

Abstract

The thesis evaluates the effect of Czech National Bank's exchange rate commitment on Czech sectoral exports. Thus, we show how unconventional monetary policies could affect the exports. To assess the impact of interventions, we use Synthetic Control Method. The method constructs synthetic Czech exports from data of comparable countries that were not under the policy of interest and compares them to observed Czech exports following the interventions. We expect a positive effect of Czech National Bank's commitment on Czech exports, because the interventions resulted in the undervaluation of koruna causing a higher demand for Czech goods abroad. Additionally, the exporters should benefit from reduced uncertainty caused by no exchange rate volatility with the euro area. The results showed a positive impact of interventions only in half of the export sectors. The positive effect of a stable exchange rate is not confirmed, because the effect on the euro area countries in some categories was smaller than for the other countries. The results for total sectoral exports were stable across model specifications and confirmed by analysis of Czech bilateral sectoral exports to the largest destinations. The significant contribution of this thesis is application of Synthetic Control Method on total sectoral exports, which was not done before. The method performed well, therefore it gives researchers a useful tool for evaluating the impact of policies and events on exports.

JEL Classification E42, E52, E58, F14, F17, F31

Keywords export, fixed exchange rate, monetary policy, synthetic control method

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