Carryover Costs in Zero Intelligence Double-Auction Markets

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R/Finance 2012

About the Authors

- Tomas Raattamaa
- Johan Dahlin
- Ulf Holmberg

Agent-based Computational Economics

- Not neoclassical
- A bottom up approach

Our Model

- Double auction market

Our Model

- Double auction market
- Populated with agents of the type Zero Intelligence Constrained

Contribution

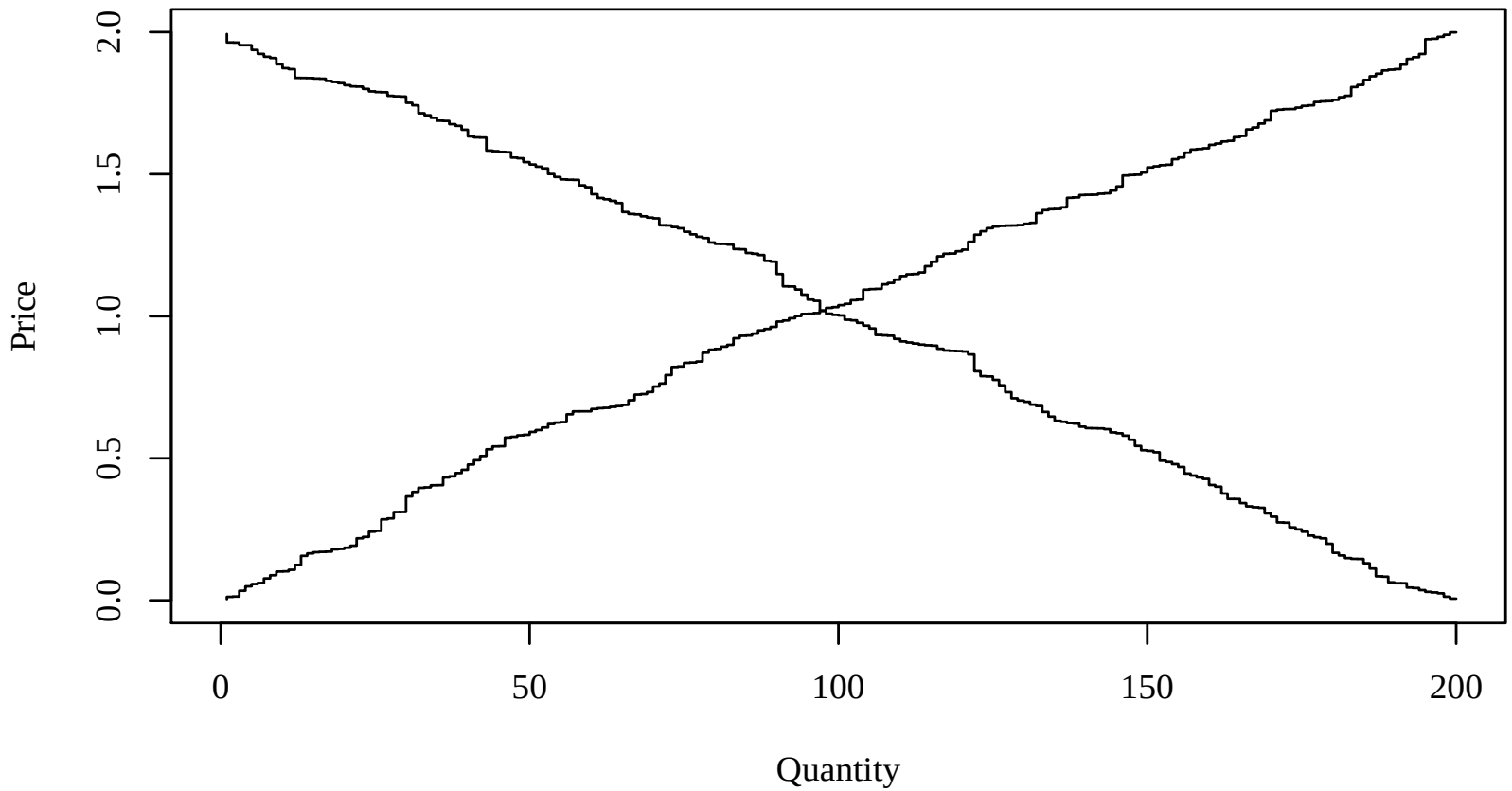
- Credit market

Results

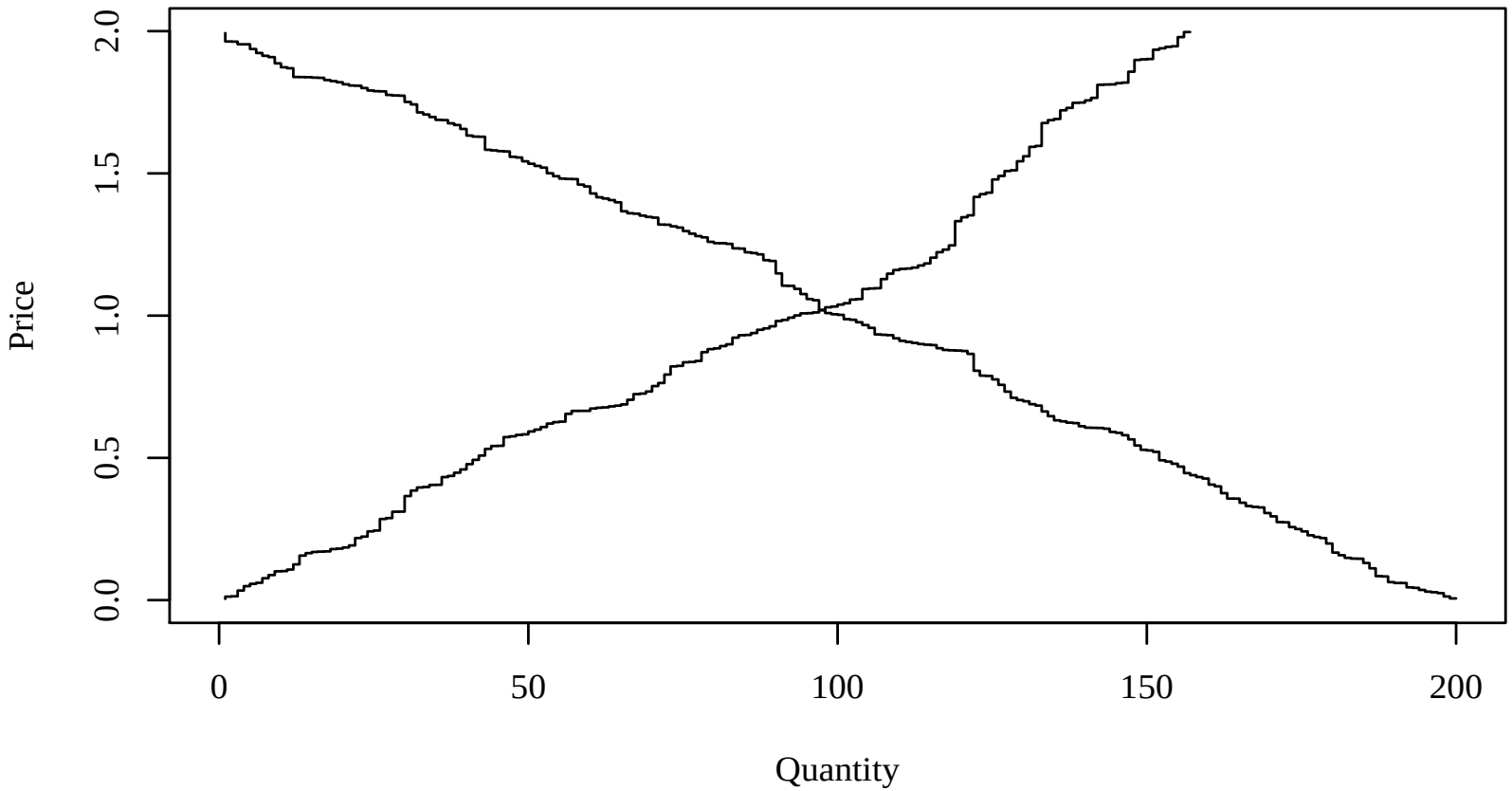
Example:

- 200 buyers
- 200 sellers
- 200 trading periods
- 1% interest rate

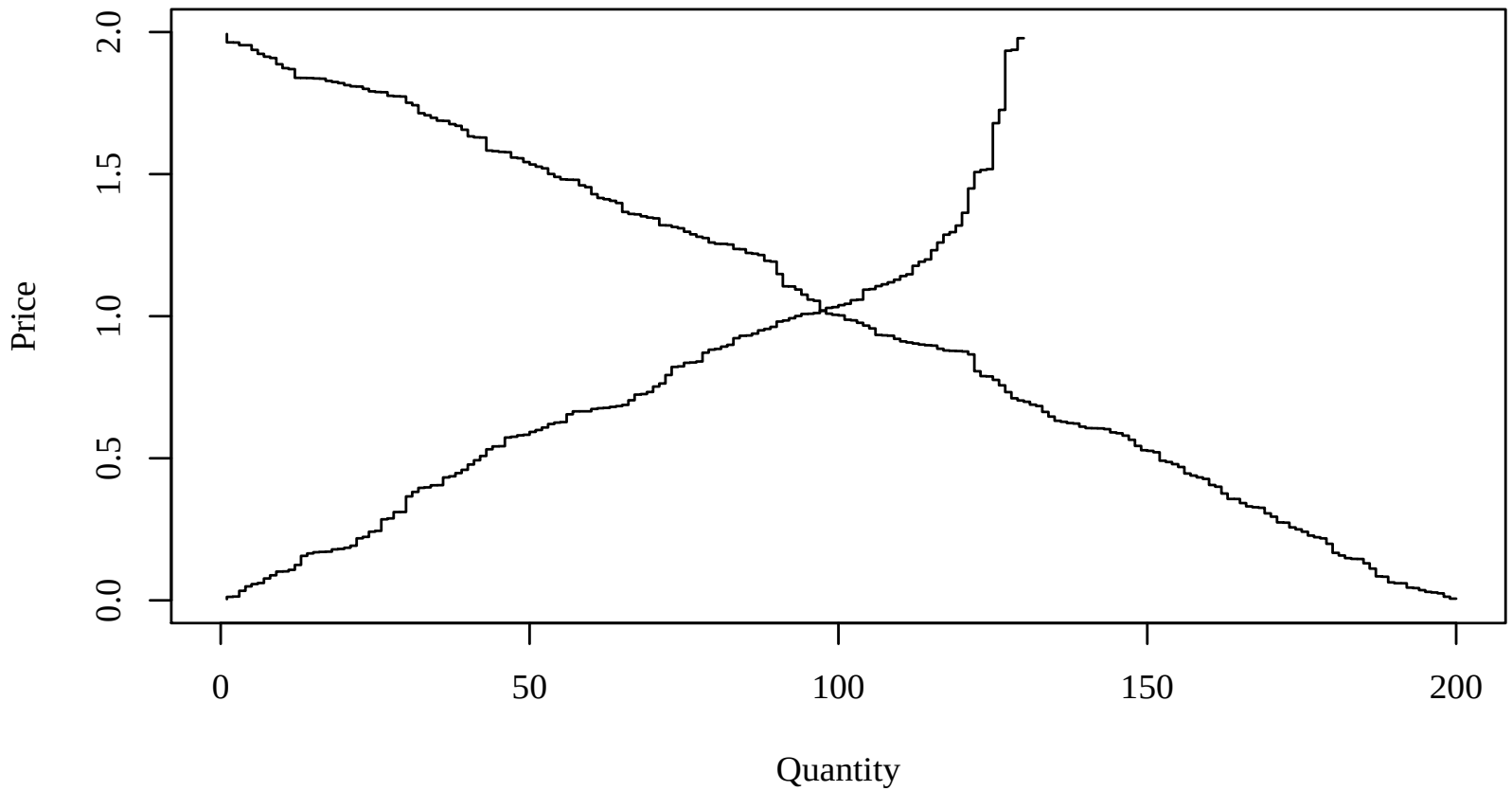
Supply and Demand



Supply and Demand



Supply and Demand



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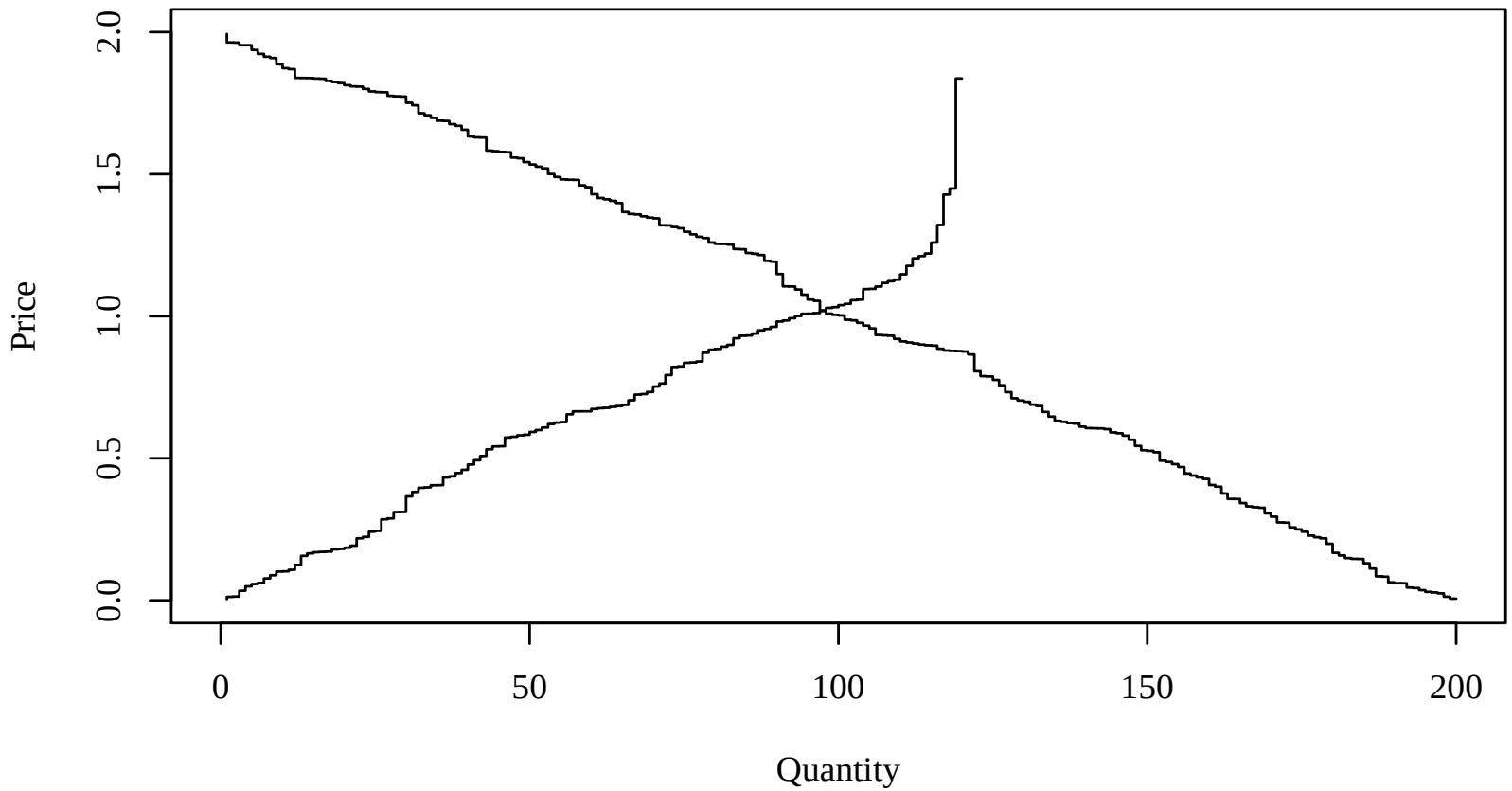

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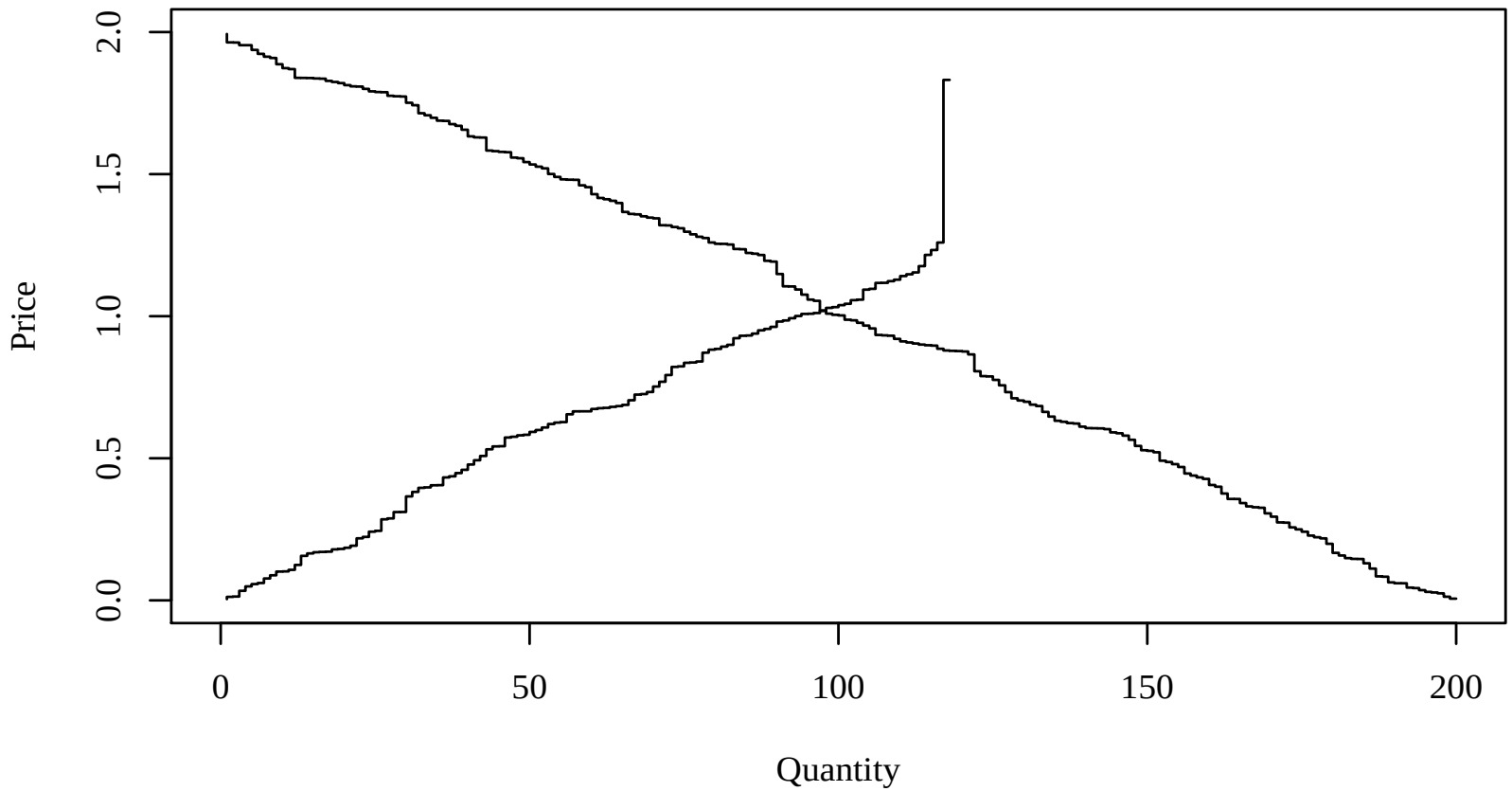

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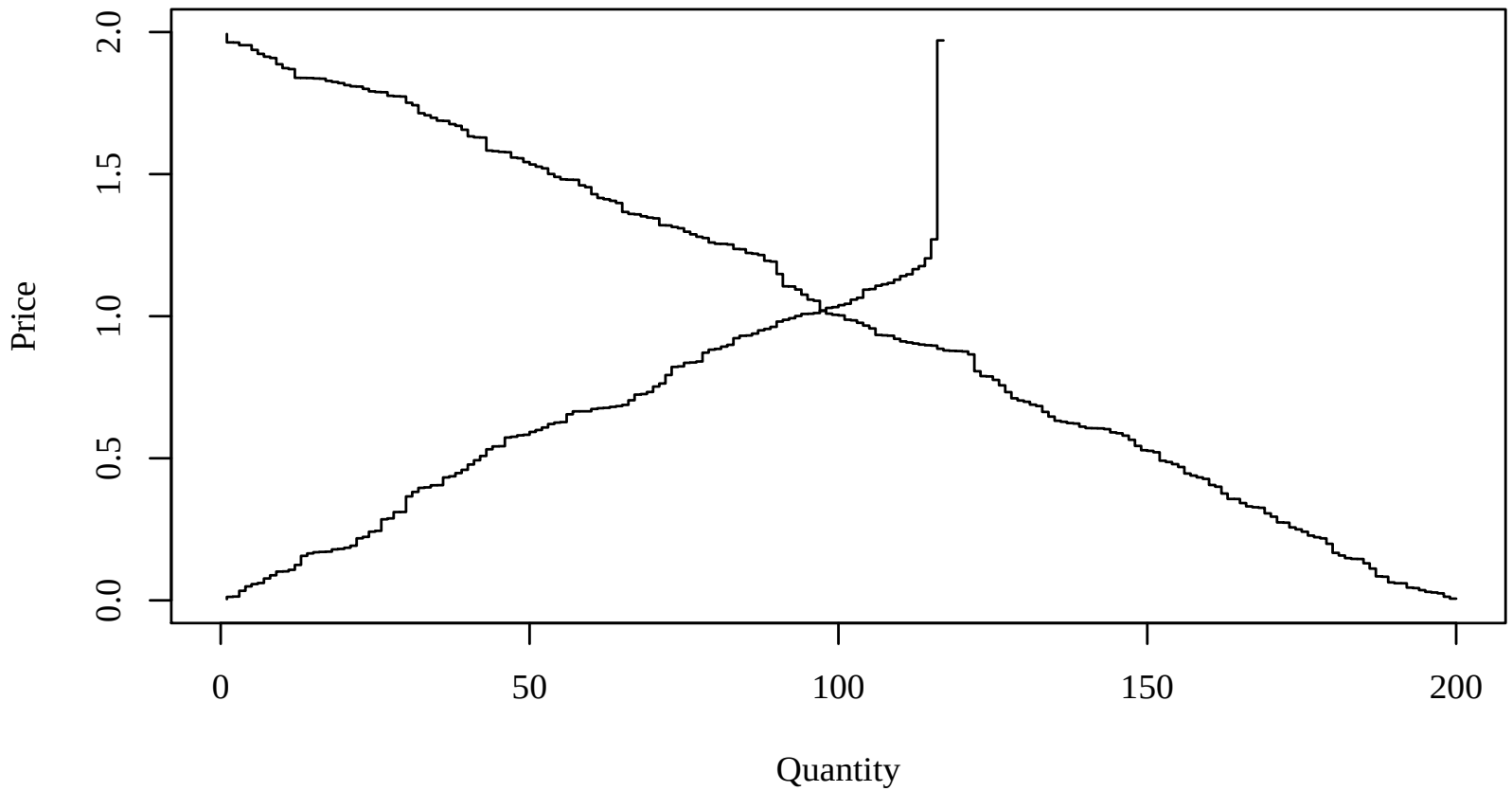

Two Supply Effects

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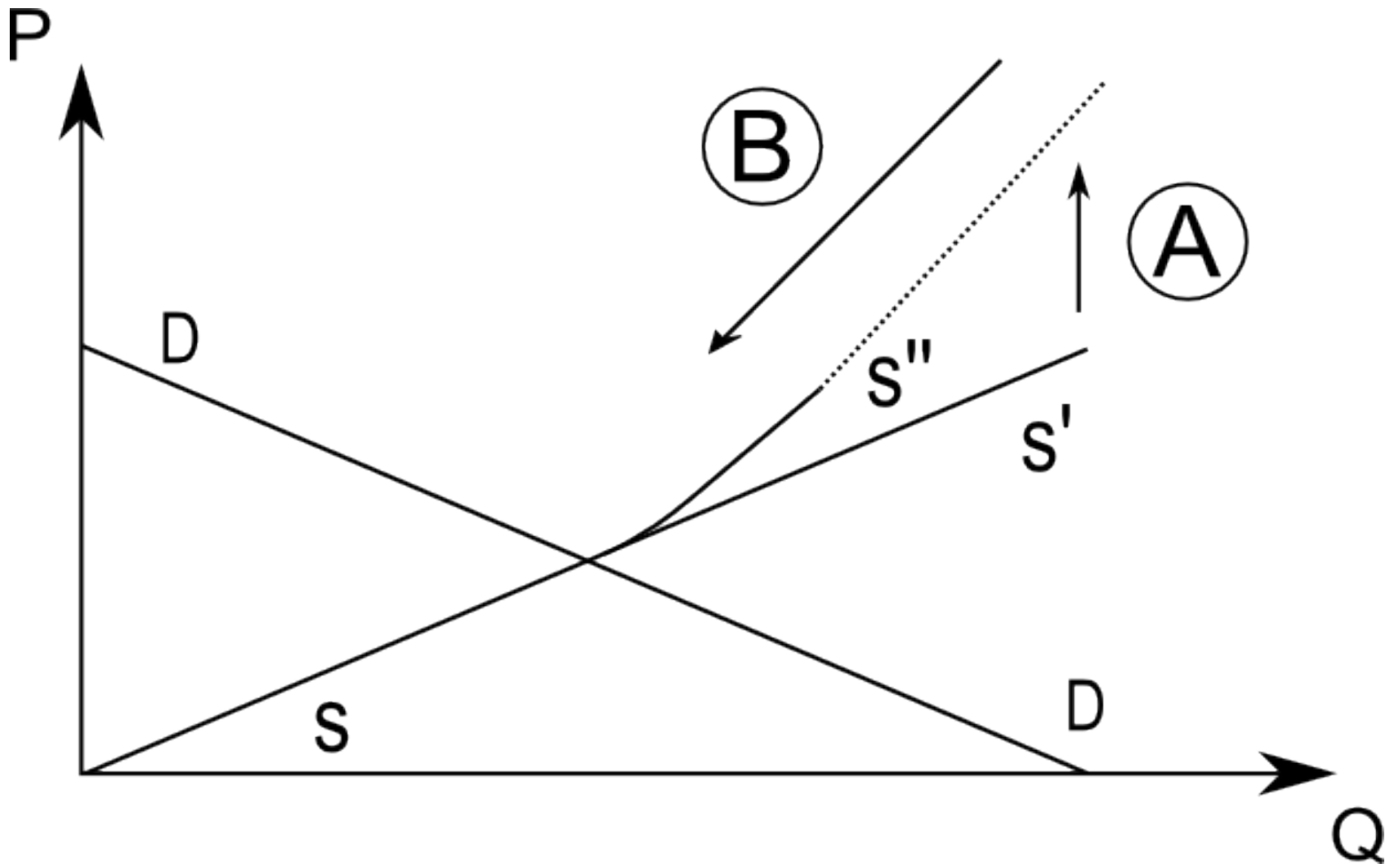

Inefficient Companies are Sustained

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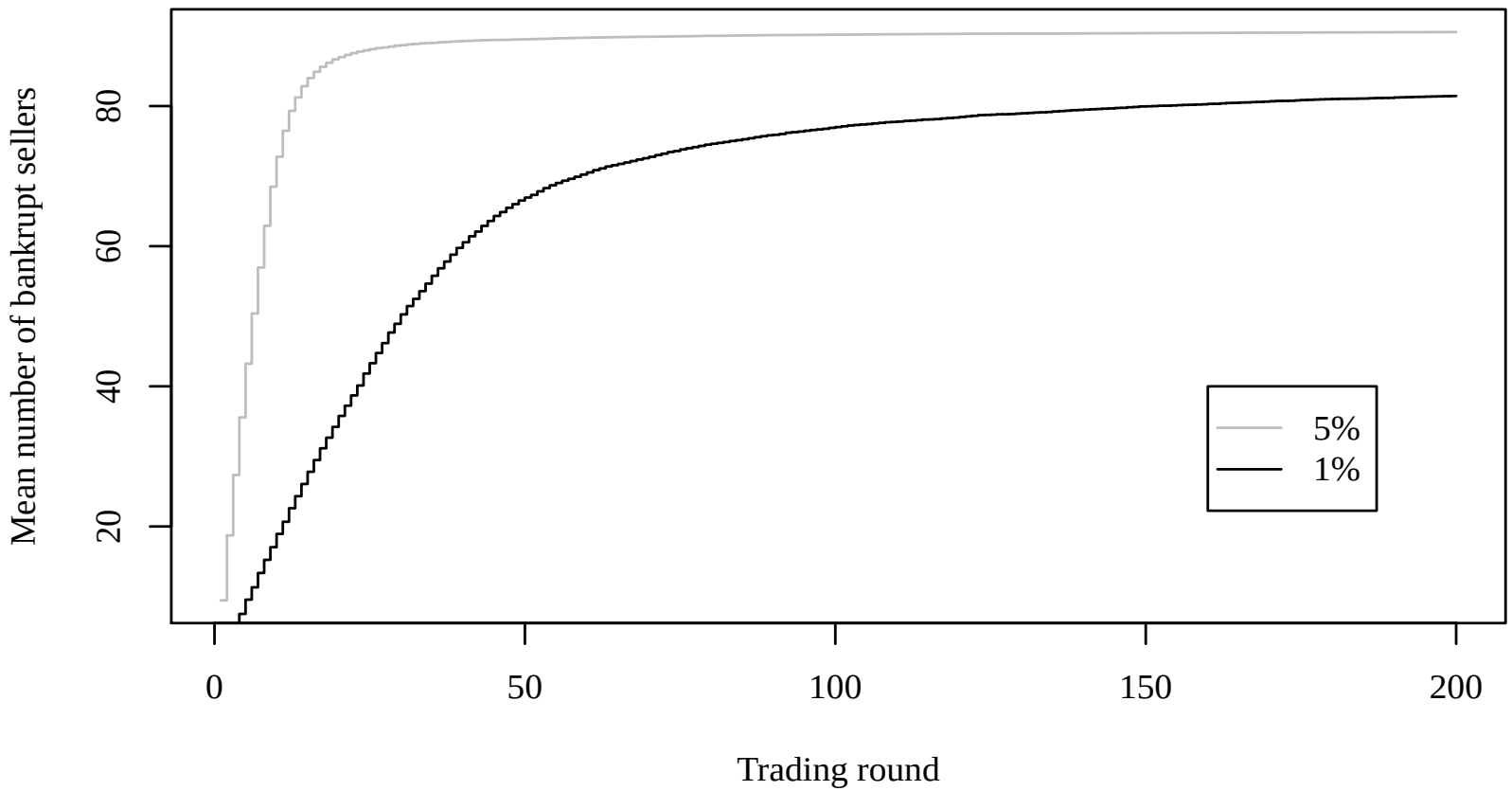
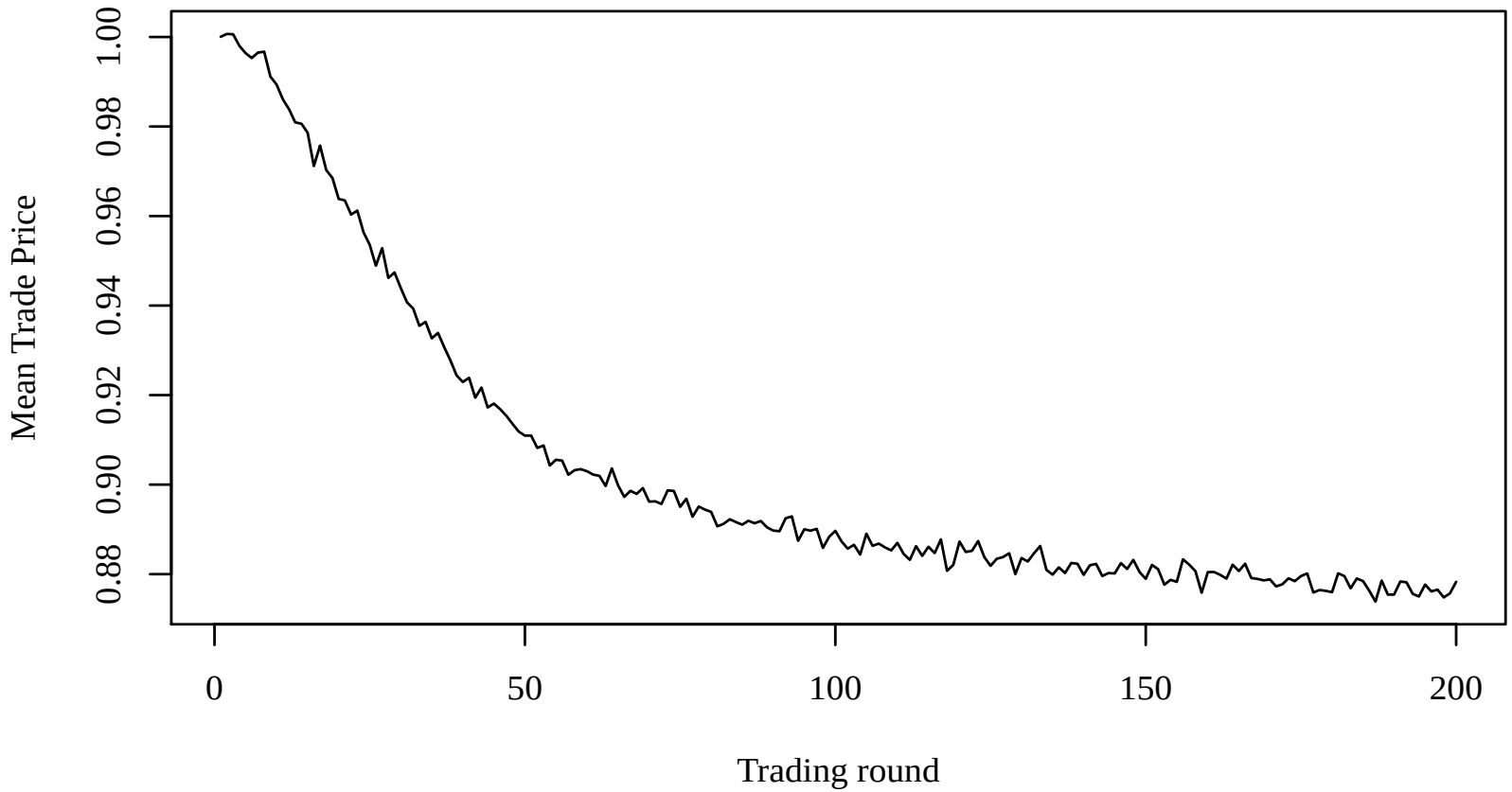


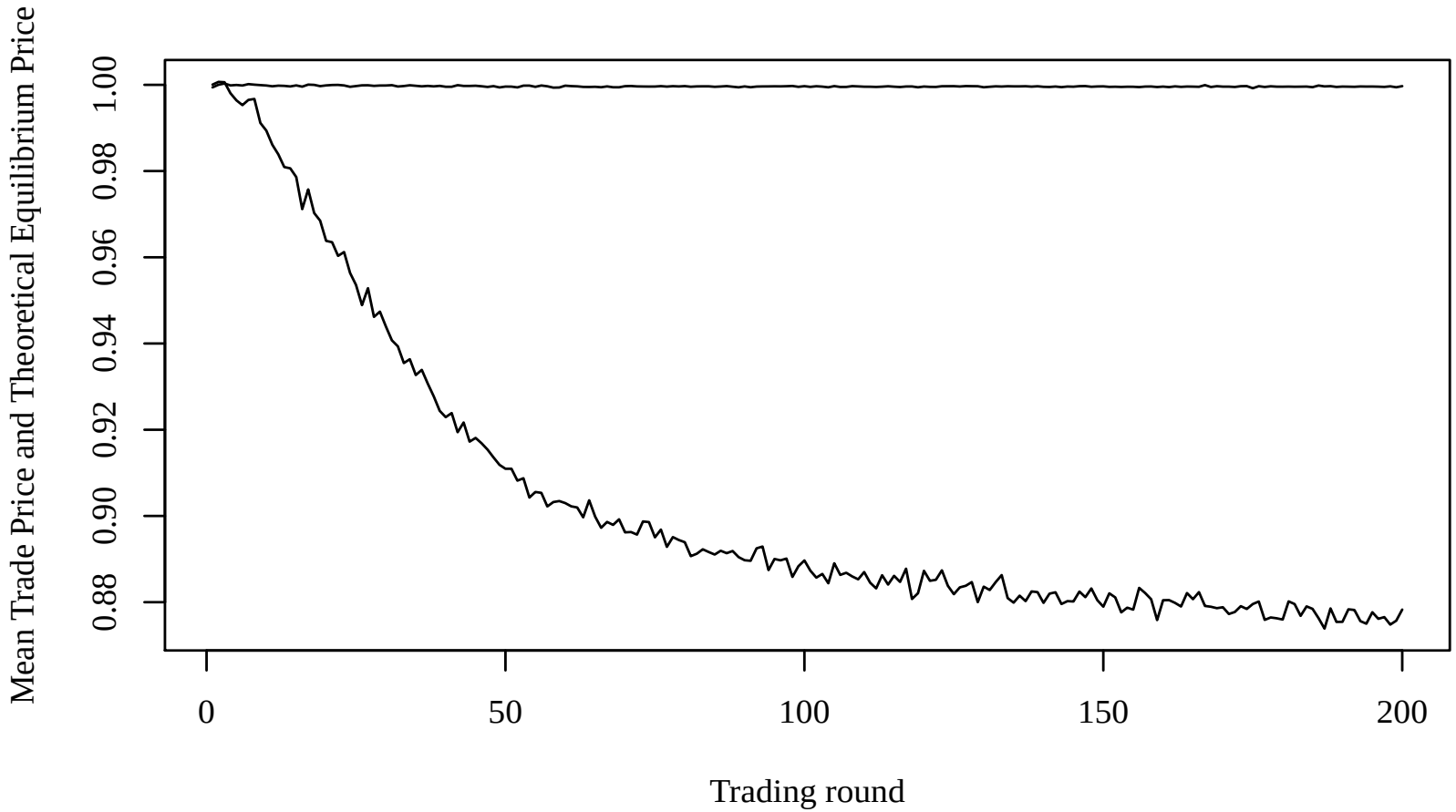
Question

What happens to trade prices as inefficient companies are eliminated?

Trade Prices

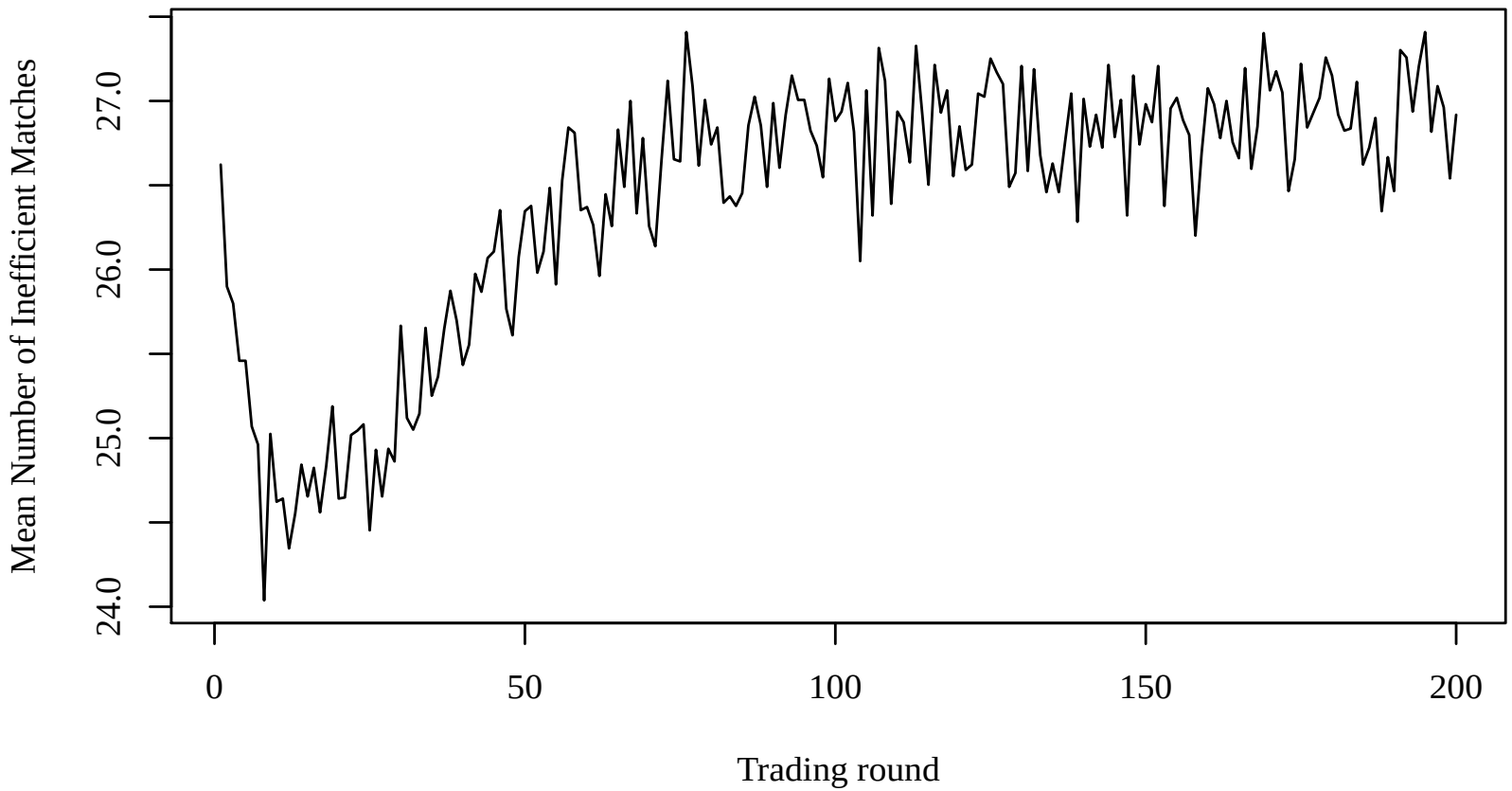


Trade Prices



Efficiency

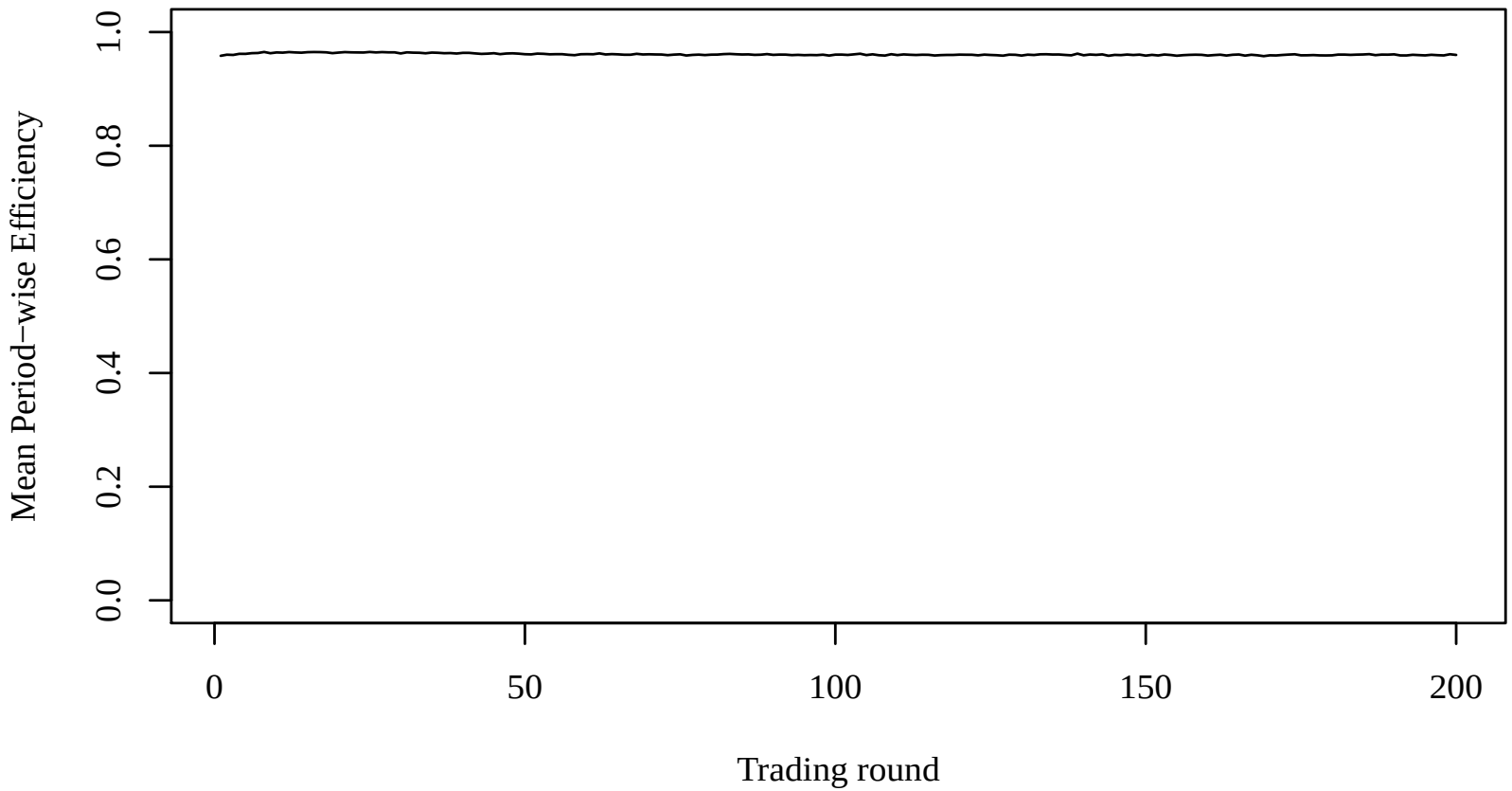
Mean Number of Inefficient Matches



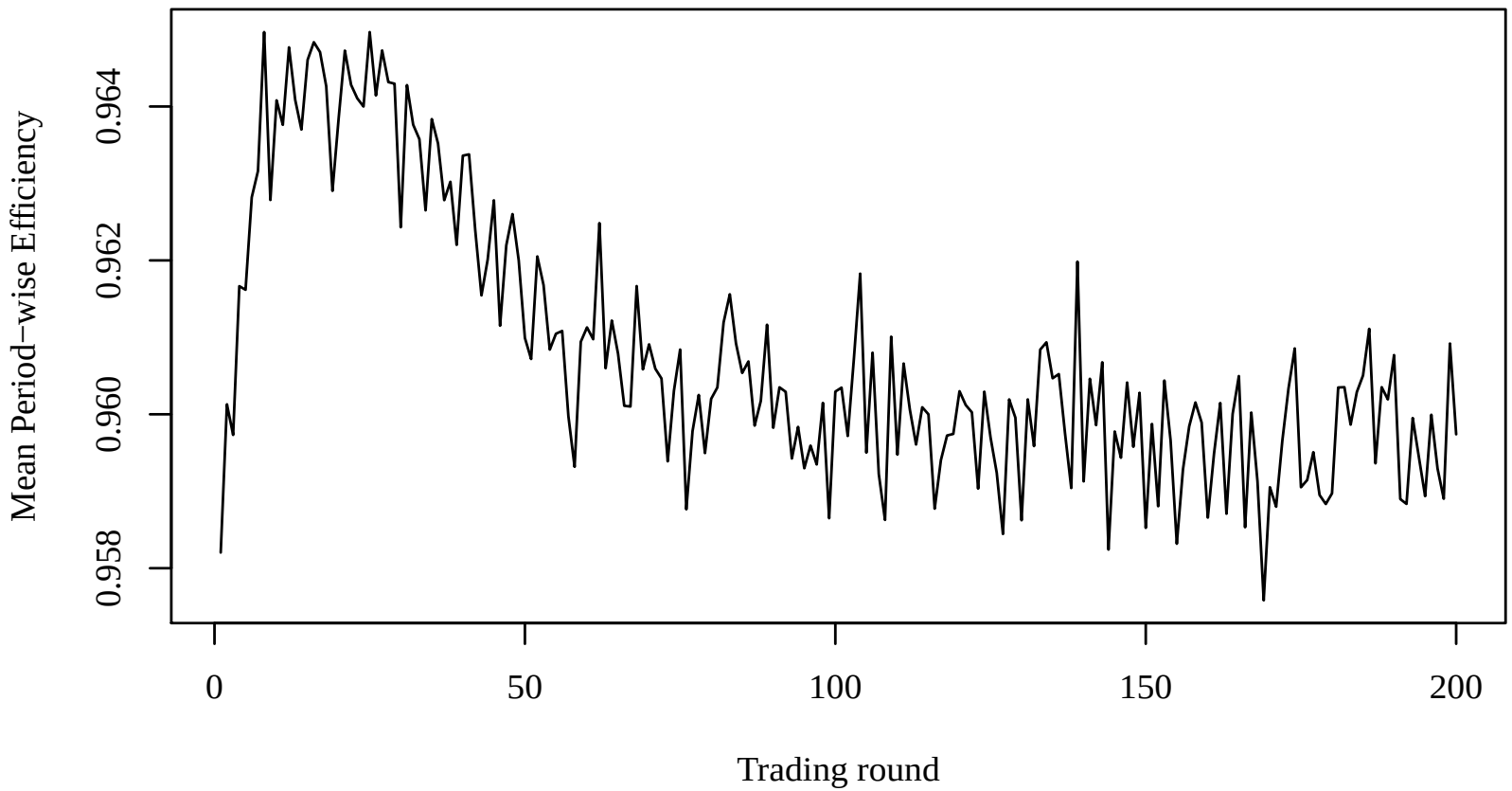
Allocative Efficiency

Consumer and producer surplus earned divided by the maximum theoretical consumer and producer surplus that could have been earned

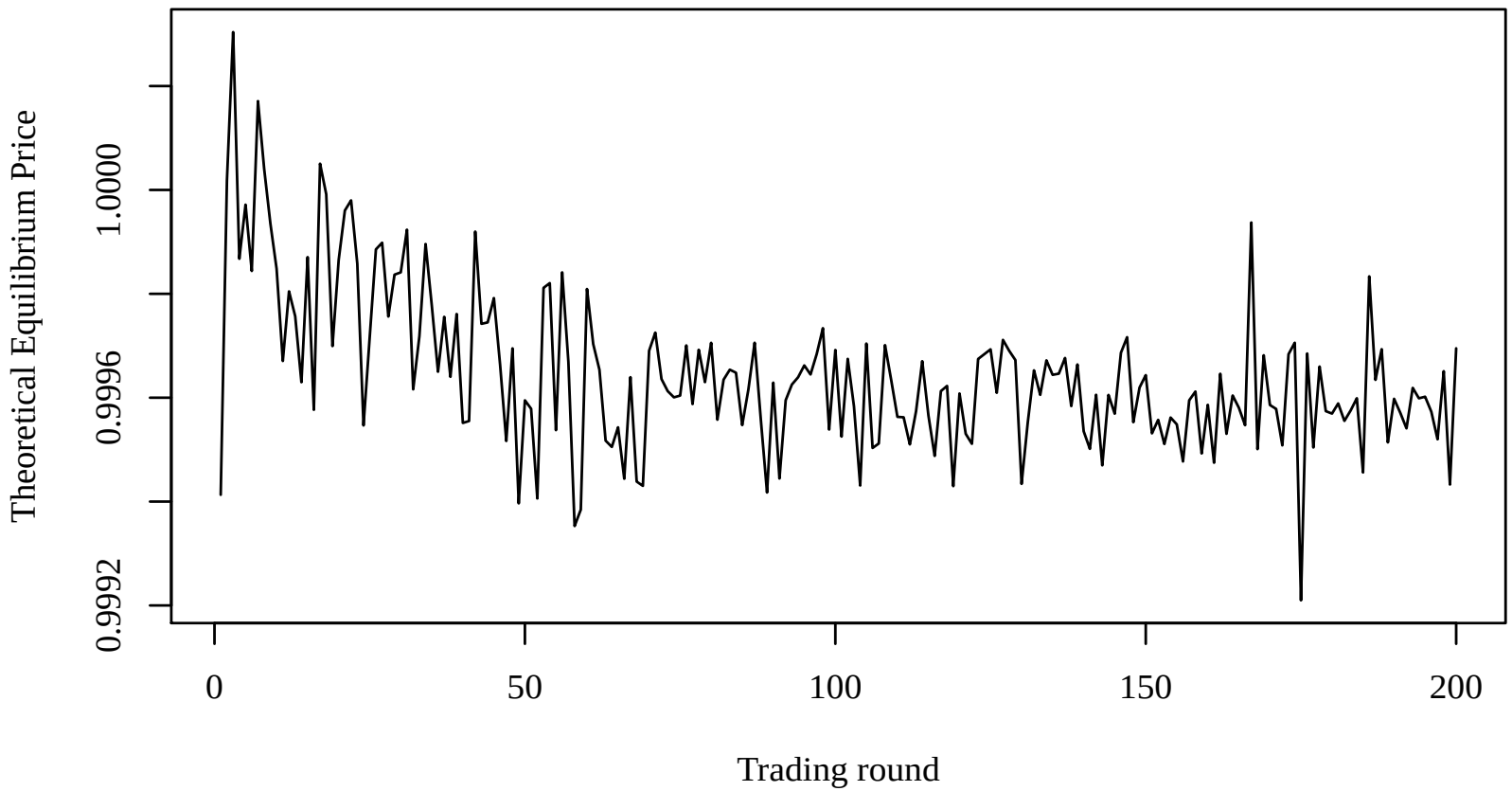
Mean Periodwise Allocative Efficiency



Mean Periodwise Efficiency - A Close Look



Theoretical Equilibrium Price Revisited



Conclusions

Where to go Next

Contact Information

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