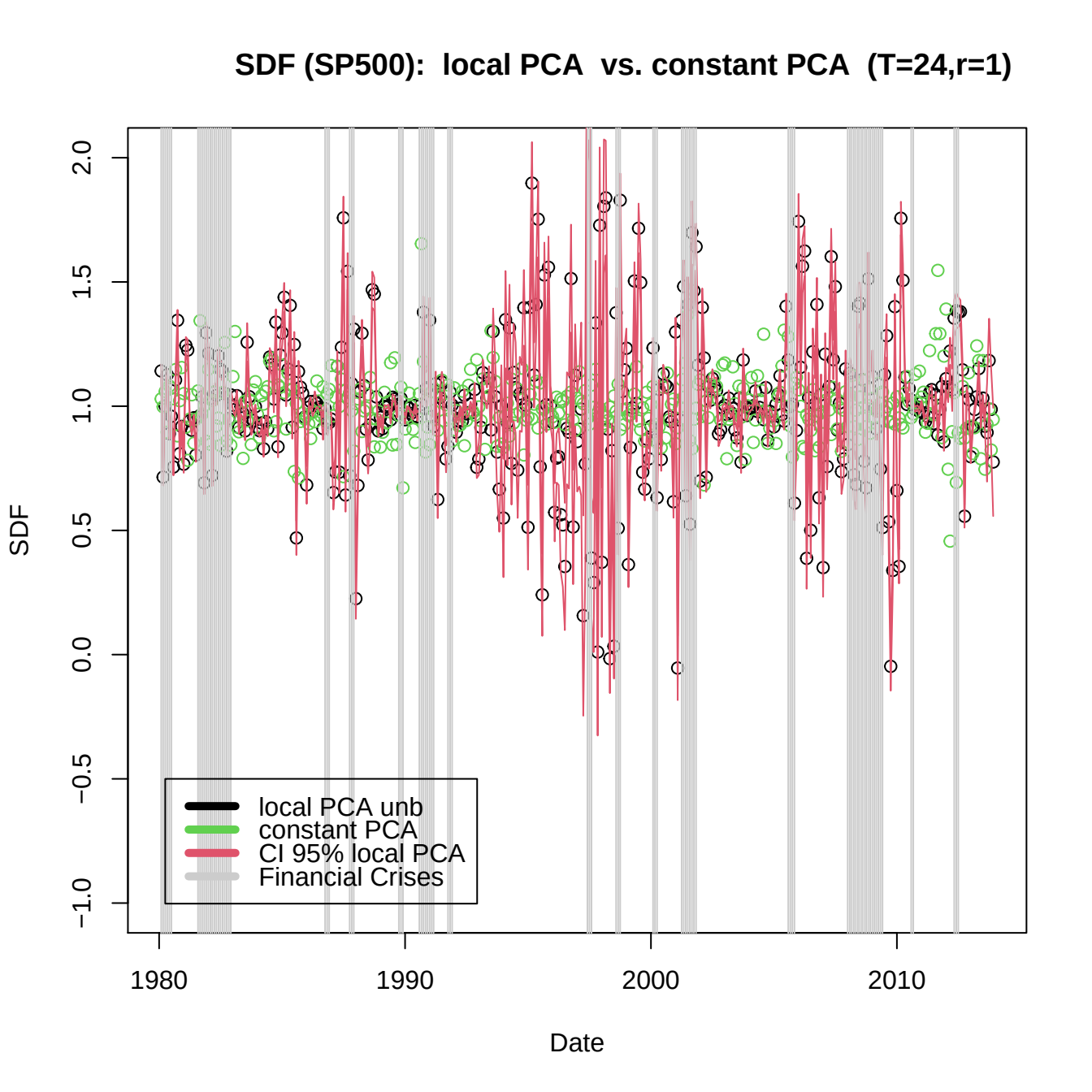
SDF (SP500): local PCA vs. constant PCA (T=24,r=1)
SDF
2.0
1.5
1.0
0.5
0.0
−0.5
−1.0
1980
1990
2000
2010
Date
local PCA unb
constant PCA
CI 95% local PCA
Financial Crises