

Table 7
International yield spreads and bond excess returns^a

Country	Sample period	\bar{s}	$\sigma(s)$	$\rho(s)$	$\overline{er_b}$	$\sigma(er_b)$	$\rho(er_b)$
USA	1947.2–1996.4	1.199	0.999	0.783	0.011	8.923	0.070
AUL	1970.1–1996.3	0.938	1.669	0.750	0.156	8.602	0.162
CAN	1970.1–1996.3	1.057	1.651	0.819	0.950	9.334	−0.009
FR	1973.2–1996.3	0.917	1.547	0.733	1.440	8.158	0.298
GER	1978.4–1996.3	0.991	1.502	0.869	0.899	7.434	0.117
ITA	1971.2–1995.3	−0.200	2.025	0.759	−1.386	9.493	0.335
JPN	1970.2–1996.3	0.593	1.488	0.843	1.687	9.165	−0.058
NTH	1977.2–1996.2	1.212	1.789	0.574	1.549	7.996	0.032
SWD	1970.1–1995.1	0.930	2.046	0.724	−0.212	7.575	0.244
SWT	1982.2–1996.3	0.471	1.655	0.755	1.071	6.572	0.268
UK	1970.1–1996.3	1.202	2.106	0.893	0.959	11.611	−0.057
USA	1970.1–1996.4	1.562	1.190	0.737	1.504	10.703	0.033
SWD	1920–1994	0.284	1.140	0.280	−0.075	6.974	−0.185
UK	1919–1994	1.272	1.505	0.694	0.318	8.812	−0.098
USA	1891–1995	0.720	1.550	0.592	0.172	6.499	0.153

^a \bar{s} is the mean of the log yield spread, the difference between the log yield on long-term bonds and the log 3-month money market return, expressed in annualized percentage points. $\sigma(s)$ is the standard deviation of the log yield spread and $\rho(s)$ is its first-order autocorrelation. $\overline{er_b}$, $\sigma(er_b)$, and $\rho(er_b)$ are defined in the same way for the excess 3-month return on long-term bonds over money market instruments, where the bond return is calculated from the bond yield using the par-bond approximation given in Campbell, Lo and MacKinlay (1997), Chapter 10, equation (10.1.19). Full details of this calculation are given in the Data Appendix.

Abbreviations: AUL, Australia; CAN, Canada; FR, France; GER, Germany; ITA, Italy; JPN, Japan; NTH, Netherlands; SWD, Sweden; SWT, Switzerland; UK, United Kingdom; USA, United States of America.