

**Comments on  
“Effects of Exit Strategy of the Quantitative Easy  
Monetary Policy on East Asian Currencies”**

Jie Sun

Chinese Academy of Social Sciences  
Institute of World Economics and Politics

# Background and Motivation

- A natural test of Asian integration by a buffer shock: economic fundamental coupling or decoupling?
- Is the AMU possible? or What the Deviation Indicators suggested for East Asian monetary cooperation?
- The impact of QE exit on East Asian countries and currencies

# Conclusions

- Same direction impact on interest rate of East Asian countries
- Widening interest rate spread between US-EA made currencies of East Asian a tendency to depreciate against USD
- Increasing US-Japan interest rate spread made EA currencies appreciated against AMU and Deviation Indicator widened
  - EA countries differ from Japan? and why?
  - AMU Dominated by Yen or Abenomics?
- US-EA interest rate/expected return spread may incurred capital outflow from East Asian countries

# Key Words

- Asymmetry Shock by capital flow ( carry trade between Japan and Korea and its close effect on won) and trade ( China ): IIT or GVC still is a driven force of regional integration?
- Asymmetry response and Policy Divergence: Regional Decoupling for the reason of band floating?
- Key reason: difference in policy functions among East Asian countries

# More challenging conclusions can be inferred

- Figure 4(1) and (2) indicate the divergence among Asian currencies within the analytical framework of AMU suggest difficulties of regional monetary cooperation.
- The first difficulty may lie in economic fundamental
- The second difficulty may be the policy coordination

# Further work to be done

- What are the key factors of East Asian integration? Trade flow or capital flow?
- Why policy functions differed from each other among East Asian countries?  
Market openness? Economic structure?

Thus, model setting may better to follow a theoretical logic, a simple VAR Model can ascertain a granger causality but hardly to reveal a transfer mechanism by economic means

# Questions

- Why check the impact of euro zone interest rate on EA?  
US's exit QE will impact on euro zone first and then EA?  
Compensate effect of US exit and euro zone continue?
- Why check full sample and short sample only from 2000.1.1-2008.12.15, the period of 2009.1.1-present is more important, especially when the US exit QE while euro zone continuing QE
- What stand for N.C. in table 3, 4, 5, AMU?