



RUSSIAN CENTRAL BANK LET THE RUBLE TO FREE FLOATING

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BRIEF SUMMARY OF THE ARTICLE

- Article suggest us the changes of the policy in activities of The Central Bank on the foreign exchange market:
 - Previously the economy operated as an open economy with raiding partners and fixed exchange rate but adjustable (by the operations of the central bank) however, with the change of the policy overall model of the economy has also transformed to the economy with a flexible exchange rate.
- Overall recession in the economy had an exacerbating factor with the change in domestic currency exchange rate
- The transition to inflation targeting
- As “The Central Bank has already spent on the maintenance of the course of more than 30 billion dollars from its reserves .” The economy also faces the decrease in the reserves of the foreign currency with the excess demand of the foreign currency on both forex and domestic markets

CRUCIAL ASSUMPTIONS

- Short run
- Open economy
- ?Fixed prices and wages?
- Movement from fixed to flexible exchange rate
- Reduction of monetary and fiscal interventions

Facts

- Perfect capital mobility
- Overall recession in the economy

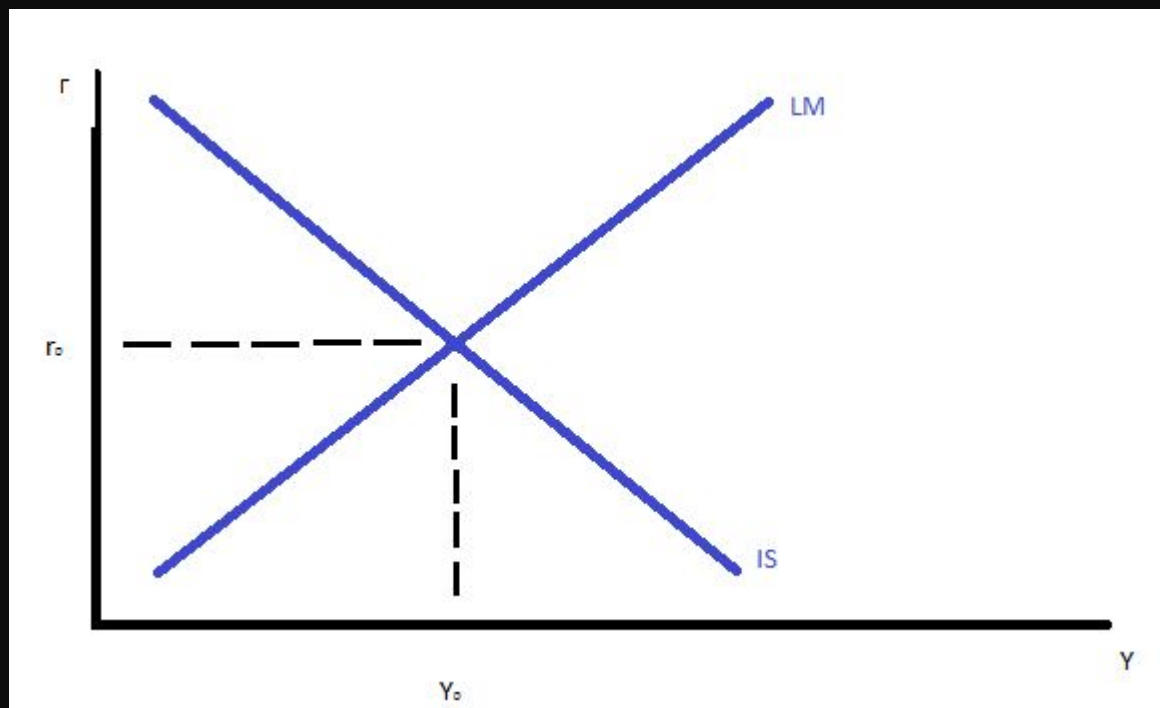
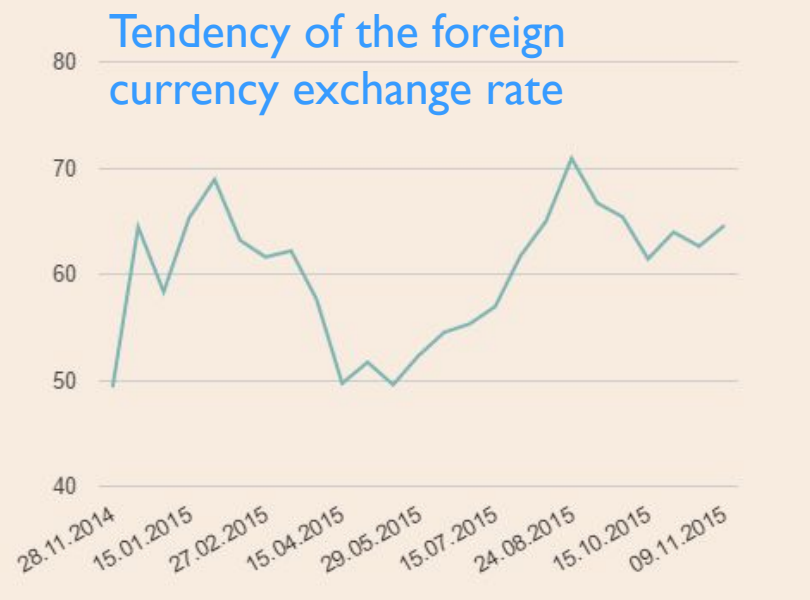


IDEA IN THE “GENERAL LANGUAGE”



IDEA IN THE ECONOMICAL THEORY

GRAPHICAL SUPPORT





ALGEBRAIC EXPLANATION



CONCLUSIONS

