



SDI Review Form 1.6

PART 1:

Journal Name:	<u>British Journal of Applied Science & Technology</u>
Manuscript Number:	2013_BJAST_5535
Title of the Manuscript:	Sarima Modelling of Daily Nigerian Naira- British Pound Exchange Rates
Type of the Article	Original Research Paper

General guideline for Peer Review process is available in this link:

(<http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline>)

- This form has total 7 parts. Kindly note that you should use all the parts of this review form.



SDI Review Form 1.6

PART 2: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
<u>Compulsory</u> REVISION comments	(1) Explain what is different between Sarima and ARIMA models. This paper considers daily Naria-Pound exchange rate series and then finds seasonality of order 7. What is economic implication on the seasonality of order 7 in Naria-Pound exchange rates? (2) Explain how to determine the order of SARIMA. In general, literature determines the order of ARIMA using the order criteria, AIC and SIC. Please consider the order selection criteria. (3) Explain that the SARIMA model is superior to the ARIMA model using out-of-sample analysis. Figure 5 shows the fit of SARIMA residual. The author should compare the fitted performance between the SARIM and ARIMA models.	1. The fact that a SARIMA model is an ARIMA model specifically proposed for a seasonal model has been highlighted in section 2.1. The seasonality of 7 days implies that there exists a tendency for the daily exchange rates to rise and fall following a weekly pattern. 2. There is an attempt to discuss order determination for a SARIMA in the 2.2.1 section. In particular it has been discussed how a $(0, 1, 1) \times (0, 1, 1)_s$ SARIMA may be identified. 3. The supremacy of SARIMA models over ARIMA has been shown by the analysis of their residuals.
<u>Minor</u> REVISION comments	Authors mention that "the residuals are observed to follow a normal distribution ...". I do not agree the author conclusion in Figure 7. In Figure 7, the Jarque-Bera test rejects the null hypothesis of normality in residuals. Please check the normality test.	You are right because the p-value of 0.008581 for the SARIMA residuals is less than 0.01. However what was considered is the bell-shaped form of the probability curve. The situation is even worse for the ARIMA residuals with a p-value of 0.005911.
<u>Optional/General</u> comments		