

1 **Q. Reference: PUB-NP-056**

2

3 **Mr. Coyne argues that analyst bias has been reduced, based primarily on the results**
4 **of a 2010 study in the Financial Analysts Journal. Please confirm that by far the**
5 **largest mean forecast bias and the largest median forecast bias in this study**
6 **occurred during 2001, in the middle of the high-tech meltdown.**

7

8 A. Mr. Coyne agrees that the study found that the largest forecast bias occurred in 2001 and
9 2002, although forecast bias was also relatively high in 1998 when stocks returns were
10 high. Mr. Coyne also notes that the study attempted to control for unusual market
11 conditions during this period by dropping from the sample all forecasts made in October
12 2000 and December 2002. Further, the major finding of the study is that both the mean
13 and the median forecast bias declined significantly after the Global Settlement in 2002.