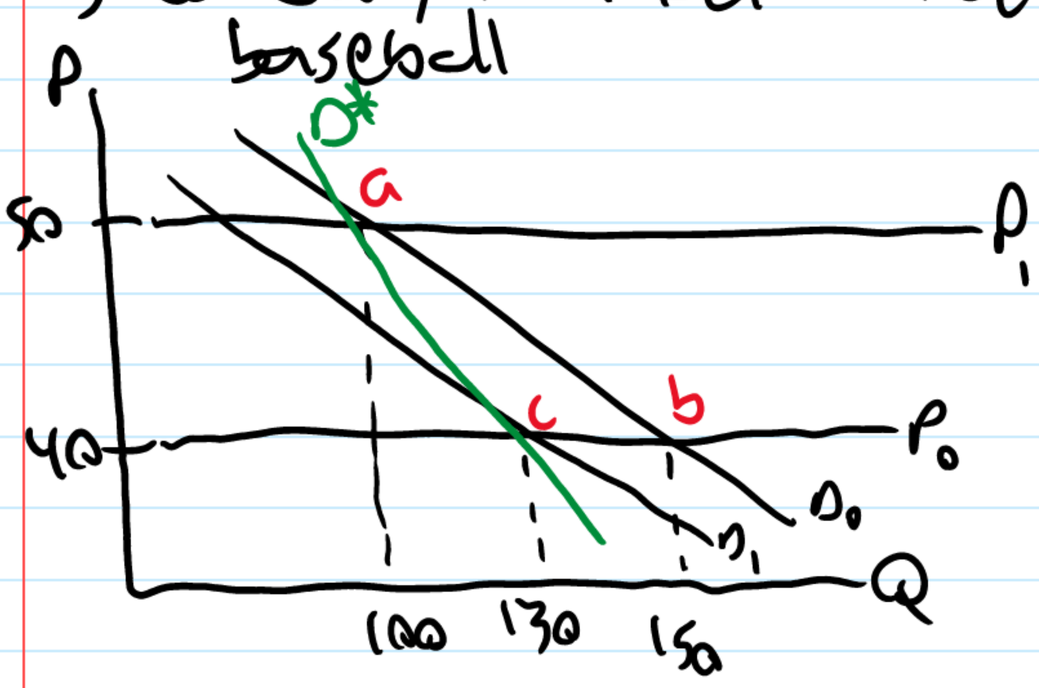
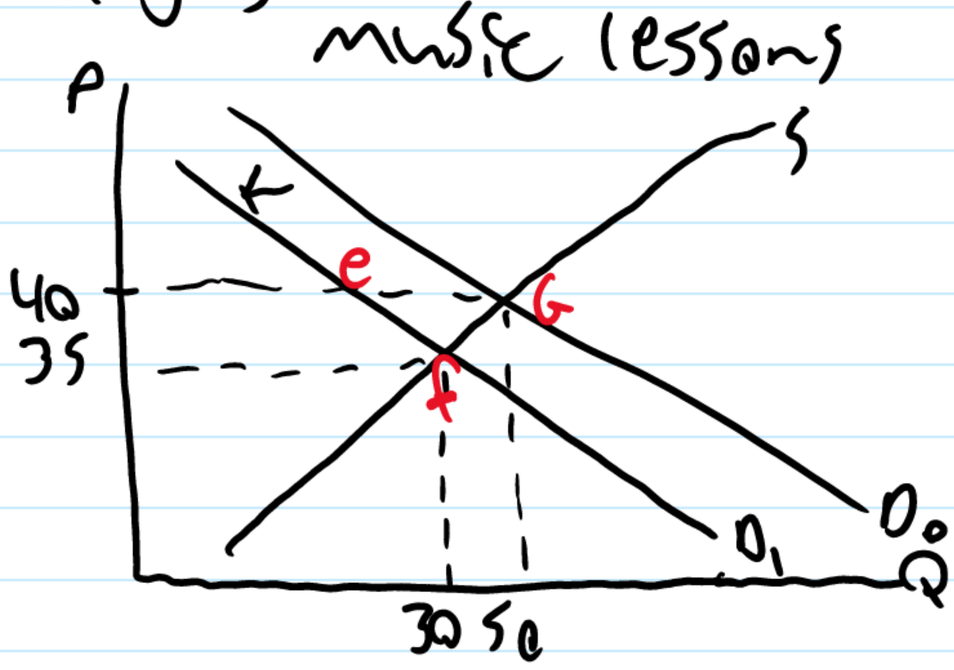
7.2 Secondary Market Impacts 2

Saturday, October 10, 2020 1:36 PM

Secondary market Price changes





Players

Students

Initially $P=50$ $Q=100$ — given 3^{rd} new $P=40$ → estimate new $Q=150$

$\Delta CS = 10 \cdot 100 + (\frac{1}{2} \cdot 50 \cdot 10) = 1250$

$\Delta CS + \Delta PS = e \cdot f \cdot g = 50$

$\Delta SS = 1250 - 50 = 1250$

Initially $P=50$, $Q=100$
est New Point $P=40$, $Q=130$

"equilibrium demand"

$\Delta CS = 10 \cdot 100 + \frac{1}{2} \cdot 100 \cdot 30 = 1150$

abc ≅ efg

→ ignore the secondary market