Table IV: Out-of-sample Forecasting Performance of Alternative Modeling Strategies: 3-Month Euroyen Rate

Forecasting Model	k-Step Ahead Prediction (Number of Point Forecasts)							
	1 (388)	5 (384)	10 (379)	24 (365)	72 (317)	144 (245)	216 (173)	288 (101)
Long Memory								
$d = 0.213$, AR(4)	0.0625	0.1049	0.1230	0.1943	0.3296	0.3491	0.4047	0.4794
	0.0406	0.0721	0.0912	0.1492	0.2756	0.2664	0.3319	0.4462
$d = 0.289$, AR(6)	0.0619	0.1034	0.1241	0.2008	0.3457	0.3666	0.4308	0.4265
	0.0404	0.0718	0.0927	0.1543	0.2879	0.2845	0.3320	0.3688
$d = 0.206$, AR(4)	0.0625	0.1046	0.1227	0.1935	0.3267	0.3413	0.3949	0.4597
	0.0406	0.0720	0.0910	0.1489	0.2736	0.2599	0.3230	0.4272
AR(1)	0.0619	0.1017	0.1214	0.1951	0.4061	0.6282	0.8711	1.2560
	0.0392	0.0678	0.0863	0.1428	0.3269	0.5884	0.8289	1.2464
RW	0.0632	0.1024	0.1220	0.1954	0.4063	0.6287	0.8716	1.2569
	0.0396	0.0682	0.0868	0.1433	0.3273	0.5887	0.8293	1.2471

Notes: The first entry of each cell is the root mean squared error (RMSE), while the second is the mean absolute deviation (MAD). AR(k) stands for an autoregression model of order k. RW stands for random walk (with drift). The long memory model consists of the fractional differencing parameter d and the order of the AR polynomial. Those RMSEs and MADs obtained from the long memory models which are lower than the ones obtained from the RW model are underlined.

Table V: Out-of-sample Forecasting Performance of Alternative Modeling Strategies: 6-Month Euroyen Rate

Forecasting Model	k-Step Ahead Prediction (Number of Point Forecasts)							
	1 (388)	5 (384)	10 (379)	24 (365)	72 (317)	144 (245)	216 (173)	288 (101)
Long Memory								
$d = 0.160$, AR(2)	0.0537	0.0900	0.1171	0.1881	0.3493	0.4388	0.4695	0.5754
	0.0365	0.0650	0.0873	0.1487	0.2895	0.3112	0.4131	0.5167
$d = 0.268$, AR(4)	0.0537	0.0918	0.1207	0.1989	0.3655	0.4561	0.4955	0.4883
	0.0367	0.0665	0.0905	0.1546	0.2965	0.3643	0.3783	0.4258
$d = 0.219$, AR(3)	0.0537	0.0910	0.1190	0.1936	0.3539	0.4340	0.4570	0.4674
	0.0367	0.0658	0.0890	0.1516	0.2903	0.3337	0.3735	0.4252
AR(1)	0.0532	0.0879	0.1174	0.1952	0.4276	0.6603	0.8704	1.2458
	0.0355	0.0626	0.0889	0.1560	0.3420	0.5774	0.8058	1.2277
RW	0.0546	0.0885	0.1178	0.1950	0.4258	0.6564	0.8640	1.2368
	0.0358	0.0632	0.0892	0.1560	0.3408	0.5726	0.7988	1.2185

See notes in Table IV for explanation.