

**The Impact of the US Quantitative Easing Policy on the Emerging Markets:
Case Study on the Fragile Five Countries**

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Abstract

The research strives to find out the impact of the U.S. Quantitative Easing (QE) policy on the Fragile Fives countries economy between 2008 and 2014. The QE policy has been adopted massively by the US after 2008 economic depression for the purpose of boosting the domestic economy and lowering the unemployment rate. It's an untraditional monetary policy that the government utilizes when the traditional monetary policy fails to work properly. There were four times that U.S. took such measure and had been said to be successful. Hence, in 2013, the Federal Reserve declared their tapering action. After the announcement, Morgan Stanley analyst James Lord in August 2013 coined the phrase "Fragile Five" and labeled them to be the most at risk countries that would be impacted for the QE measures.

The research specifically aimed to find out how the Fragile Five countries are responding to the QE. The author collected statistics of the five countries' historical economic indicators, such as current account balance, exchange rate against the USD, GDP, interest rates, inflation rates, and the stock market index during the time when US was adopting QE measures. Then, the author further looked into government reaction by examining their official interest rates of the five countries to see how they reacted in responses to the US QE measures. In the data analysis, the author has listed and explained the statistics that author has gathered.

Keywords: Fragile Five, Emerging markets, Quantitative Easing, United States