

TABLE 16

**ALTERNATIVE PREDICTORS OF CONSUMPTION GROWTH:
LAGGED CONSUMPTION AND REAL STOCK RETURNS
QUARTERLY DATA: 1953:2–1985:3**

Model (1): $D(j)CA_{t+j} = \beta_0 + \beta_1 D(1)CA_t + \epsilon_{t+j} \quad j=1,2,3,4.$

(2): $D(j)CA_{t+j} = \beta_0 + \beta_1 R(j)VW_t + \epsilon_{t+j} \quad j=1,2,3,4.$

Model	Obs.	β_0	$s(\beta_0)$	$t(\beta_0)$	β_1	$s(\beta_1)$	$t(\beta_1)$	\bar{R}^2
<i>One Quarter Measures 1953:2–1985:2</i>								
(1)	130	.0035	.0006	6.00	.2464	.0738	3.33	.05
(2)	130	.0043	.0006	7.81	.0198	.0052	3.82	.08
<i>Two Quarter Measures 1959:3–1985:1</i>								
(1)	105	.0078	.0013	5.90	.3864	.1411	2.73	.05
(2)	105	.0094	.0013	7.05	.0124	.0067	1.83	.02
<i>Three Quarter Measures 1960:3–1984:4</i>								
(1)	101	.0114	.0023	5.06	.6648	.1278	5.20	.10
(2)	101	.0141	.0021	6.69	.0201	.0079	2.52	.06
<i>Four Quarter Measures 1954:2–1984:4</i>								
(1)	126	.0156	.0022	7.00	.5941	.0956	6.21	.06
(2)	126	.0172	.0022	7.72	.0210	.0071	2.95	.07

Standard errors corrected for moving average process in residuals and for conditional heteroskedasticity. See White (1980) and Hansen (1982). $D(j)CA$ = Real per capita j -period growth in Consumption of Non-Durables and Services. $R(j)VW$ = Real j -period returns on the Value Weighted NYSE index.