A Taxonomy of Analyst Forecasting Behavior

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Analysts exhibit heterogeneous forecasting behavior when their price targets are evaluated against machine-learned predictive return distributions. Modeling the cross-section of forecasts as a mixture of behavioral types reveals distinct groups: some align with the model benchmark, others herd toward the consensus, and some deviate aggressively. These differences reflect varying attention to public information, private signals, and reputational incentives. Herding intensifies with return uncertainty and career risk and is associated with lower forecast accuracy. Our results offer a distributional, forward-looking perspective on analyst behavior and the costs of deviating from benchmark-informed forecasts.