

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"

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Potential competing interests: No potential competing interests to declare.

Abstract

- **In the abstract section**, more explicitly stating the primary research question would enhance clarity.
- Detailing the specific variables included in the VAR model would be beneficial.
- Elaborating on the strength and direction of the causal relationships between the variables would provide a more comprehensive understanding of the findings.

Introduction

- Clearly articulating the specific research gap that the study aims to fill would enhance the introduction's focus.
- A brief overview of the data sources and econometric techniques used in the study would provide context for the subsequent analysis.
- While the study examines causal relationships, it's important to note that VAR models can only identify Granger causality, which is not necessarily causal in the strict sense.
- The impact of COVID-19 on the Turkish economy should be discussed in more detail, especially considering the time period of the study.

Literature Review

- While the review provides a good overview of the literature, it could benefit from a more critical analysis of the studies. For example, the strengths and weaknesses of different methodologies could be discussed, and the implications of conflicting findings could be explored.
- The theoretical discussion could be deepened by exploring alternative theoretical frameworks, such as the Mundell-Fleming model, and discussing their implications for the relationship between interest rates, exchange rates, and inflation.
- The review could delve deeper into the specific impact of COVID-19 on the relationship between the variables. This could involve discussing the unique challenges faced by the Turkish economy during the pandemic and the potential implications for the findings of the study.
- The rationale for the choice of econometric models used in previous studies could be discussed, highlighting the

strengths and weaknesses of different approaches.

Methodology:

- While the authors acknowledge the presence of structural breaks in the data due to economic and political instability, they don't explicitly mention how these breaks will be handled in the unit root tests and estimation of the VAR model. Specific methods like allowing for dummy variables in the regressions might be needed.
- The rationale for choosing the specific lag length (p) for the VAR model is not provided. Criteria like AIC, BIC, or Hannan-Quinn information criterion could be used to determine the optimal lag length.
- It's not clear whether the authors will perform diagnostic tests on the VAR model to ensure the normality of residuals, absence of serial correlation, and homoscedasticity. These are crucial for reliable estimation and inference.
- If the paper mentions using Wald tests to assess Granger causality, it's unclear how the results will be presented. Presenting the individual F-statistics for each variable in each equation would be more informative than just reporting the joint impact of lagged variables.
- The methodology section could benefit from a brief description of any data preprocessing steps, such as handling missing values or transformations for non-normal variables.
- Briefly mentioning the software package used for econometric analysis (e.g., EViews, Stata, R) would be helpful for readers familiar with the tools.

Empirical Results:

- The discussion of the policy implications could be deepened by providing more specific recommendations for policymakers. For example, the conclusion could discuss the potential benefits and drawbacks of different policy options, such as tightening monetary policy or implementing exchange rate controls.
- The conclusion could acknowledge the limitations of the study, such as data availability and the potential impact of omitted variable bias. Additionally, the conclusion could suggest directions for future research, such as exploring the impact of specific policy interventions or using more advanced econometric techniques.