Review of: "Exchange Rate Pass-Through and Inflation on Unemployment in Nigeria"

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Potential competing interests: No potential competing interests to declare.

The article fills a gap in the literature as the studies of the stock price determinants in general and exchange rate effects on the asset markets in developing countries are rather scarce. While the importance of the stock market as a growth engine is acknowledged for industrial countries, empirical evidence is not so straightforward in the developing world. Moreover, it is not ruled out that stock market fluctuations which are associated with capital flows and exchange rate instability could be counterproductive in the unstable economies with weak institutional features. The statistical model of Eq. (1) seems to be reasonable as for the commodity economy dependent on oil exports it is quite natural to assume the reliance of the stock market performance on the interest rate, the exchange rate and the crude oil prices. References are appropriate. A thorough editing for English content is suggested.

There are a few suggestions for improvement of the paper. As the CUSUMQ test (Fig. 3) shows that the model is not fully stable, likely due to breaks in 2001m7 to 2008m12, it would be quite natural to introduce a dummy variable controlling for the pre-crisis developments characterized by a surge in the crude oil prices. If it does not improve the assessment of normality of the residuals, it would be useful to look for extra exogenous variables. Probably a control for the institutional features of the economy could be helpful in this respect, because it used to be a factor behind either stock market developments or capital inflows as a strong investment-related factor. For this purpose, the Index of Economic Freedom from the Washington-based Heritage Foundation or similar indices could be used.