



Shared Analyst Coverage: Unifying Momentum Spillover Effects

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Identifying stock connections by shared analyst coverage, we find that a connected-stock (CS) momentum factor generates a monthly alpha of 1.68% ($t = 9.67$). In spanning regressions, the alphas of industry, geographic, customer, customer/supplier industry, single- to multi-segment, and technology momentum factors are insignificant/negative after controlling for CS momentum. Similar results hold in cross-sectional regressions and in developed international markets. Sell-side analysts incorporate news about linked stocks sluggishly. These effects are stronger for complex/indirect linkages, and when sentiment is high. These results indicate that previously documented momentum spillover effects represent a unified phenomenon that is captured by shared analyst coverage.

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