

# a market for oranges

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## overview: each round

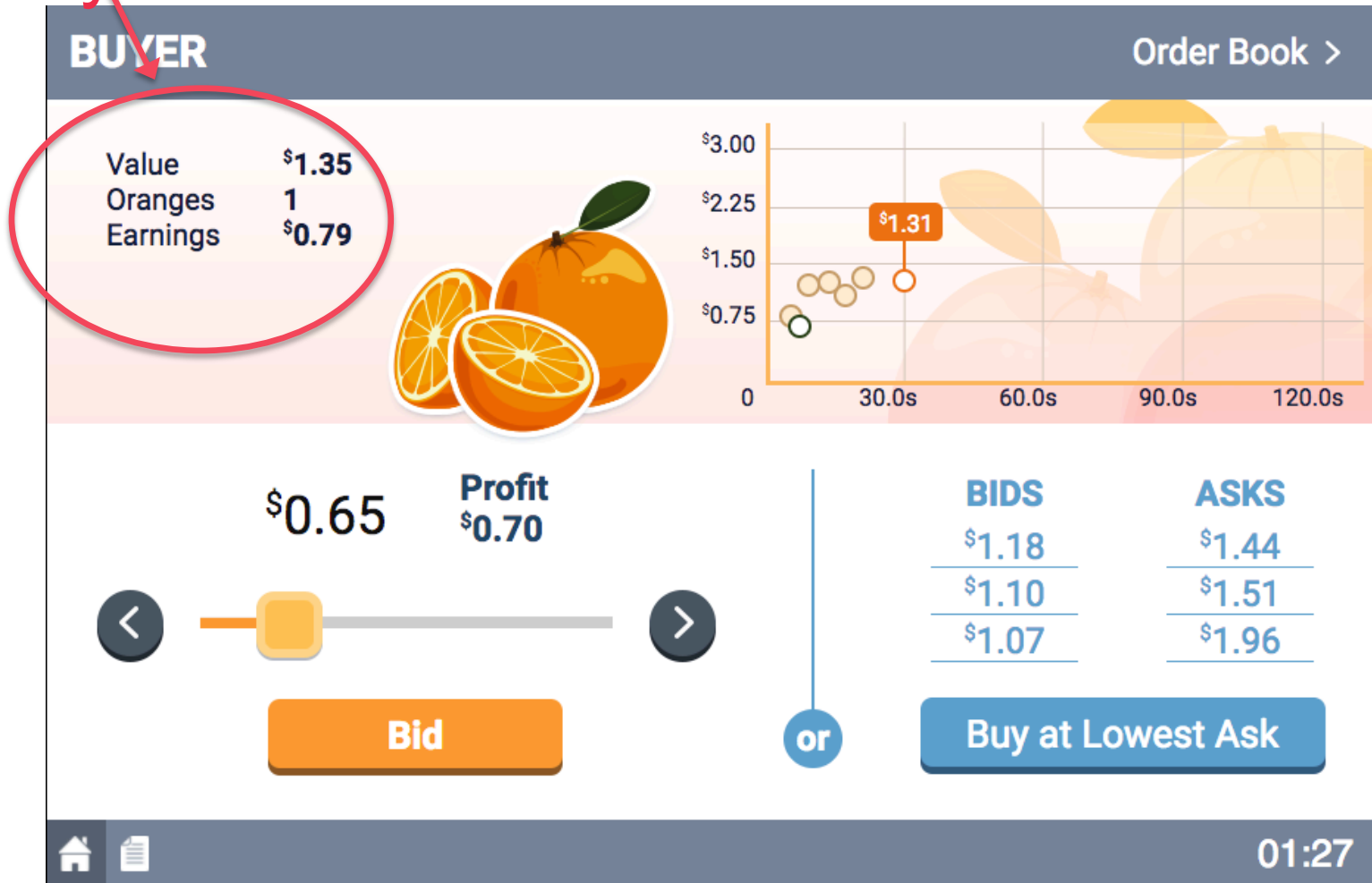
- participants divided into different markets
- half in each market are buyers; half are sellers

## overview: transacting

- can buy or sell one orange at a time
- buyers submit bids: an offer to buy
- sellers submit asks: an offer to sell
- when  $\text{bid} > \text{ask}$ : we have a sale!

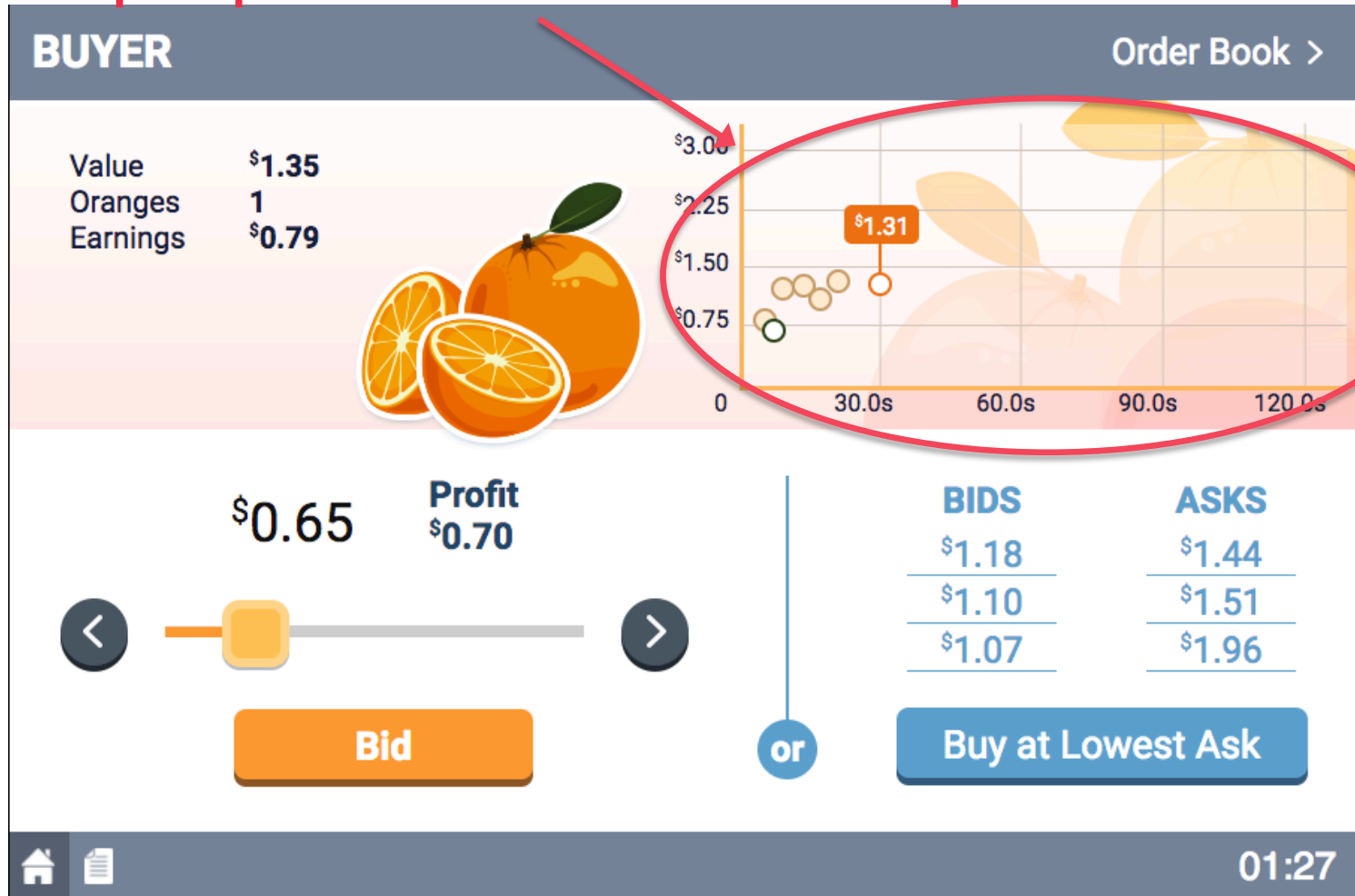
# buyer's screen

## buyer's current situation



# buyer's screen

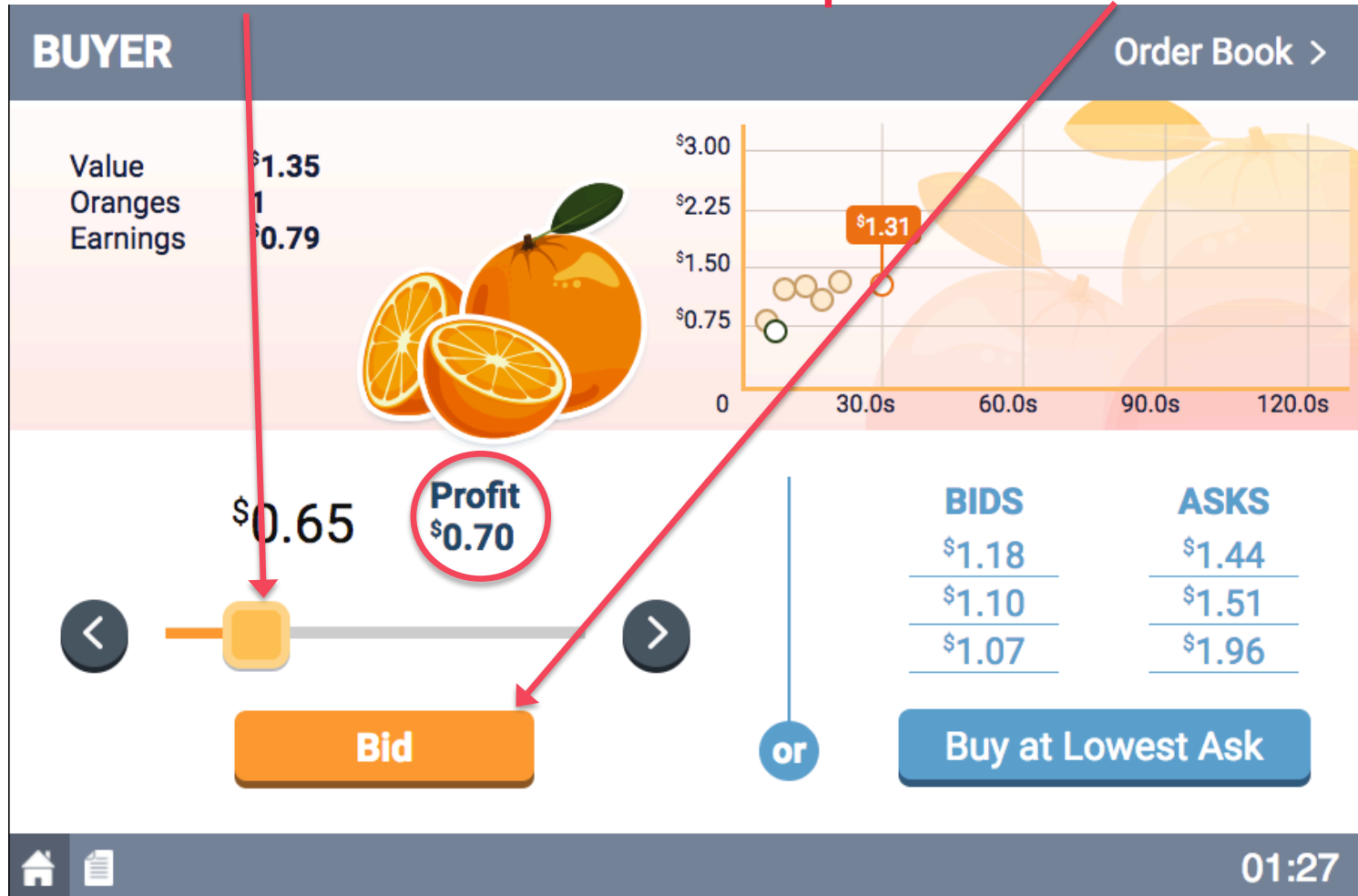
group's previous transaction prices



# buyer's screen

slide to desired bid

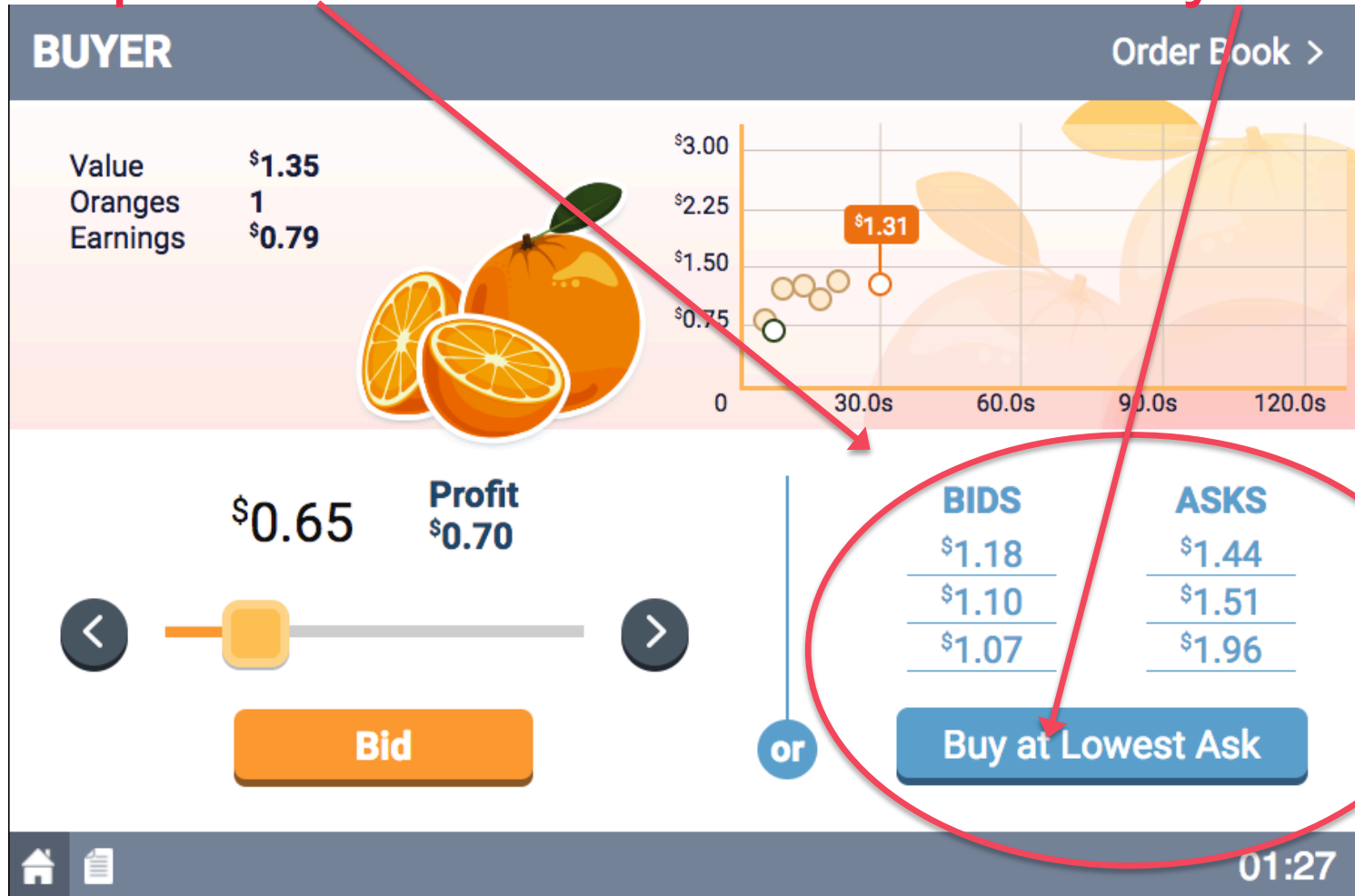
press to submit bid



# buyer's screen

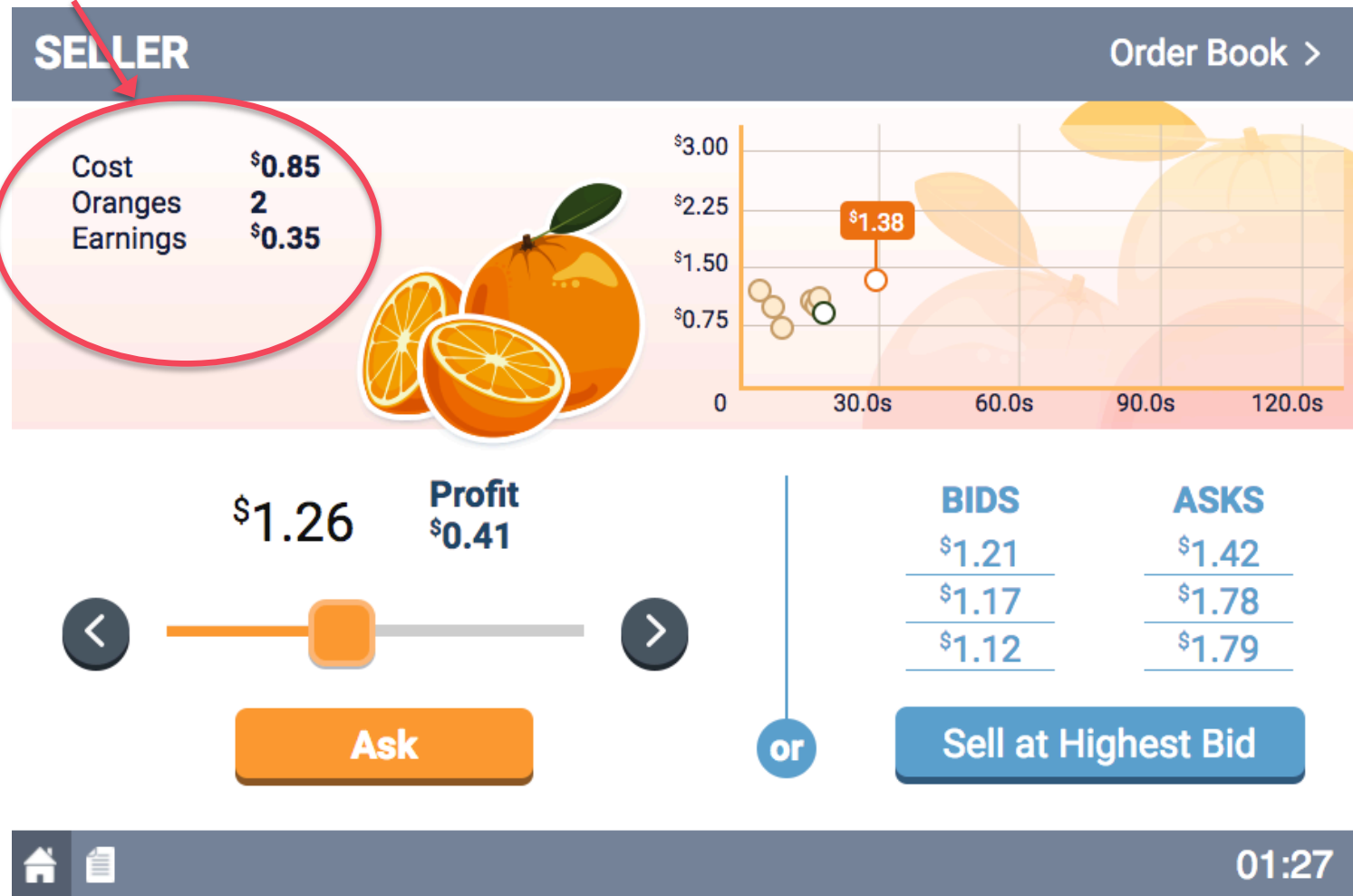
group's current offers

buy button



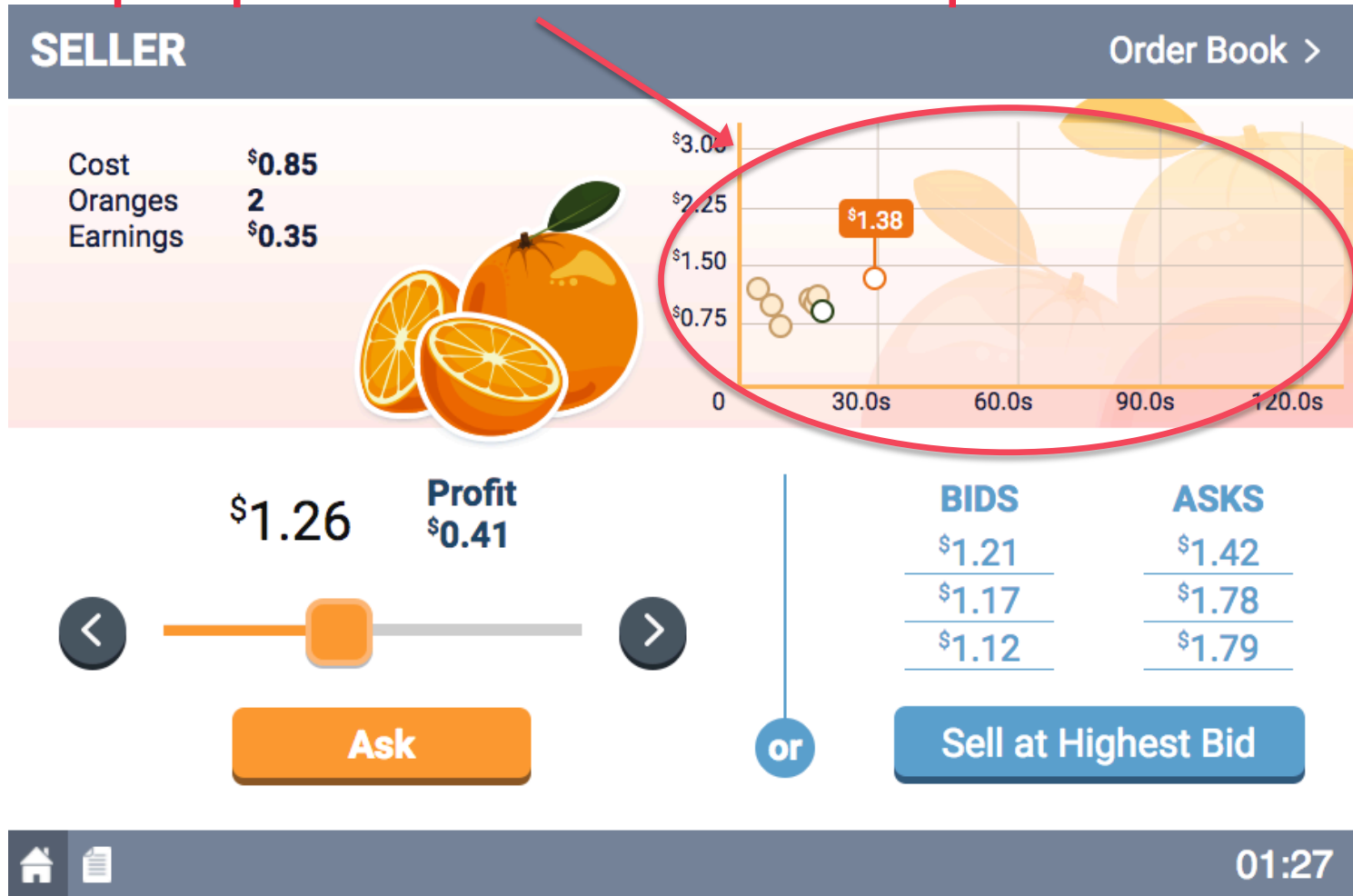
# seller's screen

## seller's current situation



# seller's screen

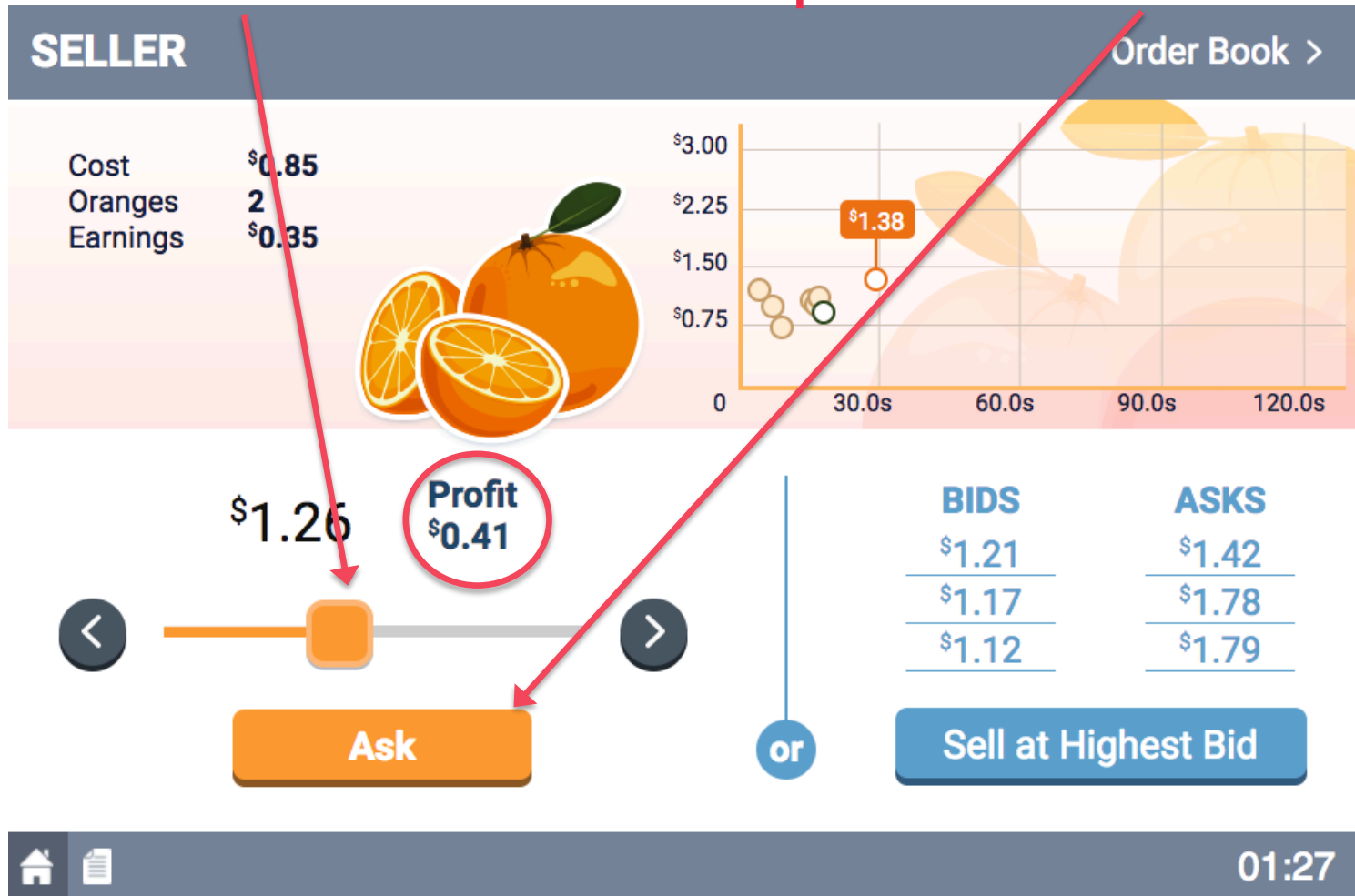
group's previous transaction prices



# seller's screen

slide to desired ask

press to submit Ask

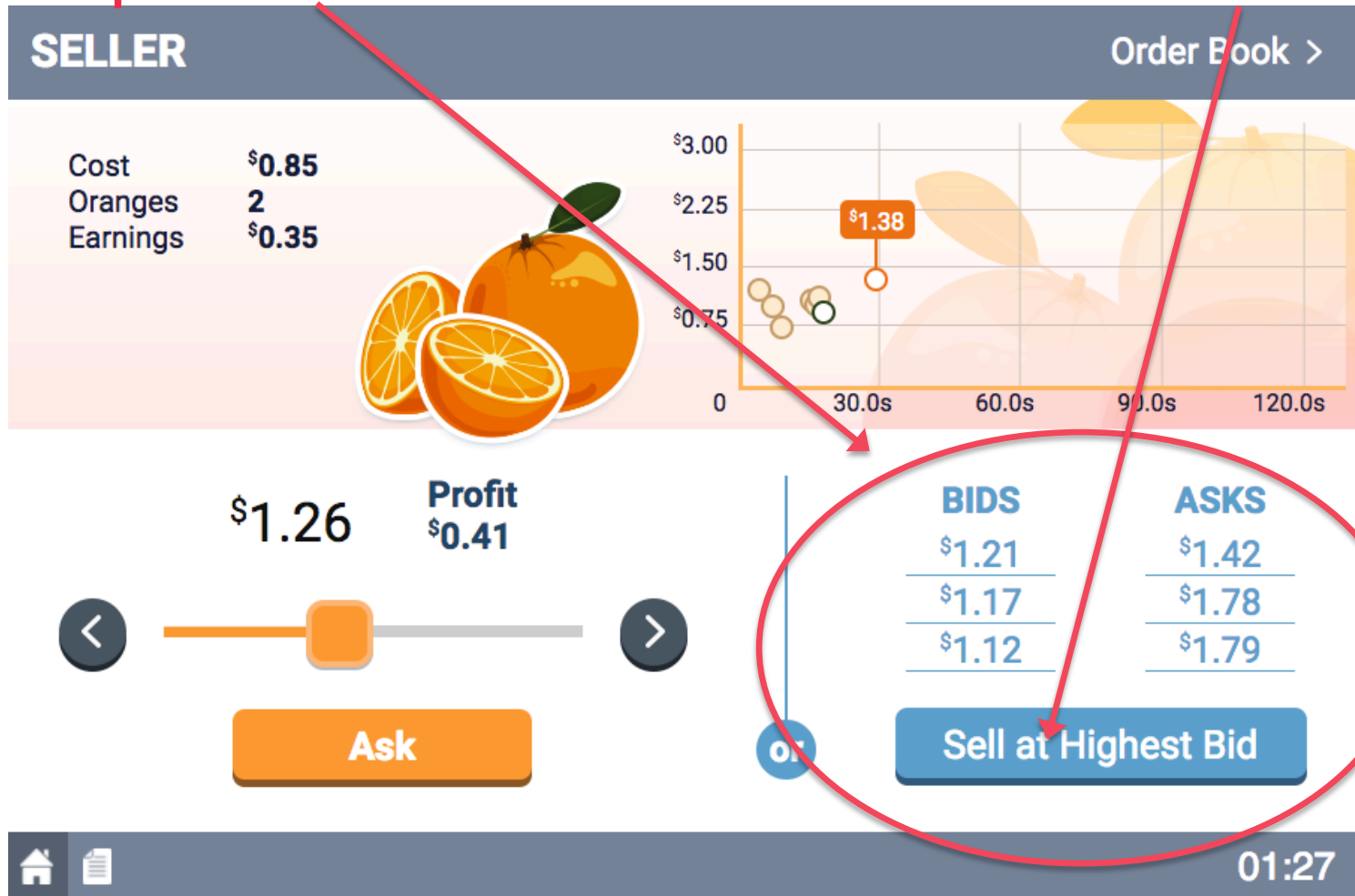




# seller's screen

group's current offers

Sell button



# summary

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## you buy an orange if

- you click Buy at Lowest Ask, **or**
- you have the highest Bid and a seller accepts highest bid

## you sell an orange if

- you click Sell at the Highest Bid, or
- you have the lowest Ask and a buyer accepts lowest ask

# payoffs

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buyer: each orange bought

- $\text{payoff} = \text{orange value} - \text{price paid}$

seller: each orange sold

- $\text{payoff} = \text{price received} - \text{orange cost}$

remember

- total payoff equals sum of all transactions
- value (or cost) of each orange indicated on your screen
- **a negative number is smaller than zero!**

# payoffs: an example

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## example

- transaction price = \$1.08
- value to buyer = \$1.32; cost to seller = \$0.74


# payoffs: an example

## example

- transaction price = \$1.08
- value to buyer = \$1.32; cost to seller = \$0.74

buyer	value	–	price	=	payoff
	\$1.32	–	\$1.08	=	\$0.24

# payoffs

# happy playing!

## example

- transaction price = \$1.08
- value to buyer = \$1.32; cost to seller = \$0.74

<b>buyer</b>	<b>value</b>	—	<b>price</b>	=	<b>payoff</b>
	\$1.32	—	\$1.08	=	\$0.24
<b>seller</b>	<b>price</b>	—	<b>cost</b>	=	<b>payoff</b>
	\$1.08	—	\$0.74	=	\$0.34