

Applied Economics Letters >

Volume 16, 2009 - [Issue 14](#)

1,000 Views | 11 CrossRef citations to date | 1 Altmetric

Original Articles

Relationship between stock returns and inflation

Paul Alagidede 

Pages 1403-1408 | Published online: 07 Oct 2009

 Cite this article  <https://doi.org/10.1080/13504850701537682>

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

Read this article

 Share

Abstract

The question of whether common stocks can act as a hedge against inflation has received tremendous attention in the economics and finance literature, but with little or no evidence for African countries. This letter examines the Fisher hypothesis for 6 African countries. Using OLS estimates we find positive relationship between inflation and stock returns in Kenya and Nigeria. However, instrumental variable estimates provide consistent results and confirms the validity of a generalised Fisher hypothesis in 3 markets: Kenya and Nigeria at the 12 month horizon, and Tunisia at 60 month horizon. This suggests that investors should expect stocks to be a good hedge against inflation over long horizons.

Notes

¹ The studies such as Anari and Kolari ([2001](#)) use cointegration while studies like Spyrou ([2001](#)) concentrate on both short- and long-run methods.

Related Research Data

COMMON STOCKS AS A HEDGE AGAINST INFLATION

Source: The Journal of Finance

Testing Fisher hypothesis in long horizons for G7 and eight Asian countries.¹

Source: Applied Economics Letters

THE FINANCIAL AND TAX EFFECTS OF MONETARY POLICY ON INTEREST RATES

Source: Economic Inquiry

STOCK PRICES AND INFLATION

Source: The Journal of Financial Research

Stock returns and inflation: evidence from an emerging market

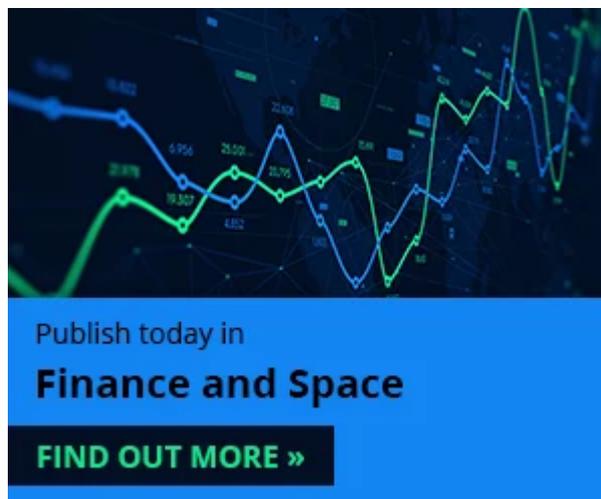
Source: Applied Economics Letters

Stock Market Returns and Inflation: Evidence from Other Countries

Source: The Journal of Finance

The Long-Run Relationship between Nominal Interest Rates and Inflation: The Fisher Equation Revisited

Source: Journal of money credit and banking



Publish today in
Finance and Space
FIND OUT MORE »

Related research

People also read

Recommended articles

Cited by
11

Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

Keep up to date

Register to receive personalised research and resources by email



Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG



Taylor & Francis
by informa