

Accepted Manuscript

Announcing the Announcement

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PII: S0378-4266(17)30109-7
DOI: [10.1016/j.jbankfin.2017.05.007](https://doi.org/10.1016/j.jbankfin.2017.05.007)
Reference: JBF 5145

To appear in: *Journal of Banking and Finance*

Received date: 22 December 2015
Revised date: 12 May 2017
Accepted date: 15 May 2017

Please cite this article as: Romain Boulland , Olivier Dessaint , Announcing the Announcement, *Journal of Banking and Finance* (2017), doi: [10.1016/j.jbankfin.2017.05.007](https://doi.org/10.1016/j.jbankfin.2017.05.007)



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Announcing the Announcement

ROMAIN BOULLAND* and OLIVIER DESSAINT†

Abstract

What drives investors' attention? We study how far in advance earnings calendars are pre-announced and find that investors are more attentive to earnings news when such details are disclosed well ahead of time. This variation in investors' attention affects short-run and long-run stock returns, thereby creating incentives for firms to strategically pre-announce the report date on short notice when the earnings news is bad. Consistent with this idea, firms pre-announce their report dates well ahead of time when earnings are good and do it at the very last moment when earnings are bad. A trading strategy that exploits such variations yields abnormal returns of 1.5% per month.

Keywords: Investor attention; Media coverage; Earnings announcements; Earnings conference call.

JEL classification: D83, G14, G32

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