



Journal of Business & Economic Statistics >

Volume 17, 1999 - [Issue 4](#)

508 | 62 | 0
Views | CrossRef citations to date | Altmetric

Original Articles

Nonlinear Predictability of Stock Returns Using Financial and Economic Variables

Min Qi

Pages 419-429 | Published online: 02 Jul 2012

Cite this article

Sample our
Mathematics & Statistics
Journals



>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

References

Citations

Metrics

Reprints & Permissions

[Read this article](#)

Share

Abstract

Inspired by the linear predictability and nonlinearity found in the finance literature, this article examines the nonlinear predictability of the excess returns. The relationship between the excess returns and the predicting variables is recursively modeled by a neural-network model, which is capable of performing flexible nonlinear functional approximation. The nonlinear neural-network model is found to have better in-sample fit and out-of-sample forecasts compared to its linear counterpart. Moreover, the switching portfolio based on the recursive neural-network forecasts generates higher profits with lower risks than both the buy-and-hold market portfolio and the switching portfolio based on linear recursive forecasts.

KEY WORDS:

Related research 

People also read

Recommended articles

Cited by
62

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources
by email

 Sign me up

  

  

Copyright © 2026 Informa UK Limited [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)

 Taylor and Francis Group

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG