



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.



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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) The motivation of the paper is unclear; is it specific to provide new/better method to estimate time series models for exchange rate in general – as it is claimed in the first sentence – or to Naira in particular as references with one exception are, however, limited to Naira. 2) The length of the time series is way too short when it is about to assess lower frequency seasonality. There are widely available data for daily Naira exchange rate on the internet covering much longer time period. 3) Specification and robustness checks are far from complete. Parameter stability in time and functional form should have been tested. 4) The paper does not document why obtained results are better than those in the literature. 5) Exchange rate estimation should be complemented by ex-ante within-sample forecast, too. Low forecast error would support the chosen estimation method.	1. The motivation is to propose and fit a SARIMA model to the data, if there is sufficient reason for that. 2. The length of the series 113 is not too short for a series of 7-point seasonality. There are up to as many as 16 “seasons” covered in the series. 3. I agree. We are now using Augmented Dickey-Fuller unit root tests for non-stationarity. See new Table 1. 4. There is an attempt to show the superiority of the SARIMA model over the suggestive ARIMA(1,1, 1) model. For instance R^2 is equal to 51% and 8% respectively. 5. We chose not to use the forecast argument.
<u>Minor</u> REVISION comments	Results should be presented in a much more parsimonious way.	The beauty of the SARIMA approach lies in the combination of seasonality accommodation and parsimony. With just three coefficients the SARIMA model is parsimonious enough.



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<u>Optional/General</u> comments	The paper deals with the time series estimation of the Nigerian currency. There is nothing special about Nigeria or any currency, that is, it could have been any other country or any other asset price.	As a Nigerian my country Nigeria and its currency are special to me.
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