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PART 1:

Journal Name:	**British Journal of Economics, Management & Trade**
Manuscript Number:	**2013_BJEMT_4098**
Title of the Manuscript:	**OIL PRICE SHOCK, EXCHANGE RATE MISALIGNMENT AND DOMESTIC INVESTMENT IN NIGERIA: A SYNTHESIS EXAMINATION**
Type of the Article	**Research paper**

General guideline for Peer Review process is available in this link:
(http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline)

- This form has total 7 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 structure of the paper should be changed. The introduction is much too long and it does not really introduce the original work provided in the second part of the paper. The literature review is not well targeted to shed line on a specific issue. The econometric work needs to be much better explained: (1) justify the choice of the explanatory variables and the specification. Why not a standard, catch-up model? Are the variables in log? Is the oil price expressed in real terms? Investment as a share of GDP? What is the purpose of this estimation? Against which country is the real exchange rate? What is the underlying theoretical model? (2) Provide details on the data sources, frequency, period under review. How many observations? (3) Show and interpret the cointegration relationship. (4) Why a GARCH model? Generally ARCH and GARCH model are used for high-frequency data. This is not the case here. The main intuition of the authors – that Nigeria is not standard as an oil-exporting country due to high imports of petroleum products – is not well analysed in the paper. First, the authors should show the share of petroleum products in total imports (is it as high as the share of oil in exports? Does it justify that an oil price shock has no impact on the real exchange rate?). Second, they should explain why a positive shock on the oil price can affect negatively investment in Nigeria. It is not enough to assert that "funds appropriated are often misguidedly	The structure of the paper has been completely changed (1) the topic has been changed to reflect the new structure. (2) The literature review has been re-addressed to reflect the restructured topic. (3) the econometric model has been redesigned to address the response of the variables to various shocks using the unrestricted VAR methodology. (4) all the variables appear in log form, the exchange rate is measured against the US dollar, the data ranges from 1970-2010. (5) GARCH and ARCH models have been replaced with the impulse response function (IRF) and variance decomposition (VDM) models. (6) The conclusions in the paper are derived from the results obtained from the IRF and VDM

	spent on items that do not promote investment in Nigeria". To derive this conclusion, the authors should show that, in contrast to public investment, public consumption is positively affected by a positive oil price shock. Finally, the recommendation section should be removed as it does not derive directly from the empirical findings of the paper.	
Minor REVISION comments	English should be checked Figures should be better specified (variables, units, sources). Clarify Balassa-Samuelson effect versus Durch disease	
Optional/General comments		