

Abstract: Abstract: This paper explores the international spillover effects of the U.S. quantitative easing in the dynamic stochastic general equilibrium (DSGE) model that incorporates asset market segmentation, managed exchange rate regime, sterilized interventions and capital controls in a small open economy. The same DSGE framework enables me to compare the international transmissions of the conventional vs unconventional monetary policy and evaluate optimal monetary policy based on welfare implications of alternative exchange rate regime and capital account liberalization. I found that the long-term bond yield under managed exchange rate regimes are more affected by the U.S. quantitative easing than under the flexible exchange rate regime. The liberalized capital account and currency regime mitigate the costs of sterilization and achieve to better stabilize the global financial shocks.