Thematic investing series

Positioning portfolios for long-term transformational change

July 2026

UOB PRIVATE BANK

Prediction markets

Where information, trading and forecasting converge

What are prediction markets?

How prediction markets work

A simple example: “Will the Federal Reserve cut interest rates at its next meeting?”

1 — Question is created

The market creator defines a clear, verifiable outcome.

2 — Contracts are listed

YES	$0.62
NO	$0.38

Traders buy contracts that pay $1 if the outcome occurs, or $0 if it does not.

3 — People trade

Buying YES pushes price up. Buying NO pushes price down. Prices move with supply and demand.

4 — Price = Implied probability

62%

A YES price of $0.62 implies the market assigns ~62% probability.

5 — Outcome is resolved

If YES happens, YES contracts pay $1.
If NO happens, YES contracts pay $0.

- Prediction markets are platforms where people trade contracts on the outcome of future events. The price of each contract reflects the market’s implied probability of that event happening.

Prediction markets can cover a wide range of complex events

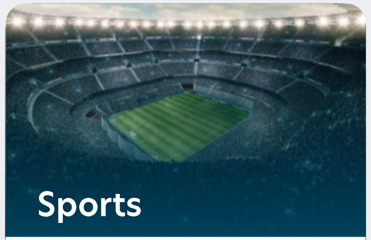
Where prediction markets are used

Politics

Elections, policy decisions, legislative outcomes

Macro and Economics

Interest rates, inflation, GDP, jobs data



Sports

Game outcomes, tournaments, season awards

Weather and Climate

Temperature, rainfall, storms, natural events

Crypto and Tech

Protocol upgrades, product launches, price thresholds

Corporate Events

Earnings beats, M&A, bankruptcies, executive changes

Prediction markets could become a new layer of information infrastructure

Why prediction markets are unique			
Feature	**Prediction markets**	**Polls/surveys**	**Expert forecasts**
Update speed	**Continuous** Prices update in real time as people trade	**Periodic** Data collected at fixed intervals	**Periodic** Revised less frequently
Information aggregation	**Market-based** Incentivised to be right with real money	**Opinion-based** No financial incentive to be accurate	**Reputation-based** Dependent on individual judgment
Transparency	**High** Prices and volumes public and auditable	**Medium** Methodology may have lag and noise	**Low** Models and assumptions often opaque
Output	**Implied probability** A live probability signal (0% to 100%)	**Percent support** Snapshot of opinion at a point in time	**Point estimates** Single-number forecasts with uncertainty

Key characteristics

Financial incentives
Participants risk their own money, aligning incentives toward accuracy.

Real-time signal
Markets incorporate new information faster than traditional methods.

Wide applicability
From politics and macro to sports, weather, crypto and corporate events.

Binary settlement
Clear yes/no outcomes settle at $1 or $0 based on objective rules.

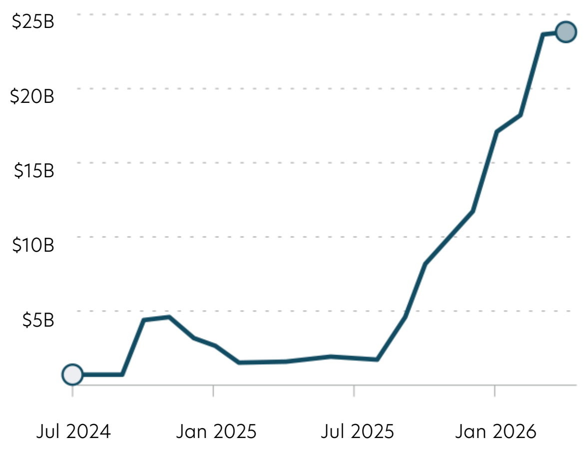
Crowd intelligence
Diverse participants with different information create collective wisdom.

The growth has moved beyond one election cycle

- The 2024 US election helped bring prediction markets into mainstream discussion.
- This matters because it reduces the risk that prediction markets are only a political-cycle phenomenon.
- The more diversified the event set becomes, the more durable the theme may be.

Polymarket categories			
Feature	**Markets**	**Volume**	**Change**
Politics	4,640	$724.6M	-10.8%
Sports	19,292	$4.7B	+211.8%
Crypto	61,289	$1.4B	+172.4%
Economics	456	$162.5M	-6.9%
Finance	994	$52.6M	+42.8%
Tech	595	$20.9M	-32.6%
Culture	748	$21.6M	-79.5%
Weather	154	$1.6M	+18.6%
Miscellaneous	152,598	$3.6B	+179.9%
Mentions	23	$64.3K	-81.9%

Total volume on prediction markets has grown rapidly since mid-2025. Combined monthly global trading volume on Kalshi and Polymarket, in US dollars.



Note: Polymarket does not include Polymarket US. Data through April 2026 shown.

Source: Pew Research Center analysis of data from The Block, accessed May 2026.

Prediction markets are being used across different types of uncertainty

Prediction markets are not one single use case. They are a market structure that can be applied wherever outcomes are clearly defined and independently verifiable.

Politics: election outcomes and policy events

Geopolitics: ceasefires, summits and diplomatic outcomes

Macro: inflation, jobs data and central-bank decisions

Sports: match outcomes and tournament probabilities

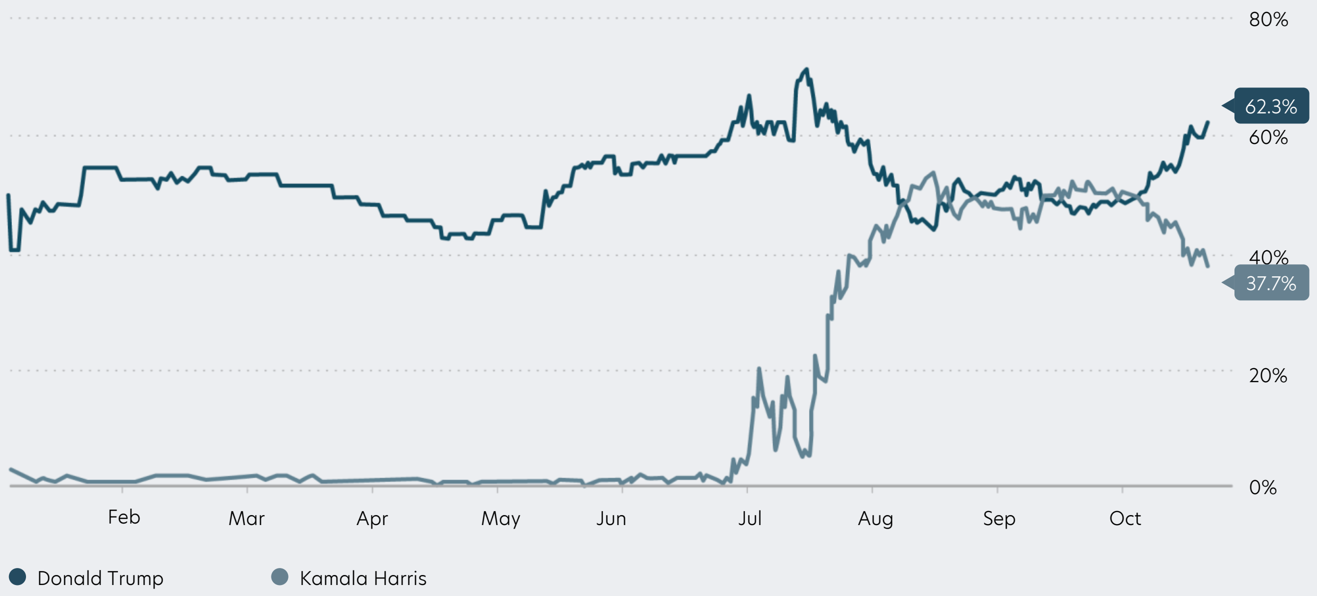
Weather: temperature, rainfall and storm events

Commodities: price thresholds and agricultural outcomes

Case study 1: US presidential election 2024

- During the 2024 US election cycle, prediction markets became one of the most visible public examples of market-based forecasting.
- Polymarket's US election markets attracted multi-billion-dollar trading volume, with the presidential market alone exceeding US$3bn in reported volume.
- Market prices moved as traders reacted to debates, polling changes, candidate news and early-voting signals.
- For investors, this can complement polls, surveys and expert commentary.

Presidential election winner 2024

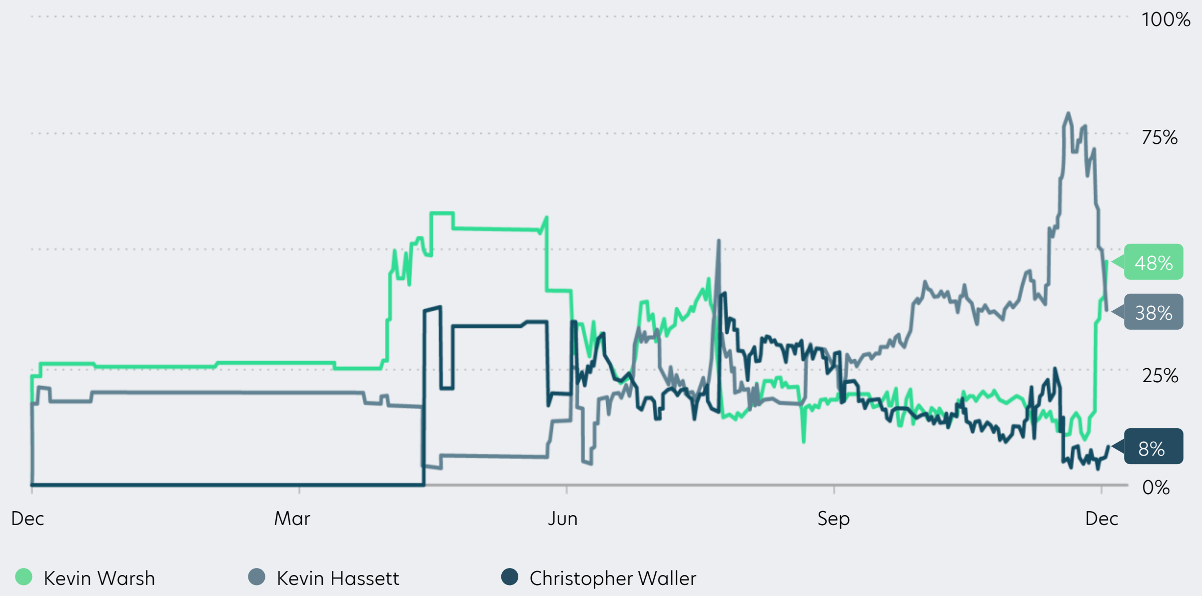


Source: Polymarket

Case study 2: Federal Reserve decisions

- Kalshi lists contracts linked to Federal Reserve nominations, rate decisions, rate-cut counts and Federal funds rate ranges.
- These contracts allow users to express a direct view on discrete policy outcomes, such as "hold", "cut 25 bps" or "number of cuts this year".
- A February 2026 Federal Reserve discussion working paper found that Kalshi markets provide high-frequency, continuously updated and distributionally rich macro expectations data. The paper compared Kalshi with traditional surveys and market-implied forecasts, highlighting its usefulness for researchers and policymakers.
- This is where prediction markets become more than entertainment: they can support macro monitoring, risk management and scenario tracking.

Who will Trump nominate as Fed Chair?



Source: Kalshi

Case study 3: Sports as the liquidity engine

- Sports has become a major source of volume on both Kalshi and Polymarket. DeFi Rate's June 2026 data showed sports as the dominant category by near-term trading volume across both platforms. With the help of FIFA World Cup 2026, this might propel sports as the first mass-market use case for prediction markets.
- This matters because high-frequency events can build user habits, liquidity and platform familiarity.
- However, it also creates a regulatory challenge because sports event contracts can look like betting products.
- The investment question is whether sports volume becomes an on-ramp into broader event markets, or whether it anchors the category too closely to gambling.

No.	Market	Platform	Category	Leading	Volume
1	Will Argentina win against Austria in the World Cup match scheduled for June 22, 2026?	Polymarket US	Sports	Argentina **68%**	**$213.6M**
2	World Cup Winner	Polymarket	Sports	France **20%**	**$92.8M**
3	New Zealand vs Egypt	Kalshi	Sports	Egypt **(outcome)**	**$24.0M**
4	Argentina vs Austria	Kalshi	Sports	Argentina **60%**	**$22.5M**
5	Spain vs. Saudi Arabia- More Markets	Polymarket	Sports	Spain **(outcome)**	**$12.3M**
6	2026 Men's World Cup winner?	Kalshi	Sports	France **19%**	**$11.8M**
7	Will Norway win against Senegal in the World Cup match scheduled for June 22, 2026?	Polymarket US	Sports	Norway **44%**	**$11.2M**

Source: Polymarket, Kalshi, DeFi Rate

Continue the Prediction Markets Conversation

Prediction markets are evolving from niche forecasting tools into broader information and decision-making platforms. The full publication explores where value may emerge, key adoption drivers, and the risks investors should monitor.

Be selective

The theme is becoming more investible, but adoption is likely to develop in stages.

Look beyond prediction platforms

Value may emerge across data infrastructure and other venues

Manage the risks

Regulation, liquidity, market integrity and user adoption remain key constraints.

In the full publication

- Maturity framework and timing assessment
- Value-chain opportunity map
- Bull, base and bear scenario analysis
- Key risks across regulation, market integrity and user adoption
- Portfolio implementation considerations

Speak to your client advisor for the full Prediction Markets thematic publication

Learn More

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