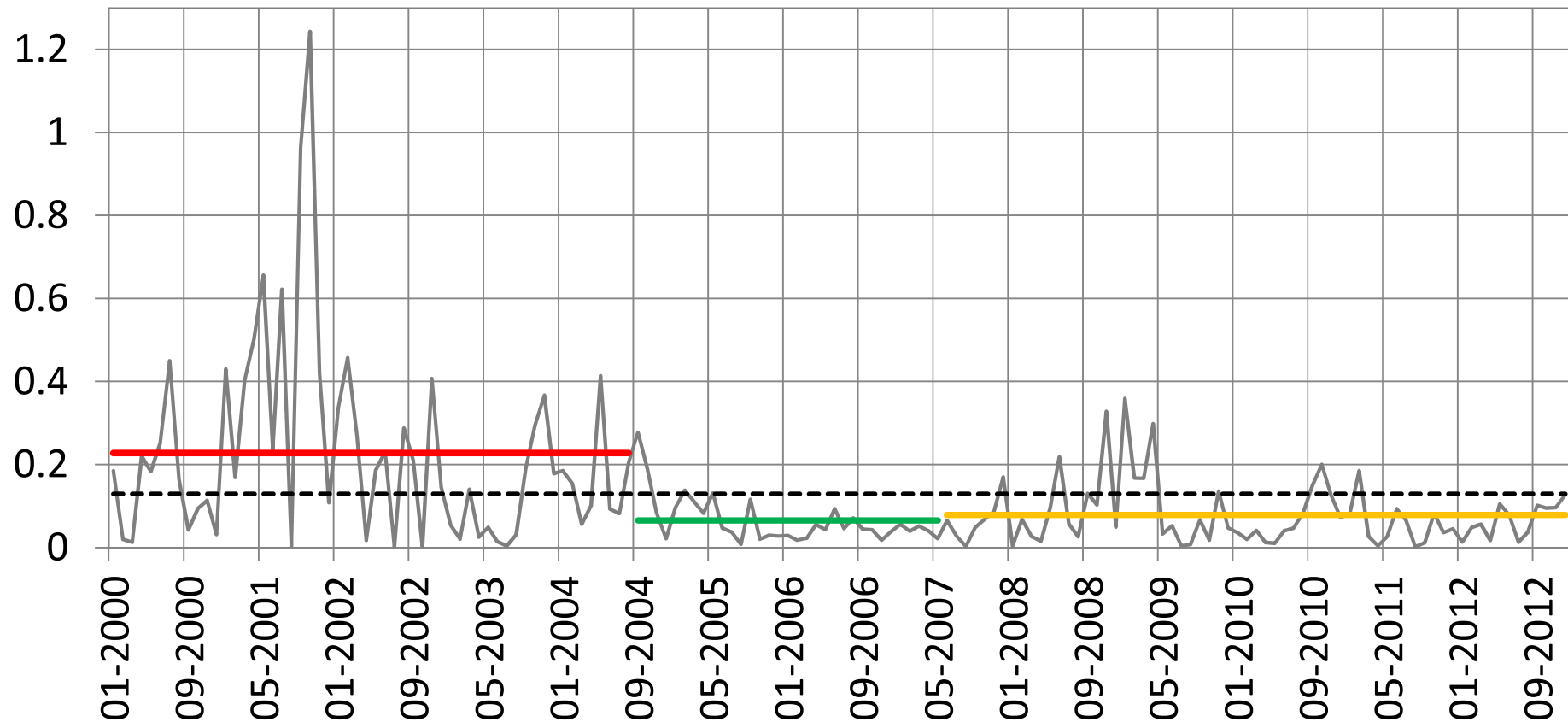
- Mahadeva and Sterne (2000) transparency index - right axis
- Eijffinger and Geraats (2006) transparency index (x100) - right axis

Transparency and predictability of monetary policy



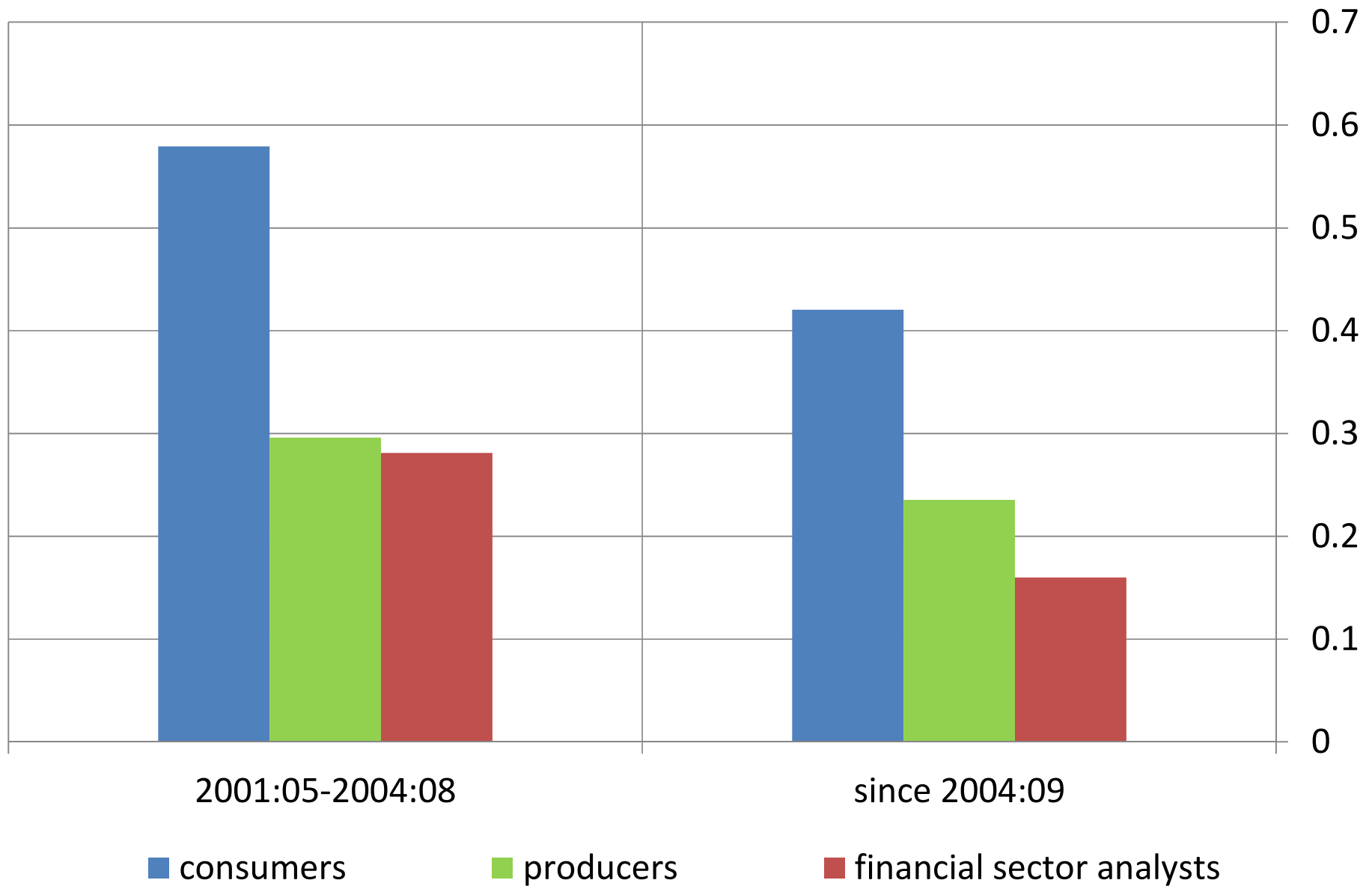
- Mahadeva and Sterne (2000) transparency index - right axis
- Eijffinger and Geraats (2006) transparency index (x100) - right axis
- error (MAE) of interest rate forecasts - left axis
- error (MAPE) of interest rate forecasts (x10) - left axis

Errors of interest rate forecasts

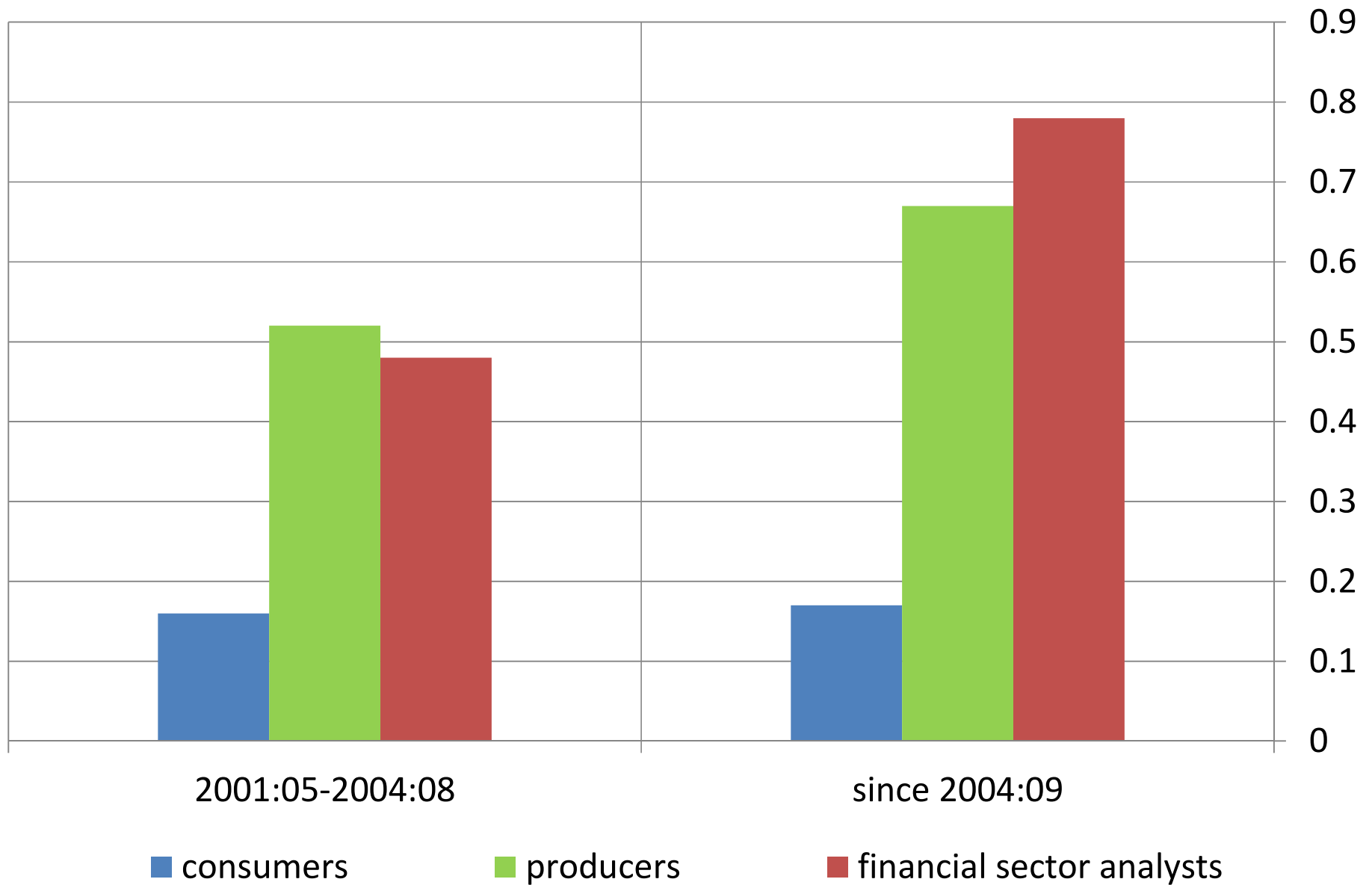


- absolute error
- MAE 2000:01-2004:08
- MAE 2004:09-2007:05
- MAE (2007:06-2012:12)
- - - MAE

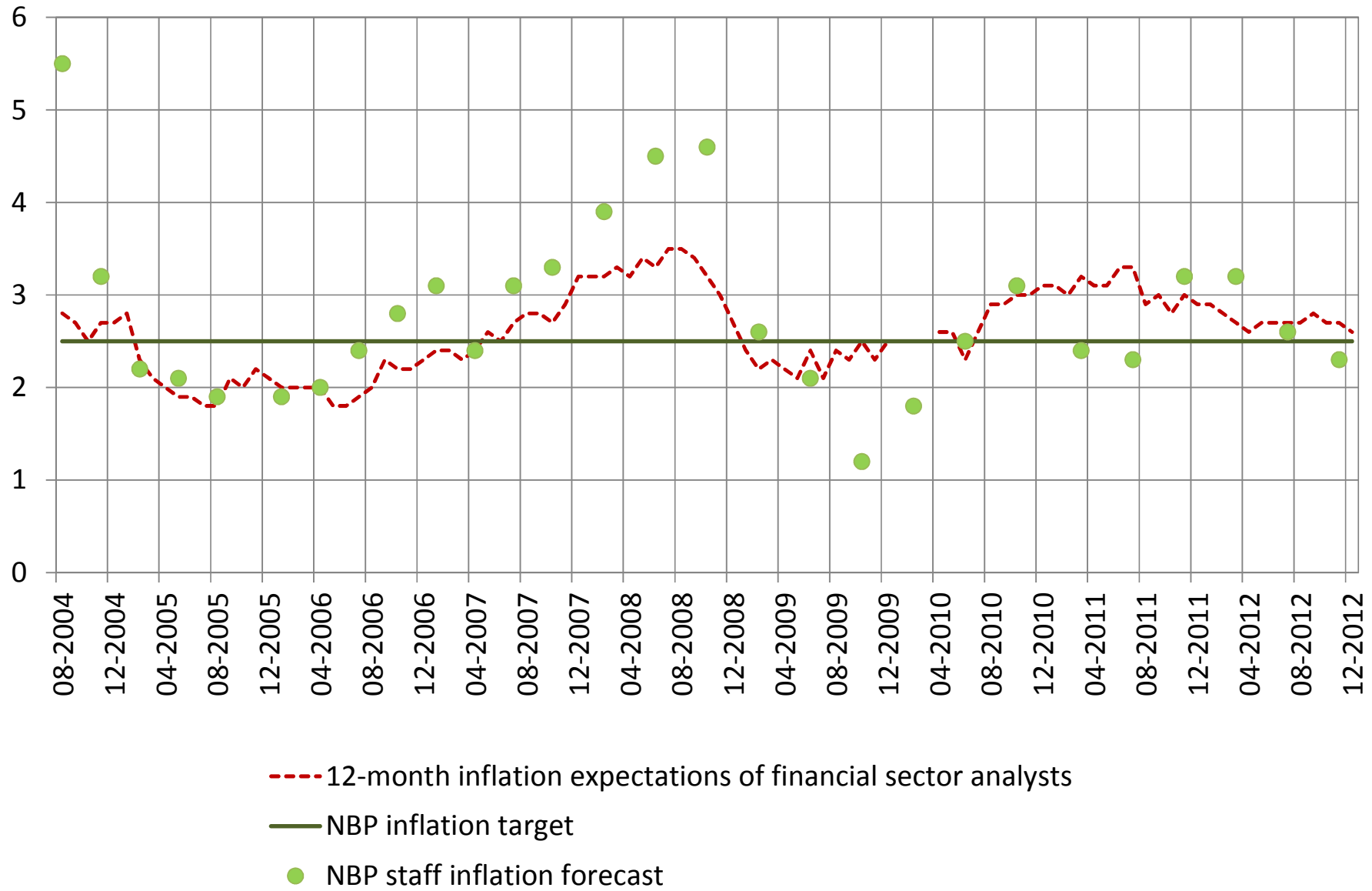
Deviations of inflation expectations from the NBP target



The weight of the NBP target in expectation formation



Inflation expectations of financial sector analysts



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