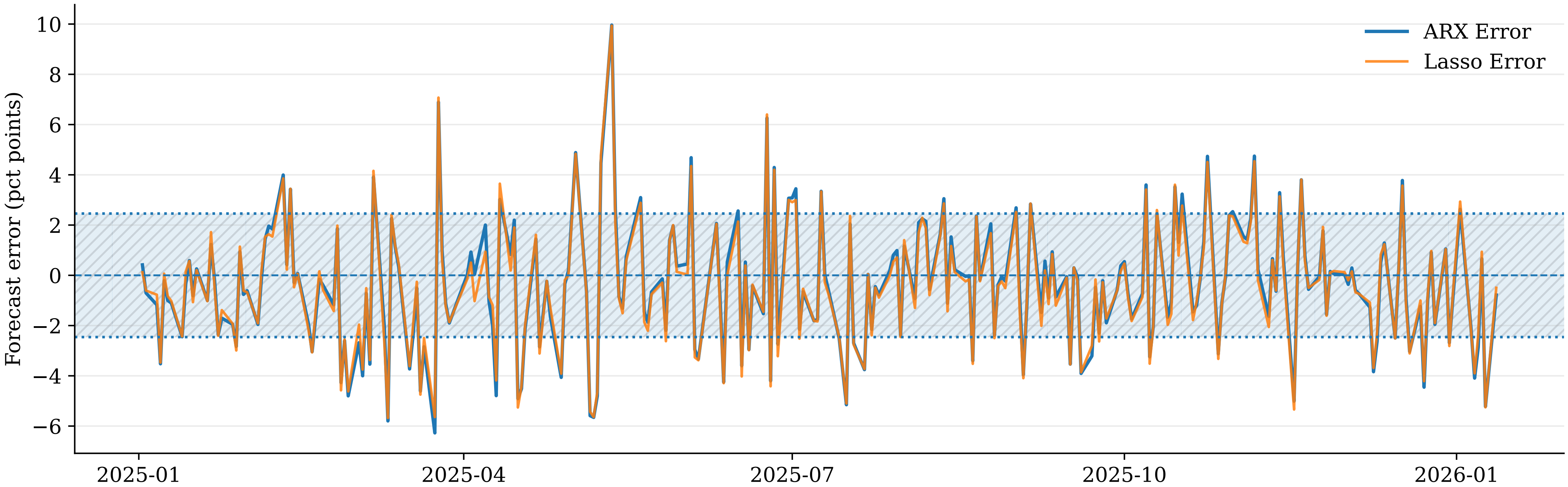
Figure D2. Out-of-Sample Forecast Errors: ARX vs Lasso



Notes: Forecast errors from ARX and Lasso move very closely together, indicating that regularization does not materially alter the error dynamics. Shaded band denotes ±1σ of ARX forecast errors.