Hi Ethereans!

DEX using AMM seems very hot recently. In prediction markets, AMM can be implemented without liquidity providers or impermanent losses.

Abstract.

By applying dynamic pricing using a bonding curve to the parimutuel betting mechanism, it becomes possible to market-make prediction markets without liquidity providers and impermanent losses.

Parimutuel betting mechanism

While this method is not suitable for exchanges, it has the richest history compared to The pari-mutuel method's advantage is that there is always liquidity, and there is no need for liquidity The problem with this method is that the price is usually always constant, making it difficult to incentivize early markets

Dynamic pricing powered by bonding curve mechanism.

The Bonding Curve mechanism (originally introduced by @simondlr) can eliminate the above problem by providing price movement; It gives more incentive to those who make the right predictions early on than to those who make them later on. The price movement is usually in response to the total token Also, the bonding curve mechanism creates price arbitrage opportunities for traders.

This mechanism combination is implemented in Forecastory, a new forecasting market protocol I've been working on.

An introduction to the project can be found here.

More details about the mechanism can be found here.

You can try out the Rinkeby's implementation from here.

We'd love to hear your feedback!