

# Biases in Analysts' Long-Horizon Forecasted Income Statements, Balance Sheets, and Cash Flow Statements

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## ABSTRACT

We study US sell-side equity analysts' granular multiyear forecasted income statements, balance sheets, and cash flow statements and the profitability, efficiency, and accuracy of these forecasts. We find that analysts' forecasts are biased and that the bias is larger for firms with higher leverage and lower profitability. We also find that analysts' forecasts are more accurate for firms with higher profitability and lower leverage. Our findings suggest that analysts' forecasts are biased and that the bias is larger for firms with higher leverage and lower profitability. We also find that analysts' forecasts are more accurate for firms with higher profitability and lower leverage. Our findings suggest that analysts' forecasts are biased and that the bias is larger for firms with higher leverage and lower profitability. We also find that analysts' forecasts are more accurate for firms with higher profitability and lower leverage.