Equity markets have wide range of activity levels

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Average contracts per trade event

Eurodollar futures

Mean contracts per trade

Mar07 Jun07 Sep07 Dec07 Mar08 Jun08 Sep08 Dec08 Mar09 Jun09 Sep09 Dec09

2008 2008-09-04 2008-11-12
“Fair value price” interpolated bid-ask
“Fair value” is smoother than bid, ask, trade, or midpoint.
Dynamics in the posted size separate from trade activity
Posted size variation around market event

FOMC announcement

Tue, Dec 8, 2009
Buffering effect in equity mkt data

Millisecond part of time stamp

CSX 2003–11–07
Number of trade events in 15 min

Day-to-day variations factor of about 2. Each day like the mean

Occasional outliers

5-min bins

Tue, Dec 8, 2009
Number of trade events in 15 min

Moment-to-moment variations of 5 or more. Mean is poor predictor

500th largest market cap

Tue, Dec 8, 2009
Moment-to-moment variations by factors of 10. Mean is irrelevant.