



SDI Review Form 1.6

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	MS: 2013_BJEMT_5914
Title of the Manuscript:	<i>DOES REAL EFFECTIVE EXCHANGE RATE MATTERS FOR AGRICULTURAL OUTPUT IN NIGERIA? A COINTEGRATION APPROACH</i>
Type of the 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
		(a.) I disagree with the reviewer in comment (a) The REER as used in the paper is trade weighted since it is the nominal effective exchange rate deflated by price level differentials. The nominal effective exchange rate is trade weighted since it involves the major trading partners of Nigeria. The data are shown in table A in the paper. (b.) I also disagree with the reviewer in the second comments in (b) since literature did not support that some variables must have a long run relationship while others must not. Literature is open on the direction of the relationship between any variable. (c.) I agree with the reviewer's third comments in (c). The results in tables 3 and table 4 were wrongly typed. I have included the right results in both the overparameterize and parsimonious ECM result as shown in table 3 and table 4.
Compulsory REVISION comments	(a) Some data computation issues: (1) REER ought to be trade weighted otherwise, it is just RER. (2) Real agricultural exports ought to have been derived as agricultural exports divided by GDP deflator or consumer price index; the alternative is to use the dollar value assuming purchasing power parity holds between Nigeria and the US. (b) Conceptual and modelling issues: (1) Both REER	



SDI Review Form 1.6

	and agricultural prices may not be considered as long-run variables; REER should be stable in the long-run and so would be a constant; prices are nominal variables and could not have long-run effect on real sector variables. (c) Iteration and parsimony: The aim of iteration to parsimony is to produce a model that would encompass all rival models. Hence, it should result into the systematic deletion of those coefficients that are insignificant and with the least probabilities of becoming significant. Obviously from the probabilities of the coefficients in the parsimonious equation, this principle was not followed. The results in Table cannot therefore be parsimonious.) Interpretation of results in VEC Cointegration. Contrary to the view of the author, only the coefficient of REER is correctly signed though insignificant.	
<u>Minor</u> REVISION comments	There is need for consistency between the objective of the study and the methodology. Extending the analysis to VEC obviously enlarged the objective beyond simply investigating the effect of REER on agricultural output.	
<u>Optional/General</u> comments		