

> Thursday, May 12<sup>th</sup>, 2022

14:00 - 15:30

FINANCE

**RESEARCH  
SEMINAR**



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

## **‘V-SHAPES’**

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### **ABSTRACT**

We propose a new methodology to describe and detect price reversals. We highlight the benefits of our method compared to classic measures of transient market inefficiency, such as the variance ratio. We show that (i) our characterization is consistent with the forensic definition used by the SEC in legal charges for market access rule violation causing flash crashes, (ii) recent years have seen an increase in the frequency and severity of mini- flash crashes, and (iii) transient inefficiencies are not necessarily short-lived, and imply significant wealth redistribution when coupled with frictions such as a supply shock.