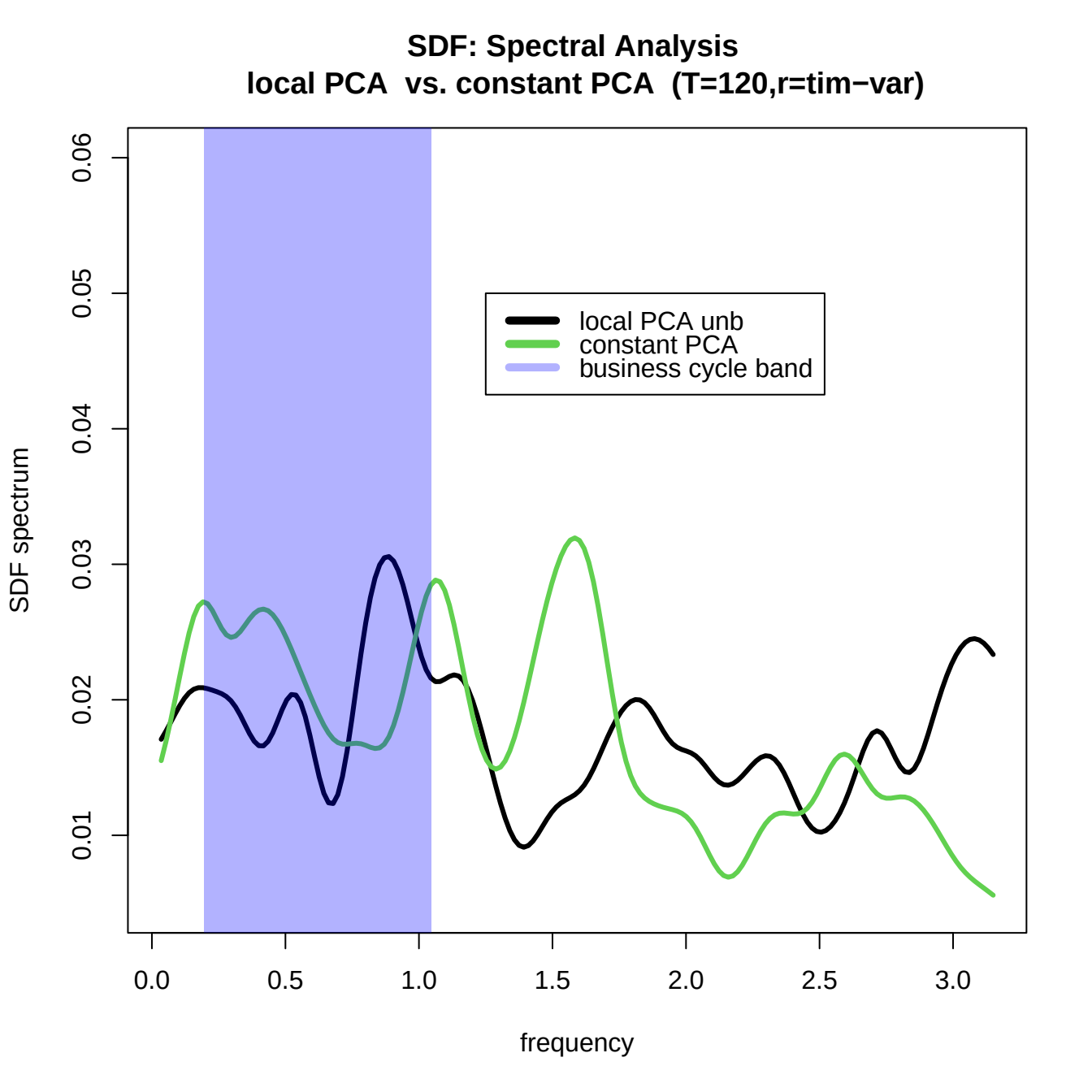
SDF: Spectral Analysis
local PCA vs. constant PCA (T=120,r=tim−var)
SDF spectrum
0.01
0.02
0.03
0.04
0.05
0.06
local PCA unb
constant PCA
business cycle band
0.0
0.5
1.0
1.5
2.0
2.5
3.0
frequency