

SIMULATION No. 13:

LIQUIDITY – CENTRAL ORDER BOOK & MARKET DEPTH

Short description

Analyse market depth in the central order book to identify asset liquidity, indicating the level of market activity.

Capacity:

- You act in the role of a market participant.
- You act in the capacity of aggressor.

Situation:

- You are shown (on screen) and can transact one (1) product.
- Position limit (per product): 50 units (contracts; either long or short).
- The order book provides market depth (3 additional rows on top of best bid/ask). Click on the plus-sign to unfold additional rows. This way, you will also see orders with the next best prices.

Tasks:

- Beyond the commercially most attractive orders, identify the next best bids and the next best offers in the market. This way, you'll see market depth. For this matter, you need to unfold the product row (click on the "+" in front of the relevant product).

Objective:

The aim of this simulation is to get an understanding of the order book and to master the concept of market depth.

Notes:

- The IT settings are such that one click will lead to aggress a volume of one (contract).
- When submitting an order (ticket): It concerns an immediate-or-cancel order. If your price is off-market your order cannot be executed; hence; it cannot be submitted.
- Feel free to pause the simulation when it is running. This allows you to temporarily stop the dynamics, which allows you to analyse while the market is frozen.

Study advice:

Follow these online [courses](#) (see: [guide](#)) at [Entrima](#), to apply relevant knowledge in this simulation:

- Central order book
- Order types