Accepted Manuscript

Optimal trade execution under endogenous pressure to liquidate: Theory and numerical solutions

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PII: S0377-2217(17)30697-5
DOI: 10.1016/j.ejor.2017.07.054
Reference: EOR 14604

To appear in: *European Journal of Operational Research*

Received date: 20 January 2017
Revised date: 27 June 2017
Accepted date: 23 July 2017

Please cite this article as: Pavol Brunovský, Aleš Černý, Ján Komadel, Optimal trade execution under endogenous pressure to liquidate: Theory and numerical solutions, *European Journal of Operational Research* (2017), doi: 10.1016/j.ejor.2017.07.054

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Highlights

- New look at optimal liquidation when fast sale pushes price against the seller
- Negative price drift induces endogenous pressure to liquidate
- Liquidation time horizon not fixed but modelled by a stopping time
- Study of extremely singular ODE IVP with a proposal for a stable numerical scheme
- Confirms square-root law for per-share impact of a block order

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