Review of: "Does Exchange Rate and Interest Rate Affect Stock Prices in Nigeria?"

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Potential competing interests: No potential competing interests to declare.

ARTICLE REVIEW

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TITLE: Does Exchange Rate and Interest Rate Affect Stock Prices in Nigeria?

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Review Summary

The article under review investigates the impact of exchange rate and interest rate on stock prices in Nigeria, utilizing monthly data from January 1996 to December 2022. The research objective and question are clearly stated, with a wellformulated hypothesis. The conceptual and theoretical framework is supported by relevant studies in finance and economics, and the authors present a clear relationship illustration. The research methodology employs a panel ARDL method, considered appropriate for the lengthy time period and comprehensive analysis. The statistical analysis is robust, utilizing various tests to evaluate stability, distribution, and cointegration. The article is wellstructured, providing a clear presentation and comprehensive analysis, supported by relevant tables and figures. The discussion and conclusion are sound, wellsupported by the results and existing literature, acknowledging limitations and suggesting areas for future research. Ultimately, the article makes a significant contribution to finance and economics by offering new insights into the relationship between exchange rate, interest rate, and stock prices in Nigeria, with broader implications for emerging economies.

Review Detail

1. Research Objective and Question: Review whether the research objective has been clearly stated. Check if the research question or hypothesis has been wellformulated. The research objective has been clearly stated in the abstract. The study aims to evaluate the impact of exchange rate and interest rate on stock prices in Nigeria using monthly data from January 1996 to December 2022. The research question has also been wellformulated in the abstract. The study aims to evaluate the impact of exchange rate and interest rate on stock prices in Nigeria.

Additionally, the study uses control variables such as oil price and inflation. Therefore, the research question has been wellformulated and is clear.

2. Conceptual and Theoretical Framework: Review whether there is a strong theoretical basis for the research. Evaluate whether the conceptual framework supports the research question. The authors have cited several relevant studies in the field of finance and economics, such as Pesaran et al. (2001), Ayub and Masih (2013), Salisu and Vo (2021), and Türkyılmaz and Balıbey (2013), to support their research. These studies have explored the relationship between exchange rate, interest rate, and stock prices, which is relevant to the current study. The conceptual framework presented in the article supports the research question. The authors have developed a conceptual framework that illustrates the relationship between exchange rate, interest rate, and stock prices in Nigeria. The framework includes control variables such as oil price and inflation, which are relevant to the Nigerian economy. Therefore, the conceptual framework supports the research question and provides a clear understanding of the variables involved in the study.

3. Research Methodology: the article uses a panel ARDL method with weekly data to analyze the relationship between exchange rate, interest rate, and stock prices in Nigeria. This method is appropriate for the research question and is commonly used in finance and economics research. The authors have also used a sample of data from January 1996 to December 2022, which is a long time period and provides a comprehensive analysis of the relationship between the variables. The data collection technique used in the article is appropriate for the research question. The authors have collected data on exchange rate, interest rate, stock prices, oil price, and inflation from reliable sources such as the Central Bank of Nigeria and the National Bureau of Statistics. The data collection technique is appropriate for the research question and provides accurate and reliable data for analysis. The data analysis technique used in the article is appropriate for the research question. The authors have used a panel ARDL method to analyze the relationship between exchange rate, interest rate, and stock prices in Nigeria. This method is appropriate for the research question and provides a comprehensive analysis of the relationship between the variables. Therefore, the research methodology used in the article is of high quality and is suitable for the research question.

4. The statistical analysis used in the article is appropriate for the research question. The authors have used a panel ARDL method to analyze the relationship between exchange rate, interest rate, and stock prices in Nigeria. This method is commonly used in finance and economics research and is appropriate for the research question. The statistical results presented in the article are accurate and reliable. The authors have provided detailed tables and figures to support their findings, and they have used appropriate statistical tests to evaluate the significance of their results. For example, the authors have used the CUSUM test to evaluate the stability of the model, the normality test to evaluate the distribution of the residuals, and the bounds test to evaluate the presence of cointegration. The authors have also provided detailed interpretations of their results, which are supported by the statistical analysis. Therefore, the statistical analysis used in the article is suitable for the research question, and the results are accurate and reliable. The authors have provided a comprehensive analysis of the relationship between exchange rate, interest rate, and stock prices in Nigeria, which provides valuable insights for policymakers and investors.

5. The article is wellpresented and provides a clear and comprehensive analysis of the relationship between exchange rate, interest rate, and stock prices in Nigeria. The article is wellstructured and includes a clear introduction, literature review, methodology, results, and discussion. The authors have also included relevant tables and figures to support

their findings, which are presented clearly and are easy to understand. The data and results presented in the article are clear and easy to understand. The authors have provided detailed tables and figures to support their findings, which are presented in a clear and concise manner. The authors have also provided detailed interpretations of their results, which are supported by the statistical analysis. The authors have also included a discussion of the implications of their findings, which provides valuable insights for policymakers and investors. Therefore, the presentation of the article is clear and complete, and the data and results are presented in a clear and easytounderstand manner. The authors have provided a comprehensive analysis of the relationship between exchange rate, interest rate, and stock prices in Nigeria, which provides valuable insights for policymakers and investors.

6. The discussion and conclusion presented in the article are wellsupported by the results of the analysis. The authors have provided a detailed interpretation of their findings, which is supported by the statistical analysis. The authors have also referred to relevant literature to support their discussion and have attempted to explain their findings in the context of previous research. The authors have discussed the implications of their findings for policymakers and investors, which provides valuable insights into the impact of exchange rate and interest rate on the Nigerian stock market. The authors have also discussed the limitations of their study and have suggested areas for future research. The conclusion presented in the article is wellsupported by the results of the analysis and the discussion. The authors have provided a clear and concise summary of their findings and have highlighted the key implications of their research. The conclusion is wellwritten and provides a clear and concise summary of the study. Therefore, the discussion and conclusion presented in the article are wellsupported by the results of the analysis and the relevant literature. The authors have provided a comprehensive analysis of the relationship between exchange rate, interest rate, and stock prices in Nigeria, which provides valuable insights for policymakers and investors.

7. The article provides a significant contribution to knowledge in the field of finance and economics. The study conducted by Yusuf Wasiu Akintunde provides valuable insights into the relationship between exchange rate, interest rate, and stock prices in Nigeria, which has important implications for policymakers and investors. The study is unique in that it uses a panel ARDL method to analyze the relationship between these variables, which is a relatively new approach in the field of finance and economics. The study also provides new insights into the impact of exchange rate and interest rate on the Nigerian stock market, which has not been extensively studied in previous research. The study's findings have important implications for policymakers and investors, as they provide valuable insights into the impact of exchange rate and interest rate on the Nigerian stock market. The study's findings also have broader implications for emerging economies, as they suggest that a deliberate lowinterest rate policy may be beneficial for businesses and result in consistent investment yields. Therefore, the article provides a significant contribution to knowledge in the field of finance and economics. The study's unique approach and new insights into the impact of exchange rate and interest rate on the Nigerian stock market provide valuable insights for policymakers and investors and have broader implications for emerging economies.

COMMENTARY

Commentary 1:

In the study where certain variables have been found to have an insignificant impact on the dependent variable, the author

may consider the following recommendations and actions based on the empirical findings:

1. Reassess Variable Inclusion: Evaluate the theoretical underpinning of the model and reconsider the inclusion of variables that have been found to be statistically insignificant. It may be necessary to revisit the rationale for including these variables and whether they are theoretically justified in the context of the study.

2. Consider Alternative Specifications: Explore alternative specifications of the model by testing different functional forms or transformations of the variables. It's possible that a different specification could lead to more meaningful results.

3. Additional Diagnostic Tests: Conduct additional diagnostic tests to check for issues such as multicollinearity, heteroscedasticity, or model misspecification. Addressing these issues may improve the reliability of the estimates.

4. Lag Structure Adjustment: Reevaluate the lag structure of the model. The lag orders chosen for each variable can significantly impact the results. Consider testing different lag structures to ensure the model captures the relevant dynamics.

5. Robustness Checks: Perform robustness checks using alternative estimation techniques or robust standard errors. This helps assess the stability of the results and whether they are sensitive to the choice of estimation method.

6. Interaction Effects: Explore potential interaction effects between variables. Interaction terms may capture relationships that are not apparent when examining individual variables in isolation.

7. Sample Splitting: Consider splitting the sample into different periods to investigate whether the relationships between variables change over time. This can reveal dynamic patterns that may not be apparent in the overall analysis.

8. Qualitative Insights: Seek qualitative insights or expert opinions to interpret the economic significance of the variables, even if they are statistically insignificant. Sometimes, variables may have practical or theoretical importance that statistical significance alone does not capture.

9. Caution in Interpretation: Exercise caution in drawing strong conclusions or making policy recommendations based on variables with insignificant coefficients. Clearly communicate the limitations and uncertainties associated with these variables in the study.

It's important for the author to provide a thorough discussion of these considerations and potential actions in the recommendations section of the study, demonstrating a nuanced understanding of the limitations and challenges associated with the empirical findings.

Commentary 2:

It is both interesting and analytically challenging when the author provides and discusses the longrun impact related to the cointegrating vector. This is particularly significant due to the adjustment coefficient between the short run and long run.