



SDI Review Form 1.6

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	Ms_BJEMT_30459
Title of the Manuscript:	Monetary policy shocks and industrial output in Nigeria
Type of the Article	Original Research Article

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

To know the complete guideline for Peer Review process, reviewers are requested to visit this link:

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



SDI Review Form 1.6

PART 1: 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	Review of "Monetary policy shocks and industrial output in Nigeria" Introduction It would be helpful if the author could state the average of the percentages of the Nigerian industrial sectors examined relative to the Nigerian GDP for a recent time period, in order to highlight the importance of the sector. Review of related literature A reference to Sims (1980), Bernanke (1986) and Christiano et al (1999), given the fact that they were the first or among the first to use VAR and SVAR models in order to measure the effects of monetary policy, might be necessary. Methodology and empirical model The author doesn't mention the time period or the year of the observations and the data used.	Highlighting the percentage contribution of the industrial sector to GDP is plausible and this has been done in the introductory part of the work (last paragraph). See highlight on Page 2 Yes this might be necessary but it is not a sufficient condition. This has been taken care of under methodology. See the highlight on page 6 under methodology. Though a comprehensive list of industrial operators, products and their value for the various subsectors might not be readily



SDI Review Form 1.6

	The author does not explain the term “industrial sector” of Nigeria e.g. the number of companies, the goods that they produce, the value of their production etc. The author needs to clarify the term “solid mineral sector” e.g. to which minerals does he refer to, the number of companies that are active in this particular sector, the goods that they produce, the value of their production etc The sources of the data are not mentioned. The author doesn’t mention how did he choose the number of the lags of the monetary variables, for example, did he use a Schwarz- Bayesian or an Akaike criterion to determine the number of the lags or did he arbitrarily choose only one lag per variable? No autocorrelation, heteroskedasticity or cointegration tests seem to have been conducted. Strictly from a statistical point of view, the pairwise Granger causality tests “cannot reject” the null hypothesis of the non-causality between the dependent variable and the monetary variables, although the possibility is low.	available due to dearth of data, the authors have put together most of these facts and figures. See highlight on page 6 and Table 1. This has also been done for the solid minerals subsector. Sources of data have now been captured under methodology, page 6. AIC was used to determine maximum lag length in the study, although other criteria such as SC and HQ confirm the result of AIC, selecting 5 as the optimal lag length. Evidence is provided in Table 3. Autocorrelation and heteroskedasticity tests have now been conducted. See Table 6 and 7 for Eqn One on page 9, and Table 9 and 10 for Eqn Two on page 11. The results of which confirm the models are statistically reliable. Co-integration test has also been conducted as shown in Table 4a and b. Results showed 2 co-integrating equations for Trace and Max-eigen statistics and thus form the basis for estimation of restricted VAR (VECM). The pairwise causality test was used first and foremost to determine the direction of causality in the model estimates. The result showed bi-directional causality and as such informs the estimation of a system equation, which is why the Johansen system co-integration test was adopted. However, the test corroborates the VECM results.
--	---	--



SDI Review Form 1.6

	Conclusion and Policy Implications Although the conclusions seem robust, the author must be aware of the possibility that the changes of the contributions of the examined sectors to the GDP, might be, partially, the results of potential structural changes of the examined industries or by-products of international economic developments. External factors, such as the prices of commodities used in the industrial process, could have been added as independent variables in order to clarify their effect on the dependent variables, compared to the monetary policy channels.	In this study emphasis is on the relationship between monetary policy innovations and the performance of the subsectors of the industrial sector. The authors have selected manufacturing and solid minerals subsectors in their analysis. However, due to the paucity of data, the ratios of the two subsectors to GDP have been used as proxies.
<u>Minor</u> REVISION comments		
<u>Optional/General</u> comments		