Who Listens to Corporate Conference Calls? The Effect of “Soft Information” on Institutional Trading

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Backgrounds & Motivation

- A longstanding issue in finance is how information becomes incorporated into stock prices. In the wake of Regulation Fair Disclosure, an increasing literature has focused on public sources of information through which price discovery can plausibly occur.
- It is much less clear how so-called “soft information” (especially for conference calls) becomes incorporated into stock prices and is traded by institutional investors.
- Conference calls are the only forum through which call attendees (generally buy- and sell-side analysts) can directly and immediately interact in a public forum.

➢ We want to examine whether, and how, institutional investors interpret and trade on conference call sentiment.

Research Problem

- **Whether** institutional investors trade on conference call sentiment?

➢ Using LM financial word dictionaries, we derive the sentiment tone conveyed by (1) presentation, (2) questions, and (3) answers.

➢ We find that institutions react to the “net negative tone” of a conference call through changes in their subsequent quarterly holdings.

- **How** to interpret?

➢ We find that conference call tone predicts short- and longer-term returns, from the conference call day through the next 30 trading days, which has a reinforcing effect on the quarterly change in institutional ownership.

➢ We show that the tone of conference calls leads to analyst stock recommendation updates (a potential mechanism).

Contribution

- Ours is among the first to use the entirety of call transcripts provided by Capital IQ Transcripts, which covers all types of conference calls, including earnings calls typically used in the extant literature.
- The first to study the usefulness of textual tone extracted from a comprehensive sample of conference calls to institutional investor trading behavior.
- We document the role of analyst engagement in conference calls in transmitting information to the market through institutional investors.

$$\frac{number\ of\ negative-word\ -\ positive-word}{total\ number\ of\ words}$$

Data and Sample

Data (Capital IQ Transcripts):

1. conference call transcripts from 2006 to 2018 for all stocks that are listed on NYSE, Nasdaq, AMEX - Capital IQ Transcripts of S&P Global

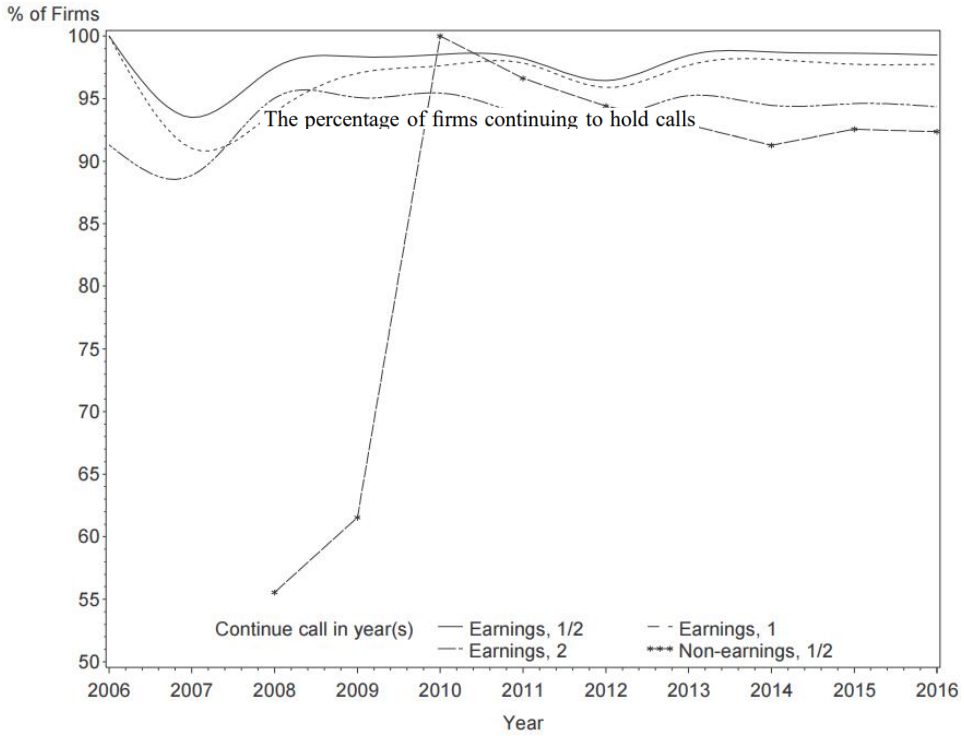
Calls Sample: remove transcripts with less than 500 words

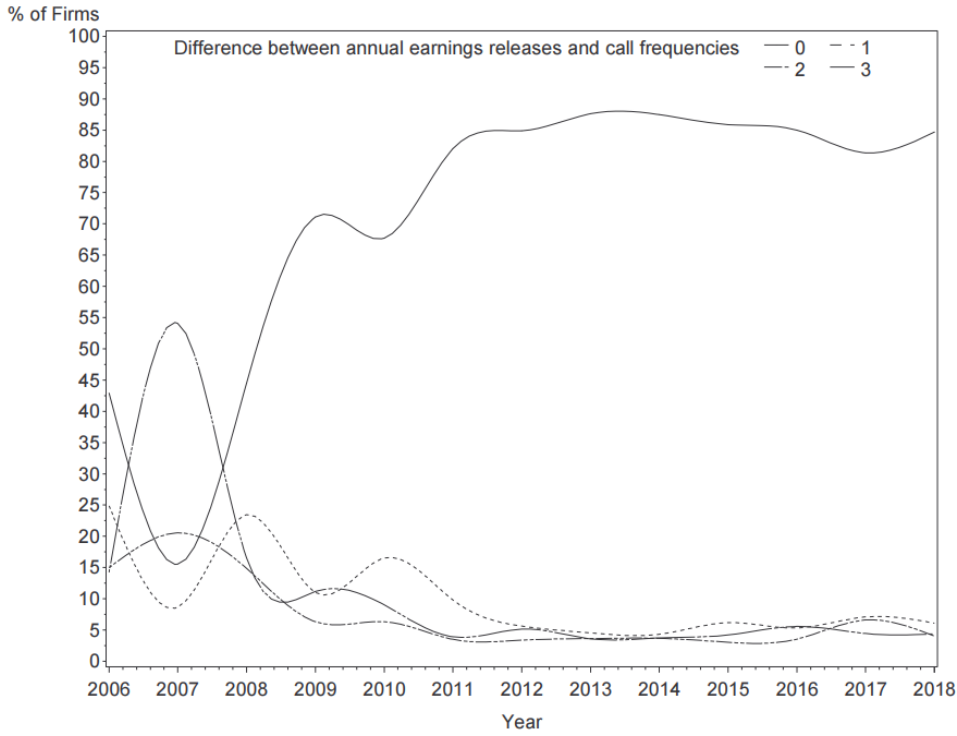
3 part: presentation, question, answer

year	# of calls	# of firms	# of calls per firm-year	Average total # of words per call	*Neg_net*	*Neg_net_p*	*Neg_net_q*	*Neg_net_a*
2006	1,144	408	2.80	7,293.09	-0.009	-0.012	0.0000	-0.008
2007	2,790	1,548	1.80	7,241.37	-0.007	-0.011	0.0026	-0.006
2008	9,435	3,221	2.93	6,692.08	-0.005	-0.007	0.0022	-0.005
2009	9,605	2,853	3.37	6,555.01	-0.004	-0.006	0.0022	-0.005
2010	11,012	3,226	3.41	6,480.81	-0.006	-0.010	0.0013	-0.007
2011	16,371	3,477	4.73	6,674.90	-0.006	-0.010	0.0010	-0.007
2012	18,270	3,421	5.36	6,625.37	-0.006	-0.010	0.0017	-0.007
2013	17,572	3,276	5.39	6,692.41	-0.007	-0.011	0.0006	-0.008
2014	17,584	3,282	5.39	6,791.29	-0.007	-0.011	0.0003	-0.008
2015	17,487	3,333	5.29	6,797.52	-0.007	-0.011	0.0005	-0.008
2016	16,828	3,318	5.12	6,759.13	-0.007	-0.011	0.0003	-0.008
2017	19,408	3,542	5.52	6,407.50	-0.008	-0.012	-0.0009	-0.008
2018	18,962	3,557	5.37	6,575.52	-0.008	-0.013	-0.0010	-0.009
Full sample	176,468	6,103	4.61	6,658.45	-0.007	-0.010	0.0006	-0.007

Data and Sample

Data:





Firms in general do not strategically time the calls, nor do they selectively conduct different types of calls.

Since 2011, 84.9% of the firms hold the same number of earnings conference calls as they release earnings

Data and Sample

Data:

Panel A: Firms that hold conference calls ("callers") vs. those that do not ("non-callers")

	Market equity	Book-to-market	ROE	Prior 3-m return	Prior 1-m price	FF-4 idio volatility	CFO volatility	Analyst Number	*SUE*
Callers	4,892	0.98	-0.01	0.02	29.83	0.02	1.61	8.10	0.08
Non-callers	1,140	1.52	-0.10	0.01	17.30	0.03	3.30	4.15	0.06
Callers - Non-callers	3,751***	-0.53***	0.10***	0.01***	12.53***	-0.01***	-1.69***	3.95***	0.02***

Data and Sample

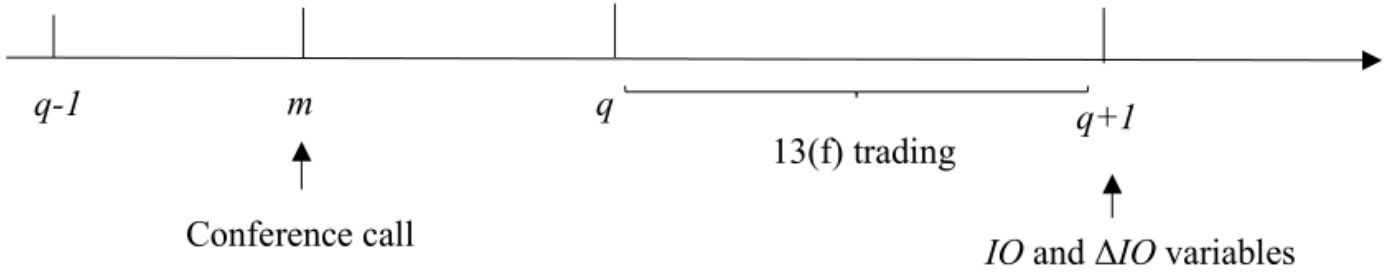
Data:

2. 13(f) institutional holdings from Thomson Reuters

3. high-frequency institutional trades from Ancerno

Variable	Definition
IO	Aggregate institutional ownership of a stock at the quarter end, defined as the total shares owned by the 13F institutions, divided by the shares outstanding from CRSP, times 100. Both share numbers are adjusted using the adjustment factor from CRSP.
NI	Number of holding institutions at the quarter end. In regressions, *NI* is log-transformed as $\log(NI + 1)$.
ΔIO	Change of *IO* relative to the previous quarter.
ΔNI	Change of *NI* relative to the previous quarter. In regressions, ΔNI is log-transformed as the sign of ΔNI times $\log[\text{abs}(\Delta NI) + 1]$.

Timeline for the mapping of holdings with transcripts:



call sentiment & institutional ownership changes

Negative conference call tone leads to institutions net selling the stock and to fewer institutions holding the stock.

Neg_net isnegatively related to IO and NI.

	(1)	(2)	(3)	(4)	(5)	(6)
	ΔIO	*ΔIO*	*ΔNI*	*ΔNI*	*IO*	*NI*
Neg_net	-8.494***	-6.752***	-11.960***	-10.367***	-62.383***	-2.699***
	(-4.42)	(-3.32)	(-12.45)	(-9.70)	(-5.82)	(-7.85)
SUE		0.019*		0.071***	-0.459***	0.007***
		(1.82)		(13.06)	(-8.73)	(4.46)
Analyst Number		-0.004*		0.002	0.149***	0.006***
		(-1.71)		(1.28)	(11.74)	(14.88)
Size	0.015	0.045***	0.084***	0.097***	0.564***	0.409***
	(1.24)	(3.30)	(14.11)	(13.59)	(6.76)	(147.50)
Book-to-market	-0.061***	-0.088***	-0.014***	-0.021***	-0.876***	-0.024***
	(-5.15)	(-5.56)	(-3.92)	(-4.24)	(-11.35)	(-8.29)
Volatility	2.330	5.468***	1.883***	3.215***	-352.889***	-3.936***
	(1.45)	(3.00)	(2.92)	(4.26)	(-41.03)	(-13.83)
Turnover	-1.757***	-1.945***	-0.532***	-0.591***	22.524***	0.244***
	(-17.35)	(-17.53)	(-13.96)	(-13.64)	(43.76)	(15.23)
Price	-0.151***	-0.160***	0.073***	0.077***	7.798***	0.060***
	(-7.93)	(-7.93)	(7.60)	(7.25)	(66.70)	(14.55)
S&P 500	0.219***	0.229***	0.088***	0.058***	-5.209***	0.113***
	(6.51)	(6.34)	(4.26)	(2.60)	(-24.17)	(15.74)
$Return_{m-3,m}$	1.561***	1.496***	0.932***	0.907***	1.257***	-0.057***
	(21.94)	(19.06)	(31.63)	(27.02)	(3.40)	(-4.79)
$Return_{m-12,m-4}$	0.800***	0.795***	0.118***	0.065***	-0.101	-0.035***
	(20.92)	(18.90)	(7.07)	(3.39)	(-0.48)	(-5.20)
Age	-0.209***	-0.227***	-0.121***	-0.129***	0.435***	0.077***
	(-14.75)	(-14.97)	(-19.53)	(-19.00)	(5.93)	(32.54)
Dividend Yield	0.458	0.175	-0.025	0.745	-116.692***	0.688***
	(0.41)	(0.15)	(-0.04)	(1.07)	(-17.74)	(3.25)
Constant	1.222***	1.126***	0.029	-0.052	40.971***	1.386***
	(10.14)	(8.38)	(0.55)	(-0.86)	(59.27)	(62.14)
Observations	149,296	130,744	149,296	130,744	131,196	131,196
Adj R-squared	0.136	0.150	0.138	0.146	0.241	0.630

call sentiment & institutional ownership changes

Negative conference call tone leads to institutions net selling the stock and to fewer institutions holding the stock.

Neg_net isnegatively related to IO and NI.

Panel A: Regressions for different sections of conference calls

	(1) ΔIO	(2) ΔNI	(3) ΔIO	(4) ΔNI	(5) ΔIO	(6) ΔNI
Neg_net_p	-3.850**	-5.570***				
	(-2.41)	(-6.76)				
Neg_net_q			-4.670***	-10.548***		
			(-3.08)	(-13.65)		
Neg_net_a					-2.684	-9.035***
					(-1.36)	(-8.84)
Observations	106,931	106,931	124,656	124,656	124,181	124,181
Adj R-squared	0.146	0.144	0.151	0.148	0.152	0.147

Panel B: Regressions for the earnings calls-only sample

	(1) ΔIO	(2) ΔNI	(3) ΔIO	(4) ΔNI	(5) ΔIO	(6) ΔNI	(7) ΔIO	(8) ΔNI
Neg_net	-8.594***	-13.149***						
	(-3.32)	(-10.54)						
Neg_net_p			-4.126**	-7.096***				
			(-2.33)	(-8.00)				
Neg_net_q					-8.694***	-11.933***		
					(-4.19)	(-12.37)		
Neg_net_a							-4.922**	-11.624***
							(-2.04)	(-9.97)
Observations	94,763	94,763	93,469	93,469	92,340	92,340	92,057	92,057
Adj R-squared	0.148	0.146	0.149	0.145	0.149	0.146	0.150	0.146

Potential Endogeneity - confounding factors?

match sample:

For each caller firm, we find a non-caller firm

i) both appear in the same month, and ii) belong to the same SIC industry, same size rank, and SUE rank.

Conference call sentiment still leads to change in institutional ownership when firms holding conference calls are benchmarked against comparable firms that do not hold calls.

only derived from whether a call was held at quarterly q

	政策实施前	政策实施后	Difference
处理组	$\alpha_0 + \alpha_1$	$\alpha_0 + \alpha_1 + \alpha_2 + \alpha_3$	$\alpha_2 + \alpha_3$
对照组	α_0	$\alpha_0 + \alpha_2$	α_2
Difference	α_1	$\alpha_1 + \alpha_3$	α_3 (Diff-in-Diff)

Panel A: Match sample based on industry, time, size, *SUE*, and holding

	(1) Diff(*IO*)	(2) Diff(*IO*)	(3) Diff(*IO*)	(4) Diff(*IO*)	Diff(Δ*IO*)	Diff(Δ*IO*)	Diff(Δ*IO*)	Diff(Δ*IO*)
Neg_net	-12.246***				-1.444**			
	(-3.39)				(-2.14)			
Neg_net_p		-6.650**				-0.744		
		(-2.45)				(-1.49)		
Neg_net_q			-11.051***				-0.816*	
			(-4.20)				(-1.75)	
Neg_net_a				-6.355*				-1.649***
				(-1.87)				(-2.63)
SUE	-0.013	-0.007	-0.008	-0.004	-0.001	-0.000	0.000	-0.000
	(-0.71)	(-0.37)	(-0.44)	(-0.25)	(-0.40)	(-0.07)	(0.02)	(-0.10)
Analyst Number	0.003	0.004	0.001	0.001	-0.000	-0.000	-0.000	-0.000
	(0.64)	(0.88)	(0.11)	(0.21)	(-0.14)	(-0.21)	(-0.25)	(-0.29)
Size	-0.978***	-0.980***	-0.959***	-0.972***	-0.007	-0.007	-0.006	-0.006
	(-38.47)	(-37.54)	(-37.06)	(-37.49)	(-1.55)	(-1.51)	(-1.27)	(-1.31)
Book-to-market	0.048**	0.059***	0.067***	0.064***	-0.011***	-0.009**	-0.010**	-0.010**
	(2.46)	(2.92)	(3.27)	(3.11)	(-2.70)	(-2.38)	(-2.57)	(-2.45)
Volatility	-37.371***	-38.349***	-36.933***	-37.232***	0.797*	0.957*	0.862*	0.872*
	(-15.60)	(-15.50)	(-15.18)	(-15.21)	(1.67)	(1.94)	(1.76)	(1.77)
Turnover	3.992***	3.985***	3.947***	3.950***	-0.332***	-0.344***	-0.328***	-0.331***
	(26.82)	(25.86)	(25.84)	(25.77)	(-11.29)	(-11.34)	(-10.90)	(-10.92)
Price	0.809***	0.809***	0.806***	0.814***	-0.008	-0.006	-0.006	-0.006
	(22.76)	(22.13)	(22.26)	(22.41)	(-1.16)	(-0.92)	(-0.97)	(-0.94)
S&P 500	-0.269***	-0.296***	-0.303***	-0.292***	0.027*	0.025*	0.024	0.021
	(-3.47)	(-3.69)	(-3.83)	(-3.68)	(1.87)	(1.73)	(1.62)	(1.46)
$Return_{m-3.m}$	0.343***	0.326***	0.320***	0.345***	0.131***	0.131***	0.128***	0.125***
	(3.14)	(2.88)	(2.87)	(3.09)	(6.25)	(6.02)	(5.98)	(5.84)
$Return_{m-12.m-4}$	0.113*	0.115*	0.107*	0.109*	0.008	0.008	0.009	0.009
	(1.83)	(1.81)	(1.70)	(1.73)	(0.65)	(0.61)	(0.72)	(0.75)
Age	0.378***	0.384***	0.379***	0.380***	-0.028***	-0.027***	-0.029***	-0.028***
	(16.29)	(16.03)	(16.06)	(16.03)	(-6.76)	(-6.37)	(-6.77)	(-6.66)
Dividend Yield	-4.446*	-3.724	-4.380*	-4.462*	0.092	0.233	0.242	0.214
	(-1.74)	(-1.42)	(-1.69)	(-1.72)	(0.20)	(0.50)	(0.52)	(0.46)
Constant	2.307***	2.304***	2.275***	2.288***	-0.006	-0.017	-0.006	-0.019
	(11.37)	(11.05)	(11.11)	(11.05)	(-0.16)	(-0.44)	(-0.17)	(-0.50)

Institutional heterogeneity

the effect of conference call sentiment on institutional ownership changes holds for a cross section of institutions.

Panel A: Known Types

	Bank (14% of the S34 holdings)		IIA (67%)		Non-IIA (33%)		Non-Bank & Non-IIA (19%)	
	ΔIO	*ΔNI*	*ΔIO*	*ΔNI*	*ΔIO*	*ΔNI*	*ΔIO*	*ΔNI*
Neg_net	-1.611**	-2.853***	0.402	-7.943***	-5.172***	-6.041***	-3.694***	-4.709***
	(-2.39)	(-5.91)	(0.22)	(-8.27)	(-3.97)	(-9.30)	(-3.48)	(-8.41)
Neg_net_p	-1.222**	-1.849***	0.047	-4.527***	-3.123***	-3.524***	-2.167***	-2.312***
	(-2.31)	(-4.95)	(0.03)	(-6.08)	(-3.04)	(-6.98)	(-2.61)	(-5.32)
Neg_net_q	-1.031**	-2.786***	-1.874	-8.676***	-2.961***	-5.619***	-1.919**	-4.095***
	(-2.17)	(-8.06)	(-1.36)	(-12.52)	(-3.10)	(-12.02)	(-2.45)	(-10.19)
Neg_net_a	-1.011	-2.046***	1.753	-7.335***	-5.084***	-4.352***	-3.977***	-3.416***
	(-1.61)	(-4.42)	(0.98)	(-7.94)	(-4.12)	(-6.97)	(-3.96)	(-6.37)

Panel B: Estimated Types

	Short-Term (39%)		Long-Term (24%)		Transient (28%)		Non-transient (72%)	
	ΔIO	*ΔNI*	*ΔIO*	*ΔNI*	*ΔIO*	*ΔNI*	*ΔIO*	*ΔNI*
Neg_net	-6.087***	-7.143***	-0.010	-6.743***	-1.113	-4.121***	-3.497*	-9.081***
	(-2.83)	(-7.64)	(-0.01)	(-9.77)	(-0.71)	(-4.48)	(-1.81)	(-10.95)
Neg_net_p	-4.275**	-3.636***	-0.262	-3.719***	-0.427	-1.670**	-2.539*	-5.588***
	(-2.52)	(-5.01)	(-0.20)	(-6.96)	(-0.35)	(-2.34)	(-1.67)	(-8.72)
Neg_net_q	-3.744**	-7.974***	-0.430	-5.863***	-2.030*	-6.590***	-2.759*	-7.604***
	(-2.33)	(-11.81)	(-0.36)	(-11.86)	(-1.76)	(-9.91)	(-1.93)	(-12.73)
Neg_net_a	-3.002	-6.529***	-1.014	-5.785***	-2.041	-4.602***	-1.277	-6.914***
	(-1.46)	(-7.26)	(-0.65)	(-8.78)	(-1.35)	(-5.19)	(-0.69)	(-8.69)

Perhaps due to diverse nature, it is difficult for their ΔIO to show a clear pattern.

The effects of sentiment are stronger for short-term institutions. Call sentiment is significantly related to ΔNI. In contrast, sentiment is significantly related to ΔIO and ΔNI for non-transient institutions most of the time.

Firm heterogeneity

	dummy = 1 for			
	Smaller firms	High-IV firms	High-CFV firms	Less-followed firms
	ΔIO	*ΔIO*	*ΔIO*	*ΔIO*
Neg_net	-20.346***	1.090	-4.904**	-13.479***
	(-7.45)	(0.52)	(-2.25)	(-5.63)
*Neg_net**dummy	-24.674***	-19.225***	-6.350**	-10.125***
	(-7.92)	(-7.03)	(-2.52)	(-4.04)

	dummy = 1 for		
	Lower-SUE firms	Lower-ROE firms	Lower-price firms
	ΔIO	*ΔIO*	*ΔIO*
Neg_net	-7.005***	-10.925***	-19.906***
	(-2.86)	(-4.43)	(-7.37)
*Neg_net**dummy	2.176	-5.452**	-23.750***
	(0.79)	(-2.14)	(-7.84)

The interaction term is significantly negatively for firms with a larger degree of information asymmetry and with poorer financial and stock performances.

These are cases when information is more valuable to portfolio managers.

Potential Channels for Conference Calls to Impact

A long reaction period? (Ancerno trading)

Panel A: Regressions for *Neg net*

	Abt at trading day(s)						
	[-2, -1]	0	[1, 2]	[3, 5]	[6, 10]	[11, 20]	[21, 30]
Neg_net	0.019	-0.174	-0.295**	-0.190**	-0.195**	-0.105*	0.024
	(0.20)	(-0.98)	(-2.33)	(-2.06)	(-2.50)	(-1.70)	(0.35)
Neg_net_p	0.055	-0.168	-0.116	-0.065	-0.102*	-0.125***	-0.045
	(0.81)	(-1.30)	(-1.27)	(-1.00)	(-1.85)	(-2.70)	(-0.93)
Neg_net_q	0.045	-0.366**	-0.343***	-0.130*	-0.100*	-0.070	0.181***
	(0.59)	(-2.53)	(-3.38)	(-1.77)	(-1.66)	(-1.33)	(3.28)
Neg_net_a	0.026	-0.220	-0.361***	-0.183**	-0.138*	-0.070	-0.009
	(0.29)	(-1.28)	(-2.99)	(-2.11)	(-1.89)	(-1.13)	(-0.13)

Institutions do not predictively trade on conference call sentiment in days [−2, −1] or 0.

Neg net is significantly and negatively related to Abt in days [1, 2], and all the way to days [11, 20] or up to four calendar weeks.

The effect of Neg net on Abt decreases over time.

Potential Channel: Analyst revision

Panel A: Conference call sentiment on analyst recommendation change

	(1)	(2)	(3)	(4)
	ΔREC	*ΔREC*	*ΔREC*	*ΔREC*
Neg_net	1.705**			
	(2.52)			
Neg_net_p		0.902		
		(1.64)		
Neg_net_q			1.515***	
			(2.97)	
Neg_net_a				1.462**
				(2.18)

分析师推荐平均发生的变化

Panel B: Institutional ownership change on call sentiment, controlled for *ΔREC*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ΔIO	*ΔNI*	*ΔIO*	*ΔNI*	*ΔIO*	*ΔNI*	*ΔIO*	*ΔNI*
Neg_net	-6.695***	-10.323***						
	(-3.29)	(-9.66)						
Neg_net_p			-3.813**	-5.554***				
			(-2.38)	(-6.74)				
Neg_net_q					-4.625***	-10.516***		
					(-3.05)	(-13.60)		
Neg_net_a							-2.632	-8.998***
							(-1.34)	(-8.80)
ΔREC	-0.061***	-0.047***	-0.076***	-0.033***	-0.070***	-0.050***	-0.070***	-0.050***
	(-3.37)	(-4.69)	(-3.60)	(-3.01)	(-3.75)	(-4.93)	(-3.74)	(-4.96)

Net-negative tone in conference call leads to downgrades.

While ΔREC is negatively related to ΔIO and ΔNI, the significance and negative relation of call sentiment is preserved.

Compounded effect of call tone by returns

Panel A: Shorter-Term Returns

	DGTW Return over				DGTW Return over			
	[0]	[0]	[0]	[0]	[1, 2]	[1, 2]	[1, 2]	[1, 2]
Neg_net	-0.934***				-0.344***			
	(-35.61)				(-24.32)			
Neg_net_p		-0.694***				-0.235***		
		(-31.57)				(-20.67)		
Neg_net_q			-0.556***				-0.248***	
			(-30.46)				(-24.99)	
Neg_net_a				-0.676***				-0.262***
				(-26.74)				(-19.20)

Panel B: Longer-term returns

	DGTW Return over				DGTW Return over			
	[3, 10]	[3, 10]	[3, 10]	[3, 10]	[11, 30]	[11, 30]	[11, 30]	[11, 30]
Neg_net	-0.004				-0.005**			
	(-0.97)				(-2.31)			
Neg_net_p		0.001				-0.001		
		(0.20)				(-0.30)		
Neg_net_q			-0.009***				-0.004**	
			(-2.93)				(-2.07)	
Neg_net_a				-0.005				-0.007***
				(-1.32)				(-3.13)

Neg_net of the call and the call sections is strongly and negatively related to these returns on the day of the conference call and days [1, 2] subsequent to the call. Neg_net_q is strongly related returns of these future horizons. Conference call tone overall has a long-lasting effect on returns.

Reinforcing effect on institutional trading

Panel A: Shorter-term return-reinforcing tone on institutional trading

	ReinforceDummy measured on DGTW return of							
	[0]	[0]	[1, 2]	[1, 2]	[0]	[0]	[1, 2]	[1, 2]
	Dependent variable							
	ΔIO	ΔIO	ΔIO	ΔIO	ΔNI	ΔNI	ΔNI	ΔNI
Neg_net	0.524		-2.086		-3.886**		-2.536	
	(0.17)		(-0.69)		(-2.32)		(-1.56)	
Neg_net_q		4.478*		2.081		-1.326		1.017
		(1.95)		(0.91)		(-1.05)		(0.83)
ReinforceDummy	0.004	-0.025	0.055	-0.027	0.069***	0.015	0.086***	0.005
	(0.11)	(-0.99)	(1.41)	(-1.07)	(3.49)	(1.10)	(4.36)	(0.34)
ReinforceDummy × Tone	-7.173*	-13.431***	-2.572	-9.210***	-9.358***	-15.051***	-12.461***	-19.803***
	(-1.78)	(-4.34)	(-0.64)	(-2.98)	(-4.32)	(-9.01)	(-5.79)	(-11.91)

Panel B: Longer-term return-reinforcing tone on institutional trading

	ReinforceDummy measured on DGTW return of							
	[3, 10]	[3, 10]	[11, 30]	[11, 30]	[3, 10]	[3, 10]	[11, 30]	[11, 30]
	Dependent variable							
	ΔIO	ΔIO	ΔIO	ΔIO	ΔNI	ΔNI	ΔNI	ΔNI
Neg_net	-3.021		4.037		0.075		9.574***	
	(-1.05)		(1.39)		(0.05)		(6.04)	
Neg_net_q		2.155		6.775***		2.132*		16.722***
		(0.97)		(3.06)		(1.78)		(14.06)
ReinforceDummy	0.019	-0.023	-0.011	-0.005	0.064***	0.009	0.194***	0.010
	(0.49)	(-0.90)	(-0.27)	(-0.20)	(3.26)	(0.68)	(9.88)	(0.77)
ReinforceDummy × Tone	-1.028	-9.891***	-15.049***	-19.084***	-18.914***	-23.057***	-37.300***	-52.057***
	(-0.26)	(-3.20)	(-3.75)	(-6.18)	(-8.81)	(-13.93)	(-17.43)	(-31.55)

Institutions are on average more sensitive to the conference tone compounded by longer-term returns.

Institutions trade based on call tone compounded by post-call returns.

Conclusion

- We find that institutions react, with economic significance, to conference call tone sentiment via changes in holdings and in the number of holding institutions.
- Second, we create a match sample and continue to observe institutions trade on conference call tone.
- Third, with high-frequency institutional trading data from ANcerno, we find that institutions trade on the call sentiment immediately to four weeks after the call.
- Furthermore, analysts revise their recommendations post the call and the revision on average takes 25 days; and institutions continue to trade, again over the next four weeks, on analyst recommendations and recommendation revisions induced by conference calls.
- Finally, we find that conference call tone predicts short- and longer-term returns, from the conference call day to the next six weeks.
- Institutions, in turn, predominantly trade during the quarter on conference call tone that is reinforced by such same-direction post-call returns.