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## Explaining Firms' Earnings Announcement Stock Returns Using FactSet and I/B/E/S Data Feeds

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### Abstract

Since 2001, the number of financial statement line items forecasted by analysts and managers that I/B/E/S and FactSet capture in their data feeds has soared. Using this new data, we find that 13 item surprises—11 income statement-based and 2 cash flow statement-based analyst and management guidance surprises—reliably explain firms' signed earnings announcement returns. No balance sheet or expense surprises are significant. The most important surprises are (i) one-quarter-ahead sales guidance surprise, (ii) analyst sales surprise, (iii) annual Street earnings guidance surprise, and (iv) analyst Street earnings surprise. We also find that the adjusted R<sup>2</sup>s of our multivariate regressions are three times higher than the adjusted R<sup>2</sup>s of univariate Street earnings surprise regressions, and that the four most important surprises account for approximately half of this increase in explanatory power.

**Keywords:** Signed earnings announcement returns, analyst forecast surprises, management guidance surprises, FactSet, I/B/E/S**JEL Classification:** G12, G17, M41[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN\\_ID3810925\\_code1898185.pdf?abstractid=3117122&mirid=1\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID3810925_code1898185.pdf?abstractid=3117122&mirid=1)[Open PDF in Browser \(Delivery.cfm/SSRN\\_ID3810925\\_code1898185.pdf?abstractid=3117122&mirid=1&type=2\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID3810925_code1898185.pdf?abstractid=3117122&mirid=1&type=2)

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