



COMPARATIVE ANALYSIS OF THE IMPLEMENTATION OF THE INFLATION TARGETING MONETARY STRATEGY IN CANADA AND NEW ZEALAND

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Abstract: Since the 1990s there have been major changes in the way monetary policy is conducted. Since other monetary strategies did not result in the desired outcome, the first concept of inflation targeting was presented in New Zealand (1990), then in Canada (1991), England (1992), Sweden and Finland (1993), Australia and Spain (1994), Israel, Chile, Brasil, the Czech Republic, Poland, Hungary, Serbia and other countries. Thus, the application of this monetary regime has spread from economically developed to developing countries. This article examines the adoption, the formal framework for inflation targeting and the experience of the two countries that were leaders in the adoption of this modern strategy, New Zealand and Canada. At the time of the announcement of the inflation targets, inflation in both countries was around 6%. However, there are differences regarding the time frame. So, in New Zealand in a shorter period of time, credibility should have been achieved regarding the imbalance of monetary and fiscal policy. While, on the other hand, a longer time frame is envisaged for the Central Bank of Canada regarding achieving greater flexibility to mitigate price shocks. After all the above, it can be concluded that both observed countries (Canada and New Zealand) during the period 2008-2017, achieved positive effects from inflation targeting. In this sense inflation rates in the target range of 1-3% were achieved, except for a few years after the financial crisis (2008-2011), but after certain revisions of the formal framework, both countries successfully fought for greater economic growth and financial stability. The inflation targeting regime proved to be very successful in achieving the set targets, so both Central Banks continued to constantly update the formal and informal inflation targeting frameworks, in order to continuously achieve the expected effects.

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1. Introduction

The article analyzes the adoption, the formal framework for inflation targeting and the experience in its application in the two countries that were leaders in the adoption of this modern monetary strategy, New Zealand and Canada. The inflation targets in New Zealand and Canada are defined in an Agreement (PTA) between the Governor of the Central Bank and the Minister of Finance. This agreement defines with a certain degree of precision what monetary policy can be expected to achieve in a certain period of time. What is a challenge is related to the negotiations in the Agreement, which should result in a set of incentive measures, but also sanctions that will encourage central banks to conduct monetary policy in a consistent and predictable manner in the medium term. When looking at the inflation targeting strategy in Canada and New Zealand, it represents zero inflation. So, in New Zealand in a shorter period of time, credibility should have been achieved regarding the imbalance of monetary and fiscal policy. While, on the other hand, a longer time frame is envisaged for the Central Bank of Canada regarding achieving greater flexibility to mitigate price shocks.

The article is segmented into three parts. The first part will consider the formal framework of inflation targeting as a monetary strategy in Canada, then the second part of the article will present the formal framework of inflation targeting in New Zealand. The third part of the article includes a comparison of the monetary strategy of inflation targeting in Canada and New Zealand through an adequate comparative analysis.

Subject of Research: Comparison of inflation targeting regimes as a modern monetary strategy - Comparative analysis of inflation targeting regimes and expected effects - Canada and New Zealand.

Research Objective: Expected and achieved effects from the introduction of inflation targeting in the period 2007-2017 in Canada and New Zealand.

2. Inflation targeting in Canada

In the early 1990s, the inflation targeting regime became a popular monetary strategy for many industrialized countries. "Before the implementation of the monetary strategy of inflation targeting, the monetary authorities indirectly directed their activities in order to achieve price stability, as one of the main goals, and the

middle target was either money or the exchange rate. Obviously, efficiency needs to be improved when the impact is direct.” (Milenković, Davidović, 2009, p. 37)

This trend was later followed by underdeveloped countries. Among the first countries, after New Zealand (1989), to adopt this inflation targeting regime is Canada. As multi-digit inflation rates devastated the economy, the Bank of Canada (BoC) decided to introduce inflation targeting in 1991. This decision is a response to two decades of unacceptably high and volatile inflation.

Since the 1970s and 1980s, many countries have realized that the impact of inflation can be devastating. There has been a twofold increase in interest rates due to the incorporation of the highly expected inflation rate and the uncertainty of its movement. Also, there was a fear of eroding salaries, pensions, savings etc. So, budget inflation has become a popular topic in all countries for a variety of reasons.

In the period 1975-1982, the Central Bank of Canada applied the targeting regime of M1 monetary aggregates, which set their variables very narrowly. “In the beginning, this seemed like a good move and gave positive results, but after the unstoppable growth of the inflation rate, this monetary strategy lost its importance from the public. In the early 1980s, especially due to the emergence of financial innovation, the M1 target was abandoned, so that since 1982, the Bank of Canada has adopted a policy without target. So, in the period from 1982-1990, the approach of monetary strategy was applied, which did not have a clear goal, there was only a desire to reduce inflation to a minimum. Until 1984, without an understandable and unclear target within monetary policy, there was no progress in terms of inflation expectations.” (Đurović Todorović, Đorđević, 2011, p. 87)

Canada adopted an inflation targeting regime after achieving significant deflation, which it reduced from a level of 10% to a level slightly below 4% by the end of the 1990s. The Central Bank of Canada promoted this inflation targeting regime for three years, which aimed at price stability and long-term monetary policy goals. Thus, by the end of 1992, the target range was 2-4%, by June 1994 of 1.5-3.5% and by December 1995 of 1-3%, which was maintained until the end of 1998. The inflation targeting regime in Canada is quite similar to the regime applied in Australia.

Inflation targeting in Canada is measured by the consumer index (CPI), which is published monthly with a very small delay in publication. The consumer price index was used to measure inflation until the middle of 2001. However, to rule out the effects of fluctuations in food and energy prices as well as changes in indirect taxes, the Bank of Canada (BoC) applies a "core" (CPI). In this way, a more realistic inflation indicator was obtained. If we look at the longer term, the measured (CPI) and the "core" (CPI) show similar trends.

“Within the Central Bank of Canada (BoC), an innovation was introduced in the development of the MCI - Monetary conditions index, which served as a guide

for short-term changes in monetary policy.” (Bodkin, Neder 2003, p. 344) Any change in the MCI index represent weighted changes in interest rates on commercial papers up to 90 days. The reason for the introduction of the inflation targeting regime in Canada in 1991 was mostly the realization of lower inflation rates, because economic growth was weak together with low unemployment rates which were not sufficient to absorb the production of real products and services.

3. Inflation targeting in New Zealand

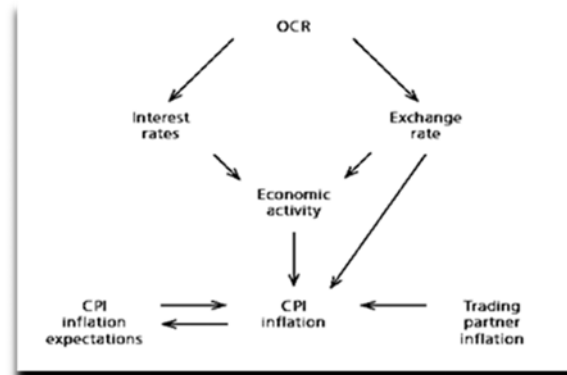
The inflation targeting regime was first introduced as part of monetary policy in New Zealand. This was in response to the presence of high inflation rates from the 1960s and 1970s as did most Western countries. In the mid to late 1980s, liberalization effectively paved the way for a new inflation control policy for New Zealand.

The formal framework for inflation targeting was introduced under the New Zealand Central Bank Act in 1989. This Act was promulgated by the said bank which was presented to the Parliament of the Governor of the Central Bank of New Zealand in May 1989, to be adopted in February 1990.

The New Zealand Central Bank Act 1989 highlights two types of responsibilities. The first type of responsibility concerns the mandatory submission of a six-month report by the Governor of the Central Bank of New Zealand, in which he or she will state his explanations related to the current situation of inflation as well as monetary policy measures that will maintain general price stability. The second type of liability arising from the Law is related to the possible dismissal of the Governor due to common reasons, but also due to inadequate treatment in terms of meeting the requirements of the Policy Objectives Agreement. The law transparently prescribed that the bank's monetary policy be directed towards one goal, which is to achieve and maintain the stability of the general price level.

“So, according to the first Policy Targets Agreement (PTA) from 1990, the inflation target ranged from 0-2%, but there was also an explicit provision for a possible renegotiation of the inflation rate target if the so-called “Warnings” due to large external shocks such as a jump in oil prices on the international market, also if there is an increase in indirect taxes, etc.” (Brash, 2002, p. 107) According to the second PTA Agreement, which was soon signed in late 1990, where there was no need to renegotiate if international prices oil, indirect taxes affected the inflation rate. So, in 1993, the bank excluded the mentioned items from the CPI inflation rate.

Since 1999, the Central Bank of New Zealand has set the "Official Cash Rate" OCR, is set the wholesale price of borrowed money. Since the movements in the banking system and financial markets are influenced by a large number of economic factors, through OCR the bank can control inflation rates.

Graph 1. The monetary policy process in New Zealand

Source: Reserve bank of New Zealand: “Explaining New Zealand’s Monetary Policy”; p. 16

3. Comparative analysis - Comparison of monetary policy measures in Canada and New Zealand

The Central Bank of New Zealand has been the first to adopt inflation targeting as a monetary measure. With the adoption of the Targets Agreement (PTA) through the CPI index, inflation ranged from 1 to 3% in average. The main goal of introducing this measure was price stability. The goal of introducing this regime as well as the Central Bank of New Zealand was to maintain price stability and achieve long-term monetary stability.

Although the inflation targeting goals in the Canada-New Zealand agreements were announced at a time when inflation rates reached up to 6%, there are some differences between the two agreements. Thus, the difference in the shorter time frame for achieving a balanced monetary and fiscal policy in New Zealand is primarily emphasized. On the other hand, under the agreement published by the Central Bank of Canada, there was a longer-term time frame for achieving inflation targets, in order to flexibly approach price shocks. The next difference related to inflation targeting agreements is the abolition of the same in Canada in the event of a political crisis, which is not the case with New Zealand, which offers a greater degree of permanence and consistency within the said agreement. A third important difference is also noticed, so that the strategy of New Zealand provides greater responsibility for the set goals. So, if the governor of the Central Bank of New Zealand discovers shortcomings related to the inflation target, he or she can reject it. He or she is on duty every six months to report on past and future activities of the central bank. On the other hand, the Central Bank of Canada is not obliged to specify policies related to inflation targeting, nor is it obliged to state the reasons for their adoption, nor to provide regular reports on monetary policy perspectives for five years, as is the case with the Central Bank in New Zealand.

3.1 Comparative analysis - expected and achieved effects from inflation targeting

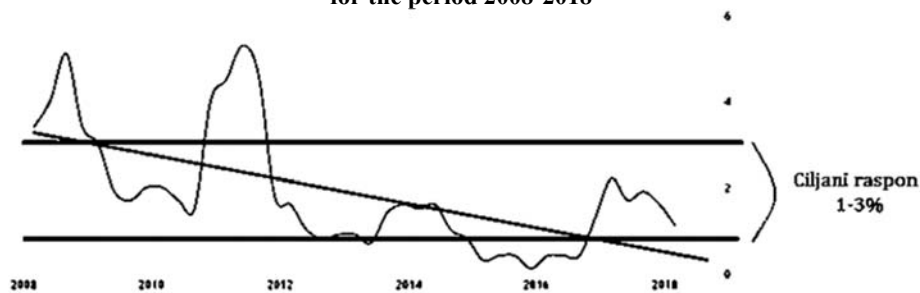
According to the Annual Report of the Central Bank of New Zealand, until 2008, CPI inflation was on average up to 2%. During 2008, the Central Bank of Canada had difficulty achieving its set goals. The financial crisis has had a major impact on the economies of both countries. So, compared to 2007, there was a sharp fall of the Canadian dollar against the US dollar.

Table 1. Trend of average annual (headline) CPI inflation in relation to the target range of New Zealand and Canada (2008-2017)

	Achieved average annual (headline) CPI inflation									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
New Zealand (Target range 1-3%)	3,98%	2,15%	2,30%	4,05 %	1,08%	1,15%	1,23%	0,30%	0,63%	1,85%
Canada (target range 1-3%)	2,38%	0,30%	7,10%	2,90%	1,55%	0,90%	1,90%	1,13%	1,45%	1,60%

Source: Author's calculations based on annual reports of the Central Bank of Canada and the Central Bank of New Zealand (2008-2017)

Graph 2. Trends in CPI inflation in New Zealand in relation to the inflation target for the period 2008-2018



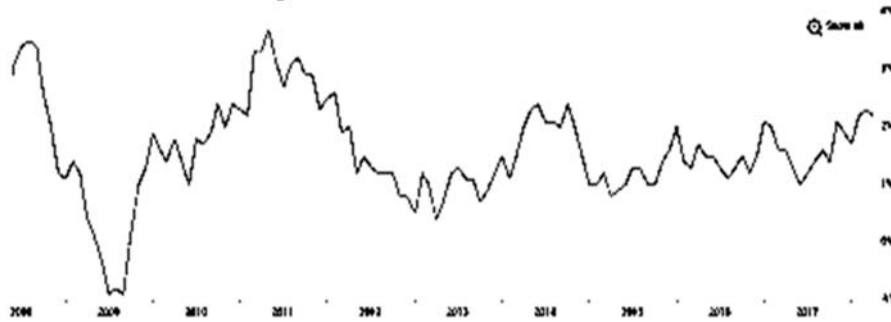
Source: Author's calculations based: <https://tradingeconomics.com/new-zealand/inflation-cpi>

Graph No. 2 shows the trend of CPI inflation in New Zealand in relation to the inflation target (1-3%). In the observed period from 2008-2018, there is a clear deviation of the CPI inflation rate from the inflation target, especially in 2008, 2009 and 2011.

On the other hand, Graph No. 3 shows the movement of CPI inflation in Canada for the period 2008-2017. Where it can be noticed that in the observed period

there was a deviation from the target range (1-3%), especially in 2008, 2009, 2011, with the fact that in 2009 the CPI inflation was below the target range, and in the period 2012-2013, CPI inflation was also slightly below the lower limit (of 1%) of the target range.

Graph 3. CPI inflation trends in Canada



Source: Bank of Canada: <https://www.bankofcanada.ca/rates/indicators/key-variables/key-inflation-indicators-and-the-target-range/>

Regarding the development of core inflation in Canada and New Zealand for the period from 2008-2018 deviations from the target range (1-3%) are observed in 2008, 2009, 2011 and 2012 for both observed countries, with the fact that in the period from 2014-2016 there are significant differences in the movement of the core inflation rate in Canada in relation to New Zealand.

In Canada, economic activity slowed in 2008, especially due to much higher commodity and energy prices. Thus, there was an increase in total CPI inflation above the target of 2% (target range of 1-3%). Due to the deepening financial crisis, the growth of total CPI inflation above the target of 2% by the end of 2009 is also planned.

In 2010, the economy of New Zealand developed, which is mostly attributed to the processing and primary sectors. This year, CPI inflation remained in the prescribed range (1-3%), so that it amounted to 1.8%, slightly lower than in 2009. Also, OCR for most of the period (2009-2010) maintained a level of about 2.5% in line with economic growth.

During 2011, core CPI inflation was 5.3%, compared to the previous year, this growth was the result of various temporary events related to the increase in indirect taxes and changes in government compensation policy. As for Canada, during 2011, economic growth continued to develop, and inflation expectations were met. Although there has been an increase in the price of energy and food, overall CPI inflation has only slightly increased above the target range, while core inflation has remained close to the 2% target.

Recovery from the global financial crisis has been slow and stagnant. During 2012, there were various economic and financial pressures spilling over from the euro zone, which led to significant uncertainty in doing business in the international economic environment. In this regard, the trade balance of New Zealand has turned into a negative. The movement of the CPI inflation rate this year was within the target range of 1-3%. Despite the debt crisis and the recession spilling over from Europe, as well as the modest recovery of the US economy, economic growth in Canada continued to grow in 2012 as well. Also, headline CPI inflation as well as core inflation remained within the range of 1-3% during this year.

The Central Bank of New Zealand signed a new PTA agreement in 2013, under which inflation targeting in the range of 1-3% in the medium term remains. However, the bank's focus is on keeping average inflation close to the target of 2%. During this year, average CPI inflation remained somewhere around the lower limit of the inflation target, of about 0.7-0.9%. On the other hand, in Canada during 2013, real economic growth was disappointing after the re-balance of exports and investments. The reason lies in the challenges of fierce competition, an underdeveloped energy sector. Total CPI inflation remained close to 1% on average during the year, and core inflation was lower due to lower mortgage interest rates and modest increases in fuel prices.

In 2014, the Central Bank of New Zealand performed various market analyses, due to the monitoring of the global financial crisis and its impact on economic growth and inflation. Thus, in June 2013, the new Structural Inflation Model (NZSIM - the New Zealand Structural Inflation Model) was successfully implemented and was successfully applied in 2014 due to better economic projections of the bank. CPI inflation was within the target range, around 1.6%.

The Central Bank of New Zealand in 2015 forecasted inflation flexibly within the target range in the second half of the forecast period, with the target being 2%. So, this year, too, CPI inflation remained in the target range. Also, the situation in Canada is similar this year. The movement of CPI inflation during 2015 took place close to the lower limit of the target range. The reason is low fuel prices and excess supply in the economy.

During 2016 and 2017, New Zealand achieved the planned economic growth rates. Expected CPI inflation was in the target range. Due to high exchange rate rates and low inflation, the Board of Directors of the Central Bank of New Zealand last year (2015) lowered the official cash rate of OCR, as much as six times. In Canada, during this period (2016-2017), there was an accelerated economic growth thanks to stimuli within the framework of monetary and fiscal policy. Also, as far as CPI inflation is concerned, it was moving very close to the target of 2%.

Graph 4. Annual GDP growth trend in Canada and New Zealand (2008-2018)



Source: <https://tradingeconomics.com/new-zealand/gdp-growth-annual>

During the last observed decade (2008-2017), the annual GDP growth in Canada and New Zealand was almost equal. In that sense, it is noticeable that in 2008 and 2009, GDP growth was in a negative sign, due to the spillover of the global financial crisis from the USA. Since 2010, a slight recovery of the economy in both observed countries have been noticeable, so that the annual GDP growth shows positive results. By the end of the observed period, there are slight variations in annual GDP growth, where in the last examined year (2017) the highest percentage of growth was observed, in Canada 2.5%, and in New Zealand 3.2%, respectively.

Table 2. Unemployment rates in Canada and New Zealand (2008-2017) (%)

	2008.	2009.	2010.	2011.	2012.	2013.	2014.	2015.	2016.	2017.
New Zealand	4%	5,8%	6,1%	6%	6,4%	5,8%	5,4%	5,4%	5,1%	5,2%
Canada	6,1%	8,3%	8,1%	7,5%	7,3%	7,1%	6,9%	6,9%	7%	6,3%

Source: Authors according to: <https://tradingeconomics.com/new-zealand/unemployment-rate>; <https://www.statista.com/statistics/263696/unemployment-rate-in-canada/>

The previous table shows the trend of the unemployment rate in Canada and New Zealand. If we compare the data for the observed countries in the last decade (2008-2017), it can be seen that the unemployment rate in Canada ranged from about 6-8.3%, which is a few percent higher than the analyzed rate in New Zealand and has a trend movement in the observed period of about 4-6.4%

3.2. Revision of formal inflation targeting frameworks - critiques and recommendations

Formal frameworks for inflation targeting should adequately balance transparency and flexibility in monetary policy-making. "All industrialized countries that have adopted an inflation-targeting regime are making an effort to keep inflation rates low by increasing the transparency of monetary policy-making so as not to jeopardize the rigidity of the real economy." (Mishkin, Posen 1997, p. 2)

The country's monetary strategy aimed at targeting inflation is based on what monetary policy can and cannot do. The primary goal of inflation targeting in Canada and New Zealand is price stability while preserving the country's financial stability. In the last ten years, the monetary policy of the mentioned countries should be an incentive for a higher output rate and for reducing the unemployment rate. Sometimes this monetary policy can be counterproductive, so the challenge is to successfully design a country's monetary policy to regulate output fluctuations as well as unemployment. According to many studies, it has been proven that high inflation rates lead to a decline in economic growth.

In this sense, inflation targeting has its drawbacks. Monetary policy makers cannot easily control inflation and prevent its negative impact. It is very difficult to hit the inflation target, especially because of the diverse effects that lead to inflation.

Measures for headline inflation are generally set at around 2%. However, there are differences as to whether formal frameworks allow for ex ante flexibility related to defining a goal as a specific scope or whether ex post flexibility is allowed by including tolerance. The target range is the range of inflation values in the future, with central banks being able to target when creating monetary policy. On the other hand, tolerance is not an end in itself, but represents a series of outcomes that are tolerated, taking into account the uncertainty of the inflation rate itself.

Central banks that have formal frameworks have relatively more detailed requirements for reporting on inflation targeting, while on the other hand banks with informal frameworks mostly present oral reports at assembly sessions. Also, it is clear from the previous table that only two banks publish a special report related to the outcome of inflation, in terms of whether the achieved inflation rate is far from the target or tolerance. These are the Central Bank of New Zealand and the Central Bank of England, while the Central Bank of Canada does not have this type of special report.

All banks have made some improvements to the formal framework for inflation targeting since their implementation, which means that they have continued their commitment to inflation targeting. The mentioned audits refer both to updating additional information within documents related to formal frameworks or to informal frameworks.

Central banks are interested in making certain improvements and changes related to changes in the formal framework for inflation targeting. In this regard, the Central Bank of New Zealand carried out a large number of revisions of its PTA agreement after the appointment of new governors in the period 1990-2012. On the other hand, the Central Bank of Canada had one adjustment related to the performance of inflation targeting, two revisions regarding the definition of inflation targets and two changes related to secondary considerations. These changes took place due to the recommendations from the published review. Thus, the Central Bank of England, the Central Bank of Canada and the Central Bank of Japan performed certain audits based on these reviews of formal frameworks. Thus, according to the published review from Warsaw in 2015, the Central Bank of England improved transparency according to the recommendations from this document. Also, according to the published review of the Central Bank of Canada in 2011, a wider scope audit was performed, because the consideration of the financial stability of the bank was clarified within this document. Also, in 2016, financial stability was reconsidered, which is also the result of a published review. In 2006, for example, following the publication of a broader review of the formal framework of the Central Bank of Canada, it changed the definition of medium-term inflation targeting, and in 1993, the bank introduced a tolerance range for inflation targeting.

“Inflation targeting seems to help countries achieve lower inflation in the long run, reduce their response to oil price and exchange rate shocks, strengthen monetary policy independence, improve monetary policy efficiency, and obtain inflation outcomes that are closer to target levels. Furthermore, some benefits of inflation targeting increase when inflation targeters achieve disinflation and are able to implement a stationary inflation target.” (Milenkovic, 2007, p. 232)

Conclusion

After a comparative analysis of the monetary policy regime - inflation targeting in Canada and New Zealand, certain conclusions can be drawn. As inflation targeting is a type of forecast-based monetary strategy, which uses expected inflation as a nominal anchor, the focus is on a low and stable inflation rate. New Zealand was the first country to introduce this regime within monetary policy (1990), and Canada followed this move (1991), after a devastatingly high inflation rate, which negatively affected the country's overall economic environment.

After all the above said, it can be concluded that both observed countries (Canada and New Zealand) during the period 2008-2017, achieved positive effects from inflation targeting. In this sense, inflation rates in the target range of 1-3% were achieved, except for a few years after the financial crisis (2008-2011), but after certain revisions of the formal framework, both countries successfully fought

for greater economic growth and financial stability. During the last observed decade (2008-2017), the annual GDP growth in Canada and New Zealand was almost equal. So that, for example, in 2008 and 2009, there was a negative sign of GDP growth, due to the spillover of the global financial crisis from the US. Since 2010, a slight recovery of the economy in both observed countries have been noticeable, so that the annual GDP growth shows positive results. By the end of the observed period, there are slight variations in annual GDP growth, where in the last observed year (2017) the highest percentage of growth was observed, in Canada 2.5%, and in New Zealand 3.2%, respectively. A similar situation is observed when monitoring the trend of the unemployment rate in the last decade in Canada and New Zealand. So, for the observed countries (2008-2017) it can be seen that the unemployment rate in Canada ranged from about 6-8.3%, which is a few percent higher than the analyzed rate in New Zealand and has a trend in observed period of about 4-6.4%.

The inflation targeting regime proved to be very successful in achieving the set targets, so that both banks continued to constantly update the formal and informal inflation targeting frameworks, in order to continuously achieve the expected effects.

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UPOREDNA ANALIZA PRIMENE MONETARNE STRATEGIJE CILJANJA INFLACIJE U KANADI I NA NOVOM ZELANDU

Rezime: Od 1990-te godine došlo je do krupnih promena u načinu vođenja monetarnih politika. Budući da ostale monetarne strategije nisu rezultovale željenim ishodom, prvi put predstavljen koncept ciljanja inflacije bio je na Novom Zelandu (1990), zatim u Kanadi (1991), Engleskoj (1992), Švedskoj i Finskoj (1993), Australiji i Španiji (1994), Izraelu, Čileu, Brazilu, Češkoj, Poljskoj, Mađarskoj, Srbiji i drugim zemljama. Dakle, primena ovog monetarnog režima se raširila od privredno razvijenih ka zemljama u razvoju. U ovom radu se ispituje usvajanje, formalni okvir za ciljanje inflacije i iskustvo dve zemlje koje su bile predvodnice u usvajanju ove savremene monetarne strategije, a to su naravno Novi Zeland i Kanada. U trenutku objavljivanja ciljeva inflacije, kod obe zemlje bila je inflacija oko 6%. Međutim, prisutne su razlike u vezi vremenskom okviru. Tako da na Novom Zelandu u kraćem vremenskom periodu su se trebali postići kredibilitet u vezi neuravnoteženosti monetarne i fiskalne politike. Dok, sa druge strane duži vremenski okvir je predviđen prema Centralnoj banci Kanade u vezi postizanja veće fleksibilnosti za ublažavanje cenovnih šokova. Nakon svega iznesenog može se zaključiti da su obe posmatrane zemlje (Kanada i Novi Zeland) tokom perioda 2008-2017. godine, postigle pozitivne efekte od ciljanja inflacije. U tom smislu ostvarene su stope inflacije u ciljanom rasponu od 1-3%, izuzev par godina nakon finansijske krize (2008-2011), ali nakon određenih revizija formalnih okvira uspešno su se obe zemlje izborile za veći ekonomski rast i finansijsku stabilnost. Režim ciljanja inflacije se pokazao kao veoma uspešan u ostvarivanju postavljenih ciljeva, tako da su obe Centralne banke nastavile da vrše konstantno ažuriranje vezano za formalne i neformalne okvire za ciljanje inflacije, kako bi kontinuirano ostvarivale očekivane efekte.

Ključne reči: Monetarni režim ciljanja inflacije, stope inflacije, potrošački indeks.

Author's biography

Suzana Stevanović currently works at the Faculty of Business Economics as a senior teaching assistant. Born on 16 August 1986 in Bijeljina, where she has completed elementary and high school. She graduated from the Faculty of Business Economics in Bijeljina, University of East Sarajevo. During her studies she received scholarships from the Municipality of Bijeljina and the Ministry of Education and Culture of the Republic of Srpska. Her fields of interest are Business Finance, Monetary Economics, Theory and Balance Analysis and Financial Markets. She has been working as senior assistant since 2016. She completed her Master studies at the Faculty of Business Economics in 2016, with an average of 10.00. Since 2012 she has been participating in the Organizing Committee of the magazine "New Economist", as well as the EkonBiz Scientific Conference organized by the Faculty of Business Economics in Bijeljina. Also, she was appointed Secretary of the Department of Accounting, Auditing and Business Finance in 2016, the University of East Sarajevo. Currently, she is PhD student at the Faculty of Economics in Subotica, University of Novi Sad, third year.

Ivan Milenković is a Full Professor at the Faculty of Economics in Subotica, University of Novi Sad since 2018. He graduated at University of Priština in 1994 (BSc), at University in Belgrade in 2001 (MSc), and at University of Novi Sad in 2006 (PhD). His fields of interests are International Finance and Banking, Monetary Economics, Public Finance and Financial Markets. He was Visiting Professor / Guest Lecturer at Zhongnan University of Economics and Law, Wuhan, P.R.China, Editor-in-Chief of the journal "Economic Outlook" in the period 2007-2016 (national category M52), fellow of Sasakawa fellowship, and member of the LSEE Research Team on South Eastern Europe. He is a member of Editorial Board and Reviewing Committee of three International journals and author of one textbook and one monograph. He has been a participant one international (ERASMUS) project and two domestic projects, and he is the author of more than 70 scientific articles published in domestic and international journals (including six papers published in Thompson Reuters SSCI indexed journals) and thematic collections of papers from international and domestic scientific conferences.