

# Market and price formation

## Worksheet 1

### Key questions for game evaluation

#### Observations

1. Were you always able to trade? Explain your answer.

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2. What determines the trade price at the beginning of the game? Which factors influence the price in subsequent rounds of the game?

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#### Emotions

3. Were you happy with your respective trade prices? Explain your answer.

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**Explanations**

4. In Pitgame, what is the reason for the price progression from the first to the last round?

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5. Identify the equilibrium price using the supply/demand curves.

a. Where can the equilibrium price be found?

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b. Why is this price referred to as the equilibrium price?

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6. Imagine a scenario in which the price of a traded good is below the equilibrium price.

a. How would this affect the market?

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b. What happens if the price of a traded good is above the equilibrium price?

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