

Each bidder has an incentive to yield earlier items to his opponent and compete only for later items for which his opponent has lower marginal values. Profitable opportunities for such an intertemporal arbitrage” cannot exist in equilibrium, and the profits for the same bidder from winning in different rounds equalize in equilibrium. This means that bidder  $i$  who wins a later item should pay a price equal to the highest bid in an early round where his opponent  $j$  wins (since  $i$  would have to outbid  $j$  if  $i$  wants to win in that round). However,  $j$ 's winning bid is higher than the transaction price in the second-price auction. Therefore, the equilibrium price path is increasing.