At the end, GTT was going to be worth some value in the set \{20, 22, 24, 26, 28\}, each value equally likely.

Over time, we learned values that were ruled out.

At the end, we might know that the value would be either 22 or 28.

Different people had different ruled-out values.
The price discovery process in theory

- Suppose the true value is 28.
  - Group A knows the value is 28 or 20.
  - Group D knows the value is 28 or 26.
- Group D pushes the price up to 26.
- Once group A sees the price heading up to 26, they are confident that the final value is 28: they trade to 28.

The price discovery process in practice

- Trading is very congested. Market systems are slow to respond.
- Adjustment paths are chaotic, with a lot of undershooting and overshooting.
- Market orders can execute at very bad prices.