Casting Conference Calls

ONLINE APPENDIX

(The table numbers in the parentheses indicate which table in the main text each appendix table is associated with, if any.)

Table A1: Additional Summary Statistics (Table I)

This table reports additional summary statistics of our sample. Panel A corresponds to the US sample, and Panel B corresponds to the pooled international sample (which includes Canada, UK, France, and Japan). Firm-level variables include: $MKTCAP$ is the market capitalization of the firm (in $billion); BM is the book-to-market ratio; $RET12$ is the cumulative return over the past 12 months; $TURNOVER12$ is the average monthly turnover over the past 12 months; $IDIOVOL$ is the daily idiosyncratic volatility with respect to the Carhart four-factor mode over the past year; $INSTOWN$ is the fraction of shares outstanding owned by institutional investors (as reported in 13F filings); $ACCRUALS$ is the discretionary accruals based on the Jones (1991) model; $FCDISP$ is the standard deviation of the most recent earnings forecasts across all analysts covering the firm; $RECDDISP$ is the standard deviation of the most recent stock recommendations level by all analysts; $SUE0$ is a dummy that equals one if the firm has a zero or one cent earnings surprise and zero otherwise; SEO is an indicator that equals one if the firm has at least one seasoned equity offering in a quarter and zero otherwise; $INSIDER$ is an indicator that equals one if the firm has positive net insider selling in a quarter and zero otherwise; $EXERCISE$ is an indicator that equals one if top executives exercise their stock options in a quarter and zero otherwise; and $GRANT$ is an indicator that equals one if top executives receive option grants in a quarter and zero otherwise. Analyst-level variables include: $LENGTH$ is the number of years the analyst has covered the firm; $CAREER$ is the number of years the analyst has been in the IBES database; $\#STOCK\_ANALYST$ is the number of stocks covered by the analyst; and $\#STOCK\_BROKER$ is the number of stocks covered by the broker (a measure of broker size); $ALLSTAR$ is an indicator that equals one if the analyst is an all-star and zero otherwise; $AFFILIATE$ is an indicator is the analyst is affiliated with a broker that underwrites for the firm in question and zero otherwise; $FCERROR$ is the earnings forecast error in the following quarter (defined as the absolute difference between the analyst's most recent earnings forecast and the actual reported earnings). We report in the table below the mean, standard deviation, 1st, 25th, 50th, 75th, and 99th percentiles of the distribution of each variable.

Panel A: US Firms							
	Mean	Std Dev	P1	Q1	Median	Q3	P99
Firm Characteristics							
$MKTCAP$ ($B)	7.61	24.22	0.05	0.56	1.56	4.81	120.54
BM	0.61	0.57	0.05	0.29	0.48	0.76	2.77
$RET12$	0.13	0.49	-0.72	-0.15	0.10	0.34	1.76
$TURNOVER12$	2.69	2.22	0.37	1.34	2.10	3.32	10.94
$IDIOVOL$	0.02	0.01	0.01	0.01	0.02	0.03	0.07
$INSTOWN$	0.70	0.20	0.14	0.59	0.75	0.86	0.99
$ACCRUALS$	0.06	0.07	0.00	0.02	0.04	0.07	0.36
$FCDISP$ (*100)	0.35	3.66	0.00	0.04	0.09	0.22	4.16
$RECDDISP$	0.83	0.25	0.00	0.73	0.84	0.97	1.41
$SUE0$	0.04	0.20	0.00	0.00	0.00	0.00	1.00
SEO	0.06	0.24	0	0	0	0	1
$INSIDER$	0.43	0.50	0	0	0	1	1
$EXERCISE$	0.32	0.47	0	0	0	1	1
$GRANT$	0.24	0.43	0	0	0	0	1

	Mean	Std Dev	P1	Q1	Median	Q3	P99
			Panel A: US Firms (Cont'd)				

	Mean	Std Dev	P1	Q1	Median	Q3	P99
Analyst Characteristics							
LENGTH	5.74	4.68	1	3	4	7	24
CAREER	13.30	8.11	2	6	12	20	31
#STOCK_ANALYST	17.74	8.92	1	13	17	22	48
#STOCK_BROKER	641	417	14	257	623	977	1502
ALLLSTAR	0.14	0.35	0	0	0	0	1
AFFILIATE	0.03	0.16	0	0	0	0	1
FCERROR (*100)	0.52	1.38	0.00	0.05	0.15	0.40	9.18

			Panel B: International Firms				
Firm Characteristics							
FCDISP (*100)	0.44	2.35	0.00	0.00	0.11	0.32	6.20
RECDDISP	0.86	0.24	0.00	0.70	0.85	1.01	1.46
Analyst Characteristics							
LENGTH	4.82	4.57	0	2	3	7	20
CAREER	11.00	7.05	0	5	11	17	26
#STOCK_ANALYST	11.30	6.71	1	7	10	14	34
#STOCK_BROKER	617	695	9	170	314	764	2878

Table A2: Firm Behavior on Conference Calls (Table II)

This table examines the likelihood of an analyst having an opportunity to ask a question in the conference call. The dependent variable in all columns is an indicator that takes the value of one if the analyst asks a question in the conference call and zero otherwise. Columns 1 and 2 conduct a panel OLS regression, and columns 3 and 4 conduct a pooled logit regression. The main independent variable in columns 1 and 2 is the average recommendation level of the analyst in the year prior to the conference call ($RECD$), and that in columns 3 and 4 is the prior-year average recommendation level of the analyst relative to the consensus recommendation ($RECD^{adj}$). Analyst level controls include: the number of years the analyst has covered the firm ($LENGTH$), the number of years the analyst has been in the IBES database ($CAREER$), the number of stocks covered by the analyst, the number of stocks covered by the broker (a measure of broker size), whether the analyst is an all-star analyst, and whether the analyst is affiliated with a broker that underwrites for the firm in question. We also include in the regression the number of times the analyst has been called on to ask questions in prior earnings conference calls ($PASTCALL$). We skip the first three years of the sample to compute $PASTCALL$, which is why we have fewer observations here compared to Table II. Firm level controls include: lagged market capitalization, book to market ratio, past one-year stock returns, monthly share turnover in the previous year, daily idiosyncratic volatility in the previous year, number of analysts covering the firm, institutional ownership, and discretionary accruals. Columns 1 and 2 include firm*quarter fixed effects. Standard errors, clustered at both the firm and quarter level, are shown in parenthesis. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$
	[1]	[2]	[3]	[4]
$RECD_{i,j,t}$	0.036***	0.043***		
	(0.002)	(0.002)		
$RECD^{adj}_{i,j,t}$			0.180***	0.216***
			(0.008)	(0.009)
$PASTCALL_{i,j,t}$	0.027***	0.030***	0.111***	0.136***
	(0.001)	(0.001)	(0.006)	(0.006)
$LENGTH_{j,t}$		-0.128***		-0.737***
		(0.006)		(0.031)
$CAREER_{j,t}$		-0.005**		0.002
		(0.003)		(0.012)
$\#STOCK^{analyst}_{j,t}$		0.006**		0.124***
		(0.003)		(0.016)
$\#STOCK^{broker}_{j,t}$		0.032***		0.170***
		(0.002)		(0.010)
$ALLSTAR_{j,t}$		0.043***		0.117***
		(0.006)		(0.029)
$AFFILIATE_{j,t}$		0.032***		0.330***
		(0.010)		(0.036)
Other Controls	No	No	No	Yes
No Obs.	704,022	704,022	704,022	704,022
Adj/Pseudo R²	0.141	0.171	0.126	0.093

Table A3: Controlling for Accruals and Dispersion Factors (Table VII)

This table reports monthly returns to a calendar-time portfolio that exploits the return predictability of recommendation differentials between analysts that ask questions in the conference call and those that do not. Specifically, on each day, we rank all firms into five quintiles based on the recommendation differential between in-analysts and out-analysts in the previous quarter. Next, in the five days surrounding the following quarterly earnings announcement, we go long stocks whose $RECD(IN)\text{-}RECD(OUT)$ in the previous quarter is in the top quintile, and short stocks whose $RECD(IN)\text{-}RECD(OUT)$ in the previous quarter is in the bottom quintile. If on any given day, there are fewer than 5 stocks in either the long or short lag, we hold the 30-day Treasury bill instead (this is the case for less than 10% of the trading days). We then aggregate these daily returns to the monthly level. Panel A reports the monthly returns to the five quintile portfolios after adjusting for various risk factors; and Panel B reports the risk exposures of these five portfolios. In the full specification, we control for the Carhart four factors (including momentum), the liquidity factor, the accruals factor (CMA, Hirshleifer, Hou, and Teoh, 2012), and the analyst forecast dispersion factor (DISP, i.e., low dispersion portfolio – high dispersion portfolio). T-statistics, with Newey-West adjustments of four lags, are shown in brackets. Estimates significant at the 5% level are indicated in bold.

	Panel A: Portfolio Returns					
Quintile	Excess Returns	1-Factor Alpha	3-Factor Alpha	4-Factor Alpha	5-Factor Alpha	7-Factor Alpha
1	1.46%	1.08%	1.07%	1.07%	1.03%	0.97%
	[2.59]	[1.80]	[1.88]	[1.85]	[1.62]	[1.39]
2	1.26%	0.91%	0.86%	0.90%	0.90%	0.96%
	[2.55]	[1.65]	[1.65]	[1.72]	[1.54]	[1.67]
3	0.96%	0.39%	0.35%	0.36%	0.37%	0.41%
	[1.87]	[0.85]	[0.77]	[0.80]	[0.76]	[0.96]
4	0.48%	-0.13%	-0.19%	-0.20%	-0.30%	-0.21%
	[0.75]	[-0.20]	[-0.31]	[-0.32]	[-0.46]	[-0.35]
5	0.18%	-0.43%	-0.39%	-0.38%	-0.44%	-0.26%
	[0.30]	[-0.69]	[-0.65]	[-0.63]	[-0.66]	[-0.43]
5-1	**-1.29%**	**-1.53%**	**-1.48%**	**-1.47%**	**-1.49%**	**-1.23%**
	[-2.59]	[-2.86]	[-2.78]	[-2.78]	[-2.64]	[-2.42]

	Panel B: Factor Loadings								
	XRet	Alpha	MKT	SMB	HML	UMD	LIQ	CMA	DISP
1	1.46%	0.97%	0.154	0.701	0.563	0.042	0.080	0.284	0.003
	[2.59]	[1.39]	[0.73]	[3.20]	[2.24]	[0.35]	[0.47]	[1.60]	[0.02]
5	0.18%	-0.26%	0.315	0.159	0.406	0.110	0.092	0.250	-0.345
	[0.30]	[-0.43]	[1.36]	[0.76]	[1.58]	[1.09]	[0.68]	[1.13]	[-1.97]
5-1	**-1.29%**	**-1.23%**	0.161	**-0.542**	-0.157	0.068	0.012	-0.034	-0.348
	[-2.59]	[-2.42]	[1.30]	[-2.03]	[-0.55]	[0.54]	[0.10]	[-0.20]	[-1.95]

Table A4: Positive vs. Negative Words

This table examines the tone of analysts' questions in conference calls. The dependent variable in columns 1 and 2 is the number of positive words minus the number of negative words in a question scaled by the total number of words in the question ($POSRATIO^Q = \frac{\#poswords - \#negwords}{\#words}$), where positive and negative words are defined as in Loughran and McDonald (2011). The dependent variable in columns 3 and 4 is the difference between the log of the number of positive words and that of negative words in the question ($POSTONE^Q = log(\#poswords + 1) - log(\#negwords + 1)$). The main independent variable is the average recommendation level of the analyst in the year prior to the conference call. Other control variables include: the analyst's $PLACE$ in the conference call (e.g., second in line to ask a question), the number of years the analyst has covered the firm ($LENGTH$), the number of years the analyst has been in the IBES database ($CAREER$), the number of stocks covered by the analyst, the number of stocks covered by the broker (as a measure of broker size), whether the analyst is an all-star analyst, and whether the analyst is affiliated with a broker that underwrites for the firm in question. All specifications include firm*quarter fixed effects. Standard errors, clustered at both the firm and quarter level, are shown in parenthesis. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	$POSRATIO^Q_{i,j,t}$	$POSRATIO^Q_{i,j,t}$	$POSTONE^Q_{i,j,t}$	$POSTONE^Q_{i,j,t}$
	[1]	[2]	[3]	[4]
$RECD_{i,j,t}$	0.031***	0.034***	0.014***	0.014***
	(0.011)	(0.011)	(0.005)	(0.004)
$PLACE_{i,j,t}$	-0.011***	-0.011***	-0.003***	-0.003***
	(0.002)	(0.002)	(0.001)	(0.001)
$LENGTH_{j,t}$		-0.032***		-0.011**
		(0.009)		(0.005)
$CAREER_{j,t}$		-0.032***		-0.017***
		(0.011)		(0.005)
$\#STOCK^{analyst}_{j,t}$		0.049***		0.028***
		(0.019)		(0.008)
$\#STOCK^{broker}_{j,t}$		0.005		-0.000
		(0.008)		(0.003)
$ALLSTAR_{j,t}$		-0.034		-0.016
		(0.022)		(0.010)
$AFFILIATE_{j,t}$		0.061		0.022
		(0.041)		(0.017)
No Obs.	311,924	311,924	311,924	311,924
Adj-R²	0.051	0.051	0.099	0.099

Table A5: Contemporaneous Investor Response

This table conducts Fama-MacBeth regressions of earnings announcement day returns on the contemporaneous difference in average recommendations between analysts that ask questions in the conference call and those that do not. The dependent variable is the cumulative abnormal return in days 0 to 2 of the quarterly earnings announcement (in %). The main independent variable in columns 1-3 is the difference in average prior-year recommendations between in-analysts and out-analysts measured in the same quarter ($RECD(IN) - RECD(OUT)$), and that in columns 4-6 is a dummy that equals one if this recommendation differential is greater than zero, and zero otherwise. Other control variables include: the standardized unexpected earnings, and its squared term, analyst forecast dispersion and recommendation dispersion, institutional ownership, number of analysts covering the firm, market capitalization, book to market ratio, past one year stock returns, monthly share turnover in the past year, daily idiosyncratic volatility in the past year, and discretionary accruals. Standard errors, with Newey-West adjustments of four lags, are shown in parenthesis. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	Dependent Variable = $CAR_{i,t}$					
	[1]	[2]	[3]	[4]	[5]	[6]
$RECD(IN)_{i,t} -$	0.156**	0.153**	0.148**			
$RECD(OUT)_{i,t}$	(0.073)	(0.069)	(0.074)			
$RECD(IN)_{i,t} >$				0.165***	0.163***	0.174***
$RECD(OUT)_{i,t}$				(0.042)	(0.041)	(0.046)
$SUE_{i,t}$	2.893***	2.910***	2.917***	2.895***	2.912***	2.917***
	(0.138)	(0.140)	(0.143)	(0.138)	(0.140)	(0.143)
$SUE_{i,t}^2$	0.116***	0.130***	0.134***	0.116***	0.130***	0.134***
	(0.028)	(0.024)	(0.023)	(0.028)	(0.024)	(0.023)
$FCSTDISP_{i,t}$		-0.353***	-0.237**		-0.350***	-0.234**
		(0.113)	(0.106)		(0.112)	(0.106)
$RECDDISP_{i,t}$		-0.205**	-0.161		-0.209**	-0.166
		(0.086)	(0.098)		(0.089)	(0.102)
$INSTOWN_{i,t}$		0.636***	0.668***		0.623***	0.651***
		(0.166)	(0.197)		(0.163)	(0.193)
$\#ANALYST_{i,t}$		-0.062	0.082		-0.070	0.075
		(0.090)	(0.106)		(0.092)	(0.107)
Other Controls	No	No	Yes	No	No	Yes
F-M # Qtrs	49	49	49	49	49	49
Adj-R²	0.075	0.081	0.095	0.075	0.081	0.095

Table A6: Analyst Earnings Forecast Errors

This table examines the earnings forecast accuracy of analysts that ask questions in the conference call vs. those that do not. The dependent variable in all columns is the earnings forecast error (in %) in the following quarter (defined as the absolute difference between the analyst's most recent earnings forecast and the actual reported earnings). The main independent variable is the IN dummy that takes the value of one if the analyst asks a question in the conference call in the current quarter and zero otherwise. Analyst level controls include: the number of years the analyst has covered the firm ($LENGTH$), the number of years the analyst has been in the IBES database ($CAREER$), the number of stocks covered by the analyst, the number of stocks covered by the broker (a measure of broker size), whether the analyst is an all-star analyst, and whether the analyst is affiliated with a broker that underwrites for the firm in question. Firm level controls include: lagged market capitalization, book to market ratio, past one-year stock returns, monthly share turnover over the past year, daily idiosyncratic volatility over the past year, number of analysts covering the firm, institutional ownership, and discretionary accruals. Columns 1 and 2 include firm*quarter fixed effects and examine the relative accuracy of in-analysts and out-analysts covering the same firm. Columns 3 and 4 include analyst*quarter fixed effects and examine the relative accuracy of in-stocks (for which the analyst asks a question) and out-stocks (for which the analyst does not ask a question) covered by the same analyst. Finally, Columns 5 and 6 include firm*quarter fixed effects and examine the relative accuracy of in-analysts (of at least one conference call) and out-analysts covering the same firm where neither of the two analysts is in the conference call in question. Standard errors, clustered at both the firm and quarter level, are shown in parenthesis. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	$FCE_{i,j,t+1}$	$FCE_{i,j,t+1}$	$FCE_{i,j,t+1}$	$FCE_{i,j,t+1}$	$FCE_{i,j,t+1}$	$FCE_{i,j,t+1}$
	[1]	[2]	[3]	[4]	[5]	[6]
$IN_{i,j,t}$	-0.010***	-0.010***	-0.065***	-0.028***	-0.005**	-0.003
	(0.002)	(0.002)	(0.013)	(0.010)	(0.002)	(0.002)
$LENGTH_{j,t}$		-0.001				-0.001
		(0.001)				(0.001)
$CAREER_{j,t}$		-0.001				0.000
		(0.001)				(0.002)
$\#STOCK_{j,t}^{analyst}$		0.001				0.002
		(0.002)				(0.002)
$\#STOCK_{j,t}^{broker}$		-0.002**				-0.003**
		(0.001)				(0.001)
$ALLSTAR_{j,t}$		0.007*				0.008
		(0.004)				(0.006)
$AFFILIATE_{j,t}$		0.006				0.005
		(0.004)				(0.005)
Other Controls	No	No	No	Yes	No	No
No Obs.	527,827	527,827	514,614	514,614	355,337	355,337
Adj-R²	0.850	0.850	0.138	0.214	0.849	0.849

Table A7: Drop in Analyst Coverage

This table reports regressions of subsequent changes in analyst coverage on lagged recommendation differentials between analysts that ask questions in the conference call and those that do not. The dependent variable in all columns is the number of analysts covering the firm in the following year (we also control for analyst coverage in the previous year). The main independent variable, $CASTING$, is defined as the average recommendation differential between in-analysts and out-analysts ($RECD(IN) - RECD(OUT)$) in the previous four quarters in columns 1 and 2, and it is equal to the fraction of quarters in which $RECD(IN)$ is greater than $RECD(OUT)$ in the previous four quarters in columns 3 and 4. Other control variables include: analyst forecast dispersion, analyst recommendation dispersion, institutional ownership, market capitalization, book to market ratio, past one year stock returns, monthly share turnover in the past year, daily idiosyncratic volatility in the past year, and discretionary accruals. In each column, we conduct a pooled OLS regression. Standard errors, clustered at both the firm and quarter level, are reported in parenthesis. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	$\#ANLST_{i,t+1}$	$\#ANLST_{i,t+1}$	$\#ANLST_{i,t+1}$	$\#ANLST_{i,t+1}$
	[1]	[2]	[3]	[4]
$CASTING_{i,t}$	-0.512**	-0.391**	-0.367*	-0.458**
	(0.244)	(0.196)	(0.214)	(0.212)
$\#ANLST_{i,t}$	0.667***	0.639***	0.669***	0.640***
	(0.073)	(0.066)	(0.073)	(0.066)
$FCSTDISP_{i,t}$		-3.109		-3.106
		(1.928)		(1.928)
$RECDDISP_{i,t}$		1.653***		1.642***
		(0.387)		(0.387)
$INSTOWN_{i,t}$		0.975**		0.978**
		(0.398)		(0.399)
$MKTCAP_{i,t}$		1.580***		1.583***
		(0.136)		(0.136)
$BM_{i,t}$		-1.920***		-1.924***
		(0.356)		(0.357)
$RET12_{i,t}$		-0.358		-0.359
		(0.757)		(0.757)
$TURNOVER_{i,t}$		0.628***		0.629***
		(0.078)		(0.079)
$IDIOVOL_{i,t}$		1.013***		1.013***
		(0.232)		(0.232)
$DISCACCRUAL_{i,t}$		-5.607***		-5.585***
		(1.513)		(1.512)
Other Controls	Yes	Yes	Yes	Yes
No Obs.	36,946	36,946	36,946	36,946
Adj-R²	0.321	0.404	0.321	0.404

Table A8: Which Analysts Drop Coverage

This table examines analysts' decisions to stop covering a firm. The dependent variable in all columns is the $DROP$ dummy that equals one if the analyst stops producing earnings forecasts for the firm in the following year, and zero otherwise. Columns 1-2 conduct a panel OLS regression and columns 3-4 conduct a pooled logit regression. The main independent variables is the IN dummy that takes the value of one if the analyst asks a question in the conference call and zero otherwise. Analyst level controls include: the average 12-month recommendation level of the analyst ($RECD$) on the firm, his recommendation relative to the consensus recommendation ($RECD^{adj}$), the number of years the analyst has covered the firm ($LENGTH$), the number of years the analyst has been in the IBES database ($CAREER$), the number of stocks covered by the analyst, the number of stocks covered by the broker (a measure of broker size), whether the analyst is an all-star analyst, and whether the analyst is affiliated with a broker that underwrites for the firm in question. Firm level controls include: market capitalization, book to market ratio, past one-year stock returns, monthly share turnover in the past year, daily idiosyncratic volatility in the previous year, number of analysts covering the firm, institutional ownership, and discretionary accruals. Columns 1 and 2 include firm*quarter fixed effects. Standard errors, clustered at both the firm and quarter level, are shown in parenthesis. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	$DROP_{i,j,t+1}$	$DROP_{i,j,t+1}$	$DROP_{i,j,t+1}$	$DROP_{i,j,t+1}$
	[1]	[2]	[3]	[4]
$IN_{i,j,t}$	-0.324***	-0.297***	-2.621***	-2.697***
	(0.014)	(0.014)	(0.082)	(0.065)
$RECD_{i,j,t}$	-0.002	-0.006***		
	(0.002)	(0.002)		
$RECD^{adj}_{i,j,t}$			-0.010	-0.023*
			(0.011)	(0.013)
$LENGTH_{j,t}$		-0.010**		-0.342***
		(0.004)		(0.034)
$CAREER_{j,t}$		-0.009*		-0.127***
		(0.005)		(0.033)
$\#STOCK^{analyst}_{j,t}$		-0.144***		-0.833***
		(0.005)		(0.034)
$\#STOCK^{broker}_{j,t}$		-0.010***		-0.039
		(0.004)		(0.029)
$ALLSTAR_{j,t}$		-0.016***		-0.146***
		(0.006)		(0.055)
$AFFILIATE_{j,t}$		0.024***		0.147***
		(0.006)		(0.053)
Other Controls	No	Yes	No	Yes
No Obs.	832,262	832,262	832,262	832,262
Adj/Pseudo R²	0.216	0.293	0.147	0.246

Table A9: Negative Questions and Future Call Participation (Table II)

This table examines the likelihood of an analyst having an opportunity to ask a question in the conference call. The dependent variable in all columns is an indicator that takes the value of one if the analyst asks a question in the conference call and zero otherwise. Columns 1 to 4 conduct a panel OLS regression, and columns 5 to 8 conduct a pooled logit regression. The main independent variables are a) the number of negative words minus the number of positive words in a question scaled by the total number of words in the question ($NEGRATIO = \frac{\#negwords - \#poswords}{\#words}$), where positive and negative words are defined as in Loughran and McDonald (2011); b) the difference between the log of the number of negative words and that of positive words in the question ($NEGTONE = log(\#negwords + 1) - log(\#poswords + 1)$). We also control for the average recommendation level of the analyst in the year prior to the conference call ($RECD$), and the prior-year average recommendation level of the analyst relative to the consensus recommendation ($RECD^{adj}$). Analyst level controls include: the number of years the analyst has covered the firm ($LENGTH$), the number of years the analyst has been in the IBES database ($CAREER$), the number of stocks covered by the analyst, the number of stocks covered by the broker (a measure of broker size), whether the analyst is an all-star analyst, and whether the analyst is affiliated with a broker that underwrites for the firm in question. Firm level controls include: lagged market capitalization, book to market ratio, past one-year stock returns, monthly share turnover in the previous year, daily idiosyncratic volatility in the previous year, number of analysts covering the firm, institutional ownership, and discretionary accruals. Columns 1 through 4 also include firm*quarter fixed effects. Standard errors, clustered at both the firm and quarter level, are shown in parenthesis. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively.

	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$
	[1]	[2]	[3]	[4]	[1]	[2]	[3]	[4]
$NEGTONE_{i,j,t}$	-0.006***	-0.006***			-0.037***	-0.041***		
	(0.002)	(0.002)			(0.006)	(0.006)		
$NEGRATIO_{i,j,t}$			-0.003***	-0.003***			-0.019***	-0.020***
			(0.001)	(0.001)			(0.003)	(0.003)
$RECD_{i,j,t}$	0.043***	0.047***	0.043***	0.047***				
	(0.003)	(0.003)	(0.003)	(0.003)				
$RECD^{adj}_{i,j,t}$					0.196***	0.211***	0.196***	0.211***
					(0.010)	(0.010)	(0.010)	(0.010)
$LENGTH_{j,t}$		0.028***		0.028***		0.136***		0.136***
		(0.004)		(0.004)		(0.014)		(0.014)
$CAREER_{j,t}$		-0.018***		-0.018***		-0.083***		-0.083***
		(0.003)		(0.003)		(0.012)		(0.012)
$\#STOCK^{analyst}_{j,t}$		-0.030***		-0.030***		-0.106***		-0.106***
		(0.005)		(0.005)		(0.017)		(0.017)
$\#STOCK^{broker}_{j,t}$		0.016***		0.016***		0.049***		0.049***
		(0.003)		(0.002)		(0.008)		(0.008)
$ALLSTAR_{j,t}$		0.049***		0.049***		0.207***		0.206***
		(0.006)		(0.006)		(0.022)		(0.022)
$AFFILIATE_{j,t}$		0.032***		0.032***		0.175***		0.174***
		(0.012)		(0.012)		(0.035)		(0.035)
Other Controls	No	No	No	No	Yes	Yes	Yes	Yes
No Obs.	284,786	284,786	284,786	284,786	284,786	284,786	284,786	284,786
Adj/Pseudo R²	0.025	0.029	0.025	0.029	0.003	0.006	0.003	0.006

Table A10: Examples of Analyst Questions in Conference Calls

This table presents examples of the actual text from questions asked by sell-side analysts in earnings conference calls. The first column shows the firm conducting the conference call, the second column the last name and first initial of the analyst asking the question, the third column the date of the conference call, and the last column the transcribed text of the question. The portion of the text, suggestive of how analysts may use the information learned from asking questions to finetune their estimation models, is highlighted in yellow.

Firm	Analyst	Date	Question
Alaska Airgroup	Toomey R	04/24/2008	Great. Thank you. And one other question. Other expense was 63 million in the quarter. **that was higher than what I had modelled** and up quite a bit from the fourth quarter. Was there anything in that -- can you explain what's in that number and is there anything that was sort of a more non-recurring type nature in that 63 million?
Cytokinetics	Sendek J	10/28/2009	**Hi. thanks a lot. So, let's see - I wanted to follow up on the line of questions both for Omecamtiv and 357. So maybe start with 357. I'm trying to find a way to slot this into my model** and so the two questions I have are with this -- Can you at least help us think about this? Is it more of a supportive care drug or a primary therapy when you look at your different choices for the type of patients?
Micron Technology	Pitzer J	12/22/2010	**Yes - good afternoon guys, and thanks for giving us the cheats** (inaudible) it's going to help. But just one clarification. Historically when you have kind of talked about current quarter ASP trends you have talked about what pricing would do if it were flat from sort of today's level. And I'm just kind of curious when you look at the fiscal first quarter guidance you're giving for DRAM and NAND ASP. Is that under the same sort of category? Or is that what you expect for the whole quarter?

Table A11: L-S Portfolio Controlling for Alternative Factor Models (Table VII)

This table reports monthly returns to a calendar-time portfolio that exploits the return predictability of recommendation differentials between analysts that ask questions in the conference call and those that do not. Specifically, on each day, we rank all firms into five quintiles based on the recommendation differential between in-analysts and out-analysts in the previous quarter. Next, in the five days surrounding the following quarterly earnings announcement, we go long stocks whose $RECD(IN)\text{-}RECD(OUT)$ in the previous quarter is in the top quintile, and short stocks whose $RECD(IN)\text{-}RECD(OUT)$ in the previous quarter is in the bottom quintile. If on any given day, there are fewer than 5 stocks in either the long or short lag, we hold the 30-day Treasury bill instead (this is the case for less than 10% of the trading days). We then aggregate these daily returns to the monthly level. Panel A reports the monthly returns to the five quintile portfolios after adjusting for the two risk-factor models of 5 Factor Model of Fama and French (2015) and the q-model of Hou, Zue, and Zhang (2015); Panels B and C report the risk exposures of the L and S portfolios on each of the factors of the respective factor models. T-statistics, with Newey-West adjustments of four lags, are shown in brackets. L-S estimates significant at the 5% level are indicated in bold.

Panel A: Portfolio Returns		
Quintile	Fama French 5-Factor Alpha	Hou Xue Zhang 4-Factor Alpha
1	1.08% [1.74]	1.01% [1.57]
2	1.10% [2.02]	1.08% [1.69]
3	0.46% [1.22]	0.54% [1.33]
4	-0.16% [-0.33]	-0.20% [-0.39]
5	-0.39% [-0.72]	-0.30% [-0.54]
5-1	**-1.47%** [-2.57]	**-1.31%** [-2.46]

Panel B: Factor loadings – Fama-French 5-Factor Model					
	Alpha	MKT	SMB	HML	RMW	CMA
1	1.08% [1.74]	0.11 [0.54]	**0.67** [2.77]	**0.48** [2.43]	-0.17 [-0.53]	0.25 [1.37]
5	-0.39% [-0.72]	**0.44** [2.05]	0.24 [1.23]	**0.63** [2.46]	-0.12 [-0.32]	0.35 [1.40]
5-1	**-1.47%** [-2.57]	**0.33** [2.07]	-0.42 [-1.89]	0.16 [0.51]	0.05 [0.09]	0.10 [0.49]

Panel C: Factor loadings – Hou-Xue-Zhang 4-Factor Model				
	Alpha	MKT	r_{ME}	$r_{I/A}$	r_{ROE}
1	1.01% [1.57]	0.19 [0.98]	0.83 [3.70]	0.29 [0.77]	-0.22 [-0.94]
5	-0.30% [-0.54]	0.47 [2.51]	0.38 [1.87]	-0.11 [-0.31]	-0.34 [-1.52]
5-1	**-1.31%** [-2.46]	**0.28** [2.17]	**-0.45** [-2.08]	-0.40 [-0.80]	-0.12 [-0.47]

Table A12: Return Correlations across Countries

Panel A shows the time-series correlations of *RECD(IN)-RECD(OUT)* of the respective L-S portfolios across countries. Panel B shows the time-series correlations of L-S portfolio returns across countries.

Panel A: *RECD(IN)-RECD(OUT)* Correlation of L-S Portfolio					
	Canada	UK	France	Japan	US
Canada	1				
UK	0.384**	1			
	(0.044)				
France	0.213	0.159	1		
	(0.233)	(0.418)			
Japan	-0.419**	-0.192	-0.369**	1	
	(0.015)	(0.328)	(0.035)		
US	-0.060	-0.215	0.269	-0.041	1
	(0.741)	(0.273)	(0.130)	(0.820)	

Panel B: Portfolio Return Correlation of L-S Portfolio					
	Canada	UK	France	Japan	US
Canada	1				
UK	0.321*	1			
	(0.096)				
France	0.123	0.119	1		
	(0.496)	(0.553)			
Japan	-0.089	0.122	0.105	1	
	(0.652)	(0.588)	(0.594)		
US	-0.065	0.109	0.013	0.056	1
	(0.684)	(0.579)	(0.941)	(0.776)	

Table A13: Regressions using Fraction of Positive vs. Negative Analysts Called Upon (Table V)

This table reports forecasting regressions of earnings announcement day returns and earnings surprises on lagged differences in average recommendations between analysts that ask questions in the conference call and those that do not. The dependent variable in columns 1-3 is the cumulative abnormal return in the five-day window around the earnings announcement (CAR, in %) and that in columns 4-6 is the standardized unexpected earnings, defined as seasonally adjusted quarterly earnings growth scaled by lagged stock price (SUE, in %). Both dependent variables are measured in the subsequent quarter. We conduct Fama-MacBeth regression with Newey-West adjusted standard errors of four lags. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively table examines the likelihood of an analyst having an opportunity to ask a question in the conference call.

$FRACTION = P(In|Pos) - P(In|Neg)$. The difference between the fraction of positive analysts being called and that of negative analysts being called.

Corr($FRACTION, (RECD(IN)-RECD(OUT))$) = 0.66.

	Panel A: Forecasting Future Announcement Returns and Earnings Surprises					
	$CAR_{i,t+1}$	$CAR_{i,t+1}$	$CAR_{i,t+1}$	$SUE_{i,t+1}$	$SUE_{i,t+1}$	$SUE_{i,t+1}$
	[1]	[2]	[3]	[4]	[5]	[6]
$FRACTION_{i,t}$	-0.149**	-0.159**	-0.213***	-0.450**	-0.315*	-0.311*
	(0.064)	(0.061)	(0.065)	(0.177)	(0.180)	(0.161)
$FCSTDISP_{i,t}$		0.219	0.296		-0.307	-0.201
		(0.610)	(0.588)		(0.816)	(0.857)
$RECDDISP_{i,t}$		-0.266	-0.330		-0.265	-0.661***
		(0.180)	(0.241)		(0.197)	(0.210)
$INSTOWN_{i,t}$		0.468***	0.456**		-0.118	-0.183
		(0.162)	(0.145)		(0.237)	(0.249)
$\#ANALYST_{i,t}$		0.042	0.210*		0.299*	-0.456***
		(0.103)	(0.117)		(0.157)	(0.108)
$SEO_{i,t}$			-0.561**			0.975**
			(0.271)			(0.433)
$INSIDER_{i,t}$			-0.054			0.138
			(0.162)			(0.109)
$EXERCISE_{i,t}$			0.204*			0.216***
			(0.111)			(0.069)
Other Controls	No	No	Yes	No	No	Yes
No. Qrts	49	49	49	49	49	49
Adj. R^2	0.001	0.009	0.030	0.020	0.120	0.158

## Table A14: Regressions Interacting with Mean Recommendation and Dispersion (Table II)

This table examines the likelihood of an analyst having an opportunity to ask a question in the conference call. The dependent variable in all columns is an indicator that takes the value of one if the analyst asks a question in the conference call and zero otherwise. The main independent variable of interest is the average recommendation of the analyst in the year prior to the conference call ($RECD$). In addition, we include the average recommendation level of the firm itself ($RECD^{average}$) and the recommendation dispersion of the firm ($RECDDISP$). Analyst level controls include: the number of years the analyst has covered the firm ($LENGTH$), the number of years the analyst has been in the IBES database ($CAREER$), the number of stocks covered by the analyst, the number of stocks covered by the broker (a measure of broker size), whether the analyst is an all-star analyst, and whether the analyst is affiliated with a broker that underwrites for the firm in question. Firm level controls include: lagged market capitalization, book to market ratio, past one-year stock returns, monthly share turnover in the previous year, daily idiosyncratic volatility in the previous year, number of analysts covering the firm, institutional ownership, and discretionary accruals. Standard errors, clustered at both the firm and quarter level, are shown in parenthesis. *, **, *** denote significance at the 10%, 5%, and 1% level, respectively

	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$	$IN_{i,j,t}$
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
$RECD_{i,j,t}$	0.059***	0.059***	0.069***	0.056***	0.055***	0.055***	0.069***	0.055***
	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)
$RECD^{average}_{j,t}$	0.007	0.006	-0.007	-0.003				
	(0.012)	(0.012)	(0.009)	(0.011)				
$RECD_{i,j,t}$ $\times RECD^{average}_{j,t}$	-0.004	-0.004	0.001	-0.001				
	(0.003)	(0.003)	(0.002)	(0.003)				
$RECDDISP_{j,t}$					-0.004	-0.005	-0.002	-0.006
					(0.011)	(0.010)	(0.008)	(0.009)
$RECD_{i,j,t}$ $\times RECDDISP_{j,t}$					0.000	0.000	-0.001	0.000
					(0.003)	(0.003)	(0.002)	(0.002)
Time Fixed Effect		Yes				Yes		
Anlst Fixed Effect			Yes				Yes	
Firm Fixed Effect				Yes				Yes
Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No Obs.	832,262	832,262	832,262	832,262	832,262	832,262	832,262	832,262
Adj-R²	0.016	0.018	0.264	0.049	0.016	0.018	0.264	0.049

Figure A1: Placebo Casting Episodes (Figure 2)
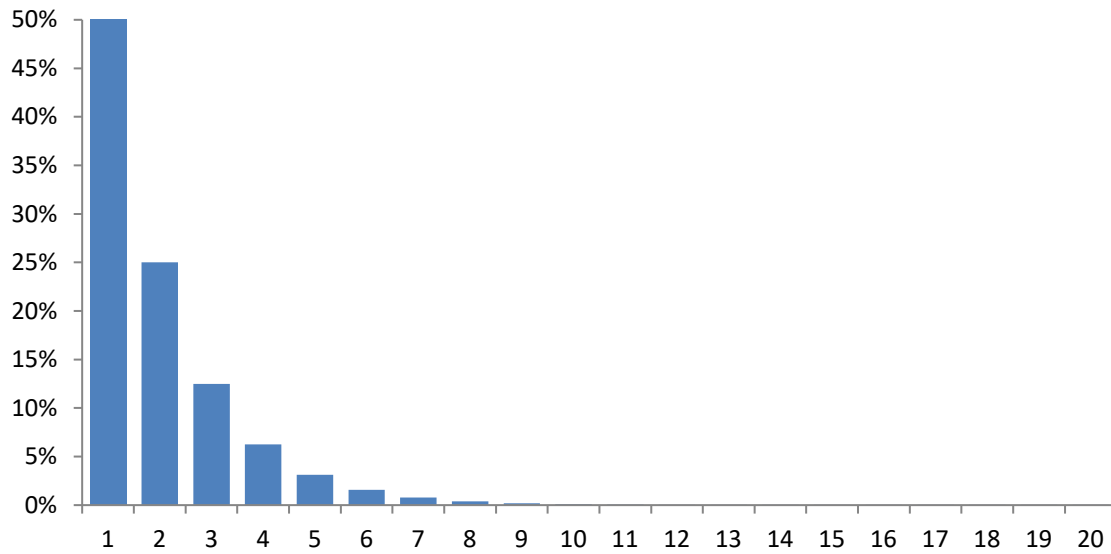
Placebo 1: a histogram of the number of consecutive quarters of casting spells (i.e., $RECD(IN) > RECD(OUT)$) under the assumption that firms calls on analysts randomly.
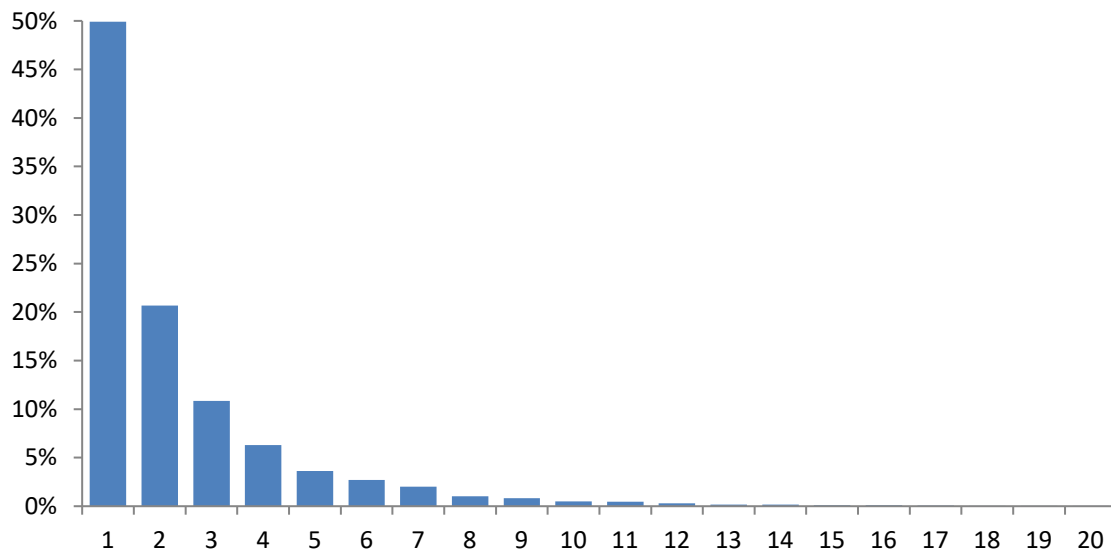
Placebo 2: a histogram of the number of consecutive quarters of non-casting episodes (that is, $RECD(IN) \leq RECD(OUT)$).

Figure A2: Event-time Cumulative Abnormal Returns

This figure plots event-time stock returns for the 12 months following an earnings conference call. Specifically, the figure examines the long-run return predictability of recommendation differentials between analysts that ask questions and those that do not in earnings conference calls: Specifically, we go long in stocks whose $RECD(IN)$ is smaller than $RECD(OUT)$ in the previous earnings call, and go short in stocks whose $RECD(IN)$ is greater than $RECD(OUT)$ in the previous earnings call. The figure presents DGTW characteristic-adjusted returns to this long-short portfolio, starting directly after the call, until 12 months later. Note that the next earnings announcement/conference call usually occurs in month three following the current call.
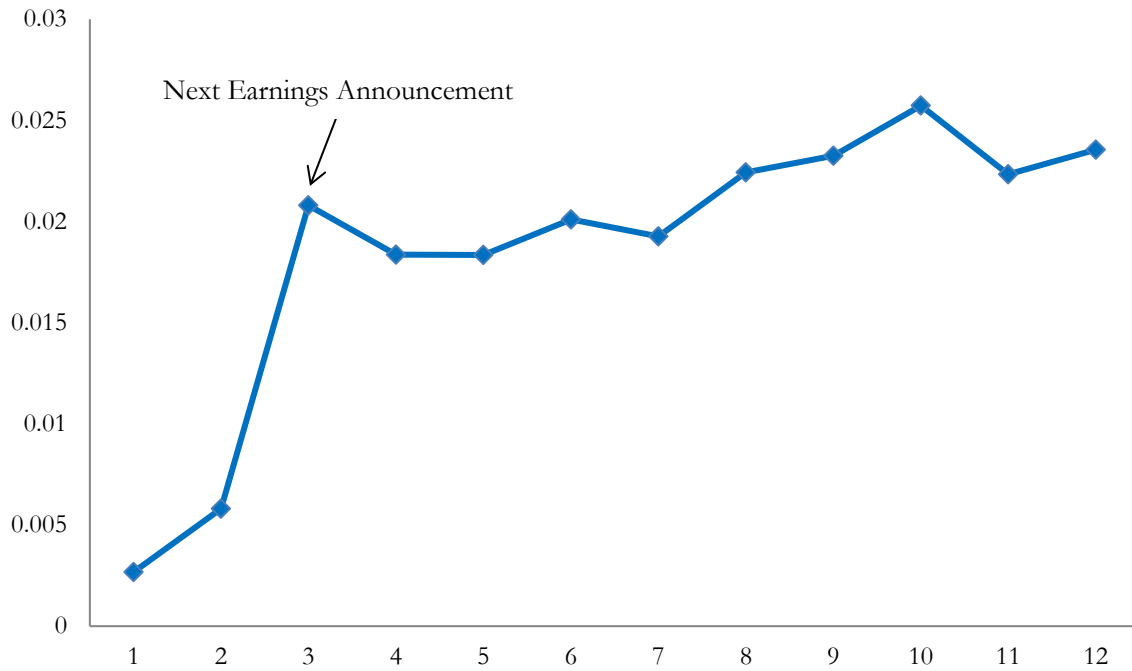
Figure A3: Other Illustrations of Contentious Firm-Analyst Relations

We include two other illustrations of contentious exchanges between firms and analysts. The first (in blue) is of Cleveland-Cliffs, and their Q3 Conference Call from October 19th, 2018. The second (in pink), is of Tesla, and their Q2 Conference Call on May 2nd, 2018.

First, we include excerpts of the recent Cleveland-Cliffs Q3 Conference Call from October 19th, 2018. In the call, the firm's CEO Lourenco Goncalves slammed analysts for "misunderstanding" the firm's numbers. Goncalves went so far as calling out one analyst in particular Goldman Sachs analyst Matthew Korn (who had written a negative report about the firm). Goncalves said of Korn:

"It's unbelievable that this big (bank) has still employ this type of people, you guys should resign for your lack of knowledge of thisng…it's not like you don't understand our business, you don't understand your business."

He continued even more pointedly:

"You are a disaster. You are an embarrassment to your parents."
"We are going to screw these guys so badly that I don't believe that they will be able to only resign. They will have to commit suicide. So we are going to screw these guys so badly that it will be fun to watch."

We also include the example of Tesla's Q2 Conference Call on May 2, 2018. Tesla CEO Elon Musk erupted at analysts after becoming frustrated with many lines of questioning regarding Tesla's cash position (and cash planning). Musk spent much of the call berating analysts for their question quality, and evading answering their pointed questions. For instance, when being pushed on capital requirements by A.M. Sacconaghi from Sanford Bernstein, cut-off the analyst mid-question saying:

"Excuse me. Nest. Boring, bonehead questions are not cool. Next?"

Then, when being pushed by Joseph Spak from RBC Capital on delivery of shipments, Musk responded:

"We're going to go to YouTube. Sorry. These questions are so dry. They're killing me."

And ended berating investor-views on Tesla saying:

"We have no interest in satisfying the desires of day-traders. I couldn't care less. Please sell our stock and don't buy it."

Figure A4: Number of Stocks in the Long-Short Portfolio
The average daily number of stocks in the long-short portfolio in each month.

Number of Holdings in the US Casting Portfolio