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

Mohsen Mohammadi Khyareh[1]

1 Gonbad Kavous University

1. The abstract is generally well-written, but it could benefit from more concise language. Some sentences are lengthy and could be streamlined for better readability.

2. The abstract mentions that there is no long-run impact between the all-share index, exchange rate, and interest rate. It would be helpful to provide more specific quantitative results to strengthen the conclusion. Additionally, the abstract could briefly mention the practical implications of the findings for policymakers and investors.

3. The introduction lacks a specific section dedicated to a literature review. Incorporating a brief review of relevant literature on the relationship between exchange rates, interest rates, and stock prices would provide context and demonstrate the study's contribution to existing knowledge.

4. The introduction does not explicitly state the hypotheses that the study aims to test. Including clear hypotheses would enhance the reader's understanding of the research questions and objectives.

5. While the introduction broadly discusses the importance of the stock market, the central bank's role, and the relevance of macroeconomic variables, it could transition more smoothly into the specific focus of the study—exchange rates, interest rates, and stock prices in Nigeria.

6. The introduction is well-organized, but a more explicit roadmap of the paper's structure would be beneficial. Clearly outlining the sections that will follow can help guide the reader through the study.

7. The empirical literature section adequately presents a mix of studies with varying methodologies and data sources, contributing to the robustness of the literature review. However, it could benefit from more studies specifically focused on the Nigerian context to strengthen the relevance and applicability of the findings to the current study.

8. The literature review provides a brief overview of the methodologies used in each study, such as ARDL, time series analysis, and quartile-on-quartile approach. It would be beneficial to include a critical evaluation of the strengths and limitations of these methodologies. Discussing the robustness of the econometric techniques employed in each study would enhance the reader's confidence in the validity of the findings.

9. While the review outlines individual study results, it could improve in synthesizing these findings to identify overarching trends or patterns in the relationship between exchange rates, interest rates, and stock prices. A more cohesive presentation of common themes or divergent results across studies would contribute to a more insightful and integrated discussion.

10. Some parts of the literature review could be rephrased for better clarity and coherence. For instance, the discussion on the study by Mensah and Wereko (2020) could be streamlined to improve readability and understanding of the main

findings.

11. There are instances of "Math Processing Error" in the methodology section. This should be corrected to ensure the accurate representation of mathematical notation and to avoid confusion.

12. The empirical model equation (Equations 3 and 4) has undefined terms, and their meanings need to be clarified. Additionally, a more explicit connection between the mathematical notation and the corresponding variables in the text would aid understanding.

13. The explanation of the bounds for the ARDL cointegration test is somewhat brief. Expanding on the significance of the lower and upper bounds and their implications for cointegration results would be beneficial.

14. The methodology could benefit from a more explicit justification for the choice of the lag order in the ARDL model, discussing potential concerns related to overfitting or underfitting.

15. Some of the tables in the **Results and Discussion** section contain typographical errors (e.g., "E-iewws" instead of "EViews"). Correcting these errors would enhance the overall professionalism of the paper.

16. While the Jarque-Bera test results are presented in Table 1, there is no discussion or interpretation of these results in the text. A brief explanation of the relevance and implications of the Jarque-Bera test for assessing normality would be beneficial.

17. The rationale behind choosing a lag order of 2 for the ARDL model is not explicitly discussed. Providing a brief explanation or referencing relevant literature would strengthen the justification.

18. interpretation of the short-run coefficients could be more detailed. For example, explaining the economic significance of the coefficients and their impact on the All-Share Index would enhance the discussion.

19. While the results of the Granger causality test are presented, there is limited discussion of the implications. A more in-depth interpretation of the causal relationships identified through this test would enrich the discussion.

20. It would be beneficial to include a discussion of any potential limitations associated with the chosen model or methodology. Acknowledging and addressing these limitations would strengthen the paper.

21. While the CUSUM test suggests model stability, the CUSUMSQ test indicates instability during the global economic recession. However, there is no in-depth discussion on how these breaks may affect the model's reliability. Providing more insights into the consequences of instability and potential ways to address it would strengthen the discussion.

22. The discussion of the normality test results is somewhat brief. Providing a more detailed interpretation of the Jarque-Bera statistics and their implications for the model's assumptions would enhance the depth of the analysis.

23. Figures 1, 2, and 3 are lacking legends and titles. Adding clear titles and legends to these graphs would improve their interpretability, especially for readers who may not be familiar with the specific tests.

24. While the heteroskedasticity test results are presented, the discussion lacks an interpretation of the findings. Readers would benefit from understanding the significance of the test for the model's reliability.

25. The conclusion would benefit from a brief discussion of the study's limitations. Identifying potential constraints and addressing their impact on the study's generalizability would enhance the transparency and credibility of the research.

26. While the conclusion provides a summary of findings, reiterating key results in relation to the research questions or objectives would reinforce the main contributions of the study.

27. Including a brief section on potential avenues for future research would enhance the conclusion. Identifying unresolved

questions or areas that require further exploration contributes to the academic discourse.