



SDI Review Form 1.6

PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	2013_BJEMT_3588
Title of the Manuscript:	The effect of US fundamentals on the Moroccan stock market pre- and post- FTA

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)
Compulsory REVISION comments	The econometric methodology is geared towards long-run relationships, but the analysis is concerned with quite short-periods (2000-2004 and 2005-2009). Need a more formal model of the relationship between foreign fundamentals and domestic stock market returns; such a model should also take into account the role of domestic fundamentals. The impact of FTA on the domestic economy and financial markets needs to be elaborated more; the lags involved should be clearly specified. Literature review should be thematic, rather than a study by study summary: themes could be for instance impact of exchange rate and foreign interest rates on domestic stock prices etc.	- We agree with you that the data span is short, but in co-integration the relationship will be proved within the time frame. For example if you test the relationship between interest rate and returns in stock market. The data period can be three years, but the frame is weekly observations. Here we are looking for relationship within the frame for certain period. Adjasi and Biekpe (2006) use monthly data for eight years. Rousova (2009) use weekly data for the stock markets across Europe for nine years. She did break the data to three sub period as we did. First for three years, two years and half and three years. Bollerslev, Osterrieder, Sizova and Tauchen (2013) use high frequency data for nine years for returns in the stock market. Maysam, Howe and Hamzah (2004) use stock returns in monthly based for twelve years. From what has been stated, we can see time of the data is not important more than then the span of the data. - We are trying to test if the FTA has its channel to affect the stock market or not. Fundamentally, the effect of the



SDI Review Form 1.6

		macroeconomics variables on stock markets has been proven by many studies. Thus, the goal in this study to find if there is a relationship between macroeconomics variables of other country to other country's stock market. 3- This Specification based on AIC. We did modify the literature review to reflect the scope of the study.
<u>Minor</u> REVISION comments	References need to be put in a more structured manner	We did rewrite the references again in formal structure.
<u>Optional/General</u> comments	In places the drafting could be improved substantially.	