

BRIEFING • PREDICTION MARKETS

GAMBLING ON DEMOCRACY

Briefing 2: Price Vulnerabilities in Prediction Markets

An examination of 18,780 markets on the 2026 U.S. congressional midterms across Polymarket, Polymarket US and Kalshi, and the 11,011 with live order books open on 1 September 2026.

11,011

markets with a live order book, as of 1 September

97%

movable five cents for under \$3,500

\$23

typical cost to double an underdog's implied probability

45%

of prices move five cents before a trade is confirmed

"Prediction markets are often more accurate than traditional polls and expert predictions. The collective wisdom of diverse participants, each motivated by the potential for profit, leads to highly reliable forecasts. This makes prediction markets an excellent tool for gauging real-time probabilities of future events." [Polymarket](#)

"As prediction markets go mainstream, millions of Americans are turning to Kalshi ahead of the midterms, not just to trade, but to see what the crowd forecasts. Roughly 75% of visitors check odds; 25% trade." [Kalshi](#)

THE GAP BETWEEN THEORY AND PRACTICE

As the major platforms are eager to convey, prediction markets create conditions that may, when met, make them more accurate than traditional polls and expert prediction, namely: universal access, financial incentives and live probabilities. [Research](#) has found that election betting markets have quite accurate forecasting abilities. Correct predictions of Donald Trump's unexpected 2024 presidential election victory solidified a perception that prediction markets outperform polls.

However, if the conditions for accuracy are not fulfilled in practice, markets may be unreliable, untrustworthy or open to manipulation. While profit motives may dissuade manipulation, [research](#) found manipulation is possible when markets are thin, a remarkably common feature of midterm congressional markets. Where markets on democratic elections are concerned, this gap between theory and reality opens the door to manipulation and misinformation, raising questions about such markets' value as a reference point, and, ultimately, whether they are in the public interest.

ACDC examined **18,780 markets** related to the 2026 U.S. congressional midterm elections on Polymarket, Polymarket US and Kalshi, and the live order book of the **11,011 markets** still active on 1 September on the three platforms. This briefing focuses on structural vulnerabilities in these markets that create the conditions for deliberate price moving and manipulation.

Prediction markets allow users to exchange contracts priced between 0 cents and \$1 on real-world events, with the price reflecting the implied probability of the event in question. Prices move according to betting activity on that event, reflecting the midpoint price, last traded or requested price at any given moment. We find a single wager can significantly move that price, and therefore the perceived probability, of most congressional races. This is primarily because prediction market platforms have opened far more election-related

markets than demand would appear to support. Combined, the three platforms studied now have **40 times as many markets** as 2024 for a similar number of races, and while the top races have seen tens of millions of dollars, such as the Texas (\$37M), Michigan (\$16M) and Maine (\$16M) Senate seats, **77% of markets have less than \$1,000 in volume**.

A manipulated price can ripple through the information ecosystem as if it reflected real momentum. Not only do the conditions exist in the majority of markets, it may have already happened.

What We Find

- 01 A price move costs less than the maximum personal campaign contribution.** In 97% of congressional markets with a live order book, \$3,500 — the maximum allowed personal campaign contribution — will buy a price shift of five cents or more. Only 39 of the 11,011 cost more than \$25,000 to shift prices by five cents.
- 02 Prices can move before the trade is even accepted.** In 64% of markets on Polymarket and Polymarket US, a user would only need to place a typical order of \$1 to shift prices five cents, without necessarily finding a counterparty or fulfilling the actual trade. On Kalshi, 63% of markets cost a nominal \$25 or less to move the price five cents.
- 03 Underdog markets are cheapest to move.** A user can double the implied probability of a candidate winning their election for under \$100. For 806 of the 1,094 markets priced at five cents or less — implying a probability of 5% or less — a move of five cents costs under \$100.
- 04 Bigger moves are barely more expensive.** The vast majority of markets, 94%, would move ten cents following a single bet under \$1,000. Almost every market moves 25 cents after bets under \$25,000. Institutional cash is not necessary to dramatically change perceived probabilities.
- 05 In many markets, one user has already single-handedly moved prices.** ACDC identified 353 cases of 2026 congressional markets on Polymarket where one or two wallets shifted a price five cents or more. These prices stuck three quarters of the time, yet in settled markets the shift was in the direction of the correct outcome only half the time.

WHY MOVE A MARKET?

Prediction market prices are now frequently cited in news reporting and by campaigns. This creates an alternative incentive to the short-term profit motivation that prediction markets rely on to arrive at an accurate price. A price which shows a candidate gaining momentum or leading the field could be worth as much as a friendly poll or an influential endorsement. Individuals, companies or institutions may view losing bets that improve perceptions much like campaign donations: a short-term investment in longer-term electoral outcome gains. For underdog candidates that might be struggling to attract media attention and are looking to signal viability and attract donors, almost any news story about their candidacy can have significant publicity value.

While prediction market prices are constantly moving, citations in the media or campaign fundraising materials tend to show them as a static snapshot. Bets that raise or lower a price in a given moment could be money well spent, even if the manipulated price only holds for a short time.

PRICE-MOVING MECHANICS

On prediction markets, contracts trade in real time, and the headline price can differ significantly between platforms, partly because they calculate it differently. The price is the midpoint of the order book on Polymarket, the best ask price on Polymarket US and the last traded Yes price on Kalshi, based on observation. Any of these calculated headline prices can move with a single fulfilled order.

POLYMARKET

Headline price is the **midpoint** of the best bid and best ask. An unmatched bid inside the spread moves it.

POLYMARKET US

Headline price is the **best offer** available. Offering a different price shifts it in 97% of the platform's markets.

KALSHI

Headline price is the **last traded** Yes price. No order moves it without a real execution.

Polls often survey at least 1,000 people, a scale only reached in 11 markets related to 2026 races. However, this alone does not necessarily prevent prediction markets from being accurate. [Research](#) finds that a main factor in a market's forecasting quality is diversity of

participants, rather than volume. Several informed users in a smaller market could trade amongst each other to produce a predictive price.

On the other hand, when a small number of wallets are active in a market, its predictive power becomes reliant on the quality of these few bettors. Are they all well informed, profit-driven forecasters, or are some looking to manipulate the perceived probabilities to change public perceptions? The lower the volume and diversity, the more power users have to warp perceived probabilities, often for very little cost.

THE COST TO MOVE A MARKET

To evaluate how easy prices were to manipulate, we used live order data from open markets to calculate the volume necessary to move a price by five cents. Across Polymarket, Polymarket US and Kalshi, we found that **10,972 of the 11,011 congressional markets could be moved by five cents for less than \$25,000**. While Kalshi's markets on average cost more than Polymarket's to shift by five cents, none of the platforms require large amounts of cash to shift prices in almost all markets. In **97% of markets, \$3,500** — the maximum allowed personal campaign contribution under U.S. electoral law — buys a price shift of five cents or more. For a typical market, it costs **under \$1** to move the probabilities five cents.

However, a user only needs to commit money to the order book, without a trade actually executing, for prices to shift five cents for **64% of the 7,764 congressional midterm markets on Polymarket and Polymarket US**. For Polymarket, this happens because the platform shows the midpoint of the best bid and ask. To shift prices, for example in cases where the spread is less than ten cents, a wallet could make a bid in the middle of the spread, which would then shift the midpoint. For Polymarket US, the pre-trade price shift is possible because it displays the best offer available, instead of the last successful trade. Therefore, it is possible to shift prices by just offering a different price, an option that is available in **2,955** of markets on the platform (**97%**).

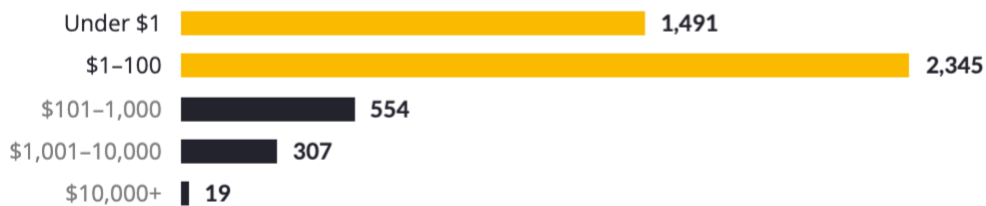
On the other hand, Kalshi displays the last traded price, which no order can move without a real execution. If we look at the three platforms together, it costs a nominal **\$25 to change the price five cents in 75% of all electoral markets**.

FIGURE 1

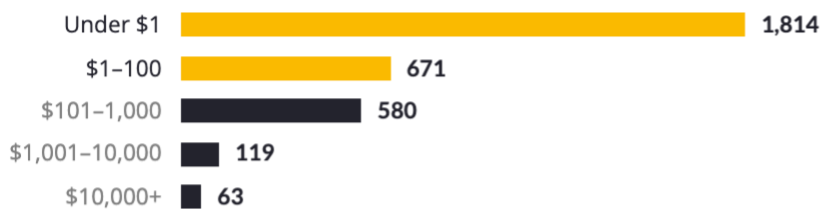
What it costs to move a price five cents

2026 congressional markets with a live order book, grouped by the price to move a market up or down five cents. Gold marks markets movable for \$100 or less.

POLYMARKET • 4,716 MARKETS



KALSHI • 3,247 MARKETS



POLYMARKET US • 3,048 MARKETS



MARKETS • AXIS TO 3,000

This manipulation risk is particularly present in markets on low probability outcomes, such as an outsider or underdog winning a race, because there are many willing takers on the other, more certain side of the bet.

For 806 out of 1,094 distant underdog markets, such as where the candidate has a 5% or lower chance of success, the price could be moved by five cents for under \$100. In other words, it costs less than \$100 to double an underdog's probability of winning. **A typical underdog market moves for \$23.**

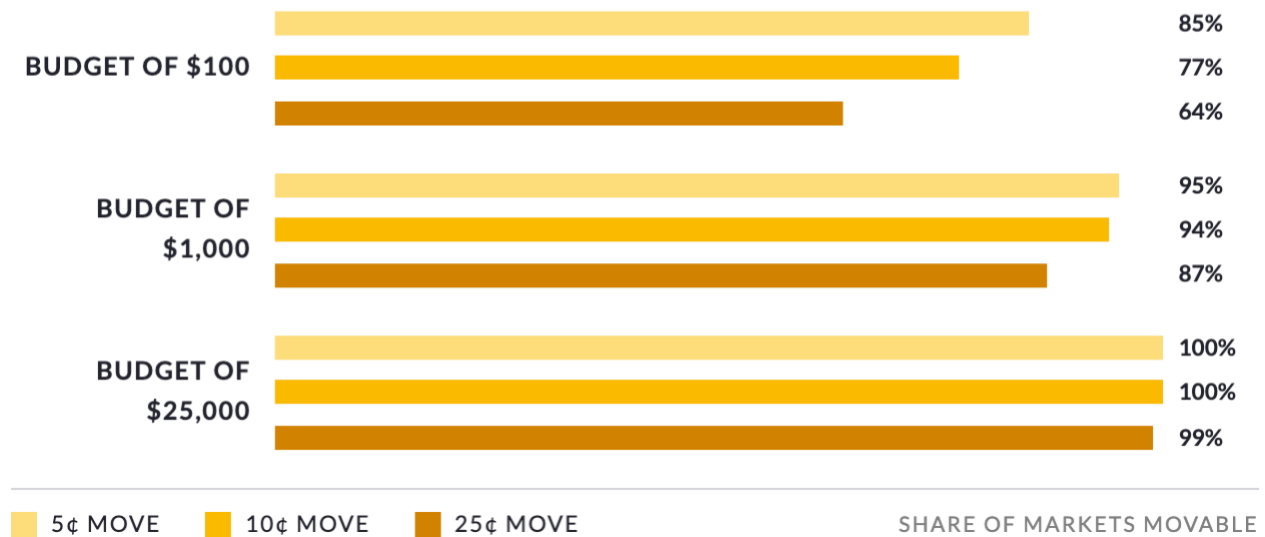
For a tiny fraction of the cost of a TV ad, a candidate with little prospects could appear like they have a small, but increasing, chance. Even for high-volume distant underdog markets, moving a price from a few cents to ten cents is cheap, and may bring fresh momentum to a candidacy if reported as the wisdom of the crowd.

It does not cost substantially more to move prices ten cents or twenty-five cents rather than five cents. Over 93% of markets can move ten cents for under \$1,000. For someone attempting to manipulate prices, this is still a small investment for even greater reward.

FIGURE 2

How far a budget moves a price

The share of 2026 congressional markets whose price can be shifted by each amount, for under each budget. Each price-shift rung is scored only on the markets where that move is possible at all.



THE POSSIBILITY ALREADY EXISTS

On Polymarket, the only platform where wallet-level transaction data is available, the amount needed to move a price by five cents has already been bet by at least one wallet in 83% of 3,206 congressional markets with a live order book and a wallet that traded for the 2026 cycle. In several of the remaining markets, the top spender came close to wagering the necessary amount.

FIGURE 3

The money it would take to move prices, against the money already in the market

Above the diagonal: cases where the market's biggest wallet has already traded more than the cost to move its price five cents. Polymarket markets with a live order book.



AND THE PRICES HAVE ALREADY MOVED

"Prediction markets are, by construction, self-correcting, ensuring that any attempts to distort prices are both short-lived and financially costly." [Kalshi](#)

We found **353 cases** on 2026 congressional markets on Polymarket where one or two wallets moved a traded price by five cents or more. Given how little money it can take to move certain markets, we only looked at cases where the wallet spent \$250 or more. We also excluded price shifts on or after voting day, i.e., during the count of a primary election. After the wallet bet sufficiently to move the price, the market could respond in three ways over the next 24 hours:

Snapped back: In 80 cases, the traded price returned to its original position within 24 hours, typically after about 11 hours. If the intent was to move the market, these wallets were unsuccessful. Across all these cases, the wallets spent \$166,786.

Stayed: In 211 of the 353 cases, the traded price stayed at its new level over the next 24 hours — typically for roughly four days. This was the most common response.

Carried on moving: The most “successful” shifts — **62 cases costing wallets only \$66,388 in total, an average of just \$1,071 a move** — not only stuck but built momentum. 52% of the moves that carried on never reversed to pre-shift levels before the primary vote.

TABLE 1

What the price did

WHAT THE PRICE DID	CASES	SPENT	MARKETS SETTLED	PUSHED THE RIGHT WAY
Snapped back	80	\$166,786	58	34%
Stayed at the new price	211	\$237,043	135	51%
Carried on moving	62	\$66,388	47	49%

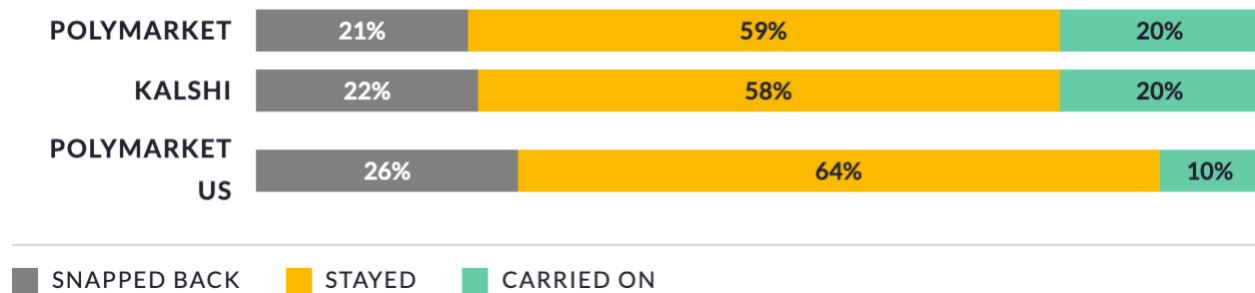
Overall, for settled markets where the outcome is known, these price shifts pointed the right way only 47% of the time.

Kalshi and Polymarket US do not offer wallet-level data, so we are unable to identify single-wallet pushes or evaluate how many wallets were involved in price pushes on those platforms. However, across 1,181 markets and 297 congressional seats on Kalshi and Polymarket US, we identified 4,026 instances of \$250 or more moving a price by five cents or more before voting day for the contest. In 58% of cases the prices held, while in 19% of cases they carried on the momentum, similar to the findings from Polymarket. Without data on individual wallets' betting, we can't determine the portion of these shifts that were initiated by multiple wallets and likely reflect changes in sentiment rather than potential attempts at manipulation.

FIGURE 4

Did price shifts hold?

The share of price shifts that snapped back, stayed at their pushed level or continued in the shift's direction.



While this analysis looked at all congressional markets, since any could be used to change the perceptions of possible election outcomes, we conducted similar analysis on smaller segments of markets, such as those that are most likely to be treated as polls, like the results of races and names on the final ballot. The results do not change by more than a few percentage points. The exception was accuracy of the push direction for settled markets, where we found the response to price changes was slightly more predictive of the outcome. Prices that snapped back were pushed in the right direction only 33% of the time, while prices that built momentum were shifted correctly 59% of the time.

CASE STUDY

TEXAS SENATE RACES

It only takes a single wallet to substantially move prices. Coverage of prediction market probabilities rarely reports how many wallets produced the price, or whether a competing platform priced the same contest differently. In gaps between opportunities to ingest new information, such as polls, that anchor a candidate's chances, users, including automated bots, may be betting according to the activities of other users.

This case study, based on the most heavily traded contest of the cycle, shows these dynamics in two instances of price shifting. In one, a media outlet cited one platform's price after a shift without context. In the other, an automated response amplified the original price shift.

DECEMBER 2025: ONE WALLET, THEN A NEWSWEEK ARTICLE

The Texas Senate Republican Primary pitted Texas Attorney General Ken Paxton and U.S. Representative Wesley Hunt against incumbent Senator John Cornyn. Cornyn won the first round on 3 March 2026, followed by Paxton, who was the eventual winner of the run-off election on 26 May. Hunt received only 13% of the first-round votes. Prediction platforms offer markets for each candidate independently, asking for bets on yes or no for whether a candidate will win a primary race.

On Polymarket, on 22 December 2025, one wallet bet \$1,760, which shifted Paxton's price down from 55 cents to 50 cents. Fourteen hours later a different wallet bet \$1,240, which brought it back up from 52 cents to 63 cents. The push up by eleven cents actually cost less than the five-cent push down, demonstrating how cost to shift prices depends on the order book and is not consistently proportional to the size of the price shift. The second move held: Paxton traded in the low-to-mid sixties for the next six weeks through January, but the polls didn't change, keeping Paxton around 27%. Kalshi prices remained fairly constant during the period in December and never reached above 60 cents.

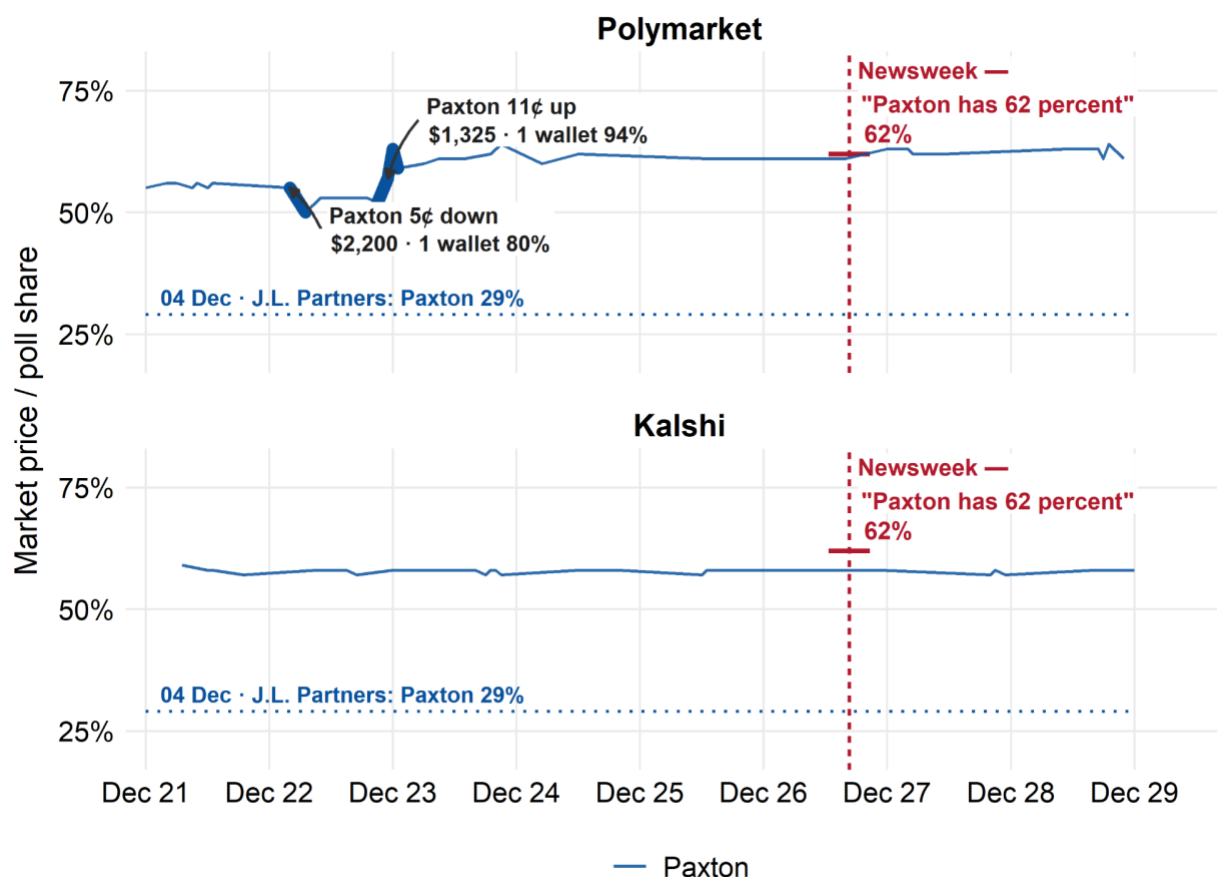
Four days after the push up, [Newsweek](#) ran a piece reporting that Polymarket had Paxton leading the field: "According to Polymarket, Paxton has 62 percent of the potential vote compared to Cornyn's 28 percent and Hunt's 8.8 percent, as of 4:40 p.m. ET on Friday." The piece did not mention that Kalshi's implied probabilities of the same event differed.¹ The price did not drop back below its pre-push level of 55 cents until February, when there was another push by a single wallet.

¹ Newsweek's interpretation of Polymarket's data is inaccurate. Polymarket is asking where a candidate will win the first round of the primaries independent of one another. While theoretical prices on prediction markets translate to implied probabilities, combining the probabilities into vote shares is inaccurate. The market is indicating Paxton has a 62% chance of winning the primary, which would only require Paxton to have a plurality of votes and is not reflective of the vote share.

FIGURE 5

Texas Republican Senate Primary: December 2025 price shifts

Market price for whether Ken Paxton would win the Republican primary, on Polymarket (top) and Kalshi (bottom). J.L. Partners poll of 4 December shown as a dotted line at 29%; the red line marks Newsweek's report of Polymarket's odds.



FEBRUARY 2026: MORE MONEY, MORE BOT DYNAMICS

By that point, there was significantly more money in the race. Prediction market prices cost more to move, but could still be shifted. On the night of 7 February, three wallets on Polymarket shifted prices in two different markets, one asking whether Paxton would win and another asking whether Hunt would win. First, two wallets bet \$23,953, and pushed Hunt up ten cents. A similar shift was seen on Kalshi. Within two hours, another wallet on Polymarket spent \$38,830, which pushed Paxton down eight cents. The price on Hunt's victory fell back down, but two days later, several wallets pushed it back up on both Polymarket and Kalshi. The following day, on Polymarket, 17 wallets including eight bots — automated users who bet around the clock — pushed down Paxton's price, potentially in response to the increase in price for Hunt.

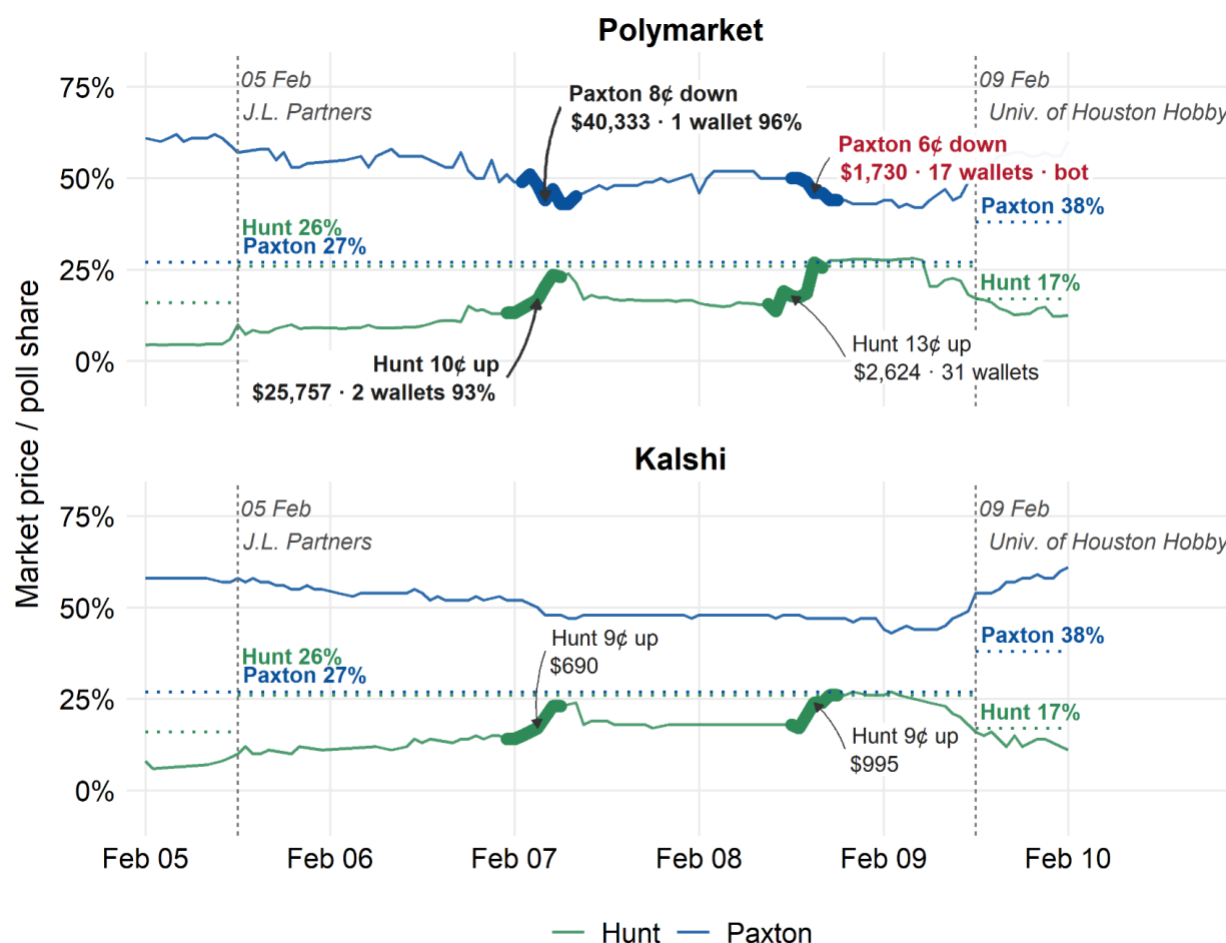
By the time polls revealed Paxton was ahead 38% to Hunt's 17%, Hunt's price had reverted down, with Paxton's continuing to increase upwards. On Kalshi, the implied probabilities

for Paxton decreased gradually until shortly before the polls were released, after which the price for Paxton increased.

FIGURE 6

Texas Republican Senate Primary: February 2026 price shifts

Market prices for Ken Paxton and Wesley Hunt on Polymarket (top) and Kalshi (bottom), with the labelled shifts of 7 and 8 February. Poll results from J.L. Partners (5 February) and the University of Houston (9 February) shown as dotted lines.



WHAT THE CASE SHOWS

The two large, five-figure trades by one or two wallets that will eventually run contrary to the polls, political momentum and eventual outcome — such as the 7 February trades for Hunt and against Paxton — are difficult to explain without a market-moving motivation. It's possible these wallets were unlucky risky bettors believing their bet and position would be profitable rather than active manipulators. But the routine quoting of prediction market prices in media such as Newsweek, MS Now (formerly MSNBC), Bloomberg and Forbes, among others, for the Texas race provided an opening for perception buying that also explains these large trades.

Further, absent recent and reliable external data, markets appear to respond to each other, including responding to trades that may be intended to move or manipulate a market rather than generate a return on investment. In February, Kalshi's prices for Paxton dipped slightly in between polls, but revised upwards with polling data. Polymarket's pricing also moved — upwards for Paxton and downwards for Hunt — with polling data, but experienced significantly more fluctuation in between. Ultimately, price shifts were overtaken by polls. The automated wallets that sold Paxton down as Hunt was bid up illustrate how some wallets trading on price movement may be unable to distinguish a manipulative bid from genuine momentum, and can participate in a domino effect from a single wallet's move into adjacent markets in the same contest.

The cost of moving a market rose but did not become prohibitive. Movement of eleven cents cost \$1,240 in December; eight cents cost \$38,839 in February. Rising liquidity raises the price of influence without removing it, which is a weaker safeguard than volume figures alone suggest.

IMPLICATIONS FOR REPORTING

Media reporting on prediction market prices should take into account as complete a picture as possible: prices on different platforms, the number of wallets trading in a market and the volume bet. The published price is a platform-specific number, only relevant in a moment in time. Kalshi never priced Paxton above 60 cents during the December window. Outlets publishing prices from platforms where wallet data is available, such as Polymarket, should include recent, significant, concentrated betting. This case study highlights why this data is valuable across other platforms that have price shifts, but it's unclear how many wallets it's attributable to.

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CONTACT: TEAM@ACDATACOLLECTIVE.ORG · WWW.ACDATACOLLECTIVE.ORG

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NOTES ON METHOD

SCOPE

The 2026 US congressional cycles on Polymarket, Polymarket US and Kalshi current as of 1 September 2026. Order books are a live measurement and were also read on 1 September 2026. Every cost-to-move figure describes the order book on that date specifically.

VOLUME CONVENTION

Polymarket reports volume counting both the maker and taker legs of a trade; Kalshi and Polymarket US report just the taker side. ACDC used per-market trade data to calculate the taker volume for each market on every platform, rather than rely on reported totals to keep the methodology consistent. This does not always sum exactly to the platform's stated volume given it does not include some types of transactions, including minting. The difference between the methodologies impacts 2024 totals significantly more than 2026 totals, with 2026 totals more aligned regardless of methodology.

HEADLINE PRICES

The platforms do not all say how their headline price is calculated. Polymarket publishes its rules, it uses the midpoint of the order book which is the average of the best bid and best ask. They state there's an exception when the spread is larger than 10 cents, though we found the observed prices differed from this exception. Kalshi and Polymarket US do not publish rules, and we estimated their rules by comparing the live site against the order book, market by market. We found that Polymarket US shows the best offer and Kalshi publishes the last traded Yes price.

PRICE MOVE COSTS

ACDC read the full public order book for every open market on all three platforms and calculated the cost to move the market. We compared our calculations to those of Bellwether by Stanford University as a verification check, though our methodologies may differ slightly, we found them to be broadly consistent. To change the midpoint per Polymarket, the cost to move it five cents is the total a trader would spend buying up every contract offered within five cents of that midpoint, or selling into every bid within five cents below it (whichever is cheaper). For Kalshi, it's the cost to buy or sell contracts such that the last traded price is 5 cents from the previous last traded price. We included the trading fees each platform charges. In certain cases on Polymarket and Polymarket US, the price can be moved by placing an order without any trade occurring, and the cost is recorded as the commitment cost to add the bid to the order book. Markets quoted on one side only (willing takers, but no buyers) on Polymarket have no midpoint and are excluded. A move is only counted where it is possible: a price at 3 cents cannot fall five cents, and no price can rise above \$1.

WALLETS

Any figures at the wallet level are for Polymarket only and consider both maker and taker trades. Kalshi and Polymarket US are off-chain and do not have a public wallet identity that can be used to aggregate one wallet's trades. A wallet is not a person as one trader can create more than one wallet.

