



Chapter 8.1

Financial analyst access to company information

Companies prefer positive coverage

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- ▶ Bayesian learning gives $Var[P|s] = \frac{1}{\frac{1}{\sigma_P^2} + \frac{1}{\sigma_\varepsilon^2}}$
- ▶ $\Pi_B = b^2 + \frac{1}{\frac{1}{\sigma_P^2} + \frac{1}{\sigma_\varepsilon^2}}$

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