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Wall Street Horizon

Corporate Body Language: Key Learnings from Corporate Event Data

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Corporate Body Language:

Key Learnings from Corporate Event Data

Speaker Background



Christine Short
VP of Research
Wall Street Horizon

- Corporate earnings expert with 15 years in the financial data industry
- Research has been featured in several top tier media outlets such as WSJ, FT, Barron's
- Industry conference speaker and on-air guest for CNBC, Fox Business News

Company Background

- Wall Street Horizon's sole focus is providing corporate event data to institutional investors and traders.
- Offer 40+ event types from mainstream events like earnings announcements and dividend dates to sector-specific drivers such as FDA drug approval dates in pharmaceutical space and movie releases in entertainment industry.
- Cover 9,000 public companies worldwide

Overview

- Corporate events created by publicly traded companies can provide compelling insight into overall financial health.
- Companies are constantly self-disclosing information in new ways. Uncovering the patterns within corporate event data can advance academic research as well as benefit the financial community's investing strategies.
- Review examples of how several academic researchers have leveraged high-quality data to conduct independent research and publish results in academic journals
- Discuss best practices for sourcing highly accurate data

Event Types

Earnings Events

- Earnings Announcement Dates
- Earnings Date Monitor (Streaming Feed)
- Earnings Date Revisions (DateBreaks)
- EPS Results
- Earnings Conference Calls
- Future Quarters

Investor Conference and Events

- Analyst Days
- Business Updates
- Capital Markets Days
- Company Travel
- General Conferences & Presentations
- R&D Days
- Road Shows
- Seminars
- Shareholder & Board Meetings
- Summits
- Trade shows
- Workshops

Announced Dividends and ETFs

- Dividend Announcement Dates & Status
- Dividend Monitor (Streaming Feed)
- ETF Distributions
- Future Dividends

Corporate Actions

- Buybacks
- Mergers & Acquisitions
- Secondary Offerings
- Spinoffs
- Splits
- IPOs

BioPharma

- Prescription Drug User Fee Act (PDUFA) Dates
- FDA Committee Meeting Dates

Events and Event Changes

- Corporate events, especially revisions to previously scheduled events, can cause volatility.
- Understanding the types of events, event changes and other event-related behaviors can identify previously unknown or under-appreciated sources of alpha and risk.

Examples of Event Changes from Q3

Positive DateBreaks



Crocs typically reports within 3 days of our forecasted earnings date. On 7/12/2021 CROX moved its Q2 2021 earnings date forward 7 days from 7/29/2021 to 7/22/2021 a positive DateBreak. This resulted in a price rise of \$8.71 or 7%.*



Vista Outdoor typically reports within 5 days of our forecasted earnings date. On 7/8/2021 VSTO moved its Q2 2021 earnings date forward 7 days from 8/5/2021 to 7/29/2021 a positive DateBreak. This resulted in a price rise of \$2.18 or 5%.*

Source: Event data: Wall Street Horizon, Stock pricing data: EDI

*Based on the highest or lowest point the stock reaches within the 3 days before and after reporting quarterly earnings results. Delta calculated from closing price.

Negative DateBreaks



Logitech typically reports within 6 days of our forecasted earnings date. On 7/6/2021 LOGI pushed its Q2 2021 earnings date back 7 days from 7/19/2021 to 7/26/2021 a negative DateBreak. This resulted in a price drop of \$-12.68 or -12%.*

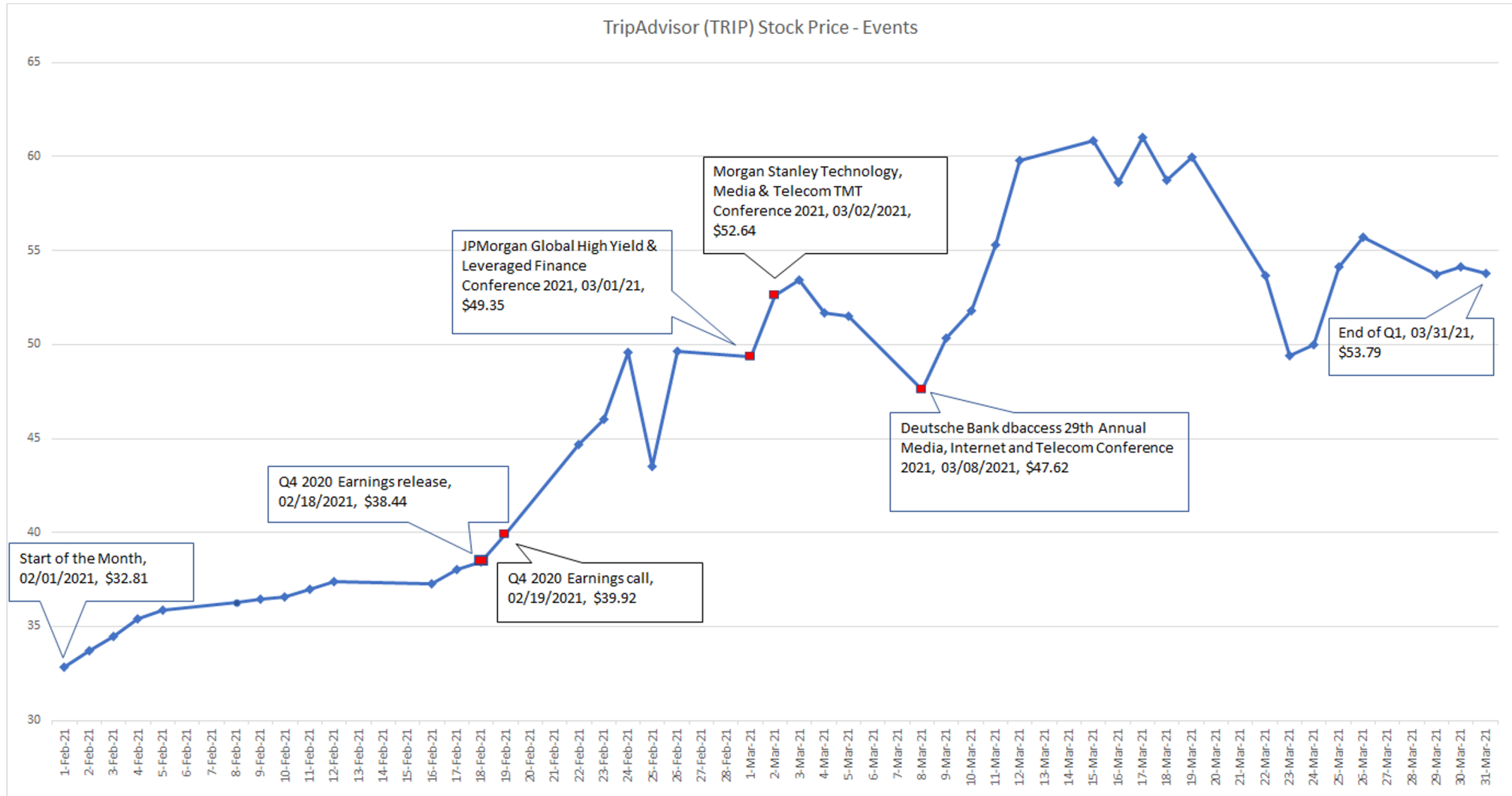


Avis typically reports within 3 days of our forecasted earnings date. On 7/6/2021 CAR pushed its Q2 2021 earnings date back 6 days from 7/28/2021 to 8/3/2021 a negative DateBreak. This resulted in a price drop of \$-3.50 or -5%.*

Public Information and Volatility

- Public companies constantly disclose information in new ways.
- Understanding patterns within event data such as repetitive and sporadic scheduling, time/day of week schedules and a confluence of events at the same company can advance academic research.
- Examining specific causes of event-driven volatility and anticipating their subsequent effects on the pricing of equities and the underlying option have implications across capital markets.

Event Clusters - TripAdvisor



Source: Event data: Wall Street Horizon, Stock pricing: Yahoo Finance. Disclaimer: Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.

Importance of Data Quality

“OUR ABILITY TO LEARN FROM THE PAST AND PREDICT THE FUTURE IS ENTIRELY DEPENDENT ON THE QUALITY OF THE DATA WE USE. BAD DATA CAUSES BAD RESEARCH, WASTED HOURS, AND LOST INVESTMENT DOLLARS.”



Associate Professor Ed deHaan
University of Washington
Foster School of Business

Sourcing Event Data – Characteristics

Primary and Publicly Sourced

- Publicly traded companies are disseminating information in an increasing number of ways in addition to press releases, i.e. RSS feed, social media.
- It is important to subscribe to primary sourced, publicly available data that is 100% compliant.

Sourcing Event Data – Characteristics

Primary and Publicly Sourced

- Need ongoing access to data analysts and engineers who created and maintain the data
- Researched with a repeatable, well-documented, fact-based methodology
- Delivered with transparency as to how, when and from where the data is sourced
- Formatted and delivered so that it is machine readable with specifications and content explanations

Sourcing Event Data – Characteristics

Rigorous Curation of Archived Events

- Data should be sourced directly from the forward-looking research efforts, keeping history as originally published.
- Historical data is never revisited, tweaked or edited.
- If event type requires updating the history, a separate change-log history detailing those revisits/updates must be maintained.
- Structured into a machine-readable format, with detailed specification guides providing delivery, content, structure and key definitions of all terms.

The Speed of the Market Reaction to Pre-Open versus Post-Close Earnings Announcements (M. Lyle et al) Sept. 2019

- Vast majority of U.S. publicly traded firms announce outside of regular trading hours.
- Study shows if investors require time to process earnings news, the market reaction to pre-open earnings announcements will be slower due to less time to process earnings news before regular trading begins. The authors find that pre-open announcements lead to greater abnormal volatility persisting for 4 days after the announcement and a slower incorporation of earnings news into prices.

University of Texas/MIT



Time Will Tell: Information in the Timing of Scheduled Earnings News (T. Johnson/E. So) July 2017

Published: Journal of Financial and Quantitative Analysis, Dec. 2018

- Findings include earnings calendars have strong predictive power for firms' earnings news and future returns. Investors who monitor revisions to earnings announcement dates and act on it can earn returns of more than 2.5% per month.
- Not only do advancers' stocks outperform compared to delayers, they also report greater return on assets, same quarter growth in return on assets.

University of Pennsylvania




The Dark Side of Investor Conferences: Evidence of Managerial Opportunism
(B. Bushee, D. Taylor, C. Zhu) Sept 2020

- Examines whether managers opportunistically exploit heightened attention around investor conferences to “hype” the stock.
- Finds that managers increase the number of voluntary disclosures over the ten days prior to the conference, which results in a greater increase of prices than post-conference disclosures.
- Also shows that the rise in the pre-conference disclosure is more pronounced when insiders sell their shares immediately prior to the event.

Closing Thoughts

- Corporate events created by publicly traded companies can cause volatility
- Uncovering and understanding patterns within event data can uncover alpha or mitigate risk
- Academic researchers have leveraged high-quality data to conduct independent research
- Need to source highly accurate data

For More Information

- Wall Street Horizon is a proud contributor of  **InteractiveBrokers**
- For more info on Wall Street Horizon event data on Interactive Brokers – *just announced new API access*
- To subscribe to Wall Street Horizon, log in to Account Management, toggle to User Settings > select Research Subscriptions > select the Current Research Configuration Icon