III. Implied Covariances

$$Cov(x,x) = \Lambda_x \Phi \Lambda_x' + \Theta_\delta$$

$$COV(y,y) = \Lambda_y [(I - \mathbf{B})^{-1}(\Gamma \Phi \Gamma' + \Psi)(I - \mathbf{B})^{-1'}] \Lambda_y' + \Theta_\epsilon$$

$$Cov(x,y) = \Lambda_x \Phi \Gamma' (I - \mathbf{B})^{-1'} \Lambda_y'$$

IV. A Model Implies A Sigma

$$\Sigma = \left[\begin{array}{c|c} \Lambda_y [(\mathbf{I} - \mathbf{B})^{-1}(\Gamma \Phi \Gamma' + \Psi)(\mathbf{I} - \mathbf{B})^{-1'}] \Lambda_y' + \Theta_\epsilon & \Lambda_y (\mathbf{I} - \mathbf{B})^{-1} \Gamma \Phi \Lambda_x' \\ \hline \Lambda_x \Phi \Gamma' (\mathbf{I} - \mathbf{B})^{-1'} \Lambda_y' & \Lambda_x \Phi \Lambda_x' + \Theta_\delta \end{array}\right]$$