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Abstract

This paper provides ses in earnings per share (EPS). Firs quarters since 1962, and show tha . We interpret this as *prima facie* evide enjoy abnormal returns that average more than 20 percent per year during the first five years of these strings, and these returns are larger than those of firms reporting at least five years of consecutive increases in annual (but not quarterly) EPS. We argue that these market premia, and the rapidity with which they disappear once the strings end, provide managers with incentives to maintain and extend the strings. Finally, we present several tests that document how managers of these firms use various earnings management tools to help their firms sustain and extend these strings.

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