

ABSTRACT

We present an agent-based model (ABM) of a climate prediction market in which traders adapt their belief about the climate based on the monetary performance of their neighboring traders in a social network. We use the ABM to test whether climate prediction markets fosters a convergence of market participants' beliefs regarding a “true” climate model. We provide preliminary sensitivity analysis for the impact on the convergence of factors such as the initial belief-homophily in the social network and the degree of risk-taking of traders on the market.