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Dear Editorial Board of the *Journal of Accounting Research*:

Please find attached a new manuscript entitled "Sympathy for the Noise Trader: Limitations of Learning from Price," which I submit for consideration for the 55th Annual (2020) *Journal of Accounting Research* Conference, and for publication in JAR.

In keeping with the objectives of the Conference, I am the sole author of this paper and am currently an untenured Assistant Professor at Georgia State University. I received my PhD from Michigan State University in 2014.

My study is inspired by a mismatch between theoretical models of market efficiency and how empirical researchers often characterize it. It is common in the empirical literature to refer to "market estimates" of valuation parameters; earnings response coefficients are a good example of this. However, analytical models of how price communicates information to investors assume that investors learn about a single parameter, essentially the distribution of price, through observations of price movements. Since information rarely arrives in isolation (earnings announcements commonly pair other information with earnings, for instance), this raises the question of whether investors are able to estimate multiple valuation parameters from observing only one signal, price.

Therefore, I extend the GS model to allow for multiple parameters and conduct an agent-based simulation to observe the extent of investor learning. In sum, I find that prices continue to be efficient in the multiple-parameter case, such that the market price incorporates all available information as is commonly asserted. However, the market does not achieve efficient estimates of individual parameters, largely because investors cannot determine how to update across multiple parameters in response to price movements. As such, my study questions whether we can claim that the market learns individual parameters, in addition to overall value.

In the spirit of reproducible research I also provide the source code for all of my analyses directly in the paper. This allows my study to be carefully scrutinized prior to publication and easily replicated and extended following publication. I also commit to sharing all of the data behind the results presented in the paper per JAR's guidelines.

I thank you in advance for your consideration of my manuscript and look forward to your feedback and decision. Please do not hesitate to contact me if you have any questions or require any additional information.

Sincerely,

Matt DeAngelis