

Title of Articles: The Impact of External Reserves and Investment on the Wealth of Nigerians

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Abstract: External reserves constitute an integral part of the wealth of the nation such that the lack of it brings worry to most nations and can limit the ability of the country to make foreign currency denominated payments and limit its spending abroad. With the continual increase in the price of crude petroleum in the world markets, Nigeria has been enjoying increases in the external reserves position in the international markets. However, the paradox is that the poverty level in Nigeria contradicts the country's immense wealth and external reserves. Therefore, the objectives of this paper are basically two. One, is to find out if Nigerians are better off in the process of accumulation of the external reserves, and if wealth of the nation is impacting their lives, and second, what best opportunity to apply this funds to enable Nigerians share in and benefit from the external reserves. To achieve these, two regressions were used for the measurements. A single regression of Two Stage Least Squares method (TSLS) was adopted in order to solve the problem of simultaneity bias which violates the assumptions of classical regression. The result showed that the investment or Gross Fixed Capital Formation is significant and more important in the wealth of Nigerians than in the external reserves. Thus the paper recommended that public investment be undertaken to improve the quality of life of Nigerians and their wealth in the process.