



SDI Review Form 1.6

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	Ms_BJEMT_26967
Title of the Manuscript:	ECONOMETRIC MODELING OF INCOME-CONSUMPTION RELATIONSHIP: EVIDENCE FROM NIGERIA
Type of the Article	Original Research Article

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PART 1: Review Comments

	Reviewer's comment	Author's comment <i>(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)</i>
<u>Compulsory</u> REVISION comments	1. Some important references in the field are absent from the paper. Examples: - Hall, R. E. (1978). Stochastic implications of the life cycle-permanent income hypothesis: Theory and evidence. Journal of Political Economy, 86 (6):971–987. - Beveridge, S. & Nelson, C. R. (1981). A new approach to decomposition of economic time series into permanent and transitory components with particular attention to measurement of the business cycle. Journal of Monetary Economics, 7(2):151–174. - Campbell, J. & Mankiw, G. (1989). Consumption, Income and Interest Rates: Reinterpreting the Time Series Evidence. MIT Press, Cambridge, MA. Olivier J. Blanchard & Stanley Fischer. National Bureau of Economic Research Macroeconomics Annual. - More updated papers and with a wider audience are also absent. 2. Data sources, units of measurement, deflation procedures etc. are not presented. 3. Per capita disposable income appears to be related to oil prices in Nigerian time series. Notwithstanding, oil	the reference is more of a bibliography. It has been corrected in the paper Sources of data and their measurements have been included. The paper was based mainly on the assumptions of the two consumption hypotheses discussed, that is why contro variables and other determinants were not included.



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	revenues are not going to Nigerian households in a way that could be canalized to consumption. If it is the case, theoretical predictions could not be directly testable or, at least, results have to be considered highly suspicious. If some truth exists in the oil-prices X disposable income relationship, the readership should be warned along the third section. So, in addition to providing detailed information about the data (as implied in point #2), the context-specific details about Nigerian macroeconomic time series should be elucidated. 4. Conclusions do not follow directly from the presented data. Moreover, potential problems in point #3 could alter radically the interpretation of test results and the obtained conclusions.	A new conclusion emerged after revisiting all the econometric analyses in the paper.
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<u>Minor</u> REVISION comments	1. Lines 36-37: "The theory asserts that as income rises, consumption also rises but not necessarily at the same rate". Should be amount, instead of rate (in a typical linear Keynesian consumption function, the consumption rises at the same rate of income, but not at the same amount). 2. Lines 57-58: There are two sections four in the paper (starting from lines 121 and 267). 3. Lines 173-174: The system of equations in 4.0 is not appearing to be correctly specified. 4. Lines 188-189: Reported tau statistics in Table 3 are the same for both levels and first differences (although p-values are not). 5. Lines 191-192: "This implies that the condition for cointegration using the Johannsen method was met by the series". ADF based tests are used for Engle-Granger cointegration procedures, not according to Johansen method. 6. Line 260 should not exhibit a minus sign: The long-run multiplier is negative because theta zero is negative.	All these comment have been taken care of in the paper. Corrected Corrected Even without the tau statistics the probability values are sufficient to know the levels of integration of each series. ADF was used for the unit test along side other test, it was reported because all other test did not deviate from the ADF results. Corrected
<u>Optional/General</u> comments		