

Are Friday Announcements Special in a Continuous Disclosure Environment?

Abstract

We re-test the intuition that investors and traders could be preoccupied with the upcoming weekend and pay less attention to Friday corporate announcements in the continuous disclosure environment of Australia. The market reaction to Friday announcements in the U.S., except for earnings announcements, disappears after correcting for selection bias. However, there is no evidence of investor inattention to Friday announcements in Australia, indicating that a continuous disclosure environment improves disclosure timeliness and market efficiency. The investor attention theory is significantly challenged in a unique natural setting where the potential selection bias to delay material information release to Fridays is eliminated.

1. Introduction

Prior studies suggest that investors and traders, preoccupied with the upcoming weekend, pay less attention to corporate announcements released on Fridays, and market reaction to Friday announcements is consequently reduced compared to that of non-Friday announcements (DellaVigna and Pollet, 2009; Hirshleifer et al., 2009; Jackson et al., 2015; Louis and Sun, 2010). Michaely et al. (2016) re-examine this problem using a broad set of corporate announcements, including repurchases, seasoned equity offerings (SEOs), mergers, dividend changes, and earnings, and find reduced market response to announcements made on Fridays, consistent with the notion of investor inattention. However, as pointed out in Michaely et al. (2016), firms in treated and control groups (Friday and non-Friday announcers) are different in terms of observable and unobservable characteristics, indicating the existence of selection bias. They propose a unique method to address the selection bias problem by dividing firms into two groups (*Friday* and *non-Friday announcer firms*) based on whether firms make at least one announcement on Friday during the sample period. The market reaction to Friday announcements and non-Friday announcements is compared within the set of *Friday announcer firms*. According to Michaely et al. (2016), the correct sample is formed at the *design stage*, compared to that at the *analysis stage* in other techniques used to control for selection bias, such as matched samples, control variables, and firm fixed effects (Braga et al., 2012; Chubak et al., 2013; Gormley and Matsa, 2014). Michaely et al. (2016) find no evidence that investors pay less attention to announcements made on Fridays after correcting for selection bias.

Investor inattention studies such as Michaely et al. (2016) are primarily conducted in the U.S. setting where publicly listed firms are required to disclose events to investors within four business days. The disclosure environment in Australia is quite distinctive compared to that of the U.S. The continuous disclosure (CD) regulation in Australia requires publicly listed firms to immediately notify the Australian Securities Exchange (ASX) of any material information. Any intentional strategy by boards to delay material disclosures until Friday constitutes non-compliance with CD requirements, leading to sanctions against the firm and the directors personally. In our study, we retest the hypothesis that traders and investors are less attentive to corporate announcements on Fridays in the Australian CD environment, as this environment offers a unique setting where the incidence of selection bias on disclosure timing is theoretically minimal. In Australia, the timeliness of disclosure under the CD regime is very important as evidenced by ASX queries, the Australian Securities and Investments Commission (ASIC) actions, and securities class actions. Prior Australian studies of opportunistic disclosure behaviour only focus on management earnings forecasts (Jackson et al., 2015) without controlling for any potential selection bias. Our study examines the market reaction to five important types of corporate announcements, including repurchases, SEOs, mergers, dividend changes, and earnings announcements. We also extend the original dataset of Michaely et al. (2016) to 2018 and additionally investigate the impact of Regulation Fair Disclosure (Regulation FD) in the

U.S. market over the 2001-2018 period. Under the Regulation FD, disclosure of material information by publicly traded companies is required to be disseminated in such a way that it is simultaneously accessible to everyone. We also separate earnings announcements of both settings into those made before and after the market closing time of 4pm to further investigate the issue of investor inattention.

Compared to Michaely et al. (2016), we document similar results when extending the U.S. data to 2018. The significant market reaction to Friday announcements in the U.S. market is no longer evident after controlling for the selection bias, except for earnings announcements.¹ We also find that the Regulation FD has no effect on the informational efficiency of the market. When we partition the earnings announcements into before and after 4pm groups, we document that the significant market reaction to Friday earnings announcements is driven by those earnings announcements released after 4pm and this significant market reaction holds after controlling for selection bias.

In the Australian market, we do not find any evidence of either investor inattention to Friday announcements or firms' disclosure selection bias towards Friday announcements across all types of corporate announcements, including the before and after 4pm earnings announcements. Our findings strongly indicate that the distinctive CD environment in Australia effectively discourages firms from opportunistically delaying material information release to Fridays. It appears that investors pay equal attention to Friday corporate announcements compared to those released on other business days (i.e. Monday to Thursday).

The rest of our study is structured as follows. Section 2 describes the sample selection and methodology. The results for the U.S. and Australian markets are presented in Section 3, and Section 4 concludes.

2. Data and methodology

2.1. Sample selection

In Michaely et al. (2016), the period of investigation is 1995-2010 for repurchases, SEOs, and dividend changes; 1994-2006 for mergers; and January 1995-June 2006 for earnings.² We extend the data to December 2018 for all five announcement types in both the U.S. and Australian markets. Data on repurchases are collected from Bloomberg. We follow Michaely et al. (2016) to include only repurchase announcements whose share price is above one dollar. Data on mergers and SEOs are obtained from the Thomson SDC database. For the U.S. market, we follow the same criteria in Michaely et al. (2016) and Louis and Sun (2010) in which mergers are announced by public firms with deal value more than \$US5 million and at least 50% of the transaction is financed by stock. We

¹ If we examine the same period (January 1995-June 2006) as in Michaely et al. (2016), we document similar results: the reduced market reaction to Friday earnings announcements no longer exists after controlling for selection bias.

² Michaely et al. (2016) adopt specific sample periods so that their results are comparable to prior investor inattention literature.

only include SEO announcements by U.S. public firms with a filed amount greater than \$US25 million and stock prices greater than \$US1 (Michaely et al., 2016). Since the Australian market is relatively smaller than the US, we adjust the cut-off deal size of merger announcements and the cut-off filed amount of SEO announcements. In our U.S. sample, there is approximately 85% of mergers with deal value more than \$US5 million, and 85% of SEO announcements with a filed amount greater than \$US25 million. To achieve the same sample proportion for the Australian market would result in a cut-off deal size for Australian merger announcements of \$AU1 million and cut-off filed amount for Australian SEO announcements of \$US1 million.³

We collect the dividend announcements by U.S. and Australian firms from the Centre for Research in Security Prices (CRSP) and Bloomberg, respectively. Similar to Michaely et al. (2016), we define a dividend change as the difference between consecutive dividend amounts per share normalised by the stock price at the end of the month prior to the announcement. We only include non-zero dividend changes from firms with market capitalisation above \$5 million in our analysis. For U.S. dividend changes to be included in our analysis, we also require three equally spaced dividend announcements prior to the current dividend (between 60 and 120 calendar days, 120 and 240 calendar days, and 300 and 420 calendar days for quarterly, semi-annual, and annual dividends, respectively). Bloomberg already classifies dividend announcements of Australian firms into quarterly, semi-annual, or annual. Dividend announcements are then sorted by their dividend changes into five equally sized negative groups (groups 1 to 5 with group 1 containing the most negative dividend changes) and five equally sized positive groups (groups 6 to 10 with group 10 containing the most positive dividend changes).

The earnings announcements by U.S. and Australian firms are collected from the Institutional Brokers' Estimate System (I/B/E/S). We define the standardised unexpected earnings (SUE) as the difference between announced earnings per share and the most recent median analyst forecast as reported in the I/B/E/S summary file, normalised by the stock price five trading days prior to the earnings announcement dates. We also follow Michaely et al. (2016) by sorting earnings announcements into 11 groups based on SUE (five equally sized positive SUE groups, one zero SUE group, and five equally sized negative SUE groups).

Again, we follow Michaely et al. (2016) to define *Friday* as an indicator variable equal to one for announcements that are on Fridays and zero otherwise; *Friday announcer* as an indicator variable equal to one for firms that make at least one announcement on a Friday during the sample period and zero otherwise; and *Friday announcement frequency* as the ratio of the number of announcements on Fridays to the total number of announcements by the firm.

³ The SDC database provides deal size in domestic currency for Australian merger announcements, but the currency of Australian SEOs is only provided in US dollars.

Table 1 presents the distribution of all announcements on each weekday for both the U.S. and Australian markets. Friday announcements range from 8.2% (earnings) to 23.1% (SEOs) in the U.S., and from 12.3% (earnings) to 19.4% (repurchases) in Australia.

2.2. Calculation of abnormal returns

Following Michaely et al. (2016), DellaVigna and Pollet (2009), and Louis and Sun (2010), we use buy-and-hold abnormal return (BHAR) over the window $[0,1]$ days⁴ as the measure of market reaction to announcements, except for repurchases where the window of BHAR calculation is $[-1,1]$ days.⁵ Abnormal returns for the U.S. market are calculated using the four-factor Fama-French and Carhart (FFC) momentum model (Carhart, 1997; Fama and French, 1993). Following Michaely et al. (2016), Louis and Sun (2010), and DellaVigna and Pollet (2009), we compute abnormal returns using both the FFC and market models.⁶ The regression results produce the same estimated coefficients in terms of sign and significance when using either the FFC or market model. Similarly to Michaely et al. (2016), we only report the results of the FFC model for repurchases, SEOs, mergers and dividend changes and the market model for earnings announcements in the U.S. market for brevity.

While the FFC model is generally accepted for calculating abnormal returns in the U.S. literature, it does not appear to be the best model to explain the cross section of Australian returns using Australian constructed factors (Durand et al., 2016). In addition, tests of three-factor Fama-French or four-factor FFC models in prior Australian studies use monthly data to construct factors (Brailsford et al., 2012a, 2012b; Brailsford and O'Brien, 2008; Chan and Docherty, 2016; Durand et al., 2006; Humphrey and O'Brien, 2010). This is probably due to the lack of daily data in Australia prior to the year 2000. Given the similar results observed in the U.S. market for FFC and market models and our requirement of having daily BHAR, we calculate abnormal returns using the market-adjusted model as our sample period begins in 1994. The return on the All Ordinaries index is used as proxy for the expected return when calculating daily BHAR.

3. Results

The results of market reaction to Friday announcements over the period 1994/1995-2018 are presented in Tables 2 and 3 for the U.S. and Australian markets, respectively. In all tables, the results are presented in Panel A for repurchases and SEOs, Panel B for mergers, Panel C for dividend changes, and Panel D for earnings. Following Michaely et al. (2016), for each announcement type, the first two analyses are to investigate whether the Friday reduced reaction is due to the presence of selection bias, and conducted for: (i) the full sample with *Friday* variable; and (ii) the Monday-

⁴ Announcement day is referred to as day 0.

⁵ The use of 3-day abnormal return is standard in the literature for repurchases as a large proportion of repurchase announcement reaction is observed on day -1 (Babenko et al., 2012; Grullon and Michaely, 2004).

⁶ For the market model, we use the CRSP value-weighted index as a proxy for the expected return.

Thursday sample with *Friday announcer* variable. The third analysis is to examine the impact of Friday announcements using a relatively homogenous sample of *Friday announcer firms* only. The final analysis is to use the entire sample with both *Friday* and *Friday announcer* variables, and *Friday announcement frequency* variable for the earnings model.

3.1. Stock repurchases

When the U.S. data is extended to 2018, our U.S. results are consistent with Michaely et al. (2016): market reaction to repurchases is significantly lower for announcements on Friday (column (1), Panel 2A). However, the analysis in column (2), Panel 2A indicates that the result in column (1) is subject to selection bias. When we control for the selection bias in columns (3)-(4), there is no evidence to suggest that investors pay less attention to repurchases announced on Friday. Regarding Australian repurchases, there is no difference in market reaction for Friday and non-Friday announcements and the results are persistent even before correcting for the selection bias (columns (1)-(4) of Panel 3A).

3.2. SEOs

We confirm the U.S. results of Michaely et al. (2016) when the sample is extended to 2018: the *Friday* variable is significantly positive (column (5), Panel 2A), but this significance disappears after accounting for the selection bias in columns (7)-(8). However, the insignificance of the *Friday* indicator for Australian SEO announcements remains present with or without controlling for the selection bias (columns (5)-(8) of Panel 3A).

3.3. Mergers

Panel 2B of Table 2 shows similar results for U.S. merger announcements compared to Michaely et al. (2016). Market response to Friday stock swap mergers is significantly less negative for announcements to public targets and significantly less positive to private targets. Nevertheless, after correcting for selection bias in columns (5)-(8), there is no evidence of investor inattention to U.S. mergers announced on Fridays. For the Australian market (Panel 3B of Table 3), we do not find evidence of investor inattention with or without controlling for the selection bias.

3.4. Dividend changes

We start our analysis with the sample of only the top two and bottom two groups⁷, then repeat for the entire sample including all dividend change groups. Our results for the U.S. market are presented in Panel 2C of Table 2. The interaction terms with the *Friday* indicator are insignificantly positive for *Friday*Top two dividend change groups*, and significantly positive for *Friday*Dividend change*

⁷ *Top two div change groups* is an indicator variable equal to one if the dividend change is in the top two groups and zero if the dividend change is in the bottom two groups.

group (columns (1)-(2)). Nevertheless, these interaction variables become insignificant when the selection bias is controlled for in columns (5)-(8). Regarding dividend announcements in Australia, we do not find a significant impact of the interaction terms with *Friday* even before controlling for the selection bias problem (Panel 3C of Table 3).

3.5. Earnings

We start our analysis with the sample of only the top two and bottom two SUE groups⁸, then repeat for the entire sample including all SUE groups. The results of U.S. earnings announcements are shown in Panel 2D of Table 2. The coefficients on *Friday* interaction variables (*Friday*Top two SUE groups* and *Friday*SEU group*) in columns (1)-(2) are significantly negative, suggesting a reduced market reaction to Friday announcements. However, unlike Michaely et al. (2016), we find those Friday interaction terms are still significantly positive after controlling for selection bias in columns (7)-(10), suggesting that the reduced market reaction to earnings announcements is persistent after controlling for selection bias. We further check our results by analysing the sub-sample of January 1995-June 2010, which is the same investigation period of Michaely et al. (2016). We obtain exactly the same results⁹ as documented in Michaely et al. (2016): the Friday interaction terms are no longer significant in columns (7)-(10) after controlling for selection bias.

For the Australian sample, Panel 3D of Table 3 shows that the coefficients of *Friday* and *Friday* interaction terms are not significant. Our results indicate that there is no difference in market reaction to earnings announcements made on Fridays.

3.6. Summary of results

Our above analyses indicate that the significant market reaction to Friday announcements in the U.S. market disappears, except for earnings announcements, after addressing the selection bias problem. However, we do not find evidence that investors pay less attention to Friday announcements in Australia. The selection bias is not observed in the Australian market, indicating that the CD environment has indeed improved the timeliness of corporate disclosures and market efficiency (Chapple and Truong, 2015; Dunstan et al., 2011; Russell, 2015a, 2015b).

3.7. Additional analysis

3.7.1. Regulation FD on the US market

The samples for both U.S. and Australian announcements span from 1994/1995 to 2018. The CD regime applies to Australian firms from 1994, but the U.S. firms are subject to *selective disclosures* prior to 2000. The Securities and Exchange Commission (SEC) introduced the Regulation FD in

⁸ *Top two SUE groups* is an indicator equal to one if the announcement's earnings surprise is in the top two groups and zero if it is in the bottom two groups.

⁹ For brevity, we do not tabulate the results of earnings announcements for the sub-sample January 1995-June 2010.

October 2000, which prohibits selective disclosures of material information and is intended to reduce information disparities among market participants (Griffin et al., 2011). In this section, we shorten the U.S. sample to the period 2001-2018 to investigate whether there are any changes to the main results after taking into account the Regulation FD. Prior literature on the impact of Regulation FD on U.S. earnings announcements¹⁰ finds no significant change¹¹ in market reaction after the adoption of Regulation FD (Ahmed and Schneible, 2007; Bailey et al., 2003; Heflin et al., 2003), suggesting that Regulation FD has no effect on the informational efficiency of the market. Table 4 shows similar results to Table 2 for the coefficients of *Friday*, *Friday announcer*, and *Friday announcement frequency* variables. Consistent with prior literature, our results indicate that the Regulation FD does not have a significant impact on market reaction to announcements.

3.7.2. Earnings announcements before and after 4pm

To further test the notion that investors and traders are preoccupied with the upcoming weekend and pay less attention to Friday announcements, we separate the earnings announcements¹² of the U.S. and Australian samples into those made before and after the market close of 4pm. The regression results of these two sub-samples are presented in Table 5. For the U.S. market, the market reaction to Friday earnings announcements is mainly driven by earnings announcements released after 4pm, and this impact does not disappear after controlling for the selection bias (Panels 5A and 5B). In contrast, we do not find any Friday effect from earnings announcements made after 4pm in Australia (Panels 5C and 5D).

4. Conclusion

Michaely et al. (2016) contest the validity of the intuition that as investors and traders could be preoccupied with the upcoming weekend, they pay less attention to corporate news announcements released on Fridays. In this study, we replicate the original U.S. study with a hypothesis variation to accommodate the CD environment in Australia where publicly listed firms are required to immediately notify the ASX of any material information. Extending the data until 2018, we find the same results as Michaely et al. (2016) in the U.S. market: the reduced market reaction to Friday announcements, except for earnings announcements, disappears after correcting for selection bias. However, there is no evidence that Australian investors pay less attention to Friday announcements. The selection bias in disclosure is not observed in Australia as the CD requirements are contravened when there is a failure to *immediately* disclose material information. Firms (and their directors) will breach the CD laws if they adopt a strategy of delaying the disclosure of material information until

¹⁰ Regarding the five types of announcements used in the present study, the majority of prior studies only examine the impact of Regulation FD on earnings releases.

¹¹ Ahmed and Schneible (2007) find that Regulation FD has resulted in a reduction in the quality of information flow only for smaller firms and firms in high technology industries, but not the large firms targeted by the SEC.

¹² We are only able to obtain the data of before and after 4pm for earnings announcements.

Fridays. While market reaction to Friday earnings announcements in the U.S. are mainly driven by earnings releases after 4pm, this Friday impact is not found in Australia.

Propositions as to firms' disclosure behaviour relative to the market information environment are predominantly sourced from published research set in the U.S. market, where firms can legally delay the release of material information for up to four business days. This could potentially lead to non-homogenous investor perceptions regarding corporate announcements on a particular business day, especially Fridays. Our results in the distinctive CD environment of Australia equip regulators and policymakers with insights into how to reduce firms' incentives to delay material information release to Fridays. Future studies could extend our analysis to other disclosure regimes to investigate other means of reducing this potential selection bias.

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Appendix A: Stage 2 “pre-registered” written pitch

This written pitch was submitted on 1st April 2019 and presented at the SIG Finance Group on 6th July 2019 (AFAANZ Conference in Brisbane).

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|------------------------------------|--|----------|-----------------|-----------------------|---------------|
| Pitcher Team Names | Professor Ellie (Larelle) Chapple (QUT), Dr Lien Duong (Curtin University), Dr Thu Phuong Truong (VUW) | JEL code | G11 G14 G34 G35 | Date Completed | 01 APRIL 2019 |
| (A) Working Title | Overcoming Selection Bias, Are Friday Announcements Special in a Continuous Disclosure Environment? | | | | |
| (B) Basic Research Question | <p>Are Friday announcements special after correcting for selection bias in a continuous disclosure environment?</p> <p>Michaely et al. (2016) examine whether the market efficiently incorporates information in corporate news announcements, using the intuition that on Fridays, investors and traders could be preoccupied with the upcoming weekend and, thus, pay less attention to corporate news announcements on that day. We retest the hypothesis that traders and investors pay less attention to corporate disclosures on Fridays in a continuous disclosure environment where intentional delay of material disclosures to Fridays would constitute non-compliance to continuous disclosure requirements.</p> | | | | |
| (C) Key paper(s) | <ol style="list-style-type: none"> 1. Michaely, R., A. Rubin, and A. Vedrashko. 2016, Are Friday announcements special? Overcoming selection bias, <i>Journal of Financial Economics</i>, Vol. 122, pp. 65-85. (The target replication paper) 2. Michaely, R., A. Rubin, and A. Vedrashko. 2016, Further evidence on the strategic timing of earnings news: Joint analysis of weekdays and times of day, <i>Journal of Accounting and Economics</i>, Vol. 62, pp. 24-45. 3. deHaan, E., T. Shevlin, and J. Thornock. 2015, Market in(attention) and the strategic scheduling and timing of earnings announcements, <i>Journal of Accounting and Economics</i>, Vol. 60, pp. 36-55. | | | | |
| (D) Motivation/Puzzle | <p>Prior studies suggest that investors are less attentive to announcements made on Fridays and market reaction to Friday announcements is, consequently, reduced compared to that of non-Friday announcements (DellaVigna and Pollet 2009, Hirshleifer et al. 2009, Louis and Sun 2010, Jackson et al. 2015). Michaely et al. (2016) re-examine this problem and document that previous findings are subject to selection bias. Proposing a unique method for correcting the selection bias, they find no evidence of investor inattention to Friday announcement. Michaely et al. (2016) conducted their study in the US setting where publicly listed firms are required to disclose events to investors within four business days. The disclosure environment in Australia is quite distinctive compared to the US. The continuous disclosure (CD) regime in Australia requires publicly listed firms to immediately notify any material price-sensitive information to the Australian Securities Exchange (ASX). Any intentional delay of material disclosure would suggest non-compliance with the continuous disclosure requirements.</p> | | | | |

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| THREE | Three core aspects of any empirical research project |
| (E) Idea? | We choose to retest the hypothesis that traders and investors are less attentive to corporate announcements on Fridays in the continuous disclosure environment as such environment offers us a unique opportunity in a setting where the incidence of selection bias on disclosure timing is theoretically minimal. |
| (F) Data? | <ul style="list-style-type: none"> Proposed study period: 1994-2018. Data on the day of the week of corporate announcements of repurchases, seasonal equity offerings (SEOs), mergers, dividend changes, and earnings for both US and Australian settings are collected from the Bloomberg database. Daily stock returns to calculate the market reaction to corporate announcements are collected from the Thomson Reuters Datastream database. Australian data are also available from DatAnalysis Premium, although Bloomberg is our preferred source. Victoria Business School and QUT Business School currently subscribe to Bloomberg database. |
| (G) Tools? | <p>Econometric software (Eviews, Stata and SAS).</p> <p>Calculate buy-and-hold abnormal returns over the announcement day with event window [0,1].</p> <p>Apply (0,1) market model, four-factor Fama-French and momentum Cahart model.</p> <p>Panel data regressions.</p> |
| TWO | Two key questions |
| (H) What's New? | <p>Michaely et al. (2016) claim to control for selection bias. They examine a wide set of corporate events (SEOs, mergers, repurchases, dividend changes, and earnings) and find market underreaction relative to when they are announced on other weekdays. They find that those firms that made at least one Friday announcement exhibit a reduced reaction to their non-Friday announcements as well, indicating selection bias. After correcting for selection bias, they find no evidence that investors pay less attention to announcements made on Fridays.</p> <p>The original study by Michaely et al. (2016) was conducted in the US setting where publicly listed firms are required to notify investors with specified events within four business days. We propose to replicate the original US study with a hypothesis variation to accommodate the continuous disclosure environment in Australia where publicly listed firms are required to immediately notify any material price-sensitive information to the ASX. Previous studies (e.g. Jackson et al., 2015) in the Australian market find reduced market response to Friday announcements of management earnings forecasts without controlling for selection bias.</p> |

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| (I) So What? | <p>Michaely et al. (2016) contested the validity of the intuition that as investors and traders could be preoccupied with the upcoming weekend they pay less attention to corporate news announcements released on Fridays. This paper debates whether the market efficiently incorporates information in corporate announcements. Such debate in Australia and New Zealand needs to be reconstructed in the light of CD laws. Firms will breach the CD laws if delaying the disclosure of material information until Fridays.</p> |
| ONE | One bottom line |
| (J) Contribution? | <p>Replicate the US study of Michaely et al. (2016) in a different disclosure regime. In Australia, the timeliness of disclosure under the continuous disclosure regime is very important as evidenced by ASX queries, the Australian Securities and Investments Commission (ASIC) actions, and securities class actions. Previous studies of opportunistic disclosure behaviour mostly concentrate on corporate announcements of management earnings forecasts (Jackson et al., 2015). Our study examines the market reaction to other important announcements of share repurchases, SEOs, mergers, and dividend changes. The replication of Michaely et al. (2016) in the CD environment of Australia will offer us a unique opportunity to test whether the investor inattention to Friday announcements still exists in an environment where investors should be well aware of requirements for firms not to delay the disclosure of material information. The selection bias in disclosure might not be obvious in Australia as it might lead to breach in CD requirements. Such replication study challenges the existence of investor inattention on Fridays and selection bias and their impact if any in a contrasting CD context.</p> |
| (K) Other Considerations | <p>Collaboration is needed for discussing the ideas, collecting data, and conducting research. Professor Chapple and Dr Truong have successfully published in the field of continuous disclosure, and Dr Duong has successfully published in the field of mergers and acquisitions. Our combined interest, skills, and expertise provides impetus to successfully complete the replication and our extension as proposed.</p> <p>Target journal: Accounting & Finance or Pacific-Basin Finance Journal.</p> |

Table 1. Distribution of announcements by weekday – U.S. and Australia

| Announcement type | Monday | Tuesday | Wednesday | Thursday | Friday |
|--|--------|---------|-----------|----------|--------|
| Repurchases | | | | | |
| % of observations – US (20,077 obs.) | 17.4 | 21.6 | 23.0 | 24.7 | 13.3 |
| % of observations – AU (15,159 obs.) | 19.0 | 20.7 | 20.7 | 20.2 | 19.4 |
| SEOs | | | | | |
| % of observations – US (8,802 obs.) | 19.5 | 20.1 | 19.4 | 18.0 | 23.1 |
| % of observations – AU (980 obs.) | 21.4 | 22.2 | 22.7 | 21.0 | 12.7 |
| Mergers (with public targets) | | | | | |
| % of observations – US (3,233 obs.) | 30.3 | 20.3 | 18.7 | 18.6 | 12.2 |
| % of observations – AU (403 obs.) | 24.8 | 20.1 | 22.1 | 17.4 | 15.6 |
| Mergers (with private targets) | | | | | |
| % of observations – US (2,407 obs.) | 24.0 | 23.1 | 19.5 | 20.1 | 13.3 |
| % of observations – AU (526 obs.) | 20.9 | 20.7 | 21.9 | 19.8 | 16.7 |
| Dividend changes | | | | | |
| % of observations – US (12,182 obs.) | 11.4 | 21.9 | 25.2 | 28.2 | 13.3 |
| % of observations – US (positive change) | 11.3 | 22.2 | 25.3 | 28.2 | 13.0 |
| % of observations – US (negative change) | 12.0 | 19.8 | 24.6 | 28.4 | 15.2 |
| % of observations – AU (13,653 obs.) | 16.9 | 20.9 | 24.0 | 24.2 | 14.0 |
| % of observations – AU (positive change) | 17.3 | 21.4 | 23.7 | 24.2 | 13.4 |
| % of observations – AU (negative change) | 16.4 | 20.3 | 24.3 | 24.2 | 14.8 |
| Earnings | | | | | |
| % of observations – US (99,530 obs.) | 12.8 | 23.3 | 24.8 | 30.9 | 8.2 |
| % of observations – US (positive surprise) | 12.2 | 23.5 | 25.6 | 31.8 | 6.9 |
| % of observations – US (negative surprise) | 13.9 | 22.5 | 23.6 | 29.9 | 10.1 |
| % of observations – AU (7,367 obs.) | 18.9 | 22.1 | 24.5 | 22.2 | 12.3 |
| % of observations – AU (positive surprise) | 18.1 | 22.6 | 25.0 | 23.2 | 11.1 |
| % of observations – AU (negative surprise) | 19.4 | 21.6 | 23.6 | 21.8 | 13.6 |

This table presents the proportion of announcements in Australian and U.S. market by weekday. The sample period is 1994-2018 for mergers, and 1995-2018 for repurchases, SEOs, dividends, and earnings.

Table 2. U.S. results

Panel 2A: Market response to stock repurchase and SEO announcements – U.S. - 1995-2018

| | Repurchases | | | | SEOs | | | |
|-------------------------|----------------------|----------------------|------------------------|----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| | Full sample | Monday - Thursday | Friday announcer firms | Full sample | Full sample | Monday - Thursday | Friday announcer firms | Full sample |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Friday | -0.004*** (-2.99) | | 0.0007 (0.52) | 0.0007 (0.45) | 0.006*** (4.54) | | 0.002 (1.19) | 0.002 (1.19) |
| Friday announcer | | -0.010*** (-8.88) | | -0.010*** (-8.95) | | 0.006*** (3.45) | | 0.006*** (3.45) |
| Intercept | 0.017*** (31.63) | 0.021*** (29.00) | 0.012*** (17.68) | 0.021*** (29.22) | -0.020*** (-24.10) | -0.022*** (-20.85) | -0.016*** (-12.20) | -0.022*** (-20.85) |
| Observations | 20,077 | 17,411 | 10,833 | 20,077 | 8,802 | 6,772 | 3,990 | 8,802 |
| Adjusted R ² | 0.0004 | 0.0045 | -0.0001 | 0.0043 | 0.002 | 0.001 | 0.0001 | 0.003 |

Panel 2B: Market response to merger announcements – U.S. - 1994-2018

| | Public target | Private target | Public target | Private target | Public target | Private target | Public target | Private target |
|-------------------------|-----------------------|--------------------|-----------------------|----------------------|------------------------|-------------------|-----------------------|----------------------|
| | Full sample | | Monday-Thursday | | Friday announcer firms | | Full sample | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Friday | 0.010** (2.39) | -0.011* (-1.85) | | | 0.006 (1.36) | 0.001 (0.21) | 0.006 (1.35) | 0.001 (0.21) |
| Friday announcer | | | 0.006** (2.05) | -0.016*** (-3.04) | | | 0.006** (2.06) | -0.016*** (-3.04) |
| Intercept | -0.023*** (-13.78) | 0.021*** (7.87) | -0.024*** (-11.51) | 0.025*** (7.68) | -0.018*** (-9.36) | 0.009** (2.04) | -0.024*** (-11.51) | 0.025*** (7.67) |
| Observations | 3,233 | 2,407 | 2,839 | 2,087 | 1,111 | 814 | 3,233 | 2,407 |
| Adjusted R ² | 0.001 | 0.001 | 0.001 | 0.003 | 0.001 | -0.001 | 0.002 | 0.003 |

Panel 2C: Market response to dividend change announcements – U.S. - 1995-2018

| | Full sample | | Monday-Thursday | | Fri announcer firms | | Full sample | |
|----------------------------------|---------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Top 2 div change groups | 0.028*** (12.85) | | 0.020*** (6.69) | | 0.037*** (10.99) | | 0.020*** (6.71) | |
| Friday x Top 2 div change groups | | 0.008 (1.41) | | | -0.001 (-0.20) | | -0.001 (-0.21) | |
| Div change group | | | 0.003*** (16.28) | | 0.002*** (9.13) | | 0.004*** (13.82) | 0.002*** (9.05) |
| Friday x Div change group | | | 0.001** (2.06) | | | | 0.0002 (0.32) | 0.0002 (0.33) |
| Fri announcer x Top 2 div change | | | | 0.017*** (3.83) | | | 0.017*** (3.84) | |
| Fri announcer x Div change group | | | | | 0.002*** (4.23) | | | 0.002*** (4.19) |
| Friday | | -0.007 (-1.47) | -0.006 (-1.64) | | | -0.001 (-0.15) | -0.004 (-0.10) | -0.001 (-0.16) |
| Friday announcer | | | | -0.012*** (-3.01) | -0.010*** (-3.74) | | | -0.012*** (-3.02) |
| Intercept | | -0.018*** (-8.92) | -0.018*** (-12.98) | -0.012*** (-4.33) | -0.013*** (-6.94) | -0.024*** (-7.88) | -0.023*** (-11.37) | -0.012*** (-4.34) |
| Observations | | 4,873 | 12,182 | 4,234 | 10,554 | 2,518 | 6,548 | 4,873 |
| Adjusted R ² | | 0.042 | 0.027 | 0.040 | 0.026 | 0.062 | 0.039 | 0.045 |

Panel 2D: The differential effect of Friday on earnings announcement return – U.S. - 1995-2018

| | Full sample | | Monday-Thursday | | Fri announcer firms | | | Full sample | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Top 2 SUE groups | 0.042*** (35.19) | | 0.045*** (29.72) | | 0.038*** (20.95) | | 0.045*** (29.25) | | 0.044*** (32.75) | |
| Friday x Top 2 SUE groups | -0.015*** (-3.83) | | | | -0.011*** (-2.75) | | -0.011*** (-2.59) | | -0.010** (-2.14) | |
| Fri announcer x Top 2 SUE groups | | | -0.0065*** (-2.66) | | | | -0.007*** (-2.62) | | | |
| Friday announcement frequency x Top 2 SUE groups | | | | | | | | | -0.017** (-2.01) | |
| SUE group | | 0.005*** (55.89) | | 0.005*** (46.70) | | 0.005*** (34.08) | | 0.005*** (46.37) | | 0.005*** (52.51) |
| Friday x SUE group | | -0.002*** (-6.16) | | | | -0.001*** (-4.59) | | -0.001*** (-4.25) | | -0.001*** (-2.86) |
| Fri announcer x SUE group | | | | -0.001*** (-4.19) | | | | -0.001*** (-4.16) | | |
| Friday announcement frequency x SUE group | | | | | | | | | | -0.003*** (-4.36) |
| Friday | 0.008*** (2.85) | 0.011*** (5.65) | | | 0.005* (1.88) | 0.008*** (3.87) | 0.005* (1.77) | 0.008*** (3.58) | 0.006* (1.84) | 0.006** (2.43) |
| Friday announcer | | | 0.004** (2.11) | 0.006*** (4.47) | | | 0.004** (2.08) | 0.006*** (4.44) | | |
| Friday announcement frequency | | | | | | | | | 0.006 (0.92) | 0.020*** (4.27) |
| Intercept | -0.022*** (-23.92) | -0.033*** (-50.29) | -0.024*** (-20.36) | -0.036*** (-42.27) | -0.020*** (-14.05) | -0.029*** (-30.33) | -0.024*** (-20.04) | -0.035*** (-41.97) | -0.022*** (-22.14) | -0.034*** (-47.39) |
| Observations | 36,614 | 99,530 | 33,054 | 91,394 | 16,208 | 43,641 | 36,614 | 99,530 | 36,614 | 99,530 |
| Adjusted R ² | 0.034 | 0.032 | 0.037 | 0.034 | 0.030 | 0.029 | 0.034 | 0.032 | 0.034 | 0.032 |

This table reports regression results of market reaction to announcements of mergers (1994-2018), stock repurchases, SEOs, dividends, and earnings (1995-2018) in the U.S. The dependent variable is buy-and-hold abnormal returns (BHAR) over the window [0,1] days, except for repurchases over the window [-1.1] days. BHAR is calculated using the four-factor Fama-French and Carhart model (except the market model for earnings announcements). *Friday* is an indicator equal to one for announcements that are on Fridays and is zero otherwise. *Friday announcer* is an indicator equal to one for firms that make at least one announcement on a Friday during the sample period and is zero otherwise. In Panel C, dividend change refers to the change in the dividend per share scaled by the share price at the end of the month before the announcement. Dividend announcements are sorted by their dividend change into 10 groups (*Dividend change group*) with groups 1–5 for negative dividend changes and groups 6–10 for positive dividend changes. *Top two div change groups* is a binary variable equal to one if the announcement of dividend change is in the top two groups and zero if it is in the bottom two groups. In Panel D, SUE is the earnings surprise for quarterly announcements, calculated as the difference between actual earnings per share and median analyst forecast for that quarter normalized by the stock price five trading days before the announcement. Earnings announcements are sorted by earnings surprise each year into 11 groups (*SUE group*) with groups 1–5 for negative SUE and groups 7–11 for positive SUE. *Top two SUE groups* is an indicator equal to one if the announcement's earnings surprise is in the top two groups and zero if it is in the bottom two groups. *Friday announcement frequency* refers to the ratio of the number of announcements on Fridays to the total number of announcements by the firm. Robust standard errors are clustered by firm, and the *t*-statistics are in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table 3. Australian results**Panel 3A: Market response to stock repurchase and SEO announcements – Australia - 1995-2018**

| | Repurchases | | | | SEOs | | | |
|-------------------------|----------------------|---------------------|------------------------|---------------------|----------------------|----------------------|------------------------|----------------------|
| | Full sample | Monday - Thursday | Friday announcer firms | Full sample | Full sample | Monday - Thursday | Friday announcer firms | Full sample |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Friday | -0.0005 (-0.80) | | -0.0005 (-0.72) | -0.0005 (-0.71) | 0.001 (0.10) | | 0.001 (0.16) | 0.001 (0.16) |
| Friday announcer | | -0.006** (-2.03) | | -0.006** (-2.02) | | -0.001 (-0.17) | | -0.001 (-0.17) |
| Intercept | -0.0009*** (3.12) | 0.005* (1.71) | -0.001*** (-3.35) | 0.005* (1.69) | -0.006*** (-3.91) | -0.006*** (-2.90) | -0.007*** (-2.82) | -0.006*** (-2.90) |
| Observations | 15,159 | 12,210 | 15,036 | 15,159 | 980 | 856 | 409 | 980 |
| Adjusted R ² | 0.000 | 0.0003 | 0.000 | 0.0002 | -0.001 | -0.001 | -0.002 | -0.002 |

Panel 3B: Market response to merger announcements – Australia - 1994-2018

| | Public target | Private target | Public target | Private target | Public target | Private target | Public target | Private target |
|-------------------------|-------------------|--------------------|-------------------|--------------------|------------------------|-----------------|-------------------|--------------------|
| | Full sample | | Monday-Thursday | | Friday announcer firms | | Full sample | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Friday | 0.002 (0.17) | -0.014 (-0.57) | | | -0.002 (-0.10) | 0.002 (0.03) | -0.002 (-0.10) | -0.002 (0.03) |
| Friday announcer | | | 0.004 (0.32) | -0.016 (-0.26) | | | 0.004 (0.32) | -0.016 (-0.26) |
| Intercept | -0.001 (-0.21) | 0.084*** (7.35) | -0.001 (-0.25) | 0.085*** (7.45) | 0.002 (0.23) | 0.069 (1.12) | -0.001 (-0.25) | 0.085*** (7.44) |
| Observations | 403 | 526 | 340 | 438 | 90 | 118 | 403 | 526 |
| Adjusted R ² | -0.002 | -0.001 | -0.003 | -0.002 | -0.011 | -0.009 | -0.005 | -0.003 |

Panel 3C: Market response to dividend change announcements – Australia - 1995-2018

| | Full sample | | Monday-Thursday | | Fri announcer firms | | Full sample | |
|----------------------------------|---------------------|----------------------|--------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Top 2 div change groups | 0.030*** (14.45) | | 0.030*** (7.39) | | 0.031*** (12.43) | | 0.030*** (7.39) | |
| Friday x Top 2 div change groups | 0.001 (0.26) | | | | 0.001 (0.23) | | 0.001 (0.23) | |
| Div change group | | 0.004*** (17.97) | | 0.004*** (10.27) | | 0.004*** (15.10) | | 0.004*** (10.33) |
| Friday x Div change group | | -0.00009 (-0.17) | | | | 0.00005 (0.09) | | 0.00005 (0.09) |
| Fri announcer x Top 2 div change | | | 0.0007 (0.14) | | | | 0.0007 (0.14) | |
| Fri announcer x Div change group | | | | -0.0005 (-1.14) | | | | -0.0005 (-1.14) |
| Friday | -0.004 (-1.12) | -0.002 (-0.54) | | | -0.005 (-1.28) | -0.003 (-0.76) | -0.005 (-1.27) | -0.003 (-0.75) |
| Friday announcer | | | 0.003 (0.79) | 0.003 (0.92) | | | 0.003 (0.79) | 0.003 (0.93) |
| Intercept | -0.003* (-1.88) | -0.012*** (-8.77) | -0.005* (-1.66) | -0.014*** (-5.30) | -0.002 (-1.20) | -0.011*** (-7.17) | -0.005** (-1.66) | -0.014*** (-5.33) |
| Observations | | 5,462 | 13,653 | 4,652 | 11,743 | 4,208 | 10,631 | 5,462 |
| Adjusted R ² | | 0.044 | 0.027 | 0.043 | 0.026 | 0.045 | 0.027 | 0.044 |

Panel 3D: The differential effect of Friday on earnings announcement return – Australia - 1995-2018

| | Full sample | | Monday-Thursday | | Fri announcer firms | | | Full sample | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Top 2 SUE groups | 0.020*** (5.90) | | 0.020*** (4.23) | | 0.019*** (4.17) | | 0.020*** (4.24) | | 0.023*** (6.03) | |
| Friday x Top 2 SUE groups | -0.008 (-0.99) | | | | -0.008 (-0.91) | | -0.008 (-0.89) | | 0.002 (0.19) | |
| Fri announcer x Top 2 SUE groups | | | -0.0005 (-0.08) | | | | -0.0005 (-0.08) | | | |
| Friday announcement frequency x Top 2 SUE groups | | | | | | | | | -0.036* (-1.95) | |
| SUE group | | 0.003*** (9.77) | | 0.003*** (6.97) | | 0.003*** (7.14) | | 0.003*** (6.94) | | 0.003*** (9.64) |
| Friday x SUE group | | -0.001 (-1.59) | | | | -0.001 (-1.52) | | -0.001 (-1.46) | | -0.00004 (-0.05) |
| Fri announcer x SUE group | | | | -0.00003 (-0.06) | | | | -0.00003 (-0.06) | | |
| Friday announcement frequency x SUE group | | | | | | | | | | -0.004** (-2.52) |
| Friday | 0.005 (0.87) | 0.006 (1.24) | | | 0.006 (1.00) | 0.006 (1.37) | 0.006 (0.98) | 0.006 (1.31) | 0.004 (0.52) | 0.003 (0.55) |
| Friday announcer | | | -0.002 (-0.44) | -0.002 (-0.44) | | | -0.002 (-0.44) | -0.002 (-0.44) | | |
| Friday announcement frequency | | | | | | | | | 0.005 (0.40) | 0.009 (0.87) |
| Intercept | -0.010*** (-4.09) | -0.011*** (-6.11) | -0.009*** (-2.58) | -0.010*** (-4.00) | -0.011*** (-3.26) | -0.012*** (-4.82) | -0.009** (-2.59) | -0.010*** (-3.98) | -0.010*** (-3.73) | -0.012*** (-5.75) |
| Observations | 2,840 | 7,367 | 2,396 | 6,461 | 1,633 | 4,191 | 2,840 | 7,367 | 2,840 | 7,367 |
| Adjusted R ² | 0.012 | 0.013 | 0.013 | 0.014 | 0.010 | 0.013 | 0.011 | 0.013 | 0.013 | 0.015 |

This table reports regression results of market reaction to announcements of mergers (1994-2018), stock repurchases, SEOs, dividends, and earnings (1995-2018) in Australia. The dependent variable is buy-and-hold abnormal returns (BHAR) over the window [0,1] days, except for repurchases over the window [-1,1] days. BHAR is calculated using the market-adjusted model. *Friday* is an indicator equal to one for announcements that are on Fridays and is zero otherwise. *Friday announcer* is an indicator equal to one for firms that make at least one announcement on a Friday during the sample period and is zero otherwise. In Panel C, dividend change refers to the change in the dividend per share scaled by the share price at the end of the month before the announcement. Dividend announcements are sorted by their dividend change into 10 groups (*Dividend change group*) with groups 1–5 for negative dividend changes and groups 6–10 for positive dividend changes. *Top two div change groups* is a binary variable equal to one if the announcement of dividend change is in the top two groups and zero if it is in the bottom two groups. In Panel D, SUE is the earnings surprise for quarterly announcements, calculated as the difference between actual earnings per share and median analyst forecast for that quarter normalized by the stock price five trading days before the announcement. Earnings announcements are sorted by earnings surprise each year into 11 groups (*SUE group*) with groups 1–5 for negative SUE and groups 7–11 for positive SUE. *Top two SUE groups* is an indicator equal to one if the announcement's earnings surprise is in the top two groups and zero if it is in the bottom two groups. *Friday announcement frequency* refers to the ratio of the number of announcements on Fridays to the total number of announcements by the firm. Robust standard errors are clustered by firm, and the *t*-statistics are in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table 4. U.S. results – Fair Disclosure (FD) Regulation – 2001-2018

Panel 4A: Market response to stock repurchase and SEO announcements – U.S. - 2001-2018

| | Repurchases | | | | SEOs | | | |
|-------------------------|---------------------|----------------------|------------------------|----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| | Full sample | Monday - Thursday | Friday announcer firms | Full sample | Full sample | Monday - Thursday | Friday announcer firms | Full sample |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Friday | -0.003** (-2.19) | | 0.001 (0.67) | 0.001 (0.58) | 0.009*** (5.74) | | 0.005** (2.40) | 0.005** (2.40) |
| Friday announcer | | -0.008*** (-7.53) | | -0.008*** (-7.59) | | 0.006*** (2.99) | | 0.006*** (2.99) |
| Intercept | 0.014*** (26.47) | 0.018*** (24.11) | 0.010*** (15.17) | 0.018*** (24.30) | -0.021*** (-20.31) | -0.023*** (-17.45) | -0.017*** (-10.51) | -0.023*** (-17.45) |
| Observations | 16,357 | 14,227 | 9,052 | 16,357 | 6,256 | 4,953 | 2,789 | 6,256 |
| Adjusted R ² | 0.0002 | 0.0039 | -0.0001 | 0.0037 | 0.003 | 0.002 | 0.002 | 0.004 |

Panel 4B: Market response to merger announcements – U.S. - 2001-2018

| | Public target | Private target | Public target | Private target | Public target | Private target | Public target | Private target |
|-------------------------|-----------------------|--------------------|----------------------|----------------------|------------------------|-----------------|----------------------|----------------------|
| | Full sample | | Monday-Thursday | | Friday announcer firms | | Full sample | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Friday | 0.015* (1.81) | 0.005 (0.32) | | | 0.011 (1.33) | 0.022 (1.47) | 0.011 (1.31) | 0.022 (1.48) |
| Friday announcer | | | 0.005 (1.21) | -0.021*** (-2.85) | | | 0.005 (1.24) | -0.021*** (-2.84) |
| Intercept | -0.024*** (-10.76) | 0.019*** (3.97) | -0.025*** (-9.12) | 0.023*** (3.93) | -0.020*** (-6.62) | 0.003 (0.64) | -0.025*** (-9.14) | 0.023*** (3.93) |
| Observations | 1,419 | 732 | 1,267 | 654 | 447 | 194 | 1,419 | 732 |
| Adjusted R ² | 0.003 | -0.001 | -0.0001 | 0.002 | 0.003 | 0.01 | 0.005 | 0.001 |

Panel 4C: Market response to dividend change announcements – U.S. - 2001-2018

| | Full sample | | Monday-Thursday | | Fri announcer firms | | Full sample | |
|----------------------------------|---------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Top 2 div change groups | 0.028*** (12.91) | | 0.020*** (6.71) | | 0.037*** (11.05) | | 0.020*** (6.73) | |
| Friday x Top 2 div change groups | | 0.008 (1.39) | | | | -0.002 (-0.27) | | -0.002 (-0.29) |
| Div change group | | | 0.003*** (16.16) | | 0.002*** (9.14) | | 0.004*** (13.65) | 0.002*** (9.05) |
| Friday x Div change group | | | 0.001** (2.19) | | | | 0.0002 (0.45) | 0.0002 (0.46) |
| Fri announcer x Top 2 div change | | | | 0.017*** (3.94) | | | | 0.017*** (3.95) |
| Fri announcer x Div change group | | | | | 0.002*** (4.16) | | | 0.002*** (4.12) |
| Friday | | -0.007 (-1.39) | -0.006* (-1.75) | | | 0.000 (0.00) | -0.0008 (-0.21) | 0.000 (0.00) |
| Friday announcer | | | | -0.013*** (-3.20) | -0.010*** (-3.71) | | | -0.013*** (-3.21) |
| Intercept | | -0.018*** (-9.03) | -0.018*** (-12.87) | -0.012*** (-4.32) | -0.013*** (-6.91) | -0.025*** (-8.04) | -0.023*** (-11.25) | -0.012*** (-4.33) |
| Observations | | 4,819 | 12,052 | 4,187 | 10,444 | 2,479 | 6,464 | 4,819 |
| Adjusted R ² | | 0.043 | 0.027 | 0.041 | 0.024 | 0.063 | 0.039 | 0.046 |

Panel 4D: The differential effect of Friday on earnings announcement return – U.S. - 2001-2018

| | Full sample | | Monday-Thursday | | Fri announcer firms | | | Full sample | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Top 2 SUE groups | 0.049*** (33.49) | | 0.052*** (28.36) | | 0.044*** (20.18) | | 0.052*** (27.77) | | 0.050*** (31.04) | |
| Friday x Top 2 SUE groups | -0.017*** (-3.39) | | | | -0.012** (-2.36) | | -0.012** (-2.21) | | -0.010* (-1.77) | |
| Fri announcer x Top 2 SUE groups | | | -0.008*** (-2.87) | | | | -0.008*** (-2.81) | | | |
| Friday announcement frequency x Top 2 SUE groups | | | | | | | | | -0.023** (-2.09) | |
| SUE group | | 0.006*** (53.13) | | 0.006*** (44.37) | | 0.005*** (32.98) | | 0.006*** (43.91) | | 0.006*** (49.64) |
| Friday x SUE group | | -0.002*** (-5.49) | | | | -0.002*** (-4.09) | | -0.002*** (-3.73) | | -0.001*** (-2.58) |
| Fri announcer x SUE group | | | | -0.001*** (-4.28) | | | | -0.001*** (-4.23) | | |
| Friday announcement frequency x SUE group | | | | | | | | | | -0.004*** (-4.04) |
| Friday | 0.011*** (3.12) | 0.015*** (5.67) | | | 0.007** (2.10) | 0.010*** (3.86) | 0.007** (1.97) | 0.010*** (3.55) | 0.009** (2.20) | 0.008*** (2.61) |
| Friday announcer | | | 0.006*** (2.61) | 0.008*** (5.19) | | | 0.006** (2.56) | 0.008*** (5.14) | | |
| Friday announcement frequency | | | | | | | | | 0.007 (0.84) | 0.026*** (4.28) |
| Intercept | -0.027*** (-23.57) | -0.039*** (-48.57) | -0.029*** (-20.19) | -0.042*** (-41.04) | -0.023*** (-13.94) | -0.034*** (-29.51) | -0.029*** (-19.76) | -0.042*** (-40.62) | -0.027*** (-21.56) | -0.040*** (-45.53) |
| Observations | 26,226 | 70,771 | 23,949 | 65,483 | 11,683 | 31,322 | 26,226 | 70,771 | 26,226 | 70,771 |
| Adjusted R ² | 0.043 | 0.040 | 0.047 | 0.043 | 0.038 | 0.037 | 0.043 | 0.040 | 0.043 | 0.040 |

This table reports regression results of market reaction to U.S. announcements of mergers, stock repurchases, SEOs, dividends, and earnings over the period 2001-2018. The dependent variable is buy-and-hold abnormal returns (BHAR) over the window [0,1] days, except for repurchases over the window [-1,1] days. BHAR is calculated using the four-factor Fama-French and Carhart model (except for the market model for earnings announcements). *Friday* is an indicator equal to one for announcements that are on Fridays and is zero otherwise. *Friday announcer* is an indicator equal to one for firms that make at least one announcement on a Friday during the sample period and is zero otherwise. In Panel C, dividend change refers to the change in the dividend per share scaled by the share price at the end of the month before the announcement. Dividend announcements are sorted by their dividend change into 10 groups (*Dividend change group*) with groups 1–5 for negative dividend changes and groups 6–10 for positive dividend changes. *Top two div change groups* is a binary variable equal to one if the announcement of dividend change is in the top two groups and zero if it is in the bottom two groups. In Panel D, SUE is the earnings surprise for quarterly announcements, calculated as the difference between actual earnings per share and median analyst forecast for that quarter normalized by the stock price five trading days before the announcement. Earnings announcements are sorted by earnings surprise each year into 11 groups (*SUE group*) with groups 1–5 for negative SUE and groups 7–11 for positive SUE. *Top two SUE groups* is an indicator equal to one if the announcement's earnings surprise is in the top two groups and zero if it is in the bottom two groups. *Friday announcement frequency* refers to the ratio of the number of announcements on Fridays to the total number of announcements by the firm. Robust standard errors are clustered by firm, and the *t*-statistics are in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table 5: Earnings announcements – 1995-2018 - Australia and U.S. markets - before and after 4pm announcements

Panel 5A: The differential effect of Friday on earnings announcement return – U.S. - 1995-2018 - before 4pm

| | Full sample | | Monday-Thursday | | Fri announcer firms | | | Full sample | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Top 2 SUE groups | 0.039*** (25.91) | | 0.041*** (20.57) | | 0.037*** (16.71) | | 0.041*** (20.32) | | 0.040*** (23.80) | |
| Friday x Top 2 SUE groups | -0.006 (-1.43) | | | | -0.004 (-0.92) | | -0.004 (-0.89) | | -0.003 (-0.59) | |
| Fri announcer x Top 2 SUE groups | | | -0.003 (-1.13) | | | | -0.003 (-1.11) | | | |
| Friday announcement frequency x Top 2 SUE groups | | | | | | | | | -0.011 (-1.15) | |
| SUE group | | 0.005*** (40.47) | | 0.005*** (31.75) | | 0.004*** (26.89) | | 0.005*** (31.54) | | 0.005*** (37.43) |
| Friday x SUE group | | -0.001** (-2.58) | | | | -0.001* (-1.87) | | -0.001* (-1.77) | | -0.0003 (-0.82) |
| Fri announcer x SUE group | | | | -0.0004* (-1.66) | | | | -0.0004 (-1.64) | | |
| Friday announcement frequency x SUE group | | | | | | | | | | -0.002** (-2.53) |
| Friday | 0.003 (0.91) | 0.004* (1.86) | | | 0.001 (0.17) | 0.002 (0.97) | 0.001 (0.16) | 0.002 (0.91) | 0.001 (0.41) | 0.001 (0.22) |
| Friday announcer | | | 0.004 (1.64) | 0.003** (2.06) | | | 0.004 (1.62) | 0.003* (2.05) | | |
| Friday announcement frequency | | | | | | | | | 0.004 (0.61) | 0.013** (2.48) |
| Intercept | -0.021*** (-18.61) | -0.030*** (-36.18) | -0.023*** (-15.38) | -0.031*** (-28.72) | -0.019*** (-11.29) | -0.028*** (-23.65) | -0.023*** (-15.19) | -0.031*** (-28.52) | -0.022*** (-17.07) | -0.031*** (-33.61) |
| Observations | 21,447 | 58,300 | 18,635 | 51,644 | 10,807 | 29,394 | 21,447 | 58,300 | 21,447 | 58,300 |
| Adjusted R ² | 0.034 | 0.030 | 0.036 | 0.031 | 0.032 | 0.030 | 0.034 | 0.030 | 0.034 | 0.030 |

Panel 5B: The differential effect of Friday on earnings announcement return – U.S. – 1995-2018 - after 4pm

| | Full sample | | Monday-Thursday | | Fri announcer firms | | | Full sample | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Top 2 SUE groups | 0.046*** (23.62) | | 0.049*** (21.10) | | 0.040*** (12.58) | | 0.049*** (20.60) | | 0.047*** (22.14) | |
| Friday x Top 2 SUE groups | -0.039*** (-4.34) | | | | -0.033*** (-3.74) | | -0.033*** (-3.49) | | -0.031*** (-3.02) | |
| Fri announcer x Top 2 SUE groups | | | -0.009** (-2.19) | | | | -0.009** (-2.14) | | | |
| Friday announcement frequency x Top 2 SUE groups | | | | | | | | | -0.024 (-1.41) | |
| SUE group | | 0.006*** (38.44) | | 0.006*** (33.97) | | 0.005*** (20.80) | | 0.006*** (33.53) | | 0.006*** (36.46) |
| Friday x SUE group | | -0.005*** (-6.42) | | | | -0.004*** (-5.59) | | -0.004*** (-5.14) | | -0.003*** (-3.96) |
| Fri announcer x SUE group | | | | -0.001*** (-3.50) | | | | -0.001*** (-3.46) | | |
| Friday announcement frequency x SUE group | | | | | | | | | | -0.004*** (-3.21) |
| Friday | 0.021*** (3.84) | 0.030*** (6.67) | | | 0.019*** (3.38) | 0.025*** (5.68) | 0.019*** (3.15) | 0.025*** (5.22) | 0.019*** (2.88) | 0.022** (4.11) |
| Friday announcer | | | 0.004 (1.23) | 0.008*** (3.46) | | | 0.004 (1.20) | 0.008*** (3.42) | | |
| Friday announcement frequency | | | | | | | | | 0.008 (0.70) | 0.029*** (3.10) |
| Intercept | -0.023*** (-15.15) | -0.038*** (-34.83) | -0.024*** (-13.38) | -0.040*** (-30.79) | -0.020*** (-8.33) | -0.032*** (-18.86) | -0.024*** (-13.06) | -0.040*** (-30.40) | -0.023*** (-14.15) | -0.039*** (-33.11) |
| Observations | 15,167 | 41,230 | 14,419 | 39,750 | 5,401 | 14,247 | 15,167 | 41,230 | 15,167 | 41,230 |
| Adjusted R ² | 0.035 | 0.035 | 0.039 | 0.037 | 0.028 | 0.030 | 0.036 | 0.035 | 0.035 | 0.035 |

Panel 5C: The differential effect of Friday on earnings announcement return – AU – 1995-2018 – before 4pm

| | Full sample | | Monday-Thursday | | Fri announcer firms | | | Full sample | | |
|--|---------------------|----------------------|--------------------|--------------------|---------------------|----------------------|---------------------|--------------------|---------------------|----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Top 2 SUE groups | 0.016*** (4.13) | | 0.015*** (2.71) | | 0.017*** (3.20) | | 0.015*** (2.71) | | 0.019*** (4.26) | |
| Friday x Top 2 SUE groups | -0.007 (-0.79) | | | | -0.008 (-0.84) | | -0.008 (-0.82) | | 0.001 (0.08) | |
| Fri announcer x Top 2 SUE groups | | | 0.002 (0.22) | | | | 0.002 (-0.22) | | | |
| Friday announcement frequency x Top 2 SUE groups | | | | | | | | | -0.029* (-1.42) | |
| SUE group | | 0.002*** (6.61) | | 0.002*** (4.16) | | 0.002*** (5.35) | | 0.002*** (4.13) | | 0.002*** (6.61) |
| Friday x SUE group | | -0.001 (-1.24) | | | | -0.001 (-1.41) | | -0.001 (-1.36) | | -0.00006 (-0.07) |
| Fri announcer x SUE group | | | | 0.0004 (0.59) | | | | 0.0004 (0.58) | | |
| Friday announcement frequency x SUE group | | | | | | | | | | -0.003* (-1.89) |
| Friday | 0.003 (0.53) | 0.004 (0.88) | | | 0.006 (0.64) | 0.006 (1.25) | 0.004 (0.63) | 0.006 (1.21) | 0.003 (0.35) | 0.003 (0.56) |
| Friday announcer | | | -0.002 (-0.36) | -0.005 (-1.06) | | | -0.002 (-0.36) | -0.005 (-1.06) | | |
| Friday announcement frequency | | | | | | | | | 0.002 (0.16) | 0.003 (0.24) |
| Intercept | -0.007** (-2.58) | -0.008*** (-3.81) | -0.006 (-1.54) | -0.006* (-1.85) | -0.008** (-2.15) | -0.010*** (-3.60) | -0.006** (-1.54) | -0.006* (-1.84) | -0.007** (-2.33) | -0.009*** (-3.45) |
| Observations | 2,132 | 5,142 | 1,712 | 4,273 | 1,306 | 3,170 | 2,132 | 5,142 | 2,132 | 5,142 |
| Adjusted R ² | 0.007 | 0.009 | 0.008 | 0.010 | 0.007 | 0.009 | 0.006 | 0.009 | 0.008 | 0.010 |

Panel 5D: The differential effect of Friday on earnings announcement return – AU – 1995-2018 – after 4pm

| | Full sample | | Monday-Thursday | | Fri announcer firms | | | Full sample | | |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Top 2 SUE groups | 0.028*** (4.47) | | 0.030*** (3.52) | | 0.026*** (2.75) | | 0.030*** (3.53) | | 0.034*** (4.56) | |
| Friday x Top 2 SUE groups | 0.017 (0.48) | | | | 0.019 (0.54) | | 0.019 (0.54) | | 0.046 (1.16) | |
| Fri announcer x Top 2 SUE groups | | | -0.004 (-0.31) | | | | -0.004 (-0.31) | | | |
| Friday announcement frequency x Top 2 SUE groups | | | | | | | | | -0.068 (-1.56) | |
| SUE group | | 0.004*** (7.77) | | 0.004*** (6.21) | | 0.003*** (5.02) | | 0.004*** (6.21) | | 0.004*** (7.50) |
| Friday x SUE group | | 0.003 (0.99) | | | | 0.003 (1.17) | | 0.003 (1.09) | | 0.005 (1.64) |
| Fri announcer x SUE group | | | | -0.001 (-0.65) | | | | -0.001 (-0.65) | | |
| Friday announcement frequency x SUE group | | | | | | | | | | -0.006* (-1.82) |
| Friday | 0.002 (0.07) | -0.008 (-0.43) | | | 0.004 (0.16) | -0.010 (-0.55) | 0.004 (0.16) | -0.010 (-0.52) | -0.003 (-0.12) | -0.019 (-0.93) |
| Friday announcer | | | -0.004 (-0.45) | 0.003 (0.52) | | | -0.004 (-0.45) | 0.003 (0.52) | | |
| Friday announcement frequency | | | | | | | | | 0.013 (0.46) | 0.031 (1.37) |
| Intercept | -0.016*** (-3.56) | -0.017*** (-5.41) | -0.014** (-2.33) | -0.019*** (-4.35) | -0.018*** (-2.73) | -0.015*** (-3.46) | -0.014** (-2.33) | -0.019*** (-4.35) | -0.018*** (-3.21) | -0.020*** (-5.29) |
| Observations | 708 | 2,225 | 685 | 2,188 | 327 | 1,021 | 708 | 2,225 | 708 | 2,225 |
| Adjusted R ² | 0.026 | 0.028 | 0.025 | 0.026 | 0.020 | 0.028 | 0.025 | 0.027 | 0.028 | 0.028 |

This table reports regression results of market reaction to U.S. and Australian announcements of earnings over the period 1995-2018, separately for earnings announcements made before and after 4pm. The dependent variable is buy-and-hold abnormal returns (BHAR) over the window [0,1] days. BHAR is calculated using the market model for the U.S market, and market-adjusted model for the Australian market. *Friday* is an indicator equal to one for announcements that are on Fridays and is zero otherwise. *Friday announcer* is an indicator equal to one for firms that make at least one announcement on a Friday during the sample period and is zero otherwise. *Friday announcement frequency* refers to the ratio of the number of announcements on Fridays to the total number of announcements by the firm. *SUE* is the earnings surprise for quarterly announcements, calculated as the difference between actual earnings per share and median analyst forecast for that quarter normalized by the stock price five trading days before the announcement. Earnings announcements are sorted by earnings surprise each year into 11 groups (*SUE group*) with groups 1–5 for negative SUE and groups 7–11 for positive SUE. *Top two SUE groups* is an indicator equal to one if the announcement’s earnings surprise is in the top two groups and zero if it is in the bottom two groups. Robust standard errors are clustered by firm, and the *t*-statistics are in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.