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PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	**MS: 2012 BJEMT 2553**
Title of the Manuscript:	**IS INFLATION IN SOUTH AFRICA A STRUCTURAL OR MONETARY PHENOMENON?**

General guideline for Peer Review process is available in this link:
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- This form has total 9 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 paper has the potential to make a significant contribution to the policy debate on inflation and economic growth in Africa. I make a few suggestions for improving the quality of the manuscript before it is ready for publication in the *British Journal of Economics, Management & Trade*. Thus, the paper will be accepted after completion of the revisions. On the section for empirical evidence, the author should be aware of the more recent studies with evidence on the impacts of exchange rates and other variables on inflation across a wide range of countries - see for example, Kargbo (2005, 2007a, 2011a,b). Kargbo (2011a) used the Johansen cointegration technique and annual data over the 1968-2008, and found that exchange rates, money supply, government consumption, terms of trade, and real GDP are major determinants of inflation in Sierra Leone in the long-run. Within the short-run, the coefficients for inflation inertia were in the range of 0.173-0.861. On the linkages between the PPP theory and inflation, see for example, Kargbo (2003a,b; 2004,	Kargbo (2006) and Kargbo (2011a) have been used.

	2006a, and 2009a,b,c) for empirical evidence covering more African countries, Emerging markets and longer time period. On the issue of methodology – Why didn't the author include a dummy variable for the change of government and transition from Apartheid to democratic rule since 1994? Or at least, briefly discuss this development in South Africa's history. It's an issue that has accounted for major structural shifts in the country's economy (see Kargbo, 2007a,b). Consider including other variables (e.g. South African terms of trade), and variable lags in estimation of model to improve the results in tables 5 and 6. Think of multicollinearity issues amongst variables. Page 10, lines 332-339: re-estimate your model and rethink this argument. See e.g. Kargbo (2006b, 2007a,b) Line 322: - both 5% and what %? Page 12, line 360: match data periods with page 5. Lines 367-377: Why not consider that the South African government should provide more incentives to domestic producers so that they can	One dummy has been introduced to account for the collapse of the apartheid system: "Another dummy variable (DAP) is introduced to capture the structural break associated with the collapse of the apartheid system in 1994. It takes the value of 1 from 1994 onwards and 0 otherwise". LM test reveals that there is no multicollinearity problem in the model This has been corrected This has been done This suggestion has been incorporated into the work

	produce and compete effectively in the global market. Imposing more trade barriers won't necessarily help South African consumers. Think about this more carefully. Presence of monopolistic and oligopolistic conditions in vast sectors of the economy- more reforms are needed.	This has been taken incorporated into the work.
	Lines 379-384. See the websites for Statistics South Africa, and South African Reserve Bank, and several publications, e.g. *Abstracts of Agricultural Statistics* for data on various aspects of South Africa to ease your concern.	This has been noted
	What software did you use in your analysis? Several econometric software (e.g. Eviews) have capability to perform causality tests.	Granger Causality test involving significant determinants of inflation and inflation has been done and the results reported in Table 9
	Match citations in text with reference list. For example, Sargent (1975) on page 2-line 53; Jalil and Ma (2008), and Sarel (1996).	This has been done
	Suggested references	
	Kargbo, J.M. (2011a). "**Political Instability and Economic Recovery in Sierra Leone: Lessons in Applied Econometrics, Modeling and Policy Making"**, The Edwin Mellen Press, Lewiston, New York.	
	Kargbo, J.M. "*Capital flows, real exchange rate*	

	misalignment and PPP tests in Emerging Market Countries", **Applied Economics,** 43 # 15, (2011b) pp. 1883-1897**.** Kargbo, J.M. *"Energy prices, oil trade flows, and real exchange rates in an integrated global market"*, In **Trade Policy in a Globalizing World**, Edited by Yuki Watanabe and Haruto Yamashita, Nova Science Publishers, Inc. New York, (2009a), pp. 117-139. Kargbo J.M. "*Financial integration and parity reversion in real exchange rates of Emerging Markets",* **Applied Economics Letters,** vol. 16 #s 1-3 (2009b), pp. 29-33. Routledge, Taylor & Francis Group Publishers, UK. Kargbo, J.M. *"Financial globalization and purchasing power parity in the G7",* **Applied Financial Economics Letters**, vol. 16 #s 1-3 (2009c), pp. 69-74. Routledge, Taylor and Francis Group, United Kingdom. Kargbo, J.M. "*The effects of macroeconomic factors on South African agriculture",* **Applied Economics**, vol. 39, # 17, (2007a), pp. 2211 – 2230. Kargbo, J.M. "*Forecasting agricultural exports and imports in South Africa*", **Applied**	

	Economics, vol. 39 # 16, (2007b), pp. 2069-2084. Routledge, Taylor and Francis Group, UK. Kargbo, J.M. "*Purchasing power parity and real exchange rate behaviour in Africa",* **Applied Financial Economics,** volume 16, #s 1 – 2, (January 2006a), pp. 169 – 183**.** Kargbo, J.M. *"Exchange rate volatility and agricultural trade under policy reforms in South Africa",* **Development Southern Africa Journal,** vol. 23, # 1 (2006b), pp. 141-164**.** Kargbo, J.M. "*Impacts of monetary and macroeconomic factors on food prices in West Africa",* **Agrekon: The Journal of the Agricultural Economics Association of South Africa,** Vol. 44, No. 2, (June 2005), pp. 205-224**.** Kargbo, J.M. "*Purchasing power parity and exchange rate policy reforms in Africa",* **The South African Journal of Economics, (**June 2004**),** Vol. 72, # 2, pp. 258-281**.** Kargbo, J.M. "*Food prices and long-run purchasing power parity in Africa",* **Development Southern Africa Journal**, Carfax Publishing, Taylor & Francis Group, vol. 20, # 3, (September 2003a), pp. 321-336,	

	Kargbo, J.M. *"Cointegration tests of purchasing power parity in Africa"*, **World Development**, Elsevier Publishers, Volume 31, # 10, (October 2003b), pp. 1673-1685.	
Minor REVISION comments		
Optional/General comments		