Appendix VI
An illustration of the relationships between log-price ratio and optimal token share

A: Kinked specification (equation 1)

Note: we restrict the parameters so that preferences are risk averse ($\rho \geq 0$) in both specifications and ambiguity averse ($\alpha \geq 0$) in the smooth specification.
Kinked specification (cont.)

The Simulated \( x_i(\eta - \gamma x) \) and \( \log(p_{i1}, b_2) \) in the Alpha-MEU Model when alpha = 0.7

The Simulated \( x_i(\eta - \gamma x) \) and \( \log(p_{i1}, b_2) \) in the Alpha-MEU Model when alpha = 0.8

The Simulated \( x_i(\eta - \gamma x) \) and \( \log(p_{i1}, b_2) \) in the Alpha-MEU Model when alpha = 0.5

The Simulated \( x_i(\eta - \gamma x) \) and \( \log(p_{i1}, b_2) \) in the Alpha-MEU Model when alpha = 0.9
Relation between \( \frac{x_1}{x_1 + x_3} \) and \( \log(p_{1}/p_3) \): \( \alpha = 0.4 \)

Relation between \( \frac{x_1}{x_1 + x_2} \) and \( \log(p_{1}/p_2) \): \( \alpha = 0.3 \)
Kinked specification (cont.)

Relation between $x_1/(x_1+x_3)$ and $\log(p_1/p_3)$: $\alpha = 0.2$

Relation between $x_1/(x_1+x_2)$ and $\log(p_1/p_2)$: $\alpha = 0.2$
B: Smooth specification (equation 2)
Smooth specification (cont.)