TABLE 17

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

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

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

Model	Obs.	β_0	s(β_0)	t(β_0)	β_1	s(β_1)	t(β_1)	$\overline{R}^2$
One Quarter Measures 1959:3–1985:2 (full sample)								
(1)	105	.0041	.0007	5.80	.1532	.0797	1.92	.01
(2)	105	.0048	.0006	7.56	.0029	.0049	0.59	-.01
One Quarter Measures 1959:3–1971:4 (first sub–period)								
(1)	50	.0041	.0009	4.29	.2633	.0963	2.73	.05
(2)	50	.0056	.0008	7.13	-.0022	.0076	-0.29	-.02
One Quarter Measures 1972:1–1985:2 (second sub–period)								
(1)	55	.0039	.0010	3.91	.0497	.1199	0.41	-.02
(2)	55	.0041	.0009	4.35	.0057	.0061	0.92	-.01
Two Quarter Measures 1960:3–1985:1 (full sample)								
(1)	101	.0077	.0014	5.35	.4297	.0756	5.68	.07
(2)	101	.0095	.0014	6.99	.0125	.0068	1.82	.02
Two Quarter Measures 1960:3–1971:4 (first sub–period)								
(1)	46	.0097	.0019	5.02	.3106	.0897	3.46	.02
(2)	46	.0115	.0017	6.59	.0032	.0077	0.41	-.02
Two Quarter Measures 1972:1–1985:1 (second sub–period)								
(1)	55	.0065	.0019	3.41	.4413	.0074	5.92	.06
(2)	55	.0081	.0019	4.23	.0168	.0090	1.86	.04
Three Quarter Measures 1954:2–1984:4 (full sample)								
(1)	126	.0124	.0021	5.77	.4231	.1317	3.21	.04
(2)	126	.0136	.0019	7.27	.0154	.0063	2.46	.04
Three Quarter Measures 1954:2–1971:4 (first sub–period)								
(1)	71	.0144	.0024	5.88	.2770	.1605	1.72	.01
(2)	71	.0146	.0020	7.44	.0216	.0078	2.76	.08
Three Quarter Measures 1972:1–1984:4 (second sub–period)								
(1)	55	.0102	.0033	3.08	.5340	.0877	6.09	.05
(2)	55	.0122	.0033	3.70	.0082	.0082	1.00	-.00

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.