



SCUOLA
NORMALE
SUPERIORE

Seminari di finanza quantitativa

Martedì 24 luglio 2012

ore 12.00

Scuola Normale Superiore

Pisa

(Aula Bianchi)

Bence Toth

Capital Fund Management, Paris, France

Terrà un seminario dal titolo:

“Anomalous Price Impact and the Critical Nature of Liquidity in Financial Markets”

Abstract:

We propose a dynamical theory of market liquidity that predicts that the average supply/demand profile is V-shaped and $\{it\}$ vanishes around the current price. This result is generic, and only relies on mild assumptions about the order flow and on the fact that prices are (to a first approximation) diffusive. This naturally accounts for two striking stylized facts: first, large metaorders have to be fragmented in order to be digested by the liquidity funnel, leading to long-memory in the sign of the order flow. Second, the anomalously small local liquidity induces a breakdown of linear response and a diverging impact of small orders, explaining the "square-root" impact law, for which we provide additional empirical support. Finally, we test our arguments quantitatively using a numerical model of order flow based on the same minimal ingredients.

Tutti gli interessati sono invitati a partecipare.

Classe di Scienze