

Trading Simulation

In week three recitations, students will participate in a market simulation. They will be assigned to play the role of either a buyer or a seller of a commodity which we call a "box of computer chips." During the simulation they will have an opportunity to trade and to observe how trading works.

By trading well students may win a cash prize. The top buyer and top seller from each recitation will be entered into separate lotteries. The winner of the buyers and sellers lotteries will each win \$20.00.

How to Play

1. The goal for both buyers and sellers in this activity is to make a profit. The more profit you make the more likely you are to win a \$20.00 prize.

Buyers

2. Each buyer will have only one buyer card at a time. It will say, "You are authorized to buy a box of computer chips. Pay as little as possible. If you pay more than _____ per box, you lose money."
3. Do not reveal the price. Record the price on your buyer card on your student score sheet.
4. When the round starts, try to buy at the lowest price you can. However, you may buy at a price higher than that on your buyer card in order to obtain chips. As soon as you have bought chips, record the transaction on your score sheet. Then, turn in the buyer card you have and get another buyer card from the buyer pile. If you have bought no chips during a round, get a different buyer card from the buyer card pile before the start of the next round.

Sellers

5. Each seller will have only one seller card at a time. It will say, "You are authorized to sell one box of computer chips for as much as possible. If you accept less than _____ per box you lose money."
6. Do not reveal the price. Record the price on your seller card on your student score sheet.
7. When the round starts, try to sell your chips at the highest price you can. You may sell at a price lower than that on your seller card to get rid of your chips. As soon as you have sold your chips, report the transaction price to the person keeping the Market Tally Sheet in the front of the room. Then record the transaction price on your score sheet. Then, turn in your seller card you have and get another from the seller pile. If you sell no chips during a round, get a different seller card before the start of the next round. **Remember: The seller reports the price.**

ALL

8. When the instructor says "Start," sellers and buyers are free to move around the room and to make transactions with one another. **Any seller may talk with any buyer.**
9. Both buyers and sellers are free to make as many transactions as they want in a round. For tallying purposes, please make all transactions in ten cent increments. Remember to trade in your card after each transaction.
10. During the game, keep track of your progress on the student score sheet. Compute your gains and losses by taking the difference between the price on your buyer or seller card and the price of the transaction.

Econ 101 Score Sheet

Name _____

I am a _____ buyer or _____ seller. Math checker _____

Round	Transaction	Price on Card	Transaction Price	Gain	Loss	Profit
1	1					
1	2					
1	3					
1	4					
1	5					
1	Total					
2	1					
2	2					
2	3					
2	4					
2	5					
2	Total					
3	1					
3	2					
3	3					
3	4					
3	5					
3	Total					
4	1					
4	2					
4	3					
4	4					
4	5					
4	Total					
Grand Total						