Managerial Attention to Financial Markets: Evidence From Managers' Own Discussion

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Abstract

A long literature argues corporate managers pay close attention to financial markets, yet attention itself is difficult to observe directly. I develop a novel measure of managerial attention using managers' own discussions of market conditions during earnings calls for nearly all U.S. public firms from 2007-2024. Managers with greater financial-market attention exhibit higher investment-price sensitivity, respond more effectively to financing opportunities, and are more likely to withdraw acquisitions following adverse announcement returns. These findings are robust to controls for market conditions and cost of capital, identifying managerial attention as a key mechanism through which financial markets shape real decisions.

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MANY FOUNDATIONAL TEHORIES—including price feedback theory (Bond, Edmans, and Goldstein, 2012) and market-timing theory (Baker and Wurgler, 2002)—predict that when managers actively monitor financial markets, they can incorporate information embedded in prices into real corporate decisions. Stock prices may reveal information about investment opportunities, while conditions in equity and debt markets convey signals about firms' cost of capital and financing capacity. If managers attend to and process these signals, financial markets should exert real effects on corporate investment and financing policies.

A large empirical literature studies these predictions by examining correlations between market prices and corporate actions. Numerous studies document that investment is more sensitive to stock prices when prices are assumed to be more informative, such as when insider trading is constrained (e.g., Chen, Goldstein, and Jiang, 2007; Edmans, Jayaraman, and Schneemeier, 2017). Related work shows that firms issue equity or debt more aggressively during favorable market conditions, consistent with market-timing behavior (e.g., Baker and Wurgler, 2002; Ma, 2019). Much of this literature, however, only *infers* the role of managerial learning—or, more broadly, the real effects of financial markets—from changes in corporate policies across settings where the information content of prices is presumed to vary, rather than from *direct* evidence on managers' engagement with market signals (see, e.g., Gelsomin and Hutton, 2023).[1]

This challenge reflects a broader measurement problem. The real effects of financial markets operate through two jointly necessary channels: i) the usefulness of market signals and ii) managers' attention to those signals. While existing research has devoted substantial effort to measuring and refining the first channel, the second has remained largely unobserved. Without a direct measure of managerial attention, empirical tests cannot disentangle learning from markets from correlations driven by omitted variables. This limitation is particularly important when attention is a scarce cognitive resource (Kahneman

[1] As a result, the same empirical patterns are observationally consistent with alternative channels, including unobserved factors influencing both prices and corporate decision, as well as investor influence that operates through private engagement with management while the same investors simultaneously affect stock prices through their trading activity. Similarly, correlations between security issuance and market conditions may reflect unobservable firm characteristics—such as governance quality, endogenous financing margins, or managerial biases—rather than active market timing (e.g., Jung, Kim, and Stulz, 1996; Hennessy and Whited, 2005; Malmendier, Tate, and Yan, 2011).

(1973)), and managers have limited attention (e.g., Yermack, 2014; Neyland, 2020; Ben-Rephael, Carlin, Da, and Israelsen, 2025). In such settings, the risk of false positive inference—misattributing observed correlations between market conditions and corporate policies to the real effects of financial markets—becomes especially pronounced.

In this paper, I address this missing behavioral channel by developing a novel and *direct measure* of managerial attention to financial markets—the *Index of Attention to Financial Markets* (IAFM)—constructed from managers' own discussions of market conditions during earnings calls. The underlying idea is simple: if financial markets have real effects, managers should respond more strongly to market signals when they devote more attention to them.

Earnings calls are an ideal setting for capturing such attention. Because these quarterly events are time-constrained—combining structured presentations with spontaneous Q&A—managers must allocate their limited speaking time selectively, so greater discussion of financial market conditions plausibly reveals greater attention to them, an assumption I validate extensively. Their near-universal use by public firms also makes the measure systematic and scalable (109,191 firm-year observations, 2007–2024).

To operationalize attention, I start from seed words unambiguously related to financial markets—e.g., "*stock price*" and "*stock return*" for equity markets, "*interest rate*" and "*credit spread*" for debt markets—and apply a machine-learning–based keyword discovery method, word2vec (Mikolov et al., 2013), to learn the broader vocabulary managers use when discussing market conditions. I then score each earnings call by the intensity of this financial-market language, weighted by its relative rarity across firms and time (tf-idf), and aggregate to the firm-year level. This yields two measures: equity-market attention, capturing monitoring of the stock-market signals emphasized in price-feedback and market-timing theories, and debt-market attention, capturing monitoring of financing conditions that convey information about firms' cost of capital and investment opportunities (e.g., Graham, Leary, and Roberts, 2015; Davis and Gondhi, 2024).

I validate that the IAFM captures meaningful variation in attention, in line with economic intuition. Attention is highest in industries whose business models are most intertwined with financial markets—capital-intensive sectors whose key inputs or outputs are

directly priced in traded instruments, such as Finance, Utilities, and Real Estate. Managers' characteristics also shape attention predictably: incentive alignment initially raises attention but entrenchment dampens it at high ownership levels, and finance-expert CEOs devote greater attention to financial markets. Finally, each IAFM dimension responds to market conditions in dimension-specific ways: equity-market attention rises after firm-specific stock outperformance (but falls when equity signals are noisier), whereas debt-market attention rises with tighter financing conditions—higher interest rates and firm bond yields.

Beyond the validation exercises, a striking empirical finding is the substantial heterogeneity in how much managers attend to financial markets. Attention varies within firms over time (about 43% of total variation), across firms (about 34%), across industries (about 15%), and along industry-by-year and year dimensions (about 8% combined). This dispersion challenges the implicit assumption in representative-agent models that all managers attend similarly to market signals, and suggests that differences in managerial attention can be a first-order reason why market prices affect real decisions more strongly for some firms than others—offering new behavioral micro-foundations for heterogeneity in the real effects of financial markets.

I then explore the implications of having a strong attention to financial markets on business outcomes. My empirical strategy is organized around testing the two fundamental roles that financial markets serve in corporate decision-making: (1) providing information about business opportunities to guide investment policy, and (2) conveying information about the cost of capital to guide financing policy.

First, for investment policy, firms whose managers allocate greater attention to financial markets exhibit significantly greater investment-price sensitivity. A 10% increase in equity market attention enhances capital expenditure sensitivity to Tobin's Q by 1.93%, while a 10% increase in debt market attention increases this sensitivity by 2.68%. The effect is most pronounced in situations where managers are particularly likely to learn from market signals and able to act on them: when insider trading is limited, when product-market competition is high, when firms have greater financial capacity to adjust investment, and when attention carries a positive tone. The attention-induced investment responses also predict stronger subsequent operating performance and positive stock-market reactions without return

reversals. These results provide direct evidence, based on revealed managerial behavior, for the feedback theory.

Second, for financing policy, I find that attention to financial markets serves as a critical organizational capability that enhances firms' ability to access external capital at the *extensive margin* when financing needs arise. A 10% increase in equity market attention is associated with a 1.5% higher likelihood of issuing equity in response to financing deficits, while a 10% increase in debt market attention corresponds to a 9.52% higher likelihood of issuing debt. Importantly, each form of attention also predicts issuance in the "other" market: a 10% increase in equity-market attention is associated with a 2.02% higher likelihood of issuing debt, while a 10% increase in debt-market attention corresponds to a 3.43% higher likelihood of issuing equity. These patterns cannot be explained by managers simply disclosing, or signaling, intended financing plans during calls; if so, attention to the "other" market should exhibit no—or even negative—predictive power. Rather, the evidence is more consistent with the idea that attention captures distinct informational advantages that may help managers identify and seize financing opportunities across multiple markets.

Further supporting this hypothesis, I show that attention alters managers' choice of financing instrument in response to *market-specific* conditions. Conditional on firms raising external capital, managers with greater equity-market attention are more likely to issue equity over debt when firm valuations or equity market sentiment are high, whereas managers with greater debt-market attention are more likely to shift toward equity when interest rates rise. These findings provide direct support for the market-timing theory and Ma (2019), showing that firms' ability to exploit financing windows hinges on how much attention managers actually devote to monitoring financial markets.[2]

Since attention enhances both investment–price sensitivity and firms' financing capabilities, the investment–price sensitivity could operate through two channels: the business-opportunities channel of price feedback theory, or the financing channel of market

[2] I also find that, if anything, managerial attention is negatively correlated with the perceived cost of capital and associated with a narrower gap between perceived and actual cost of capital. This suggests a candidate behavioral mechanism for the "excess dispersion" documented by Gormsen and Huber (2024): attentive managers update their perceptions using price signals, while inattentive managers may overestimate financing costs possibly because of a greater perceived ambiguity or uncertainty about those costs.

timing. To isolate the first, I restrict the sample to firm-years in which firms do not raise external capital. Equity-market attention continues to amplify investment–price sensitivity in this subsample, with magnitudes close to those in the full sample. Debt-market attention does so when entered alone but loses significance once both measures enter jointly—consistent with equity, the residual claim on firm value, being more information-sensitive to future prospects than debt. The business-opportunities channel therefore contributes to attention-induced investment–price sensitivity, in addition to the financing channel.

The results are also robust to alternative implementations of IAFM: the findings hold when I replace TF-IDF with raw term frequency, when I replace the continuous measure with binary indicators, and when I restrict the dictionary to the 25 seed words per dimension.

A natural concern is that managerial attention is endogenous: managers may devote greater attention to financial markets precisely when they anticipate decisions for which market conditions are especially relevant. To mitigate this concern, I first exploit the structure of earnings calls. Unlike the prepared management presentation, the Q&A discussion is partly driven by analysts, who determine which issues managers must address. Because managers cannot fully choose the discussion agenda, attention measured from Q&A is less dependent on managers' own endogenous choice of topics. For example, after a run-up in the firm's stock price, an analyst may ask whether management views the current valuation as sustainable—because investors must reprice the firm's securities—even when managers have no equity transaction in prospect and would not have raised the topic themselves. Constructing IAFM solely from only the Q&A section yields effects comparable to the baseline results. I then instrument managers' financial-market attention in their Q&A responses with analyst attention measured from analysts' questions alone. This strategy directly isolates the component of managerial attention that is less affected by managers' endogenous attention allocation. The resulting two-stage least squares estimates remain broadly consistent with the baseline findings.[3]

[3] A converse concern is that my baseline results *purely* reflect Q&A section's analyst pressure rather than managers' own cognition. However, attention measured from management presentation (where no external questioning operates) alone continues to predict corporate policies.

The analyst-based identification strategy, however, does not resolve situations in which managers and analysts respond similarly to common shocks—particularly financial-market conditions themselves. A conceptually distinct concern is the "attention-as-sideshow" interpretation: market conditions transmit mechanically into firms' cost of capital and policies, and measured attention merely co-moves with them, playing no independent role in shaping corporate policies. Both concerns imply that the results should weaken—and under the sideshow view, disappear—once financial-market conditions enter the regressions directly. Several features of the empirical design help address these concerns. First, my analysis focuses on interactions between IAFM and market variables, which compare whether managers with different levels of attention respond differently to the *same* market signal while directly controlling for the baseline effects of those market variables. Second, the findings remain when I additionally control for firm-level equity returns, return volatility, and a separate measure of managerial attention to market-wide turbulence, together with the corresponding interaction terms.[4] Finally, and most directly against the sideshow interpretation, I find that managerial attention exerts an *incremental* effect even in settings where a mechanical cost-of-capital channel clearly operates.

Another concern is that managers' discussion of financial markets merely reflects "window dressing" rather than their underlying attention. For example, a manager might pepper the call with references to financial markets simply to *appear* sophisticated and well-informed to investors. If so, market talk should not predict how firms respond to financial-market conditions. The results show the opposite.

To what extent do these attention patterns reflect individual managerial styles (Bertrand and Schoar, 2003)? A variance decomposition shows that manager-specific effects account for at least 6% and 8% of the variation in equity- and debt-market attention, respectively, indicating that individual executives bring distinctive attention patterns to financial markets. I next examine whether these patterns travel with managers and shape policies at subsequent employers. Using CEOs' pre-tenure IAFM from their prior C-suite

[4] As discussed in Section VI.D, I deliberately exclude these more extensive market-condition controls from the baseline specifications: if financial markets influence corporate policies *through* managerial attention, controlling for market conditions would introduce a "bad-control" problem by partialing out the very channel of interest. Including them here is thus a conservative check that, if anything, understates attention's total effect.

positions *at other firms*, I find evidence consistent with this hypothesis. Because pre-tenure IAFM is measured before a CEO joins the focal firm, it tightens identification by reducing concerns that attention is shaped by the firm's subsequent policies or contemporaneous shocks. What it does not fully resolve, however, is endogenous CEO-firm matching: boards may select CEOs whose attention patterns already align with the firm's future policy needs. *At the very least*, the persistence of pre-tenure attention effects suggests that managerial attention is a necessary implementation mechanism: even when a firm should respond to market signals, executing that response requires managers who monitor them.[5]

Next, I extend the IAFM framework to a third dimension of managerial attention: IAFM Other Assets, a TF-IDF measure of managers' discussion of commodity, currency, and derivatives markets. I apply the measure to the energy sector, where investment decisions are particularly sensitive to commodity prices (Gilje and Taillard, 2017; Shi and Zhang, 2024). Energy firms with higher IAFM Other Assets adjust investment more sensitively to changes in Brent crude oil prices, whereas non-Energy firms do not. This dimension-specific response reinforces the interpretation that managerial attention operates through economically relevant information channels rather than reflecting a generic propensity to discuss financial markets.

Finally, I examine the implications for mergers and acquisitions and find evidence consistent with the theoretical predictions of Lin, Ma, Yang, and Zhu (2025). Managers with greater equity-market attention are more likely to withdraw announced acquisitions upon adverse announcement returns—but only in all-cash deals, where feedback matters most because the deal's cost is not contingent on the acquirer's own stock—and they respond to the announcement reaction itself, not to pre-announcement price trends.

This paper revisits a fundamental but largely untested assumption underlying much of corporate finance theory: that managers actively pay attention to financial markets. Foundational theories of price feedback (Bond, Edmans, and Goldstein, 2012) and market timing (Baker and Wurgler, 2002) develop rich predictions about the usefulness of market signals while implicitly treating managerial attention as given, and a large empirical literature

[5] It is inconsistent with the alternative "*no-attention-needed*" or "*no-real-effects*" view, under which a firm would pursue exactly the same policies regardless of whether managers are attentive to financial markets because market prices then contain no additional information beyond fundamentals already known to the firm.

has inferred the real effects of financial markets from correlations between prices and corporate policies, without direct evidence on whether managers actually monitor market information.[6] Attention, moreover, is the more primitive of the two channels: managers respond even to noisy, non-fundamental price shocks (Dessaint, Foucault, Frésard, and Matray, 2019), so market signals need not be informative for markets to exert real effects—but managers must be paying attention for any signal, informative or noisy, to reach corporate decisions. By measuring this behavioral channel directly, the paper provides evidence that market prices affect investment decisions specifically when managers attend to them, and documents substantial heterogeneity in that attention across firms, industries, and time.[7]

This revealed-behavior approach complements Goldstein, Liu, and Yang's (2026; GLY hereafter) survey evidence on Chinese listed firms. Whereas the GLY survey is answered mostly by board secretaries at a single point in time, my measure captures what CEOs and CFOs themselves say—often unscripted, in live Q&A exchanges where analysts raise issues managers would not volunteer—every quarter over sixteen years. The measure is also multidimensional, spanning equity, debt, liquidity and volatility, and commodity markets, and is readily scalable to any country that holds earnings calls, whereas the GLY evidence is specific to Chinese listed firms, whose distinctive institutional features may limit generalizability.[8, 9] Together, these features support a sharper test of how managerial attention mediates the link between market signals and real corporate decisions.

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[6] For theoretical papers, see, for example, Goldstein and Guembel (2008), Goldstein, Ozdenoren, and Yuan (2013), Hirshleifer, Subrahmanyam, and Titman (2006), Sockin and Xiong (2015), Goldstein and Yang (2019), and Goldstein and Yang (2022), among many others. For empirical papers, see, for example, Luo (2005), Chen, Goldstein, and Jiang (2007), Bakke and Whited (2010), Foucault and Fresard (2012), Edmans, Jayaraman, and Schneemeier (2017), and Dessaint, Foucault, Fresard, and Matray (2019), Ye, Zheng, and Zhu (2023), Kwan, Lin, and Liu (2024), and Cao, Goldstein, He, and Zhao (2025) among many others.

[7] By decomposing attention into equity, debt, and other market dimensions (e.g., commodities, volatility, liquidity) based on managers' own discussion, I also show that managers extract and act on distinct information from different market signals, each shaping corporate decisions through different mechanisms.

[8] GLY field their survey in two waves (2019 and 2022) but restrict the regression analysis to the 2022 wave, using it to explain firm behavior from 2012–2021, even though managerial attitudes and personnel may have shifted materially over that window. This design also potentially introduces survivorship bias, as only firms still active in 2022 are observed. The survey is further distributed through the China Securities Regulatory Commission (CSRC); although GLY pledge confidentiality, distribution through the regulator implies a response rate near 100% and may still create incentives for respondents to over- or under-report their attention to financial markets in ways that align with perceived regulatory expectations. Finally, firms may ex post justify past strategies—after seeing their investments align with stock-price movements, managers might claim they had been "learning from markets," making survey responses endogenous to past outcomes.

This paper also refines the empirical foundations of market-timing and capital-structure research (e.g., Baker and Wurgler 2002; Henderson, Jegadeesh, and Weisbach 2006; Huang and Ritter 2009). Previous studies inferred timing behavior from issuance outcomes relative to valuation proxies, which are easily confounded by unobservable factors such as governance quality, endogenous financing margin, or managerial bias (e.g., Jung, Kim, and Stulz, 1996; Hennessy and Whited, 2005; Malmendier, Tate, and Yan, 2011). By directly observing whether managers monitor market conditions, I isolate the behavioral precondition for market timing: recognizing and acting on financing windows. In doing so, I complement the pioneering survey evidence of Graham and Harvey (2001), showing that managers not only claim to consider market timing, but that variation in their actual attention to financial markets explains when and how they exploit financing opportunities.

Finally, the paper contributes to the behavioral finance literature by providing the first large-scale documentation of managerial attention to financial markets. Decades of research have examined how investors allocate attention and how it shapes asset pricing outcomes (e.g., Peng and Xiong 2006; Barber and Odean 2008; Da, Engelberg, and Gao 2011; Chen, Tang, Yao, and Zhou 2022), yet the attention patterns of managers—the decision-makers who ultimately translate market signals into corporate policies—have remained unmeasured and largely theoretical.

Section I describes the data. Section II constructs the IAFM measure, and Section III validates it. Sections IV and V examine its implications for investment and financing policies, and Section VI presents robustness checks. Section VII concludes. The Internet Appendix reports figures and tables on additional analyses, with Appendix Table A.I as a guide.

I. Data

I retrieve yearly fundamentals data from Compustat Annual, and stock market data from CRSP. I obtain CEO's scaled wealth-performance sensitivity (WPS) data from http://alexedmans.com/data/ and managerial stock ownership from ExecuComp. CEO career

[9] These features include heavy retail-investor participation, restrictions on short-selling and share tradability, partial state ownership, and weaker investor-protection and corporate-governance institutions. See Allen, Qian, and Qian (2005) and Carpenter, Lu, and Whitelaw (2021).

histories, used to identify finance-expert CEOs and to construct manager-level fixed effects, are drawn from BoardEx. Insider trading data come from the Thomson Reuters Insider Filing database. Bond yield data are obtained from WRDS Bond Returns. Product-market competition measures are from Hoberg and Phillips's Text-Based Network Industries (TNIC) database. Fama–French 12 industry definitions are from Kenneth French's data library. Mergers and Acquisitions data come from SDC Deals - Mergers and Acquisitions database.

I construct firm-level IAFM measures by analyzing transcripts of quarterly earnings calls conducted by U.S. publicly listed companies. All transcripts are sourced from the Capital IQ database, covering the complete set of 356,906 English-language calls from 2007 through 2024.[10] Since most of the accompanying data are annual, I aggregate the quarterly IAFM measures to the firm-year level unless otherwise noted. The earnings call transcript dataset consists of 109,191 firm-year observations across 15,334 distinct firms. Conditioning on the availability of Compustat fundamentals data, the final sample comprises 65,084 firm-year observations across 7,992 firms with non-missing fundamentals data.

II. Quantifying Attention to Financial Markets

A. Word Embedding and word2vec

To quantify firm-level attention to financial markets, I employ the machine learning keyword discovery method developed by Li, Mai, Shen, and Yan (2021). This approach offers significant advantages over conventional methods such as pre-specified word lists, which traditionally require manual expert categorization of common contextual terminology. For example, financial market discussions employ nuanced terminology that is difficult to classify manually. Unlike general sentiment analysis, financial market attention utilizes specialized phrases and idioms like “watermark clause” (a specialized contract provision in investment management) that are challenging to systematically identify without computational tools. Furthermore, financial market attention is inherently multidimensional. Human experts struggle to consistently categorize terms across multiple dimensions (e.g., my IAFM dimensions: equity market and debt market). Additionally, financial vocabulary

[10] Out of 356,906 earnings calls, 344,936 include both the manager presentation and Q&A sections, 11,718 include only the manager presentation, and 252 include only the Q&A section.

evolves rapidly with market innovations. Static dictionaries quickly become outdated as financial practices transform. Terms like "ETF", "credit risk transfer bond", "curve control", and "LIBOR/SOFR" emerged as significant financial concepts after the 2000s—developments that traditional dictionaries could not anticipate.

My measurement of firm-level attention to financial markets begins with carefully selected seed words that unambiguously relate to specific IAFM dimensions. Using these seed words as anchors, I implement a word embedding model that learns semantic meanings based on contextual relationships, thereby identifying additional financial market-related words (phrases) directly from earnings call transcripts.[11]

The word embedding model operationalizes a fundamental linguistic principle: words appearing in similar contexts likely carry similar meanings (Harris, 1954). The model represents semantic content through numeric vectors, enabling relationship quantification through vector arithmetic. Specifically, I utilize cosine similarity between word vectors to determine synonymic relationships. This allows for the identification of a comprehensive lexicon describing particular financial market dimensions, which then serves as the basis for firm-level scoring. To address dimensionality challenges when identifying semantically similar words, I implement *word2vec* (Mikolov et al., 2013), which employs neural networks to efficiently generate dense, low-dimensional vectors representing word meanings.[12]

B. Attention Dimensions and Seed Words

The starting point to measure how much attention earnings call participants pay to financial markets is to construct a two-dimensional IAFM framework. I choose to measure the attention to two distinct aspects of the financial market: equity market and debt market.

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[11] The method captures the meanings of both individual words and multi-word phrases. For simplicity, the term "word" will be used throughout the discussion to refer to either a single word or a phrase.

[12] Ideally, identifying semantically similar words requires constructing word-word co-occurrence matrices that track contextual proximity. However, this approach faces severe computational limitations due to the "curse of dimensionality": vocabularies with thousands of terms generate billions of potential word-pair combinations, rendering direct matrix methods impractical. As Levy and Goldberg (2014) demonstrate, *word2vec* vectorization effectively performs a singular value decomposition on the neighboring word count matrix. In the implementation, I utilize the *gensim* library in Python, configuring word vectors at 300 dimensions (version 4.3.3, available at https://github.com/RaRe-Technologies/gensim). Two words are considered contextual neighbors when they appear within five words of each other in a sentence, and terms appearing fewer than five times in the corpus are excluded to ensure statistical reliability.

I measure equity-market attention because, as discussed earlier, several theories including feedback effect (Bond et al., 2012) and market timing theory (Baker and Wurgler, 2002) primarily rely on managerial attention to equity markets. Then, I measure attention to the debt market as the second IAFM dimension, focusing on bond markets, interest rates, and credit market conditions, because debt represents a key financing source (e.g., Graham, Leary, and Roberts 2015) and contains information relevant for investment decisions (e.g., Davis and Gondhi, 2024)

[Insert Table I about here]

Table I displays the seed words for each IAFM dimension. Each dimension contains 25 seed words that unambiguously relate to aspects of financial markets. The equity dimension focuses on stock valuation concepts (e.g., "market_valuation," "overvalued"), while the debt dimension encompasses bond market terminology and interest rate concepts (e.g., "bond_yield," "credit_spread"). These two dimensions collectively provide a comprehensive framework for understanding the complex ways in which firms attend to financial markets.

C. Constructing the Attention Dictionary

Prior to the application of seed words for the identification of financial market-related terminology in earnings call transcripts, I follow Li, Mai, Shen, and Yan (2021) by using the Stanford CoreNLP to prepare the textual corpus for subsequent analysis.[13] This stage is important for improving the accuracy and reliability of subsequent word embedding models by standardizing linguistic features and capturing multi-word expressions that carry unified meanings. Details are provided in Internet Appendix Section IA.A.

After preprocessing and parsing earnings call transcripts, I train the *word2vec* model to generate 300-dimensional vector representations for each word in the corpus, including my predefined seed words. These word vectors serve as the foundation for constructing an expanded, context-specific dictionary that measures attention to financial markets. Then, for each IAFM dimension, I compute a centroid vector by averaging all seed word vectors and

[13] The CoreNLP package is an open-source Natural Language Processing (NLP) toolkit for a variety of tasks (Manning et al. 2014). I use version 4.5.8 which is available at https://stanfordnlp.github.io/CoreNLP.

then calculate the cosine similarity between this centroid and each unique word in the earnings call corpus.[14] From these calculations, I select the top 500 words with the highest positive cosine similarity as candidates for that dimension's dictionary, while excluding named entities automatically recognized by the CoreNLP package. For words that appeared in dictionaries for multiple IAFM dimensions, I assigned the word only to the dimension where it has the highest cosine similarity to the average seed word vector.

Internet Appendix Table IA.I Panel A lists the top 50 most representative words for each IAFM dimension. The high similarity scores across both dimensions—ranging from 0.85 for "share_price" in the Equity dimension to 0.83 for "credit_spread" in the Debt dimension—indicate strong semantic coherence within each IAFM dimension. The low semantic overlap between dimensions suggests that the *word2vec* methodology effectively identifies contextually relevant terminology while maintaining distinct theoretical constructs for each aspect of firm attention to financial markets.

D. Generating Firm-Level Attention Measures

After constructing the IAFM across the two dimensions (Equity and Debt), I measure attention to financial markets at the firm-year level for each dimension. I treat each earnings call's management presentation section and the Q&A session with analysts as separate documents and score each document independently. To compute the final earnings call-level score, I use an equal-weighted average of scores from both the management's prepared statements and the analyst Q&A segments. This equal-weighting approach ensures balanced representation of both the strategic, prepared communications of management and their spontaneous responses to analyst inquiries, regardless of their relative lengths. If one of these sections is missing from a particular call, I use only the available portion.

To calculate the firm-year level IAFM for each dimension, I employ the term frequency-inverse document frequency (tf-idf) approach, which accounts for both the

[14] To illustrate mathematically: for the equity-market dimension with 25 seed words, let the vector representation for each seed word $i$be $V^i = \left[x_1^i, x_2^i, \dots, x_{300}^i\right]$. The centroid vector is computed by averaging all seed word vectors within the dimension: $\bar{V}^{equity} = \frac{1}{25}\sum_{i=1}^{25}\left[x_1^i, x_2^i, \dots, x_{300}^i\right]$.

frequency of dictionary terms and their specificity across the corpus.[15]This approach gives higher weight to terms that are both frequently used in a particular document and relatively rare across the entire corpus, thereby capturing the distinctive attention patterns of each firm to specific financial market dimensions. Finally, for firms with multiple earnings calls within a fiscal year, I average the call-level IAFM scores to produce a firm-year measure.

Table IA.I Panel B shows distinctive patterns in the frequency of financial market-related terminology across the two IAFM dimensions. In the Equity dimension, "equity" (25.43%) and "valuation" (11.64%) dominate the discourse, reflecting firms' primary focus on equity valuation concepts. The Debt dimension vocabulary is concentrated around interest rate and bond-related terminology, with "interest_rate" (26.87%) and "bond" (13.75%) commanding the highest contributions, followed by "interest_rate_environment" (4.83%) and "treasury" (3.99%), highlighting firms' attention to borrowing costs and fixed income markets.

[Insert Table II about here]

Table II Panel A demonstrates significant heterogeneity in firm-level attention to financial markets across the sample of 7,992 U.S. public firms from 2007 to 2024. The IAFM Equity measure exhibits significant variation (mean of 3.4 with standard deviation of 4.87), while IAFM Debt shows even greater relative dispersion (mean of 2.61 with standard deviation of 5.63). The presence of zero values at the 25th percentile for Debt markets suggests that a large portion of firms do not discuss this aspect at all during earnings calls. Panel B excludes financial firms and utilities, which naturally exhibit elevated baseline attention as part of their operations; the mean IAFM Equity falls by 37% and IAFM Debt by 64%, confirming these sectors' outsized attention to both markets. Overall, the variation in IAFM measures across the sample provides a rich foundation for investigating how differential attention to financial markets relates to corporate policies and outcomes.

E. Variance Decomposition of Attention Measures

[15] The calculation proceeds through three steps. First, for each word w in dimension dim appearing in document d, I calculate the term frequency $tf(w,d) = count(w,d)$, which represents the number of occurrences of word w in document d. I also calculate the inverse document frequency $idf(w) = log\,(N/df(w))$, where N is the total number of documents in the document corpus and $df(w)$ is the number of documents containing word w. Second, the document-level IAFM score for dimension dim is calculated as: $IAFM(d, dim) = \sum_{w \in \{dim \cap d\}} tf(w,d) \times idf(w)$.

Table III presents the incremental R^2 (%) from adding specific fixed effects to firm-year level regressions of IAFM Equity and IAFM Debt. This variance decomposition reveals the relative importance of different sources of variation in firms' attention to financial markets. For IAFM Equity, within-firm variation over time accounts for the largest portion (45%), followed by firm fixed effects (33%) and industry fixed effects (16.66%). Year fixed effects and industry-by-year interaction effects contribute relatively little (0.34% and 5%, respectively). The pattern is similar for IAFM Debt, with within-firm variation over time explaining 41%, firm fixed effects accounting for 35%, and industry fixed effects representing 14.4%. Again, year fixed effects (2.6%) and industry-by-year interaction effects (7%) contribute comparatively little.

[Insert Table III about here]

The pronounced dispersion in IAFM measures shows that managerial attention to financial markets is far from homogeneous. In contrast to canonical corporate-finance and price-feedback models that rely on a representative-manager assumption—implicitly treating all managers as monitoring market signals with equal intensity—the evidence reveals heterogeneity along two dimensions. Persistent firm-level differences reflect stable traits such as corporate culture, governance, and business strategy, alongside shared industry characteristics such as business models, competitive environments, and regulatory frameworks. Within-firm variation over time, the largest component, captures time-varying firm-specific factors such as leadership changes, strategic initiatives, and idiosyncratic events. This combination positions heterogeneous managerial attention as a fundamental micro-foundation for why seemingly identical market signals can produce divergent real responses—both across firms and within the same firm over time.

III. Validating the Attention Measure

This section evaluates whether IAFM captures latent managerial attention to financial markets. The validation exercises are guided by four ideas. First, if IAFM reflects economically meaningful attention, it should vary systematically across industries in line with differences in firms' exposure to financial markets (Section III.A.). Second, attention should covary with managers' incentives to monitor market information, as proxied by managerial

ownership (Section III.B.). Third, attention should be higher among managers with greater financial expertise, such as finance-expert CEOs (Section III.C.). Finally, if IAFM captures active monitoring rather than static traits, it should respond to movements in equity and debt market conditions when those signals are most salient (Section III.D.). Together, these tests assess whether IAFM behaves as a coherent, behavior-based measure of managerial attention.

A. Industry Variation in Attention to Financial Markets

A natural source of cross-industry variation in attention is the degree to which an industry's business model is intertwined with financial markets—that is, the extent to which key inputs, outputs, or asset values are priced in traded financial instruments, making managers' awareness of market conditions directly relevant to core business decisions. Table IV presents the distribution of IAFM measures across the twelve Fama–French industries and provides a first test of this prediction.

[Insert Table IV about here]

Panel A reveals substantial cross-industry heterogeneity in equity market attention that aligns closely with these priors. Finance firms (Fama-French Industry 11) exhibit the highest mean IAFM Equity (8.62), more than twice the sample average of 3.4 in Table II, consistent with their core business of intermediating market transactions and managing financial assets. Utilities rank second (mean = 4.78), reflecting both their heavy reliance on capital markets to fund long-lived infrastructure and the fact that regulatory rate-setting frameworks often link allowed returns to equity cost-of-capital benchmarks. Energy firms rank third (mean = 3.72), consistent with operating in a capital-intensive sector whose asset valuations are tightly linked to commodity prices that are themselves determined in actively traded financial markets. More broadly, the industries near the top of the distribution—including construction, building materials, and transportation (Industry 12, mean = 3.31)—tend to be capital-intensive, with business inputs or outputs whose prices are set or benchmarked in organized financial markets (e.g., building materials, energy, metals). Because key elements of their operating environments are "financialized" in this way, equity and debt market valuations of these firms are particularly sensitive to broad financial market

conditions, giving managers a direct reason to monitor those markets closely. [16] At the lower end, Healthcare (Industry 10), Business Equipment (Industry 6), and Consumer Nondurables (Industry 1) exhibit substantially lower equity market attention—consistent with business models driven more by internal funding, internal innovation, product development, or relatively stable demand patterns, where short-term equity market fluctuations are less informative about operating fundamentals.

Panel B shows a parallel pattern for debt market attention. Finance firms again rank highest (mean IAFM Debt = 9.98), followed by Utilities (2.12)—consistent with characteristically high leverage—and the capital-intensive construction, transportation, and building-materials industries (Industry 12, 1.68), while Healthcare and Business Equipment again rank lowest, consistent with lower leverage ratios and greater reliance on internal funds.

Internet Appendix Figure IA.I provides further support by tracing how attention evolves around major market events. Around the 2008 financial crisis, Finance firms' equity market attention rose by roughly 30%, while debt market attention more than doubled in Business Equipment (+159%) and Health (+147%) and nearly doubled in Utilities (+91%). In 2015, coinciding with the oil price collapse, Utilities' equity attention rose 38% year-on-year, its largest annual increase over the sample period. In 2018, coinciding with the escalation of US–China trade tensions, the largest equity-attention increases occurred in sectors commonly identified as exposed to tariff and supply-chain risk—Chemicals (+41%), Energy (+35%), Utilities (+28%), and Telecommunications (+26%). In 2020, around the onset of the COVID-19 pandemic, movements were concentrated in debt markets, with Energy firms' debt attention rising 58% year-on-year alongside broad-based increases in Chemicals, Consumer Non-Durables, Retail, and Utilities. Throughout the sample, the most financialized industries—Finance and Utilities—maintained the highest baseline levels of attention to both equity and debt markets.

[16] This financialization logic extends beyond equity and debt markets. In Section VI.F, I construct a complementary index of attention to other financial markets—commodities, energy, and foreign exchange. The results there confirm that the industries with the highest IAFM scores are precisely those whose firms pay the closest attention to those adjacent markets, consistent with the broader view that financialized business models elevate attention to the full spectrum of financial market conditions.

B. Managerial Ownership

Agency theory suggests that managers' equity stakes and compensation structures should influence their attentiveness to financial markets, as these align managerial interests with share price performance (e.g., Morck, Shleifer, and Vishny, 1988). If IAFM captures genuine attention, it should therefore covary systematically with managerial incentives.

To test this hypothesis, I employ two complementary measures of managerial incentives. First, I use the scaled wealth-performance sensitivity (WPS) developed by Edmans, Gabaix, and Landier (2009), which measures the dollar change in CEO wealth for a 100 percentage point change in stock price, scaled by annual pay.[17] This measure captures the sensitivity of a manager's total wealth—including direct ownership and stock options—to firm performance. Second, I examine simple managerial ownership percentages to provide a more straightforward measure of skin in the game. I regress log-transformed IAFM measures on these incentive variables and their squared terms, controlling for year-end Tobin's Q (Year-End Q), firm size (Ln(Total Assets)), cash holdings, leverage, past sales growth, dividend yield, and institutional ownership. All independent variables are lagged by one year to mitigate reverse causality concerns. I also account for both firm- and year-fixed effects. In this validation test as well as the rest of regressions in this paper, I remove all financial firms (SIC code 6000-6999) and utilities (4900-4999). It is because financial firms naturally exhibit higher baseline attention to financial markets as an part of their operations rather than as a discretionary choice. Similarly, utilities face extensive regulatory constraints that may suppress the financial market attention. Definitions of variables can be found in Table IA.II.

[Insert Table V about here]

Table V shows that incentive measures exhibit concave relationships with management's attention to financial markets. For WPS (Columns (1)-(2)), a one-standard deviation increase in WPS ($\times 10^3$) is associated with a 5.12% increase in equity market attention, with the effect attenuated at higher levels. WPS shows no significant relationship with debt market attention, suggesting that equity-linked compensation specifically heightens managers' focus on equity markets. For managerial ownership (Columns (3)-(4)), a one-

[17] As the yearly WPS database from http://alexedmans.com/data/ only extends to the fiscal year 2018, the most recent fiscal year with WPS data in our regressions (as I lag WPS by one year) would be 2019.

standard deviation increase is associated with an approximately 7.8% increase in attention to equity markets , with the effect attenuated at higher ownership levels.

The consistent inverted U-shaped relationship across both measures suggests that as managers acquire initial incentive alignment through either equity-linked compensation or direct ownership, their attention to equity markets increases. However, at higher incentive levels, equity market attention begins to decline, potentially reflecting entrenchment effects or reduced reliance on market signals when managers possess significant control rights.[18]

Among control variables, I find that larger firms allocate more attention to financial markets possibly because these markets play a more critical role in their operations—they face more complex financing needs, greater investor scrutiny, and larger absolute impacts from market conditions. Highly leveraged firms reallocate attention away from equity and toward debt markets—a one-standard-deviation increase in leverage shifts equity attention down 2–3% and debt attention up 7%—reflecting the greater refinancing and covenant risk they potentially face. Cash holdings are positively associated with debt market attention but show no significant relationship with equity market attention.

C. Finance-Expert Chief Executives

Custódio and Metzger (2014) show that finance-expert CEOs are more financially sophisticated, managing financial resources more actively and communicating more effectively with outside investors about firm prospects. If IAFM captures genuine attention, firms led by finance-expert CEOs should exhibit systematically higher scores.

Following Custódio and Metzger (2014), I define a finance-expert CEO as one who has prior experience in either Financials sectors, in a finance-related executive role such as accountant, chief financial officer (CFO), treasurer, or vice president of finance, or in a large auditing firm. I restrict to firms governed by a single CEO in a year. As shown in Table II, about 33% of CEOs are finance experts in my sample.[19] I regress log-transformed IAFM

[18] In untabulated analyses, I find consistent results when IAFM is measured using only manager-spoken words in earnings calls.

[19] The proportion of finance-expert CEOs in my sample is slightly lower than the 41% reported by Custódio and Metzger (2014). This discrepancy partly stems from differences in sample coverage: my sample spans the full BoardEx-COMPUSTAT universe, while theirs is restricted to firms matched with ExecuComp,

measures on the finance-expert CEO indicator, controlling for other CEO characteristics including gender, tenure, age, and age squared, as well as the standard firm-level control variables used in previous analyses.

[Insert Table VI about here]

Table VI provides strong support for the validity of the IAFM measures. Across all specifications, firms with finance-expert CEOs exhibit significantly higher attention to both equity and debt markets. In the basic specification (Columns (1)-(2)), the finance-expert CEO indicator is associated with a 9.9% increase in equity market attention and a 3.8% increase in debt market attention. These effects remain robust when controlling for additional CEO characteristics (Columns (3)-(4)), with coefficients of 9.8% and 4.2% for equity and debt market attention, respectively. When including firm fixed effects (Columns (5)-(6)), the coefficients become smaller but remain statistically significant. The results suggest that replacing a non-finance-expert CEO with a finance-expert CEO is associated with a 6.6% increase in equity market attention and a 3.3% increase in debt market attention.

Among the CEO control variables, I find that female CEOs, on average, exhibit lower attention to both equity and debt markets in the cross-sectional specifications, though this effect is less significant for equity market attention with firm fixed effects. Firms governed by CEO with longer tenure are associated with higher debt market attention.

These findings provide an external validity check for my IAFM measures, in line with theoretical expectations that financial expertise should translate into greater attention to financial market conditions. In untabulated results, I find consistent evidence when measuring IAFM using only manager-spoken words in earnings calls.

D. Equity and Debt Market Conditions

I further validate the IAFM measures by examining whether firms dynamically reallocate attention in response to changing market conditions. If IAFM captures meaningful managerial attention, it should respond systematically—and dimension-specifically—to relevant market signals. Table IA.III reports these tests: Panel A examines equity-market

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which focuses on the S&P 1500. Time trends also plays a role: my sample covers the period from 2007 to 2024, whereas theirs spans 1993 to 2007.

signals at both the firm and market-wide levels, Panel B examines interest-rate changes and levels, and Panel C examines firm-level bond-yield variation.

Firm-specific equity performance strongly predicts attention to equity markets. Regressions of log IAFM on lagged firm-level returns and volatility in Panel A show that a 10-percentage-point increase in annual firm returns is associated with a 0.35% increase in equity-market attention, with a minor spillover effect on debt-market attention (0.13%). In contrast, firm-specific equity volatility is negatively related to equity-market attention: a 1-percentage-point increase in annualized firm-level volatility is associated with a 2.35% decline in equity-market attention, consistent with managers placing less weight on equity prices as signals when they become noisier. Firm-level volatility has no significant effect on debt-market attention.

Panel A also shows that equity-market attention increases when market-wide returns are low: a 10-percentage-point increase in market-wide annual returns is associated with a 0.54% decline in equity-market attention. Managers thus focus more on equity markets during broad downturns—consistent with a defensive posture of monitoring adverse external conditions and addressing investor concerns—in contrast to the positive firm-level relationship above. Market-wide equity returns have no significant effect on debt-market attention, while market-wide equity volatility decreases equity-market attention and increases debt-market attention, consistent with market-wide equity volatility drawing managerial focus toward debt markets, perhaps because they are relatively more stable.

Panel B shows that both the annual change in the 7-year Treasury yield and its level are associated with higher debt-market attention, with no corresponding effect on equity-market attention.[20] A 100-basis-point increase in the level of the 7-year yield is associated with a 3.88% increase in debt-market attention. Interest-rate volatility shows a more mixed pattern: in the change specification, attention to both markets declines when rate movements are volatile, whereas in the level specification, higher rate volatility is associated with greater

[20] I use the 7-year U.S. Treasury yield as the representative interest rate because it aligns with the maturity pattern of publicly traded corporate bonds (median firm-level time to maturity is 6.5 years; mean is 7.8 years). Tables IA.IV and IA.V documents robustness to alternative maturities (6-month, 1-year, 5-year, and 10-year).

debt-market attention. This suggests that managers pay closer attention to debt markets when rates are both elevated and volatile, periods during which financing costs are most salient.

Cross-sectional differences in firms' cost of debt further validate the IAFM measures. Panel C shows that firms with higher bond yields devote more attention to debt markets and less to equity markets, consistent with managers focusing attention on the financial dimensions most relevant to their financing constraints. Without industry-by-year fixed effects (Columns (1)–(4)), a 100-basis-point increase in the bond yield is associated with a 3.03% increase in debt-market attention, and decomposing the yield shows that credit spreads, term spreads, and the 3-month Treasury yield each positively predict debt-market attention. With industry-by-year fixed effects (Columns (5)–(8)), the debt-side coefficient remains positive, albeit no longer statistically significant, while higher bond yields are significantly negatively associated with equity-market attention. Taken together, these results show that the IAFM captures economically intuitive reallocation of managerial attention in response to changing market conditions.

IV. Role of Attention in Shaping Investment Policies

Having validated the IAFM measures, I next examine their implications for corporate policies by investigating how financial-market attention affects investment-price sensitivity.

A. Unconditional Effect of Attention on Investment-Price Sensitivity

A fundamental question in corporate finance is whether managers learn from stock prices when making investment decisions. The "feedback effect" theory suggests that stock prices aggregate diverse information from market participants, providing signals that managers can use when allocating capital (Bond, Edmans, and Goldstein, 2012). If this effect exists, investment-price sensitivity should be stronger when managers pay more attention to financial markets. I test this hypothesis using the following equation:

$$I_{i,t} = \alpha_{t,j} + \eta_i + \beta_1 Q_{i,t-1} + \beta_2 Ln\left(1 + IAFM_{i,t-1}\right) + \beta_3 Ln\left(1 + IAFM_{i,t-1}\right) \times Q_{i,t-1} + \gamma CONTROL_{i,t-1} + \epsilon_{i,t} \quad (1)$$

where $I_{i,t}$ is one of two investment measures: capital expenditures (CAPX and total investment (INVT) for firm i in year t, where the first measure equals 100 × the capital

expenditure (Compustat CAPX) divided by lagged total assets (Compustat AT), and the second measure equals 100 × the changes in gross property, plant, and equipment (Compustat PPEGT) plus changes in inventory (Compustat INVT), divided by lagged total assets (Compustat AT). Compared to the first measure, the second measure additionally captures the sales of fixed assets, and changes in inventory. $\alpha_{t,j}$ and η_i represent industry-by-year and firm fixed effects, respectively. $Q_{i,t-1}$ is the (normalized) price and is measured by firm i in year $t-1$. $Ln(1+IAFM_{i,t-1})$ indicates the log-transformed IAFM measure for either IAFM Equity or IAFM Debt, for firm i in year $t-1$. I also control for firm size (Ln(Total Assets)), cash holdings, leverage, past sales growth, dividend yield, and institutional ownership.[21] The presence of the price feedback effect requires both $\beta_1 > 0$ and $\beta_3 > 0$ to hold. Put differently, a firm's investment should be positively correlated with $Q_{i,t-1}$, and such correlation should be greater when managers allocate more attention to financial markets.

[Insert Table VII about here]

Table VII Panel A shows that attention to financial markets significantly enhances the sensitivity of capital expenditures to Tobin's Q. In the specifications with both industry-by-year and firm fixed effects (Columns (3)–(4)), which represent my primary focus, the interaction coefficients between IAFM and Tobin's Q are positive and statistically significant (0.056 for equity and 0.083 for debt). This effect is economically meaningful: a 10% increase in equity-market attention enhances investment-price sensitivity by 1.93%, while a 10% increase in debt-market attention enhances this sensitivity by 2.68%.[22] These findings indicate that firms paying greater attention to financial markets are more responsive to price

[21] It is worth noting that I do not control for market conditions (e.g., stock returns or volatility) in the baseline investment–price-sensitivity regressions because the goal in Section IV is to estimate the *total effect* of financial markets *operating through managerial attention*. Conceptually, the estimand is a treatment-on-the-treated effect: the difference in investment–price sensitivity between managers who pay attention to financial markets and those who do not. If market conditions influence investment–price sensitivity through shaping managers' attention, then controlling for those market variables would introduce a classic "bad-control" problem: it would partial out precisely the channel through which financial markets are supposed to operate in my framework, thereby underestimating the true total effect of financial markets. Section VI.A. then decomposes this total effect by isolating the secondary-market (managerial learning) channel. Omitting market conditions would only be problematic if those variables *directly* affect investment–price sensitivity through affecting financing capacity with managerial attention being a *pure* passive sideshow. I address this alternative "*attention-as-sideshow*" view in Section VI.D., and show that this view is unlikely to explain the results.

[22] These percentages are calculated relative to baseline sensitivities. For equity attention: 10% × 0.056 / 0.29 = 1.93%. For debt attention: 10% × 0.083 / 0.31 = 2.68%.

signals when making investments, consistent with the feedback theory of market prices. The cross-sectional specifications (Columns (1)–(2)) show that the interaction between IAFM Debt and Tobin's Q remains positive and significant, while the interaction between IAFM Equity and Tobin's Q is positive yet statistically insignificant, suggesting that the equity-attention effect is driven more by within-firm variation.[23] Panel B extends this analysis to total investment (INVT). The interactions between IAFM and Tobin's Q remain positive and significant, with effects even more pronounced than those for capital expenditures.

Additionally, while the economically relevant effect of attention lies in the interaction with market signals, the negative unconditional effect of IAFM on investment (i.e., β_2) reflects the behavior of attentive managers during periods of unfavorable market conditions, when closer monitoring is likely associated with more cautious investment decisions.[24]

Overall, these results provide direct evidence for the feedback effect theory, with firms exhibiting significantly higher investment-price sensitivity when they have higher attention to financial markets. This effect applies to both equity and debt market attention.

B. Heterogeneity Across Firm Groups

I expect the strength of the relation between IAFM and investment-price sensitivity to vary depending on firm characteristics. I examine four key dimensions of heterogeneity: insider trading intensity, competitive pressure, financial capability, and managerial sentiment, and additionally assess whether the resulting attention-induced investment–price sensitivity translates into value-enhancing real and market outcomes.

First, building on Bond, Edmans, and Goldstein (2012) and Edmans, Jayaraman, and Schneemeier (2017), I hypothesize that the influence of IAFM on investment-price sensitivity will be most pronounced when insider trading is limited, as prices then convey more information beyond what managers already know. Table IA.VI supports this prediction: the interaction between IAFM and Tobin's Q is positive and significant only for firms with no insider trading.

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[23] For debt attention in the cross-sectional specification, the coefficient of 0.11 represents a 4.23% increase over the baseline sensitivity of 0.26 for a 10% increase in IAFM Debt (10% × 0.11 / 0.26 = 4.23%).

[24] Because $\frac{\partial I_{i,t}}{\partial Ln(1+IAFM_{i,t-1})} = \beta_2 + \beta_3 Q_{i,t-1}$, β_2 can viewed as the attention effect when $Q_{i,t-1}$ is zero.

Second, firms in more competitive environments face stronger incentives to allocate capital efficiently (e.g., Hart, 1983). Consistent with this intuition, Table IA.VII shows that the effect of IAFM on investment–price sensitivity is significant only among firms in highly competitive product markets, based on Hoberg and Phillips (2016).

Third, economic theory suggests that firms' use of stock price information depends on their ability to act on the information embedded in prices. Using a size-based measure and a composite constraint indicator, Tables IA.VIII and IA.IX show that the effect of IAFM on investment–price sensitivity is most pronounced among the least financially constrained firms. The evidence is consistent with Chen, Goldstein, and Jiang (2007), which argues that investment–price sensitivity reflects both learning from stock prices and firms' capacity to adjust investment in response to those signals.

Fourth, I exploit tone in financial-market discussions. Table IA.X separates attention into positive- and negative-sentiment components, measured as the share of sentences that jointly reference financial-market terms and positive or negative words following Loughran and McDonald (2011). The specifications also control for overall earnings-call sentiment and its interaction with Tobin's Q. The results show that the interaction between attention and Tobin's Q is positive and significant under positive tone for both equity- and debt-market attention, but smaller and insignificant under negative tone. This asymmetry is consistent with managers responding more strongly to financial-market signals they perceive as favorable.

Finally, to assess whether the stronger investment–price sensitivity induced by managerial attention is value-enhancing, I examine both real operating outcomes and market reactions. As shown in Table IA.XI Panel A, higher attention is associated with stronger subsequent operating performance, measured by return on assets, when firms adjust investment more sensitively to market valuations. From a market-based perspective, Panel B shows that earnings-call announcements by high-attention firms generate significant positive abnormal returns in the first week following the earnings call.[25] Importantly, I find no

[25] Specifically, Panel B Columns (1) and (2) examine abnormal returns around earnings calls over a [−45,+45] day event window, controlling for 3-digit industry-by-year and firm fixed effects. First Week equals one for days [0,+4], while Post equals one for days [+5,+45].Abnormal returns are measured relative to a CAPM benchmark, with factor loadings estimated over the [−250,−75] trading-day window preceding the earnings call.

evidence of return reversals over the subsequent two months, suggesting that these market reactions are unlikely to be driven by temporary mispricing. Taken together, the evidence indicates that attention-induced investment–price sensitivity reflects the incorporation of economically relevant information rather than short-lived valuation effects.

C. Complementary Role of Debt Market Attention

Previous subsections focused on the sensitivity of investment to stock prices for two reasons: compared to bond prices, stock prices better capture firms' upside potential and thus incorporate more investment-relevant information, and they are the standard signal source in the empirical literature on the real effects of financial markets (e.g., Chen, Goldstein, and Jiang, 2007). Why, then, does debt-market attention also enhance the sensitivity of investment to stock prices? Two channels may be at work. First, debt- and equity-market attention may be highly correlated, capturing the same underlying construct. Second, debt-market attention may convey distinct yet complementary information—about business opportunities embedded in firms' own traded bond prices (Davis and Gondhi, 2024), or about financing conditions such as borrowing costs and monetary policy shifts that shape firms' capacity to fund new investments.

When both IAFM measures are included simultaneously in the investment-price regression (Table IA.XII), both interaction terms remain positive and statistically significant, with the coefficient on debt-market attention exceeding that on equity-market attention, indicating that debt-market attention is not simply a proxy for equity-market attention.[26] Consistent with the view that debt-market attention reflects complementary financing

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The coefficients of interest are the positive interaction between log-transformed IAFM, year-end Tobin's Q, and First Week, and the statistically insignificant interaction between log-transformed IAFM, year-end Tobin's Q, and Post. Columns (3) and (4) replace industry-by-year fixed effects with calendar-date fixed effects while retaining firm fixed effects; the results are qualitatively unchanged. The results remain qualitatively similar when using alternative models to estimate abnormal returns, including the Fama–French three-factor and five-factor models.

[26] Comparing coefficients with Table VII, the coefficient on Ln(1+IAFM Debt) × Q decreases from 0.083 in Table VII Column (4) to 0.073 in Table IA.XII Panel A Column (1), implying that approximately 12% of the effect can be attributed to correlation with equity-market attention, while the remaining 88% supports the complementary information hypothesis.

information, its effect on investment-price sensitivity concentrates among high-leverage firms for total investment.[27]

I also test whether attentive managers also respond to their own bond prices (which may reflect either business opportunities (Davis and Gondhi 2024) or financing costs). In the restricted sample of firms with publicly traded bonds (Table IA.XIII), the interaction between IAFM Debt and bond yield is negative, albeit not statistically significant possibly due to a smaller sample size, indicating that attentive managers curtail investment more sharply when their own borrowing costs are high.[28] In Section VI.A., I examine whether the distinct information that debt-market attention reflects relates to business opportunities or to the firm's cost of capital.

V. Role of Attention in Shaping Financing Policies

While Section IV examines whether financial markets provide incremental information that managers use in investment decisions, this section turns to the second role that financial markets play for firms: facilitating access to, and timing of, external capital. The analysis serves two purposes.

First, it provides direct evidence on how managerial attention shapes firms' financing policies in response to changing market conditions—a dimension of corporate behavior adjacent to, but broader than, market-timing theory (Baker and Wurgler (2002); Ma (2019)). The tests below ask whether attentive managers are more effective at accessing external capital when financing needs arise, and whether they tilt more aggressively toward the cheaper source of financing when equity valuations or interest rates move in their favor.

Second, this section offers a candidate mechanism for a puzzle raised by the recent literature on firms' perceived cost of capital. Gormsen and Huber (2024) document that firms' perceived cost of capital systematically exceeds the true cost of capital implied by asset

[27] For low-leverage firms, the coefficients on equity-market attention × Q are 0.070 for CAPX and 0.14 for total investment, while debt-market attention × Q shows no significant effect. For high-leverage firms, the coefficient on debt-market attention × Q is 0.21 for total investment and 0.047 for CAPX, with statistical significance only for total investment; equity-market attention × Q remains significant at least for total investment.

[28] In the same table, I further decompose bond yields into credit spreads, term spreads, and the 3-month Treasury rate, and find that the interaction between credit spread and debt attention is consistently negative.

prices, and that the magnitude of this wedge varies persistently across firms in ways that cannot be justified by variation in the true cost of capital—the "excess dispersion." Table IA.XIV shows that this dispersion is systematically related to managerial attention: firms with greater IAFM perceive a lower cost of capital than firms with less attention, while the cross-sectional correlation with the actual implied cost of capital is positive. Attention is therefore associated with a narrower gap between perceived and actual cost of capital.

A. Does Attention Facilitate Firms' Ability to Raise Capital?

If managers who pay greater attention to financial markets develop superior understanding of market conditions and timing, they should be better positioned to access external financing when capital needs arise. To test this hypothesis, I examine whether firms with higher IAFM measures are more likely to tap external financing at the extensive margin when facing financing deficits. I estimate the following specification:

$$\begin{aligned} &Net\ Issue\ Indicator_{i,t} \\ &= \alpha_{t,j} + \eta_i + \omega_1 NFD_{i,t} + \omega_2 Ln(1 + IAFM_{i,t-1}) \\ &+ \omega_3 Ln(1 + IAFM_{i,t-1}) \times NFD_{i,t} + \gamma CONTROL_{i,t-1} + \epsilon_{i,t} \end{aligned} \quad (2)$$

where $Net\ Issue\ Indicator_{i,t}$ denotes either the net equity issue indicator or the net debt issue indicator for firm i in year t in industry j. The net *equity* issue indicator equals one if there is a positive difference between sales of common stock and stock buybacks, scaled by lagged total assets, and zero otherwise. The net *debt* issue indicator equals one if long-term debt issues minus long-term debt reduction, scaled by lagged total assets, and zero otherwise. $NFD_{i,t}$ represent the net financing deficit (NFD), which equals the sum of cash dividends, net investment, change in working capital, and minus cash flow after interest and tax, scaled by lagged total assets. I continue to control for same variables as in Equation (1). $\alpha_{t,j}$ and η_i denote industry-by-year and firm fixed effects, respectively. ω_3 captures the extent to which attention to financial markets enhances firms' ability to access external financing when capital needs arise. If attention to financial markets helps firms better manage their cost of capital and timing of market access, we should observe $\omega_3 > 0$ for both equity and debt

financing, indicating that high-attention firms are more responsive to financing needs and better able to tap external markets.

[Insert Table VIII about here]

Table VIII demonstrates that attention to financial markets enhances firms' responsiveness to financing needs by facilitating access to capital. I begin by examining the cross-sectional patterns in Columns (1)-(3), which include only industry-by-year fixed effects and reveal how differences in attention across firms relate to financing behavior.

Panel A shows that firms with higher attention to equity markets are significantly more responsive in accessing equity financing when needs arise. In Column (1), the interaction coefficient between IAFM Equity and NFD (0.051) indicates that firms with 10% higher equity market attention show a 1.50% increase in equity financing responsiveness relative to the baseline NFD effect (0.34). Column (2) shows an even stronger pattern for debt market attention, with a 10% increase in IAFM Debt associated with a 3.43% increase in responsiveness (=10%×0.12/0.35). Panel B provides parallel evidence for debt financing. In Column (1), a 10% increase in equity-market attention raises responsiveness by 2.02%. In Column (2), a 10% increase in debt-market attention leads to a 9.52% (=10%×0.40/0.42) increase in debt-financing responsiveness relative to baseline.

When both attention measures are included simultaneously in Column (3) of each panel, both remain statistically significant. The fact that debt (equity) attention also predicts equity (debt) issuance indicates that the effect cannot be explained solely by managers disclosing intended financing plans during calls; if that were the case, attention to the "other" market would exhibit no—or even negative—predictive power. Instead, it is more consistent with the idea that equity- and debt-market attention capture distinct informational advantages, enabling managers to more accurately gauge the *relative* cost of capital and assess conditions in each market. I formally test this mechanism hypothesis in Section V.B.. Columns (4)–(6), which add firm fixed effects, reveal qualitatively similar patterns with somewhat smaller magnitudes, suggesting that the results are not driven by time-invariant firm characteristics.

B. Does Attention Facilitate Firms' Ability to Respond to Market Conditions?

Building on the evidence in Section V.A., I now test whether equity- and debt-market attention capture distinct informational advantages by shaping firms' responsiveness to *market-specific* conditions. To minimize the concern that attention simply reflects capital demand, rather than reflecting a capability that reduces financing frictions (e.g., search frictions, timing frictions) in a given market, I restrict the sample to firm-year observations in which firms raised external funds from a single source—issuing either net equity or net debt, but not both. By holding total external financing needs roughly constant, this restriction allows the financing source to be interpreted primarily as a managerial choice.

Accordingly, equity-market attention should amplify responsiveness to equity-market conditions, while debt-market attention should amplify responsiveness to debt-market conditions. Evidence of such dimension-specific responsiveness would provide more granular support for the mechanism through which attention facilitates access to financial markets—specifically, by enhancing managers' ability to time financing decisions more effectively. To test this prediction, I estimate the following:

$$
\begin{aligned}
Equity\ vs\ Debt_{i,t} &= \alpha_{t,j} + \eta_i + \omega_1 NFD_{i,t} + \omega_2 Ln\left(1 + IAFM_{i,t-1}\right) \\
&+ \omega_3 Ln\left(1 + IAFM_{i,t-1}\right) \times NFD_{i,t} \\
&+ \omega_4 Ln\left(1 + IAFM_{i,t-1}\right) \times Market\ Condition_{i,t} \\
&+ \omega_5 NFD_{i,t} \times Market\ Condition_{i,t} \\
&+ \omega_6 Ln\left(1 + IAFM_{i,t-1}\right) \times NFD_{i,t} \times Market\ Condition_{i,t} \\
&+ \gamma CONTROL_{i,t-1} + \epsilon_{i,t}
\end{aligned}
\tag{3}
$$

where the dependent variable, $Equity\ vs\ Debt_{i,t}$, equals one for equity financing and zero for debt financing. Compared to Equation (2), I add a market-conditional term $Market\ Condition_{i,t}$, which captures episodes when equity markets are temporarily more favorable than debt markets (proxies include firm-specific valuation (Tobin's Q), equity market sentiment, or interest rate changes). I also include interactions among $Ln\left(1 + IAFM_{i,t-1}\right)$, $NFD_{i,t}$, and $Market\ Condition_{i,t}$. The focus is on ω_6, which reflects how attention alters the responsiveness of financing choices to equity-favorable conditions.

Table IA.XV Panel A examines how equity market attention interacts with two key equity market conditions: firm-specific valuation (measured by Tobin's Q) and market-wide equity sentiment, proxied using Baker and Wurgler (2006) index (orthogonalized to six macroeconomic conditions).[29] These two conditions are chosen because they directly capture episodes when equity financing is temporarily advantageous relative to debt. Baker and Wurgler (2002), for example, find that firms are more likely to issue equity when their market values, relative to book values, are high. Lowry (2003) and Lamont and Stein (2006) show that firms react to waves of high sentiment by issuing more equity. I employ specifications using both changes and levels of equity market sentiment.

Consistent with this market timing view, the three-way interaction between IAFM Equity, NFD, and Tobin's Q is positive and statistically significant in both columns, indicating that a firm with 10% higher equity market attention exhibits a 13.64% (=10%×0.015/0.011) stronger tilt toward equity issuance over debt issuance under high-valuation, high-financing-need conditions than a baseline firm would. The three-way interaction with equity market sentiment is also positive and significant, using both changes and levels, indicating a parallel timing response when aggregate sentiment is buoyant.[30]

Panel B examines how debt market attention influences financing choices in response to interest rate conditions, employing two specifications: Column (1) uses annual changes in interest rates, while Column (2) uses interest rate levels. In Column (1), the baseline NFD × Δ Interest Rate coefficient is slightly negative and marginally significant, indicating that firms without debt-market attention do not tilt toward equity when rates rise. The three-way interaction between IAFM Debt, NFD, and Δ Interest Rate, however, is positive and statistically significant, suggesting that debt-market attention shifts this pattern in the opposite direction: attentive firms with a financing need are more inclined to favor equity when rates rise, consistent with correctly reading higher rates as a signal to avoid now-more-

[29] I thank Jeffrey Wurgler for sharing the data via https://pages.stern.nyu.edu/~jwurgler/.

[30] The corresponding baseline interactions NFD × Δ Sentiment and NFD × Sentiment are negative, suggesting that equity-market attention is what drives this timing response. One possible reading is that recognizing sentiment-driven valuation spikes as equity issuance windows requires active monitoring of equity market levels; without it, firms default to debt through pre-arranged credit facilities regardless of prevailing market sentiment.

expensive debt.[31] In Column (2), the corresponding interaction with interest rate levels is also positive albeit statistically insignificant. Together, these results are consistent with debt-market attention helping firms reallocate issuance toward the cheaper source of funds when borrowing costs shift, particularly in response to rate changes. [32]

Overall, these results indicate that attention to equity and debt markets facilitates firms' access to external capital at least through enabling managers to better identify and exploit market-specific opportunities, offering direct empirical support for the market-timing theory and Ma (2019).[33] They also provide a possible behavioral mechanism for the "excess dispersion" in perceived cost of capital documented in Gormsen and Huber (2024): attentive managers learn from financial-market signals and reduce perceived uncertainty or ambiguity about financing costs, while inattentive managers may tend to overestimate those costs.

VI. Robustness Checks and Complementary Analyses

A. Channels of Attention-Induced Investment–Price Sensitivity: Business Opportunities versus Financing Conditions

In Section IV, I documented that managers who pay more attention to financial markets exhibit stronger investment–price sensitivity. This enhanced sensitivity could operate through two distinct channels: the business-opportunities channel of price feedback theory, under which attentive managers extract information from prices about investment opportunities they do not otherwise observe (Bond, Edmans, and Goldstein, 2012; Chen, Goldstein, and Jiang, 2007), or the financing channel, under which attentive managers time issuance to favorable valuations and deploy the proceeds into investment (Baker and Wurgler,

[31] One possible reading is that non-attentive managers default to debt—often drawn from pre-arranged credit facilities with less deliberation than equity issuance requires—regardless of rate conditions, while rising rates may further discourage equity issuance by compressing equity valuations.

[32] Although reacting to changes in interest rates is not exactly the same as the market timing described in Baker and Wurgler (2002), which refers to firms' response to equity overvaluation episodes, I interpret it as a form of market timing. The rationale is that interest rate changes are generally temporary, so managers must still "time" their financing by issuing equity—the relatively cheaper source—when debt becomes more expensive due to rising rates.

[33] To the extent that periods of strong equity performance often coincide with lower, time-varying adverse selection cost, my results can also be viewed as consistent with pecking order theory (Myers and Majluf 1984).

2002; Ma, 2019). Since Section V establishes that attention also enhances firms' financing capabilities, it becomes important to disentangle the two mechanisms.

To isolate the business-opportunities channel, Table IA.XVI restricts the sample to firm-years with non-positive contemporaneous net external financing (NEF), where managers are not raising external capital and the financing channel is therefore largely inactive. The underlying logic is straightforward: if the Section IV results were driven by the financing channel alone, investment–price sensitivity should disappear when firms are not actively tapping external capital markets. This provides a conservative test of the business-opportunities channel, since it excludes the firm-years most actively integrating financial-market information across both investment and financing decisions.

In Columns (1)–(4), IAFM Equity × Year-End Q and IAFM Debt × Year-End Q are each positive and significant when entered separately, with magnitudes close to those in Section IV. In the joint specification (Columns (5)–(6)), the equity interaction retains its significance while the debt interaction, though similar in magnitude, no longer is. This is consistent with equity—the residual claim on firm value—being more information-sensitive to future prospects than debt: equity attention may therefore more directly capture the business-opportunities channel, partly absorbing what debt attention reflects. Both dimensions of attention nonetheless contribute to the channel, with equity attention playing the more prominent role.

Taken together, these results support the interpretation that the business-opportunities channel contributes to the investment–price sensitivity documented in Section IV. Even when external financing is shut off, attention—particularly equity-market attention—continues to amplify this sensitivity, indicating that managerial learning from prices plays a meaningful role alongside attention's predictive power for financing policies documented in Section V.

B. Alternative Implementations of the Attention Measure

The construction of IAFM involves several methodological choices, and I verify that the main results are robust to a range of plausible alternatives.

Term frequency without IDF weighting. A potential concern with TF-IDF is that the IDF component may disproportionately weight terms that are infrequent in the overall corpus,

introducing cross-sectional and temporal noise. Figure IA.II and Table IA.XVII show that constructing IAFM using only term frequency, without IDF weighting, yields similar time-series patterns and regression results.

Binary indicators. I also replace the continuous IAFM measure with binary indicators equal to one if IAFM falls in the top two quintiles of the within-year distribution. Table IA.XVIII shows key findings remain intact under this alternative specification.[34]

Seed words only. To assess whether the *word2vec* expansion is necessary for the main results, I re-estimate the analyses using only the original 25 seed words per dimension. Figure IA.III and Table IA.XIX show that the industry-time patterns and the core regression findings continue to support the main conclusions, with somewhat attenuated magnitudes—suggesting that the word2vec expansion primarily enhances statistical power rather than generating the core economic relationships.

C. Externally Elicited Managerial Attention

A natural concern is that managerial attention is itself endogenous. Managers may choose to devote greater attention to financial markets precisely when they expect doing so to be valuable. For example, a manager anticipating an equity issuance may begin monitoring stock valuations more closely, causing both financial-market attention and financing decisions to respond to the same underlying opportunity. In this case, the observed association between attention and corporate policies could partly reflect managers' own endogenous attention-allocation decisions rather than the causal effect of attention itself.

The identification strategy in this section exploits a simple feature of earnings calls: whereas managers choose the topics emphasized in the prepared presentation, the topics of the subsequent Q&A discussion are jointly determined by the questions raised during the call, which in practice are overwhelmingly posed by sell-side analysts. The identifying intuition is that questioners and managers are unlikely to select financial-market topics according to the same decision rule: questioners raise topics based largely on investors' information demand—what market participants need to know to value the firm's securities—whereas managers raise topics based partly on firms' internal decision-making needs. The two motives frequently

[34] Results are qualitatively similar using alternative cutoff rules, including the median or terciles.

diverge. For example, after a run-up in the firm's stock price, an analyst may ask whether management views the current valuation as sustainable, or, following an increase in Treasury yields, how the firm's interest-rate exposure and financing costs are affected—because investors must reprice the firm's equity and debt—even when managers have no equity issuance or refinancing in prospect and would not have raised these topics themselves. When managers respond, the financial-market attention revealed in their responses is elicited by externally raised topics rather than by their own agenda. Q&A questions thus generate variation in managerial attention that is elicited during the call but less directly tied to managers' endogenous choice of discussion topics.

I implement this intuition in two complementary ways. First, I reconstruct IAFM using only the Q&A section of an earnings call. If endogenous topic selection *alone* were driving the baseline results, they should weaken when attention is measured from a discussion whose topics managers did not fully choose. Instead, Table IA.XX shows that the Q&A-based attention measures continue to produce economically and statistically significant effects that are broadly comparable to the baseline estimates.

Second, I instrument managerial financial-market attention in managers' Q&A responses using financial-market attention measured from the questions raised during the Q&A discussion. This approach directly isolates the component of managerial attention elicited during the discussion and less driven by managers' endogenous attention allocation. Table IA.XXI reports the corresponding two-stage least squares estimates. Panel A shows that question-based attention strongly predicts managerial attention in the Q&A responses. The second-stage estimates reported in Panels B-G remain qualitatively similar to the baseline results in most specifications, suggesting that my baseline findings are not driven *solely* by managers' own endogenous attention allocation.[35]

[35] The first-stage diagnostics reported at the bottom of each second-stage panel indicate strong instrument relevance across most specifications. The joint Kleibergen–Paap F statistics are lower in the market-timing specifications, which is expected: these models contain multiple endogenous variables, including higher-order interaction terms built from the same underlying instrument, and the joint statistic reflects the weakest of them. The Sanderson–Windmeijer conditional F statistics, which test the strength of the instruments for each endogenous variable separately (Sanderson and Windmeijer, 2016), remain well above conventional thresholds for the key interaction terms.

A caveat, however, is that this strategy exploits the imperfect alignment between managers' attention and the attention reflected in Q&A questions, and thus addresses the endogenous component of managerial attention that deviates from questioners' attention. It is less informative when both respond similarly to common shocks—for example, when a stock-price run-up, beyond what the included fixed effects and valuation controls absorb, raises attention to equity markets among managers and questioners alike. Sections VI.D and VI.E provide complementary evidence on this margin by controlling for contemporaneous market conditions and exploiting managers' pre-tenure attention, respectively.

Finally, a converse concern is that the documented relation between managerial attention and corporate policies in my baseline regressions reflects *solely* analyst pressure rather than managers' own cognition—that managerial attention matters only when elicited by questioners. Table IA.XXII therefore reconstructs the attention measure using only the management presentation, where no external questioning operates. Attention measured from prepared remarks alone continues to predict corporate policies.

D. Attention versus a Passive Sideshow

An alternative interpretation is that IAFM passively co-moves with the cost of capital or other market conditions—a "sideshow" that is a by-product of market environments and carries no incremental information beyond the market variables themselves. This view yields a testable prediction: if IAFM merely tracked market conditions, two managers facing identical signals would react identically, and the IAFM × market-variable interactions in Sections IV and V should be absorbed once the market variables—Tobin's Q, equity market sentiment, interest rates—enter the regressions as direct controls. Yet these interactions remain positive and statistically significant. Attention therefore actively shapes how managers interpret and act on market signals rather than passively reflecting them.

Two related concerns warrant further scrutiny. First, past stock performance—shown in Table IA.III to positively predict future attention—may be driving the main results. Importantly, omitting past returns from the baseline regressions is problematic only if those returns directly affect corporate policies while attention serves purely as a passive sideshow. If instead market conditions influence policies through attention, then controlling for past

stock performance would introduce a "bad-control" problem by partialing out the very channel through which financial markets operate. Nevertheless, Table IA.XXIII explicitly adds firm-level equity returns and return volatility, together with their interactions with Tobin's Q (or NFD, equity market sentiment, interest-rate changes), alongside IAFM across all main specifications. The principal IAFM coefficients retain consistent signs and broadly similar magnitudes.[36]

Second, attention may still reflect passive exposure to higher-order, market-wide turbulence—broad volatility spikes, liquidity dry-ups, and systemic disruptions—that firm-level equity returns and return volatility cannot fully capture. To address this, I construct IAFM Vol. & Liq., a TF-IDF measure capturing managerial discussion of market volatility, liquidity, and disruptions. In Table IA.XXIV, I retain firm-level equity returns as a control but replace firm-level return volatility with IAFM Vol. & Liq., alongside IAFM Equity/Debt across the main specifications. My main findings remain unchanged.

E. Manager-Specific Effects

Bertrand and Schoar (2003) show that individual managers account for a substantial share of variation in corporate investment, financing, and organizational policies. This motivates a natural follow-up question: to what extent does IAFM similarly reflect individual managerial styles? Table IA.XXV decomposes the variance in IAFM Equity and IAFM Debt: manager fixed effects account for 6%–37% of the variation in IAFM Equity and 8%–43% in IAFM Debt—indicating that individual executives indeed bring distinctive attention patterns to financial markets.[37]

To test whether this manager-specific component shapes corporate decisions, Table IA.XXVI uses each CEO's *pre-tenure* IAFM—the average of IAFM scores across the CEO's prior C-suite positions at *other* firms, measured before the current tenure begins. All

[36] Section VI.A also helps address this concern by restricting the sample to firms that do not tap external capital markets, thereby shutting down the primary-market channel through which past returns might mechanically affect investment

[37] Panel A adds manager fixed effects after firm and industry-by-year effects; given the matching between firms and managers, firm fixed effects absorb part of the manager-specific component, so the incremental 6% (Equity) and 8% (Debt) are lower bounds. Panel B adds manager fixed effects after industry-by-year effects *alone*, yielding upper bounds of 37% and 43%.

specifications include three-digit industry-by-year fixed effects. The baseline results continue to hold when using pre-tenure IAFM.[38] These findings extend the behavioral finance and imprinting literature—most directly Custódio and Metzger (2014), who link CEOs' prior finance experience to firms' financial policies—by showing that financial-market attention patterns developed at prior firms travel with managers and shape policies at the new firm.

Beyond this contribution, pre-tenure IAFM addresses two remaining identification concerns: residual reverse causality—a CEO may ramp up attention in anticipation of decisions whose planning horizons span multiple quarters—and simultaneity from contemporaneous shocks that jointly move attention and policy at the focal firm. Because pre-tenure IAFM is fixed at appointment and originates at *other* firms, it cannot be shaped by the focal firm's contemporaneous or future decisions, nor by shocks during the CEO's tenure. What it does not resolve is endogenous CEO–firm matching: boards may select CEOs whose attention patterns align with the firm's strategy or future policy needs. At the very least, however, the persistence of pre-tenure attention effects suggests that managerial attention is a necessary implementation mechanism: without adequate attention to financial markets, firms may struggle to execute otherwise value-maximizing, market-responsive strategies, creating a gap between optimal and realized policies. This is inconsistent with the "*no-attention-needed*" view, under which managers would pursue identical policies regardless of whether they attend to market prices.

F. Attention to Other Asset Markets: Evidence from the Energy Sector

The main analyses focus on attention to equity and debt markets, whose signals are broadly relevant across firms. As a complementary exercise, I extend the IAFM framework to a third dimension of managerial attention: attention to "other assets," capturing managers' discussion of commodity, currency, and derivatives markets.

I construct IAFM Other Assets using the same TF-IDF methodology as the main IAFM measures, with a 25-word seed dictionary spanning commodities, currencies, and

[38] The exceptions are the effect of pre-tenure IAFM Equity on financing responses to funding needs, and the sentiment- and interest-rate-based financing timing tests, which are statistically insignificant, likely because the sample is substantially smaller: pre-tenure IAFM requires observing managers in multiple senior positions, with IAFM data available only since 2007.

derivatives.[39] Figure IA.IV plots the industry-by-year mean of IAFM Other Assets across the Fama-French 12 industries: the Energy industry stands far above all others throughout 2007–2024, with sharp peaks around the 2009 commodity rebound, the 2015 oil-price collapse, and the 2020–2022 COVID and post-COVID period.[40]

I then apply IAFM Other Assets to a setting where this dimension of attention is most likely to matter: the energy sector, whose investment decisions are directly shaped by commodity prices (Gilje and Taillard, 2017; Shi and Zhang, 2024). Energy firms with higher attention to commodity and related asset markets adjust investment more strongly in response to changes in Brent crude oil prices, whereas no comparable effect appears among non-Energy firms (Table IA.XXVII, Panel D). The absence of an effect outside the Energy sector is inconsistent with the alternative that IAFM Other Assets simply proxies for general managerial sophistication or for firm-level investment flexibility.[41] The Energy result also provides an out-of-sample test in a market setting distinct from my main analysis: attention to relevant price signals shapes how those signals translate into investment policies.

G. Implications for Mergers and Acquisitions: Evidence from Merger Withdrawals

As a final exercise, I examine whether managerial attention shapes decisions in mergers and acquisitions—among the largest and most consequential corporate investments, and the canonical setting for managerial learning from market prices (Luo, 2005). Lin, Ma, Yang, and Zhu (2025) show that the scope for such learning depends critically on the method of payment. In their model, managers update beliefs about deal synergies from post-

[39] The full seed list is reported in Table IA.XXVII Panel A. Seeds include commodity terms (e.g., *commodity_price*, *crude_oil*, *gold_price*, *oil_price*), currency terms (e.g., *fx_market*, *fx_price*, *foreign_exchange_rate*), and derivatives terms (e.g., *forward_price*, *future_market*, *option_price*, *swap_agreement*). Panel B reports the top 50 representative and top 50 frequent words after dictionary expansion; Panel C reports cross-industry summary statistics.

[40] Energy averages 12.06 over 2007–2024, with peak readings of 16.99 (2009), 16.98 (2015), and a sustained 13–14 plateau over 2020–2022. Utilities forms a clear second tier (mean of about 8), reflecting fuel-input exposure, followed by Chemicals (about 5). Healthcare, Business Equipment, and Telecom industries average below one, consistent with their negligible commodity, currency, and derivatives exposure. Notably, Finance firms—which exhibit by far the highest IAFM Equity and IAFM Debt—score modestly on IAFM Other Assets, indicating that the measure picks up genuine commodity/FX/derivatives attention rather than generic financial-market vocabulary.

[41] Either interpretation would predict a positive interaction in both Energy and non-Energy subsamples, since a sophisticated or flexible firm would adjust investment more strongly to any macroeconomic signal—not only to oil-price changes in the commodity-exposed Energy sector.

announcement prices, but the payment method governs how informative—and how actionable—this feedback is: under stock financing, a decline in the acquirer's price simultaneously signals lower expected synergies and reduces the effective purchase price, creating a natural hedge, whereas the cost of an all-cash deal is non-contingent. Market feedback should therefore have the most bite in all-cash transactions. Their framework, however, presumes that managers actually monitor the market's reaction. If attention is the behavioral channel through which price feedback operates, the feedback effects they predict should be concentrated among attentive acquirers—and specifically in all-cash deals. Table IA.XXVIII tests this prediction on the withdrawal margin, with odd-numbered columns pertaining to all-cash acquisitions and even-numbered columns to non-all-cash acquisitions.[42] Throughout, I measure attention as IAFM Equity averaged over the three years preceding the announcement, so that the measure is predetermined relative to the deal and mitigates the concern that attention may rise mechanically around the transaction itself.

The level of IAFM *alone* does not predict withdrawal in either subsample—attention by itself does not make managers more inclined to abandon announced deals. The interaction between the High IAFM Equity Indicator and the announcement return CAR[−1,+5], however, is negative and significant for all-cash deals but not for non-all-cash deals, with a highly significant difference between the two. Economically, a 10-percentage-point more adverse announcement return is associated with a roughly 1-percentage-point higher probability that a high-attention acquirer withdraws an all-cash deal, and a 3.3-percentage-point stronger withdrawal response relative to low-attention acquirers.[43] These results are robust to controlling for the pre-announcement run-up CAR[−5,−1]. The run-up also serves as a placebo test: its interaction with attention is insignificant in both subsamples, indicating that attentive acquirers respond specifically to the new information revealed at announcement rather than to pre-existing price trends. Market feedback in M&A thus operates through

[42] Controls follow Table V and are measured as of the prior year, with additional controls for log deal value, the acquirer's pre-bid ownership stake (toehold), the percentage of target shares sought, and indicators for competing bids, rumored deals, hostile deals, tender offers, public targets, and target termination fees.

[43] For high-attention acquirers, the total sensitivity is 0.232 − 0.327 = −0.095, so a 10-percentage-point lower announcement return implies an about 0.95-percentage-point higher withdrawal probability; the 3.3-percentage-point differential reflects the interaction alone (10 × 0.327).

managers who listen—and it does so precisely in the all-cash transactions where feedback is most consequential.

VII. Conclusion

This paper studies a missing behavioral mechanism behind the real effects of financial markets: managerial attention. While existing theories emphasize the informational role of prices, they implicitly assume that managers monitor and process market signals. By directly measuring managerial attention to financial markets using managers' own discussions during earnings calls, this paper makes that channel observable.

I develop a novel measure—the Index of Attention to Financial Markets (IAFM)—and document substantial heterogeneity in attention across firms, industries, and time. This dispersion implies that the link between financial markets and corporate policies is not uniform but mediated by the degree of managerial attentiveness. As such, heterogeneity in attention itself becomes a first-order source of heterogeneity in the real effects of financial markets—explaining why even seemingly identical market signals can elicit vastly different corporate responses across firms.

Attention indeed serves as a behavioral channel through which market information influences corporate decisions. Firms whose managers pay higher attention to financial markets exhibit greater investment-price sensitivity. Moreover, attention shapes financing decisions. Attentive managers are more likely to tap external capital when financing needs arise, and—conditional on issuing—allocate across debt and equity in a manner that reflects prevailing market conditions. In mergers and acquisitions, attentive managers are more likely to withdraw announced deals following adverse announcement returns. Overall, by making managerial attention observable, this paper provides a new behavioral foundation for price feedback and market timing and helps explain heterogeneity in corporate investment and financing behavior.

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Table I
Seed Words

This table presents the seed words used to construct the expanded dictionaries for each dimension of the IAFM framework. Each dimension contains 25 seed words. IAFM Equity focuses on equity market-related phrases in earnings calls. IAFM Debt focuses on debt market-related phrases in earnings calls.

Equity	Debt
closing_price	bond_market
equity_market	bond_price
equity_performance	bond_yield
equity_price	borrowing_cost
equity_return	corporate_bond
equity_valuation	credit_market
equity_value	credit_spread
market_cap	credit_yield
market_reaction	debt_market
market_valuation	gilt_market
market_value	gilt_yield
mispriced	government_bond
overvalued	interest_rate
price_-_to_-_book_ratio	interest_rate_risk
price_target	investment_-_grade_bond
share_valuation	loan_market
share_price	municipal_bond
shareholder_return	sovereign_bond
shareholder_value	t_-_bill
stock_market	treasury_bill
stock_performance	treasury_bond
stock_price	treasury_rate
stock_return	treasury_yield
stock_valuation	yield_curve
undervalued	yield_spread

Table II
Summary Statistics

This table reports summary statistics for firm-level IAFM measures and other characteristics. Panel A includes 7,992 unique U.S. public firms over the period 2007 to 2024, whereas the sample for Panel B exclude financial firms and utilities, covering 6,476 firms. Panel C reports summary statistics of non-IAFM firm characteristics, calculated for firms that have non-missing IAFM measures and are not financial firms or utilities. Internet Appendix Table IA.II provides detailed variable definitions.

	Mean	STD	25%	Median	75%	N
Panel A: IAFM Measures for All U.S. Public Firms						
IAFM Equity	3.4	4.87	0.39	1.62	4.18	65084
IAFM Debt	2.61	5.63	0	.49	2.27	65084
Panel B: IAFM Measures for U.S. Public Firms Excluding Financial Firms and Utilities						
IAFM Equity	2.15	3.08	0.27	1.16	2.79	51186
IAFM Debt	0.94	1.98	0	0	1.13	51186
Panel C: Non-IAFM Firm Characteristics, Excluding Financial Firms and Utilities						
Year-End Tobin's Q	2.41	2.46	1.17	1.64	2.63	48478
Total Assets ($'mil)	7715.97	25326.64	265.51	1046.39	4065	46634
Cash (%)	22.96	24.18	4.93	13.46	33.04	46633
Leverage (%)	25.44	22.79	5.03	21.96	38.76	46438
Sales Growth (%)	14.84	50.16	-3.24	6.92	20.25	43235
Dividend Yield (%)	1.46	8.87	0	0	1.2	51186
Inst. Ownership (%)	46.96	39.07	0	52.96	85.46	51186
WPS (X 10^3)	0.02	0.08	0	0	0.01	17270
Mgr. Ownership	0.02	0.05	0	0	0.01	21335
Finance-Expert CEO	0.33	0.47	0	0	1	42669
Bond Yield	0.05	0.04	0.03	0.05	0.06	7932
CAPX (%)	4.84	6.09	1.3	2.84	5.8	46580
INVT (%)	4.67	12.13	-0.04	2.37	7.21	46618
Net Equity Issue Indicator	0.42	0.49	0	0	1	43226
Net Debt Issue Indicator	0.33	0.47	0	0	1	45208
Equity Issue vs Debt Issue	0.58	0.49	0	1	1	20927
NFD	0.09	0.33	-0.04	0	0.08	46510
Insider Trading Indicator	0.49	0.50	0	0	1	49554
Insider Trading Intensity	2.22	6.39	0.14	0.52	1.73	24466
HHI(Product Market Sales)	.28	0.27	0.09	0.18	0.38	42566
Size Distress Indicator	.29	0.46	0	0	1	46634
Composite Distress Indicator	.31	0.46	0	0	1	49554

Table III
Variance Decomposition of IAFM Measures

This table presents the *incremental* R^2 (%) from adding a specific set of fixed effects to firm-year level regressions. IAFM Equity (Column (1)) and IAFM Debt (Column (2)) are TF-IDF-based measures that capture the frequency of equity-related and debt-related phrases, respectively, in earnings call transcripts. All measures are averaged across all quarterly earnings calls within each calendar year. The sample period is 2007-2024.

Dep. Var.: IAFM	(1)	(2)
Dimension:	Equity	Debt
Year FE	0.34%	2.6%
Industry FE	16.66%	14.4%
Industry × Year FE	5%	7%
Firm FE	33%	35%
Residual Firm × Year Variation	45%	41%
Sum	100%	100%

Table IV
Industry Distribution of IAFM Equity and IAFM Debt

This table presents firm-level IAFM measures across the 12 Fama-French Industries, classified using four-digit SIC codes. Industries are ranked by the average firm-year IAFM score, which is based on a TF-IDF approach capturing the frequency of financial-market-related phrases in earnings calls. IAFM Equity (Panel A) and IAFM Debt (Panel B), respectively, measures the frequency of phrases related to equity and debt. The sample period is 2007-2024. Variable definitions are provided in Internet Appendix Table IA.II.

Panel A: IAFM Equity				
Industry (12 Fama-French Industries)	Mean	STD	Median	N
11 (Finance)	8.62	7.23	6.56	11758
8 (Utilities)	4.78	3.98	3.93	1797
4 (Oil, Gas, and Coal Extraction and Products)	3.72	4.15	2.40	3226
12 (Other: Mines, Construction, Building Materials, Trans, Hotels, Bus Serv, Entertainment)	3.31	4.40	1.81	8840
7 (Telephone and Television Transmission)	2.96	3.45	1.92	1880
5 (Chemicals and Allied Products)	2.34	2.68	1.55	1586
2 (Consumer Durables: Cars, TVs, Furniture, Household Appliances)	2.27	2.96	1.40	1503
3 (Manufacturing: Machinery, Trucks, Planes, Off Furn, Paper, Com Printing)	1.95	2.53	1.19	5447
9 (Wholesale, Retail, and Some Services (Laundries, Repair Shops))	1.89	2.53	1.10	5463
1 (Consumer Nondurables: Food, Tobacco, Textiles, Apparel, Leather, Toys)	1.82	2.23	1.16	2580
6 (Business Equipment: Computers, Software, and Electronic Equipment)	1.61	2.32	0.85	12364
10 (Healthcare, Medical Equipment, and Drugs)	1.37	2.26	0.54	8640
Panel B: IAFM Debt				
Industry (12 Fama-French Industries)	Mean	STD	Median	N
11 (Finance)	9.98	9.51	6.90	11758
8 (Utilities)	2.13	2.96	1.17	1797
12 (Other: Mines, Construction, Building Materials, Trans, Hotels, Bus Serv, Entertainment)	1.68	2.99	0.66	8840
7 (Telephone and Television Transmission)	1.42	2.03	0.67	1880
3 (Manufacturing: Machinery, Trucks, Planes, Off Furn, Paper, Com Printing)	1.14	1.88	0.49	5447
5 (Chemicals and Allied Products)	1.05	1.56	0.39	1586
9 (Wholesale, Retail, and Some Services (Laundries, Repair Shops))	1.02	1.90	0.28	5463
4 (Oil, Gas, and Coal Extraction and Products)	1.01	1.68	0.39	3226
1 (Consumer Nondurables: Food, Tobacco, Textiles, Apparel, Leather, Toys)	0.94	1.80	0.28	2580
2 (Consumer Durables: Cars, TVs, Furniture, Household Appliances)	0.94	1.59	0.28	1503
6 (Business Equipment: Computers, Software, and Electronic Equipment)	0.62	1.67	0.00	12364
10 (Healthcare, Medical Equipment, and Drugs)	0.38	0.99	0.00	8640

Table V
Managerial Equity Ownership

This table reports regression results investigating whether managerial ownership predicts firm-level attention to financial markets. The dependent variable is the tf-idf measure of IAFM Equity for Columns (1) and (3), and IAFM Debt for Columns (2) and (4). In Columns (1) and (2), the main independent variables are the scaled wealth–performance sensitivity (WPS (X 10^3)) and its squared term (WPS (X 10^3)^2). WPS measures dollar change in CEO wealth for a one percentage point change in firm value, divided by annual pay as in Edmans, Gabaix, and Landier (2009). In Columns (3) and (4), the main independent variables are managerial ownership (Mgr. Ownership) and its squared term (Mgr. Ownership^2). Control variables include end-of-year Tobin's Q, firm size (ln(Assets)), cash holdings, leverage, sales growth, dividend yield, and institutional ownership. Firm and 3-digit industry-by-year fixed effects are included. All independent variables are lagged by one year. The sample period is 2008-2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Dep. Var.: Ln(1+IAFM)	(1)	(2)	(3)	(4)
Dimension:	Equity	Debt	Equity	Debt
WPS (× 10^3)	0.64**	0.0062		
	(1.98)	(0.026)		
WPS (× 10^3)^2	-0.96*	-0.28		
	(-1.90)	(-0.79)		
Mgr. Ownership			1.56***	0.60
			(2.95)	(1.34)
Mgr. Ownership^2			-4.93**	-3.58**
			(-2.37)	(-2.24)
Year-End Q	-0.018***	0.0093**	-0.017***	0.00078
	(-2.83)	(2.07)	(-3.41)	(0.27)
Ln(Total Assets)	0.065***	0.060***	0.065***	0.057***
	(3.88)	(4.36)	(4.82)	(5.10)
Cash	0.00078	0.0012**	0.00068	0.00097**
	(1.18)	(2.39)	(1.27)	(2.11)
Leverage	-0.0014***	0.0032***	-0.00091**	0.0030***
	(-2.71)	(7.36)	(-2.25)	(8.01)
Sales Growth	0.00022	-0.00022*	0.00017	-0.00020*
	(1.17)	(-1.68)	(1.18)	(-1.84)
Dividend Yield	0.0014	0.0012	0.000064	0.0011
	(1.05)	(1.03)	(0.039)	(0.92)
Inst. Ownership	0.00016	-0.00033	-0.000070	-0.00021
	(0.48)	(-1.27)	(-0.26)	(-0.95)
Observations	15,148	15,148	19,128	19,128
Adj. R^2	0.342	0.451	0.365	0.465
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Table VI
Finance-Expert CEOs

This table reports regression results investigating whether having a finance-expert CEO predicts firm-level attention to financial markets. The dependent variable is the tf-idf measure of IAFM Equity for Columns (1), (3), and (5), and IAFM Debt for Columns (2), (4) and (6). The main independent variables are the finance-expert CEO indicator. Controls follow Table V. I additionally control for the gender, tenure, age, and squared age of the CEO. 3-digit industry-by-year fixed effects are included for Columns (1)-(6), and Columns (5) and (6) additionally include firm effects. All independent variables are lagged by one year. The sample period is 2007-2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Dep. Var.: Ln(1+IAFM)	(1)	(2)	(3)	(4)	(5)	(6)
Dimension:	Equity	Debt	Equity	Debt	Equity	Debt
Finance-Expert CEO	0.099***	0.038***	0.098***	0.042***	0.066***	0.033***
	(11.2)	(6.14)	(11.0)	(6.73)	(5.35)	(3.51)
Female CEO			-0.039**	-0.034***	-0.016	-0.049***
			(-2.40)	(-3.07)	(-0.64)	(-2.77)
CEO Tenure			-0.00019	0.0022***	0.0012	0.00091
			(-0.29)	(5.17)	(1.14)	(1.24)
CEO Age			-0.000018	0.0049	0.00061	0.0022
			(-0.0037)	(1.33)	(0.082)	(0.43)
CEO Age Squared			3.0e-06	-0.000040	-5.0e-06	-0.000022
			(0.073)	(-1.26)	(-0.078)	(-0.47)
Observations	35,626	35,626	35,561	35,561	34,974	34,974
Adj. R^2	0.145	0.283	0.145	0.285	0.380	0.468
Firm FE	No	No	No	No	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Table VII
Attention-Induced Investment-Price Sensitivity

This table presents regression results examining the effect of IAFM on investment-price sensitivity. The dependent variable is CAPX for Panel A and INVT for Panel B. The main independent variable is the interaction term between log-transformed IAFM measures and year-end Tobin's Q. Columns (1) and (3) use the tf-idf measure of IAFM Equity. Columns (2) and (4) use the tf-idf measure of IAFM Debt. Controls follow Table V. 3-digit industry-by-year fixed effects are included for Columns (1)-(4), and Columns (3) and (4) additionally include firm effects. The sample period is 2008-2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Proxy for IAFM:	(1) Equity	(2) Debt	(3) Equity	(4) Debt
Panel A: Dep. Var.: CAPX (%)				
Ln(1+IAFM) × Year-End Q	0.029	0.11***	0.056***	0.083***
	(1.26)	(2.99)	(3.30)	(2.61)
Ln(1+IAFM)	-0.26***	-0.44***	-0.19***	-0.25***
	(-4.05)	(-4.88)	(-3.77)	(-3.28)
Year-End Q	0.27***	0.26***	0.29***	0.31***
	(10.7)	(12.9)	(10.8)	(11.8)
Observations	39,465	39,465	38,765	38,765
Adj. R^2	0.407	0.407	0.686	0.686
Firm FE	No	No	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes
Panel B: Dep. Var.: INVT (%)				
Ln(1+IAFM) × Year-End Q	0.080*	0.15*	0.16***	0.25***
	(1.68)	(1.95)	(3.03)	(2.84)
Ln(1+IAFM)	-0.37***	-0.27	-0.39***	-0.72***
	(-2.69)	(-1.25)	(-2.65)	(-2.96)
Year-End Q	0.54***	0.56***	0.76***	0.80***
	(10.1)	(11.6)	(10.0)	(10.4)
Observations	39,497	39,497	38,805	38,805
Adj. R^2	0.169	0.169	0.300	0.300
Firm FE	No	No	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Table VIII
Attention-Induced Financing Policies: Whether Tapping External Financing by Source

This table presents regression results examining the effect of IAFM on decisions to tap external financing or not. The dependent variable is whether tapping equity financing (i.e., equal to one if positive net equity issuance and zero otherwise) for Panel A and whether tapping debt financing (i.e., equal to one if positive net debt issuance and zero otherwise) for Panel B. The main independent variable is the interaction term between log-transformed IAFM measures and NFD. Controls follow Table V. Across both panels, 3-digit industry-by-year fixed effects are included for Columns (1)-(3), and Columns (4)-(6) additionally include firm effects. All independent variables are lagged by one year. The sample period is 2008-2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Effect of IAFM on Whether Tapping Equity Financing

Dep. Var.: Net Equity Issue Indicator	(1)	(2)	(3)	(4)	(5)	(6)
Ln(1+IAFM Equity) × NFD	0.051***		0.034***	0.057***		0.046***
	(3.87)		(2.69)	(4.47)		(3.53)
Ln(1+IAFM Equity)	-0.044***		-0.043***	-0.021***		-0.020***
	(-11.4)		(-11.0)	(-4.86)		(-4.88)
Ln(1+IAFM Debt) × NFD		0.12***	0.11***		0.098***	0.082***
		(4.58)	(4.35)		(3.84)	(3.16)
Ln(1+IAFM Debt)		-0.014***	-0.0058		0.00022	0.0027
		(-2.97)	(-1.20)		(0.040)	(0.48)
NFD	0.34***	0.35***	0.32***	0.21***	0.23***	0.20***
	(15.1)	(17.7)	(14.1)	(10.9)	(12.3)	(9.96)
Observations	36,530	36,530	36,530	35,801	35,801	35,801
Adj. R^2	0.232	0.230	0.233	0.432	0.432	0.433
Firm FE	No	No	No	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Panel B: Effect of IAFM on Whether Tapping Debt Financing

Dep. Var.: Net Debt Issue Indicator	(1)	(2)	(3)	(4)	(5)	(6)
Ln(1+IAFM Equity) × NFD	0.089***		0.036*	0.10***		0.055**
	(4.67)		(1.78)	(4.99)		(2.53)
Ln(1+IAFM Equity)	0.0069*		0.0090**	0.0040		0.0065
	(1.77)		(2.32)	(0.88)		(1.43)
Ln(1+IAFM Debt) × NFD		0.40***	0.39***		0.41***	0.39***
		(7.07)	(6.91)		(8.20)	(7.75)
Ln(1+IAFM Debt)		-0.0046	-0.0063		-0.010*	-0.010*
		(-0.97)	(-1.33)		(-1.69)	(-1.73)
NFD	0.44***	0.42***	0.39***	0.46***	0.44***	0.41***
	(13.5)	(15.1)	(12.3)	(12.5)	(14.1)	(11.3)
Observations	38,192	38,192	38,192	37,481	37,481	37,481
Adj. R^2	0.188	0.197	0.197	0.258	0.266	0.266
Firm FE	No	No	No	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Appendix Table A.I
Guide to the Internet Appendix

This table summarizes the additional analyses reported in the Internet Appendix. For each analysis, the table lists the concern or question addressed, the empirical approach, and the corresponding Internet Appendix table(s). Analyses are grouped by theme, following the order in which they are discussed in the main text.

Concern or question addressed	Approach	IA Table(s)	Section
Panel A: Construction and validation of the IAFM measures			
Does the dictionary capture semantically coherent, distinct financial-market vocabulary?	Top 50 representative and most frequent words per dimension after word2vec expansion	IA.I	§II.C–II.D
How are all variables defined?	Variable definitions	IA.II	Throughout
Does IAFM respond to relevant market signals as genuine attention should?	Attention regressed on firm and market equity signals, interest-rate changes and levels, and firm-level bond yields	IA.III	§III.D
Are results specific to the 7-year Treasury yield?	Alternative maturities (6-month, 1-, 5-, and 10-year)	IA.IV–IA.V	§III.D
Panel B: Cross-sectional predictions of learning from prices			
Is investment–price sensitivity stronger when prices are more informative to managers?	Sample splits by insider trading activity	IA.VI	§IV.B
Is the effect stronger where efficient capital allocation matters more?	Sample splits by product-market competition	IA.VII	§IV.B
Is the effect concentrated among firms able to act on price signals?	Sample splits by financial constraints (size; composite index)	IA.VIII–IA.IX	§IV.B
Do managers respond differently to favorable and unfavorable signals?	Attention decomposed into positive- and negative-tone components	IA.X	§IV.B
Panel C: Value implications			
Is attention-induced investment–price sensitivity value-enhancing?	Subsequent ROA; abnormal returns around earnings calls with no reversal	IA.XI	§IV.B
Panel D: Debt-market attention and the cost of capital			
Is debt-market attention merely a proxy for equity-market attention?	Both IAFM measures included jointly; splits by leverage	IA.XII	§IV.C
Do attentive managers respond to their own borrowing costs?	Firms with publicly traded bonds; interaction of IAFM Debt with own bond yield	IA.XIII	§IV.C
Does attention relate to the perceived cost of capital?	IAFM and the perceived and implied cost of capital (Gormsen and Huber, 2024)	IA.XIV	§IV.C
Panel E: Financing decisions and the business-opportunities channel			
Does attention shape financing responses to equity-market conditions?	Financing choice interacted with Tobin's Q, equity-market sentiment (changes and levels), and Treasury-yield changes	IA.XV	§V.B

Concern or question addressed	Approach	IA Table(s)	Section
Does the investment result survive when the financing channel is shut down?	Sample restricted to firm-years with non-positive net external financing	IA.XVI	§VI.A
Panel F: Alternative implementations of the attention measure			
Does IDF weighting introduce noise?	Term frequency only, without IDF weighting	IA.XVII	§VI.B
Are results sensitive to the continuous specification?	Binary indicators for top two within-year quintiles	IA.XVIII	§VI.B
Is the word2vec expansion generating the results?	High-attention indicators built from the 25 original seed words only	IA.XIX	§VI.B
Panel G: Endogenous attention allocation and analyst-elicited attention			
Do managers endogenously allocate attention in anticipation of corporate decisions?	IAFM from the analyst-steered Q&A section only; then 2SLS instrumenting managers' Q&A-response attention with analyst-question attention	IA.XX–IA.XXI	§VI.C
Do the main results solely reflect analyst pressure during Q&A rather than managers' own cognition?	IAFM from the management presentation only, where managers fully control topic choice	IA.XXII	§VI.C
Panel H: Attention versus a passive sideshow			
Do firm-level returns and volatility, rather than attention, drive the results?	Firm-level returns and volatility added with their interactions across all main specifications	IA.XXIII	§VI.D
Does attention merely reflect exposure to market-wide turbulence?	IAFM Vol. & Liq. (discussion of volatility, liquidity, and disruptions) constructed, validated, and added as a control	IA.XXIV	§VI.D
Panel I: Managerial styles and external validity			
Do individual managers carry distinctive attention patterns?	Variance decomposition with manager fixed effects	IA.XXV	§VI.E
Do attention styles travel with managers and shape policies at new firms?	Pre-tenure IAFM from prior C-suite positions at other firms	IA.XXVI	§VI.E
Does attention to other asset markets matter where it should?	IAFM Other Assets; energy firms' investment response to oil prices	IA.XXVII	§VI.F
Do attentive acquirers learn from announcement returns as theory predicts?	Acquisition withdrawals after adverse announcement returns, all-cash versus non-all-cash deals (Lin, Ma, Yang, and Zhu, 2025)	IA.XXVIII	§VI.G

Internet Appendix to
"Managerial Attention to Financial Markets: Evidence from Managers' Own Discussion"

Section IA.A. Preprocessing and Parsing, and Learning Phrases

First, I segment all earnings call transcripts into their constituent sentences and discrete lexical tokens. Second, to reduce inflectional forms and derivationally related forms of words to a common base form, I apply lemmatization. This process converts various word forms to their lemma, ensuring that semantic relationships are identified regardless of grammatical variations.

Third, I implement Named Entity Recognition (NER) algorithms to identify and systematically replace specific named entities such as geographical locations, temporal references, individuals, and corporate entities with predetermined taxonomic classifications. This standardization procedure prevents the model from interpreting different proper nouns as semantically distinct entities when their underlying functional roles are equivalent.

Fourth, I employ two steps to recognize multi-word expressions (i.e., phrases or collocations) that contain critical semantic information during earnings calls that cannot be adequately captured through single-word analytical approaches. In the first step, I employ the dependency parser within the Stanford CoreNLP architecture to identify two distinct categories of multi-word expressions that tend to be part of general English vocabulary: fixed expressions (e.g., "compared to," "as well as"), and compound items (e.g., "break_down," "spin_off"). In the second step, to identify domain-specific terminology unique to earnings calls, I implement the *phraser* module from the *gensim* library. This approach facilitates the identification of bi-gram and tri-gram expressions that exhibit statistically significant co-occurrence patterns within the transcript corpus. Examples of such corpus-specific phrases include "ipo_discount" and "credit_default_protection". All identified multi-word expressions are normalized through underscore concatenation, preserving their semantic integrity while enabling their computational treatment as unified lexical units in the embedding model.

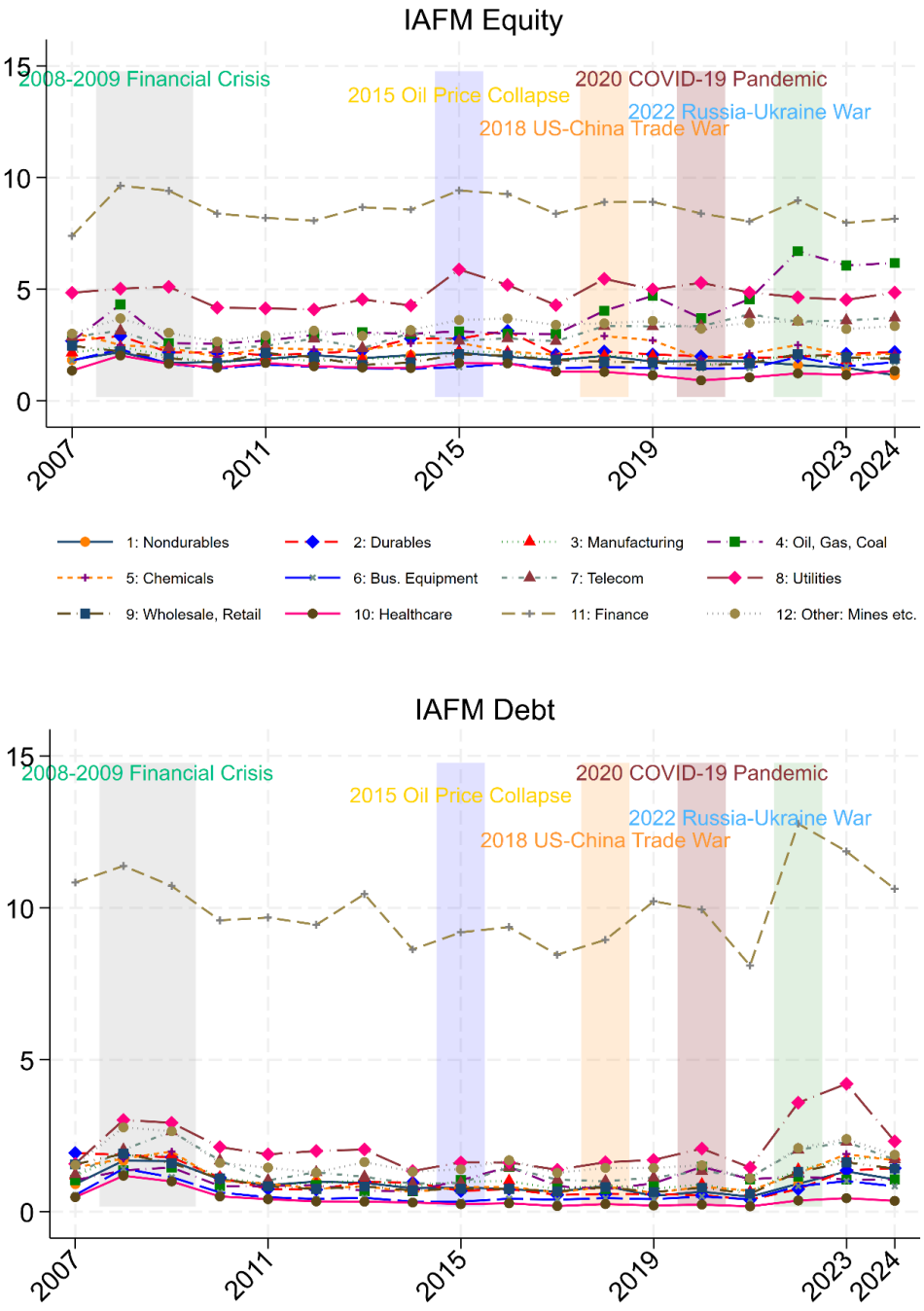


Figure IA.I. IAFM Measures Across 12 Fama-French Industries Over Time. This figure shows the two tf-idf IAFM measures (IAFM Equity and IAFM Debt) over time for the 12 Fama-French industries. The y-axis indicates the average IAFM measure across firms within each industry, while the x-axis represents the years from 2007 to 2024.

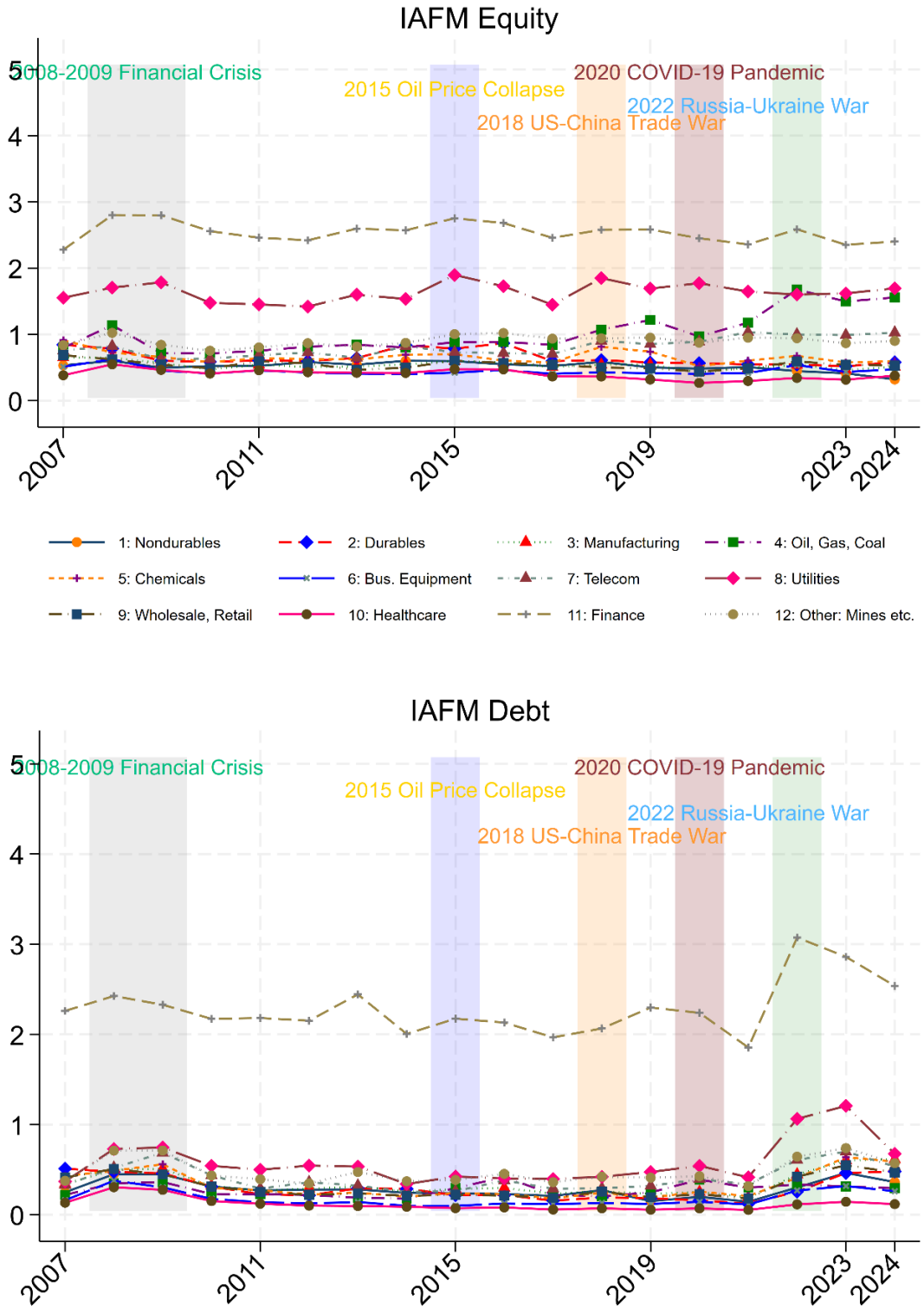


Figure IA.II. TF-Only IAFM Measures Across 12 Fama-French Industries Over Time. This figure shows the two tf-only IAFM measures (IAFM Equity and IAFM Debt) over time for the 12 Fama-French industries. The y-axis indicates the average IAFM measure across firms within each industry, while the x-axis represents the years from 2007 to 2024.

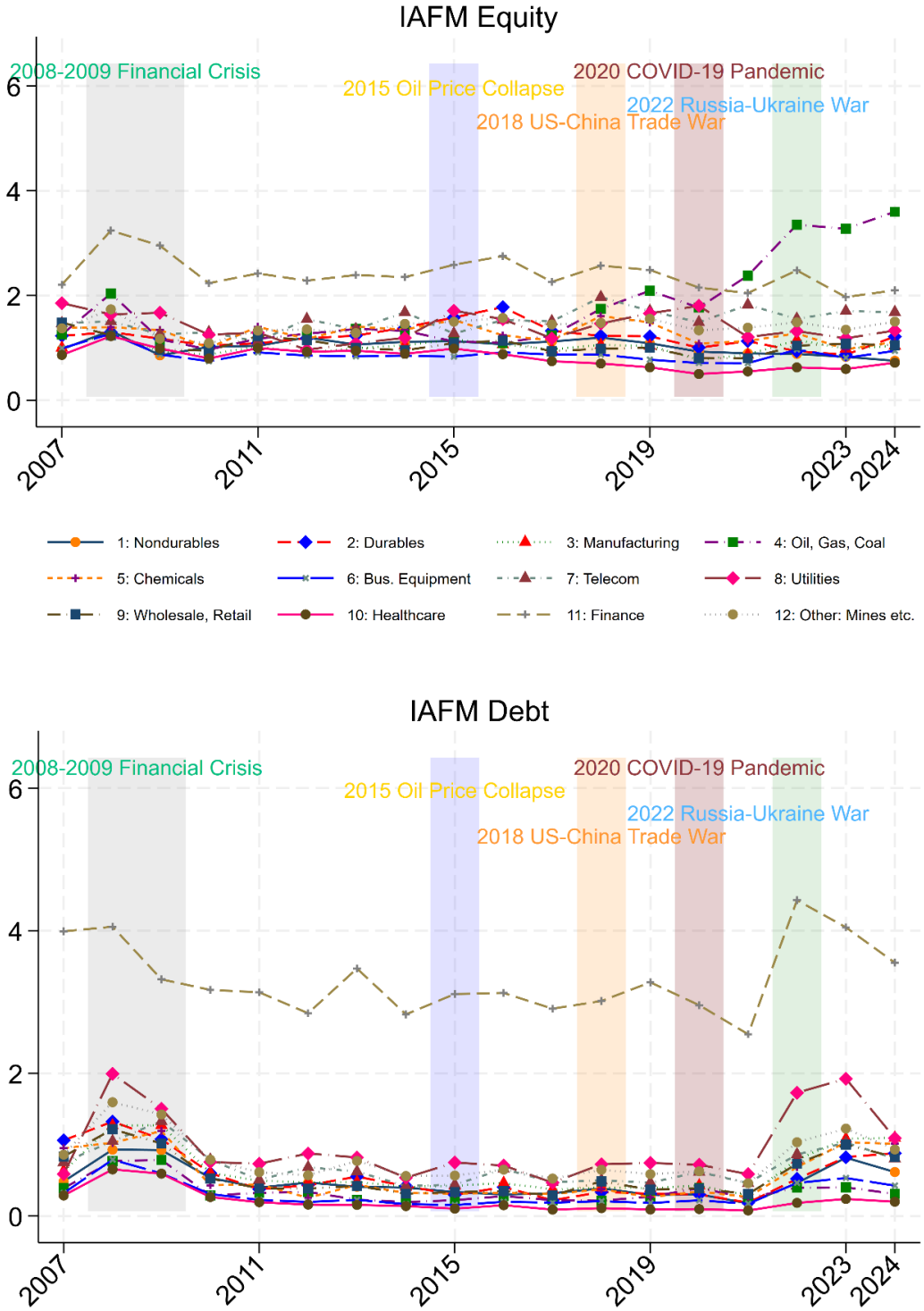


Figure IA.III. Seed-Words-Only IAFM Measures Across 12 Fama-French Industries Over Time. This figure shows the two seed words-based IAFM measures (IAFM Equity and IAFM Debt) over time for the 12 Fama-French industries. The y-axis indicates the average IAFM measure across firms within each industry, while the x-axis represents the years from 2007 to 2024.

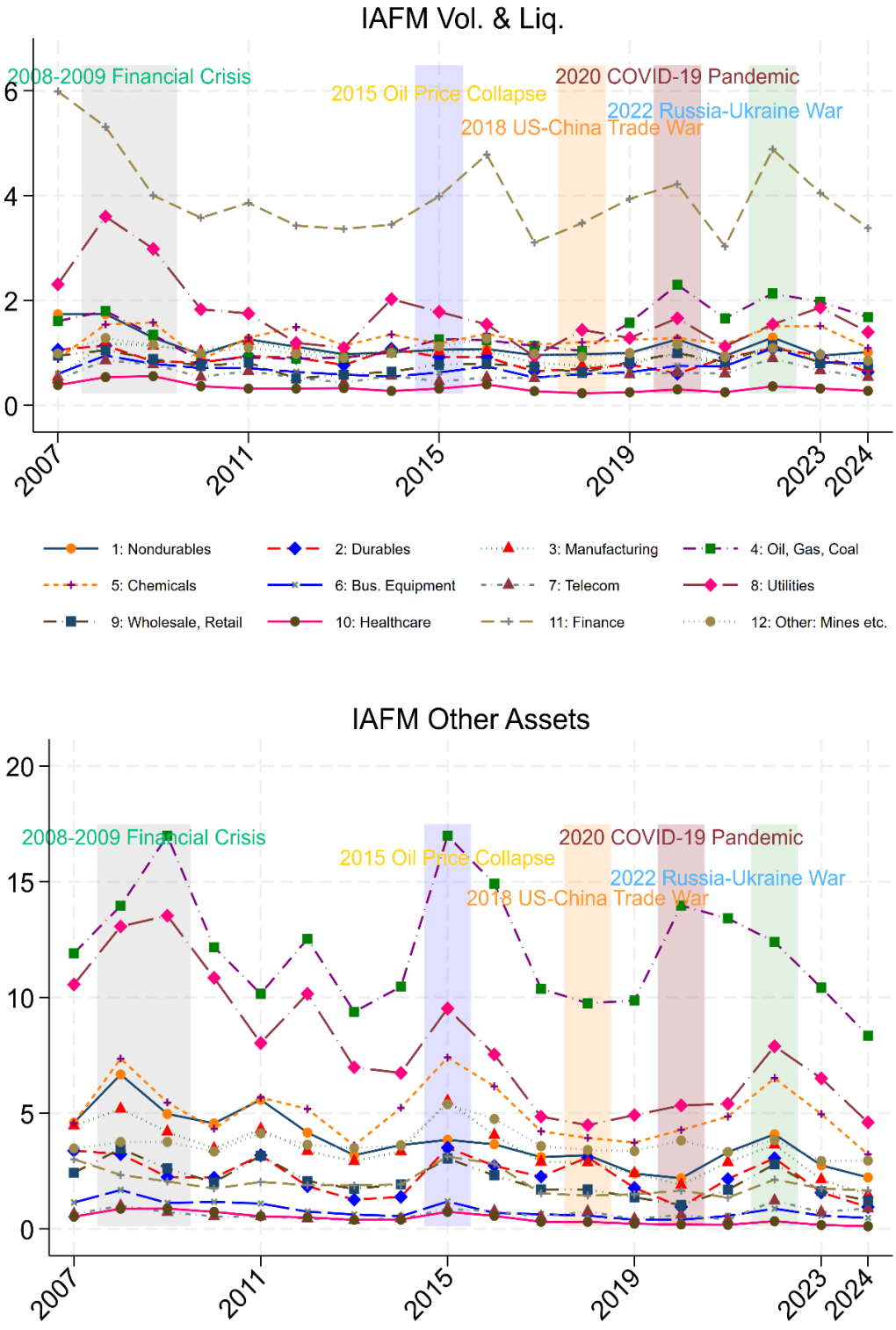


Figure IA.IV. IAFM Vol. & Liq. And IAFM Other Across 12 Fama-French Industries Over Time. This figure shows the two IAFM measures (IAFM Vol. & Liq. and IAFM Oter) over time for the 12 Fama-French industries. The y-axis indicates the average IAFM measure across firms within each industry, while the x-axis represents the years from 2007 to 2024.

Table IA.I
Expanded Dictionary

Panel A lists the 50 most representative words for each IAFM dimension, ranked by descending similarity to the corresponding seed words. Panel B reports top 50 most frequent words, with percentages showing each word's contribution to dimension's total tf-idf score across all transcripts.

Panel A: Fifty most representative words for each IAFM dimension in the IAFM dictionary

Equity				Debt			
Word	Sim	Word	Sim	Word	Sim	Word	Sim
share_price	0.85	tower_stock	0.67	credit_spread	0.83	aa_bond	0.69
stock_price	0.85	gray_stock	0.67	bond_yield	0.82	bond_spread	0.69
equity_price	0.78	dividend_yield_basis	0.67	government_bond	0.79	agency_mbs	0.69
market_valuation	0.76	net_-_net_working_capital	0.66	treasury_yield	0.77	government_bond_yield	0.69
equity_valuation	0.75	undervalue	0.66	bond_market	0.76	income_instrument	0.69
stock_market	0.73	stock_trade	0.66	yield_curve	0.75	interest_rate_market	0.68
valuation	0.73	dividend_yield	0.66	interest_rate	0.74	term_bond_yield	0.68
stock_valuation	0.72	price_-_to_-_book_basis	0.65	year_treasury	0.74	spread_widening	0.68
price_-_to_-_book_ratio	0.72	nav_valuation	0.65	bond_portfolio	0.74	agency_rmbs_price	0.68
market_timberland_value	0.71	share_price_level	0.65	swap_rate	0.73	loan_credit_spread	0.68
equity_value	0.70	unit_trading_price	0.65	treasury_rate	0.73	term_rate	0.68
market_capitalization	0.70	trading_price	0.65	spread_widen	0.73	repo	0.68
unit_price_trade	0.69	stock_exchange_value	0.65	bond_price	0.72	loan_market	0.68
share_price_performance	0.69	equity_share_price	0.65	t_-_bill	0.72	interest_rate_type	0.68
share_value	0.69	calculated_intrinsic	0.65	term_interest_rate	0.71	agency_mortgage_valuation	0.68
intrinsic_value	0.68	unit_price_trading	0.65	treasury_bill	0.71	interest_rate_environment	0.68
market_cap	0.68	stock_performance	0.65	sovereign_bond	0.71	curve_control	0.68
share_price_trade	0.68	stock_price_trade	0.65	swap_yield	0.71	mortgage_basis_risk	0.68
valuation_level	0.68	equity_trading_price	0.65	mortgage_spread	0.70	income_market	0.68
price_-_to_-_book_value_ratio	0.67	equity_trading_level	0.65	treasury_bond	0.70	yield_name	0.68
stock_value	0.67	market_value	0.64	market_interest_rate	0.70	investment_-_grade_spread	0.68
stock_price_performance	0.67	company_share_price	0.64	government_security	0.69	interest_rate_volatility	0.68
equity_market	0.67	market_multiple	0.64	risk_bond	0.69	repo_haircut	0.68
book_value_multiple	0.67	price_-_to_-_tangible_book	0.64	widening_credit_spread	0.69	income_liquidity	0.68
dryships_share	0.67	stock_outperformance	0.64	government_yield	0.69	ig_bond	0.67

Panel B: Fifty most frequently occurring words by tf-idf contribution for each IAFM dimension in the IAFM dictionary

Equity				Debt			
Word	%	Word	%	Word	%	Word	%
equity	25.43%	trading_price	0.25%	interest_rate	26.87%	market_interest_rate	0.61%
valuation	11.64%	share_price_performance	0.24%	bond	13.75%	loan_market	0.59%
shareholder_value	7.77%	stock_performance	0.22%	interest_rate_environment	4.83%	income_market	0.55%
book_value	7.48%	stock_trading	0.22%	rate_environment	4.10%	agency_mbs	0.52%
share_price	5.55%	stock_undervalue	0.22%	treasury	3.99%	year_treasury	0.51%
nav	4.83%	valuation_multiple	0.21%	funding_cost	3.23%	bond_yield	0.51%
stock_price	4.77%	stock_trade	0.20%	credit_market	2.54%	yield_market	0.47%
shareholder_return	3.65%	trading_level	0.19%	yield_curve	1.77%	risk_asset	0.47%
asset_value	3.48%	equity_valuation	0.19%	repo	1.72%	year_bond	0.45%
market_value	3.26%	valuation_perspective	0.18%	debt_market	1.68%	month_libor	0.42%
equity_market	2.93%	equity_price	0.18%	credit_spread	1.54%	yield_bond	0.38%
market_cap	1.89%	valuation_level	0.17%	term_rate	1.47%	interest_rate_level	0.38%
stock_market	1.53%	undervalued	0.16%	bond_market	1.46%	income_security	0.37%
dividend_yield	1.32%	market_multiple	0.15%	borrowing_cost	1.37%	interest_rate_movement	0.37%
enterprise_value	1.26%	valuation_gap	0.14%	bond_portfolio	1.15%	interest_rate_volatility	0.37%
undervalue	1.19%	trading_value	0.12%	asset_yield	1.08%	benchmark_rate	0.36%
intrinsic_value	0.89%	equity_performance	0.11%	cmbs	1.08%	covered_bond	0.35%
market_capitalization	0.80%	stock_price_performance	0.11%	term_interest_rate	1.05%	reference_rate	0.34%
equity_value	0.70%	stock_value	0.11%	interest_rate_risk	1.01%	municipal_bond	0.32%
market_valuation	0.56%	price_target	0.11%	income_portfolio	0.89%	reinvestment_yield	0.32%
asset_price	0.53%	share_price_appreciation	0.11%	spread_widen	0.82%	swap_rate	0.31%
closing_price	0.52%	p_/_e	0.10%	libor	0.75%	interest_environment	0.28%
equity_return	0.31%	stock_valuation	0.10%	government_bond	0.73%	market_yield	0.27%
share_value	0.29%	share_market	0.10%	money_market_fund	0.66%	interest_rate_scenario	0.25%
market_reaction	0.26%	share_price_development	0.09%	debt_security	0.65%	income_investment	0.24%

Table IA.II
Variable Definitions

Variable	Definition
IAFM Equity	IAFM Equity is a TF-IDF-based measure that focuses specifically on equity market-related phrases in earnings calls.
IAFM Debt	IAFM Debt is a TF-IDF-based measure that focuses specifically on debt market-related phrases in earnings calls.
IAFM Vol. & Liq.	IAFM Vol. & Liq. is a TF-IDF-based measure that captures terms associated with financial market volatility and liquidity.
IAFM Other Assets	IAFM Other Assets is a TF-IDF-based measure that captures phrases related to commodity, currency, and derivatives markets.
Year-End Q	The year-end market value of equity over year t-1 (the closing price at year-end × shares outstanding from CRSP) plus book value of assets minus the book value of equity (Compustat AT–CEQ).
Ln(Total Assets)	Log of total assets (Compustat AT), lagged by one year.
Cash (%)	100 × cash and Short-term investment (Compustat CHE) scaled by assets (Compustat AT), lagged by one year.
Leverage (%)	100 × long-term debt (Compustat DLTT) plus debt in current liabilities (Compustat DLC) scaled by total assets (Compustat AT), lagged by one year.
Sales Growth (%)	100 × $(\text{SALE}_{t-1} - \text{SALE}_{t-2})/ \text{SALE}_{t-2}$) where SALE_{t-1} denotes the Compustat SALE in year t-1.
Dividend Yield (%)	100 × the sum of total dividends paid to common shares (Compustat DVC) and preferred shares (Compustat DVP), scaled by the sum of the market value of common equity (year-end closing price × shares outstanding from CRSP) and the book value of preferred stock (Compustat PSTK), lagged by one year.
Inst. Ownership (%)	100 × total shares held by all institutional investors scaled by total shares outstanding.
CAPX (%)	100 × the capital expenditure (Compustat CAPX) divided by lagged total assets (Compustat AT).
INVT (%)	100 × the changes in gross property, plant, and equipment (Compustat PPEGT) plus changes in inventory (Compustat INVT), divided by lagged total assets (Compustat AT).
WPS (X 10^3)	The scaled wealth-performance sensitivity measure of Edmans, Gabaix, and Landier (2009): The dollar change in the CEO's wealth for a 100 percentage point change in the stock price, scaled by annual pay.
Mgr. Ownership	Total number of shares held by CEO (Execucomp CEO_SHROWN) scaled by the total number of shares outstanding (Compustat CSHO)
Finance-Expert CEO	A CEO who has prior experience in either banking or investment firms, in a finance-related executive role such as accountant, chief financial officer (CFO), treasurer, or vice president of finance, or in a large auditing firm. It is defined following Custódio and Metzger (2014).
Interest Rate	The 7-year U.S. Treasury yield as of the end of the previous calendar year is used to capture U.S. firms' general exposure to interest rate fluctuations. This maturity is chosen because it aligns with the maturity

	pattern of publicly traded corporate bonds in my sample: the median firm-level time to maturity of bonds in the sample is 6.5 years, and the mean is 7.8 years.
Bond Yield	The firm's most recent monthly close yield (expressed in real terms) as of the prior calendar year, averaged across all publicly traded bonds (weighted by outstanding amount).
Credit Spread	To compute the credit spread, I first calculate the difference between each bond's yield and the interpolated Treasury yield with a maturity matching the bond's. The linear interpolation is conducted based on the two adjacent points on the Treasury yield curve that bracket the bond's time to maturity. I then compute the monthly firm-level credit spread as the outstanding-amount-weighted average of bond-level spread spreads.
Term Spread	The term spread is first computed for each bond as the difference between the matched-maturity Treasury yield and the three-month Treasury bill rate. I then compute the monthly firm-level term spread as the outstanding-amount-weighted average of bond-level term spreads.
ROA (%)	100 × net income (Compustat NI) divided by lagged total assets (Compustat AT).
AR (%)	The abnormal return in percent for stock i on day d in year t, computed relative to a CAPM benchmark. Factor loadings for CAPM are estimated over the $[-250, -75]$ window prior to the earnings call.
Net Equity Issue Indicator	Equity issuance is 100 × the difference between sales of common stock (Compustat SSTK) and stock repurchases (Compustat PRSTKC), scaled by lagged total assets (Compustat AT).
Net Debt Issue Indicator	Debt issuance is 100 × the difference between long-term debt issuance (Compustat DLTIS) and long-term debt reduction (Compustat DLTR), scaled by lagged total assets (Compustat AT).
NFD	Net financing deficit is the sum of cash dividends, net investment, change in working capital, and minus cash flow after interest and tax, scaled by lagged total assets (Compustat AT). For firms reporting format codes 1 to 3, net investment is CAPX + IVCH + AQC + FUSEO – SPPE – SIV; for firms reporting format code 7, it is CAPX + IVCH + AQC – SPPE – SIV – IVSTCH – IVACO. When items are missing or combined with other items, I code them as 0. To compute change in working capital, for format code 1, it is WCAPC + CHECH + DLCCH; for codes 2 and 3, – WCAPC + CHECH – DLCCH; for code 7, – RECCH – INVCH – APALCH – TXACH – AOLOCH + CHECH – FIAO – DLCCH. All items, excluding CHECH, are replaced with 0 when missing or combined with other items. To calculate cash after interest and tax, for codes 1 to 3, it is IBC + XIDOC + DPC + TXDC + ESUBC + SPPIV + FOPO + FSRCO. For code 7, this is items IBC + XIDOC + DPC + TXDC + ESUBC + SPPIV + FOPO + EXRE. Items are coded as 0 when missing or combined with other items.
Equity Market Sentiment	Sentiment index in Baker and Wurgler (2006); based on first principal component of FIVE (standardized) sentiment proxies where each of the proxies has first been orthogonalized with respect to a set of six macroeconomic indicators
Insider Trading Intensity	1000 × number of shares traded by insiders in a given calendar year (Thomson Reuters Insider Filing SHARES) scaled by the total number of shares traded (sum of daily trading volume (CRSP CSHTRD) over the

	year). I only consider open market stock transactions initiated by the top five executives (CEO, CFO, COO, President, and Chairman of the Board). Insider Trading Indicator equals to 1 if Insider Trading Intensity is positive and 0 otherwise.
HHI(Product Market Sales)	Sales-based Herfindahl–Hirschman index of the product market to which a firm belongs, where product market peers are defined in Hoberg and Phillips (2016).
Size Distress Indicator	Size Distress Indicator equals to one if the firm's total assets fall within the bottom two quintiles as of last calendar year end, and zero otherwise.
Composite Distress Indicator	The composite indicator of financial constraint is constructed based on five proxies of financial constraints: dividend, credit ratings, firm size, the Kaplan-Zingales (1997) index, the Hadlock and Pierce (2010) index, and Whited and Wu (2006) index. For dividend, a firm is classified as constrained if it does not pay dividend in a year. For credit rating, a firm is classified as constrained if it has neither a short-term (spsticrm) nor long-term (splticrm) credit rating from S&P based on Compustat Credit Rating database. Due to data availability, credit rating information is available only through 2016; from 2017 onward, the indicator is constructed using the remaining four proxies. A firm is distressed by size if the firm's total assets fall within the bottom two quintiles in a year, and zero otherwise. For the Kaplan-Zingales, Hadlock-Pierce, and Whited-Wu indices, firms are categorized as financially constrained if they fall within the top two quintiles in a year and unconstrained otherwise. A firm is financially constrained if the majority of the five (lagged by one year) proxies classify the firm as being constrained; otherwise, the firm is unconstrained.

Table IA.III
Equity and Debt Markets Performance

This table reports regression results investigating whether equity and debt markets performance predict firm-level attention to financial markets. In Panels A and B, the dependent variable is IAFM Equity in Columns (1) and (3), and IAFM Debt in Columns (2) and (4). Panel A uses equity-based predictors: firm-level return and return volatility in Columns (1)–(2), and market-wide return and volatility in Columns (3)–(4), all measured over the prior calendar year. Panel B uses interest rate measures: the level of the 7-year U.S. Treasury yield and its volatility in Columns (1)–(2), and the annual change in the yield and its volatility in Columns (3)–(4). The annual change is defined relative to the prior year-end yield, and volatility is the standard deviation of daily yield changes. Panel C restricts to firms with at least one publicly traded bond. The dependent variable is IAFM Equity in Columns (1)–(2) and (5)–(6), and IAFM Debt in Columns (3)–(4) and (7)–(8). Key predictors include firm-level bond yield and its volatility in Columns (1), (3), (5), and (7), and its components—credit spread, term spread, and the 3-month Treasury bill rate—in Columns (2), (4), (6), and (8). Bond yields and spreads are measured at year-end using the last available monthly observation. Controls follow Table V. Returns, return volatility, interest rate level/change, interest rate level/change volatility, spreads and yields are all expressed in actual number (e.g., 1 unit = 100% change) for easier interpretability, not in percentage form. All explanatory variables are lagged by one year. Firm fixed effects are included in all specifications. Industry-by-year fixed effects are included in Panel A, Columns (1)–(2), and in Panel C, Columns (5)–(8), but not in other specifications. The sample period is 2007-2024. Standard errors are clustered at the sector-by-year level; t-statistics are in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Dep. Var.: Ln(1+IAFM)	(1)	(2)	(3)	(4)
Dimension:	Equity	Debt	Equity	Debt
Panel A: Firm-Level Equity Performance				
Firm-Level 1-Year Equity Return	0.035***	0.013*		
	(3.72)	(1.66)		
Firm-Level Equity Return Volatility	-2.35***	-0.24		
	(-4.68)	(-0.57)		
Market-Wide 1-Year Equity Return			-0.054**	0.0060
			(-2.27)	(0.25)
Market-Wide Return Volatility			-1.43**	8.55***
			(-1.98)	(6.74)
Observations	28,712	28,712	42,286	42,286
Adj. R^2	0.420	0.461	0.400	0.416
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	No	No

Dep. Var.: Ln(1+IAFM)	(1)	(2)	(3)	(4)
Dimension:	Equity	Debt	Equity	Debt
Panel B: Interest Rate Movements				
Δ in Interest Rate	-0.0024	0.052***		
	(-0.29)	(5.15)		
Volatility(Δ in Interest Rate)	-0.32***	-0.53***		
	(-2.96)	(-3.58)		
Interest Rate			0.65	3.88***
			(1.17)	(5.18)
Volatility(Interest Rate)			-7.29***	26.1***
			(-3.07)	(7.98)
Observations	42,286	42,286	42,286	42,286
Adj. R^2	0.400	0.412	0.400	0.422
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	No	No	No	No

Dep. Var.: Ln(1+IAFM)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dimension:	Equity	Equity	Debt	Debt	Equity	Equity	Debt	Debt
Panel C: Bond Yield								
Bond Yield	0.044		3.03***		-0.97***		0.44	
	(0.16)		(8.96)		(-2.62)		(1.15)	
Credit Spread		0.20		2.92***		-0.54		0.70*
		(0.67)		(8.47)		(-1.43)		(1.81)
Term Spread		0.94		2.24**		-1.23		-2.56
		(0.63)		(1.97)		(-0.58)		(-1.31)
3-Month Treasury Yield		0.20		4.59***				
		(0.21)		(5.44)				
Observations	7,452	7,388	7,452	7,388	6,599	6,533	6,599	6,533
Adj. R^2	0.354	0.357	0.356	0.360	0.390	0.393	0.452	0.454
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry-by-Year FE	No	No	No	No	Yes	Yes	Yes	Yes

Table IA.IV
Do Changes in Treasury Yields With Alternative Maturities Predict IAFM?

This table reports regressions examining whether changes in Treasury yields predict firm-level attention to financial markets. The dependent variable is IAFM Equity in Columns (1), (3), (5), and (7), and IAFM Debt in Columns (2), (4), (6), and (8). Key independent variables are the annual change and volatility of Treasury yields at four maturities (6-month, 1-year, 5-year, and 10-year). The annual change is defined relative to the prior year-end yield, and volatility is the standard deviation of daily yield changes. Controls follow Table V. All variables are lagged by one year. Interest rate changes and volatilities are expressed in levels (1 = 100%). Firm fixed effects are included. The sample spans 2007–2024. Standard errors are clustered at the sector-by-year level; t-statistics are in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Dep. Var.: Ln(1+IAFM)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dimension:	Equity	Debt	Equity	Debt	Equity	Debt	Equity	Debt
Δ in 6-Month Treasury Yield	-0.0017*	0.0092***						
	(-1.77)	(10.7)						
Volatility(Δ in 6-Month Treasury Yield)	0.061**	-0.10***						
	(2.23)	(-3.10)						
Δ in 1-Year Treasury Yield			-0.00052	0.019***				
			(-0.24)	(10.0)				
Volatility(Δ in 1-Year Treasury Yield)			-0.0065	-0.087				
			(-0.11)	(-1.17)				
Δ in 5-Year Treasury Yield					0.0071	0.044***		
					(1.06)	(6.61)		
Volatility(Δ in 5-Year Treasury Yield)					-0.18**	-0.50***		
					(-2.14)	(-4.33)		
Δ in 10-Year Treasury Yield							-0.013	0.064***
							(-1.36)	(4.97)
Volatility(Δ in 10-Year Treasury Yield							-0.51***	-0.41**
							(-3.92)	(-2.22)
Observations	42,286	42,286	42,286	42,286	42,286	42,286	42,286	42,286
Adj. R^2	0.400	0.415	0.400	0.414	0.400	0.413	0.400	0.411
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry-by-Year FE	No	No	No	No	No	No	No	No

Table IA.V
Do Treasury Yields With Alternative Maturities Predict IAFM?

This table reports regressions examining whether changes in Treasury yields predict firm-level attention to financial markets. The dependent variable is IAFM Equity in Columns (1), (3), (5), and (7), and IAFM Debt in Columns (2), (4), (6), and (8). Key independent variables are the annual change and volatility of Treasury yields across four maturities (6-month, 1-year, 5-year, and 10-year). The annual change is defined relative to the prior year-end yield, and volatility is the standard deviation of daily yield changes. Controls follow Table V. Interest rate changes and volatilities are expressed in levels (1 = 100%). All explanatory variables are lagged by one year. Firm fixed effects are included. The sample spans 2007–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Dep. Var.: Ln(1+IAFM)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dimension:	Equity	Debt	Equity	Debt	Equity	Debt	Equity	Debt
6-Month Treasury Yield	0.36	0.62						
	(0.99)	(1.27)						
Volatility(6-Month Treasury Yield)	-0.97	19.4***						
	(-0.61)	(8.41)						
1-Year Treasury Yield			0.29	0.19				
			(0.76)	(0.37)				
Volatility(1-Year Treasury Yield)			-0.45	24.4***				
			(-0.24)	(9.18)				
5-Year Treasury Yield					0.62	3.24***		
					(1.24)	(5.01)		
Volatility(5-Year Treasury Yield)					-4.07*	32.7***		
					(-1.67)	(9.91)		
10-Year Treasury Yield							0.71	4.66***
							(1.13)	(5.29)
Volatility(10-Year Treasury Yield							-9.89***	19.9***
							(-3.89)	(5.38)
Observations	42,286	42,286	42,286	42,286	42,286	42,286	42,286	42,286
Adj. R^2	0.400	0.426	0.400	0.428	0.400	0.427	0.400	0.419
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry-by-Year FE	No	No	No	No	No	No	No	No

Table IA.VI
Role of Insider Information

This table presents regression results examining the effect of IAFM on investment-price sensitivity, conditional the level of insider trading. The dependent variable is CAPX for Panel and INVT for Panel B. The main independent variable is the interaction term between log-transformed IAFM measures and year-end Tobin's Q. Columns (1)-(3) use the tf-idf measure of IAFM Equity. Columns (4)-(6) use the tf-idf measure of IAFM Debt. In Columns (1) and (4), I focus on firms without any insider trading in a year. In Columns (2) and (5), I focus on firms with a below-median insider trading intensity in a year, conditional on non-zero insider trading. In Columns (3) and (6), I focus on firms with an above-median insider trading intensity in a year, conditional on non-zero insider trading. Controls follow Table V. 3-digit industry-by-year fixed effects and firm effects are included. sample period is 2008-2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Proxy for IAFM:	Equity			Debt		
	(1)	(2)	(3)	(4)	(5)	(6)
Insider Trading Level:	No Insid. Trad.	Low Insid. Trad.	High Insid. Trad.	No Insid. Trad.	Low Insid. Trad.	High Insid. Trad.
Panel A: Dep. Var.: CAPX (%)						
Ln(1+IAFM) × Year-End Q	0.067***	0.029	0.049	0.16***	-0.018	-0.028
	(2.84)	(0.91)	(1.26)	(3.00)	(-0.38)	(-0.56)
Ln(1+IAFM)	-0.25***	-0.11	-0.070	-0.31**	0.028	-0.065
	(-3.16)	(-1.06)	(-0.59)	(-2.22)	(0.22)	(-0.45)
Year-End Q	0.27***	0.27***	0.23***	0.28***	0.29***	0.26***
	(7.40)	(7.01)	(5.49)	(8.70)	(7.59)	(6.26)
Observations	17,253	9,131	7,618	17,253	9,131	7,618
Adj. R^2	0.658	0.772	0.728	0.658	0.772	0.728
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Panel B: Dep. Var.: INVT (%)						
Ln(1+IAFM) × Year-End Q	0.17**	0.12	0.039	0.27**	0.11	0.065
	(2.19)	(1.25)	(0.35)	(2.38)	(0.67)	(0.45)
Ln(1+IAFM)	-0.25	-0.69**	-0.056	-0.70*	-0.52	-0.44
	(-1.05)	(-2.27)	(-0.16)	(-1.81)	(-1.29)	(-0.85)
Year-End Q	0.60***	0.71***	0.72***	0.66***	0.76***	0.73***
	(6.19)	(6.29)	(5.91)	(6.42)	(6.82)	(6.53)
Observations	17,280	9,137	7,625	17,280	9,137	7,625
Adj. R^2	0.245	0.382	0.382	0.245	0.382	0.382
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Table IA.VII
Role of Product-Market Competition

This table presents regression results examining the effect of IAFM on investment-price sensitivity, conditional on different levels of product-market competition. The dependent variable is CAPX for Panel A and INVT for Panel B. The main independent variable is the interaction term between log-transformed IAFM measures and year-end Tobin's Q across all model specifications. Columns (1) and (2) use the tf-idf measure of IAFM Equity. Columns (3) and (4) use the tf-idf measure of IAFM Debt. Controls follow Table V. In Columns (1) and (3), I focus on firms with a below-median sales-based product-market HHI. In Columns (2) and (4), I focus on firms falling with an above-median sales-based product-market HHI. Product markets are defined following Hoberg and Phillips (2016). 3-digit industry-by-year fixed effects and firm effects are included. sample period is 2008-2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Product-Market Competition Level:	Low	High	Low	High
Panel A: Dep. Var.: CAPX (%)				
Ln(1+IAFM) × Year-End Q	0.018	0.074**	-0.038	0.080
	(0.54)	(2.58)	(-1.05)	(1.52)
Ln(1+IAFM)	-0.12	-0.24***	-0.063	-0.29*
	(-1.63)	(-2.72)	(-0.75)	(-1.84)
Year-End Q	0.38***	0.29***	0.40***	0.32***
	(8.45)	(8.84)	(8.37)	(10.0)
Observations	16,541	15,788	16,541	15,788
Adj. R^2	0.653	0.739	0.653	0.739
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes
Panel B: Dep. Var.: INVT (%)				
Ln(1+IAFM) × Year-End Q	0.086	0.21*	-0.053	0.30*
	(1.05)	(1.90)	(-0.45)	(1.79)
Ln(1+IAFM)	-0.26	-0.55*	-0.16	-0.82
	(-1.12)	(-1.84)	(-0.54)	(-1.57)
Year-End Q	1.10***	0.74***	1.18***	0.81***
	(7.70)	(7.32)	(8.26)	(8.20)
Observations	16,553	15,806	16,553	15,806
Adj. R^2	0.264	0.344	0.264	0.344
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Table IA.VIII
Role of Financial Constraints (Firm Size)

This table presents regression results examining the effect of IAFM on investment-price sensitivity, conditional on whether the firm is financially constrained. The dependent variable is CAPX for Panel A and INVT for Panel B. The main independent variable is the interaction term between log-transformed IAFM measures and year-end Tobin's Q across all model specifications. Columns (1) and (2) use the tf-idf measure of IAFM Equity. Columns (3) and (4) use the tf-idf measure of IAFM Debt. Controls follow Table V. Columns (1) and (3) present results for firms classified as financially unconstrained (firm size above the bottom two quintiles as of the last year end), while Columns (2) and (4) focus on financially constrained firms (firm size in the bottom two quintiles as of the last year end). 3-digit industry-by-year fixed effects and firm effects are included. sample period is 2008-2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Financial Constraints:	Uncon.	Con.	Uncon.	Con.
Panel A: Dep. Var.: CAPX (%)				
Ln(1+IAFM) × Year-End Q	0.074***	0.0055	0.091***	-0.019
	(3.08)	(0.20)	(2.84)	(-0.23)
Ln(1+IAFM)	-0.20***	-0.045	-0.27***	0.026
	(-2.96)	(-0.46)	(-3.43)	(0.12)
Year-End Q	0.26***	0.29***	0.27***	0.30***
	(7.44)	(7.94)	(7.93)	(8.79)
Observations	28,257	9,316	28,257	9,316
Adj. R^2	0.725	0.612	0.725	0.612
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes
Panel B: Dep. Var.: INVT (%)				
Ln(1+IAFM) × Year-End Q	0.24***	0.020	0.27***	0.048
	(3.41)	(0.21)	(2.80)	(0.19)
Ln(1+IAFM)	-0.58***	0.17	-0.80***	-0.0053
	(-3.18)	(0.53)	(-3.05)	(-0.0079)
Year-End Q	0.58***	0.84***	0.63***	0.85***
	(7.07)	(7.75)	(7.73)	(7.07)
Observations	28,284	9,327	28,284	9,327
Adj. R^2	0.321	0.279	0.321	0.279
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Table IA.IX
Role of Financial Constraints (A Composite Constraint Measure)

This table reports regressions of IAFM on investment–price sensitivity, conditional on firms' financial constraints, measured using a composite index. The dependent variable is CAPX in Panel A and INVT in Panel B. The key independent variable is the interaction between log IAFM and year-end Tobin's Q in all specifications. Columns (1)–(2) use tf-idf IAFM Equity; Columns (3)–(4) use tf-idf IAFM Debt. Controls follow Table V. Columns (1) and (3) report results for financially unconstrained firms; Columns (2) and (4) for constrained firms. The composite constraint measure combines six proxies: dividend payout, credit ratings, firm size, the Kaplan–Zingales (1997), Hadlock–Pierce (2010), and Whited–Wu (2006) indices. Firms are classified as constrained if they do not pay dividends, lack S&P credit ratings, fall in the bottom two size quintiles, or are in the top two quintiles of the KZ, HP, or WW indices. A firm is defined as constrained if a majority of these five lagged proxies indicate constraint. All regressions include firm and 3-digit industry-by-year fixed effects. The sample period is 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Financial Constraints:	Uncon.	Con.	Uncon.	Con.
Panel A: Dep. Var.: CAPX (%)				
Ln(1+IAFM) × Year-End Q	0.073***	0.032	0.096***	0.066
	(3.16)	(1.26)	(2.91)	(0.96)
Ln(1+IAFM)	-0.23***	-0.13	-0.31***	-0.078
	(-3.43)	(-1.30)	(-3.88)	(-0.39)
Year-End Q	0.23***	0.28***	0.25***	0.29***
	(7.07)	(7.88)	(8.28)	(8.69)
Observations	27,894	9,460	27,894	9,460
Adj. R^2	0.723	0.626	0.723	0.626
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes
Panel B: Dep. Var.: INVT (%)				
Ln(1+IAFM) × Year-End Q	0.20***	-0.016	0.28***	-0.012
	(2.95)	(-0.16)	(2.92)	(-0.049)
Ln(1+IAFM)	-0.50***	0.16	-0.84***	0.12
	(-2.81)	(0.50)	(-3.20)	(0.18)
Year-End Q	0.58***	0.86***	0.62***	0.85***
	(6.55)	(8.23)	(7.54)	(7.18)
Observations	27,916	9,477	27,916	9,477
Adj. R^2	0.316	0.288	0.316	0.288
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Table IA.X
Role of Sentiment

This table reports regressions examining how managerial attention to financial markets (IAFM) affects investment–price sensitivity, conditional on the sentiment associated with that attention. The dependent variable is CAPX in Columns (1), (3), (5), and (7), and INVT in Columns (2), (4), (6), and (8). The key independent variables are interaction terms between year-end Tobin's Q and Positive-Sentiment IAFM and Negative-Sentiment IAFM. Positive (Negative)-Sentiment IAFM captures the likelihood that managerial attention carries positive (negative) sentiment, measured as the proportion of sentences in an earnings call that simultaneously mention financial market-related keywords and contain positive (negative) words as defined by Loughran and McDonald (2011). Columns (1)–(2) and (5)-(6) use the tf-idf measure of IAFM Equity, while Columns (3)–(4) and (7)-(8) use the tf-idf measure of IAFM Debt. Controls follow Table V. In Columns (1)-(4), I control for the overall sentiment level of the earnings call, whereas in Columns (5)-(8), I additionally control for the interaction terms between the overall sentiment level of the earnings and year-end Tobin's Q. 3-digit industry-by-year fixed effects and firm fixed effects are included across all specifications. The sample period covers 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Proxy for IAFM:	Equity		Debt		Equity		Debt	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Positive-Sentiment IAFM × Year-End Q	0.014*	0.10***	0.052***	0.097*	0.013*	0.10***	0.052***	0.092
	(1.76)	(3.90)	(2.69)	(1.70)	(1.70)	(3.79)	(2.66)	(1.57)
Negative-Sentiment IAFM × Year-End Q	0.014	0.016	0.017	0.092	0.014	0.017	0.015	0.091
	(1.56)	(0.62)	(0.90)	(1.50)	(1.56)	(0.63)	(0.78)	(1.46)
Observations	38,765	38,805	38,765	38,805	38,765	38,805	38,765	38,805
Adj. R^2	0.688	0.304	0.688	0.304	0.688	0.304	0.688	0.304
Positive-Sentiment Earnings Call	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Negative-Sentiment Earnings Call	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Positive-Sentiment Earnings Call × Year-End Q	No	No	No	No	Yes	Yes	Yes	Yes
Negative-Sentiment Earnings Call × Year-End Q	No	No	No	No	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table IA.XI
Value Implications of Attention-Induced Investment-Price Sensitivity

Panel A examines real outcomes using operating performance (ROA). Columns (1)–(2) include 3-digit industry-by-year fixed effects; Columns (3)–(4) additionally include firm fixed effects. Panel B studies market reactions via abnormal returns over the [−45, +45] window around earnings calls, estimated as: $AR_{i,d,t} = \beta_1 Ln(1 + IAFM_{i,t-1}) \times Q_{i,t-1} \times FirstWeek_{i,t,d} + \beta_2 Ln(1 + IAFM_{i,t-1}) \times Q_{i,t-1} \times Post_{i,d,t} + \beta_3 Ln(1 + IAFM_{i,t-1}) \times Q_{i,t-1} + \beta_4 Ln(1 + IAFM_{i,t-1}) \times FirstWeek_{i,t,d} + \beta_5 Ln(1 + IAFM_{i,t-1}) \times Post_{i,d,t} + \beta_6 Q_{i,t-1} \times FirstWeek_{i,t,d} + \beta_7 Q_{i,t-1} \times Post_{i,d,t} + \beta_8 Q_{i,t-1} + \beta_9 Ln(1 + IAFM_{i,t-1}) + \beta_{10} FirstWeek_{i,t} + \beta_{11} Post_{i,t} + \alpha_{t,j} + \eta_i + \gamma CONTROL_{i,t-1} + \epsilon_{i,d,t}$, where $AR_{i,t}$ is the abnormal return in percent for stock i on day d in year t. $FirstWeek_{i,t,d}$ equals one for the [0, +4] window covering the earnings call date and the subsequent four trading days, and zero otherwise. $Post_{i,d,t}$ equals one for the [+5, +45] window and zero otherwise. All other variables follow the same definition as Equation (1). Abnormal returns are computed relative to a CAPM benchmark. Factor loadings are estimated over the [−250, −75] window prior to the earnings call. Columns (1)–(2) include 3-digit industry-by-year and firm fixed effects; Columns (3)–(4) include calendar date and firm fixed effects. Across panels, Columns (1) and (3) use IAFM Equity; Columns (2) and (4) use IAFM Debt. Controls follow Table V. The sample period is 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Operating Performance (ROA)

Dep. Var.: ROA (%)	(1)	(2)	(3)	(4)
Proxy for IAFM:	Equity	Debt	Equity	Debt
Ln(1+IAFM) × Year-End Q	0.28**	1.15***	0.24*	0.55***
	(2.20)	(8.14)	(1.86)	(5.17)
Ln(1+IAFM)	-1.19***	-1.83***	-0.51**	-1.21***
	(-4.54)	(-5.66)	(-1.97)	(-5.33)
Year-End Q	0.67***	0.58***	0.78***	0.81***
	(4.72)	(4.86)	(4.71)	(5.67)
Observations	39,501	39,501	38,807	38,807
Adj. R^2	0.326	0.328	0.667	0.667
Firm FE	No	No	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel B: Market Reactions to Earnings Calls

Dep. Var.: AR (%)	(1)	(2)	(3)	(4)
Proxy for IAFM:	Equity	Debt	Equity	Debt
First Week × Ln(1+IAFM) × Year-End Q	0.00976**	0.0077*	0.00898**	0.00669
	(2.49)	(1.85)	(2.06)	(1.4)
Post × Ln(1+IAFM) × Year-End Q	-0.000612	-0.00062	-0.000487	-8.04e-06
	(-0.593)	(-0.529)	(-0.572)	(-0.00757)
Observations	9,426,115	9,426,115	9,426,115	9,426,115
Adj. R^2	0.00058	0.000579	0.0279	0.0279
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	No	No
Calendar Date FE	No	No	Yes	Yes

Table IA.XII

Complementary Role of Debt Market Attention for Investment-Price Sensitivity

This table presents regression results examining the complementary role of IAFM Debt in shaping investment-price sensitivity. The dependent variable is CAPX in Panel A, and INVT in Panels B. In each panel, the key independent variables are the interactions between year-end Tobin's Q and the log of (1) IAFM Equity and (2) IAFM Debt. Controls follow Table V. Across panels, Column (1) includes all firms, while Columns (2) and (3) split the sample by median leverage—Column (2) includes low-leverage firms, and Column (3) includes high-leverage firms. All regressions include 3-digit industry-by-year and firm fixed effects. The sample period is 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	(1)	(2)	(3)
	Full Sample	Low Leverage	High Leverage
Panel A: Dep. Var.: CAPX (%)			
Ln(1+IAFM Equity) × Year-End Q	0.048***	0.070***	0.038
	(2.91)	(3.06)	(1.37)
Ln(1+IAFM Debt) × Year-End Q	0.073**	0.095	0.047
	(2.30)	(1.44)	(1.36)
Ln(1+IAFM Equity)	-0.17***	-0.23***	-0.097
	(-3.36)	(-2.71)	(-1.29)
Ln(1+IAFM Debt)	-0.22***	-0.26*	-0.18*
	(-2.90)	(-1.76)	(-1.92)
Year-End Q	0.28***	0.25***	0.30***
	(10.4)	(8.59)	(6.63)
Observations	38,765	15,763	21,144
Adj. R^2	0.687	0.687	0.703
Firm FE	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes
Panel B: Dep. Var.: INVT (%)			
Ln(1+IAFM Equity) × Year-End Q	0.13***	0.14**	0.16*
	(2.58)	(2.15)	(1.75)
Ln(1+IAFM Debt) × Year-End Q	0.22**	0.11	0.21**
	(2.48)	(0.87)	(2.04)
Ln(1+IAFM Equity)	-0.33**	-0.43*	-0.30
	(-2.16)	(-1.84)	(-1.23)
Ln(1+IAFM Debt)	-0.66***	-0.041	-0.77***
	(-2.65)	(-0.11)	(-2.65)
Year-End Q	0.73***	0.73***	0.61***
	(9.48)	(8.79)	(4.85)
Observations	38,805	15,795	21,156
Adj. R^2	0.300	0.366	0.277
Firm FE	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes

Table IA.XIII
Bond Yield Sensitivity of Investments

This table presents regression results examining the effect of IAFM on the bond yield sensitivity of investments. The dependent variable is CAPX for Columns (1)-(2) and INVT for Columns (3)-(4). In Columns (1) and (3), the key independent variables include the interaction of bond yield with the log of IAFM Debt, and the interaction of year-end Tobin's Q with the log of IAFM Equity. In Columns (2) and (4), bond yield is replaced by its three components: 1) credit spread, 2) term spread, and 3) treasury yield. For end-of-year firm-level bond yield, spread, and treasury yield, I use the last available monthly observation in each calendar year. Spreads and yields are expressed in actual number (e.g., 1 unit = 100% change) for easier interpretability, not in percentage form. Controls follow Table V. 3-digit industry-by-year fixed effects and firm effects are included. The sample period is 2008-2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	CAPX (%)	INVT (%)	INVT (%)
Ln(1+IAFM Equity) × Year-End Q	0.058	0.058	0.31*	0.32*
	(1.10)	(1.10)	(1.70)	(1.73)
Ln(1+IAFM Debt) × Bond Yield	-1.81		-14.1	
	(-0.45)		(-1.42)	
Ln(1+IAFM Debt) × Credit Spread		-1.88		-15.5
		(-0.46)		(-1.49)
Ln(1+IAFM Debt) × Term Spread		8.57		-27.1
		(0.75)		(-0.90)
Ln(1+IAFM Debt) × 3-Month Treasury Yield		1.32		-30.4
		(0.17)		(-1.64)
Ln(1+IAFM Equity)	-0.19	-0.19	-0.94*	-0.96**
	(-1.55)	(-1.49)	(-1.94)	(-1.98)
Ln(1+IAFM Debt)	-0.10	-0.25	0.070	0.42
	(-0.51)	(-1.04)	(0.13)	(0.66)
Year-End Q	0.22***	0.058	0.84***	0.87***
	(3.51)	(1.10)	(4.08)	(4.06)
Bond Yield	-15.9***		-40.7***	
	(-3.19)		(-3.15)	
Credit Spread		-16.7***		-43.5***
		(-3.11)		(-3.11)
Term Spread		-6.21		62.5
		(-0.47)		(1.21)
Observations	6,252	6,196	6,255	6,199
Adj. R^2	0.815	0.815	0.333	0.334
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Table IA.XIV
Does IAFM Correlate with Perceived Cost of Capital?

This table reports cross-sectional regressions relating IAFM to the perceived cost of capital measure of Gormsen and Huber (2024). The dependent variable is the log-transformed TF-IDF measure of IAFM Equity in Columns (1) and (3) and of IAFM Debt in Columns (2) and (4). The key independent variable is the perceived cost of capital, constructed from managerial disclosures as in Gormsen and Huber (2024). Columns (3) and (4) additionally control for two proxies of the actual cost of capital: the implied cost of equity, constructed, following Eskildsen, Ibert, Jensen, and Pedersen (2024), as the average of four accounting-based estimates commonly used in the literature (Gebhardt, Lee, and Swaminathan (2001); Claus and Thomas (2001); Easton (2004); Ohlson and Juettner-Nauroth (2005)); and the implied cost of debt, proxied by the ratio of total interest expense to total debt from Compustat. Controls follow Table V. Three-digit industry-by-year fixed effects are included. All independent variables are lagged by one year. The analysis focuses on cross-sectional variation because Gormsen and Huber (2024) show that the excess dispersion in perceived cost of capital — the variation that cannot be justified by variation in the true cost of capital — arises from persistent differences across firms rather than within-firm time variation. Sample period: 2007–2022. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Dep. Var.: Ln(1+IAFM)	(1)	(2)	(3)	(4)
Proxy for IAFM:	Equity	Debt	Equity	Debt
Perceived Cost of Capital	-6.28***	-1.52**	-5.40***	-1.57*
	(-7.18)	(-2.46)	(-5.39)	(-1.86)
Implied Cost of Capital			1.14***	0.29**
			(7.93)	(2.22)
Interest Expense			0.032	0.036**
			(1.51)	(2.00)
Observations	25,550	25,550	18,750	18,750
Adj. R^2	0.149	0.287	0.163	0.263
Industry-by-Year FE	Yes	Yes	Yes	Yes

Table IA.XV
Financing Policies: External Financial Intensity by Source, Conditional on Firm-Level Valuation, Equity-Market Sentiment, and Interest Rates

This table examines how financial market attention (IAFM) affects firms' choice between equity and debt financing, conditional on market conditions and firm characteristics. The dependent variable equals one for net equity issuance with non-positive net debt issuance, and zero for net debt issuance with non-positive net equity issuance. Panel A tests whether equity market attention interacts with equity market sentiment (Baker and Wurgler, 2006, orthogonalized to six macro controls) and firm valuation (Tobin's Q) to predict financing choice. Panel B examines interactions between debt market attention and Treasury yields, alongside equity market attention and Tobin's Q. Annual Treasury yield changes are scaled by the prior year-end yield and expressed in levels (1 = 100%). Controls follow Table V. All specifications include firm and 3-digit industry-by-year fixed effects, with independent variables lagged one year. The sample period is 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Choice of Financing Source in Response to Changes in Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+IAFM Equity) × NFD × Δ in Equity Market Sentiment	0.016**	
	(2.44)	
Ln(1+IAFM Equity) × Δ in Equity Market Sentiment	0.0011	
	(0.44)	
NFD × Δ in Equity Market Sentiment	-0.0052	
	(-0.70)	
Ln(1+IAFM Equity) × NFD × Equity Market Sentiment		0.098***
		(3.73)
Ln(1+IAFM Equity) × Equity Market Sentiment		-0.0036
		(-0.39)
NFD × Equity Market Sentiment		-0.051**
		(-1.99)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.015***	0.015***
	(2.84)	(2.91)
Ln(1+IAFM Equity) × NFD	-0.080***	-0.087***
	(-2.81)	(-3.00)
Ln(1+IAFM Equity) × Year-End Q	-0.00072	-0.00058
	(-0.24)	(-0.19)
NFD × Year-End Q	0.011***	0.011***
	(3.58)	(3.52)
Ln(1+IAFM Equity)	-0.014	-0.015
	(-1.31)	(-1.44)
NFD	-0.24***	-0.23***
	(-7.44)	(-7.15)
Year-End Q	-0.0018	-0.0019
	(-0.74)	(-0.80)
Observations	14,618	14,618
Adj. R^2	0.580	0.580
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel B: Choice of Financing Source in Response to Changes in Interest Rates

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+IAFM Debt) × NFD × Δ in Interest Rate	0.091*	
	(1.73)	
Ln(1+IAFM Debt) × Δ in Interest Rate	0.00086	
	(0.083)	
NFD × Δ in Interest Rate	-0.035*	
	(-1.92)	
Ln(1+IAFM Debt) × NFD × Interest Rate		1.75
		(0.43)
Ln(1+IAFM Debt) × Interest Rate		1.18
		(1.60)
NFD × Interest Rate		0.77
		(0.55)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.011**	0.011**
	(2.24)	(2.30)
Ln(1+IAFM Debt) × NFD	-0.29***	-0.32***
	(-7.53)	(-3.22)
Ln(1+IAFM Equity) × NFD	-0.049**	-0.044*
	(-1.98)	(-1.82)
Ln(1+IAFM Equity) × Year-End Q	-0.00020	-0.00022
	(-0.075)	(-0.084)
NFD × Year-End Q	0.0093***	0.0099***
	(3.31)	(3.53)
Ln(1+IAFM Debt)	0.010	-0.017
	(1.36)	(-0.93)
Ln(1+IAFM Equity)	-0.019**	-0.019**
	(-2.01)	(-2.02)
NFD	-0.19***	-0.21***
	(-7.13)	(-5.22)
Year-End Q	-0.0023	-0.0025
	(-1.03)	(-1.10)
Observations	15,619	15,619
Adj. R^2	0.584	0.584
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Table IA.XVI

Isolating the Business-Opportunities Channel of Attention-Induced Investment-Price Sensitivity

This table isolates the business-opportunities channel of attention-induced investment–price sensitivity by restricting the sample to firm-years with non-positive contemporaneous net external financing (NEF), where the financing channel is largely inactive. Columns (1)–(2) include IAFM Equity × Year-End Q only; Columns (3)–(4) include IAFM Debt × Year-End Q only; Columns (5)–(6) include both interactions jointly. The dependent variable is CAPX (%) in odd columns and INVT (%) in even columns. Controls follow Table V. Firm and three-digit industry-by-year fixed effects are included. Sample period: 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	(1)	(2)	(3)	(4)	(5)	(6)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Ln(1+IAFM Equity) × Year-End Q	0.065***	0.14*			0.058**	0.12*
	(2.85)	(1.92)			(2.56)	(1.67)
Ln(1+IAFM Equity)	-0.23***	-0.26			-0.21***	-0.21
	(-3.83)	(-1.34)			(-3.68)	(-1.07)
Ln(1+IAFM Debt) × Year-End Q			0.086*	0.21*	0.075	0.18
			(1.71)	(1.70)	(1.50)	(1.50)
Ln(1+IAFM Debt)			-0.17*	-0.57**	-0.14	-0.52*
			(-1.72)	(-2.07)	(-1.41)	(-1.91)
Year-End Q	0.27***	0.61***	0.29***	0.66***	0.25***	0.58***
	(8.13)	(7.28)	(9.41)	(7.37)	(7.63)	(6.66)
Observations	21,149	21,155	21,149	21,155	21,149	21,155
Adj. R^2	0.687	0.297	0.686	0.297	0.687	0.297
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Table IA.XVII
Implications of IAFM Constructed Using Term-Frequency (TF) Approach

This table presents regression results examining the economic implications of attention to financial markets with IAFM measures constructed using the Term-Frequency (TF) approach. In Panel A, I examine the implications for investment-price sensitivity. The dependent variable is CAPX for Columns (1) and (3), INVT for Columns (2) and (4). The main independent variables are the interaction terms between year-end Tobin's Q and the log-transformed IAFM Equity/Debt measures. In Panel B, I examine the implications for financing policies. The dependent variable is net equity issue indicator for Columns (1) and (3), and net debt issue indicator for Columns (2) and (4). The main independent variables are the interaction terms between net financing deficit (NFD) and the log-transformed IAFM Equity/Debt measures. Panel C tests whether equity market attention interacts with equity market sentiment and Tobin's Q to predict financing choice. Panel D examines whether debt market attention interacts with Treasury yields, while equity market attention interacts with Tobin's Q. The sample in Panels C and D includes firm-year observations where firms raised external financing from a single source (either equity or debt only). Controls follow Table V. 3-digit industry-by-year fixed effects and firm fixed effects are included across all specifications. The sample period covers 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Investment-Price Sensitivity

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Ln(1+IAFM Equity/Debt) × Year-End Q	0.092***	0.34***	0.20***	0.60***
	(2.69)	(3.16)	(2.70)	(3.06)
Ln(1+IAFM Equity/Debt)	-0.31***	-0.81***	-0.63***	-2.05***
	(-3.02)	(-2.74)	(-3.75)	(-4.01)
Year-End Q	0.30***	0.76***	0.31***	0.80***
	(11.0)	(10.2)	(11.8)	(10.4)
Observations	38,765	38,805	38,765	38,805
Adj. R^2	0.686	0.300	0.687	0.300
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel B: Whether Tapping External Financing by Source

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	Equity Financing Indicator	Debt Financing Indicator	Equity Financing Indicator	Debt Financing Indicator
Ln(1+IAFM Equity/Debt) × NFD	0.11***	0.19***	0.18***	0.89***
	(4.15)	(4.36)	(3.09)	(5.93)
Ln(1+IAFM Equity/Debt)	-0.036***	0.014	0.0032	-0.027**
	(-4.21)	(1.58)	(0.27)	(-2.21)
NFD	0.22***	0.47***	0.23***	0.45***
	(11.3)	(12.8)	(12.5)	(13.8)
Observations	35,801	37,481	35,801	37,481
Adj. R^2	0.432	0.258	0.432	0.265
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel C: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+IAFM Equity) × NFD × Δ in Equity Market Sentiment	0.032**	
	(2.20)	
Ln(1+IAFM Equity) × NFD × Equity Market Sentiment		0.20***
		(3.54)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.031***	0.033***
	(2.80)	(3.06)
Observations	14,618	14,618
Adj. R^2	0.580	0.581
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel D: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
Ln(1+IAFM Debt) × NFD × Δ in Interest Rate	0.26**
	(2.16)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.022**
	(2.19)
Observations	15,619
Adj. R^2	0.585
Firm FE	Yes
Industry-by-Year FE	Yes

Table IA.XVIII
Implications of IAFM Constructed Using Binary Indicators

This table presents regression results examining the economic implications of attention to financial markets with IAFM measures constructed using binary indicators, which equal to one if the corresponding IAFM measure falls within the top two quintiles of the sample in a year and zero otherwise. In Panel A, I examine the implications for investment-price sensitivity. The dependent variable is CAPX for Columns (1) and (3), INVT for Columns (2) and (4). The main independent variables are the interaction terms between year-end Tobin's Q and the High IAFM Equity/Debt Indicators. In Panel B, I examine the implications for financing policies. The dependent variable is net equity issue indicator for Columns (1) and (3), and net debt issue indicator for Columns (2) and (4). The main independent variables are the interaction terms between net financing deficit (NFD) and the High IAFM Equity/Debt Indicators. Panel C tests whether equity market attention interacts with equity market sentiment and Tobin's Q to predict financing choice. Panel D examines whether debt market attention interacts with Treasury yields, while equity market attention interacts with Tobin's Q. The sample in Panels C and D includes firm-year observations where firms raised external financing from a single source (either equity or debt only). Controls follow Table V. 3-digit industry-by-year fixed effects and firm fixed effects are included across all specifications. The sample period covers 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

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Panel A: Investment-Price Sensitivity

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
High IAFM Indicator × Year-End Q	0.050**	0.11	0.068**	0.24***
	(2.17)	(1.60)	(2.55)	(3.17)
High IAFM Indicator	-0.20***	-0.18	-0.17**	-0.50**
	(-2.96)	(-0.92)	(-2.32)	(-2.18)
Year-End Q	0.31***	0.83***	0.31***	0.80***
	(11.9)	(11.5)	(12.0)	(10.6)
Observations	38,765	38,805	38,765	38,805
Adj. R^2	0.686	0.299	0.686	0.300
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel B: Whether Tapping External Financing by Source

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	Equity Financing Indicator	Debt Financing Indicator	Equity Financing Indicator	Debt Financing Indicator
High IAFM Indicator × NFD	0.065***	0.12***	0.094***	0.38***
	(3.72)	(4.12)	(4.14)	(13.2)
High IAFM Indicator	-0.017***	0.0046	-0.0056	-0.012*
	(-3.29)	(0.74)	(-0.98)	(-1.93)
NFD	0.23***	0.50***	0.23***	0.45***
	(13.1)	(14.1)	(13.1)	(15.1)
Observations	35,801	37,481	35,801	37,481
Adj. R^2	0.432	0.257	0.432	0.264
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel C: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
High IAFM Equity Indicator × NFD × Δ in Equity Market Sentiment	0.011	
	(1.03)	
High IAFM Equity Indicator × NFD × Equity Market Sentiment		0.16***
		(3.67)
High IAFM Equity Indicator × NFD × Year-End Q	0.013*	0.012*
	(1.88)	(1.72)
Observations	14,618	14,618
Adj. R^2	0.580	0.580
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel D: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
High IAFM Debt Indicator × NFD × Δ in Interest Rate	0.073
	(1.58)
High IAFM Equity Indicator × NFD × Year-End Q	0.0072
	(1.12)
Observations	15,619
Adj. R^2	0.583
Firm FE	Yes
Industry-by-Year FE	Yes

Table IA.XIX
Implications of IAFM Constructed Using Seed Words Only

This table presents regression results examining the economic implications of attention to financial markets with IAFM measures constructed using the seed words only. I focus on the High IAFM (Seed) Indicators, which equal to one if the corresponding seed-word-based IAFM measure falls within the top two quintiles of the sample in a year and zero otherwise. In Panel A, I examine the implications for investment-price sensitivity. The dependent variable is CAPX for Columns (1) and (3), INVT for Columns (2) and (4). The main independent variables are the interaction terms between year-end Tobin's Q and the High IAFM (Seed) Equity/Debt Indicators. In Panel B, I examine the implications for financing policies. The dependent variable is net equity issue indicator for Columns (1) and (3), and net debt issue indicator for Columns (2) and (4). The main independent variables are the interaction terms between net financing deficit (NFD) and the High IAFM (Seed) Equity/Debt Indicators. Panel C tests whether equity market attention interacts with equity market sentiment and Tobin's Q to predict financing choice. Panel D examines whether debt market attention interacts with Treasury yields, while equity market attention interacts with Tobin's Q. The sample in Panels C and D includes firm-year observations where firms raised external financing from a single source (either equity or debt only). Controls follow Table V. 3-digit industry-by-year fixed effects and firm fixed effects are included across all specifications. The sample period covers 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Investment-Price Sensitivity

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
High IAFM (Seed) Indicator × Year-End Q	0.044**	0.11	0.076***	0.23***
	(1.96)	(1.61)	(2.61)	(2.84)
High IAFM (Seed) Indicator	-0.18***	-0.23	-0.19**	-0.42*
	(-2.96)	(-1.20)	(-2.51)	(-1.92)
Year-End Q	0.32***	0.82***	0.31***	0.81***
	(11.9)	(11.1)	(12.1)	(10.5)
Observations	38,765	38,805	38,765	38,805
Adj. R^2	0.686	0.299	0.686	0.299
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel B: Whether Tapping External Financing by Source

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	Equity Financing Indicator	Debt Financing Indicator	Equity Financing Indicator	Debt Financing Indicator
High IAFM (Seed) Indicator × NFD	0.069***	0.062**	0.073***	0.42***
	(3.78)	(2.39)	(2.83)	(11.5)
High IAFM (Seed) Indicator	-0.022***	-0.000016	-0.0036	-0.015**
	(-4.08)	(-0.0030)	(-0.65)	(-2.29)
NFD	0.23***	0.24***	0.51***	0.46***
	(12.0)	(12.9)	(13.9)	(15.1)
Observations	35,801	35,801	37,481	37,481
Adj. R^2	0.432	0.432	0.256	0.264
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel C: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
High IAFM Equity (Seed) Indicator × NFD × Δ in Equity Market Sentiment	0.022*	
	(1.85)	
High IAFM Equity (Seed) Indicator × NFD × Equity Market Sentiment		0.065
		(1.46)
High IAFM Equity (Seed) Indicator × NFD × Year-End Q	0.013**	0.013**
	(2.07)	(2.11)
Observations	14,618	14,618
Adj. R^2	0.579	0.579
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel D: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
High IAFM Debt (Seed) Indicator × NFD × Δ in Interest Rate	0.11**
	(2.29)
High IAFM Equity (Seed) Indicator × NFD × Year-End Q	0.0093
	(1.62)
Observations	15,619
Adj. R^2	0.583
Firm FE	Yes
Industry-by-Year FE	Yes

Table IA.XX
Implications of IAFM Constructed Using Q&A Only

This table presents regression results examining the economic implications of attention to financial markets with IAFM measures constructed based on only the Questions and Answers (Q&As) section of each earnings call. In Panel A, I examine the implications for investment-price sensitivity. The dependent variable is CAPX for Columns (1) and (3), INVT for Columns (2) and (4). The main independent variables are the interaction terms between year-end Tobin's Q and the log-transformed IAFM Equity/Debt measures. In Panel B, I examine the implications for financing policies. The dependent variable is net equity issue indicator for Columns (1) and (3), and net debt issue indicator for Columns (2) and (4). The main independent variables are the interaction terms between net financing deficit (NFD) and the log-transformed IAFM Equity/Debt measures. Panel C tests whether equity market attention interacts with equity market sentiment and Tobin's Q to predict financing choice. Panel D examines whether debt market attention interacts with Treasury yields, while equity market attention interacts with Tobin's Q. The sample in Panels C and D includes firm-year observations where firms raised external financing from a single source (either equity or debt only). Controls follow Table V. 3-digit industry-by-year fixed effects and firm fixed effects are included across all specifications. The sample period covers 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Investment-Price Sensitivity

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Ln(1+IAFM Equity/Debt) × Year-End Q	0.037**	0.17***	0.059**	0.19***
	(2.32)	(3.69)	(2.38)	(2.59)
Ln(1+IAFM Equity/Debt)	-0.15***	-0.33**	-0.23***	-0.59***
	(-3.11)	(-2.52)	(-3.78)	(-2.86)
Year-End Q	0.31***	0.78***	0.32***	0.82***
	(11.3)	(10.3)	(12.0)	(10.6)
Observations	38,474	38,511	38,474	38,511
Adj. R^2	0.687	0.300	0.687	0.300
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel B: Whether Tapping External Financing by Source

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	Equity Financing Indicator	Debt Financing Indicator	Equity Financing Indicator	Debt Financing Indicator
Ln(1+IAFM Equity/Debt) × NFD	0.053***	0.13***	0.096***	0.38***
	(4.41)	(6.67)	(4.01)	(9.53)
Ln(1+IAFM Equity/Debt)	-0.015***	0.0029	-0.0024	-0.0062
	(-4.16)	(0.78)	(-0.49)	(-1.20)
NFD	0.22***	0.46***	0.23***	0.47***
	(11.7)	(13.4)	(12.7)	(14.7)
Observations	35,526	37,196	35,526	37,196
Adj. R^2	0.432	0.259	0.432	0.264
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel C: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+IAFM Equity) × NFD × Δ in Equity Market Sentiment	0.022***	
	(2.84)	
Ln(1+IAFM Equity) × NFD × Equity Market Sentiment		0.11***
		(4.19)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.011**	0.013**
	(2.13)	(2.53)
Observations	14,522	14,522
Adj. R^2	0.580	0.580
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel D: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
Ln(1+IAFM Debt) × NFD × Δ in Interest Rate	0.068
	(1.46)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.0090*
	(1.82)
Observations	15,513
Adj. R^2	0.583
Firm FE	Yes
Industry-by-Year FE	Yes

Table IA.XXI
Analyst-Elicited Managerial Attention to Financial Markets

This table presents two-stage least squares (2SLS) regression results examining the economic implications of attention to financial markets, using analyst-question attention as an instrument for managerial-response attention during the Q&A section of earnings calls. Panel A reports the first-stage relation between analyst-question attention and managerial-response attention. Panel B examines investment-price sensitivity. Panel C examines financing policies. Panel D tests whether equity-market attention interacts with equity-market sentiment and Tobin's Q to predict financing choice. Panel E examines whether debt-market attention interacts with Treasury yields, while equity-market attention interacts with Tobin's Q. The sample in Panels D and E includes firm-year observations where firms raised external financing from a single source (either equity or debt only). In Panels B–E, both the log-transformed managerial IAFM measure and its interaction with the corresponding market variable are treated as endogenous and instrumented by the corresponding analyst-question IAFM measure and its interaction with the same market variable. The Kleibergen–Paap rk Wald F statistic and the Sanderson–Windmeijer conditional F statistics are reported for each specification. Controls follow Table V. 3-digit industry-by-year fixed effects and firm fixed effects are included across all specifications. The sample period covers 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Relevance of Analyst-Question Attention

	(1)	(2)
Dep. Var.: Ln(1+ Mgmt. Q&A)	Equity Market Attention	Debt Market Attention
Ln(1+ Analyst Q&A)	0.40***	0.41***
	(45.6)	(33.7)
Observations	38,112	38,112
Adj. R^2	0.365	0.385
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel B: Second-Stage Estimates: Investment-Price Sensitivity

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Ln(1+ Mgmt. Q&A) × Year-End Q (IV)	0.18***	0.52***	0.17**	0.24
	(3.31)	(2.80)	(2.36)	(1.22)
Ln(1+ Mgmt. Q&A) (IV)	-0.44***	-0.55	-0.66***	-1.13
	(-2.75)	(-1.21)	(-2.98)	(-1.47)
Year-End Q	0.27***	0.68***	0.31***	0.83***
	(8.79)	(7.61)	(10.9)	(10.5)
Observations	38,069	38,099	38,069	38,099
Adj. R^2	-0.085	-0.080	-0.083	-0.077
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes
KP First-Stage F:	41.7	41.8	564	564
SW F for Ln(1+ Mgmt. Q&A) × Year-End Q:	97	95.9	200	200
SW F for Ln(1+ Mgmt. Q&A):	1,877	1,883	1,016	1,015

Panel C: Second-Stage Estimates: Whether Tapping External Financing by Source

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	Equity Financing Indicator	Debt Financing Indicator	Equity Financing Indicator	Debt Financing Indicator
Ln(1+ Mgmt. Q&A) × NFD (IV)	0.094***	0.30***	0.21***	1.20***
	(2.68)	(5.62)	(2.68)	(10.1)
Ln(1+ Mgmt. Q&A) (IV)	-0.041***	0.0036	-0.022	0.014
	(-3.54)	(0.28)	(-1.22)	(0.72)
NFD	0.21***	0.41***	0.22***	0.38***
	(8.56)	(9.85)	(10.4)	(11.3)
Observations	35,146	36,794	35,146	36,794
Adj. R^2	-0.101	-0.029	-0.100	-0.064
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes
KP First-Stage F:	968	978	143	148
SW F for Ln(1+ Mgmt. Q&A) × NFD:	410	401	143	148
SW F for Ln(1+ Mgmt. Q&A):	1,951	2,038	962	1,109

Panel D: Second-Stage Estimates: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+ Mgmt. Q&A on Equity) × NFD × Δ in Equity Market Sentiment (IV)	0.056**	
	(2.46)	
Ln(1+ Mgmt. Q&A on Equity) × NFD × Equity Market Sentiment (IV)		0.27**
		(2.23)
Ln(1+ Mgmt. Q&A on Equity) × NFD × Year-End Q (IV)	0.037	0.049
	(1.43)	(1.59)
Observations	14,387	14,387
Adj. R^2	-0.216	-0.219
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes
KP First-Stage F:	7.94	4.1
SW F for Ln(1+ Mgmt. Q&A on Equity) × NFD × Δ in Equity Market Sentiment:	35.8	
SW F for Ln(1+ Mgmt. Q&A on Equity) × NFD × Equity Market Sentiment:		21.4
SW F for Ln(1+ Mgmt. Q&A on Equity) × NFD × Year-End Q:	42	31.7

Panel E: Second-Stage Estimates: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
Ln(1+ Mgmt. Q&A on Debt) × NFD × Δ in Interest Rate (IV)	0.050
	(0.25)
Ln(1+ Mgmt. Q&A on Equity) × NFD × Year-End Q (IV)	0.020
	(1.08)
Observations	15,358
Adj. R^2	-0.235
Firm FE	Yes
Industry-by-Year FE	Yes
KP First-Stage F:	44.2
SW F for Ln(1+ Mgmt. Q&A on Debt) × NFD × Δ in Interest Rate:	62.4
SW F for Ln(1+ Mgmt. Q&A on Equity) × NFD × Year-End Q:	44.9

Table IA.XXII
Implications of IAFM Constructed Using Management Presentation Only

This table presents regression results examining the economic implications of attention to financial markets with IAFM measures constructed based on only the Management Presentation section of each earnings call. In Panel A, I examine the implications for investment-price sensitivity. The dependent variable is CAPX for Columns (1) and (3), INVT for Columns (2) and (4). The main independent variables are the interaction terms between year-end Tobin's Q and the log-transformed IAFM Equity/Debt measures. In Panel B, I examine the implications for financing policies. The dependent variable is net equity issue indicator for Columns (1) and (3), and net debt issue indicator for Columns (2) and (4). The main independent variables are the interaction terms between net financing deficit (NFD) and the log-transformed IAFM Equity/Debt measures. Panel C tests whether equity market attention interacts with equity market sentiment and Tobin's Q to predict financing choice. Panel D examines whether debt market attention interacts with Treasury yields, while equity market attention interacts with Tobin's Q. The sample in Panels C and D includes firm-year observations where firms raised external financing from a single source (either equity or debt only). Controls follow Table V. 3-digit industry-by-year fixed effects and firm fixed effects are included across all specifications. The sample period covers 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Investment-Price Sensitivity

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Ln(1+IAFM Equity/Debt) ×				
Year-End Q	0.033**	0.087*	0.053*	0.16**
	(2.24)	(1.94)	(1.72)	(2.07)
Ln(1+IAFM Equity/Debt)	-0.089**	-0.31**	-0.12*	-0.40**
	(-1.99)	(-2.50)	(-1.67)	(-2.02)
Year-End Q	0.31***	0.80***	0.32***	0.82***
	(11.5)	(10.5)	(12.0)	(10.8)
Observations	38,760	38,800	38,760	38,800
Adj. R^2	0.686	0.299	0.686	0.299
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel B: Whether Tapping External Financing by Source

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	Equity Financing Indicator	Debt Financing Indicator	Equity Financing Indicator	Debt Financing Indicator
Ln(1+IAFM Equity/Debt) × NFD	0.032***	0.040**	0.056***	0.27***
	(2.96)	(2.38)	(2.63)	(6.82)
Ln(1+IAFM Equity/Debt)	-0.011***	-0.00022	0.0024	-0.013***
	(-3.18)	(-0.059)	(0.55)	(-2.70)
NFD	0.23***	0.51***	0.24***	0.48***
	(12.5)	(13.5)	(13.3)	(14.5)
Observations	35,797	37,476	35,797	37,476
Adj. R^2	0.432	0.256	0.432	0.261
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel C: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+IAFM Equity) × NFD × Δ in Equity Market Sentiment	0.0052	
	(0.78)	
Ln(1+IAFM Equity) × NFD × Equity Market Sentiment		0.058**
		(2.07)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.011**	0.011**
	(2.48)	(2.38)
Observations	14,617	14,617
Adj. R^2	0.580	0.580
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel D: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
Ln(1+IAFM Debt) × NFD × Δ in Interest Rate	0.070
	(1.59)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.0085**
	(2.06)
Observations	15,618
Adj. R^2	0.583
Firm FE	Yes
Industry-by-Year FE	Yes

Table IA.XXIII
Controlling for Firm-Level Equity Returns and Volatility

This table examines how firms' attention to financial markets affects investment and financing decisions after controlling for past stock performance. Panel A analyzes investment–price sensitivity. The dependent variable is capital expenditures (CAPX) in Columns (1) and (3) and total investment (INVT) in Columns (2) and (4). The main independent variables are interaction terms between year-end Tobin's Q and (1) the log-transformed IAFM Equity/Debt measures, (2) firm-level equity returns, and (3) firm-level equity return volatility over the past calendar year. Panel B examines financing policies. The dependent variable is the net equity issuance indicator in Columns (1) and (3) and the net debt issuance indicator in Columns (2) and (4). The main independent variables are interaction terms between net financing deficit (NFD) and (1) the log-transformed IAFM Equity/Debt measures, (2) firm-level equity returns, and (3) firm-level equity return volatility over the past calendar year. Panel C tests whether equity-market attention interacts with equity market sentiment and Tobin's Q to predict financing choice, controlling for firm-level equity returns, return volatility, and their interactions with sentiment and Tobin's Q. Panel D examines whether debt-market attention interacts with Treasury yields, while equity-market attention interacts with Tobin's Q, controlling for firm-level equity returns, return volatility, and their interactions with Treasury yields and Tobin's Q. Panels C and D are restricted to firm-year observations with financing from a single external source (either equity or debt). All specifications include firm and 3-digit industry-by-year fixed effects. Controls follow Table V. The sample period covers 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Investment-Price Sensitivity

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Ln(1+IAFM Equity/Debt) × Year-End Q	0.043**	0.17***	0.081**	0.20**
	(2.12)	(2.73)	(2.23)	(2.08)
Firm-Level 1-Year Equity Return × Year-End Q	-0.050*	-0.21***	-0.050*	-0.20***
	(-1.95)	(-3.43)	(-1.94)	(-3.37)
Firm-Level Equity Return Volatility × Year-End Q	1.69	7.02**	1.92	-0.67***
	(1.43)	(2.28)	(1.60)	(-2.62)
Ln(1+IAFM Equity/Debt)	-0.13**	-0.37**	-0.21**	7.59**
	(-2.25)	(-2.20)	(-2.48)	(2.47)
Firm-Level 1-Year Equity Return	0.39***	1.89***	0.40***	1.90***
	(4.11)	(7.75)	(4.12)	(7.72)
Firm-Level Equity Return Volatility	-23.0***	-104***	-23.2***	-105***
	(-5.28)	(-7.52)	(-5.31)	(-7.56)
Year-End Q	0.22***	0.45***	0.22***	0.48***
	(5.16)	(3.56)	(5.14)	(3.95)
Observations	26,620	26,630	26,620	26,630
Adj. R^2	0.695	0.299	0.695	0.299
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel B: Whether Tapping External Financing by Source

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	Equity Financing Indicator	Debt Financing Indicator	Equity Financing Indicator	Debt Financing Indicator
Ln(1+IAFM Equity/Debt) × NFD	0.066***	0.21***	0.059*	0.36***
	(2.96)	(6.00)	(1.76)	(7.62)
Firm-Level 1-Year Equity Return × NFD	-0.098***	-0.12***	-0.097***	-0.11***
	(-4.79)	(-4.11)	(-4.68)	(-3.29)
Firm-Level Equity Return Volatility × NFD	-2.95***	-12.6***	-2.88***	-11.9***
	(-3.95)	(-12.7)	(-3.76)	(-12.0)
Ln(1+IAFM Equity/Debt)	-0.013***	0.020***	0.0075	0.0026
	(-2.74)	(3.77)	(1.25)	(0.42)
Firm-Level 1-Year Equity Return	0.042***	0.0027	0.042***	0.0027
	(5.76)	(0.37)	(5.73)	(0.38)
Firm-Level Equity Return Volatility	1.17***	-0.43	1.18***	-0.46
	(2.99)	(-1.15)	(3.02)	(-1.26)
NFD	0.44***	1.17***	0.47***	1.19***
	(10.6)	(19.0)	(11.5)	(21.6)
Observations	24,802	25,637	24,802	25,637
Adj. R^2	0.386	0.295	0.386	0.296
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel C: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+IAFM Equity) × NFD × Δ in Equity Market Sentiment	0.022	
	(1.51)	
Firm-Level 1-Year Equity Return × NFD × Δ in Equity Market Sentiment	-0.025	
	(-1.14)	
Firm-Level Equity Return Volatility × NFD × Δ in Equity Market Sentiment	-1.15*	
	(-1.78)	
Ln(1+IAFM Equity) × NFD × Equity Market Sentiment		0.11**
		(2.34)
Firm-Level 1-Year Equity Return × NFD × Equity Market Sentiment		0.014
		(0.19)
Firm-Level Equity Return Volatility × NFD × Equity Market Sentiment		-3.35*
		(-1.87)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.029***	0.031***
	(3.37)	(3.42)
Firm-Level 1-Year Equity Return × NFD × Year-End Q	-0.022***	-0.021***
	(-2.74)	(-2.84)
Firm-Level Equity Return Volatility × NFD × Year-End Q	-0.55**	-0.68***
	(-2.56)	(-2.88)
Observations	9,778	9,778
Adj. R^2	0.550	0.550
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel D: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
Ln(1+IAFM Debt) × NFD × Δ in Interest Rate	0.095
	(1.20)
Firm-Level 1-Year Equity Return × NFD × Δ in Interest Rate	-0.0078
	(-0.17)
Firm-Level Equity Return Volatility × NFD × Δ in Interest Rate	0.29
	(0.21)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.018**
	(2.04)
Firm-Level 1-Year Equity Return × NFD × Year-End Q	-0.021***
	(-2.72)
Firm-Level Equity Return Volatility × NFD × Year-End Q	-0.40*
	(-1.74)
Observations	10,219
Adj. R^2	0.548
Firm FE	Yes
Industry-by-Year FE	Yes

Table IA.XXIV
Attention to Financial-Market Volatility and Liquidity: Construction, Validation, and Implications for Corporate Policies

This table introduces and examines the role of managerial attention to financial-market volatility and liquidity (IAFM Vol. & Liq.). Panel A presents the 25 seed words used to construct the expanded dictionary for IAFM Vol. & Liq., a TF-IDF-based measure capturing managerial discussions related to market volatility, liquidity conditions, and financial disruptions. Panel B lists the 50 most representative words (ranked by semantic similarity to the seed words) and the 50 most frequent words (ranked by tf-idf scores), with percentages indicating each word's contribution to the dimension's total tf-idf score across all earnings call transcripts. Panel C reports firm-level IAFM Vol. & Liq. across the 12 Fama–French industries, classified using four-digit SIC codes and ranked by average firm-year attention scores. Panel D examines whether equity market volatility predicts firm-level attention to volatility and liquidity conditions, using the same specification as Online Appendix B Table III Panel A. Panels E–H examine how controlling for attention to market disruptions affects the main investment, financing, and market-timing results. Panel E analyzes investment–price sensitivity, with CAPX as the dependent variable in Columns (1) and (3) and INVT in Columns (2) and (4); the main independent variables are interactions between year-end Tobin's Q and log-transformed IAFM Equity/Debt measures and IAFM Vol. & Liq. Panel F examines financing policies, with the net equity (net debt) issuance indicator as the dependent variable in Columns (1) and (3) (Columns (2) and (4)); key regressors are interactions between net financing deficit (NFD) and log-transformed IAFM Equity/Debt and IAFM Vol. & Liq. Panel G tests whether equity-market attention interacts with equity market sentiment and Tobin's Q to predict financing choice, controlling for the corresponding interactions involving IAFM Vol. & Liq. Panel H examines whether debt-market attention interacts with Treasury yields, while equity-market attention interacts with Tobin's Q, again controlling for interactions involving IAFM Vol. & Liq. Panels G and H restrict the sample to firm-year observations in which firms raise external financing from a single source (equity or debt). All specifications include firm fixed effects and 3-digit industry-by-year fixed effects. Controls follow Table V. IAFM measures are aggregated at the firm-year level by averaging across quarterly earnings calls. The sample period spans 2007–2024 for Panels A–D and 2008–2024 for Panels E–H. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** $p<0.01$, ** $p<0.05$, * $p<0.1$

Panel A: Seed words

Vol. & Liq.
algo_trading
algorithmic_trading
block_trade
circuit_breaker
dark_pool
flash_crash
intraday_volatility
liquidity_risk
market_crash
market_depth
market_illiquidity
market_impact
market_liquidity
market_maker
market_turmoil
market_volatility
order_flow
price_fluctuation
price_movement
price_swing
price_volatility
stock_liquidity
trading_volume
vix_contract
vix_index

Panel B: Fifty most representative words and fifty most frequently occurring words by tf-idf contribution for IAFM Vol. & Liq.

Fifty most representative words				Fifty most frequently occurring words			
Word	Sim.	Word	Sim.	Word	%	Word	%
volatility_indicator	0.65	energy_commodity_pricing	0.64	volatility	34.65%	price_fluctuation	0.32%
fx_world	0.65	vxtyn_future	0.64	trading	15.40%	trading_opportunity	0.31%
cash_market_volume	0.65	dispersion_return	0.64	capital_market	11.90%	selloff	0.30%
bond_future_market	0.65	bank_challenge	0.64	market_volatility	4.18%	risk_aversion	0.28%
vix_volatility	0.65	cash_market	0.64	etf	3.74%	rate_volatility	0.28%
equity_trading_activity	0.65	credit_finance_charge	0.64	market_participant	2.47%	illiquidity	0.28%
equity_selloff	0.65	world_stock_market	0.63	trading_volume	2.36%	block_trade	0.27%
velocity_trading	0.65	illiquidity	0.63	order_flow	2.32%	circuit_breaker	0.26%
volatility_inflow	0.65	crypto_stock	0.63	hedge_fund	2.08%	equity_market_volatility	0.22%
equity_and_commodity_market	0.65	factor_rotation	0.63	client_activity	1.76%	dark_pool	0.19%
price_dispersion	0.65	name_stock	0.63	trading_activity	1.73%	volatility_environment	0.18%
etf_option	0.65	titanium_oxide_industry	0.63	market_movement	1.25%	frequency_trader	0.18%
volatility_peak	0.64	equity_and_derivative_market	0.63	price_movement	1.08%	capital_market_volatility	0.16%
jgb_market	0.64	frequency_trading_community	0.63	market_impact	1.08%	volatility_level	0.15%
future_and_option_industry	0.64	trading_limit	0.63	price_volatility	0.96%	option_volume	0.14%
vix_index	0.64	macro_product	0.63	market_maker	0.86%	market_trading	0.12%
cash_bond_market	0.64	cross_-_asset_trading	0.63	market_dislocation	0.82%	trading_venue	0.12%
twitchiness	0.64	yield_outflow	0.63	investor_sentiment	0.58%	crypto_market	0.12%
policy_divergence	0.64	indiscriminate_selling	0.63	extreme_volatility	0.56%	vix_option	0.11%
posit_volume	0.64	grow_stock	0.63	market_turmoil	0.49%	price_swing	0.09%
credit_spread_volatility	0.64	volatility_regime	0.63	cash_market	0.44%	block_trading	0.09%
flash_crash	0.64	investor_nervousness	0.63	liquidity_risk	0.40%	forex_market	0.08%
market_dysfunction	0.64	year_-_end_tax_selling	0.63	market_correction	0.39%	flash_crash	0.07%
margin_fund_size	0.64	momentum_trader	0.63	market_liquidity	0.36%	market_turnover	0.07%
forex_derivative	0.64	term_fix_-_rate_market	0.63	liquidity_provider	0.36%	intraday_volatility	0.06%

Panel C: Summary Statistics by Fama-French Industries

Industry (12 Fama-French Industries)	Mean	STD	Median	N
11 (Finance)	3.90	5.34	1.68	11758
8 (Utilities)	1.70	2.45	0.86	1797
4 (Oil, Gas, and Coal Extraction and Products)	1.34	2.06	0.62	3226
5 (Chemicals and Allied Products)	1.28	1.60	0.76	1586
1 (Consumer Nondurables: Food, Tobacco, Textiles, Apparel, Leather, Toys)	1.13	1.91	0.43	2580
12 (Other: Mines, Construction, Building Materials, Trans, Hotels, Bus Serv, Entertainment)	1.04	1.77	0.43	8840
3 (Manufacturing: Machinery, Trucks, Planes, Off Furn, Paper, Com Printing)	0.96	1.40	0.62	5447
2 (Consumer Durables: Cars, TVs, Furniture, Household Appliances)	0.86	1.37	0.31	1503
9 (Wholesale, Retail, and Some Services (Laundries, Repair Shops))	0.80	1.55	0.31	5463
6 (Business Equipment: Computers, Software, and Electronic Equipment)	0.72	1.75	0.00	12364
7 (Telephone and Television Transmission)	0.60	1.10	0.00	1880
10 (Healthcare, Medical Equipment, and Drugs)	0.32	0.75	0.00	8640
Overall:	1.4	2.95	0.42	65084

Panel D: Relationship Between Market-Wide Return Volatility and IAFM Vol. & Liq.

Dep. Var.: Ln(1+IAFM)	(1)
Dimension:	Vol. & Liq.
Market-Wide 1-Year Equity Return	-0.0045
	(-0.28)
Market-Wide Return Volatility	2.50***
	(4.03)
Observations	42,286
Adj. R^2	0.386
Firm FE	Yes
Industry-by-Year FE	No

Panel E: Investment-Price Sensitivity

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Ln(1+IAFM Equity/Debt) × Year-End Q	0.039*	0.16**	0.076**	0.19**
	(1.88)	(2.49)	(2.06)	(1.98)
Firm-Level 1-Year Equity Return × Year-End Q	-0.049*	-0.21***	-0.048*	-0.20***
	(-1.85)	(-3.52)	(-1.82)	(-3.43)
Ln(1+IAFM Vol. & Liq.) × Year-End Q	0.035	0.093	0.031	0.098
	(1.13)	(1.02)	(1.02)	(1.12)
Ln(1+IAFM Equity/Debt)	-0.12**	-0.33*	-0.20**	-0.63**
	(-2.08)	(-1.96)	(-2.32)	(-2.50)
Firm-Level 1-Year Equity Return	0.38***	1.84***	0.38***	1.85***
	(3.94)	(7.49)	(3.96)	(7.46)
Ln(1+IAFM Vol. & Liq.)	-0.063	-0.21	-0.057	-0.20
	(-0.73)	(-0.84)	(-0.66)	(-0.83)
Year-End Q	0.27***	0.68***	0.27***	0.72***
	(8.08)	(6.66)	(8.29)	(6.82)
Observations	26,620	26,630	26,620	26,630
Adj. R^2	0.694	0.295	0.694	0.295
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel F: Whether Tapping External Financing by Source

Proxy for IAFM Equity/Debt:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	Equity Financing Indicator	Debt Financing Indicator	Equity Financing Indicator	Debt Financing Indicator
Ln(1+IAFM Equity/Debt) × NFD	0.051**	0.17***	0.045	0.36***
	(2.36)	(4.85)	(1.31)	(6.96)
Firm-Level 1-Year Equity Return × NFD	-0.100***	-0.14***	-0.099***	-0.12***
	(-4.73)	(-3.76)	(-4.62)	(-3.17)
Ln(1+IAFM Vol. & Liq.) × NFD	0.11***	0.33***	0.11***	0.31***
	(3.16)	(5.96)	(3.18)	(5.34)
Ln(1+IAFM Equity/Debt)	-0.014***	0.019***	0.0077	0.0026
	(-2.79)	(3.60)	(1.27)	(0.41)
Firm-Level 1-Year Equity Return	0.042***	-0.0024	0.042***	-0.0021
	(5.74)	(-0.33)	(5.71)	(-0.29)
Ln(1+IAFM Vol. & Liq.)	-0.0012	0.0024	-0.0036	0.0054
	(-0.20)	(0.35)	(-0.58)	(0.79)
NFD	0.31***	0.63***	0.34***	0.66***
	(10.3)	(13.1)	(11.9)	(15.4)
Observations	24,802	25,637	24,802	25,637
Adj. R^2	0.386	0.287	0.385	0.289
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel G: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+IAFM Equity) × NFD × Δ in Equity Market Sentiment	0.0039	
	(0.24)	
Firm-Level 1-Year Equity Return × NFD × Δ in Equity Market Sentiment	0.0062	
	(0.27)	
Ln(1+IAFM Vol. & Liq.) × NFD × Δ in Equity Market Sentiment	0.016	
	(0.60)	
Ln(1+IAFM Equity) × NFD × Equity Market Sentiment		0.073
		(1.32)
Firm-Level 1-Year Equity Return × NFD × Equity Market Sentiment		0.041
		(0.50)
Ln(1+IAFM Vol. & Liq.) × NFD × Equity Market Sentiment		0.16*
		(1.73)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.024***	0.024***
	(2.69)	(2.65)
Firm-Level 1-Year Equity Return × NFD × Year-End Q	-0.014**	-0.014**
	(-2.12)	(-2.21)
Ln(1+IAFM Vol. & Liq.) × NFD × Year-End Q	0.086***	0.089***
	(4.31)	(4.99)
Observations	9,778	9,778
Adj. R^2	0.548	0.548
Firm FE	Yes	Yes
Industry-by-Year FE	Yes	Yes

Panel H: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
Ln(1+IAFM Debt) × NFD × Δ in Interest Rate	0.12
	(1.52)
Firm-Level 1-Year Equity Return × NFD × Δ in Interest Rate	-0.0088
	(-0.18)
Ln(1+IAFM Vol. & Liq.) × NFD × Δ in Interest Rate	-0.016
	(-0.22)
Ln(1+IAFM Equity) × NFD × Year-End Q	0.015*
	(1.69)
Firm-Level 1-Year Equity Return × NFD × Year-End Q	-0.014**
	(-2.18)
Ln(1+IAFM Vol. & Liq.) × NFD × Year-End Q	0.050**
	(2.15)
Observations	10,219
Adj. R^2	0.546
Firm FE	Yes
Industry-by-Year FE	Yes

Table IA.XXV
Incremental Explanatory Power of Manager Effects

This table presents the *incremental* R^2 (%) from adding a specific set of fixed effects to firm-year level regressions. Compared to Table III, the focus of this table is on the additional explanatory power of manager (i.e., directorid in BoardEx) fixed effects for IAFM measures. IAFM Equity (Column (1)) and IAFM Debt (Column (2)) are TF-IDF-based measures that capture the frequency of equity-related and debt-related phrases, respectively, in earnings call transcripts. Panel A focuses on the incremental explanatory power of adding manager fixed effects after controlling for industry × year (which subsume year and industry fixed effects) and firm fixed effects, providing a lower bound on the variation in financial market attention attributable to manager-specific effects. Panel B focuses on the incremental explanatory power of adding manager fixed effects after controlling only for industry × year fixed effects (which subsume year and industry fixed effects), providing an upper bound on the variation attributable to manager-specific effects. All measures are averaged across all quarterly earnings calls within each calendar year. The sample period is 2007-2024.

Panel A: Lower-Bound Contribution of Manager Fixed Effects

Dep. Var.: IAFM Dimension:	(1) Equity	(2) Debt
Year FE	0.34%	2.6%
Industry FE	16.66%	14.4%
Industry × Year FE	5%	7%
Firm FE	33%	35%
Manager FE	**6%**	**8%**
Residual Variation	39%	33%
Sum	100%	100%

Panel B: Upper-Bound Contribution of Manager Fixed Effects

Dep. Var.: IAFM Dimension:	(1) Equity	(2) Debt
Year FE	0.34%	2.6%
Industry FE	16.66%	14.4%
Industry × Year FE	5%	7%
Manager FE	**37%**	**43%**
Residual Variation	41%	33%
Sum	100%	100%

TABLE IA.XXVI
Imprinting Effect of CEO's Past History on Corporate Policies

This table presents regression results examining the economic implications of CEOs' pre-tenure attention to financial markets. A CEO's pre-tenure attention is measured as the equally weighted average of IAFM scores across all prior C-suite positions held at firms other than the current one before the start of the CEO's tenure. This measure is constructed at the manager–tenure level, allowing it to vary across different tenures for the same CEO rather than remaining constant over the CEO's career. In Panel A, I examine the implications for investment-price sensitivity. The dependent variable is CAPX for Columns (1) and (3), INVT for Columns (2) and (4). The main independent variables are the interaction terms between year-end Tobin's Q and the log-transformed pre-tenure IAFM measure. In Panel B, I examine the implications for financing policies. The dependent variable is net equity issue indicator for Columns (1) and (3), and net debt issue indicator for Columns (2) and (4). The main independent variables are the interaction terms between net financing deficit (NFD) and the log-transformed pre-tenure IAFM measure. Panel C tests whether equity market attention interacts with equity market sentiment and Tobin's Q to predict financing choice. Panel D examines whether debt market attention interacts with Treasury yields, while equity market attention interacts with Tobin's Q. The sample in Panels C and D includes firm-year observations where firms raised external financing from a single source (either equity or debt only). Controls follow Table V. 3-digit industry-by-year fixed effects are included across all specifications. The sample period covers 2008–2024. Due to the availability of IAFM measures beginning in 2007, the sample is implicitly restricted to CEOs who held C-suite positions at firms with non-missing IAFM data since 2007 and subsequently transitioned to a new role. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Investment-Price Sensitivity

Proxy for IAFM:	Equity		Debt	
	(1)	(2)	(3)	(4)
Dep. Var.:	CAPX (%)	INVT (%)	CAPX (%)	INVT (%)
Ln(1+ Pre-Tenure IAFM) × Year-End Q	0.15**	0.089	0.40***	0.48*
	(2.18)	(0.57)	(2.97)	(1.66)
Ln(1+ Pre-Tenure IAFM)	-0.56**	0.20	-1.06**	-0.83
	(-2.37)	(0.32)	(-2.45)	(-0.94)
Year-End Q	0.18**	0.85***	0.19***	0.78***
	(2.43)	(3.78)	(2.80)	(4.25)
Observations	2,798	2,800	2,798	2,800
Adj. R^2	0.385	0.200	0.388	0.201
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel B: Whether Tapping External Financing by Source

Proxy for IAFM:	Equity		Debt	
Dep. Var.:	(1) Equity Financing Indicator	(2) Debt Financing Indicator	(3) Equity Financing Indicator	(4) Debt Financing Indicator
Ln(1+ Pre-Tenure IAFM) × NFD	0.039	0.054	0.14***	0.26***
	(1.13)	(1.06)	(2.70)	(3.15)
Ln(1+ Pre-Tenure IAFM)	-0.064***	0.033**	-0.049***	0.030
	(-4.10)	(2.27)	(-2.88)	(1.55)
NFD	0.27***	0.33***	0.25***	0.31***
	(5.30)	(5.08)	(7.57)	(6.63)
Observations	2,538	2,719	2,538	2,719
Adj. R^2	0.309	0.174	0.308	0.180
Industry-by-Year FE	Yes	Yes	Yes	Yes

Panel C: External Financing Source, Conditional on Equity Market Sentiment

Dep. Var.: Equity Issue vs Debt Issue	(1)	(2)
Ln(1+ Pre-Tenure IAFM Equity) × NFD × Δ in Equity Market Sentiment	0.035	
	(1.51)	
Ln(1+ Pre-Tenure IAFM Equity) × NFD × Equity Market Sentiment		-0.090
		(-1.09)
Ln(1+ Pre-Tenure IAFM Equity) × NFD × Year-End Q	0.079***	0.067***
	(3.47)	(3.48)
Observations	896	896
Adj. R^2	0.435	0.435
Industry-by-Year FE	Yes	Yes

Panel D: External Financing Source, Conditional on Interest Rate Changes

Dep. Var.: Equity Issue vs Debt Issue	(1)
Ln(1+ Pre-Tenure IAFM Debt) × NFD × Δ in Interest Rate	0.029
	(0.15)
Ln(1+ Pre-Tenure IAFM Equity) × NFD × Year-End Q	0.046***
	(2.72)
Observations	986
Adj. R^2	0.418
Industry-by-Year FE	Yes

Table IA.XXVII
Attention to Other Assets of Financial Markets: Construction, Validation, and Implications for the Energy Sector

Panel A lists 25 seed words used to build the IAFM Other Assets dictionary, a TF-IDF measure capturing commodity, currency, and derivatives-related language. Panel B reports the top 50 representative words (by similarity to seeds) and top 50 frequent words (by tf-idf), with percentages showing each word's share of total tf-idf. Panel C presents firm-level IAFM Other Assets across the 12 Fama–French industries (classified using four-digit SIC codes), ranked by average scores. Panel D reports regressions of IAFM Other Assets on investment–oil price sensitivity. Dependent variables are CAPX (Cols. 1–2) and INVT (Cols. 3–4). Key regressors interact log IAFM Other Assets with lagged annual changes in Brent crude oil price (in real units). Cols. (1),(3) cover non-Energy firms; (2),(4) Energy firms (FF Industry 4). All models include firm and 3-digit industry-year fixed effects; controls follow Table V; sample: 2008–2024. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Panel A: Seed words

Other Assets
basis_risk
cboe
commodity_market
commodity_price
currency_market
currency_risk
derivative_market
foreign_exchange_rate
forward_market
forward_price
future_market
future_price
fx_market
fx_price
fx_risk
gold_price
oil_price
option_market
option_price
prop_month
prop_price
spot_market
spot_price
stock_option
swap_agreement

Panel B: Fifty most representative words and fifty most frequently occurring words by tf-idf contribution for IAFM Other Assets

Fifty most representative words				Fifty most frequently occurring words			
Word	Sim.	Word	Sim.	word	%	word	%
hedge_book_perspective	0.68	heating_oil_contract	0.66	hedge	24.68%	zinc_price	0.44%
diesel_future	0.68	oil_price_index	0.66	commodity	9.96%	gas_pricing	0.43%
future_price	0.68	accounting_exposure	0.66	oil_price	9.88%	currency_risk	0.34%
forward_rate	0.68	prop_month	0.66	commodity_price	8.03%	future_market	0.32%
derivative_price	0.67	tissue_paper_price	0.66	gas_price	7.09%	lng_price	0.31%
ngl_-_to_-_crude_relationship	0.67	energy_price	0.66	market_price	3.86%	forward_curve	0.31%
uranium_market_price	0.67	gas_market_volatility	0.66	hedging	3.56%	backwardation	0.29%
exchange_rate_standpoint	0.67	pulp_scenario	0.66	spot_market	3.36%	currency_market	0.27%
commodity_forward_curve	0.67	currency_market	0.66	gold_price	3.04%	basis_risk	0.20%
heating_oil_crack_spread	0.67	ethanol_hedging	0.66	energy_price	2.89%	fx_market	0.20%
basis_differential_hedge	0.67	steel_fluctuation	0.66	spot_price	2.48%	derivative_market	0.20%
ruble_position	0.67	wti_curve	0.66	spot_rate	1.80%	spot_market_price	0.18%
gas_price_view	0.67	spread_structure	0.65	power_price	1.75%	future_price	0.17%
fx_swap_market	0.67	hedge_generation	0.65	copper_price	1.68%	swap_agreement	0.16%
spread_swap	0.67	commodity	0.65	lme	1.62%	future_contract	0.16%
g7_currency	0.67	market_price	0.65	coal_price	1.55%	fx_risk	0.14%
ruble_/_dollar_rate	0.67	dollar_-_rupee_lag	0.65	stock_option	1.42%	nymex_price	0.13%
aeco_pricing	0.66	spot_market	0.65	commodity_market	1.09%	option_market	0.11%
alumina_spot_price	0.66	jet_differential	0.65	commodity_pricing	0.77%	future_curve	0.09%
power_price_spread	0.66	$_4.50_per_million_btu	0.65	iron_ore_price	0.76%	brent_crude	0.09%
spot_reference_price	0.66	cmbs_index	0.65	aluminum_price	0.65%	wti_brent	0.08%
peso_dollar_exchange_rate	0.66	year_-_to_-_date_realize_price	0.65	nickel_price	0.54%	option_price	0.05%
peso_-_dollar	0.66	aud_gold_price	0.65	sugar_price	0.52%	oil_future	0.02%
jet_fuel_refinery	0.66	headline_chemical_price	0.65	cboe	0.44%	forward_price	0.02%
tips_bond	0.66	cash_commodity	0.65	brent_price	0.44%	spot_oil_price	0.02%

Panel C: Summary Statistics by Fama-French Industries

Industry (12 Fama-French Industries)	Mean	STD	Median	N
4 (Oil, Gas, and Coal Extraction and Products)	12.06	8.97	10.11	3226
8 (Utilities)	7.69	9.07	3.85	1797
5 (Chemicals and Allied Products)	5.05	5.92	3.06	1586
1 (Consumer Nondurables: Food, Tobacco, Textiles, Apparel, Leather, Toys)	3.77	5.66	1.35	2580
12 (Other: Mines, Construction, Building Materials, Trans, Hotels, Bus Serv, Entertainment)	3.69	6.45	0.82	8840
3 (Manufacturing: Machinery, Trucks, Planes, Off Furn, Paper, Com Printing)	3.34	5.14	1.50	5447
2 (Consumer Durables: Cars, TVs, Furniture, Household Appliances)	2.20	3.42	0.90	1503
9 (Wholesale, Retail, and Some Services (Laundries, Repair Shops))	2.09	3.55	0.61	5463
11 (Finance)	1.92	4.07	0.45	11758
6 (Business Equipment: Computers, Software, and Electronic Equipment)	0.79	2.07	0.00	12364
7 (Telephone and Television Transmission)	0.65	1.52	0.00	1880
10 (Healthcare, Medical Equipment, and Drugs)	0.40	1.16	0.00	8640
Overall:	2.66	5.35	0.42	65084

Panel D: Implications for the Energy Sector

Dep. Var.:	CAPX (%)		INVT (%)	
	(1)	(2)	(3)	(4)
Fama-French Industry:	Non-Energy	Energy	Non-Energy	Energy
Ln(1+IAFM Other Assets) × Δ(Crude Oil Price)	0.025	1.01**	0.076	2.78***
	(0.29)	(2.65)	(0.29)	(2.70)
Ln(1+IAFM Other Assets)	0.029	-0.33	0.094	-0.93
	(0.62)	(-1.30)	(0.75)	(-1.61)
Year-End Q	0.31***	1.15***	0.83***	2.51***
	(12.2)	(5.25)	(11.3)	(3.52)
Observations	36,446	2,319	36,484	2,321
Adj. R^2	0.617	0.684	0.269	0.382
Firm FE	Yes	Yes	Yes	Yes
Industry-by-Year FE	Yes	Yes	Yes	Yes

Table IA.XXVIII
Implications for Mergers and Acquisitions

This table examines whether managerial attention to equity markets predicts acquirers' responses to the market's reaction to announced deals. The sample is at the deal level, and the dependent variable is an indicator (×100) for whether an announced deal is subsequently withdrawn. *Ln(1+IAFM Equity)* is the natural logarithm of one plus IAFM Equity averaged over the three years preceding the announcement. *High IAFM Equity Indicator* equals one if this three-year average falls within the top two quintiles of its cross-sectional distribution among acquiring firms in a given year and zero otherwise, where a firm-year is dated by the calendar year of its fiscal-year-end. Odd-numbered columns pertain to all-cash acquisitions and even-numbered columns to non-all-cash acquisitions. *CAR[−1,+5]* is the percentage cumulative abnormal return over trading days −1 to +5 around the announcement date (day 0), and *CAR[−5,−1]* is the percentage pre-announcement run-up over trading days −5 to −1. Abnormal returns are daily raw returns minus market-model (CAPM) benchmark returns, with each deal's alpha and beta estimated over the [−250, −75] trading-day window prior to the announcement, requiring at least 100 daily return observations. Controls follow Table V and are measured as of the prior year, augmented with log deal value, the percentage of target shares held prior to the deal (toehold), the percentage of shares sought, and indicators for competing bids, rumored deals, hostile deals, tender offers, public targets, and target termination fees. All regressions include acquirer 3-digit industry and announcement year-quarter fixed effects. The sample period is 2008–2024; observations from 2007 are excluded because IAFM enters in lagged form and the earnings-call panel begins in 2007. Standard errors are clustered at the sector-by-year level; t-statistics are reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dep. Var.: 1(Deal Withdrawn) x100	All-Cash	Not-All-Cash	All-Cash	Not-All-Cash	All-Cash	Not-All-Cash	All-Cash	Not-All-Cash
Ln(1+IAFM Equity)	0.974	0.128						
	(1.191)	(0.216)						
	Diff. [(1)-(2)]: 0.846 [p=0.378]							
High IAFM Equity Indicator			1.038	-0.144	1.342	-0.473	1.334	-0.508
			(1.084)	(-0.231)	(1.304)	(-0.675)	(1.268)	(-0.718)
			Diff. [(3)-(4)]: 1.183 [p=0.270]		*Diff. [(5)-(6)]: 1.816 [p=0.106]*		*Diff. [(7)-(8)]: 1.842 [p=0.106]*	
CAR[−1,+5]					0.232***	-0.123	0.206**	-0.129*
					(2.740)	(-1.657)	(2.457)	(-1.758)
High IAFM Equity Indicator × CAR[−1,+5]					-0.327**	0.133	-0.286*	0.130
					(-2.181)	(1.506)	(-1.850)	(1.484)
					*Diff. [(5)-(6)]: -0.460*** [p=0.002]*		*Diff. [(7)-(8)]: -0.416*** [p=0.006]*	
CAR[−5,-1]							0.364*	0.285**
							(1.854)	(2.159)
High IAFM Equity Indicator × CAR[−5,-1]							-0.467	-0.0905
							(-1.468)	(-0.548)
							Diff. [(7)-(8)]: -0.376 [p =0.276]	
Observations	2,250	3,727	2,250	3,727	1,827	2,816	1,827	2,816
Adj. R^2	0.437	0.292	0.437	0.292	0.478	0.295	0.479	0.298
Acquirer Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Deal Announcement Quarter FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes