

The Value Relevance of Components of Other Comprehensive Income When Net Income Is Disaggregated

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Abstract : The purpose of this study is to examine the equity pricing of other comprehensive income when earnings are disaggregated into several components. Our findings indicate that other comprehensive income can better explain variation in stock returns when net income is reported in a disaggregated form. Additionally, we found that disaggregating both net income and other comprehensive income can explain more of the variation in the stock returns than the two summary components of comprehensive income. Our results survive a series of robustness checks.

Keywords : market valuation, other comprehensive income, value-relevance, incremental information content

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