

Figure 1 - Deviation of Actual Price from Fundamental Price

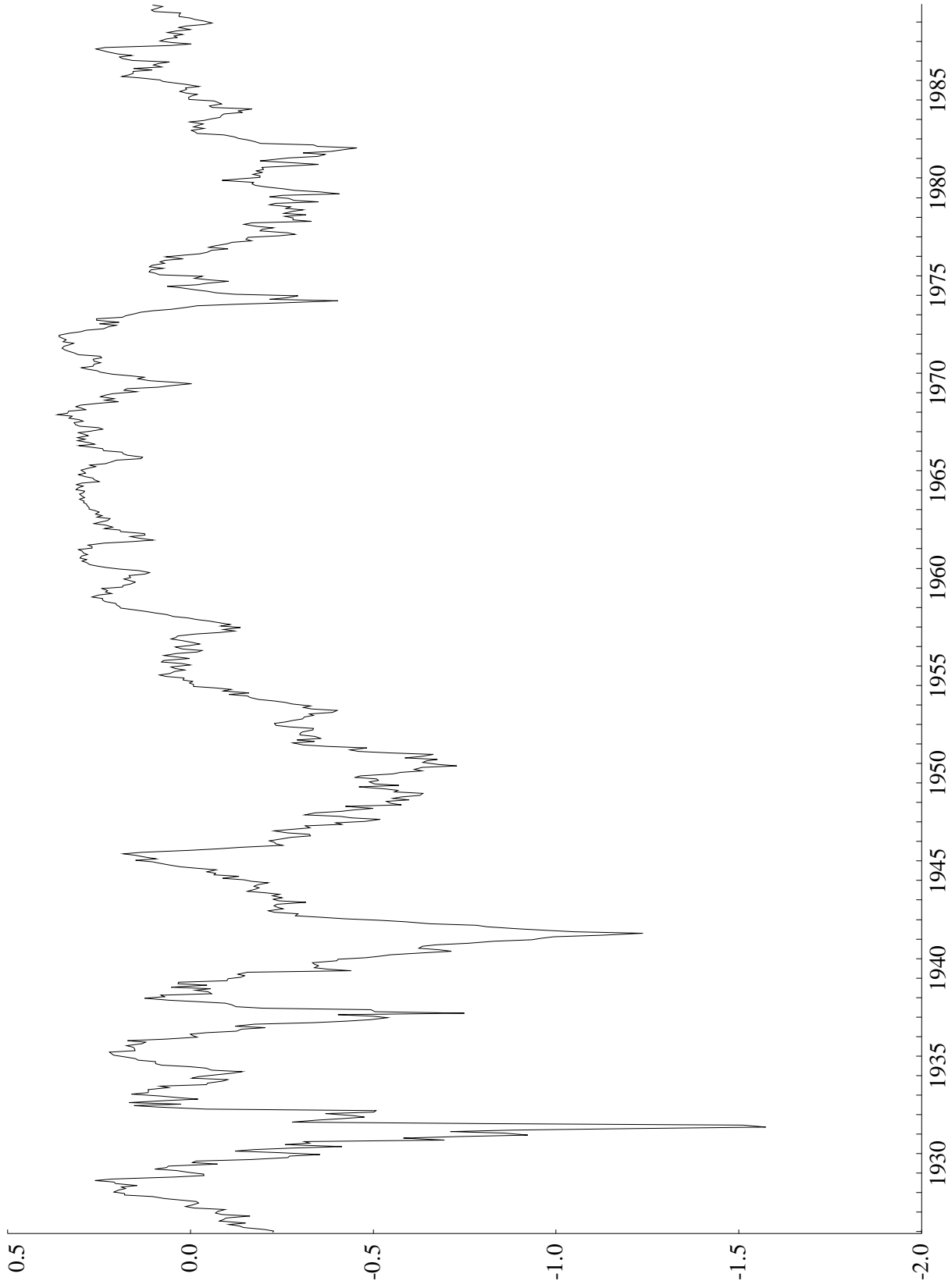
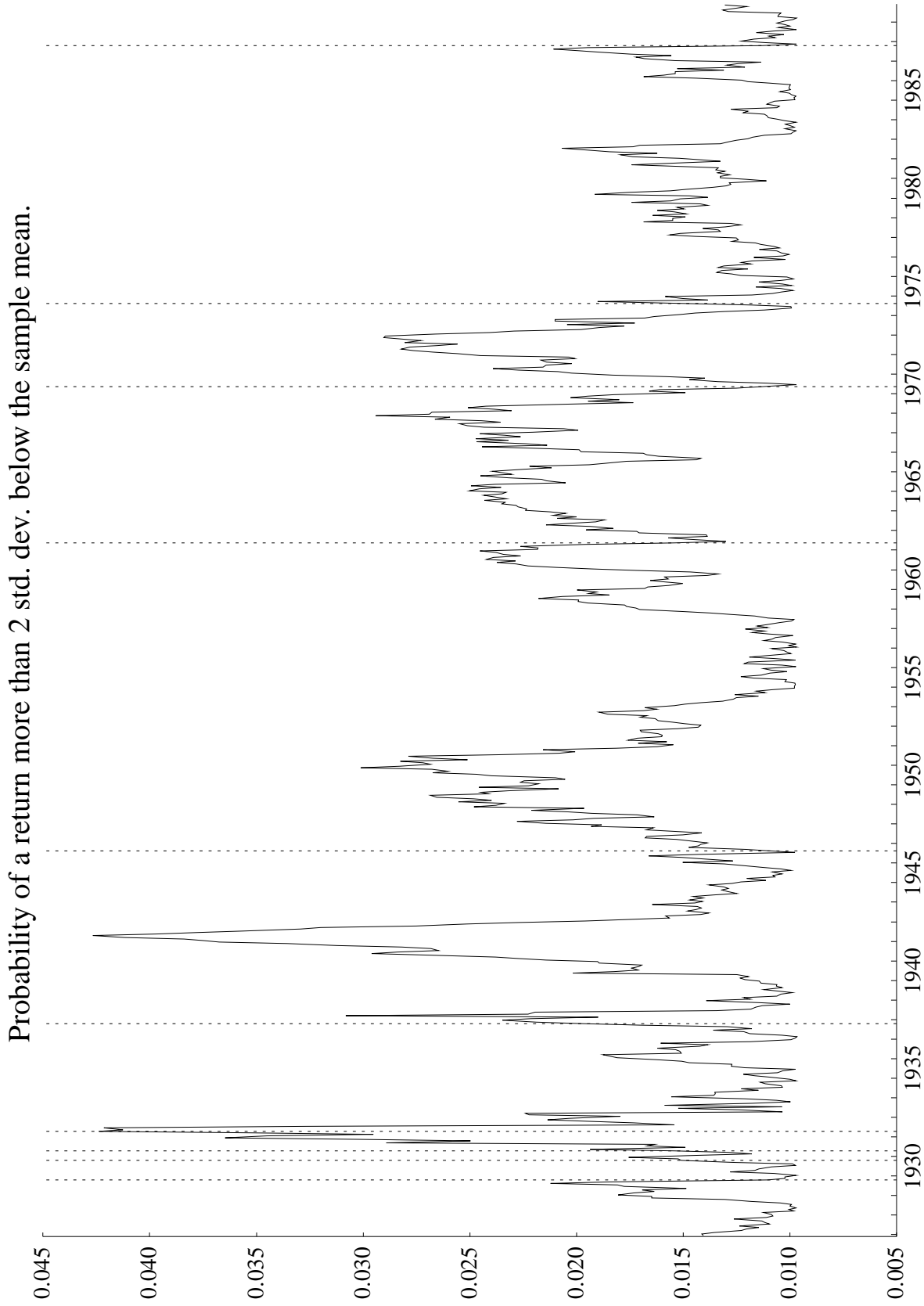


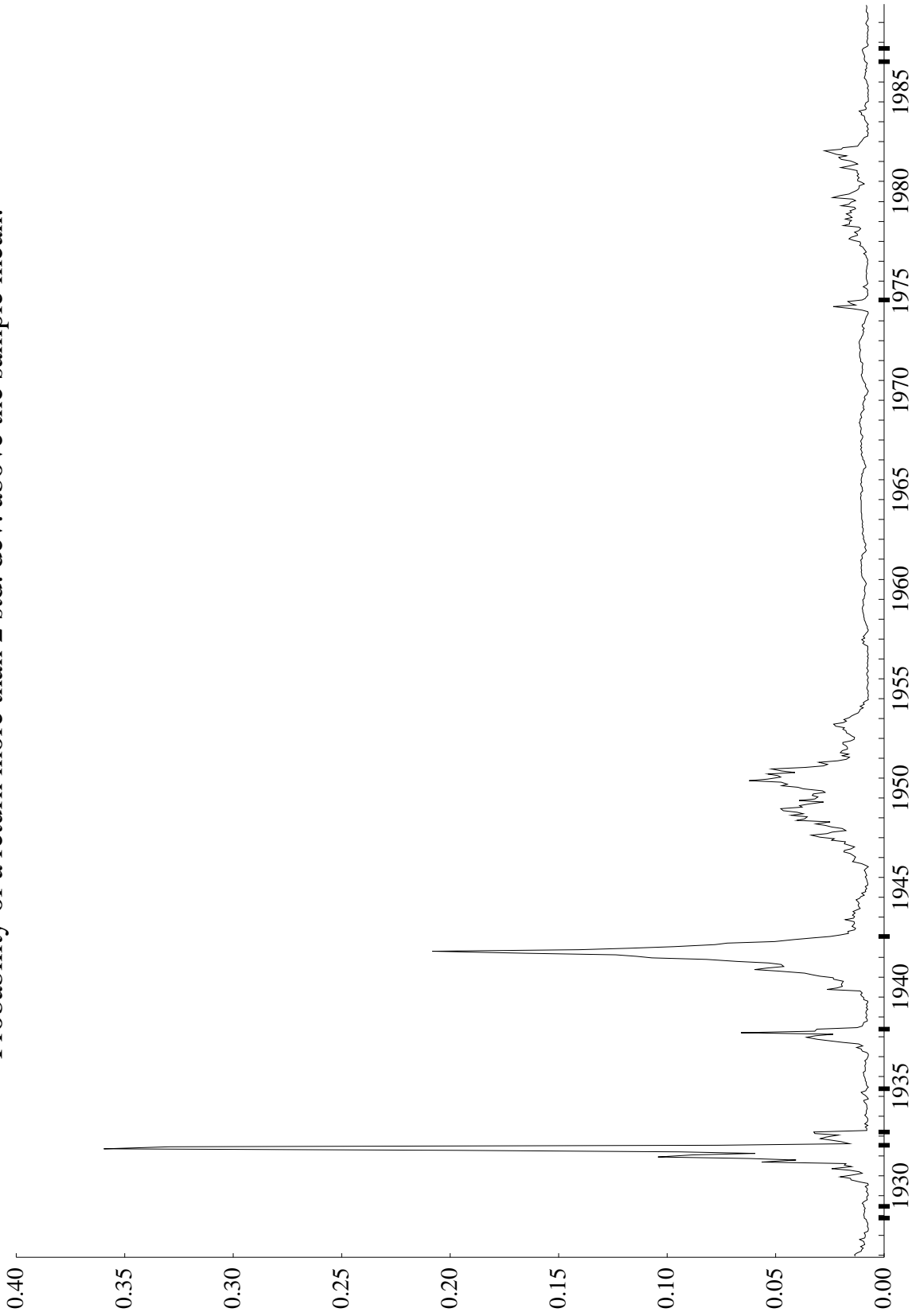
Figure 2 - Probability of Stock Market Crash (from Model of Speculative Behaviour)



Dotted vertical lines indicate the 10 biggest 3-month stock market declines.

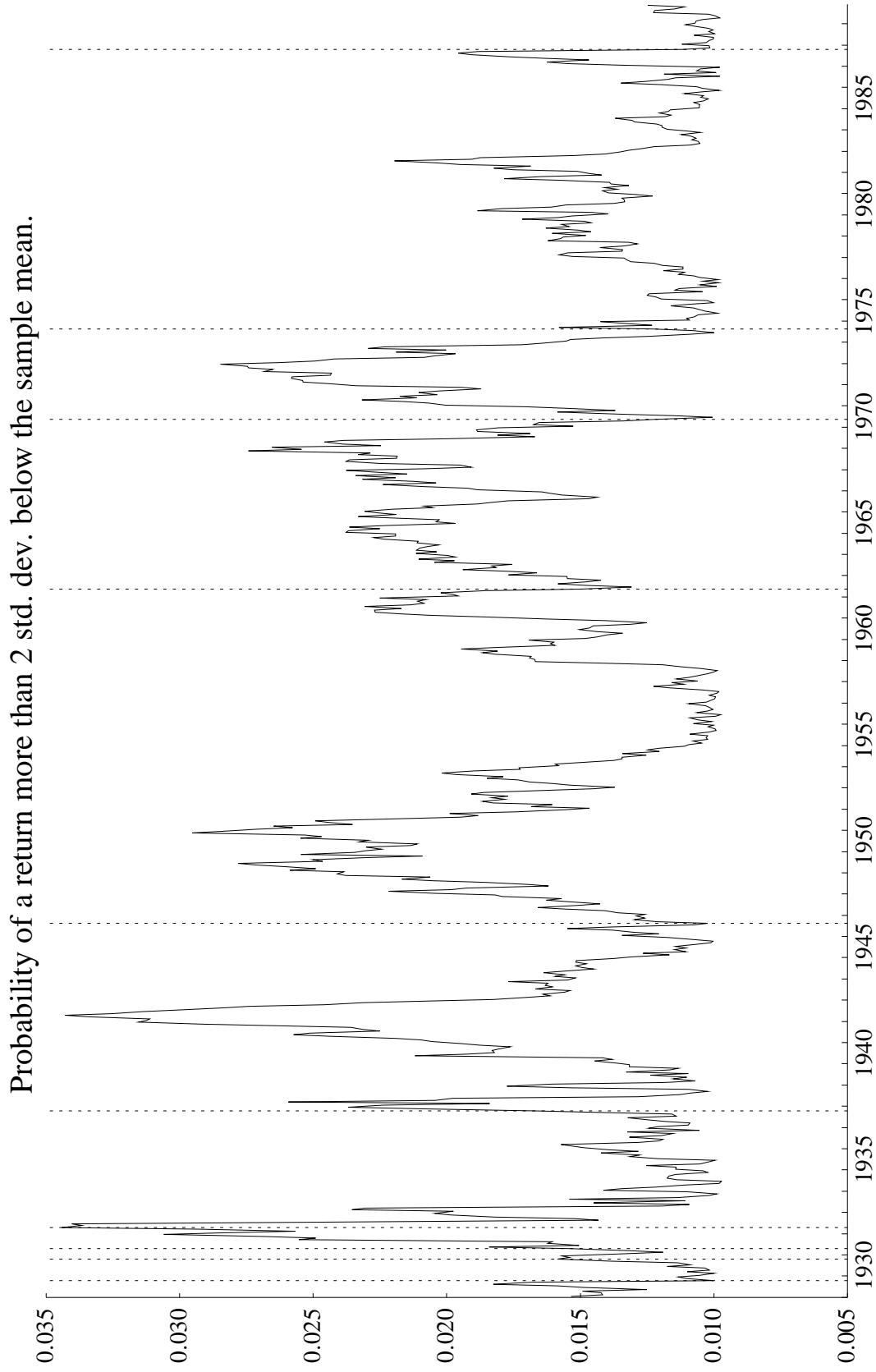
Figure 4 - Probability of Stock Market Rally (from Model of Speculative Behaviour)

Probability of a return more than 2 std. dev. above the sample mean.



Tick marks indicate the 10 biggest 3-month stock market increases.

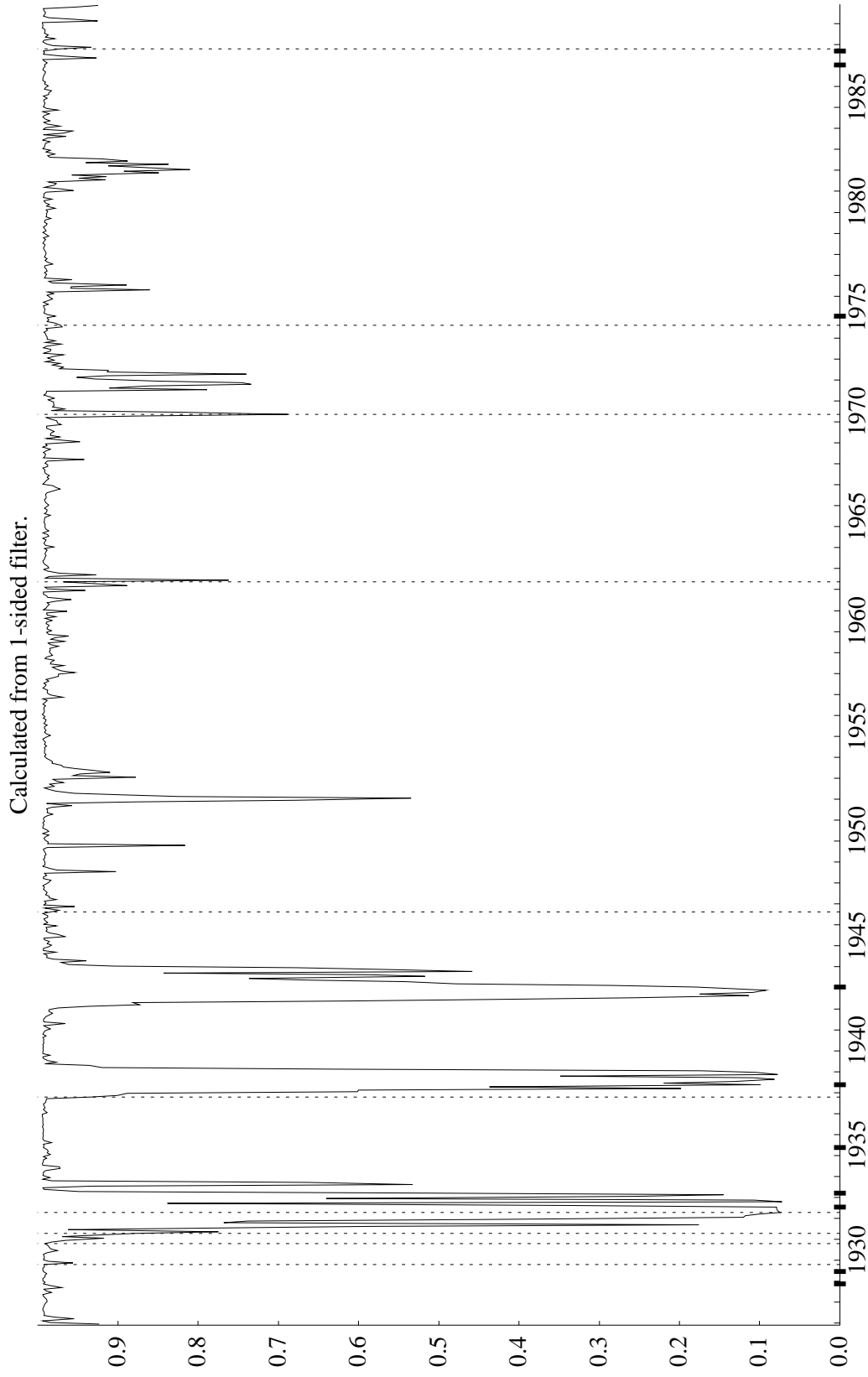
**Figure 3 - Probability of Stock Market Crash (from Model of Speculative Behaviour)
Using Measure B of Fundamental Price**



Dotted vertical lines indicate the 10 biggest 3-month stock market declines.

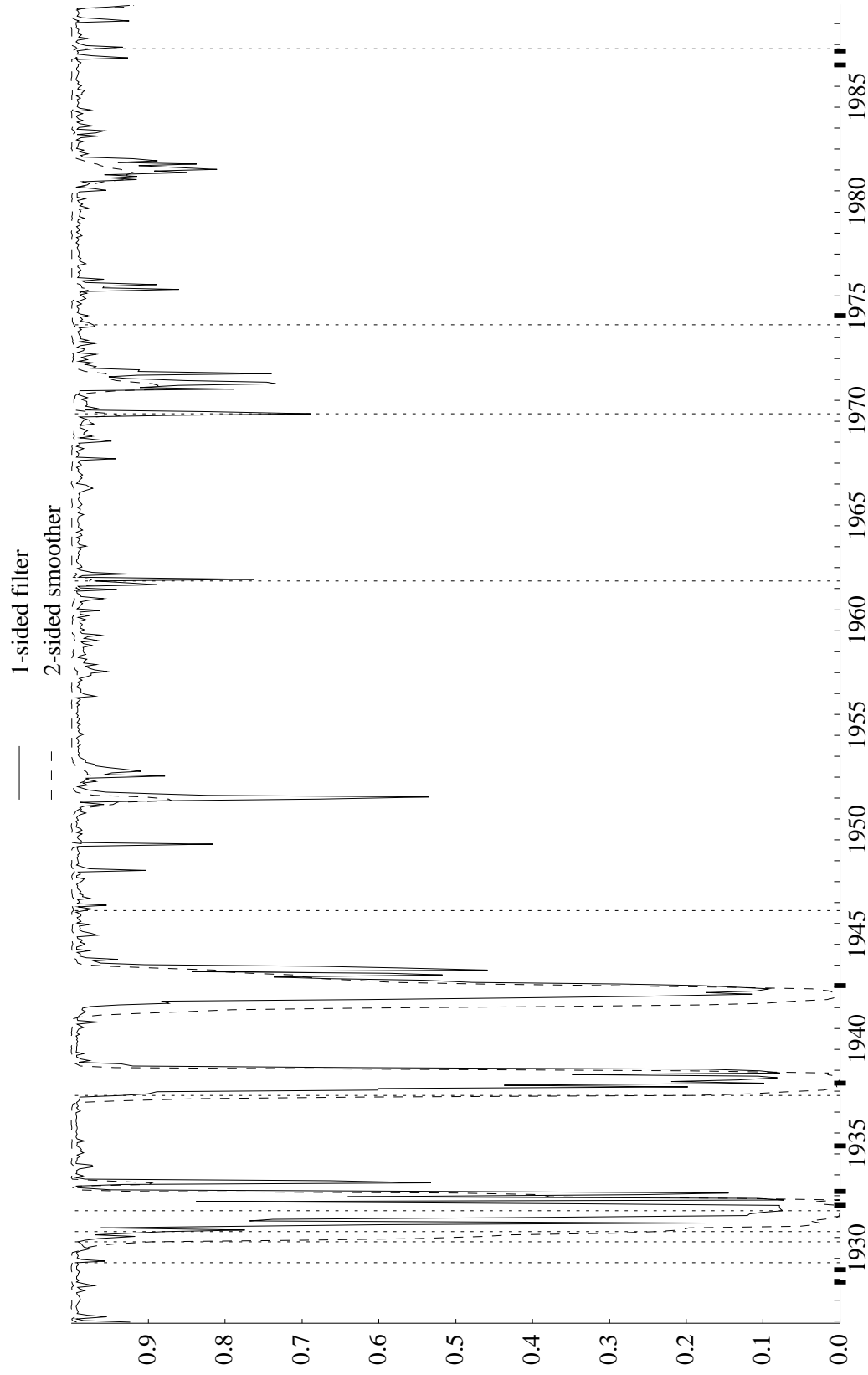
Measure B allows for variation in expected dividend growth based on Campbell and Shiller (1987)

Figure 5 - Real Per Capita Dividend Growth Probability of Being in Low-Growth State



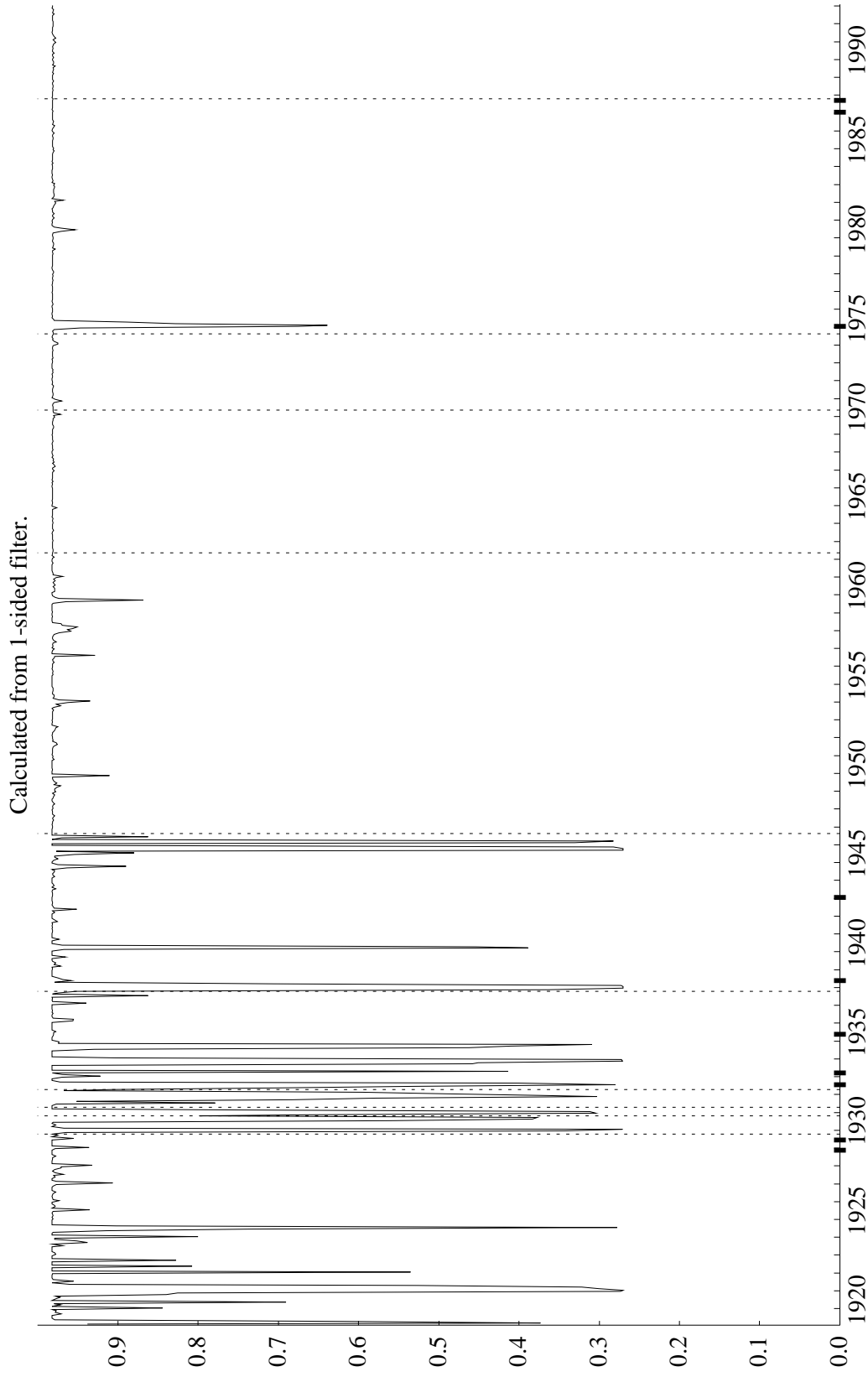
Dotted vertical lines indicate the 10 biggest 3-month stock market declines.
Tick marks indicate the 10 biggest 3-month stock market increases.

Figure 6 - Real Per Capita Dividend Growth Probability of Being in Low-Growth State



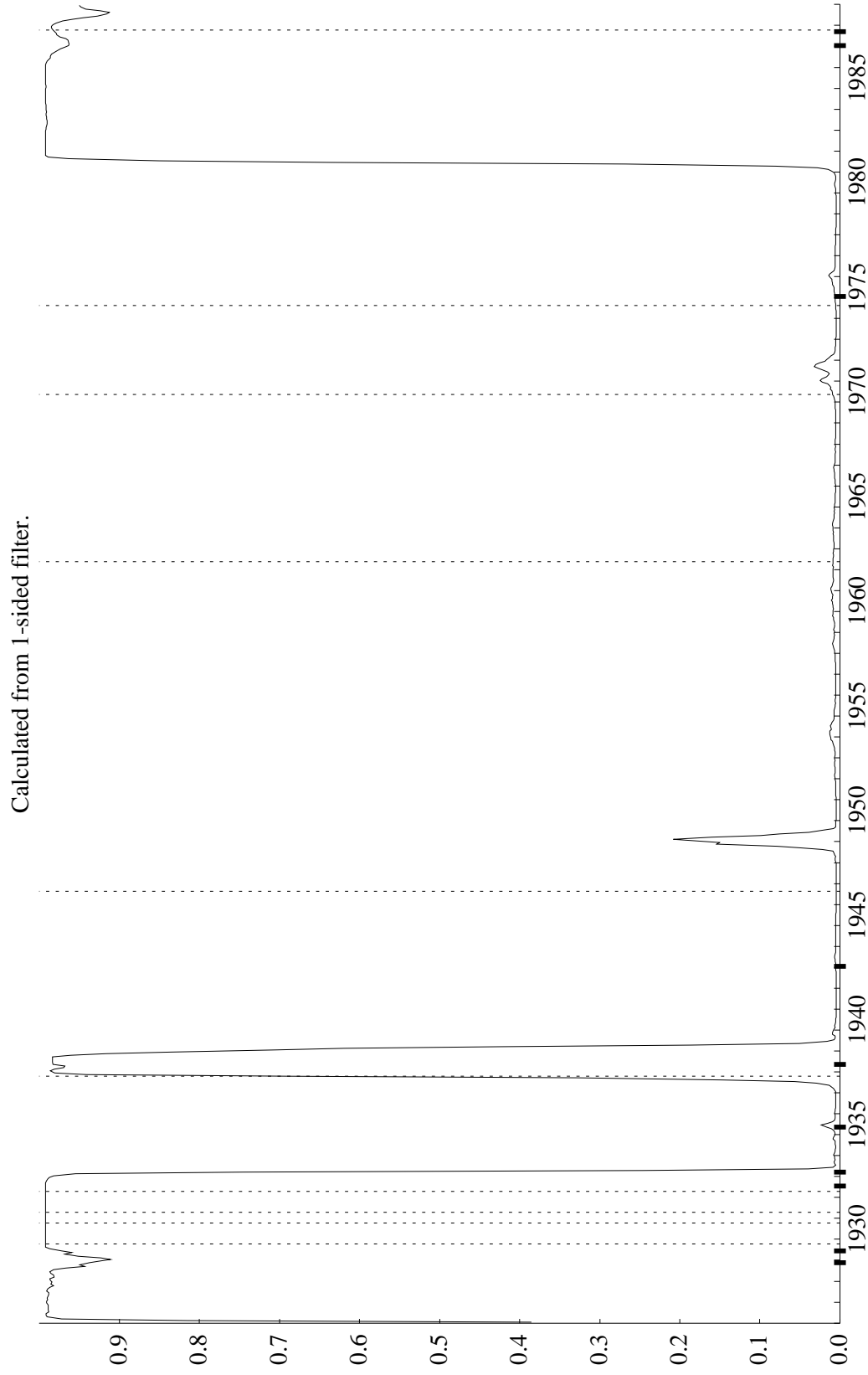
Dotted vertical lines indicate the 10 biggest 3-month stock market declines.
Tick marks indicate the 10 biggest 3-month stock market increases.

Figure 7 - Industrial Production Growth Probability of Being in Low-Growth State



Dotted vertical lines indicate the 10 biggest 3-month stock market declines.
Tick marks indicate the 10 biggest 3-month stock market increases.

Figure 8 - Ex Ante Real Interest Rates Probability of Being in High Real Interest Rate State



Dotted vertical lines indicate the 10 biggest 3-month stock market declines.
Tick marks indicate the 10 biggest 3-month stock market increases.