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## AKSOE 14: Financial Markets and Risk Management II

Time: Thursday 9:30–10:15

Location: EW 203

**Invited Talk** AKSOE 14.1 Thu 9:30 EW 203  
**Risk, Expectations and Bidding in First Price Auctions** —  
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Bids in private value first-price auctions consistently deviate from risk neutral symmetric equilibrium bids. We first present results of a new experiment that measures the impact of risk aversion on actual bid-

ding behaviour. We then present a procedure which allows to study the formation of expectations separately from the determination of a best reply against these expectations. We find that deviations from Bayesian Nash equilibrium are not due to wrong expectations but due to deviations from a best replies. We finally discuss how boundedly rational functions can provide a better explanation for actual bidding behaviour.