ANALYSIS

What The Polls Won't Tell You (But The Markets Will)

On the difference between a sample and a price.

A POLL	A PRICE
A sample	Every participant
A fieldwork window	Continuous
Stated intention	Capital at risk
No stake	Scored

Forecasts without a scorecard

Public forecasting is unusual among professional activities in that its practitioners are almost never scored. A commentator who predicts an election outcome, a rate decision or an awards result faces no recorded consequence when the prediction fails, and is typically invited to make the next one.

It is a structural feature of the format rather than a failing of individuals. Commentary is paid for by attention, attention rewards confidence, and confidence is uncorrelated with accuracy in the absence of a score.

A price on a prediction market is produced under the opposite conditions. Every participant who holds a position has capital at risk, is scored on resolution, and pays for error in a currency that is recorded.

What follows sets out what a poll measures, what a price measures, why the two differ, and what to make of the difference when it appears. It is not an argument that markets are always right. It is an account of why they are built differently.

THE ARGUMENT

01	What a poll measures	05	Reading the price
02	What a price measures	06	Where markets are weak
03	Incentives and track records	07	Divergence
04	Polls as an input		

STANDING NOTE

The major US prediction markets are CFTC-designated contract markets, regulated under the same framework that covers futures and commodities. Readers new to the category frequently assume the opposite, and the assumption is the single most common factual error about how these venues operate.

Worth stating plainly.

What a poll measures

FIG. 01 · ANATOMY OF A POLL

Sample	A defined number of respondents
Fieldwork	A closed window, days before publication
Margin	Applies to sampling only
Measures	Stated intention
Stake	None

A poll is a sample. A defined number of respondents, selected by a method that approximates the population, asked a fixed question during a fieldwork window, with the results published some days later. Its precision is described by a margin of error that applies only to the sampling, not to anything else that can go wrong.

Four properties limit what it can say.

The sampling frame. Respondents are those who could be reached and agreed to answer. Response rates have fallen for two decades, and the people who still respond are not a random draw from the people who do not.

Stated intention. A poll records what a respondent says they will do. Revealed action, what they do, is a different quantity, and the gap between the two is large enough to have a name in every discipline that studies it.

The fieldwork window. The number describes the period during which the questions were asked, which closes before publication. Any development after the window is, by construction, absent.

The absence of a stake. Nothing is at risk for the respondent in answering. There is no cost to an answer that is casual, aspirational or untrue.

None of this makes a poll worthless. It makes a poll a measurement of a specific thing at a specific time, and the specific thing is not the outcome.

What a price measures

FIG. 02 · ANATOMY OF A PRICE

Participants	Everyone willing to commit capital
Updates	Continuously
Weighting	By capital committed
Bound to	A written resolution rule
Stake	The position

A price on a prediction market is not a sample. It is a continuously updated number produced by every participant willing to commit capital to a position, weighted by how much they commit, and bound to a written resolution rule that specifies exactly what the contract pays on.

Four properties follow.

It updates continuously. There is no fieldwork window. A price at ten o'clock incorporates whatever was known at ten o'clock, and a price at eleven incorporates the hour between.

It is weighted by conviction. A participant who commits more capital moves the price more. That is not democratic, and it is not meant to be. It means the price reflects the beliefs of those willing to pay for being wrong, in proportion to how much they are willing to pay.

It is bound to a rule. The contract states its source of truth, its settlement date and its treatment of edge cases. A price is therefore a claim about a precisely specified event, which is a narrower and more testable thing than a headline.

It is scored. Every position resolves. Every participant learns, in money, whether they were right.

The result is a number that measures something a poll cannot: the aggregate belief of people who have accepted a cost for being mistaken. That is the whole of the difference, and it is considerable.

Incentives and track records

FIG. 03 · COST OF ERROR, RECORD, REWARD

	THE COMMENTATOR	THE PARTICIPANT
Cost of error	None	The stake
Record kept	No	Yes, in the account
Rewarded for	Confidence	Accuracy

Consider two people making the same forecast.

The first is a commentator. They will state the forecast publicly, with confidence, because confidence is what the format rewards. If the forecast fails, nothing is deducted from them. If it succeeds, it may be remembered. The asymmetry is entirely in favor of boldness.

The second holds a position in a market. They have stated the same forecast by committing capital at a price. If the forecast fails, the capital is gone. If it succeeds, they are paid in proportion to how unlikely the outcome was judged to be. The asymmetry here punishes overconfidence directly: the more certain the position, the more it costs to be wrong.

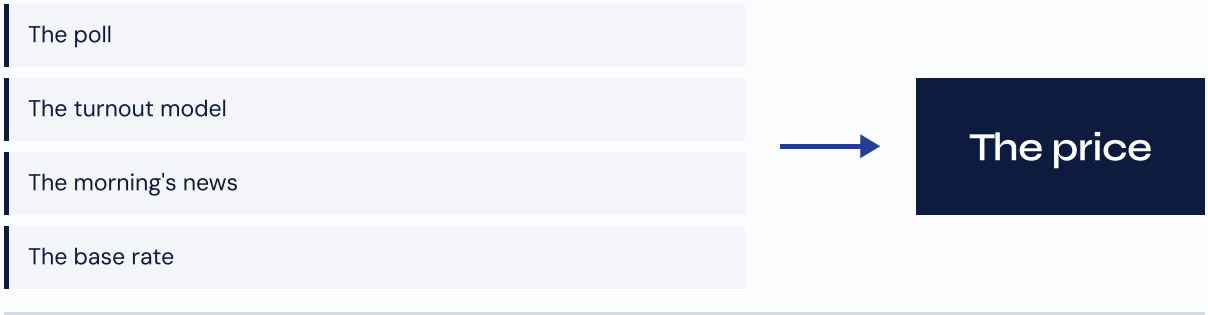
The commentator's track record is not kept. The participant's is kept for them, in an account balance, whether they want it or not.

This is not an argument that market participants are more intelligent or better informed than commentators. Frequently they are the same people. It is an argument about conditions. The same person, forecasting under a cost for error, will forecast more carefully than they do without one.

A price is the aggregate of many such careful forecasts. It inherits their discipline.

Polls as an input, not a rival

FIG. 04 · THE PRICE CONTAINS THE POLL



The price contains the poll.

The framing of polls against markets is wrong, and this guide has used it so far only for clarity.

A price is not a competitor to a poll. It is a consumer of one. When a poll is published, participants read it, judge how much weight it deserves against everything else they know, and adjust their positions. The price after publication contains the poll, discounted by the market's collective view of its reliability.

The same is true of the turnout model, the historical base rate, the morning's news and the commentator's view. All of it is an input. The price is the output.

This is why a price and a poll disagreeing is informative rather than contradictory. The market has seen the poll. If the price has not moved to match it, participants have judged, with capital, that the poll is measuring something other than the outcome, or measuring it badly, or that something else outweighs it.

They may be wrong. Markets misjudge polls, and thin markets misjudge everything. But the disagreement is a considered one, made by people who paid to make it, which is a different kind of disagreement from the one on a panel.

The practical consequence: a poll should be read alongside the price, not instead of it. One is a component. The other is the assembly.

Reading the price

ILLUSTRATIVE EXAMPLE · NOT LIVE PRICES

FIG. 05 · ONE CONTRACT

Does the measure pass the chamber before the session ends?

Yes	62
No	40
Book sum	102
Spread	2 points
Last trade	11 min ago
Moved from	55, yesterday

A price of 62 on a yes contract means the market's aggregate belief is approximately a 62 percent probability. The conversion is direct: cents to percentage points, with adjustments for fees and the small overround that appears when the yes and no prices sum above 100.

Three readings follow from the number.

The implied probability. Sixty-two is not a prediction that the event occurs. It is a statement that, across many such situations, the event occurs about 62 times in 100. The other 38 are not errors.

The spread. The distance between the best bid and the best offer is a measure of how converged the participants are. A one-point spread indicates a population that broadly agrees. A ten-point spread indicates that no consensus exists and the midpoint is an artifact of two distant orders rather than a belief.

The movement. A price that has moved from 55 to 62 in a day has absorbed something. Identifying what is the beginning of understanding the number rather than merely reading it.

What the price does not contain is certainty, and any reading that extracts certainty from it has misread it. The table shows a single illustrative contract with all three properties visible. None of the figures is live.

Where markets are weak

FIG. 06 · FOUR CONDITIONS SCHEMATIC

THIN BOOK Few participants, price held by nobody	LONG HORIZON Capital cost pulls the price toward 50
LOW SALIENCE A handful of opinions, dressed as a consensus	AMBIGUOUS RULE A blend of answers to different questions

A price is only as informative as the conditions that produced it, and four conditions degrade it reliably.

Thin books. A contract with little capital committed is priced by few participants, and a few participants can hold an inaccurate price indefinitely because nobody has arrived to correct it. Volume and depth are the first thing to check and the last thing most readers look at.

Long horizons. A contract resolving in eighteen months is priced by people who must forgo the use of their capital for eighteen months. The price embeds that cost, which pulls it toward 50 regardless of the underlying probability.

Low salience. Questions that few people care about attract few participants, and the participants they attract are not representative of anyone. The price on an obscure question may reflect the opinion of a handful of individuals.

Ambiguous resolution. A contract whose settlement rule admits more than one reading is priced on the reading each participant assumes. The price is then a blend of answers to different questions.

These are not exotic failure modes. They are the ordinary state of most contracts outside the few that attract broad attention. A reader who treats every price as equally informative will be misled by most of them.

And a price that is informative is still not a guarantee. Capital committed to any market is capital exposed to loss, and the most accurate price in the world resolves against its holder roughly as often as its number says it will.

Divergence

FIG. 07 · FOUR EXPLANATIONS, IN ORDER

01	Information	The market has incorporated something the consensus has not
02	Liquidity	The price is an artifact of a thin book
03	Criteria	The contract resolves on a different event
04	The market is wrong	Possible, and listed last

When a price and a public consensus separate, four explanations are available, and they should be considered in this order.

Information. The market has incorporated something the consensus has not: a development since the poll's fieldwork, a structural fact about turnout or procedure, a reading of the question that the headline obscures. This is the most common explanation and the least examined, because it requires asking what the market might know.

Liquidity. The price is not a consensus at all but the artifact of a thin book, and the divergence reflects the absence of participants rather than their judgment. This is checked by looking at depth and spread before looking at anything else.

Criteria mismatch. The contract does not resolve on the event the consensus is discussing. The headline and the settlement rule describe different things, and the price is correct about the rule.

The market is wrong. This is possible, and it happens, and it is listed last because it is the explanation most readers reach for first and it is the least frequently correct.

The order is the discipline. Each explanation is cheaper to check than the next, and each, if confirmed, makes the next unnecessary. Reaching the fourth without passing through the first three is not analysis. It is preference.

A NECESSARY STATEMENT OF LIMITS

This guide describes why a price is constructed differently from a poll. It does not establish that any price is correct. Markets are wrong for the reasons on the preceding page and for reasons nobody has cataloged, and capital committed to any market is capital exposed to loss. A reader who understands a price better than the panel does can still be on the wrong side of it, and frequently will be.

Where iPredicta fits

Everything in this guide has treated "the price" as a single number. It is not. The same question is priced on more than one market, and the prices differ.

That difference is not noise. Two populations, with different compositions and different information, have examined one question and reached different implied probabilities. The gap between them is a measurement of disagreement between people who have paid to disagree, which is the most informative kind.

ILLUSTRATIVE · NOT LIVE PRICES

FIG. 08 · ONE QUESTION, TWO BOOKS

TERMS DIFFER

Does the scheduled decision change the policy rate?

TERMS	Venue A	Venue B
Implied probability, Yes	48	53
Settlement source	Published decision	Published decision
Cutoff	Meeting date	Month end
Last trade	4 min ago	1 h 12 min ago

It is also nearly impossible to see by hand. Locating the same contract on two venues, confirming the settlement terms match, and reading both prices at the same moment takes longer than reading either, and by the time the second is found the first has moved.

iPredicta exists for that view. Every market, wherever it is priced, presented in one place, with the terms shown alongside the levels so that a difference can be attributed rather than merely observed.

One price is a reading. Two prices, with their terms, are information. That distinction is what this guide has argued from its first page.

The board is at ipredicta.co, and the question whose poll you have just read about is priced on it.

What we are, and how we are paid

iPredicta is a media and data company. It is not a venue and not an operator. No deposits are taken, no client money is held, and nothing is executed here.

Revenue comes from affiliate commission when a reader opens an account at a venue. That is stated rather than buried because it determines the incentive, and the incentive is worth being able to see: a business paid on breadth has reason to present every venue and no reason to favor any one of them.

Editorial follows from the same position. The site publishes what the prices say, which includes publishing that a question is thinly traded, poorly specified, or receiving more attention than its book can support.

WHAT WE DO NOT DO

Take deposits or hold client money.

Execute anything.

Tell you what to buy.

One platform, every market.

IN SUMMARY

The argument

01	A poll is a sample.
02	A price is a stake.
03	One is scored. One is not.
04	The price contains the poll.
05	Read it as a probability.
06	Check the book before the number.
07	When they disagree, ask why, in order.

A poll and a price measure different things, and only one of them is priced by people who pay for being wrong.

Over the coming days a short video follows, along with the single idea from this guide that carries the most weight of the seven, and a worked example run end to end on one question.

Read one poll against its price today.

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