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## ERRATA

An error was made in Don M. Chance's comment that appeared on page 642 of the September issue of this Journal. The second paragraph should have read;

A second problem involves the authors' improper and inappropriate use of one-sided t-tests for the significance of the coefficients. Lloyd and Shick have fallen into a very common statistical trap by using two one-sided tests with the choice of test depending upon the sign of their calculated t-statistic. For example, they compute a t-statistic of -2.526 for the Citizens and Southern Version-2 stock beta. Since the statistic is negative, the authors contend that the critical value of t at a significance level of .05 is -1.680 and they reject the null hypothesis and accept  $H_1 : \beta < 0$ . In other instances, however, when the computed t-statistic is positive, Lloyd and Shick employ a critical value of +1.680, and reject the null for t greater than this value. Apparently unbeknownst to them, they are actually using a two-sided test of the beta coefficients with a level of significance not .05 as they state, but twice that, .10. To obtain a 5 percent level of significance, the correct critical value is +2.010. We reexamined the significance of the bond betas and found that seven of fifteen for the bank sample were in fact not significant at the 0.05 level. For the Dow sample, six of twenty-one were no longer significant at the .05 level. The implication is an overstatement of the influence of the bond index in their two index models.

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