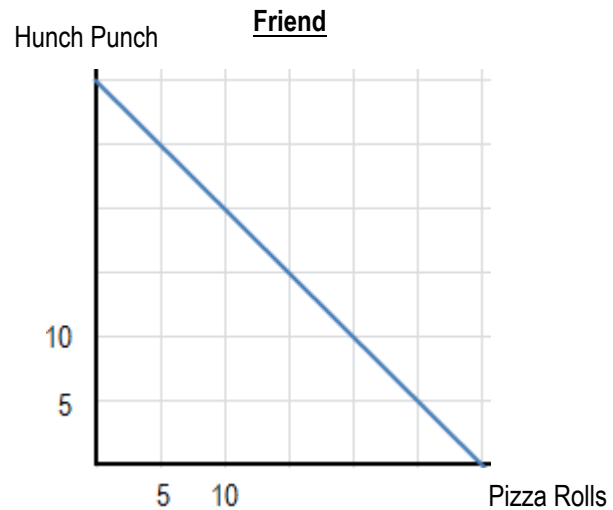
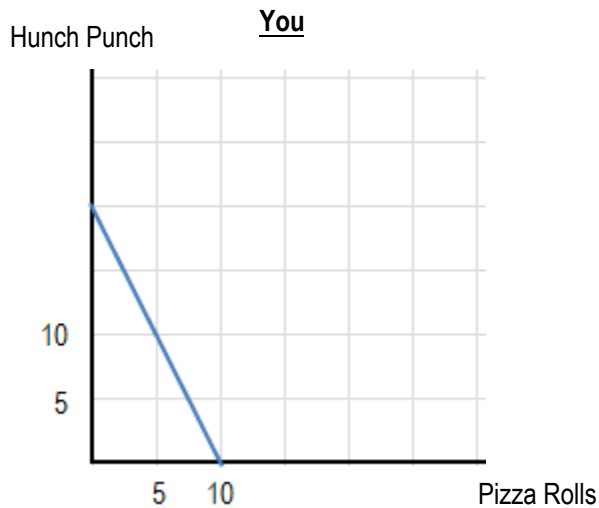


CONCEPT: PPF – THE PRICE OF THE TRADE

- For trade to be beneficial to both trading partners, the *price of the trade* must lie _____ their opportunity costs.



	Opportunity Cost of 1 Pizza Rolls	Opportunity Cost of 1 Hunch Punch
You	2 Hunch Punch	$\frac{1}{2}$ Pizza Rolls
Friend	1 Hunch Punch	1 Pizza Rolls
	Price of the Trade:	Price of the Trade:

Why was the trade set at 1.5?

- Supply and Demand of Pizza Rolls and Hunch Punch
- Negotiating Power
- Equity