

Does Inflation Affect Private Investment in Nigeria?

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Abstract : This study examined the impact of inflation on private investment in Nigeria for the period 1980 to 2012. Private investment was measured by foreign direct investment and private domestic investment. The study employed the Ordinary Least Square (OLS) technique. The empirical regression estimate showed that inflation had a positive but insignificant effect on private investment in Nigeria; implying that although an increase in inflation rate leads to a corresponding increase in private investment but however the effect was found to be insignificant. Thus, the study recommended that government should prevent high inflation rate that can negatively affect private investment in Nigeria and government should also put in place appropriate facilities that are investment enhancing in order to increase the level of both domestic and foreign private investment in Nigeria.

Keywords : inflation rate, private investment, OLS, Nigeria

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