Swissquote Conference 2014 on Algorithmic and High-Frequency Trading

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Title: News Trading and Speed (joint with Johan Hombert and Ioanid Rosu)

Abstract: We compare the optimal trading strategy of an informed speculator when he can trade ahead of incoming news (is ``fast''), versus when he cannot (is ``slow''). Speed matters: the trades of a fast speculator account for a much larger fraction of trading volume, and are much more correlated with short run price changes. Nevertheless, the fast speculator realizes a large fraction of his profits from trading on long term price changes as well. The footprints of the fast speculator match evidence about high frequency traders. We predict that stocks with more informative news should attract more activity from informed high frequency traders, and yet these stocks should be more liquid.