



Ca' Foscari
University
of Venice

Department of Economics

Fintech: Technology for
finance and insurance



Mario Dell'Era, PhD

Quantitative Market Risk FX
Options Prime Brokerage at Citi,
London, England, United Kingdom

AI to enhance Trading and Risk Management in illiquid Markets

7 March 2023

09:00 pm - Online

Abstract: The scope of this analysis is to assess the effects of Social/Media Sentiment indicators on the Volatility level and cost-based market liquidity, estimated by distinct Market Volatility Tracker (MVT) indicator and Bid-Ask spread proxies (QS, ES, RS). The study executed analysis on a daily basis and found that Social/Media Sentiment indicators were significantly seen to influence the Volatility level and Market Liquidity with the execution cost: The time-varying cost-based market liquidity was positively correlated with the investors' pessimistic mood on Twitter. The time-varying bearish sentiments on Twitter increased the execution cost, and thereby, declined the market liquidity. The investors' expectations about the bullish market were negatively correlated with the cost-based market

liquidity. This relationship significantly shows that the time-varying investors' optimistic sentiments on Twitter declined the execution cost, and as results, facilitated the higher market liquidity.

Chair

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For more information and link of the Zoom meeting, please contact: **corazza@unive.it**

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