



Paper: “Economic, Fiscal, and Monetary Policy Uncertainty in Japan: What do They Affect?”

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Peer review:

Reviewer 1: Robert Szucs
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Chabahar Maritime University, Iran

Reviewer 3: Jurate Savickiene
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Reviewer A:

Recommendation: Revisions Required

The TITLE is clear and it is adequate to the content of the article.

yes

The ABSTRACT clearly presents objects, methods, and results.

yes

There are a few grammatical errors and spelling mistakes in this article.

Refer to review.

The study METHODS are explained clearly.

Refer to review.

The body of the paper is clear and does not contain errors.

Refer to review.

The CONCLUSION or summary is accurate and supported by the content.

Refer to review.

The list of REFERENCES is comprehensive and appropriate.

Refer to review.

Please rate the TITLE of this paper.

[Poor] 1-5 [Excellent]

2

Please rate the ABSTRACT of this paper.

[Poor] 1-5 [Excellent]

2

Please rate the LANGUAGE of this paper.

[Poor] 1-5 [Excellent]

2

Please rate the METHODS of this paper.

[Poor] 1-5 [Excellent]

2

Please rate the BODY of this paper.

[Poor] 1-5 [Excellent]

2

Please rate the CONCLUSION of this paper.

[Poor] 1-5 [Excellent]

2

Please rate the REFERENCES of this paper.

[Poor] **1-5** [Excellent]

2

Overall Recommendation!!!

Return for major revision and resubmission

Comments and Suggestions to the Author(s):

Insufficient differentiation between uncertainty types Although the study includes EPU, FPU, and MPU indices, the analysis disproportionately focuses on EPU. The independent roles of fiscal and monetary uncertainty deserve deeper exploration.

Weak explanatory power in volatility modeling The EGARCH regressions yield statistically insignificant coefficients and low R^2 values. This suggests limited explanatory power and calls for alternative specifications or additional explanatory variables.

Absence of Granger causality tests Given the time-series nature of the data, Granger causality tests could strengthen the causal interpretation of relationships between EPU and macroeconomic variables.

Lack of structural identification in VAR The VAR model is purely recursive and does not identify structural shocks. Incorporating SVAR or FAVAR approaches could enhance the interpretability of impulse responses.

No treatment of nonlinear or threshold effects Prior literature suggests that EPU effects may be nonlinear or regime-dependent. The current linear VAR framework may overlook important asymmetries or threshold dynamics.

Limited discussion of institutional context in volatility transmission The finding that EPU does not significantly affect financial volatility is underexplored. A richer discussion of Japan's institutional features (e.g., BoJ interventions, market structure) is warranted.

Underdeveloped policy implications Section 7 offers general insights but lacks specificity. The paper could benefit from concrete recommendations for central banks and regulators, especially in prolonged low-rate environments.

Language and phrasing inconsistencies While generally readable, some sections contain awkward phrasing or overly dense constructions. A professional language edit would improve clarity and flow.

No robustness checks for EGARCH results Unlike the VAR section, the EGARCH analysis lacks robustness tests (e.g., alternative distributions, lag structures, or multivariate extensions like DCC-GARCH).

Limited comparative perspective The study focuses solely on Japan without benchmarking results against other economies with similar monetary regimes (e.g., Korea, Eurozone). Comparative insights could enhance generalizability.

Reviewer B:
Recommendation: Accept Submission

The TITLE is clear and it is adequate to the content of the article.

The title is clear and accurately reflects the content of the article.

The ABSTRACT clearly presents objects, methods, and results.

The abstract is not clearly present object.

There are a few grammatical errors and spelling mistakes in this article.

There are few grammatical errors in manuscript.

The study METHODS are explained clearly.

The research methods could be explained clearly.

The body of the paper is clear and does not contain errors.

The body of the paper is clear and free of errors.

The CONCLUSION or summary is accurate and supported by the content.

The conclusion is accurate and supported with the content of the paper.

The list of REFERENCES is comprehensive and appropriate.

The list of references is appropriate.

Please rate the TITLE of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the ABSTRACT of this paper.

[Poor] 1-5 [Excellent]

4

Please rate the LANGUAGE of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the METHODS of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the BODY of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the CONCLUSION of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the REFERENCES of this paper.

[Poor] 1-5 [Excellent]

5

Overall Recommendation!!!

Return for major revision and resubmission

Comments and Suggestions to the Author(s):

Reviewer C:

Recommendation: Accept Submission

The TITLE is clear and it is adequate to the content of the article.

The title is concise, clearly identifies both the subject (economic policy uncertainty and monetary dynamics) and the methods (VAR–EGARCH analysis), and specifies the country studied (Japan). It accurately reflects the scope and methodology of the research, aligning well with the content presented in the article.

The ABSTRACT clearly presents objects, methods, and results.

The abstract effectively summarizes the study's objectives (examining EPU effects on Japan's macroeconomic and financial variables), methods (VAR and EGARCH models), and key results (significant effects on money supply and industrial output, modest effect on inflation, weak link to volatility). It also highlights the policy relevance, fulfilling the criteria of a comprehensive and informative abstract.

There are a few grammatical errors and spelling mistakes in this article.

The paper is written in fluent academic English with only minor grammatical and stylistic imperfections (occasional inconsistent capitalization, redundant phrases, or missing articles). However, these do not impede readability or clarity. The overall linguistic quality is high for a non-native author.

The study METHODS are explained clearly.

The methodology section is detailed and transparent, explaining variable construction, data sources, and econometric specifications (VAR(1), EGARCH(1,1), stationarity tests, lag selection). Statistical procedures and assumptions are well documented, including robustness checks and appendices. This level of detail demonstrates methodological rigor and reproducibility.

The body of the paper is clear and does not contain errors.

Results are presented systematically with tables, figures, and statistical outputs. The interpretation aligns logically with the reported coefficients and significance levels. Key relationships (e.g., EPU's positive link with M2, negative with industrial output) are clearly explained. No obvious numerical inconsistencies or methodological errors are found.

The CONCLUSION or summary is accurate and supported by the content.

The conclusions accurately reflect the results and avoid overgeneralization. They highlight both empirical findings and policy implications, directly supported by the data analysis. The author acknowledges limitations (e.g., model linearity, univariate volatility specification) and suggests future extensions, showing academic balance and critical thinking.

The list of REFERENCES is comprehensive and appropriate.

The reference list is comprehensive, recent, and relevant, including major works (e.g., Baker et al., 2016; Antonakakis et al., 2013; Nusair et al., 2024). All sources are properly cited in APA-like style with DOI links, covering both theoretical and empirical literature on EPU, VAR, and GARCH methodologies. No inappropriate or outdated sources are evident.

Please rate the TITLE of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the ABSTRACT of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the LANGUAGE of this paper.

[Poor] 1-5 [Excellent]

4

Please rate the METHODS of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the BODY of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the CONCLUSION of this paper.

[Poor] 1-5 [Excellent]

5

Please rate the REFERENCES of this paper.

[Poor] 1-5 [Excellent]

5

Overall Recommendation!!!

Accepted, no revision needed

Comments and Suggestions to the Author(s):
