MARKET MICROSTRUCTURE
University of Zurich
Fall Term 2010

Course name	Market Microstructure (MOEC0234)
Teacher	Angelo Ranaldo
When	On Thursday from 10:15 to 11:45; see exact schedule below.
Where	Room KOL-G-209; see: http://www.plaene.uzh.ch/gebaeude/KOL_list.html
Web link	http://www.ranaldo.net/
Unizh website	http://www.vorlesungen.uzh.ch/HS10/suche/e-50491165.details.html
Description	Market microstructure is the study of trading mechanisms used for financial securities. Its focus is on how markets actually work and market participants really behave. The first part of the course will treat the main theoretical models in this research field. The second part will deal with the empirical analysis in market microstructure. The third part will offer an overview on the special issues of particular interest in market microstructure.
Course requirements	Attending the course and final exam
Organization	The teaching material and relevant information will be sent by email
Exam	Written exam, Thursday 14.01.2010 10:15 - 11:45 KO2-F-172

COURSE OUTLINE

1. Introduction to Market Microstructure Analysis
   - What is Market Microstructure
   - Main structures of financial markets
     - Taxonomy of market structures
     - Overview on main market structures
2. Theoretical models
   - Part I: The basic model: Roll (1984)
   - Part II: The inventory models
   - Part III: Asymmetric information models
3. Interactive trading game in the classroom
4. Empirical analysis
   - Part I: Basic issues in time series analysis
   - Part II: Stylized facts
   - Part III: Empirical models
     - The Roll model
     - The Glosten-Harris model
     - The Madhavan-Richardson-Roomans model
     - The Huang-Stoll model
     - The PIN model
     - The Hasbrouck approach (1991)
     - Cointegration
5. Liquidity provision
   - Definition
   - Limit orders
   - Commonality in liquidity
6. Market Microstructure and Asset Pricing
   - Theory

- Empirical analysis

7. Market Microstructure and Risk Metrics
   - Return volatility
   - Realized volatility
   - Range-based volatility measures
8. Market Microstructure and Information Disclosures
   - Main features
   - Empirical studies
9. Microstructure of Foreign Exchange Markets
   - Main characteristics
   - Segmentation and time-of-day patterns in FX markets

Dates	Time	Where	What we do
Thursday 23.09.2010	10:15 - 11:45	KOL-G-209	Introduction
Thursday 30.09.2010	10:15 - 11:45	KOL-G-209	Theory
Thursday 07.10.2010	10:15 - 11:45	KOL-G-209	Theory
Thursday 14.10.2010	10:15 - 11:45	KOL-G-209	Theory
Thursday 28.10.2010	10:15 - 11:45	KOL-G-209	Empirical analysis
Thursday 04.11.2010	10:15 - 11:45	KOL-G-209	Trading game
Thursday 11.11.2010	10:15 - 11:45	KOL-G-209	Empirical analysis
Thursday 18.11.2010	10:15 - 11:45	KOL-G-209	Liquidity
Thursday 25.11.2010	10:15 - 11:45	KOL-G-209	Liquidity
Thursday 02.12.2010	10:15 - 11:45	KOL-G-209	MM & asset pricing
Thursday 09.12.2010	10:15 - 11:45	KOL-G-209	MM & risk
Thursday 16.12.2010	10:15 - 11:45	KOL-G-209	MM & information
Thursday 23.12.2010	10:15 - 11:45	KOL-G-209	FX microstructure
Thursday 20.01.2011	10:15 - 11:45	KOL-F-104	Exam

Address:
Angelo Ranaldo
Swiss National Bank
Börsenstrasse 15
8022 Zurich
Phone: +41 (0) 44631 38 26
angelo.ranaldo@snb.ch