
Why ASX Companies Should Report Quarterly Results

It's about this time of year that funny things start happening. Two days ago, for example, **GBST**'s share price rose 6% in a day (the market was barely changed) on higher than usual volume. Yesterday **Service Stream**'s share price fell 6% on a day the market was up 2%.

Today those two price movements makes some sense. One of GBST's UK customers, Aegon, has purchased another business with 350,000 customers and a footnote to last night's Federal budget suggests [NBN Co is running out of money](#), which would be bad news for Service Stream.

Perhaps both of those moves can be explained by good sleuth work, rather than anything untoward. But untoward things clearly happen and my view is that it happens a lot more often in Australia than the US.

Apart from having laws that are generally more lax and harder to enforce, companies also report their results only twice a year, versus quarterly in the US. A lot can change between the end of February and the end of August and it's not hard for some investors to get wind of that change well before others.

Rarely is that a blatant leak of inside information, but some institutional investors have made a career out of interpreting language in a way that gives them insights that others don't have. "We should still hit the bottom end of our range", for example, tells the experienced investor a lot.

I think this is unfair. And the only solution is to make companies report more frequently and bar ASX-listed companies from talking to investors outside those windows. Quarterly reporting would do the trick.

Don't get me wrong. In the US, the obsession with quarterly earnings "beats" and the short-term focus it creates is a circus that doesn't help long term decision making. But at least it is a circus that everyone has a ticket to.