



SDI FINAL EVALUATION FORM 1.1

PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	2013_BJEMT_4879
Title of the Manuscript:	Remittance and the National Household Disposable Income in Nigeria (1980-2025): Dynamic Forecasting Approach

PART 2:

FINAL EVALUATOR'S comments on revised paper (if any)	Authors' response to final evaluator's comments
Although the author has revised the original manuscript, some corrections are not obvious. I have some comments and suggestions for the new version of the paper: 1. The detail discussions about the relationship between dynamic forecasting model and empirical model are still necessary. Otherwise, the reader would have some difficulty in understanding their relations. It is not clear the means of the variable $\log\text{NHD}(-2)_t$ in the equation (8). "$(-2)_t$" is not professional notation. It is not also clear this mean of the notation c, x, z and y. Please clarify this. 2. The author tested stationarity of the variables in the paper and is saying that the data are non-stationary (on page 14). When the data is non-stationary, the use of OLS can produce invalid estimates. This means that estimating cointegration and error correction model are necessary. If the author still decided to use OLS technique, it may be necessary to transform raw data into a differencing and use unit root test shows the differenced time series to be stationary, OLS can then be applied to this series to estimate the coefficients. It is not clear whether the author use difference or level data to estimate empirical model, please clarify this. 3. The author is saying that the study use three years moving average growth rate with an AR(1) series to forecast for the short and long run. So the use of OLS estimation biased is out (and why?). This sentence has not been added to the new version of the paper. It's a suggestion to provide a further information about the choice of three years moving average in the model. 4. The author states that the estimation software package used in the paper is Eview 7, the Im et al.(2003) unit root test is one of the method in Eview 5,6, and 7, therefore, it does not need cite the reference. This explanation is not appropriate. The Im, Pesaran and Shin unit root test is a econometric method, which is proposed by Im et al.(2003), however, the Eview is just a statistical and econometric software package. In statistics, we test unit root is generally using the augmented Dickey–Fuller test or the Phillips–Perron test. However, the author have to clarify why choose the Im, Pesaran and Shin unit root test and discuss the method in text. 5. In page 13, equation (8), $\alpha_4 \log \text{NHD} \rightarrow \alpha_6 \log \text{NHD}$. 6. The paper's reference format still is fragmental and arbitrary. References and citations must correspond, that is, everything cited in the text must be referenced. For example, on page 9, Agarwal and Horowitz(2002) is not included in the reference list. The format of the reference list is also not standard, capital letters and lowercase letters are missed somewhere.	Please note, an empirical model can be static or dynamic. Dynamic in the sense that it uses the lagged value of either the dependent or independent variables to forecast or predict a given model (see any econometrics text). $\log\text{NHD}(-2)_t$ is lagged value of the dependent. In this model it is an autoregressive dynamic model and not a distributed lagged dynamic model the notation c, x, z and y is general form of dynamic forecasting which is clearly stated in equation 6 Estimation of cointegration and error correction model are not necessary. It is not that the author cannot capture these, but not a part of my objective. What I want to do is to test run for both the short run and long run. That is predicting the model to 2015 which I consider as the short run and predicting to 2025 which I consider the long run The author use log difference and not level data to estimate empirical model Before I specified the stochastic equation in its empirical forms in equation 8, I provided systematic steps of equations 5 to 7. These equations provide the breakdown of the procedure Augmented Dickey–Fuller (ADF) test or the Phillips–Perron (PP) test is one of the methods in modern Eview 5, 6 and 7 to test for seires stationarity. We have other methods. The Im, Pesaran and Shin unit root test method is a group test. The Im, Pesaran and Shin unit root test is advantageous to other methods because, it summaries (once) the results of ADF series t-stat and probabilities, without you performing series of tests. It is now discussed in the text Corrected (see equation) All the references are cited e.g. Agarwal, R., and A.W. Horowitz, (2002), “Are International Remittances Altruism or Insurance? Evidence from Guyana Using Multiple-Migrant Households,” World Development, Vol. 30, pp. 2033–44