

Prices when random pairs of participants can make imperfect trades

Bruno M.P.M. Oliveira^{1,6},
Yusuf Aliyu Ahmad^{2,3,6}, Athanasios N. Yannacopoulos⁴
Bärbel F. Finkenstädt⁵, Alberto A. Pinto^{3,6}

¹ FCNAUP, Universidade do Porto, Portugal

² Dep. Mathematics, Kano University of Science and Technology, Wudil, Nigeria

³ Dep. Matemática, FCUP, Universidade do Porto, Portugal

⁴ Statistics, Athens U. of Economics and Business, Greece

⁵ Dep. Statistics, University of Warwick, United Kingdom

⁶ LIAAD-INESC TEC, Porto, Portugal

We study a random pairing economy, where at each time period two participants, with Cobb-Douglas utility, may trade two goods. At each time instant, a random pair of participants is chosen. They may be imperfect, e.g., due to cognitive limitations, which may result in the trade deviating from the bilateral equilibrium. Provided the appropriate symmetry conditions are met, we show that, at each period, the expectation of the logarithm of the trading price is equal to the expectation of the logarithm of the Walrasian price, being both fixed along the time.

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