

On the Mechanism of the Futures Market: a Formulation and Some Analytical Properties

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Abstract

This paper deals with the internal structure of the futures market's platform. A mathematical formulation is proposed to show the links between market components like transactional prices, transactional quantities, and traders' states like average price, potential and realized wealths. Some mathematical properties of these parameters are stated and demonstrated. The time increment of the open interest and market average price are analyzed.

Key words: *Futures Market Platform, Traders' Positions, Open Interest, Market Average Price.*