TABLE 8

ORDINARY LEAST SQUARES ESTIMATION[a]
LINEAR SPECIFICATION: AVERAGE YIELD SPREADS
QUARTERLY DATA: 1953:2–1985:3

Model: *(1)* $D(j)CA_{t+1+j} = \beta_0 + \beta_1 YS(j)_t + \beta_2 R1_t + \eta_{t+1+j}$ *j=1,2,3.*
(2) $D(j)CA^N_{t+1+j} = \beta_0 + \beta_1 YS^N(j)_t + \beta_2 R1^N_t + \eta_{t+1+j}$ *j=1,2,3.*

Model	Obs.	β_0	s(β_0)	t(β_0)	β_1	s(β_1)	t(β_1)	β_2	s(β_2)	t(β_2)	$\overline{R}^2$	$\overline{R}^{2*}$
One Quarter Measures 1959:3–1985:2 (full sample)												
(1)	105	.0045	.0011	4.04	.2866	.5523	0.51	-.0553	.0927	-0.59	-.02	
(2)	105	.0123	.0023	5.18	-.0175	.9415	-0.01	.3177	.1450	2.19	.09	.05
One Quarter Measures 1959:3–1971:4 (first sub–period)												
(1)	50	.0051	.0020	2.45	-.8922	1.5249	-0.58	.4631	.3300	1.40	.00	
(2)	50	.0057	.0028	1.98	-.9912	2.1387	-0.46	.8184	.1757	4.65	.19	.03
One Quarter Measures 1972:1–1985:2 (second sub–period)												
(1)	55	.0021	.0013	1.62	1.2053	.4277	2.81	-.1241	.0808	-1.53	.03	
(2)	55	.0289	.0018	15.23	-1.4038	.5241	-2.67	-.2650	.0963	-2.75	.14	.14
Two Quarter Measures 1960:3–1985:1 (full sample)												
(1)	101	.0069	.0020	3.32	.8678	.3484	2.49	-.0394	.1670	-0.23	.06	
(2)	101	.0249	.0061	4.05	.4607	.6647	0.69	.5603	.3501	1.60	.09	.14
Two Quarter Measures 1960:3–1971:4 (first sub–period)												
(1)	46	.0095	.0051	1.87	-.6104	1.5457	-0.39	1.0305	.8381	1.22	.03	
(2)	46	.0147	.0078	1.87	-.8479	2.2650	-0.37	1.3381	.4354	3.07	.22	.11
Two Quarter Measures 1972:1–1985:1 (second sub–period)												
(1)	55	.0032	.0019	1.70	1.3697	.2835	4.83	-.1700	.1342	-1.26	.23	
(2)	55	.0583	.0042	13.63	-.8422	.4034	-2.08	-.6491	.2310	-2.80	.19	.21
Three Quarter Measures 1954:2–1984:4 (full sample)												
(1)	126	.0124	.0031	3.96	.4281	.3826	1.11	-.0769	.2564	-0.30	.01	
(2)	126	.0289	.0065	4.43	.5255	.8361	0.62	1.2083	.4947	2.44	.24	.08
Three Quarter Measures 1954:2–1971:4 (first sub–period)												
(1)	71	.0195	.0038	5.04	-1.4196	.7763	-1.82	.5967	.7483	0.79	.10	
(2)	71	.0246	.0051	4.77	-1.5397	1.1301	-1.36	1.8754	.4038	4.64	.35	.13
Three Quarter Measures 1972:1–1984:4 (second sub–period)												
(1)	55	.0052	.0034	1.53	1.2734	.2781	4.57	-.3061	.2194	-1.39	.24	
(2)	55	.0841	.0076	10.93	-.6662	.4843	-1.37	-.8555	.3841	-2.22	.19	.21

[a] White-Hansen standard errors reported. D(j)CA = per capita growth in real consumption, D(j)CA^N = Nominal growth, YS(j) = Spread between expected real yields (annualized), YS(j)^N = nominal spread, R1 = expected real yield, R1^N = nominal yield. $\overline{R}^{2*}$ = R^2 from regression of fitted D(j)CA^N less the expected inflation on D(j)CA.