

Life-time of Limit Orders in the EBS Foreign Exchange Spot Market
May 2012 (First Draft)

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Abstract:

The dataset allows measuring how long an individual limit order stays in the market. A limit order exits from the market by either cancelation/revision or transaction executed with another (counter-side) limit order. With the measured lifetime of limit orders, we find that volume, gap between quote and market price, and a slower pace of the market all contribute to a longer stay in the order book for a limit order, whereas large outstanding orders in the order book shorten the lifetime of a new limit order.

Journal of Economic Literature Classification: F31 (foreign exchange), G12 (trading volume), G14 (information and market efficiency), G15 (international financial markets).

Keywords: Foreign exchange market; Life time of limit order; Order flow.

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We thank Kentaro Iwatubo, Eiichi Miyagawa, Kimiko Sugimoto and other participants at Kobe University for their useful comments.