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Nota di contenuto	Frontmatter -- Contents -- Preface -- Introduction -- 1. Risk and Thrnover in the Foreign Exchange Market -- 2. Bid-Ask Spreads in Foreign Exchange Markets: Implications for Models of Asymmetric Information -- 3. Interdealer Trade and Information Flows in a Decentralized Foreign Exchange Market -- 4. One Day in June 1993: A Study of the Working of the Reuters 2000-2 Electronic Foreign Exchange Trading System -- 5. Foreign Exchange Volume: Sound and Fury Signifying Nothing? -- 6. Dynamic Hedging and the Interest Rate Defense -- 7. Heterogeneous Behavior in Exchange Rate Crises -- 8. Exchange Rate Economics: What's Wrong with the Conventional Macro Approach? -- 9. Is There a Safe Passage to EMU? Evidence on Capital Controls and a Proposal -- Contributors -- Author Index -- Subject Index

## Sommario/riassunto

The foreign exchange market is the largest, fastest-growing financial market in the world. Yet conventional macroeconomic approaches do not explain why people trade foreign exchange. At the same time, they fail to explain the short-run determinants of the exchange rate. These nine innovative essays use a microstructure approach to analyze the workings of the foreign exchange market, with special emphasis on institutional aspects and the actual behavior of market participants. They examine the volume of transactions, heterogeneity of traders, the time of day and location of trading, the bid-ask spread, and the high level of exchange rate volatility that has puzzled many observers. They also consider the structure of the market, including such issues as nontransparency, asymmetric information, liquidity trading, the use of automated brokers, the relationship between spot and derivative markets, and the importance of systemic risk in the market. This timely volume will be essential reading for anyone interested in the economics of international finance.

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