Research question

Are analyst forecasts of earnings more accurate or more value-relevant than forecasts from statistical models of earnings?

* How can statistical models incorporate the same information set analysts use?
* How do we evaluate the performance of a given earnings forecast?
* When are earnings forecasts likely to perform poorly?

If a given earnings forecast is represented by

e\* := E[e] = e + u,

then preferences for one forecast over another are really preferences over the distribution of u. To the extent that the u are sufficiently non-normal and non-zero, the explicit expression of such preferences in terms of a loss function in u-space is necessary.