

1. Record Nr.	UNINA9910821264403321
Autore	Romeu Rafael <1975->
Titolo	A puzzle of microstructure market maker models // prepared by Rafael Romeu
Pubbl/distr/stampa	[Washington, D.C.], : International Monetary Fund, 2004
ISBN	1-4623-3295-1 1-4527-2306-0 1-281-11651-3 9786613776440 1-4518-9056-7
Edizione	[1st ed.]
Descrizione fisica	1 online resource (24 p.)
Collana	IMF working paper ; ; WP/04/6
Soggetti	Foreign exchange rates - Econometric models Foreign exchange market - Econometric models Information theory in finance
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	"January 2004."
Nota di bibliografia	Includes bibliographical references (p. 21-23).
Nota di contenuto	""Contents""; ""I. Introduction""; ""II. Reconsidering the Lyons (1995) Result""; ""III. A Puzzle of Microstructure Market Maker Models""; ""IV. Conclusion""; ""References""
Sommario/riassunto	This study addresses the empirical viability of microstructure models of dealer price setting. New evidence is presented rejecting these models' specifications of how information asymmetry and inventory accumulation affect dealer pricing. This rejection is consistent with those of other dealer-level empirical studies. This study suggests a new modeling option may be to reconsider optimal price setting while relaxing assumptions that specify incoming orders as the only component through which dealer inventories evolve. This approach is consistent with inventory evolution data and with general equilibrium models' assumptions about currency markets.