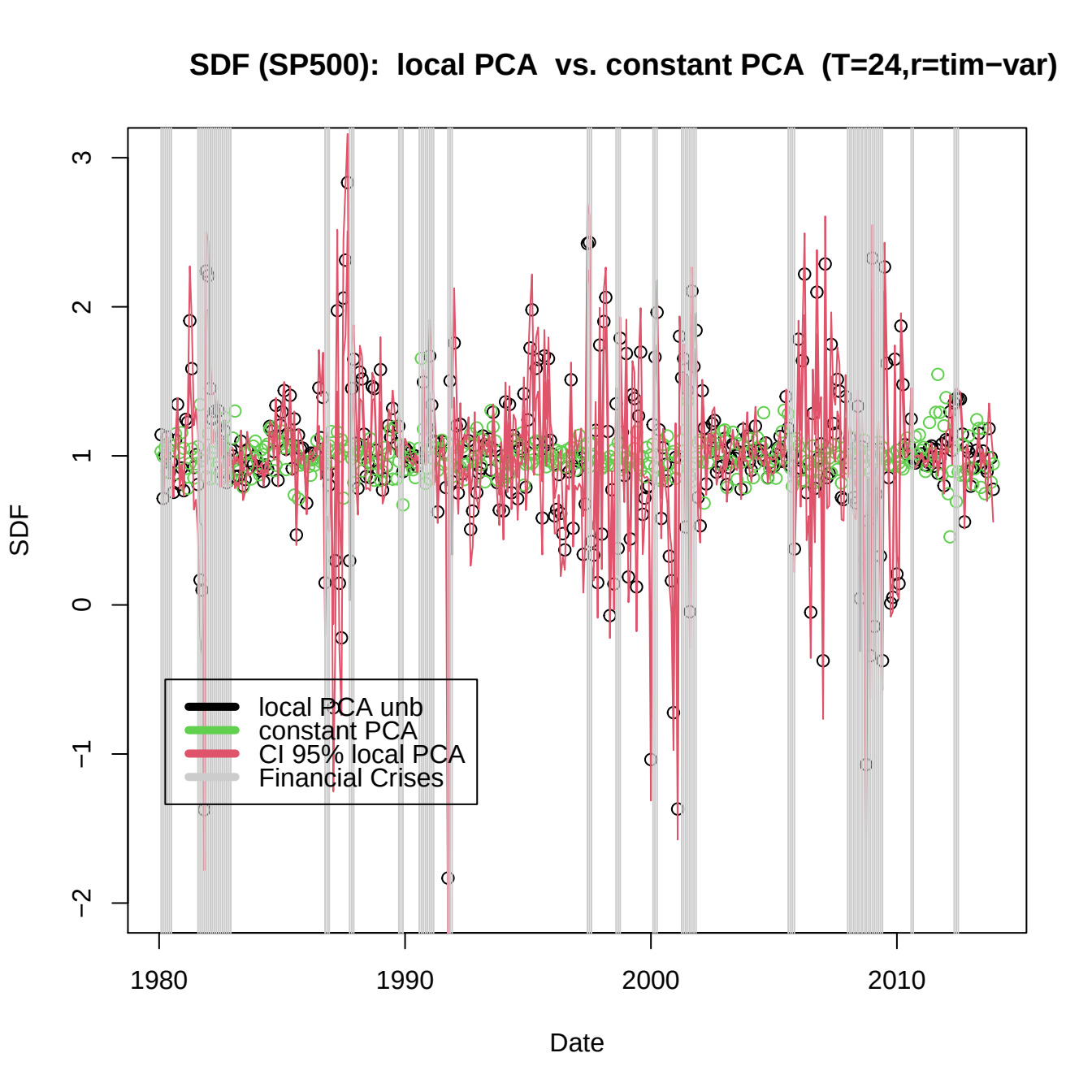
SDF (SP500): local PCA vs. constant PCA (T=24,r=tim−var)
SDF
3
2
1
0
−1
−2
1980
1990
2000
2010
Date
local PCA unb
constant PCA
CI 95% local PCA
Financial Crises