

MARKET ANOMALIES AND BID-ASK PRICES IN FIXED INCOME SECURITIES

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ABSTRACT

This paper presents the concepts related to market efficiency, anomalies, and the methods used to estimate supply and demand functions. The main objective was the determination of Bid-Ask prices, on the Securities Market of Colombia for fixed income instruments.. The application and analysis of results was performed using information from the Colombia Stock Exchange. The results achieved by applying an econometric model of two stage least squares, allowed the determination of BID-ASK spread. The study revealed the presence of transactions whose prices are outside the BID-ASK range, which contrast the existence of anomalies in the market, particularly in economic sectors with few financial instruments transactions.

Keywords: Market efficiency, Market Anomalies, BID-ASK Prices, Two-stage Least Squares.