

ANNUAL REVIEW OF FINANCIAL ECONOMICS (/content/journals/financial). Volume 6, 2014

(/content/journals/financial/6/1).

Information Transmission in Finance

Paul C. Tetlock (/search?value1=Paul+C.+Tetlock&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true)¹
+ View Affiliations

Vol. 6:365-384 (Volume publication date December 2014)
First published as a Review in Advance on August 13, 2014

© Annual Reviews

Because theories in finance rely critically on what agents know, designing powerful tests of these theories requires measuring information transmission. In this review, I characterize the rapidly growing subfield directly analyzing information in financial markets. Its three hallmarks are the examination of (a) a wide array of informative events, (b) different mechanisms for transmitting information, and (c) measures of information content based on nonnumeric information. Recent research directly measures flows of information to shed light on diverse phenomena in asset pricing, such as market reactions to news and nonnews, investors' portfolio choices, and mutual fund flows and returns, and in corporate finance, such as mergers and acquisitions, initial public offering (IPO) underpricing, and executive compensation. Continued improvements in access to data and computing power are likely to propel this line of research for years to come.

Keyword(s): attention (/search?value1=%22attention%22&option1=pub_keyword), investor sentiment (/search?value1=%22investor+sentiment%22&option1=pub_keyword), media coverage (/search?value1=%22media+coverage%22&option1=pub_keyword), news tone (/search?value1=%22news+tone%22&option1=pub_keyword), textual analysis (/search?value1=%22textual+analysis%22&option1=pub_keyword).

Article Type: Review Article

Most Read This Month

Climate Finance (/content/journals/10.1146/annurev-financial-102620-103311)

Stefano Giglio, Bryan Kelly and Johannes Stroebel
pp. 15–36 (22)

Corporate Culture (/content/journals/10.1146/annurev-financial-092321-124541)

Gary B. Gorton, Jillian Grennan and Alexander K. Zentefis
pp. 535–561 (27)

The Pricing and Ownership of US Green Bonds (/content/journals/10.1146/annurev-financial-111620-014802)

Malcolm Baker, Daniel Bergstresser, George Serafeim and Jeffrey Wurgler
pp. 415–437 (23)

Textual Analysis in Finance (/content/journals/10.1146/annurev-financial-012820-032249)

Tim Loughran and Bill McDonald

Long-Run Asset Returns (/content/journals/10.1146/annurev-financial-082123-105515)

David Chambers, Elroy Dimson, Antti Ilmanen and Paul Rintamäki

pp. 435–458 (24)

Most Cited

 (/rss/content/journals/financial/mostcitedarticles?fmt=rss)

The Real Effects of Financial Markets (/content/journals/10.1146/annurev-financial-110311-101826)

[Philip Bond \(/search?](#)

[value1=Philip+Bond&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), [Alex Edmans \(/search?value1=Alex+Edmans&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), and [Itay Goldstein \(/search?](#)

[value1=Itay+Goldstein&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).

Vol. 4 (2012), pp. 339–360

Climate Finance (/content/journals/10.1146/annurev-financial-102620-103311)

[Stefano Giglio \(/search?](#)

[value1=Stefano+Giglio&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), [Bryan Kelly \(/search?value1=Bryan+Kelly&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), and [Johannes Stroebe \(/search?](#)

[value1=Johannes+Stroebe&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).

Vol. 13 (2021), pp. 15–36

Financialization of Commodity Markets (/content/journals/10.1146/annurev-financial-110613-034432)

[Ing-Haw Cheng \(/search?value1=Ing-](#)

[Haw+Cheng&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), and [Wei Xiong \(/search?value1=Wei+Xiong&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).

Vol. 6 (2014), pp. 419–441

A Survey of Systemic Risk Analytics (/content/journals/10.1146/annurev-financial-110311-101754)

[Dimitrios Bisias \(/search?](#)

[value1=Dimitrios+Bisias&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), [Mark Flood \(/search?value1=Mark+Flood&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), [Andrew W. Lo \(/search?](#)

[value1=Andrew+W.+Lo&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), and [Stavros Valavanis \(/search?](#)

[value1=Stavros+Valavanis&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).

Vol. 4 (2012), pp. 255–296

CEO Compensation (/content/journals/10.1146/annurev-financial-120209-133958)

[Carola Frydman \(/search?](#)

[value1=Carola+Frydman&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), and [Dirk Jenter \(/search?value1=Dirk+Jenter&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).

Vol. 2 (2010), pp. 75–102

[+ More](#)

[What We Do](#)
([/about/what-we-do](#))

[Press and News](#)
([/about/press-center](#))

[Careers](#)
([/page/about/careers](#)
[at-annual-reviews](#))

[Contact Us](#)
([/page/about/contact](#)
[us](#))

[FAQ](#)
([/page/about/faq](#))

[Help](#)([/help/main](#)).

[Journals A-Z](#)
[\(/content/publications\)](#)
[Impact Factor Rankings](#)
[\(/about/impact-factors\)](#)
[Publication Dates](#)
[\(/journal/pubdates\)](#)
[Online Events](#) [\(/page/events\)](#)
[Article Collections](#)
[\(/page/collectionarchive\)](#)
[Knowable Magazine](#)
[\(https://knowablemagazine.org/\)](#)
[Against the Grain](#)
[\(https://www.charleston-hub.com/about/about-against-the-grain/\)](#)

Subscribe to Open (S2O)_(/S2O).

Librarian Resource Center
(./page/librarians/librarian-resource-
page).

Institutional Administration Dashboard
(https://www.annualreviews.org/admin).

Institutional Pricing
(./page/subscriptions/instchoice).

Against the Grain
(https://www.charleston-
hub.com/about/about-against-the-
grain/).

[Article Preparation and Submission](#)
([/page/authors/general-information](#)).

[Editorial Principles and Policies](#)
([/page/authors/editorial-policies](#)).

[Contact Us](#)
([/page/authors/contact-us](#)).

[Copyright and Permissions](#)
([/page/about/copyright-and-permissions](#)).

[Article Proposals](#)
([/page/authors/author-instructions/unsolicited-authors](#)).

© Copyright 2025 (/page/about/trademark) | Contact Us (/page/about/contact-us) | Email Preferences (/userpreferencecenter) |
Annual Reviews Directory (/db/directory) | FAQs (/page/about/faq) | Privacy Policy (/page/about/privacy)

in

X  (https://www.linkedin.com/company/annual-

(<https://ieeexplore.ieee.org/abstract/document/9042444>)