



SDI Review Form 1.6

PART 1:

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2013_BJEMT_5519
Title of the Manuscript:	Predicting direction of stock prices index movement using artificial neural networks: The case of Libyan Financial Market
Type of the Article	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)
Compulsory REVISION comments	The author(s) employs the ANN model to predict the stock prices for the Libyan financial market which is an emerging market. This work is a timely and meaningful study. However, in the manuscript, there are some problems which need to be revised. Only after that, this manuscript may be considered to publish in the journal of BJEMT. (1) The major problem in this manuscript is the author(s) only uses the ANN model to predict the stock prices and does not compare the outcomes for the ANNs with the results obtained by other models, such the random walk model which can be referenced the literature by Sun et al. (2010). [B. Sun, C. Xie, G. Wang, J Zhang. The combining prediction of the RMB exchange rate series based on diverse architectural artificial neural network ensemble methodology. BIC-TA 2010, 743-749]. If the manuscript does not make this comparison, the author(s) cannot explain the validity of the proposed model effectively.	(1) The author using the ANN model to predict the stock prices and was compared with different combinations of parameters for testing the ANN model see table 5, 6, 7, 8 which give as good result. But we mentioned that this is first study in the Libya stock market using ANN model as contribution to knowledge for the LSM. I greed with reviewer's comment about the comparisons with others forecasting techniques such as random walk model, ARCH and GARCH models. We mentioned all this comments in the study limitation and we suggested for future research to be include with more data available. See lest paragraph in conclusion. Note: We have a plan to develop this paper for publish new version including two models in future, ANN model compering with such as random walk model to give more explain the validity of the proposed model effectively.
Minor REVISION comments	(2) In table 1, the data about 2009 and 2010 is seems incorrect, which should be revised. Besides, considering that the war in Libya would have an effect on the stock market in the future, so it should not to eliminate the LSI data in 2011. (3) In Page 3, the last paragraph, I find that the contents of introduction of Fig. 1 may be copied from other	(2) The data in table defiantly is correct which collated from LSM report and database price index. Also, the war started 17 February 2011 and LSM was not an effected before this data. (3) See all references included.



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	references, so the author(s) need re-written this section or present the references. Also, Fig. 1 may be copied from other references which should be cited. (4) In Page 7, Eq. (4), I cannot find the expressions of x_p and w^p, so Eq. (4) may not correct. (5) Below the Eq. (5), "According to Wythoff (1993) suggest that $\eta = 0.1-10 \dots$", $\eta = 0.1-10$ should be $\eta = 0.1-1.0$. At this point, I suggest use the expression $\eta \in [0.1, 1.0]$ rather than $\eta = 0.1-1.0$. (6) In Page 8, Line 7, I cannot find the variable of "n" in your defined expression of $E = (P_i - \hat{p}_i)$, so plz show the right expression. (7) Below the Eq. (8), the are two $\bar{p}_i$ in the interpretation. (8) Below the Eq. (10), "represents" should be "represent".	(4) The expressions of x_p is x_i an input and w^p is w_i the weights, which we changed see Eq. 4 and 5. (5) We replaced $\eta \in [0.1, 1.0]$ in Eq.5. (6) We use (n) is the sample volume for Eq. 5-8. See the change. (7) Should be like this p_i and $\bar{p}_i$. See the change. (8) See the change you suggested [represent]
<u>Optional/General</u> comments	(9) In table 2, there is a lack of explanation of some variables and formulas, such as RSI, MA. (10) This manuscript only sets two direction of LSM index movement, i.e., increasing or decreasing. Should the author(s) consider the situation that the LSM index would keep still?	(9) See more explanation for (RSI and MA) variables in table 2. (10) See all change following LSM index, which we contain all manuscript.