

The Retail Habitat

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Roadmap

Introduction

Hypothesis

Empirical Procedure

Conclusion

Comments

Introduction

- Heterogeneous investors:
 - Risk aversion, elasticity, investment horizon, financial sophistication.
- Different class of investors:
 - Banks, insurance companies, pension funds, investment advisors, retail investors.
- Retail $\times$ professional

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- The article explores this question theoretically and empirically.

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 - IBES merged with CRSP.

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- Trade-off: Hide among noise traders $\times$ Precision of Signals.
- Which dominates is an empirical question.

Theoretical

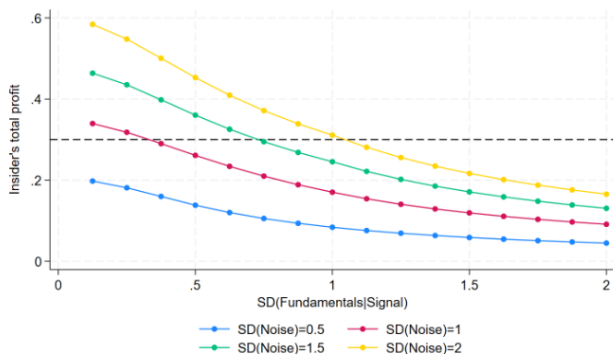


Figure A1: Insider's profits as a function of noise trading intensity and signal precision. Each point represents the average of the insider's total profit in periods 1 and 2 across 10,000 simulations. Fundamental volatility (σ_v) is fixed at 1.

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- This difficulty also decreases the sensibility to news:
 - **Prediction 1B:** High retail stocks should respond relatively less to earnings news. Earnings surprises for such stocks should be mostly driven by idiosyncratic news.

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- There is no premium for idiosyncratic information announcements.
 - **Prediction 3:** High retail stocks should have a lower earnings announcement premium.

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 - Valuation Uncertainty.
- Second: The influence of retail intensity in stocks' returns around earnings announcement.
- Third: Provide evidence of proactive trades around the earnings announcement.

Retail Trading and Stocks Characteristics

$$\text{Outcome}_{i,\tau} = a + \beta_1 1_{i \in Q1_{\tau-1}} + \beta_2 1_{i \in Q2_{\tau-1}} + \beta_4 1_{i \in Q4_{\tau-1}} + \beta_5 1_{i \in Q5_{\tau-1}} + \epsilon_{i,\tau} \quad (2)$$

	Retail Trading			Turnover			Retail-initiated TO		
	All	Small	Large	All	Small	Large	All	Small	Large
Low	-2.42*** (-66.58)	-2.88*** (-64.07)	-2.31*** (-69.32)	-0.82*** (-3.31)	-1.45*** (-5.12)	0.33 (0.67)	-0.42*** (-37.26)	-0.20*** (-5.48)	-0.40*** (-21.73)
2	-1.29*** (-65.83)	-1.36*** (-52.59)	-1.30*** (-57.40)	-0.52*** (-3.12)	-0.77*** (-3.51)	-0.65** (-2.02)	-0.24*** (-30.15)	-0.12*** (-14.37)	-0.24*** (-18.59)
4	2.51*** (52.95)	2.74*** (48.60)	2.50*** (48.90)	1.80*** (6.45)	1.58*** (7.43)	2.97*** (4.42)	0.57*** (23.32)	0.33*** (17.98)	0.64*** (13.62)
High	10.84*** (49.44)	12.46*** (50.35)	8.21*** (25.51)	7.10*** (7.84)	9.46*** (12.00)	26.50*** (8.96)	2.91*** (20.03)	2.52*** (17.84)	4.98*** (10.52)
Average	6.37	12.38	4.51	20.68	14.30	22.06	1.32	1.90	1.02
Q5-Q1	13.26	15.34	10.52	7.93	10.91	26.17	3.34	2.72	5.37
p(Q1=Q5)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N	462,558	92,581	92,439	462,558	92,581	92,439	462,558	92,581	92,439
R ²	0.72	0.54	0.77	0.02	0.04	0.12	0.21	0.10	0.38

Table 1: Trading in five retail share of trading sorted portfolios. Firm-month level regressions of retail share of trading, turnover, and retail-initiated turnover on prior month retail trading intensity. Low refers to the quintile with least retail-initiated trading in the prior month; high refers to the quintile with most retail-initiated trading in the prior month. Small and Large refer to the first and fifth quintile in terms of firm size, respectively. Standard errors clustered on the firm and month level.

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	Cap	Age	Prc	Past R	B/M	E/P	β_{CAPM}	100-Inst.
Low	0.53*** (38.24)	-0.69 (-1.31)	1.73 (1.55)	-1.89*** (-4.27)	0.01 (1.14)	0.01*** (9.28)	-0.05*** (-6.48)	-5.74*** (-13.41)
2	0.64*** (39.53)	0.24 (0.71)	3.42*** (4.86)	-0.59* (-1.88)	-0.03*** (-4.53)	0.01*** (11.81)	-0.02*** (-4.93)	-4.77*** (-19.51)
4	-0.73*** (-65.26)	-1.71*** (-4.18)	-9.06*** (-9.74)	-1.01** (-2.11)	0.09*** (8.39)	-0.03*** (-17.65)	0.02*** (3.22)	8.49*** (26.32)
High	-1.16*** (-111.65)	-7.87*** (-16.15)	-27.62*** (-19.49)	-7.58*** (-8.76)	0.23*** (9.19)	-0.15*** (-23.90)	-0.05*** (-3.68)	31.49*** (49.48)
Average	7.26	20.67	34.78	9.47	0.65	0.00	1.11	31.04
Q5-Q1	-1.69	-7.18	-29.35	-5.68	0.22	-0.16	0.00	37.24
p(Q1-Q5)	0.00	0.00	0.00	0.00	0.00	0.00	0.92	0.00
Q5-Q1, size	-0.03	-1.39	-6.61	10.07	-0.03	-0.10	0.24	19.86
p(Q1-Q5), size	0.00	0.02	0.00	0.00	0.29	0.00	0.00	0.00
N	416,432	416,432	416,432	416,432	416,432	416,432	416,432	416,432
R ²		0.03	0.08	0.00	0.02	0.11	0.00	0.26

Table 2: Fundamentals in five retail share of trading sorted portfolios. Firm-month level regressions on dummy variables representing retail trading intensity quintiles formed in the prior month. Cap is market cap; Age is time since listing; Prc is nominal price; Past R is the returns from month $t = -12$ to $t = -2$ i.e., the returns used to form momentum portfolios (Jegadeesh and Titman (1993)); B/M is book-to-market; E/P is the earnings-to-price ratio; β_{CAPM} is the market beta computed over the previous 252 trading days; Inst. is institutional ownership from 13F data and 100-Inst. is therefore an alternative proxy for retail ownership. Note the first column estimates a median regression. Standard errors clustered on the firm and month level.

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	CF	K _{Int}	PAT	PC _{ITTV}	VU	Mispric.	Id. Vol.	Lottery
Low	-0.10*** (-3.87)	-0.05*** (-4.02)	-0.17*** (-7.69)	-0.22*** (-12.40)	-0.11*** (-4.42)	-0.07*** (-4.21)	-0.23*** (-20.60)	-0.17*** (-18.00)
2	-0.08*** (-4.95)	-0.05*** (-6.98)	-0.07*** (-4.78)	-0.13*** (-11.00)	-0.09*** (-5.80)	-0.03*** (-2.65)	-0.16*** (-21.42)	-0.12*** (-18.14)
4	0.12*** (5.98)	0.18*** (12.25)	0.08*** (4.00)	0.25*** (13.61)	0.25*** (12.97)	0.04*** (2.72)	0.30*** (24.23)	0.22*** (20.72)
High	0.26*** (8.62)	0.56*** (18.46)	-0.01 (-0.23)	0.76*** (22.25)	0.77*** (24.50)	0.20*** (8.59)	1.00*** (40.41)	0.74*** (33.34)
Q5-Q1	0.36	0.61	0.16	0.98	0.87	0.27	1.23	0.91
p(Q1=Q5)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q5-Q1, controls	0.23	0.19	0.29	0.75	0.18	0.26	0.77	0.62
p(Q1=Q5), controls	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N	348,122	460,598	462,558	324,543	216,981	256,831	462,558	462,558
R ²	0.02	0.05	0.01	0.12	0.10	0.01	0.20	0.11

Table 3: Valuation across five retail share of trading sorted portfolios. Firm-month level regressions on dummy variables representing retail trading intensity quintiles formed in the prior month. All valuation metrics transformed into z scores for ease of interpretation. CF is cashflow duration, computed after Gormsen and Lazarus (2023); K_{Int} is a measure of intangible capital, normalized by market capitalization (data from Peters and Taylor (2017)); PAT is the real market value of patents over the past five years (data from Kogan et al. (2017)) divided by market capitalization; PC_{ITTV} is a composite hard-to-value measure from Ben-David et al. (2023); VU is valuation uncertainty from Golubov and Konstantinidi (2021); Mispric. is a composite mispricing score from Stambaugh and Yuan (2017); Id. Vol. is idiosyncratic volatility as constructed in Kumar

Predictions on Earnings Announcements

- Standardize Unexpected Earnings:

$$\text{SUE}_{i,t} = \frac{\text{EPS}_{i,t} - \mathbf{E}_{t-1} [\text{EPS}_{i,t}]}{P_{i,t-1}} \quad (5)$$

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- Inaccuracy Earnings

$$\text{Inaccuracy}_{i,j,t}^{\text{earnings}} = \frac{|E_{j,t} [\text{EPS}_{i,t}] - \text{EPS}_{i,t}| / \text{Pr}_{i,t}}{\text{Num. Stocks Covered}_{i,j,t}} \quad (6)$$

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- Inaccuracy Price

$$\text{Inaccuracy}_{i,j,t}^{\text{price}} = \frac{|\mathbf{E}_{j,t} [\text{Prc}_{i,t+12}] - \text{Prc}_{i,t+12}| / \text{Prc}_{i,t+12}}{\text{Num. Stocks Covered}_{i,j,t}} \quad (7)$$

Retail Trading and Stocks Characteristics

	SD(Returns)			SD(SUE)		Analysts	
	(0, 0)	(0, 2)	(0, 4)	Full	Idiosyn.	SD	Number
Low	-0.86*** (-10.88)	-0.97*** (-10.27)	-1.08*** (-11.05)	-0.20*** (-9.71)	-0.22*** (-8.12)	-0.10*** (-10.67)	-0.53*** (-2.61)
2	-0.44*** (-4.92)	-0.60*** (-5.62)	-0.65*** (-6.28)	-0.20*** (-10.59)	-0.22*** (-8.84)	-0.08*** (-11.03)	0.35*** (2.87)
4	0.80*** (8.67)	1.22*** (10.33)	1.28*** (10.02)	0.35*** (14.66)	0.54*** (8.09)	0.21*** (13.43)	-1.19*** (-7.42)
High	1.75*** (14.86)	2.65*** (17.61)	3.23*** (18.93)	1.30*** (27.75)	1.74*** (14.48)	1.01*** (16.22)	-4.48*** (-21.74)
Average	6.66	7.92	8.56	0.94	1.11	0.42	8.38
Q5-Q1	2.62	3.62	4.31	1.50	1.96	1.11	-3.95
p(Q1=Q5)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q5-Q1, size	2.63	3.24	3.73	0.92	1.23	0.76	1.25
p(Q1=Q5), size	0.00	0.00	0.00	0.00	0.00	0.00	0.00
N	21,670	21,670	21,670	21,670	19,393	135,028	149,204
R ²	0.03	0.04	0.05	0.14	0.07	0.05	0.06

Table 4: Earnings Announcement Summary Statistics. In the first five columns we report retail quintile-month level regressions. SD(Returns) refers to the standard deviation of announcement returns, measured starting on day 0, the first day on which the announcement is tradeable. SD(SUE) refers to the standard deviation of SUE, measured separately for both for the full SUE, as well as for the idiosyncratic component of SUE. Standard deviations constructed on the retail quintile-month level. In the last two columns, Analysts SD and Number refer to the standard deviation of analyst forecasts and the number of analysts, respectively. These variables are measured on the stock-announcement level. Quarterly earnings announcements from 2007 to 2021. Standard

Retail Trading and Stocks Characteristics

	Forecasts of Next Quarter Earnings			Forecasts of Price in 12 Months		
	(1)	(2)	(3)	(4)	(5)	(6)
Low Retail	-0.0138*** (0.003)	-0.0166*** (0.004)	-0.00947*** (0.002)	-1.438*** (0.218)	-0.974*** (0.175)	-0.824*** (0.193)
2	-0.0127*** (0.003)	-0.0120*** (0.003)	-0.00557*** (0.002)	-0.982*** (0.145)	-0.598*** (0.122)	-0.423*** (0.137)
4	0.0334*** (0.007)	0.0315*** (0.007)	0.0126*** (0.004)	2.825*** (0.348)	1.965*** (0.264)	1.308*** (0.205)
High Retail	0.132*** (0.020)	0.118*** (0.021)	0.0421*** (0.008)	11.43*** (0.914)	6.356*** (0.529)	3.526*** (0.450)
Observations	1,024,786	1,024,339	1,024,339	1,939,687	1,939,631	1,939,631
R-squared	0.059	0.128	0.179	0.097	0.28	0.291
Fixed Effects	YQ	YQ/Analyst	YQ/Analyst	YM	YM/Analyst	YM/Analyst
Firm-Level Controls	NO	NO	YES	NO	NO	YES
Clustering		Stk/YQ/Analyst			Stk/YM/Analyst	

Table 5: Individual analyst inaccuracy and retail trading intensity. Results from a regression of scaled analyst inaccuracy on quintiles of past retail activity, controls and fixed effects. The firm-level controls are market capitalization, firm age, returns from month $t-12$ to month $t-2$, the *MAX* factor of Bali et al. (2017) (a measure of lottery demand), book-to-market, earnings-to-price, market beta, standard deviation of daily returns, intraday idiosyncratic volatility computed from trades, Kyle's lambda, the effective bid-ask spread, intangible capital divided by market capitalization and the dollar value of patents divided by market capitalization. We also include the analyst-by-time control for the staleness of the forecast. The unit of observation for columns 1-3 is stock-quarter-analyst, while the unit of observation for columns 4-6 is stock-month-analyst. All left-hand-side variables have been multiplied by 100 to ease the interpretation of the associated coefficients. Standard errors are triple clustered at the stock, analyst and time levels.

Return Sensitivity to Earnings Announcements

$$r_{t,t+n}^i = \alpha + \beta \text{SUE}_{i,t} + \gamma X_{i,t} + \phi_t + \psi_i + \epsilon_{i,t} \quad (8)$$

	Standardized Unexpected Earnings					
	(0, 0)	(0, 2)	(0, 4)	(0, 0)	(0, 2)	(0, 4)
SUE	1.056*** (14.79)	1.158*** (11.25)	1.173*** (11.66)	1.091*** (14.17)	1.193*** (10.99)	1.233*** (11.48)
SUE x Q1	0.158 (1.93)	0.180 (1.47)	0.204 (1.72)	0.208* (2.35)	0.240 (1.88)	0.261* (2.03)
SUE x Q2	0.339*** (4.07)	0.352** (3.00)	0.394** (3.02)	0.388*** (4.19)	0.431*** (3.51)	0.448*** (3.46)
SUE x Q4	-0.181* (-2.57)	-0.141 (-1.40)	-0.0962 (-0.96)	-0.189* (-2.60)	-0.131 (-1.21)	-0.0861 (-0.80)
SUE x Q5	-0.474*** (-6.85)	-0.471*** (-4.78)	-0.446*** (-4.69)	-0.426*** (-5.85)	-0.401*** (-3.98)	-0.397*** (-3.98)
Controls				Yes	Yes	Yes
N	148934	148934	148934	138625	138625	138625
R ²	0.09	0.09	0.09	0.10	0.10	0.10

Table 6: Post-announcement return sensitivity to realized standardized earnings surprise. Regression of post-announcement returns on standardized unexpected earnings. Post-announcement return period indicated in column header. 0 refers to the first day announcement information is tradeable during normal market hours. SUE is standardized unexpected earnings, defined in Equation 3 and Q_k is an indicator variable for whether stock i was in retail intensity quintile k at the end of the month before the earnings announcement. Quarterly earnings announcements from 2007 to 2021. SUE and returns winsorized at the 1st and 99th percentile. Controls include industry fixed effects, time fixed effects, and a constant.

Retail Trading around the Earnings Announcements

- Volume Order Imbalance:

$$mroibvol_{it} = \frac{RBuy_{it} - RSell_{it}}{RBuy_{it} + RSell_{it}} \quad (9)$$

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Retail Trading around the Earnings Announcements

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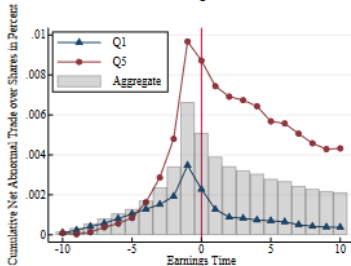
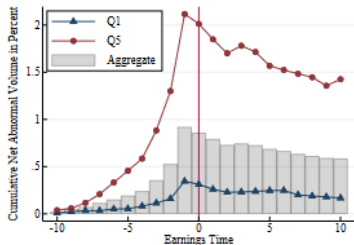
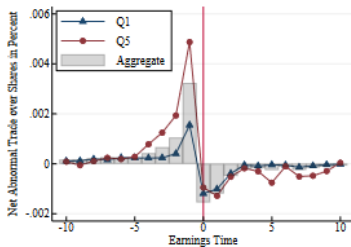
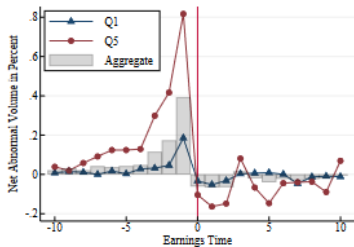
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- Panel A uses all weeks for the analysis, while Panel B restricts to focal weeks that contain an earnings announcement.

Retail Trading around Earnings Announcements



Retail Trading Imbalances and Returns

Panel A.

	Week -1			Week 0			Week 1		
	All	Low	High	All	Low	High	All	Low	High
Retail Sells	0.15*** (4.82)	0.14*** (4.36)	-0.03 (-0.39)	-0.30*** (-8.71)	-0.13*** (-4.23)	-0.79*** (-10.19)	-0.08*** (-2.79)	-0.04 (-1.48)	-0.08 (-1.12)
2	0.05*** (3.01)	0.10*** (3.77)	-0.20*** (-3.65)	-0.17*** (-9.03)	-0.02 (-0.88)	-0.67*** (-12.33)	-0.03* (-1.68)	-0.01 (-0.49)	-0.04 (-0.82)
4	-0.27*** (-13.57)	-0.11*** (-3.96)	-0.53*** (-9.49)	-0.11*** (-4.98)	-0.12*** (-4.01)	0.26*** (4.51)	-0.00 (-0.28)	0.04 (1.57)	0.01 (0.23)
Retail Buys	-0.65*** (-20.74)	-0.24*** (-7.72)	-1.38*** (-19.30)	-0.35*** (-10.68)	-0.16*** (-4.99)	-0.40*** (-5.44)	0.10*** (3.64)	0.04 (1.27)	0.29*** (4.18)
Constant	0.16*** (10.23)	0.09** (2.55)	0.35*** (4.94)	0.20*** (12.41)	0.16*** (4.86)	0.17** (2.47)	0.02 (1.07)	0.06* (1.96)	-0.18*** (-2.67)
Q5-Q1	-0.80	-0.38	-1.35	-0.06	-0.02	0.39	0.18	0.08	0.37
Q1=Q5 p	0.00	0.00	0.00	0.10	0.36	0.00	0.00	0.00	0.00
N	1,907,139	382,104	361,259	1,907,139	382,104	361,259	1,907,139	382,104	361,259
R ²	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Panel B.

	Week -1			Week 0			Week 1		
	All	Low	High	All	Low	High	All	Low	High
Retail Sells	0.14*** (2.11)	0.01 (0.08)	0.12 (0.70)	-0.66*** (-5.23)	-0.58*** (-3.33)	-1.05*** (-3.79)	-0.21*** (-2.90)	-0.12 (-1.38)	-0.24 (-1.30)
2	0.09* (1.91)	0.01 (0.10)	-0.09 (-0.63)	-0.41*** (-4.34)	-0.43*** (-2.66)	-0.98*** (-3.78)	-0.12** (-2.55)	-0.12 (-1.57)	0.01 (0.05)
4	-0.22*** (-4.56)	-0.12 (-1.60)	-0.42*** (-2.60)	-0.95*** (-10.43)	-0.42*** (-2.80)	-1.04*** (-3.93)	-0.11** (-2.39)	-0.13* (-1.73)	-0.07 (-0.42)
Retail Buys	-0.72*** (-10.56)	-0.34*** (-4.34)	-1.23*** (-6.84)	-1.76*** (-15.46)	-0.88*** (-5.71)	-2.05*** (-7.14)	0.02 (0.28)	-0.04 (-0.47)	0.27 (1.57)
Constant	0.20*** (4.27)	0.24*** (3.74)	0.24 (1.52)	0.63*** (8.61)	0.74*** (6.37)	0.22 (0.98)	0.20*** (4.58)	0.23*** (3.19)	-0.06 (-0.40)
Q5-Q1	-0.86	-0.34	-1.35	-1.10	-0.29	-1.00	0.23	0.08	0.51
Q1=Q5 p	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.36	0.01
N	146,161	30,542	27,095	146,161	30,542	27,095	146,161	30,542	27,095
R ²	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Decomposing Return Predictability

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 - ECAR and CAR, respectively.

Decomposing Return Predictability

	CAR[0, 60]			ECAR[0, 60]		
	All	Low	High	All	Low	High
Retail Sells	-0.46*** (-2.88)	-1.77*** (-6.20)	1.06** (2.33)	-0.35** (-2.50)	-0.67*** (-5.14)	0.12 (0.42)
2	-0.63*** (-4.97)	-1.06*** (-5.73)	1.10 (1.58)	-0.23** (-1.96)	-0.54*** (-5.38)	0.64* (1.74)
3	-0.65*** (-5.49)	-1.29*** (-7.70)	0.77 (1.05)	-0.11 (-0.98)	-0.34*** (-3.12)	0.96* (1.80)
4	-0.15 (-1.13)	-1.04*** (-5.12)	2.26*** (3.15)	0.05 (0.40)	-0.26** (-2.35)	1.32*** (3.38)
Retail Buys	1.15*** (7.19)	-0.78*** (-2.65)	3.34*** (7.04)	0.57*** (2.64)	-0.05 (-0.33)	1.49*** (2.92)
Q5-Q1	1.61	1.00	2.28	0.92	0.62	1.37
Q1=Q5 p	0.00	0.01	0.00	0.00	0.00	0.01
N	140,437	31,860	18,274	140,437	31,860	18,274
R ²	0.00	0.01	0.01	0.00	0.01	0.00

Table 8: Return predictability decomposition. Firm-announcement level regressions of Cumulative Abnormal Return or Expected Cumulative Abnormal Return on dummies representing quintiles of retail order imbalance (*mroibvol*) formed over the last ten trading days prior to the announcement. ECAR estimated using the contemporaneous relationship between returns and order imbalance in non-announcing firms. Day 0 refers to the first day on which the earnings news was tradeable. Columns Low and High restrict the sample to the first and fifth quintile of retail trading intensity. Standard errors clustered by trading day. First two rows of table footer report the difference between the high and low retail buying quintile and test against the null of equal coefficients.

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- But since 24 showed that retail positively predicts returns.
- However, the flow is persistent. Which makes the provision of liquidity riskier.

$$\begin{aligned} \text{DM Effective Spread}_{i,t} = & \alpha + \beta_{1i}\epsilon Q1_{t-1} + \beta_{2i}\epsilon Q2_{t-1} + \beta_{4i}\epsilon Q4_{t-1} + \beta_{5i}\epsilon Q5_{t-1} + \\ & \theta_{1i}\epsilon Q1SUE_t + \theta_{2i}\epsilon Q2SUE_t + \theta_{4i}\epsilon Q4SUE_t + \theta_{5i}\epsilon Q5SUE_t + \\ & \gamma X_{i,t} + \phi_t + \psi_i + \epsilon_{i,t} \end{aligned} \quad (11)$$

Trading Costs Around Announcements

	Demeaned Effective Spread (basis points)					
	(-5,-1)	(-3,-1)	-1	0	(0,2)	(0,4)
Low Retail	-0.402** (0.184)	-0.359 (0.239)	-0.124 (0.308)	-0.745** (0.317)	-0.341* (0.203)	-0.126 (0.216)
2	-0.132 (0.135)	-0.0814 (0.163)	-0.098 (0.238)	0.0557 (0.263)	0.105 (0.167)	0.0814 (0.147)
4	0.666** (0.258)	0.680** (0.288)	0.782* (0.392)	0.747* (0.447)	0.641** (0.283)	0.576** (0.248)
High Retail	1.538*** (0.502)	1.431** (0.609)	0.861 (0.844)	2.927*** (0.944)	2.390*** (0.679)	2.164*** (0.529)
Observations	137,141	137,141	137,141	137,141	137,141	137,141
R-squared	0.107	0.105	0.099	0.108	0.118	0.124
Time FE	YES	YES	YES	YES	YES	YES
Controls	YES	YES	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES	YES	YES

Table 9: Retail activity and demeaned trading costs around earnings announcements. Left-hand-side variables are average demeaned effective spread computed over various windows around earnings announcements. Demeaned effective spread is effective bid-ask spread minus average effective spread over the calendar month before the earnings announcement. Control variables include nominal price, returns from month $t - 12$ to $t - 2$, time since listing, market capitalization, book-to-market, gross profit margin, book long-term leverage, MAX (lottery demand) and month $t - 1$ returns. Additional controls include betas on the three Fama-French factors as well as the momentum factor, idiosyncratic volatility and total volatility, all computed over the past 12 months. Standard errors are double clustered at the permno/year-month level.

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 - Earnings announcer premium should be lower among high retail stocks.

The Earnings Announcer Premium across retail Portfolios

	(-1, 0)			(-3, 2)		
	All	Pre	Post	All	Pre	Post
Size 1 x Q1	-0.226 (-1.07)	-0.233** (-3.04)	-0.00925 (-0.05)	-0.539 (-1.83)	-0.414** (-3.13)	-0.165 (-0.70)
Size 1 x Q5	-1.279*** (-4.77)	0.0966 (0.88)	-1.305*** (-5.86)	-1.766*** (-4.63)	0.492** (2.61)	-2.163*** (-7.01)
Size 1	0.377* (2.54)	0.312*** (5.76)	0.102 (0.76)	0.837*** (3.81)	0.496*** (5.45)	0.369* (2.04)
Size 2 x Q1	0.308 (1.21)	-0.0297 (-0.50)	0.227 (1.49)	0.227 (1.08)	-0.0331 (-0.31)	0.259 (1.46)
Size 2 x Q5	-0.852*** (-3.90)	0.0706 (0.90)	-0.902*** (-4.59)	-0.710* (-2.34)	0.241 (1.42)	-0.924*** (-3.73)
Size 2	0.359** (3.16)	0.0749 (1.70)	0.297** (2.83)	0.391** (2.80)	0.0956 (1.24)	0.306* (2.42)
Size 3 x Q1	0.0404 (0.26)	0.00508 (0.09)	0.0396 (0.28)	-0.00815 (-0.05)	-0.0493 (-0.57)	0.0538 (0.33)
Size 3 x Q5	-0.783*** (-4.10)	0.0978 (1.19)	-0.877*** (-4.81)	-0.666** (-2.77)	0.186 (1.32)	-0.824*** (-3.80)
Size 3	0.425*** (4.05)	0.0221 (0.53)	0.408*** (4.03)	0.597*** (4.72)	0.0846 (1.30)	0.510*** (4.34)
Size 4 x Q1	0.0279 (0.22)	0.0382 (1.08)	-0.0166 (-0.14)	0.229 (1.38)	0.100 (1.45)	0.110 (0.78)
Size 4 x Q5	-0.567** (-3.28)	0.0696 (1.15)	-0.635*** (-4.04)	-0.500* (-2.37)	0.113 (0.97)	-0.624*** (-3.49)
Size 4	0.340*** (3.74)	0.0419 (1.71)	0.302*** (3.54)	0.418*** (4.08)	0.135** (2.72)	0.302** (3.22)
Size 5 x Q1	0.0425 (0.39)	-0.0136 (-0.32)	0.0560 (0.54)	0.200 (1.62)	0.0758 (1.28)	0.129 (1.16)
Size 5 x Q5	-0.216 (-1.75)	0.0583 (0.94)	-0.270** (-2.73)	-0.195 (-1.15)	0.163 (1.87)	-0.361** (-2.63)
Size 5	0.257*** (3.65)	0.125*** (3.67)	0.138* (2.22)	0.372*** (4.69)	0.202*** (5.32)	0.176* (2.56)
Observations	30355	30360	30359	30363	30364	30363

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- High retail presence stocks show a small systematic component in earnings news, aligning with the systematic risk-based explanation that the premium is not earned in these stocks.

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