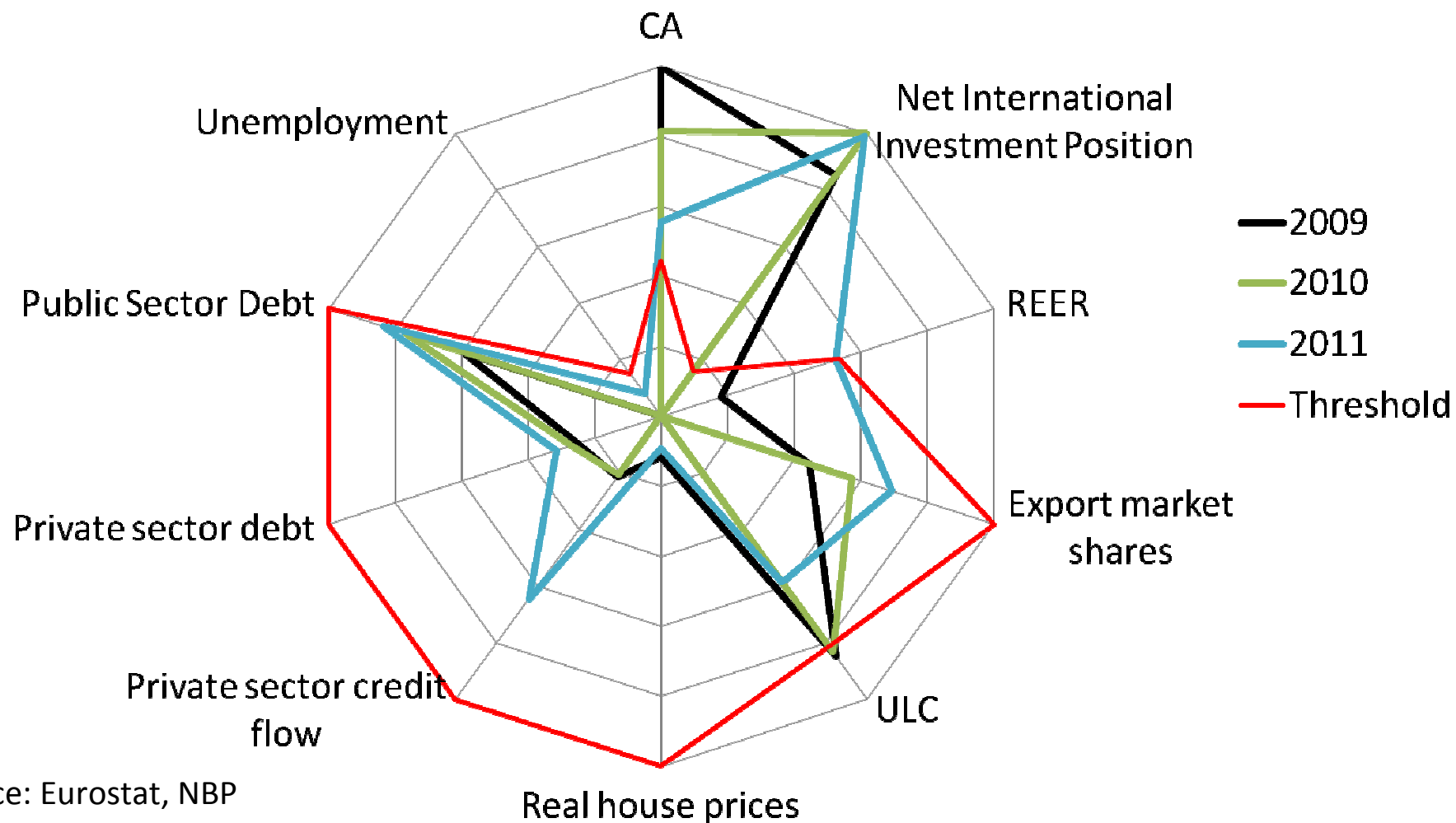


Taking care of macroeconomic imbalances: who&how?

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MIP indicators for Poland



Some comments

- Real convergence process should be properly taken into account
 - In medium term the equilibrium path will contain convergence trends
 - Thresholds to be adjusted accordingly
- Households and corporates expect income growth
 - Challenge for policy-makers: identify the overly optimistic expectations
 - Who should react?
 - What tools to be used?



Tools for preventing/correcting imbalances

- Monetary and fiscal policies have to do their traditional job
- But the on-going crisis proved these policies might not be powerful enough (especially in small open economies)
- New macroprudential tools to be considered



MIP and macroprudential policy

- European Systemic Risk Board calls for establishing a framework for effective macroprudential policy on the local level
- Given strong importance of financial factors, macroprudential policy seems to be a useful and important ally for monetary and fiscal policies
 - All you need is a more general interpretation of the macroprudential policy mandate



Macroprudential tools

- Effective conduct of macroprudential policy implies the need to set some parameters traditionally considered to be in the realm of the microprudential supervision
- To correct local imbalances local application of these tools necessary
 - For cross-border harmonisation of macroprudential policy check whether you form an optimal currency area
- The proper control of appropriate tools increasingly challenging for *host* countries

