1) What are the research questions ?

1. Whether sell-side equity analysts incorporate the impact of climate change in their earnings forecasts?
2.Why higher sensitivities analysts issue relatively less optimistic forecasts?
3.What's the market reaction to higher sensitivities analysts forecast?

2) Why are the research questions interesting?

The research is related to an emerging literature in whether climate change affects firm performance, linking seemly unrelated topics climate and firm performance and explains the market reaction.

3) What is the paper's contribution?

1. Extend the finance literature that examines how climate change affects financial outcomes.
2. Extend the literature that examines the factors that affect analyst forecasts by establishing that large increases in temperature affect analyst forecast and accuracy.
3. Complements studies that examine how political beliefs affect financial decisions.

4) What hypotheses are tested in the paper?

1. Analysts located in areas where firms are more affected by climate change are more likely to understand how climate change affects firm performance.
2. Following large increases in temperature, analysts located in areas where firms have higher sensitivities to climate change will issue relatively less optimistic forecasts.
3. If firms' earnings are negatively affected by large temperature increases, then treated analysts' less optimistic forecasts would be justified.
4. Investors do not anticipate treated analyst forecasts to be more accurate, as their forecast revisions do not generate stronger market reactions.

Hypothesis1 answers question1,hypothesis2,3 answers question2,hypothesis4 answers question4
These hypotheses builds upon a small but growing accounting and finance literature that examines how climate changes affect financial markets and the economy and the recent evidence which suggests that abnormally hot and cold climates have differential effects on individuals' awareness about climate change.

5) Sample: comment on the appropriateness of the sample selection procedures.

1996-2017, temperature(NCEI), EPS and actual values (I/B/E/S), stock-level (CRSP), (COMPUSTAT)

6) Dependent and independent variables

Independent: Estimate each firm's sensitivity to temperature changes by performing a set of rolling regressions of a company's excess stock return on the excess market return.
Dependent: Relative optimism is an indicator variable equal to one if the forecast value made by analyst is greater than the consensus forecast, and zero otherwise.

7) Regression/prediction model specification

Using DID, setting uses extreme changes in temperature as an exogenous event, which is specific.

8) What difficulties arise in drawing inferences from the empirical work?

There may be endogeneity variables in the relationship between firm's sensitivity and climate change like size, which in this paper only consider stock excess return.

9) Describe at least one publishable and feasible extension of this research.

Consider mutual fund managers abilities by their portfolio of climate sensitive firms and whether it can bring performance or flow.