

Review of: "A VAR Framework of Exchange Rates, Interest Rates, and Inflation Through COVID-19 in Turkey: Empirical Evidence From Linear Cointegration and Causality Analysis"

Viktor Shevchuk¹

¹ Cracow University of Economics, Krakow, Poland

Potential competing interests: No potential competing interests to declare.

Summary. The article is aimed at studying the effects of monetary policy in Turkey. The topic is of interest as Turkey has been experimenting with an expansionary monetary policy during a period of acceleration of consumer inflation.

Major issues:

1. It is necessary to provide statistics from the ARDL model, such as the LM test for serial correlation of the residuals, the RESET test for stability of the coefficients, and the Breusch-Pagan-Godfrey test for heteroscedasticity of the residuals. All the requirements should be met. If not, the estimates could be biased.
2. Empirical results are worth explaining within the relevant theoretical framework. For example, it refers to a positive correlation between the exchange rate and the interest rate. It runs counter to a standard monetary model, but there are variants which imply a positive relationship between both variables.

Minor issues:

1. It is suggested to separate the description of the ARDL and VAR models in the text (page 5).