

US Balance Sheet Policy and International Capital Flows:
Preliminary Empirical Evidence from Emerging Economies

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Extraordinary Times

1. Rich era for research
2. The genie is out of the bottle – asset purchases are a legitimate policy tool
3. Global population ageing and increased productivity imply investment capital $>$ investible assets over time



Thoughts on volatility

1. Asymmetric responses to capital flows e.g. Korea, Thailand, Brazil. Institutional settings matter
2. Also suspect asymmetric effects conditional on growth expectations
3. Influence of capital market benchmarks



Policy Implications and Options

1. Asset prices need to be taken into account -> policy toolkit needs to be expanded
2. FX reserve management and flexible exchange rates may no longer be sufficient
3. Challenges for policy communication



THANK YOU

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