TABLE 1. Parameter Estimates, IBM Stock Prices

INITIAL VALUES:

$\widehat{P}_n$ vector: (0.25, 0.25, 0.25, 0.25)

A matrix:

$$\begin{bmatrix} 0.25 & 0.25 & 0.25 & 0.25 \\ 0.25 & 0.25 & 0.25 & 0.25 \\ 0.25 & 0.25 & 0.25 & 0.25 \\ 0.25 & 0.25 & 0.25 & 0.25 \end{bmatrix}$$

c vector: (1.0, 0.0, 1.0, 0.0)

σ vector: (0.25, 0.25, 0.25, 0.25)

AFTER THE SIXTH PASS:

$\widehat{P}_n$ vector: (0.1841012, 0.3158988, 0.1841012, 0.3158988)

A matrix:

$$\begin{bmatrix} 0.1832102 & 0.1846181 & 0.1832102 & 0.1846181 \\ 0.3167898 & 0.3153819 & 0.3167898 & 0.3153819 \\ 0.1832102 & 0.1846181 & 0.1832102 & 0.1846181 \\ 0.3167898 & 0.3153819 & 0.3167898 & 0.3153819 \end{bmatrix}$$

c vector: $(-0.0009364133, -0.0009366155, -0.0009364133, -0.0009366155)$

σ vector: $(5.883248e-07, 5.876560e-07, 5.883248e-07, 5.876560e-07)$

AFTER THE SEVENTH PASS:

$\widehat{P}_n$ vector: (0.1840997, 0.3159003, 0.1840997, 0.3159003)

A matrix:

$$\begin{bmatrix} 0.1832102 & 0.1846181 & 0.1832102 & 0.1846181 \\ 0.3167898 & 0.3153819 & 0.3167898 & 0.3153819 \\ 0.1832102 & 0.1846181 & 0.1832102 & 0.1846181 \\ 0.3167898 & 0.3153819 & 0.3167898 & 0.3153819 \end{bmatrix}$$

c vector: $(-0.02572465, -0.02572307, -0.02572465, -0.02572307)$

σ vector: (0.007575561, 0.007575205, 0.007575561, 0.007575205)

TABLE 2. Within-Sample Regressions of Actual Prices on Predicted Prices

Parameter	IBM Stock	Gold
α	0.85 (5.89)	70.97 (49.51)
β	0.99 (0.07)	0.80 (0.14)
R-squared	0.945	0.783
Durbin-Watson D statistic	1.954	1.921
s	7.46	13.89

Note: The numbers in parentheses are the standard errors of the corresponding parameter estimates. 's' denotes the residual standard error.

TABLE 3. Parameter Estimates, Gold Prices

INITIAL VALUES:

$\widehat{P}_n$ vector: (0.25, 0.25, 0.25, 0.25)

A matrix:

$$\begin{bmatrix} 0.25 & 0.25 & 0.25 & 0.25 \\ 0.25 & 0.25 & 0.25 & 0.25 \\ 0.25 & 0.25 & 0.25 & 0.25 \\ 0.25 & 0.25 & 0.25 & 0.25 \end{bmatrix}$$

c vector: (1.0, 0.0, 1.0, 0.0)

σ vector: (0.25, 0.25, 0.25, 0.25)

AFTER THE SECOND PASS:

$\widehat{P}_n$ vector: (0.2044194, 0.2955806, 0.2044194, 0.2955806)

A matrix:

$$\begin{bmatrix} 0.2071409 & 0.2015815 & 0.2071409 & 0.2015815 \\ 0.2928591 & 0.2984185 & 0.2928591 & 0.2984185 \\ 0.2071409 & 0.2015815 & 0.2071409 & 0.2015815 \\ 0.2928591 & 0.2984185 & 0.2928591 & 0.2984185 \end{bmatrix}$$

c vector: $(-0.006556683, -0.007771985, -0.006556683, -0.007771985)$

σ vector: $(5.456238e-05, 4.970828e-05, 5.456238e-05, 4.970828e-05)$

AFTER THE THIRD PASS:

$\widehat{P}_n$ vector: (0.203848, 0.296152, 0.203848, 0.296152)

A matrix:

$$\begin{bmatrix} 0.2071409 & 0.2015815 & 0.2071409 & 0.2015815 \\ 0.2928591 & 0.2984185 & 0.2928591 & 0.2984185 \\ 0.2071409 & 0.2015815 & 0.2071409 & 0.2015815 \\ 0.2928591 & 0.2984185 & 0.2928591 & 0.2984185 \end{bmatrix}$$

c vector: (0.003540311, 0.003544279, 0.003540311, 0.003544279)

σ vector: (0.001359767, 0.001359923, 0.001359767, 0.001359923)
