

Review of: "Exploring the Convergence of Macroeconomic Variables and Market Capitalization in an Emerging Economy: An Empirical Analysis Using Arbitrage Pricing Theory"

Abednego Osei¹

¹ Jiangsu University

Potential competing interests: No potential competing interests to declare.

Thank you for giving me the opportunity to read an interesting article titled "Exploring the Convergence of Macroeconomic Variables and Market Capitalization in an Emerging Economy: An Empirical Analysis Using Arbitrage Pricing Theory." The article is well written with a lot of insight into policy and a limited research area. However, there are a few suggestions that I think will develop this article, as listed below.

Introduction

1. Most of the statements in the introduction are not backed by literature and do not make any contribution to the literature. Let's consider a sentence, for example. Nonetheless, the evidence from previous studies suggests that macroeconomic variables play a crucial role in determining capital market returns in Bangladesh. Where are the studies in the literature? And many more of these errors in the article do not make any meaning. Provide references for the studies. See: The extensive literature on market capitalization and macroeconomic variables exists but primarily focuses on developed markets such as the USA, UK, and so on. Where is the literature?
2. Make the problem statement clear in the article by articulating it to the objectives of the studies. For example, the research question should be clearly stated and linked to the objectives of the study.
3. Get a paragraph showing clearly the novelty and motivation of the study.
4. There is no contribution of the study which makes it very difficult to get the insight of the article. Include the contribution to the study.
5. Provide the remaining sections of the article after the introduction.

Literature Review

1. Make the related literature points clear and then summarize the gaps in the literature. Currently, it is very difficult to understand the literature review section.
2. Include a section called "Hypothesis Development" by showing clearly the theoretical conceptualization, empirical evidence, then development of hypotheses.

Research Design

1. Why do authors choose Bangladesh for the study? Why use data spanning 83 months? Why do authors choose 2015 to 2021 for the study? You need to justify all these in the research design section.

Analysis and Discussion.

1. I can't find this section in the article. Please state it clearly.
2. The main issue is the results of the GMM estimator. And I'm very interested in the employment of the GMM estimator for the analysis. I think GMM cannot run on small observations like 83. The GMM estimator is very robust in that it does not consider small observations. Please read more on GMM. Also, there is no Hansen test, Sargent test, Fisher statistics, AR (1), AR (2), and many more indicated for the GMM estimator, which makes it very difficult to understand its benefits to the study. Please read more on GMM.
3. Please include endogeneity tests to control for such issues. Also, use instrumental variables for the endogeneity test.

Findings and recommendations

1. The findings and recommendations do not clearly show the results of the study. Please condense them by articulating the findings and make the recommendations clear for policymakers' groups.
2. Add a section called practical implications to the study.

Best wishes for the manuscripts.