

Abstract Submitted
for the MAR06 Meeting of
The American Physical Society

Relation between bid-ask spread and volatility in financial markets JEAN-PHILIPPE BOUCHAUD, Service de Physique de l'Etat Condense, CEA-Saclay, France, J. KOCKELKOREN, M. POTTERS, M. WYART — We establish empirically a linear relation between the bid-ask spread and the volatility per trade in stock markets. We give a theoretical argument explaining this relation and why it should hold on all electronic markets.

Victor Yakovenko
Department of Physics, University of Maryland

Date submitted: 27 Nov 2005

Electronic form version 1.4