

Table 4  
 Estimates of the Parameters of Equations (7)-(11) and Forecasting Performance of  
 Equation (7) When Conjunction IV Holds, Estimation Period: August 1963 to  
 December 1991, 341 months, and Forecasting Period: January 1992 to December  
 1993, 24 months  
 (t ratios in Parentheses; \* denotes statistically significant t ratio at the 0.05 level)

Portfolio	$\hat{\pi}_{00}$	$\hat{\pi}_{10}$	$\hat{\sigma}_a^2$	Log likelihood	RMSE	MAE
ns1b1e	-0.26 (-1.08)	1.40 (26.22)*	20.18	-996.12	4.97	1.58
ns1b5e	0.53 (2.51)*	1.07 (23.24)*	14.97	-945.30	4.63	0.73
ns2b1e	-0.15 (-0.81)	1.42 (35.53)*	11.26	-896.62	3.67	3.11
ns2b5e	0.53 (3.00)*	1.13 (29.33)*	10.42	-883.41	3.48	0.68
ns3b1e	-0.15 (-1.04)	1.34 (42.53)*	7.00	-815.61	2.90	0.86
ns3b5e	0.53 (3.37)*	1.06 (31.02)*	8.27	-843.99	2.66	5.61
ns4b1e	-0.03 (-0.24)	1.23 (51.06)*	4.13	-725.74	2.23	1.17
ns4b5e	0.53 (3.42)*	1.11 (32.92)*	8.08	-840.01	2.53	1.30
ns5b1e	-0.04 (-0.40)	1.02 (51.13)*	2.83	-661.38	1.99	1.97
ns5b5e	0.21 (1.36)	0.89 (26.80)*	7.78	-833.55	4.57	3.09