Conference on European Economic Integration

“Catching-Up Strategies after the Crisis”

A policy recipe for successful convergence of
CESEE countries in the post crisis world

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Apparently models of convergence based on external imbalances must be reconsidered in CESEE countries!

Source: Joint External Debt Hub, Eurostat, National Bank of Romania, IMF WEO Database – October 2009, MNB
Lower risk tolerance compared to pre-crisis levels will prevail in the next few years.

5-year CDS premia (January 2007 - February 2010)

Source: Thomson Datastream
We need a flexible policy framework

- PRICE STABILITY
- FINANCIAL STABILITY
- FLEXIBLE INFLATION TARGETING
- MACROPRUDENTIAL POLICIES
The move from sizeable external deficit to more sustainable path is strengthening the monetary transmission.
The stock and flow channels of monetary policy might counteract each other

Source: MNB
(Cross-border) coordination of macroprudential tools in home-host and host-host relations should be introduced to our policy framework!

MACROPRUDENTIAL POLICY TOOLS

- Enhancing systemic resilience
- Leaning against the financial cycle

CROSS-BORDER COORDINATION OF STANCES

To establish a level-playing field and avoid regulatory arbitrage!
But don’t forget the right balance!

MACROECONOMIC STABILITY

FINANCIAL STABILITY

PRICE STABILITY