

ABSTRACT FORM

for 2018 Japan Society of Monetary Economics Conference

Paper title	A Study on Volume-Synchronized Probability of Informed Trading (VPIN) and Information Asymmetry
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Abstract	<p>This study has a purpose that through Volume-Synchronized Probability of Informed Trading (VPIN), which is measured value of probability of informed trading, it is to verify effectiveness of VPIN as an early warning indicator of stock market crashes by using representative stock market crashes that recorded short-term bottom point of KOSPI200 futures index and KOSDAQ150 futures index in 2016, based on hypotheses of information asymmetry and liquidity level. Also, this study analyzed time variable correlation coefficient between VPIN and futures index, verified trends and structural changes of VPIN, and analyzed significant matters of KOSDAQ150 futures index in order to research general effects of the VPIN in 2016.</p> <p>As the results of researches, when the information asymmetry is high, VPIN showed preliminary signs of stock market crashes in both KOSPI200 futures index and KOSDAQ150 futures index, so that this study could find that VPIN would be effective as an early warning indicator. On the other hand, when the information asymmetry is low, information that could cause stock market crashes would be quickly reflected into bid-ask spread of selling-buying so that there have been some cases that could not identify preliminary signs of stock market crashes through VPIN.</p> <p>-----</p> <p>Keywords: VPIN, High Frequency Trading, Trading Volume, Trade Imbalance, Information Asymmetry, Liquidity</p> <p>This research was supported by the National Research Foundation of Korea(NRF) funded by the Ministry of Education (NRF-2014S1A5A2A01011100)</p>