

Seminar 6

Problem 1

I. Please, go to the web site of the Czech national bank and download the **FX reserves** in Excel.

- a) identify the trend from 2013 to 2017
- b) identify the trend in 2022

https://www.cnb.cz/en/statistics/bop_stat/international_reserves/drs_rada_en.htm

II. Please, go to the following websites and identify the trends of the **CNB balance sheet**

- a) period 2013-2017: <https://tradingeconomics.com/czech-republic/central-bank-balance-sheet>
- b) period 2022: <https://www.ceicdata.com/en/czech-republic/balance-sheet-czech-national-bank>

III. Please, match the above periods 2013-2017 and 2022 with economic events.

IV. What kind of monetary policy with respect to the economic events has been CNB performing?

V. Think about the Czech crown (CZK) volatility before and after FX interventions?

Note:

- Read more about current interventions:

<https://www.reuters.com/business/finance/czech-central-banks-fx-reserves-drop-1513-bln-euros-june-2022-07-08/>

- Read about interventions in 2013-2017

https://www.cnb.cz/export/sites/cnb/en/public/.galleries/media_service/conferences/speeches/download/mora_20170518_nordea.pdf

Problem 2

Please watch the video about QE program in the USA and answer the following questions:

Video: <https://www.youtube.com/watch?v=GqpQqYSev8o>

- a. What is QE program and how it has affected Fed's balance sheet?
- b. Why Fed and other CBs decided to launch QE?
- c. Search for US and ECB balance sheet charts from 2007 till 2022. What trend(s) can you identify? What was the impact of QE on the USD?
- d. How QE influence interest rates? (short-term, long-term, corporate bonds yields, mortgage rates)
- e. What was the impact of QE on the GDP, inflation, stock prices and other asset prices (commodities, houses)?
- f. What was the inflation in the USA during QE program?

Data sources:

- Fed monetary base: <https://fred.stlouisfed.org/series/BOGMBASE>
- USA macroeconomic data: tradingeconomics.com
- SP 500 index, EUR/USD: www.investing.com
- Fed Balance Sheet: <https://fred.stlouisfed.org/series/WALCL>