

Abstract

The aim of the thesis is to study the performance of emerging economies under the inflation targeting as a framework. This framework is characterized by the direct target that it has on inflation which should be achieved within a period. Inflation targeting was initially adopted by industrialized economies, and the outcomes throughout the years have been substantially good for other economies to join this framework. The dataset used is updated with data from after the financial crises allowing space for us to test another hypothesis about the importance of inflation targeting during the financial crises. We used difference to difference model to test our hypothesis and we concluded that inflation targeting does not have any significant statistical effect on the output growth, but it does have a statistical significant effect in the inflation rate. We also pointed out that the economies that were targeting inflation during the financial crises performed much better compared to the ones which did not.

JEL Classification

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