

Experiment 1

NYSE Trading Pit



Trading Pit

- Our experiment is a trading pit
 - Like NYSE or Chicago Mercantile
- You are permitted to call out, yell, and generally work to draw attention to yourself
- There is no market organization

Instructions

- There are four rounds.
- Do NOT trade coupons except for the current round.
- You do not *have* to trade. Sometimes the best action is to wait until you have a better value or cost.
- In each round, you may make only one transaction.
- For a transaction to be recorded, you must be standing in line in front of the Market Manager when the whistle blows (5 minutes). One minute warning will be given.
- Give your completed transaction report to the manager

Record Keeping

- Transactions not recorded by market manager are invalid
- Incomplete coupons are invalid
- Buyer will give their check coupon to the seller
- Sellers give their product coupon to buyer
- Both should record the price

Incentives

- You will participate in a tournament for 1% of grade
- Your share is $\frac{\text{Your Earnings}}{\text{Class Earnings}}$
- Like life, there is luck involved
- Buyer earnings are value minus price
- Seller earnings are price minus cost

Coupons

<div style="border: 1px solid black; display: inline-block; padding: 2px;">Buyers Value</div>	
LEFT BANK OF THE COLOKADO Buyer's Name: _____ Check Amount: ★ _____ Experiment 1.2 NOT TO EXCEED ★20.00	Buyer's Value Coupon Buyer's Name: _____ Exp. 1.2 Value: ★20.00
Zorp Manufacturing Corp. Product Coupon Seller's Name: _____ Price Paid: ★ _____ Experiment 1.3 Seller's Cost: ★10.00	Seller's Cost Coupon Seller's Name: _____ Exp. 1.3 Cost: ★10.00
<div style="border: 1px solid black; display: inline-block; padding: 2px;">Seller's Cost</div>	

Transaction Report

Transaction Report Experiment: <u>1.1</u> Group: <u>NA</u>		
Buyer's Name: <u>Write Clearly!</u>		
Seller's Name: _____		
Buyer Value: ★ _____	Seller Cost: ★ _____	Price: ★ _____
