

Saliency Theory and Stock Prices: Empirical Evidence

Online Appendix

In this Online Appendix we provide additional empirical results omitted from the paper for the sake of brevity. Table A1 presents descriptive statistics for the main firm-level variables used in our analysis. Table A2 provides monthly excess returns and alphas for ST-sorted decile portfolios constructed using different price- and size-based subsamples of stocks. Table A3 reports value-weighted stock characteristics of decile portfolios sorted on the saliency theory variable ST. Tables A4 and A5 show the spread in monthly four- and five-factor alphas between high- and low-ST decile portfolios in conditional bivariate sorts that control for a large set of firm characteristics. Table A6 presents results of bivariate portfolio analyses and firm-level Fama-MacBeth regressions that examine the impact of controlling for ST on the magnitude of the short-term reversal effect and the MAX effect. Table A7 reports results of portfolio sorts and Fama-MacBeth regressions that control for alternative measures of abnormal daily trading volume. Table A8 reports results of Fama-MacBeth analyses that explore the impact of earnings announcements on the relation between ST and future stock returns. Table A9 shows results of Fama-MacBeth regressions that examine the influence of market-wide distraction events on the magnitude of the saliency effect. Table A10 shows results of portfolio sorts and firm-level Fama-MacBeth regressions that explore the impact of using quote midpoint returns on the magnitude of the saliency effect and the short-term reversal effect. Table A11 reports results for univariate portfolio analyses that account for potential illiquidity-related biases resulting from noise in stock prices or from days with zero returns. Table A12 decomposes the saliency effect and the short-term reversal effect into intraday and overnight return components. Table A13 shows results of Fama-MacBeth regressions estimated using alternative subperiods and subsamples, alternative measures of ST based on different specifications of the choice context and saliency function, and alternative definitions of the control variables.

Table A2: Returns on ST-Sorted Portfolios: Price- and Size-Based Subsamples

Panel A reports excess returns and alphas for portfolios formed on the salience theory variable ST, excluding stocks with a price below \$1 a share from the sample. At the end of each month, stocks are sorted into decile portfolios based on their ST value. Portfolio 1 (10) contains the stocks with the lowest (highest) ST value. Portfolios are rebalanced at the end of the next month and their realized return is recorded. For each portfolio, we report the equal-weighted (EW) and value-weighted (VW) average monthly excess return, four-factor alpha obtained from the Carhart (1997) model, and five-factor alpha obtained from the Carhart (1997) model augmented with a liquidity factor. The last row reports differences in monthly returns and alphas between decile 10 (high ST) and decile 1 (low ST). The sample period is January 1931 to December 2015. Panel B shows results for portfolio sorts and firm-level regressions conducted over the full sample and four subperiods (1931/01–1963/06, 1963/07–1979/12, 1980/01–1999/12, and 2000/01–2015/12). We perform the subperiod analyses for the full sample of stocks with a price above \$5 as well as three size-based subsamples. Stocks are assigned to three groups (microcaps, small stocks, and big stocks) based on their market cap at the end of the previous month. The breakpoints are the 20th and 50th percentiles of NYSE market cap. On the left hand side, we report for each subperiod and size group the spread in five-factor alphas between the high- and low-ST deciles. On the right, we report results for Fama-MacBeth regressions of excess stock returns in month $t + 1$ on a firm’s ST value measured at the end of the previous month t . In each regression, we include the full set of control variables defined in Table A1. All independent variables are standardized to have zero mean and unit variance in each month. The t -statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags.

Panel A: Penny Stocks Excluded (< \$1)						
Decile	EW Portfolios			VW Portfolios		
	Raw Return	4F Alpha	5F Alpha	Raw Return	4F Alpha	5F Alpha
Low ST	1.61	0.64	0.65	0.99	0.21	0.20
2	1.16	0.32	0.32	0.85	0.19	0.19
3	0.99	0.19	0.20	0.78	0.15	0.15
4	0.92	0.13	0.13	0.74	0.10	0.10
5	0.91	0.14	0.14	0.65	0.03	0.03
6	0.93	0.10	0.10	0.67	-0.00	0.00
7	0.87	-0.02	-0.02	0.69	-0.04	-0.04
8	0.71	-0.23	-0.24	0.55	-0.25	-0.26
9	0.61	-0.42	-0.42	0.70	-0.19	-0.19
High ST	-0.19	-1.32	-1.32	0.20	-0.82	-0.83
High-Low	-1.80 (-12.53)	-1.96 (-14.27)	-1.97 (-14.05)	-0.79 (-5.09)	-1.03 (-6.33)	-1.03 (-6.21)

Panel B: Portfolio Sorts and Multivariate Fama-MacBeth Regressions						
Firm Size	Portfolio Sorts: 5F alphas			Fama-MacBeth Regressions		
	Micro	Small	Big	Micro	Small	Big
1931/01 - 2015/12	-2.05 (-14.17)	-1.34 (-9.02)	-0.77 (-6.77)	-0.22 (-5.60)	-0.10 (-3.32)	-0.05 (-2.60)
1931/01 - 1963/06	-2.43 (-9.76)	-1.62 (-6.40)	-0.98 (-7.23)	-0.21 (-2.55)	-0.08 (-2.02)	-0.01 (-0.25)
1963/07 - 1979/12	-2.73 (-12.94)	-1.43 (-7.60)	-0.94 (-5.47)	-0.19 (-3.33)	-0.15 (-2.29)	-0.06 (-1.78)
1980/01 - 1999/12	-1.30 (-6.96)	-1.05 (-4.11)	-0.56 (-2.09)	-0.23 (-4.31)	-0.19 (-3.75)	-0.07 (-1.84)
2000/01 - 2015/12	-1.30 (-4.80)	-0.82 (-2.65)	-0.44 (-1.67)	-0.25 (-4.34)	-0.08 (-1.37)	-0.11 (-2.68)

Table A3: Value-Weighted Characteristics of ST-Sorted Portfolios

This table reports characteristics for portfolios formed on the basis of the salience theory variable ST. At the end of each month, we sort stocks into decile portfolios based on their ST value and compute the value-weighted average of various firm characteristics. The table reports for each ST decile the time-series average of these monthly characteristics. PRICE is the stock price (in \$). ME is the log of a firm's market capitalization (in \$). BM is the book-to-market ratio. Momentum (MOM) is a stock's cumulative return (in %) over the 11-month period ending two months prior to the current month. ILLIQ is the Amihud (2002) illiquidity measure, averaged over all trading days in a month. BETA is the market beta, estimated from a regression of daily excess stock returns on the daily excess market return over a one-month window. IVOL is the idiosyncratic volatility (in %) obtained from this regression. REV is the stock return over the previous month (in %). MAX (MIN) is a stock's maximum (minimum) daily return within a month (in %), as in Bali et al. (2011). TK is the prospect theory value of a stock, constructed using a five-year window of monthly returns, as in Barberis et al. (2016). SKEW is the skewness of daily stock returns, calculated over a one-year window. COSKEW is the coskewness of daily stock returns with daily market returns over a one-year window, calculated following Harvey and Siddique (2000). ISKEW is the skewness of the residuals from a Fama and French (1993) three-factor model regression estimated over a one-year window of daily returns, as in Boyer et al. (2010). DBETA is the downside beta, estimated from a regression of daily excess stock returns on the daily excess market return over a one-year window, using only days on which the market return was below the average daily market return during that year, as in Ang et al. (2006). The last row presents the differences in average characteristics between the high- and low-ST deciles. All variables are winsorized at the 1st and 99th percentiles. The sample period is January 1931 to December 2015.

Decile	ST	PRICE	ME	BM	MOM	ILLIQ	BETA	IVOL	REV	MAX	MIN	TK	SKEW	COSKEW	ISKEW	DBETA
Low ST	-2.16	37.86	20.16	0.92	21.12	0.68	1.26	1.78	-7.80	3.84	-6.49	-0.06	0.08	-1.61	0.09	1.21
2	-1.18	44.40	20.66	0.86	17.38	0.37	1.00	1.31	-3.79	3.20	-4.26	-0.06	0.13	-0.64	0.18	1.03
3	-0.65	49.16	20.88	0.86	15.49	0.27	0.88	1.11	-1.62	2.94	-3.35	-0.06	0.15	-0.42	0.20	0.94
4	-0.24	52.39	20.98	0.88	15.83	0.23	0.83	1.03	0.02	2.89	-2.90	-0.06	0.17	-0.34	0.24	0.89
5	0.12	52.47	20.96	0.87	16.41	0.24	0.85	1.04	1.00	3.12	-2.79	-0.06	0.17	-0.53	0.26	0.91
6	0.50	51.21	20.94	0.84	16.50	0.25	0.93	1.11	2.17	3.58	-2.82	-0.05	0.18	-0.47	0.27	0.96
7	0.92	49.27	20.84	0.83	17.47	0.30	1.04	1.24	3.79	4.24	-2.98	-0.05	0.21	-0.49	0.32	1.03
8	1.43	46.49	20.65	0.84	18.80	0.39	1.19	1.44	5.71	5.21	-3.25	-0.05	0.26	-0.72	0.38	1.12
9	2.13	42.19	20.31	0.85	21.58	0.55	1.38	1.79	8.39	6.82	-3.73	-0.05	0.35	-1.25	0.50	1.25
High ST	3.55	35.77	19.63	0.94	26.50	1.04	1.68	2.54	14.22	10.68	-4.71	-0.05	0.50	-2.39	0.77	1.42
High-Low	5.71	-2.09	-0.53	0.02	5.38	0.36	0.42	0.76	22.02	6.84	1.78	0.01	0.42	-0.78	0.68	0.21

Table A4: **Four-Factor Alpha Spreads on Double-Sorted ST Portfolios**

This table reports the spread in monthly four-factor alphas between high- and low-ST decile portfolios for double-sorted portfolios formed on the basis of a control variable and a stock's ST value. Stocks are first sorted into decile portfolios based on one of the 14 control variables defined in Table A1. Next, within each decile portfolio, stocks are further sorted into deciles based on ST, such that a total of 100 portfolios is created. All portfolios are rebalanced at the end of the next month and their realized return is recorded. For each decile of the control variable, we report the average spread in four-factor alpha between the high- and low-ST sub deciles. Portfolio 1 (10) in the table refers to the decile portfolio that contains the stocks with the lowest (highest) values of the control variable. Panel A presents monthly alpha spreads for equal-weighted portfolios and panel B corresponds to value-weighted portfolios. The bottom rows report the number of deciles of the control variable for which the high-low ST alpha spread is positive or negative at the 10% level and the average of the alpha spreads across all deciles. Four-factor alphas are obtained from the Carhart (1997) model. The *t*-statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags. The sample period is January 1931 to December 2015.

Panel A: EW Portfolios														
Decile	ME	BM	MOM	ILLIQ	BETA	IVOL	REV	MAX	MIN	TK	SKEW	COSKEW	ISKEW	DBETA
Low Control	-2.70 (-13.61)	-0.69 (-3.90)	-2.73 (-12.12)	-0.17 (-1.08)	-1.61 (-6.97)	-0.23 (-2.13)	-0.98 (-3.35)	-0.57 (-3.99)	-2.60 (-10.77)	-2.07 (-8.37)	-1.04 (-6.78)	-1.91 (-8.74)	-1.27 (-8.03)	-1.70 (-11.17)
2	-2.20 (-8.75)	-0.93 (-6.40)	-1.74 (-9.51)	-0.34 (-1.98)	-1.10 (-6.77)	-0.49 (-4.29)	-0.59 (-3.81)	-0.71 (-5.36)	-1.96 (-9.74)	-1.48 (-7.92)	-0.70 (-4.22)	-1.10 (-5.27)	-1.14 (-6.42)	-1.37 (-7.60)
3	-1.60 (-9.14)	-0.90 (-5.17)	-1.69 (-8.44)	-0.70 (-4.19)	-0.87 (-5.53)	-0.65 (-5.78)	-0.77 (-4.86)	-0.61 (-4.57)	-1.61 (-7.86)	-1.54 (-7.58)	-1.04 (-5.52)	-1.21 (-7.62)	-0.96 (-6.28)	-1.04 (-6.58)
4	-1.50 (-7.84)	-0.94 (-5.64)	-1.12 (-6.57)	-0.73 (-4.12)	-0.90 (-6.44)	-0.92 (-7.53)	-0.55 (-3.66)	-0.66 (-4.75)	-1.35 (-8.57)	-1.40 (-8.37)	-1.14 (-8.51)	-1.20 (-7.28)	-1.12 (-7.09)	-0.97 (-5.78)
5	-1.31 (-6.48)	-1.25 (-6.41)	-0.77 (-6.04)	-0.94 (-5.97)	-1.14 (-7.66)	-1.02 (-6.64)	-0.38 (-2.54)	-0.53 (-3.46)	-1.28 (-7.46)	-1.25 (-7.12)	-1.67 (-9.33)	-1.09 (-6.86)	-1.50 (-8.34)	-1.40 (-7.81)
6	-0.79 (-4.76)	-1.35 (-7.81)	-0.83 (-5.86)	-0.93 (-4.81)	-0.95 (-6.16)	-0.86 (-5.29)	-0.51 (-3.92)	-0.83 (-6.08)	-1.00 (-6.69)	-1.24 (-8.48)	-1.33 (-7.32)	-1.32 (-8.19)	-1.33 (-6.29)	-1.38 (-6.15)
7	-0.93 (-6.38)	-1.43 (-9.09)	-0.96 (-5.50)	-1.53 (-8.42)	-1.03 (-7.29)	-0.88 (-5.34)	-0.36 (-2.44)	-0.67 (-3.84)	-0.83 (-6.51)	-1.23 (-8.90)	-1.35 (-7.12)	-1.06 (-6.82)	-1.21 (-7.32)	-1.32 (-7.81)
8	-0.76 (-5.16)	-1.75 (-10.93)	-1.09 (-7.19)	-1.77 (-9.38)	-1.34 (-8.33)	-1.01 (-5.63)	-0.48 (-3.27)	-0.36 (-2.15)	-0.69 (-6.34)	-0.99 (-5.92)	-1.53 (-8.67)	-1.16 (-7.15)	-0.92 (-4.42)	-1.29 (-6.92)
9	-0.51 (-3.18)	-1.84 (-9.54)	-0.82 (-5.30)	-1.91 (-9.47)	-1.20 (-6.93)	-1.19 (-5.72)	-0.41 (-2.54)	-0.72 (-4.54)	-0.64 (-5.38)	-1.03 (-6.22)	-1.43 (-8.35)	-1.24 (-7.28)	-1.31 (-6.95)	-0.95 (-5.30)
High Control	-0.29 (-2.29)	-2.13 (-8.98)	-1.21 (-6.38)	-2.85 (-16.17)	-1.68 (-8.23)	-2.31 (-8.26)	-0.80 (-3.93)	-1.49 (-6.93)	-0.36 (-2.89)	-1.11 (-6.81)	-1.54 (-8.54)	-1.69 (-9.63)	-2.30 (-9.86)	-1.51 (-7.73)
# Sign. Pos.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
# Sign. Neg.	10	10	10	9	10	10	10	10	10	10	10	10	10	10
Mean	-1.26 (-11.86)	-1.32 (-13.31)	-1.30 (-13.37)	-1.19 (-12.12)	-1.18 (-12.68)	-0.95 (-10.40)	-0.58 (-6.71)	-0.71 (-7.95)	-1.23 (-15.10)	-1.33 (-13.51)	-1.28 (-13.73)	-1.30 (-13.18)	-1.31 (-13.26)	-1.29 (-12.36)

Table A4: Four-Factor Alpha Spreads on Double-Sorted ST Portfolios (continued)

Panel B: VW Portfolios														
Decile	ME	BM	MOM	ILLIQ	BETA	IVOL	REV	MAX	MIN	TK	SKEW	COSKEW	ISKEW	DBETA
Low Control	-2.60 (-11.11)	-0.79 (-3.31)	-2.04 (-7.81)	-0.18 (-1.13)	-0.97 (-3.27)	-0.27 (-2.20)	-0.03 (-0.09)	-0.35 (-2.07)	-1.52 (-5.06)	-1.24 (-4.05)	-0.42 (-1.95)	-1.09 (-4.08)	-0.86 (-4.03)	-1.49 (-6.16)
2	-2.19 (-8.60)	-0.83 (-4.66)	-1.34 (-5.34)	-0.54 (-3.13)	-0.69 (-3.41)	-0.48 (-3.46)	-0.44 (-1.86)	-0.45 (-2.67)	-1.31 (-4.83)	-0.91 (-3.61)	-0.23 (-1.10)	-0.63 (-2.21)	-0.61 (-2.75)	-1.34 (-6.39)
3	-1.58 (-8.99)	-0.62 (-2.87)	-1.56 (-6.53)	-0.83 (-4.79)	-0.68 (-3.66)	-0.36 (-2.40)	-0.27 (-1.13)	-0.28 (-1.65)	-1.21 (-4.96)	-1.01 (-4.06)	-0.65 (-2.73)	-0.66 (-3.27)	-0.30 (-1.48)	-0.83 (-4.10)
4	-1.54 (-7.88)	-0.57 (-2.67)	-0.59 (-3.18)	-0.72 (-3.64)	-0.65 (-3.24)	-0.52 (-2.88)	-0.41 (-1.81)	-0.34 (-2.07)	-0.94 (-4.37)	-0.91 (-4.62)	-0.60 (-3.00)	-0.58 (-2.60)	-0.61 (-2.88)	-0.42 (-2.32)
5	-1.30 (-6.40)	-0.73 (-3.07)	-0.30 (-1.60)	-1.12 (-6.46)	-0.55 (-3.32)	-0.43 (-2.10)	0.02 (0.12)	-0.20 (-0.99)	-0.94 (-4.14)	-0.53 (-2.42)	-1.05 (-4.76)	-0.53 (-2.26)	-1.06 (-4.84)	-0.52 (-2.27)
6	-0.78 (-4.63)	-0.83 (-4.00)	-0.40 (-2.33)	-1.01 (-4.65)	-0.44 (-1.95)	-0.33 (-1.66)	-0.53 (-3.08)	-0.15 (-0.88)	-0.69 (-3.80)	-0.89 (-4.59)	-0.85 (-3.44)	-1.05 (-5.50)	-0.93 (-3.44)	-0.59 (-2.84)
7	-0.93 (-6.29)	-1.01 (-5.01)	-0.52 (-2.48)	-1.64 (-8.68)	-0.69 (-3.90)	-0.59 (-3.12)	0.26 (1.47)	-0.14 (-0.55)	-0.54 (-3.06)	-0.96 (-5.38)	-0.70 (-3.16)	-0.73 (-3.66)	-0.76 (-3.43)	-0.62 (-2.91)
8	-0.75 (-5.10)	-1.19 (-5.38)	-0.63 (-3.07)	-1.85 (-8.69)	-0.65 (-2.95)	-0.56 (-2.77)	-0.45 (-2.68)	0.07 (0.27)	-0.41 (-2.80)	-0.77 (-3.75)	-1.02 (-4.48)	-0.82 (-3.71)	-0.45 (-2.00)	-0.62 (-3.17)
9	-0.53 (-3.31)	-1.25 (-4.48)	-0.45 (-2.23)	-1.92 (-9.35)	-0.51 (-1.78)	-0.70 (-2.42)	-0.24 (-1.07)	-0.17 (-0.85)	-0.49 (-3.12)	-0.63 (-2.97)	-0.85 (-3.38)	-0.30 (-1.52)	-0.66 (-2.71)	-0.28 (-1.11)
High Control	-0.25 (-1.85)	-1.57 (-5.90)	-0.82 (-3.13)	-2.74 (-13.60)	-1.30 (-4.82)	-1.58 (-4.38)	-0.68 (-2.61)	-1.16 (-4.24)	-0.29 (-1.92)	-0.96 (-3.74)	-1.22 (-5.00)	-1.27 (-5.19)	-1.24 (-4.37)	-0.93 (-3.45)
# Sign. Pos.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
# Sign. Neg.	10	10	9	9	10	10	5	5	10	10	9	9	9	9
Mean	-1.24 (-11.33)	-0.94 (-8.21)	-0.87 (-8.33)	-1.26 (-12.86)	-0.71 (-6.57)	-0.58 (-5.47)	-0.28 (-2.64)	-0.32 (-2.97)	-0.83 (-8.56)	-0.88 (-7.83)	-0.76 (-7.00)	-0.77 (-6.93)	-0.75 (-6.77)	-0.76 (-7.15)

Table A5: Five-Factor Alpha Spreads on Double-Sorted ST Portfolios

This table reports the spread in monthly five-factor alphas between high- and low-ST decile portfolios for double-sorted portfolios formed on the basis of a control variable and a stock's ST value. Stocks are first sorted into decile portfolios based on one of the 14 control variables defined in Table A1. Next, within each decile portfolio, stocks are further sorted into deciles based on ST, such that a total of 100 portfolios is created. All portfolios are rebalanced at the end of the next month and their realized return is recorded. For each decile of the control variable, we report the average spread in five-factor alpha between the high- and low-ST sub deciles. Portfolio 1 (10) in the table refers to the decile portfolio that contains the stocks with the lowest (highest) values of the control variable. Panel A presents monthly alpha spreads for equal-weighted portfolios and panel B corresponds to value-weighted portfolios. The bottom rows report the number of deciles of the control variable for which the high-low ST alpha spread is positive or negative at the 10% level and the average of the alpha spreads across all deciles. Five-factor alphas are obtained from the Carhart (1997) model augmented with a liquidity factor. The t -statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags. The sample period is January 1931 to December 2015.

Panel A: EW Portfolios														
Decile	ME	BM	MOM	ILLIQ	BETA	IVOL	REV	MAX	MIN	TK	SKEW	COSKEW	ISKEW	DBETA
Low Control	-2.70 (-13.37)	-0.71 (-3.97)	-2.75 (-12.01)	-0.15 (-0.94)	-1.66 (-7.11)	-0.24 (-2.28)	-1.07 (-3.67)	-0.58 (-4.11)	-2.65 (-10.91)	-2.14 (-8.66)	-1.05 (-6.79)	-2.00 (-9.19)	-1.28 (-8.11)	-1.68 (-11.02)
2	-2.31 (-9.46)	-0.95 (-6.46)	-1.80 (-9.95)	-0.34 (-1.94)	-1.19 (-7.41)	-0.48 (-4.15)	-0.62 (-4.09)	-0.74 (-5.68)	-1.99 (-9.92)	-1.53 (-8.23)	-0.74 (-4.41)	-1.14 (-5.41)	-1.12 (-6.35)	-1.36 (-7.46)
3	-1.72 (-10.69)	-0.91 (-5.36)	-1.72 (-8.72)	-0.75 (-4.56)	-0.91 (-5.93)	-0.70 (-6.43)	-0.79 (-5.10)	-0.66 (-4.99)	-1.67 (-8.36)	-1.61 (-7.91)	-1.08 (-5.86)	-1.28 (-8.14)	-1.00 (-6.72)	-1.13 (-7.47)
4	-1.54 (-7.97)	-0.97 (-5.83)	-1.19 (-7.19)	-0.73 (-4.22)	-0.92 (-6.65)	-0.93 (-7.66)	-0.57 (-3.69)	-0.73 (-5.34)	-1.40 (-8.94)	-1.43 (-8.57)	-1.22 (-9.53)	-1.26 (-8.11)	-1.15 (-7.18)	-1.08 (-6.62)
5	-1.35 (-6.41)	-1.27 (-6.44)	-0.77 (-5.98)	-0.96 (-5.99)	-1.14 (-7.50)	-1.11 (-7.29)	-0.43 (-2.85)	-0.58 (-3.84)	-1.28 (-7.68)	-1.27 (-7.26)	-1.63 (-9.22)	-1.10 (-6.82)	-1.53 (-8.76)	-1.37 (-7.73)
6	-0.80 (-4.89)	-1.39 (-8.29)	-0.85 (-5.93)	-1.03 (-5.47)	-1.00 (-6.45)	-0.96 (-6.04)	-0.52 (-3.96)	-0.90 (-6.89)	-0.96 (-6.42)	-1.28 (-8.92)	-1.38 (-7.85)	-1.30 (-7.99)	-1.40 (-6.67)	-1.40 (-6.45)
7	-0.94 (-6.36)	-1.41 (-9.00)	-1.00 (-5.62)	-1.52 (-8.33)	-1.10 (-7.87)	-0.90 (-5.46)	-0.33 (-2.20)	-0.69 (-4.03)	-0.86 (-6.83)	-1.25 (-9.00)	-1.41 (-7.53)	-1.11 (-6.95)	-1.22 (-7.30)	-1.32 (-7.68)
8	-0.83 (-5.69)	-1.76 (-11.07)	-1.15 (-7.63)	-1.89 (-10.51)	-1.28 (-8.20)	-1.03 (-5.80)	-0.39 (-2.94)	-0.43 (-2.59)	-0.74 (-6.81)	-1.03 (-6.15)	-1.63 (-9.33)	-1.24 (-7.66)	-1.01 (-5.03)	-1.37 (-7.68)
9	-0.52 (-3.21)	-1.87 (-9.83)	-0.81 (-5.15)	-1.96 (-9.79)	-1.26 (-7.34)	-1.29 (-6.34)	-0.48 (-3.02)	-0.74 (-4.59)	-0.68 (-5.91)	-1.06 (-6.36)	-1.47 (-8.37)	-1.22 (-7.14)	-1.35 (-7.10)	-1.01 (-5.62)
High Control	-0.30 (-2.30)	-2.18 (-9.12)	-1.17 (-6.17)	-2.87 (-16.15)	-1.68 (-8.21)	-2.36 (-8.21)	-0.83 (-3.96)	-1.46 (-6.79)	-0.31 (-2.59)	-1.06 (-6.42)	-1.57 (-8.60)	-1.72 (-9.74)	-2.36 (-9.76)	-1.57 (-8.04)
# Sign. Pos.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
# Sign. Neg.	10	10	10	9	10	10	10	10	10	10	10	10	10	10
Mean	-1.30 (-12.11)	-1.34 (-13.48)	-1.32 (-13.45)	-1.22 (-12.27)	-1.21 (-12.89)	-1.00 (-10.89)	-0.60 (-6.84)	-0.75 (-8.45)	-1.25 (-15.19)	-1.37 (-13.63)	-1.32 (-14.04)	-1.34 (-13.42)	-1.34 (-13.42)	-1.33 (-12.64)

Table A5: Five-Factor Alpha Spreads on Double-Sorted ST Portfolios (continued)

Panel B: VW Portfolios														
Decile	ME	BM	MOM	ILLIQ	BETA	IVOL	REV	MAX	MIN	TK	SKEW	COSKEW	ISKEW	DBETA
Low Control	-2.66 (-10.99)	-0.79 (-3.23)	-2.08 (-7.84)	-0.18 (-1.11)	-0.99 (-3.21)	-0.31 (-2.55)	-0.01 (-0.01)	-0.40 (-2.37)	-1.53 (-5.13)	-1.33 (-4.33)	-0.39 (-1.79)	-1.15 (-4.29)	-0.86 (-3.98)	-1.48 (-5.93)
2	-2.31 (-9.36)	-0.87 (-4.88)	-1.33 (-5.14)	-0.47 (-2.80)	-0.73 (-3.64)	-0.47 (-3.38)	-0.48 (-1.98)	-0.46 (-2.74)	-1.32 (-4.90)	-0.97 (-3.89)	-0.25 (-1.20)	-0.58 (-2.01)	-0.58 (-2.56)	-1.32 (-6.23)
3	-1.70 (-10.53)	-0.66 (-3.10)	-1.57 (-6.51)	-0.89 (-5.22)	-0.73 (-4.02)	-0.42 (-2.84)	-0.31 (-1.28)	-0.31 (-1.86)	-1.24 (-5.16)	-1.07 (-4.29)	-0.65 (-2.69)	-0.68 (-3.38)	-0.33 (-1.62)	-0.95 (-4.75)
4	-1.58 (-7.99)	-0.59 (-2.71)	-0.67 (-3.68)	-0.72 (-3.68)	-0.71 (-3.60)	-0.52 (-2.87)	-0.42 (-1.74)	-0.39 (-2.31)	-0.96 (-4.59)	-0.89 (-4.64)	-0.68 (-3.49)	-0.70 (-3.38)	-0.60 (-2.79)	-0.50 (-2.87)
5	-1.34 (-6.30)	-0.73 (-3.01)	-0.31 (-1.66)	-1.12 (-6.38)	-0.57 (-3.37)	-0.48 (-2.35)	0.02 (0.07)	-0.30 (-1.46)	-0.92 (-4.01)	-0.58 (-2.68)	-0.99 (-4.50)	-0.57 (-2.37)	-1.07 (-4.90)	-0.50 (-2.20)
6	-0.79 (-4.76)	-0.85 (-4.17)	-0.45 (-2.61)	-1.07 (-4.95)	-0.45 (-1.99)	-0.42 (-2.08)	-0.55 (-3.19)	-0.19 (-1.11)	-0.67 (-3.67)	-0.91 (-4.62)	-0.88 (-3.60)	-1.05 (-5.37)	-0.97 (-3.58)	-0.63 (-3.20)
7	-0.94 (-6.29)	-1.00 (-5.07)	-0.51 (-2.40)	-1.61 (-8.46)	-0.76 (-4.32)	-0.63 (-3.35)	0.24 (1.50)	-0.19 (-0.72)	-0.59 (-3.43)	-0.99 (-5.35)	-0.78 (-3.60)	-0.78 (-3.84)	-0.74 (-3.28)	-0.61 (-2.90)
8	-0.81 (-5.60)	-1.17 (-5.44)	-0.68 (-3.28)	-1.97 (-9.47)	-0.61 (-2.84)	-0.57 (-2.76)	-0.39 (-2.38)	0.01 (0.04)	-0.45 (-3.14)	-0.79 (-3.81)	-1.06 (-4.58)	-0.85 (-3.75)	-0.45 (-2.05)	-0.64 (-3.33)
9	-0.54 (-3.37)	-1.32 (-4.84)	-0.41 (-1.99)	-1.96 (-9.59)	-0.57 (-2.01)	-0.74 (-2.49)	-0.31 (-1.28)	-0.16 (-0.76)	-0.53 (-3.41)	-0.70 (-3.30)	-0.82 (-3.19)	-0.30 (-1.53)	-0.69 (-2.78)	-0.30 (-1.17)
High Control	-0.25 (-1.84)	-1.60 (-5.98)	-0.75 (-2.93)	-2.79 (-13.79)	-1.25 (-4.61)	-1.66 (-4.44)	-0.75 (-2.76)	-1.20 (-4.34)	-0.26 (-1.79)	-0.86 (-3.31)	-1.24 (-5.03)	-1.35 (-5.46)	-1.37 (-4.76)	-0.95 (-3.54)
# Sign. Pos.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
# Sign. Neg.	10	10	10	10	10	10	5	5	10	10	9	9	9	9
Mean	-1.29 (-11.63)	-0.96 (-8.29)	-0.88 (-8.25)	-1.28 (-12.77)	-0.74 (-6.71)	-0.62 (-5.79)	-0.30 (-2.68)	-0.36 (-3.36)	-0.85 (-8.59)	-0.91 (-7.87)	-0.78 (-7.01)	-0.80 (-7.09)	-0.77 (-6.77)	-0.79 (-7.31)

Table A6: **Reversal and MAX Effects: Controlling for Salience**

This table reports results of portfolio sorts and Fama-MacBeth regressions that explore the impact of controlling for ST on the magnitude of the reversal effect and the MAX effect. In the univariate portfolio analyses in Panel A, stocks are sorted into decile portfolios at the end of each month based on their one-month return (REV) or their maximum daily return over that month (MAX). In the bivariate analyses, stocks are first sorted into decile portfolios based on their ST value. Next, within each decile portfolio, stocks are further sorted into deciles based on REV or MAX, such that a total of 100 portfolios is created. Portfolios are rebalanced at the end of the next month and their realized return is recorded. Returns of the REV and MAX deciles are then averaged across the different ST deciles. Panel A presents the difference in the average monthly return and five-factor alpha between the highest and lowest REV and MAX deciles. Five-factor alphas are obtained from the Carhart (1997) model augmented with a liquidity factor. Panels B and C report results for Fama-MacBeth regressions of one-month-ahead returns on ST and REV or on ST and MAX. The regressions on the right also include the full set of control variables listed in Table 4. All independent variables are standardized to have zero mean and unit variance. The *t*-statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags. The sample period is January 1931 to December 2015.

Panel A: Portfolio Sorts								
Decile	Univariate REV		Bivariate REV		Univariate MAX		Bivariate MAX	
	EW	VW	EW	VW	EW	VW	EW	VW
High-Low Ret	-1.53	-0.77	-1.04	-0.73	-0.77	-0.50	-0.31	-0.31
	(-9.25)	(-4.23)	(-6.87)	(-4.53)	(-4.33)	(-2.41)	(-2.15)	(-1.86)
High-Low 5F α	-1.53	-0.87	-0.94	-0.67	-1.27	-0.91	-0.66	-0.65
	(-8.77)	(-4.50)	(-5.96)	(-4.13)	(-12.39)	(-6.02)	(-8.10)	(-6.40)

Panel B: Fama-MacBeth Regressions - REV						
	Bivariate FM			Multivariate FM		
	(1)	(2)	(3)	(4)	(5)	(6)
ST	-0.32		-0.13	-0.33		-0.13
	(-9.47)		(-3.31)	(-12.95)		(-6.80)
REV		-0.39	-0.33		-0.47	-0.43
		(-7.95)	(-5.88)		(-11.75)	(-10.82)
Controls	NO	NO	NO	YES	YES	YES

Panel C: Fama-MacBeth Regressions - MAX						
	Bivariate FM			Multivariate FM		
	(1)	(2)	(3)	(4)	(5)	(6)
ST	-0.32		-0.27	-0.13		-0.13
	(-9.47)		(-7.23)	(-8.58)		(-6.80)
MAX		-0.28	-0.12		-0.11	-0.03
		(-5.32)	(-1.93)		(-3.89)	(-0.98)
Controls	NO	NO	NO	YES	YES	YES

Table A8: **Salience and Earnings Announcements**

This table reports results of Fama-MacBeth regressions that explore the impact of earnings announcements on the relation between ST and future stock returns. Quarterly earnings information is retrieved from I/B/E/S from 1984 onwards. For comparison, column 1 presents results for the baseline regression of stock returns in month $t + 1$ on ST and a set of control variables measured at the end of the previous month t , estimated over the period January 1984 to December 2015. Column 2 excludes a stock/month observation if there is an earnings announcement for the stock in that month. Column 3 reports results for an alternative ST measure, constructed by excluding the returns on the day of the announcement and the day before and after the announcement. The regression models in columns 3 to 6 include the dummy variable ANNOUNCE that takes on a value of one if there is an earnings announcement for firm i in month t , and zero otherwise, and the interaction between this dummy variable and ST. We also add the cumulative abnormal return ($CAR_{[-1,+1]}$) over the days -1 to +1 around the earnings announcement date to the regression. We obtain abnormal returns by estimating a market model over the 20 days preceding the announcement window. Column 5 further includes the earnings surprise (SURPRISE), measured as the difference between the actual earnings and the consensus earnings forecast, normalized by the stock price five trading days before the announcement, as in DellaVigna and Pollet (2009). The consensus forecast is defined as the median forecast among all the analysts that make a forecast in the last 30 calendar days prior to the announcement. Column 6 adds the average abnormal daily volume in month t (ABNVOLD) and the interaction between abnormal volume and ST as additional controls. Abnormal daily volume is measured as a stock's dollar trading volume on day s divided by its average daily dollar volume over the previous one year (252 trading days). Each regression specification includes the full set of controls defined in Table A1. All continuous independent variables are standardized to have zero mean and unit variance. The t -statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags.

Announcement Months	Included	Excluded	Included	Included	Included	Included
Announcement Returns	Included	Included	Excluded	Included	Included	Included
	(1)	(2)	(3)	(4)	(5)	(6)
ST	-0.17 (-6.59)	-0.18 (-7.27)	-0.18 (-6.63)	-0.18 (-6.98)	-0.18 (-6.94)	-0.17 (-6.79)
ANNOUNCE			0.13 (2.82)	0.14 (3.07)	0.14 (3.10)	0.11 (2.59)
ST×ANNOUNCE			-0.00 (-0.12)	0.01 (0.42)	0.01 (0.35)	0.02 (0.56)
$CAR_{[-1,+1]}$			0.12 (7.77)	0.15 (9.41)	0.14 (8.84)	0.14 (9.14)
SURPRISE					0.22 (5.02)	0.21 (4.56)
ABNVOLD						0.45 (9.13)
ABNVOLD×ANNOUNCE						-0.03 (-0.79)
Controls	YES	YES	YES	YES	YES	YES

Table A9: **Saliency and Distraction Events**

This table reports results of Fama-MacBeth regressions that explore the impact of distraction events on the relation between ST and future returns. Columns 1 and 2 present results for predictive regressions of monthly stock returns on ST, estimated separately for recessions and expansions. Recession and expansion subsamples are based on NBER definitions. Columns 3 and 5 report results for an alternative ST measure constructed by excluding distraction days. Distraction days are defined as the 10% of business days with the highest news pressure in each year. News pressure is measured as the median number of minutes that US news broadcasts devote to the first three news segments. Columns 4 and 6 present results for the original ST measure that includes distraction days. Results in columns 1 to 4 are for the full sample of stocks and those in columns 5 and 6 are for the subsample of microcaps, defined as stocks with size below the 20th percentile of NYSE market cap. The sample period is January 1931 to December 2015 in columns 1 and 2 and August 1968 to December 2015 in columns 3 to 6 since news pressure data is available from 1968 onwards. Each regression specification includes the full set of controls defined in Table A1. We further control for the average abnormal daily volume within each month, measured as a stock's dollar volume on day s divided by its average daily volume over the previous one year. All independent variables are standardized to have zero mean and unit variance. The t -statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags.

	Business Cycle		Distraction Days (all stocks)		Distraction Days (microcaps)	
	Recession	Expansion	Excluded	Included	Excluded	Included
	(1)	(2)	(3)	(4)	(5)	(6)
ST	-0.14 (-2.72)	-0.12 (-6.51)	-0.12 (-6.31)	-0.13 (-6.69)	-0.17 (-5.66)	-0.21 (-6.03)
BETA	0.06 (1.17)	0.06 (3.25)	0.04 (1.79)	0.04 (1.81)	0.05 (1.70)	0.04 (1.44)
ME	-0.26 (-3.18)	-0.25 (-6.25)	-0.24 (-4.57)	-0.24 (-4.60)	-0.06 (-2.11)	-0.06 (-2.04)
BM	0.10 (1.05)	0.12 (4.00)	0.12 (3.25)	0.12 (3.25)	0.13 (3.91)	0.14 (3.77)
MOM	0.18 (1.28)	0.39 (10.57)	0.33 (5.02)	0.33 (5.03)	0.34 (6.19)	0.34 (6.25)
REV	-0.77 (-7.02)	-0.48 (-13.81)	-0.49 (-9.87)	-0.49 (-9.91)	-0.67 (-9.72)	-0.65 (-9.91)
ILLIQ	-0.03 (-0.38)	0.11 (3.86)	0.02 (0.68)	0.02 (0.63)	0.05 (1.22)	0.05 (1.23)
MAX	-0.16 (-2.04)	-0.04 (-1.21)	-0.07 (-2.19)	-0.04 (-1.38)	-0.17 (-3.43)	-0.16 (-3.12)
MIN	0.17 (1.96)	0.29 (9.17)	0.39 (11.94)	0.42 (11.54)	0.49 (12.75)	0.49 (11.51)
IVOL	-0.21 (-1.37)	-0.09 (-2.07)	-0.07 (-1.41)	-0.07 (-1.42)	0.04 (0.55)	0.06 (0.84)
TK	-0.16 (-2.36)	-0.04 (-1.59)	-0.06 (-1.93)	-0.06 (-1.94)	-0.04 (-1.21)	-0.04 (-0.98)
SKEW	0.02 (0.37)	0.04 (2.77)	0.05 (2.58)	0.05 (2.59)	0.04 (1.53)	0.05 (1.65)
COSKEW	0.02 (0.53)	0.00 (0.42)	0.00 (0.08)	0.00 (0.09)	0.00 (0.09)	-0.00 (-0.02)
ISKEW	-0.14 (-2.25)	-0.10 (-5.29)	-0.12 (-5.62)	-0.12 (-5.70)	-0.15 (-5.29)	-0.15 (-5.36)
DBETA	-0.01 (-0.12)	0.07 (1.24)	0.02 (0.27)	0.02 (0.27)	0.02 (0.40)	0.03 (0.45)
ABNVOLD	0.32 (5.65)	0.34 (10.82)	0.45 (12.20)	0.45 (12.19)	0.62 (13.51)	0.52 (13.11)

Table A11: Returns on ST-Sorted Portfolios: Corrections for Microstructure Noise

This table reports raw excess returns and alphas for portfolios formed on the salience theory variable ST. At the end of each month, stocks are sorted into decile portfolios based on their ST value. Portfolio 1 (10) contains the stocks with the lowest (highest) ST value. Portfolios are rebalanced at the end of the next month and their realized return is recorded. Panel A reports for each decile portfolio the equal-weighted (EW) and return-weighted (RW) average monthly excess return, four-factor alpha obtained from the Carhart (1997) model, and five-factor alpha obtained from the Carhart (1997) model augmented with a liquidity factor. RW portfolio returns are constructed by weighting each individual stock return by the gross return on the stock in the previous month, as proposed by Asparouhova, Bessembinder, and Kalcheva (2013) to correct for a potential bias in EW portfolio returns due to noise in stock prices. Panel B reports results for equal-weighted (EW) and value-weighted (VW) portfolios formed on an alternative ST measure that excludes days on which a stock has a zero return. The last row in both panels reports differences in monthly returns and alphas between decile 10 (high ST) and decile 1 (low ST). The t -statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags. The sample period is January 1931 to December 2015.

Panel A: Return-Weighted Portfolios						
Decile	Equal-Weighted Portfolios			Return-Weighted Portfolios		
	Raw Return	4F Alpha	5F Alpha	Raw Return	4F Alpha	5F Alpha
Low ST	1.37	0.47	0.47	1.34	0.44	0.44
2	1.10	0.30	0.29	1.06	0.27	0.27
3	0.98	0.21	0.20	0.95	0.19	0.19
4	0.91	0.16	0.16	0.88	0.13	0.13
5	0.82	0.11	0.10	0.82	0.10	0.09
6	0.89	0.09	0.09	0.87	0.08	0.08
7	0.83	0.00	-0.00	0.79	-0.03	-0.03
8	0.72	-0.18	-0.19	0.70	-0.20	-0.21
9	0.56	-0.38	-0.39	0.54	-0.40	-0.41
High ST	0.09	-0.96	-0.97	0.04	-1.01	-1.02
High-Low	-1.28 (-10.73)	-1.43 (-12.70)	-1.44 (-12.50)	-1.30 (-10.09)	-1.45 (-11.72)	-1.46 (-11.56)

Panel B: Excluding Zero Returns						
Decile	EW Portfolios			VW Portfolios		
	Raw Return	4F Alpha	5F Alpha	Raw Return	4F Alpha	5F Alpha
Low ST	1.35	0.42	0.41	0.91	0.14	0.13
2	1.12	0.30	0.30	0.80	0.13	0.13
3	1.02	0.25	0.25	0.79	0.16	0.16
4	0.94	0.16	0.17	0.72	0.09	0.09
5	0.87	0.08	0.08	0.66	0.02	0.02
6	0.85	0.04	0.04	0.67	-0.00	-0.00
7	0.81	-0.03	-0.03	0.65	-0.05	-0.06
8	0.72	-0.20	-0.20	0.61	-0.13	-0.14
9	0.54	-0.45	-0.46	0.55	-0.30	-0.30
High ST	0.07	-1.02	-1.03	0.31	-0.66	-0.67
High-Low	-1.28 (-11.42)	-1.44 (-13.95)	-1.44 (-13.69)	-0.60 (-4.61)	-0.80 (-6.09)	-0.80 (-6.01)

Table A12: **Overnight-Intraday Decomposition of Saliency and Reversal Returns**

This table decomposes the saliency effect and the short-term reversal effect into intraday and overnight returns. We construct daily intraday and overnight components of returns following the method of Lou, Polk, and Skouras (2019). Monthly returns are computed by cumulating these overnight and intraday returns across days in each month. Panel A presents results for a portfolio analysis in which stocks are sorted into deciles based on their ST value or one-month return (REV). ST is constructed using daily close-to-close returns and REV is defined as the one-month close-to-close return. Portfolios are rebalanced at the end of the next month and their realized intraday and overnight returns are recorded. We perform portfolio sorts for the full sample of stocks as well as three size-based subsamples. Stocks are assigned to three groups (microcaps, small stocks, and big stocks) based on their market cap at the end of the previous month. The breakpoints are the 20th and 50th percentiles of NYSE market cap. For each size group, we report the difference in monthly overnight and intraday returns and five-factor alphas between the highest and lowest REV or ST deciles. Five-factor alphas are obtained from the Carhart (1997) model augmented with a liquidity factor. Panel B reports results for univariate Fama-MacBeth regressions of close-to-close, overnight, and intraday returns in month $t + 1$ on a firm's REV or ST value measured at the end of the previous month t . Panel C reports Fama-MacBeth estimates for multivariate regressions that include the full set of controls listed in Table 4. All independent variables are standardized to have zero mean and unit variance in each month. The t -statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags. The sample period is July 1992 to December 2015 as intraday and overnight returns are calculated based on open prices available from July 1992 onwards.

Panel A: Portfolio Sorts								
Firm Size	REV				ST			
	All	Micro	Small	Big	All	Micro	Small	Big
Overnight Return	-1.33 (-5.44)	-1.43 (-5.98)	-1.39 (-4.91)	-1.01 (-3.85)	0.01 (0.05)	0.05 (0.21)	0.00 (0.02)	-0.07 (-0.36)
Intraday Return	0.51 (2.65)	0.41 (1.98)	0.73 (2.95)	0.58 (2.31)	-0.86 (-4.54)	-1.19 (-4.90)	-0.69 (-3.08)	-0.33 (-1.64)
Overnight 5F α	-1.39 (-6.18)	-1.55 (-6.59)	-1.43 (-5.36)	-1.01 (-4.42)	-0.05 (-0.22)	-0.04 (-0.19)	-0.04 (-0.25)	-0.08 (-0.56)
Intraday 5F α	0.67 (3.47)	0.58 (2.83)	0.86 (3.32)	0.73 (3.06)	-0.87 (-4.56)	-1.20 (-4.77)	-0.66 (-3.12)	-0.28 (-1.46)

Panel B: Univariate Fama-MacBeth Regressions						
Returns	Closing	Overnight	Intraday	Closing	Overnight	Intraday
	(1)	(2)	(3)	(4)	(5)	(6)
REV	-0.19 (-2.94)	-0.28 (-4.06)	0.08 (1.48)			
ST				-0.24 (-3.46)	0.00 (0.07)	-0.23 (-4.42)
Controls	NO	NO	NO	NO	NO	NO

Panel C: Multivariate Fama-MacBeth Regressions			
Returns	Closing	Overnight	Intraday
	(1)	(2)	(3)
REV	-0.24 (-4.05)	-0.40 (-6.04)	0.13 (2.41)
ST	-0.17 (-4.46)	0.06 (3.58)	-0.24 (-6.37)
Controls	YES	YES	YES

Table A13: **Fama-MacBeth Regressions: Additional Robustness Tests**

This table reports results of robustness checks of the relation between ST and future returns. Each panel presents estimates of Fama-MacBeth regressions of excess stock returns in month $t+1$ on a firm's ST value and a set of controls measured at the end of the previous month t . Regressions in Panel A are estimated over various subsamples. Columns 1 to 4 correspond to four subperiods: 1931/01–1963/06, 1963/07–1979/12, 1980/01–1999/12, and 2000/01–2015/12. Results in column 5 are for the subsample of stocks with market cap above the 50th NYSE percentile. Column 6 excludes the top decile of illiquid stocks in each month based on the Amihud (2002) illiquidity measure. Panel B explores the impact of the context in which stocks are evaluated on the predictive ability of ST for future returns. Column 1 reports results for the original ST specification, in which the context is described by the equal-weighted CRSP index. Columns 2 to 5 correspond to several variations in choice context. Specifically, the salience of daily returns is computed relative to the return on the value-weighted CRSP index (column 2), S&P 500 index (column 3), equal-weighted industry portfolio (column 4), value-weighted industry portfolio (column 5), or a random choice context (column 6). Industry portfolios are created by classifying stocks into 48 industries as in Fama and French (1997). The random choice context is generated by randomly drawing (without replacement) a market return for day s in month t from the set of daily market returns in month t . In total, we draw 1,000 series of daily market returns to obtain 1,000 different time series of ST for each stock. For each of these 1,000 draws, we estimate Fama-MacBeth regressions of one-month-ahead returns on ST and the control variables. We then compute the average coefficient on ST and its average standard error across the 1,000 draws and report the average coefficient and corresponding t -statistic. Panel C explores the impact of alternative specifications of the salience function. Column 1 corresponds to the original ST variable based on the salience function in Equation (8), using the baseline parameter values, $\theta = 0.1$ and $\delta = 0.7$. Column 2 reports results for the alternative specification of the salience function in Equation (11) applied to gross returns. Columns 3 to 6 report results for ST measures constructed using alternative values of θ and δ in Equations (8) and (3). In panels A, B, and C, we include the full set of control variables defined in Table A1. For the regression specifications in panel B in which ST is computed using a stock's industry as choice context, we further include a stock's industry return in month t to control for one-month industry momentum. Panel D considers alternative definitions of the control variables. Column 1 presents results for the regression specification that includes the original controls. In column 2, the prospect theory variable TK is computed over a one-month window of daily returns. Regressions in columns 3 to 5 include measures of skewness, coskewness, and idiosyncratic skewness calculated over a one-month window of daily returns. Expected idiosyncratic skewness (EISKEW) in column 6 is calculated using five years of monthly data following the approach of Boyer et al. (2010). All independent variables are standardized to have zero mean and unit variance in each month. The t -statistics in parentheses are based on Newey and West (1987) standard errors with 12 lags. Regressions in panels B, C, and D are estimated over the full sample period from January 1931 to December 2015, except for the regression in panel D that includes EISKEW, which starts in January 1988 due to data availability.

Panel A: Subsample Analyses						
Sample Period	1931-1963	1963-1979	1980-1999	2000-2015	Full	Full
Firm Size	All	All	All	All	Big	All
Top Illiquid Decile	Included	Included	Included	Included	Included	Excluded
	(1)	(2)	(3)	(4)	(5)	(6)
ST	-0.10 (-2.68)	-0.10 (-3.68)	-0.17 (-6.39)	-0.15 (-3.60)	-0.05 (-2.60)	-0.11 (-5.86)
Panel B: Alternative Choice Contexts						
Context	Market	Market	Market	Industry	Industry	Random
Universe	CRSP	CRSP	S&P 500	CRSP	CRSP	CRSP
Index Weighting	EW	VW	VW	EW	VW	EW
	(1)	(2)	(3)	(4)	(5)	(6)
ST	-0.13 (-6.80)	-0.13 (-6.84)	-0.13 (-6.72)	-0.11 (-5.85)	-0.11 (-6.16)	-0.09 (-4.65)
Panel C: Alternative Salience Specifications						
Returns	Net	Gross	Net	Net	Net	Net
θ	0.1	-	0.05	0.15	0.1	0.1
δ	0.7	0.7	0.7	0.7	0.6	0.8
	(1)	(2)	(3)	(4)	(5)	(6)
ST	-0.13 (-6.80)	-0.09 (-4.91)	-0.12 (-5.95)	-0.13 (-6.90)	-0.12 (-6.75)	-0.13 (-6.57)
Panel D: Alternative Control Variable Definitions						
Control Variable	Original	TK	SKEW	COSKEW	ISKEW	EISKEW
Window	-	Month	Month	Month	Month	5-Year
	(1)	(2)	(3)	(4)	(5)	(6)
ST	-0.13 (-6.80)	-0.14 (-5.99)	-0.14 (-7.15)	-0.12 (-6.31)	-0.14 (-6.86)	-0.15 (-7.06)

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