

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Petr Vystropov
Advisor:	Vladimir Dlouhy
Title of the thesis:	Monetary Policy in Russia: Description of Central Bank's Policies in the Post-2008 Crisis Period

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

There are not many examples of the analysis on Bank of Russia's (CBR) monetary policies in our literature. At the same time, since Russian 1998 default, these policies were in the state of flux, facing high FDI inflows, strong growth, low competitiveness of domestic economy and large share of export of natural resources. This resulted in the persistence of relatively high inflation till 2008 and despite officially declared effort to tame the inflation, the true priorities of CBR at that period were not clear. Consequently, Petr Vystropov's effort to use econometric methods to clarify the true CBR's priorities at least ex-post is highly interesting and quite priceworthy.

Chapter 2 is a standard, but well-written review of monetary policy rules, there is not much to comment about. Chapter 3 is more interesting, as it provides the discussion of the development of monetary policy in Russia since the beginning of 1990s and rightly concentrates on the specifics of Russian monetary policy during the period in question, especially in the immediate pre-crisis period and in 2008. Here I would like to appreciate author's detailed and conscientious work with literature, not only directly devoted to the main topic of his work, but also to more general issues.

The core of the thesis are Chapters 4-6. The author specifies to main hypothesis to be tested (a. in the post-crises period, there was indeed a genuine shift of attention from exchange rate to inflation, b. in the course of time, it was interest rate – not monetary aggregates – that prevailed as a response tool to economy's volatility). Models for the testing the hypothesis are carefully analyzed and discussed, as the selection of estimation methods. Here, I consider OLS and GMM (generalized methods of moments) as entirely appropriate, but the author might explain in a bit more detail why he uses ARDL (autoregressive distributed lag) model also here, when analysing interest rates rules. This is to some extent achieved in section 6.3, but not entirely.

The conclusions are well and synoptically written and are in favor of the confirmation of change of the approach in CBR monetary policy. As a question for the defence I propose to discuss to what extent a vector error correction model (mentioned by the author) might be more appropriate to capture not only cointegrating relationships among variable, but for the shift in policy in general.

I recommend „výborně“.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY		POINTS
<i>Literature</i>	<i>(max. 20 points)</i>	18
<i>Methods</i>	<i>(max. 30 points)</i>	26
<i>Contribution</i>	<i>(max. 30 points)</i>	28
<i>Manuscript Form</i>	<i>(max. 20 points)</i>	18
TOTAL POINTS	<i>(max. 100 points)</i>	90
GRADE	(1 – 2 – 3 – 4)	1

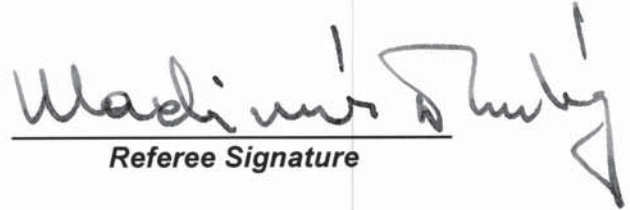
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NAME OF THE REFEREE: *Vladimir Dlouhy*

DATE OF EVALUATION: *September 8, 2014*


Referee Signature