

Information at Your Fingertips: Mobile Internet and Analyst Forecast Performance

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10,000 Feet Summary

- Technology generally facilitates but sometimes impedes information production
- Information is produced by professional analysts
 - Accuracy and timeliness of forecasts
- Technology is 3G coverage in analyst county

Zooming in ...

- 3G coverage helps analysts issue forecasts that are more accurate and timelier (T3-4)
- Access to Bloomberg app and other business apps helps accuracy, access to entertainment apps hurts accuracy (T5)
- 3G helps analysts impound earnings news in forecasts (T6)
- 3G helps analysts impound corporate news but not when it coincides with sports news (T7)
- 3G helps analysts impound news disseminated after hours (T8)
- 3G helps analysts win coveted All star rating

General Reactions

- Addresses a question that is important and topical
- Well-motivated, well-written, and carefully executed
- Tons of results

- A challenge to discuss

Discussion Themes

- Further probe mechanism
 - Clarify assumptions and strengthen arguments

- Consider other information producers potentially affected by 3G coverage, and whether and how this may affect analysts
 - In this or another paper

Further Probing the Mechanism

Information Acquisition and Communication Channels Used by Analysts



Effect of 3G on Analysts Is Location Specific

At Office and Home

- Likely negative
- Easier to get distracted by social media and sport events

Away from Office and Home

- Likely positive
- Easier to communicate with clients and co-workers
- Easier to access information

Which effect is more likely to dominate and why?

Effect of 3G on Analysts Is Task Specific



Client Responsiveness

- Positive when away from office/home
- No effect when at office/home

Forecast Accuracy and Timeliness

- Questions
 - Total time to forecast earnings or revise existing forecast?
 - Time away from office/home
 - Analyst location at time of information dissemination?

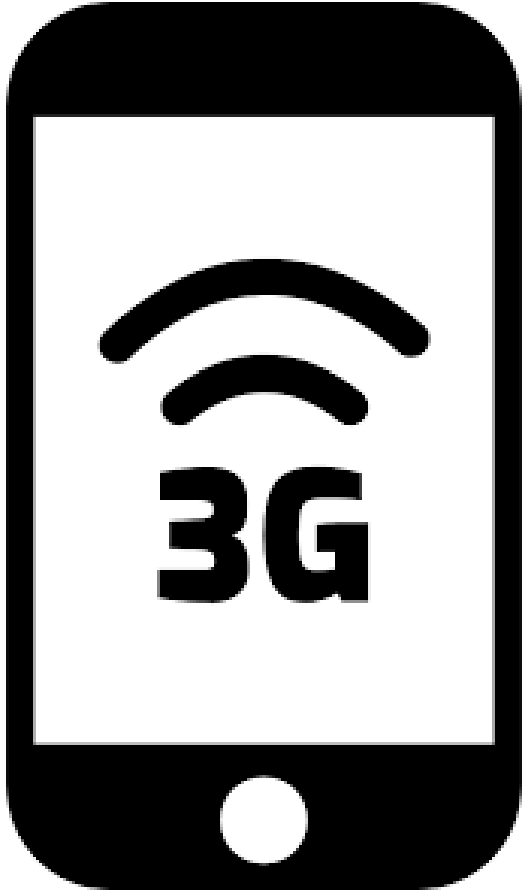
A Second Look at Results

- Mobile internet (3G) helps analysts issue forecasts that are more accurate and timelier? 
- Access to the Bloomberg app and other business apps helps accuracy, whereas access to entertainment apps hurts it 

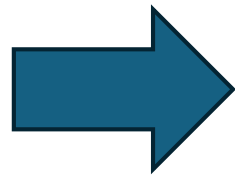


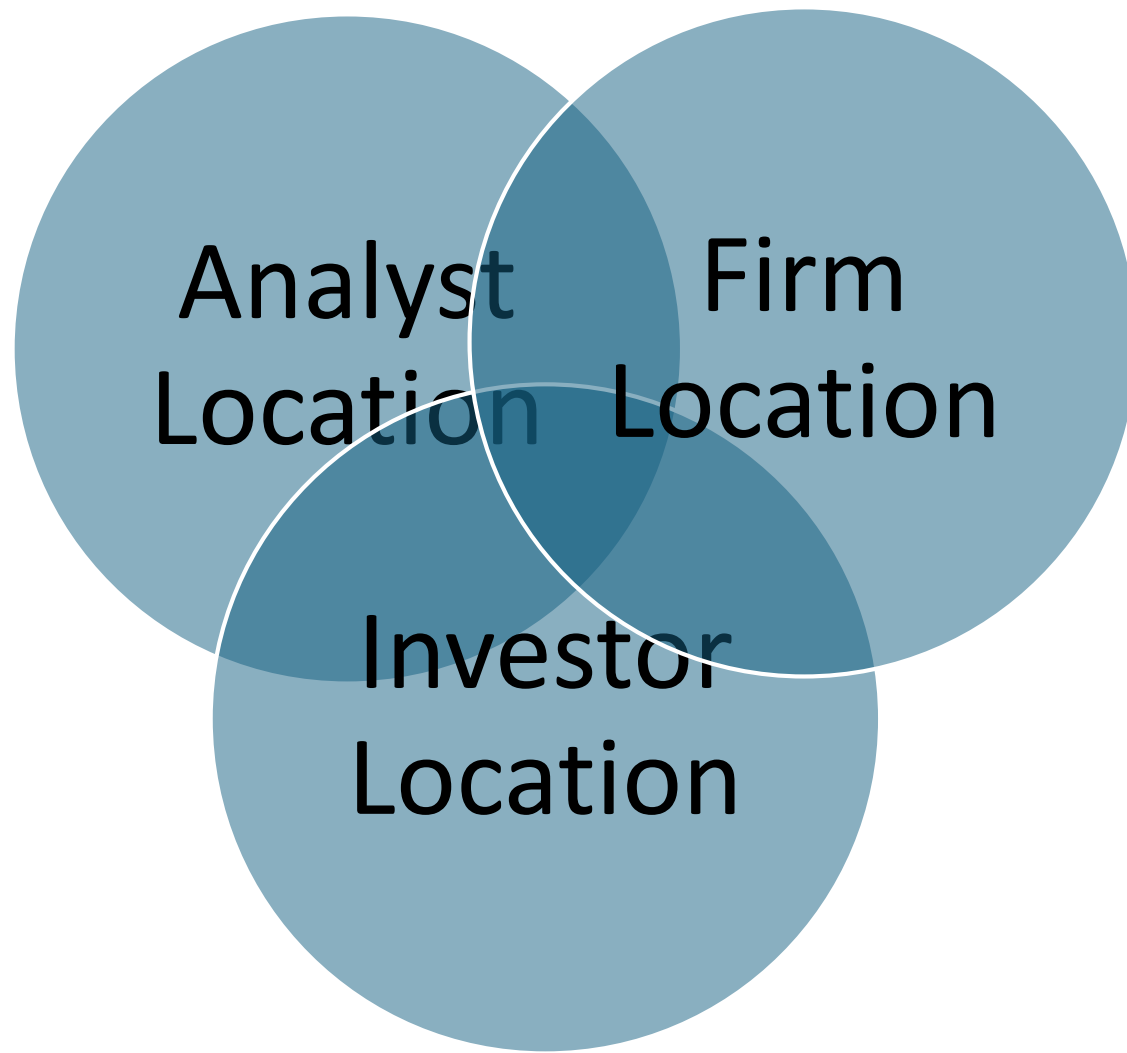
Consider Other Information
Producers

Information Acquisition and Communication Channels Used by Retail Investors and Employees



3G and Social Finance Media



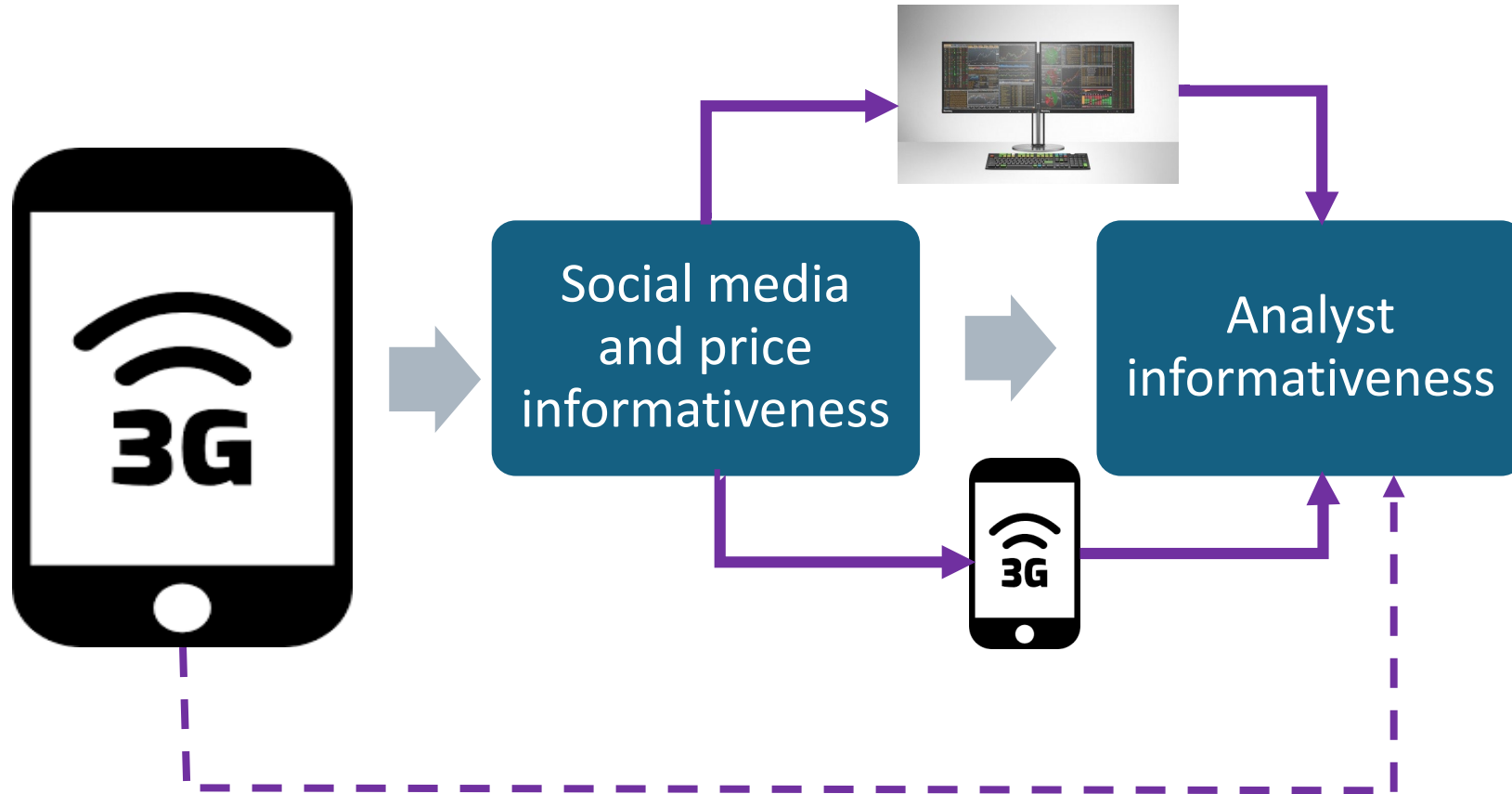


Analyst
Location

Firm
Location

Investor
Location

A Broader Perspective on 3G and Information Production



Other Comments

- Coefficient interpretation/importance in models with fixed effects (Breuer and deHaan, 2024)
 - Mean (median) 3G coverage is 0.96 (1), with SD of 0.16
- Refine measure of “business apps”
 - A personal banking app is not a business app
- Lightning strikes affect 3G coverage and internet service reliability

Concluding Remarks

- A great example of a study on how technology affects information production
- Causally links analyst forecast accuracy and timeliness to 3G coverage
- More work to be done to understand why this technology affects analysts and whether and why it may affect other market participants