Estimating the Market Efficiency of Prediction Markets

author

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1   Why this question

Prediction markets are platforms where participants can trade contracts based on the outcome of future events.[1] Prediction markets are said to be more accurate than expert opinions, as it magnifies the "wisdom of the crowd" to a larger scale. [1] I chose this question as I was curious about the effectiveness and accuracy of analysing the prices of the contracts in events that we would like to know the outcome of.

2   Background

The prediction market platform we will retrieve data from in this report is Kalshi.

3   System Design

My system worked as follows . . .

4 Evaluation

We did some experiments . . .

5   Conclusions and Future Work

From our experiments we can conclude that . . .

References

[1] Katelyn Peters. Prediction markets explained: Types, uses, and real-world examples. https://www.investopedia.com/terms/p/prediction-market.asp, 2026. Accessed: 2026-02-01.