CHAPTER V
CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

The results of this research conclude that the influence of the WTUI on the forex reserves of BRICS+ countries is not uniform. The QRPD results show that the influence of the WTUI is not homogeneous. The QRPD results indicate that the WTUI has a positive and significant effect on forex reserves across all analyzed quantiles, namely $\tau = 0.15, 0.35, 0.55, 0.75$, and 0.85. This demonstrates that an increase in trade uncertainty is associated with rises in forex reserves, regardless of whether reserve levels are relatively low or high. However, the magnitude of the WTUI's impact varies across quantiles: the effect is relatively strong at the 0.15 and 0.35 quantiles, weakens at the 0.55 quantile, strengthens again at the 0.75 quantile, and subsequently weakens at the 0.85 quantile. Thus, the QRPD results reveal that while the impact of the WTUI on forex reserves is positive, it is heterogeneous across the distribution of reserves, meaning the response of forex reserves to trade uncertainty is not uniform across all reserve levels.

In short, the findings for the research question is:

1. The quantile regression panel results indicate that the effect is not uniform across reserve levels. Specifically, WTUI has a positive effect at all quantiles ($\tau = 0.25, .35, 0.55, 0.75, 0.85$) and statistically significant. This indicates that an rises in trade uncertainty is associated with a rise in forex reserves, regardless of whether reserve levels are relatively low or high. These findings suggest that countries with relatively low forex reserves are more vulnerable to trade uncertainty than countries with medium or high reserve levels.

5.2 Recommendations

Based on the research findings, there are some recommendations for policymakers and researchers:

Recommendations for Policymakers:

1. Providing early warnings to countries with weak economies
2. Maintaining a safe level of forex reserves

3. Strengthening economic fundamentals through trade diversification
4. Continuous harmonization of monetary and fiscal policies is necessary to maintain external resilience.

Recommendations for Researchers:

1. Using a broader country coverage and observation period
2. Future research could specifically examine the advantages of joining BRICS+ amidst rising trade uncertainty, as well as the implications for forex reserves depending on whether or not a country joins the bloc.
3. Considering other global uncertainty indicators, such as the Global Economic Policy Uncertainty or the Geopolitical Risk Index. Furthermore, using methods that capture more complex heterogeneity and nonlinearity can also provide a deeper insight of forex reserve dynamics.