1020-34-34 **Gunduz Caginalp*** (caginalp@pitt.edu), Math Department, University of Pittsburgh, Pittsburgh, PA 15260, and **Vladimira Ilieva**. *The dynamics of trader motivations in asset bubbles.*

Asset market experiments are analyzed by distinguishing, ex post facto, participants who trade on fundamentals versus those who trade on momentum (i.e., buying when price is rising). The distinction is made when prices are above fundamental value, so that (in each period) those who have more offers than bids (net offerers) are classified as fundamentalists while those who have more bids than offers (net bidders) are defined to be momentum players. By analyzing the data of individual behavior we are able to address a number of key questions regarding bubbles. We find evidence that the cash supply of the momentum traders diminishes and the cash supply of the fundamental traders increases as the bubble forms. This suggests that the bubble is fueled by the cash of the momentum players and the reversal is caused by inadequate cash in their possession. These data are used in conjunction with a difference equation for price dynamics for two groups. (Received July 26, 2006)