

Title of Article: Balance of Payment Adjustment: An Econometric Analysis of Nigeria's Experience

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Abstract: This study deals with the Balance of Payment adjustment for Nigeria for the period (1986-2007) using an econometric analysis. The main objective of the study is to empirically investigate the effect to which the monetary phenomenon approach to Balance of Payment adjustment explains the observed behaviour of Nigeria's balance of payment. Annual time-series data on the variables under study covering twenty-two year period are used. The balance on Current Account is considered. The ordinary least squares single equation technique is used for the study. In the model specified the study looked at the impacts of monetary and real variables on the current account balance. The explanatory variables include the total domestic credit, GDP and government expenditure. The study find out that the aggregate credits to the Domestic Economy were significant in explaining the current account balance. There were positive and significant relationship between GDP and current account balance. Also government expenditure was significant in explaining current account balance. It is recommended that the Nigerian Monetary and Fiscal Authorities should give greater priority to measures other than monetary tools to achieve balance of payment stability.