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

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>$\phi_{00}$</th>
<th>$\phi_{11}$</th>
<th>$\hat{\sigma}_u^2$</th>
<th>$\hat{\sigma}_\epsilon^2$</th>
<th>$\hat{\sigma}_d^2$</th>
<th>RMSE</th>
<th>MAE</th>
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<td>0.96</td>
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<td>126.77</td>
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<td>0.11</td>
<td>4.89</td>
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<td>0.99</td>
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<td>0.39</td>
<td>0.07</td>
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