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Dear Professor Murillo Campello,

I recommend revision for the paper entitled "On internal market inefficiency" to the Journal of financial intermediation.

The empirical results presented in this paper that unrelated segments of conglomerate firms tend to invest more in low-Q industries while less in high-Q industries than their stand-alone peers are valuable to the literature. And relatedness measure used in this paper also provides a good example of identifying relatedness based on input-output for big data set.

There are several shortcomings in this paper, such as lack of enough robustness tests and some unclarity when expressing the contribution to the literature. However, it is still a valuable study. Please see my referee report for detailed comments.

Therefore, I recommend revision for this paper.

Sincerely,

Junhao Li