

Lecture 8

Orders Driving Prices

Example of orders driving prices:

Company name:

Ticker:

Listing exchange:

Shares outstanding:

Float:

Market participant current positions:

Participants	Participant Type	Position
1		40,000
2		10,000
3		2,000
4		0
5		2,000
6		5,000
7		1,000
8		0
9		10,000
10		5,000

Market participant orders

Participants	Side	Quantity	Order Type	Price
1	Buy	3000	Limit	41
2	Buy	5000	Limit	39
2	Sell	5000	Limit	55
2	Sell	5000	Limit	59
3	Sell	2000	Limit	52
4	-	-	-	-
5	Buy	1000	Limit	50
6	Buy	2000	Limit	48
7	Sell	1000	Limit	51
8	Buy	5000	Limit	46
9	Sell	5000	Market	NA
10	Buy	5000	Limit	53

Example of orders driving prices(continued):

Ticker: Combination of letters that represent a particular company that is listed on an exchange.

Bid: (or bid price) Is the highest price that a buyer/bidder is willing to pay for a product.

Ask: (or ask price or offer) Is the lowest price that a seller is willing to receive for a product.

Spread: Difference between the ask price to the bid price.

Level1: Displays the bid and ask prices as well as quantities. This also displays the last trade executed.

NBBO (National Best Bid and Offer): This represents the highest bid and lowest ask available on the market.

Time and Sales: Displays every single execution that happens on the market. The executions are displayed real-time and include information like: time, direction, quantity traded and exchange traded on.

Level2 / Order book: Electronic list of buy and sell orders for a stock. This list is ordered by price and then by time. The order book lists the number of shares on the bid and ask at every price point.
