

Intra-Industry Transfer of Information Inferred From Trading Volume

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Abstract

This study examines the responsiveness of trading volume to a firm's earnings announcements. We find that the volume and earnings surprise information generated at the first earnings announcement within an industry help to explain the stock returns of the non-announcing firm. Specifically, it explains their equity performance at the time of the first industry announcement and then again after their own earnings announcement. These results provide novel insights into how earnings announcements contain both firm specific as well as industry information that is value relevant for investors.

Keywords: intra-industry; earnings announcement; earnings surprise; trading activity
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