

No arbitrage condition and asset market equilibrium in exchange economies with risk-averse utilities and a continuum number of states

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Resumo/Abstract:

In this paper we consider an exchange economy with risk-averse utilities and a continuum number of states of nature. We show that a non-arbitrage prices condition may be sufficient for the existence of an equilibrium when the space of allocations is the space of functions p -integrable, with $p \geq 1$. Conversely if there exists an equilibrium in the space of p -integrable functions with p strictly less than infinity then the non-arbitrage prices condition may become necessary.