


Collapse of Rusnok's revaluation policy



Jiří Rusnok's policy of using interest rates to revalue the crown, which we [first identified](#) on June 28, 2018, met with little resistance from analysts, companies or politicians for four years (with a one-year covid break), because the crown had a natural tendency to appreciate. The

CR was a hot investment location, and Rusnok was merely giving the currency an extra little boost by systematically increasing the interest-rate differential. Almost no one complained during the sunny days, but the situation is changing now that the clouds are gathering. It is becoming increasingly clear that the crown is [fundamentally weak](#) but artificially strong. Analyst Vít Hradil of Cyrrus doesn't think the CNB can keep up the currency intervention for [more than a few months](#). Rusnok's comment on June 11 about an [equilibrium rate of Kč 24-25/euro](#) now looks almost criminally misleading. Without the heavy intervention, it would likely be more like Kč 26/euro. Rusnok is gone, and his game is almost up.

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