

## Bid/Offer Prices

1

# Examinator online

© ExecutiveKnowledge

Go to [Examinator.online](http://Examinator.online) for practice questions

## Bid/Offer Prices

2

**Bid Price** is the **highest price** which a **buyer is willing to pay** for a given security at a given time

**Offer Price** is the **lowest price** at which a **seller is willing to sell** a given security at a given time

### Example

The following bid/offer prices and their respective quantities of Growthco Limited are shown on a trading screen as follows:

| BUY     |            |
|---------|------------|
| Price   | Quantities |
| \$50    | 25,000     |
| \$49.95 | 11,000     |
| \$49.90 | 35,000     |

| SELL    |            |
|---------|------------|
| Price   | Quantities |
| \$50.10 | 10,000     |
| \$50.20 | 14,000     |
| \$50.30 | 12,000     |

© ExecutiveKnowledge

Go to [Examinator.online](http://Examinator.online) for practice questions

**Bid/Offer Prices**

3

| BUY     |            |
|---------|------------|
| Price   | Quantities |
| \$50    | 25,000     |
| \$49.95 | 11,000     |
| \$49.90 | 35,000     |

| SELL    |            |
|---------|------------|
| Price   | Quantities |
| \$50.10 | 10,000     |
| \$50.20 | 14,000     |
| \$50.30 | 12,000     |

A trader sends a market order to buy 30,000 shares of Growthco. What will be the immediate executed prices and quantities?

Answer: 10,000 shares at \$50.10  
 then 14,000 shares at \$50.20  
 then 6,000 shares at \$50.30

**Bid/Offer Prices**

4

| BUY     |            |
|---------|------------|
| Price   | Quantities |
| \$50    | 25,000     |
| \$49.95 | 11,000     |
| \$49.90 | 35,000     |

| SELL    |            |
|---------|------------|
| Price   | Quantities |
| \$50.10 | 10,000     |
| \$50.20 | 14,000     |
| \$50.30 | 12,000     |

A trader sends an order to buy 10,000 shares at the current bid price. What will be the immediate executed prices and quantities?

Answer: No transaction can take place and the buy order will be put in the bid queue at \$50

Bid/Offer Prices

5

# Examinator *online*

© ExecutiveKnowledge

Go to [Examinator.online](http://Examinator.online) for practice questions

