

# Presentation 1 comments:

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### General comments:

- most important things should go first, so start with oil

### Group 1:

- Slide 1: nice, though the reference to NK Phillips Curve is a bit strange here
- Slide 2: I am lost. What is the message? How do the charts support the message?
- Slide 4: What does "implementation of monetary and fiscal policy" mean?
- Slide 6: The outflows were not about confidence, we will talk about that.
- Slide 9: Nice, good point about the fixed FX essentially causing the increase in foreign reserves.
- Slide 10: Good analysis of the QPM shortcomings wrt Azerbaijan

### Group 2:

- Slide 4: I don't understand the message there
- Slide 7: BoP not in surplus
- It's kinda hard for me to give a verdict on the presentation. On the one hand, you give almost all the right messages and there are only few important things missing. On the other hand, I feel like I can see the important things in the presentation because I already know them, and if someone didn't know it yet, they would have hard time understanding the presentation on their own. It might be that the wording is a bit awkward, or that you put both important and non-important stuff on the slides. I don't know. The presentation is definitely not bad, but I somehow cannot say it's great either.

### Group 3:

- Slide 4: You are correct, but the explanations are a bit too mechanical, like the 2010-2014 period. Sure, construction was the sector that drove the growth, but it's good to think what drives that.
- Slide 7: Again, you are correct in a very technical sense, but I think if you spell it out in more detail you might be wrong. Oil price drove inflation, but through a different mechanism than it does in the Czech Republic, for example.
- Slide 9: Great point about the FX reserves that helped support the peg. The only group to spell this out.
- Slide 14: If you say that the goal is 4% inflation, and then you see that the inflation is completely different in reality, then you should be suspicious :)
- Slide 15: What is the FX regime now, in your judgment?
- Slide 16: This is a set of recommendations for the country, and it's good. However we wanted something different. Still, good to do this exercise. It would be useful if we actually advised the

president of Azerbaijan.

#### **Group 4:**

- you like darkness...
- great to put the most important thing first - dependence on oil - also great that you included nominal GDP
- slide 3: quite good, just the last bullet doesn't make much sense - monetary expansion does not help with stable FX rate (usually)
- Balance of payments (BoP): would be good to also discuss where did all the foreign income (positive current account balance) go: what did they do with it? BoP tells you
- slide 9: you pinpointed the two key issues with the standard QPM if used for Azerbaijan, so well done!
- Very well done overall, the only downside is that you did not discuss the foreign reserves and overall where the money from from CA surpluses went