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**Seminonparametric estimation of conditionally constrained heterogeneous processes: Asset pricing applications.** (English) [Zbl 0679.62096](#)

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The overidentifying restrictions of the intertemporal capital asset pricing model are usually rejected when tested using data on consumption growth and asset returns, particularly when additively separable, constant relative risk utility is attributed to the representative agent. This article investigates the extent to which specification error can explain these rejections. The empirical strategy is limited information maximum likelihood in conjunction with seminonparametric (expanding parameter space) representations for both the law of motion and utility.

**MSC:**

**62P20** Applications of statistics to economics

**91B24** Microeconomic theory (price theory and economic markets)

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nonparametric; Hermite expansions; conditional moment restrictions; overidentifying restrictions; intertemporal capital asset pricing model; utility; specification error; limited information maximum likelihood; seminonparametric

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