Instructions

In the next period of the experiment, everything will be **exactly the same except** we will change how the **winning stock** is determined.

In a **previous experiment ACTUAL undergraduate participants** were randomly matched into pairs to play the following game for real money.

Each participant is assigned to be either Player A or Player B. During the game, each participant simply chooses a number (called a "Guess"):

- Player A guesses a number between 300 and 500 (inclusive).
- Player B guesses a number between 100 and 900 (inclusive).

Each Player's payoff is determined by the combination of their Guess and the other Player's Guess. Specifically:

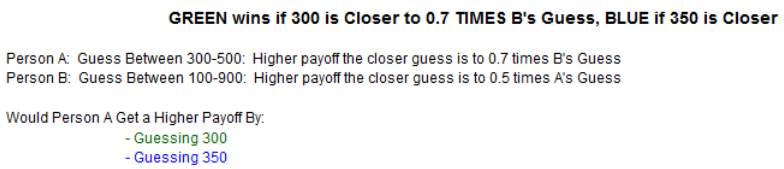
- Player A is paid more money the closer her guess is to 0.7 TIMES Player B's guess.
- Player B is paid more money the closer her guess is to 0.5 TIMES Player A's guess.

Participants made their guesses **simultaneously**, without observing one another's guess until after both have made their guesses. Both participants were however fully aware of the rules of the game and how their payoffs were determined.

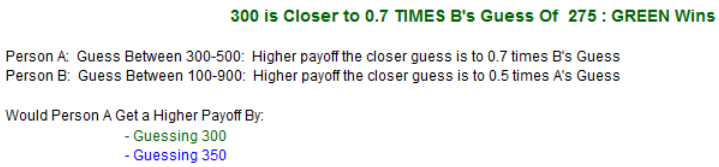
In each round of the next period, we will randomly select one pair of participants from this experiment and determine the value of the stock based on their actual guesses. Specifically, each round:

- The GREEN stock will be the winner if Player A would have had a higher payoff by guessing 300.
- The BLUE stock will be the winner if Player A could have instead had a higher payoff by guessing 350.

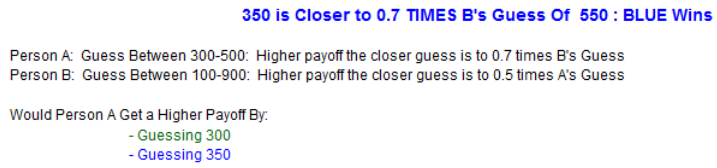
The screen you will see in the experiment is displayed below.



In the example below, Player B's guess is 275. As a result, Player A would have had a higher payoff from guessing 300 than 350 (0.7*275=192.5 is closer to 300 than 350). Therefore, Green is the winning stock in this round.



On the other hand, in the example below Player B's guess is 550. As a result, Player A would have had a higher payoff from guessing 350 (0.7*550=385 is closer to 350 than 300). Therefore, Blue is the winning stock in this round.



In summary, Green wins if Player A earns a higher payoff from guessing 300, and Blue wins if Player A earns a higher payoff from guessing 350, given Player B's actual guess. You should invest in the green versus blue stocks based on how you think Player B's guessed in the previous experiment.

We will only use this procedure in the next period. Please carefully think about your decisions as your earnings will depend a lot on the investment decision you make.