

Note on the Dividends Income Forecast

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Moody's Analytics has re-specified its forecast equation for personal income from dividends to align it more closely with our forecast for FZPAVN, corporate after-tax dividends. It makes sense that personal income received from dividends is aligned with corporate dividends paid. And indeed, FZPAVN dominates in the new FYPDIVQ regression. The functional form is differenced log to overcome non-stationarity in the untransformed dependent variable. We also use the logged ratio of FYPDIVQ and FZPAVN to ensure that these time series move together over the forecast horizon. Lastly, we include a one-period dummy in 2013Q2.

New equation specification

Dependent Variable: DLOG(FYPDIVQ_US)

Method: Least Squares

Date: 10/06/19 Time: 13:09

Sample (adjusted): 1947Q2 2019Q2

Included observations: 289 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.003314	0.001620	-2.045503	0.0417
DLOG(FZPAVN_US)	1.006913	0.020044	50.23574	0.0000
LOG(FYPDIVQ_US(-1)/FZPAVN_US(-1))	-0.032035	0.015074	-2.125205	0.0344
D(@DURING("2013Q2"))	-0.212029	0.010285	-20.61532	0.0000
R-squared	0.900146	Mean dependent var		0.018515
Adjusted R-squared	0.899095	S.D. dependent var		0.040721
S.E. of regression	0.012935	Akaike info criterion		-5.843957
Sum squared resid	0.047687	Schwarz criterion		-5.793211
Log likelihood	848.4518	Hannan-Quinn criter.		-5.823624
F-statistic	856.3923	Durbin-Watson stat		1.914609
Prob(F-statistic)	0.000000			

Mnemonics referenced in the above equation, for example FET, can be defined using the Mnemonic 411 feature on DataBuffet. Please contact Help@economy.com for assistance.

Previous equation specification

Dependent Variable: DLOG(FYPDIVQ_US)
Method: ARMA Conditional Least Squares (Marquardt - EViews legacy)
Date: 08/01/13 Time: 14:05
Sample: 1959Q3 2013Q1
Included observations: 215
Convergence achieved after 3 iterations

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG((FZ_US)/FYPDIVQ_US(-1))	0.016997	0.002711	6.268782	0.0000
AR(1)	0.270997	0.070204	3.860122	0.0002
R-squared	0.105191	Mean dependent var		0.018854
Adjusted R-squared	0.100990	S.D. dependent var		0.036823
S.E. of regression	0.034914	Akaike info criterion		-3.862574
Sum squared resid	0.259651	Schwarz criterion		-3.831219
Log likelihood	417.2267	Hannan-Quinn criter.		-3.849905
Durbin-Watson stat	1.953760			
Inverted AR Roots	.27			

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