

Table 2c  
 Estimates of the Parameters of Equation (11) and Forecasting Performance of  
 Equation (7) When Conjunction II Holds, Estimation Period: August 1963 to  
 December 1991, 341 months, and Forecasting Period: January 1992 to December  
 1993, 24 months

Portfolio	$\hat{\phi}_{00}$	$\hat{\phi}_{11}$	$\hat{\sigma}_a^2 \hat{\delta}_{00a}$	$\hat{\sigma}_a^2 \hat{\delta}_{10a}$	$\hat{\sigma}_a^2 \hat{\delta}_{11a}$	RMSE	MAE
ns1b1e	0.18	0.96	100.29	74.67	126.77	5.07	1.44
ns1b5e	0.26	-0.99	10.84	0.63	0.11	4.89	0.79
ns2b1e	0.13	0.28	9.98	0.11	0.04	3.70	3.02
ns2b5e	0.18	0.99	7.45	0.39	0.07	3.53	0.66
ns3b1e	0.07	0.86	6.92	0.36	0.03	2.88	0.88
ns3b5e	0.11	0.99	6.10	0.31	0.05	2.71	5.59
ns4b1e	0.15	-0.99	4.38	0.02	0.00	2.24	1.19
ns4b5e	0.10	0.99	5.57	0.16	0.04	2.54	1.23
ns5b1e	0.08	-0.99	2.16	0.05	0.01	2.03	2.26
ns5b5e	-0.04	-0.99	7.19	0.16	0.01	4.61	3.26