

Comments on *How Did the Global Financial
Crisis Misalign East Asian Currencies*

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Part 1 Shining Points of the Paper

- Good Topic
 - The countries in East Asia are increasingly interconnected
 - Prevention of intra-regional exchange rate misalignment is crucial
- Rigorous Methodology
 - Nominal AMU Deviation Indicator
 - Real AMU Deviation Indicator
 - PPP-based AMU Deviation

- Appropriate Research Tools
 - β -Convergence
 - σ -Convergence
- Important conclusions
 - Most of the East Asian currencies were seriously affected by the global financial crisis
 - Exchange rate misalignments occurring in East Asian currencies are a structural problem on exchange rate regimes
 - And so forth

Part 2 Issues to be discussed

- It might be better if this paper elaborates the mechanism involved in the conclusions.

- It might be better if this paper talks about the determinations of AMU, AMU Deviation Indicator, AMU Deviation Indicator Adjusted by the Balassa-Samuelson Effect, β -Convergence and σ -Convergence.
 - Economic growth
 - International balance of payment
 - Fiscal policy
 - Monetary policy
 - Trade relationship among countries

- It might be better if this paper
 - 1) analyzes the advantages and disadvantages of all sorts of AMU Deviation Indicators mentioned in the paper,
real-time; time-lagged
 - 2) states the strengths and weakness of β -Convergence and σ -Convergence,

so that we understand how to look at or balance the Indicators and Convergences when surveillance system is established.

Part 3 Suggestions

- Particularly study the misalignments of Chinese and Japanese currencies, because
 - 1) China is a transition economy, and the process of exchange rate reform is to be promoted which can affect the result of misalignment of RMB;
 - 2) As a large economy and trading nation, misalignment of Japanese currency may have impacts on other currencies in East Asia.
- Study the misalignments of East Asian currencies from the perspective of macro-economy, international trade, so as to obtain abundant conclusions.

Thank You!