

Life-time of Limit Orders in the EBS Foreign Exchange Spot Market
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Abstract:

The EBS dataset allows measuring how long an individual limit order stays in the foreign exchange market. A limit order exits from the market by either cancelation/revision or transaction executed with another (counter-side) limit order. We computed the lifetime of all orders submitted to EUR/USD and JPY/USD spot markets for five consecutive days in September 2010. 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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