

Dispersion in Analyst Forecasts and the Profitability of Earnings Momentum Strategies

Andreas Dische

First published: 10 February 2003

<https://doi.org/10.1111/1468-036X.00185>



Abstract

This paper shows that the dispersion in analysts' consensus forecasts contains incremental information to predict future stock returns. Consistent with prior research, stock prices in the German market underreact to news about future earnings and drift in the direction suggested by analysts' forecasts revisions. Even higher abnormal returns can be achieved by applying such an earnings momentum strategy to stocks with a low dispersion in analyst forecasts. These results support one of the recent behavioural models in which investors underweight new evidence and conservatively update their beliefs in the right direction, but by too little in magnitude with respect to more objective information.

Citing Literature



[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



Manage Preferences

Accept All

Reject Non-Essential

Contact Us
Training and Support
DMCA & Reporting Piracy
Sitemap

OPPORTUNITIES

Subscription Agents
Advertisers & Corporate Partners

CONNECT WITH WILEY

The Wiley Network
Wiley Press Room

Copyright © 1999-2026 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)



Manage Preferences

Accept All

Reject Non-Essential