

Aaron Miller

Mentor: Doyne Farmer

Using data from the London Stock Exchange, I will be studying the impact a single transaction has on the estimated price response of a stock. After identifying a functional form, I will investigate the difference between subsamples based on time, changes to the minimum price tick size, and transaction volume. I will test for symmetry and attempt to find a scaling that minimizes noise. Furthermore, I will conclude if these properties are constant for a variety of stocks and if the price response differs for varying participants. By tracking these characteristics, I will hopefully identify signals that predict changes in volatility.