ANTI CORRUPTION DATA COLLECTIVE

GAMBLING ON DEMOCRACY

Briefing 5:
After the Midterms

Platform data current as of **15 November 2026**

+0.2 percentage point difference in accuracy of prediction markets versus forecasting models on congressional races

91% share of congressional midterm profits taken by the top 1% of Polymarket wallets, representing **$23.2M** won by just 819 wallets

$15M net loss by the bottom 99% of Polymarket wallets on congressional midterms

$11.7M estimated fees taken by platforms

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EXECUTIVE SUMMARY

In the aftermath of the midterms, prediction markets have loudly touted their success. They claimed they had seen the blue wave coming and correctly anticipated many of the Senate and House seats that flipped. But so had many leading forecast models and polling.

Building on our work on midterm congressional election markets throughout the summer and fall, this brief takes stock of how well prediction markets performed. Entering into an already crowded data environment, their predictive power was about as accurate as the already-established leading forecast models. Yet prediction market platforms made an estimated $11.7M in fees, all the while contributing little new information to the overall discourse. Just as importantly, **over 90% of betting profits on these electoral markets accrued to just 1% of users on Polymarket**, the only platform we have sufficient data for; moreover, most bettors lost money gambling on midterm elections. In the end, prediction markets create real risks to election integrity that cannot be ignored, while concentrating the financial rewards on a select few.

Prediction markets accurately predicted 32 seats in the Senate and 409 seats in the House, a 95% accuracy rate, missing 23 races total. In our previous work, we describe how thinner, more concentrated markets are more susceptible to price fluctuations and inaccuracies. When comparing markets where the market missed against those it guessed correctly, markets that missed were more likely to have lower volume, fewer bets and higher concentration of share of volume in the top-five bets or wallets. Even when the overall midterm accuracy was high, vulnerabilities in individual markets can still lead to inaccuracies and the risk of market manipulation remains.

Prediction markets are trying to become a mainstay of an already established ecosystem of election data and forecasting. We found the prediction markets, which had a 91% accuracy in the Senate and 95% in the House, were **on par with the 91% and 95% accuracy rate for an equally-weighted average of six election forecast models**. When considering missed races, some individual forecast models outperformed prediction markets, such as models that correctly predicted a Democratic victory in Iowa when prediction markets predicted the opposite.

There is little learned exclusively from prediction markets not already captured by one of the high-quality available forecast models. Traders are likely incorporating data from forecasters, but this is a one-way street as it does not appear forecasters are incorporating prediction market data in their models. If prediction markets only follow and accelerate trends first established by forecasters, their added value is not clear.

What is becoming clearer is their costs. At a time where affordability was a major issue at the ballot box, average traders handed over their cash to an elite few, including many professional and automated traders. **On Polymarket, 819 wallets — the top 1% — took 91% of everything won, $23.2M**. The bottom 99% collectively had a net loss of $15M. Given not all positions had been finalized at the time, profits and losses do not sum to zero at the moment, likely underestimating losses. And the platforms took their cut no matter who won on election night. **Our best estimate is across the three platforms, they raked in $11.7M in fees on markets about the midterms**.

The vulnerabilities also still remain. One successful election night should not change the assessment; from insider trading to deliberate price manipulation there are risks on the platform still not adequately addressed. Since Election Day, the New York Times has reported on a potential midterms election insider who may have traded on information from unreleased polling. Some of the markets that placed the wrong candidate in the lead were highly concentrated and may have been heavily influenced by a single bettor. Ultimately, prediction markets have gotten it very wrong before, as the recent presidential election in Brazil highlights.

Emerging technologies often argue how necessary they are for our society. Our verdict after the midterms is in: prediction markets on elections are not only unnecessary, but harmful.

HOW WELL DID PREDICTION MARKETS PREDICT?

We define a correct prediction as pricing the winning candidate at 50 cents or higher, the same metric of accuracy used by Kalshi in its own research, 24 hours before the first polls opened on Election Day. We locked in the probabilities from forecast models at the same time so each is judged on a standard distance from Election Day, also defining a correct prediction as a probability for the winning candidate at 50% or higher. Consistent with other calibration analysis, we also looked at prices on prediction markets and probabilities on forecast models one week, two weeks and four weeks ahead of Election Day, again using a standard distance.

Based on known race outcomes on 19 November, prediction markets had accurately predicted 32 seats in the Senate, with three misses, a 91% accuracy rate. In the House, prediction markets accurately predicted 409 seats, with 20 misses and six pending, a 95% accuracy rate.

Before Polymarket and Kalshi entered the election ecosystem in 2024, groups of data journalists, statisticians and political analysts have been building election forecast models that combine various data points such as polls, approval ratings and fundraising and

analysis such as candidate quality to produce a probability a given candidate will win a seat. The best known example is FiveThirtyEight, started in 2008 by Nate Silver and ran through The New York Times, ESPN and ABC News until 2025. The models are now published through the Silver Bulletin and former staff at FiveThirtyEight later developed models for FiftyPlusOne. While traders on prediction markets may be using the same data inputs in determining their bets, or even glancing at the forecast models themselves, it appears none of the forecast models are explicitly including prediction market pricing in their calculations.

When comparing the two offerings, the markets were just as accurate as the models at the 24 hour mark, which had a 91% and 95% accuracy rate in the Senate and House respectively. The prediction markets, similar to the models, leaned more democratic over the month ramping up to Election Day and anticipated the blue wave. In an analysis by the New York Times, forecast models outperformed the markets in the months leading up to the election. Thus, in many ways, prediction markets were solidifying trends set by forecasters.

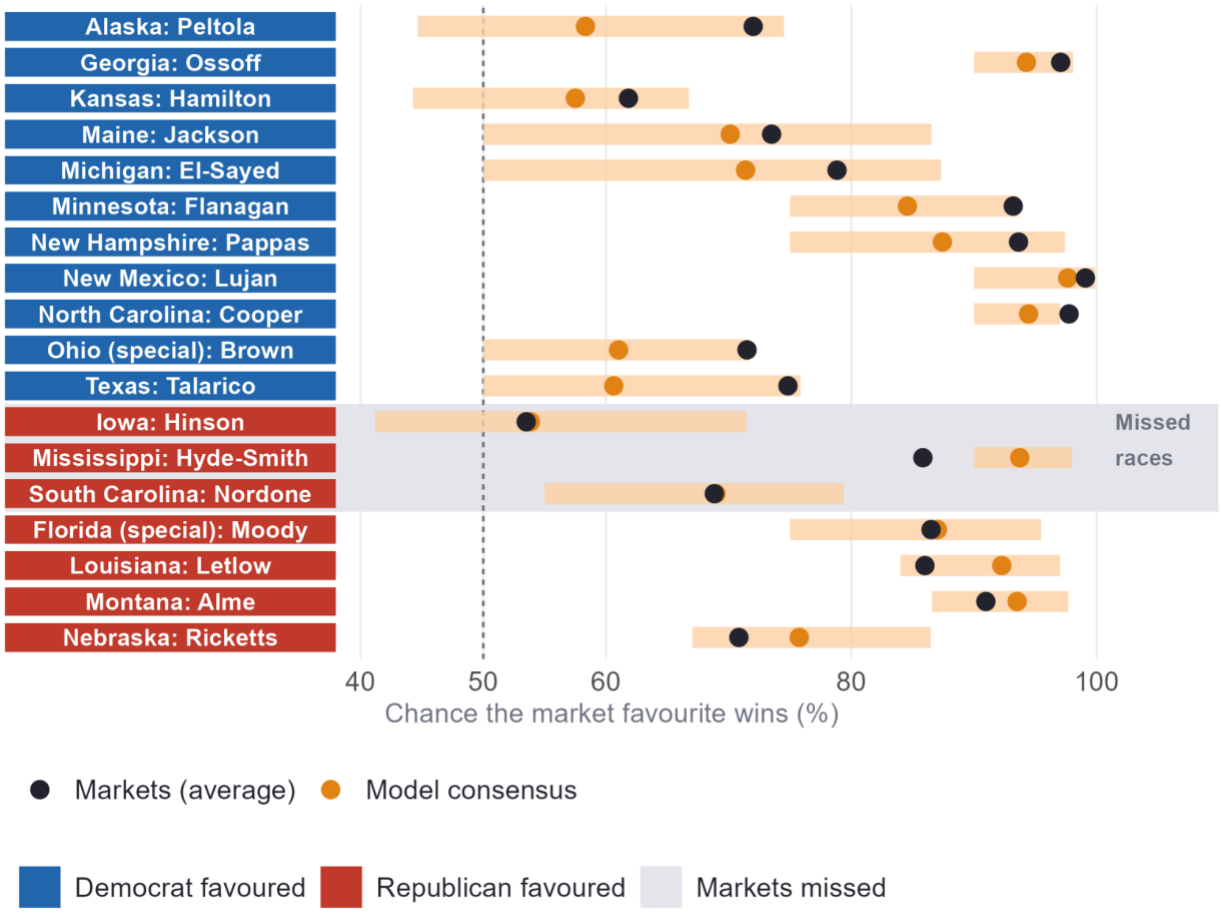
On the eve of Election Day, prediction markets favored the Democrats slightly more than the equal-weighted average of the top six election forecasting models – defined as the model consensus – pricing the Democrat candidate an average of 6 points higher. These models included Silver Bulletin, Cook Political Report, ElectIt, RealClearPolitics, The Economist and FiftyPlusOne. However, as each model is developed differently and emphasizes different outcomes, forecast models can differ from one another, producing a range of probabilities for each candidate.

To compare the accuracy of the information provided by the forecast models with that provided by prediction markets, we plotted the full range of probabilities offered by models shaded in orange, with the consensus point in orange, against the average of price across prediction markets in black, in Figure 1. The prediction market price typically fell within the range of model forecasts.

FIGURE 1

Competitive Senate races: prediction market prices against the forecast models

Every competitive Senate race, 24 hours before the first polls opened (2 November, 6am ET). The orange dot is the equal-weighted average of six election forecasting models and the orange band is the range across them; the black dot is the price averaged over Polymarket, Kalshi and Polymarket US. The prediction market price spread across the platforms averaged 1.5 points with a maximum of 2.4 points and is too insignificant to show. Races the markets missed have a grey band.

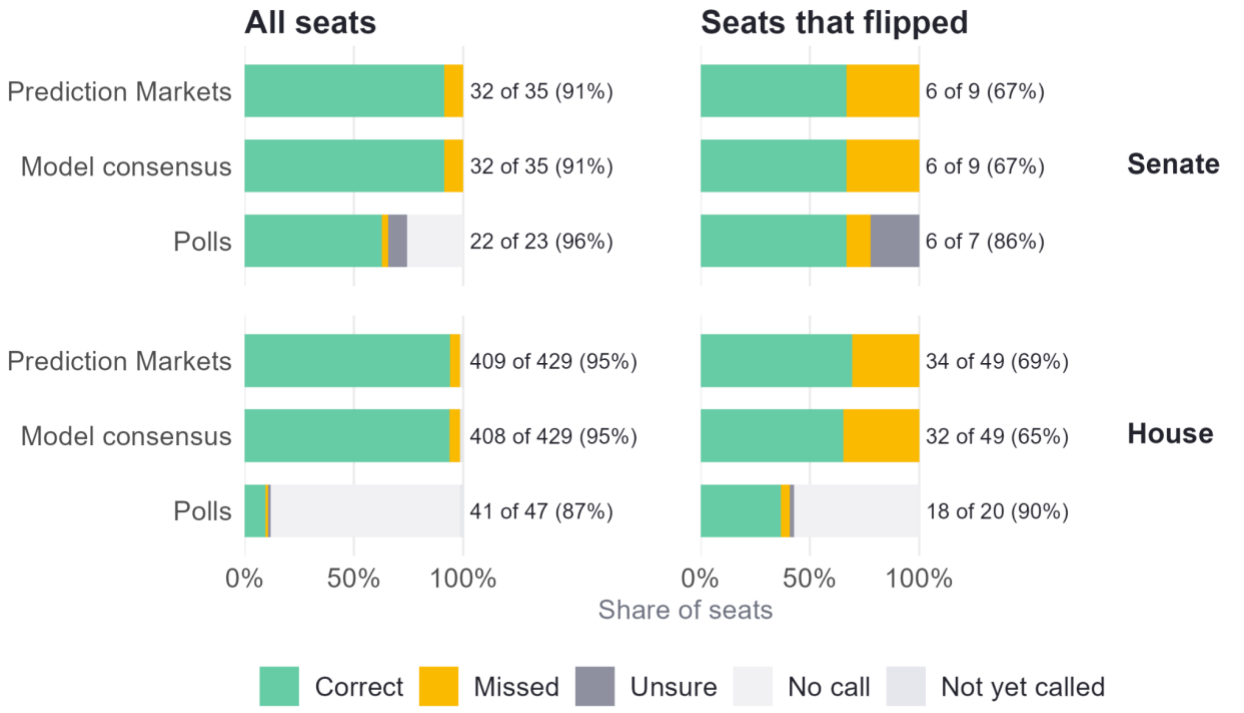


The markets and models aligned in their correctly forecasted and missed seats, as seen in Figure 2. Prediction markets called three seats right where the six-model consensus did not, and the models called two right where the markets did not. The difference between the two, and thus the additional information obtained by prediction markets, is small. What prediction markets did do is more than double down on the models. Looking across the month before the election, the model consensus in a typical race moved 1.5 points, while the typical prediction market price moved 3.3 points. Yet this more bullish approach was not much more accurate and still missed some races.

FIGURE 2

Comparing accuracy of prediction markets, forecast models and polls

Model consensus is the equal-weighted average of six forecast models. Polls is the final polling average, with lead under 1 point classified as Unsure. Polls' percentages are of the races the polls were available.



WHEN AND WHY THE MARKETS MISSED

Both models and markets missed the mark in the most surprising races such as in the Mississippi, South Carolina and Iowa senate races where the Republicans were expected to win (some forecast models did pick a Democratic victory in Iowa). A full list of missed markets is in Table 1 in the Annex.

In general, the platforms were quite consistent with one another and rarely disagreed or differed in price significantly. Markets successfully predicted all but two contests priced above 85 cents. The platforms were least accurate and underperformed for toss-up markets, priced 65 cents or less, with Kalshi predicting 10 out of 24 toss-ups, Polymarket US predicting 11 out of 25 toss-ups and Polymarket predicting 13 out of 25.

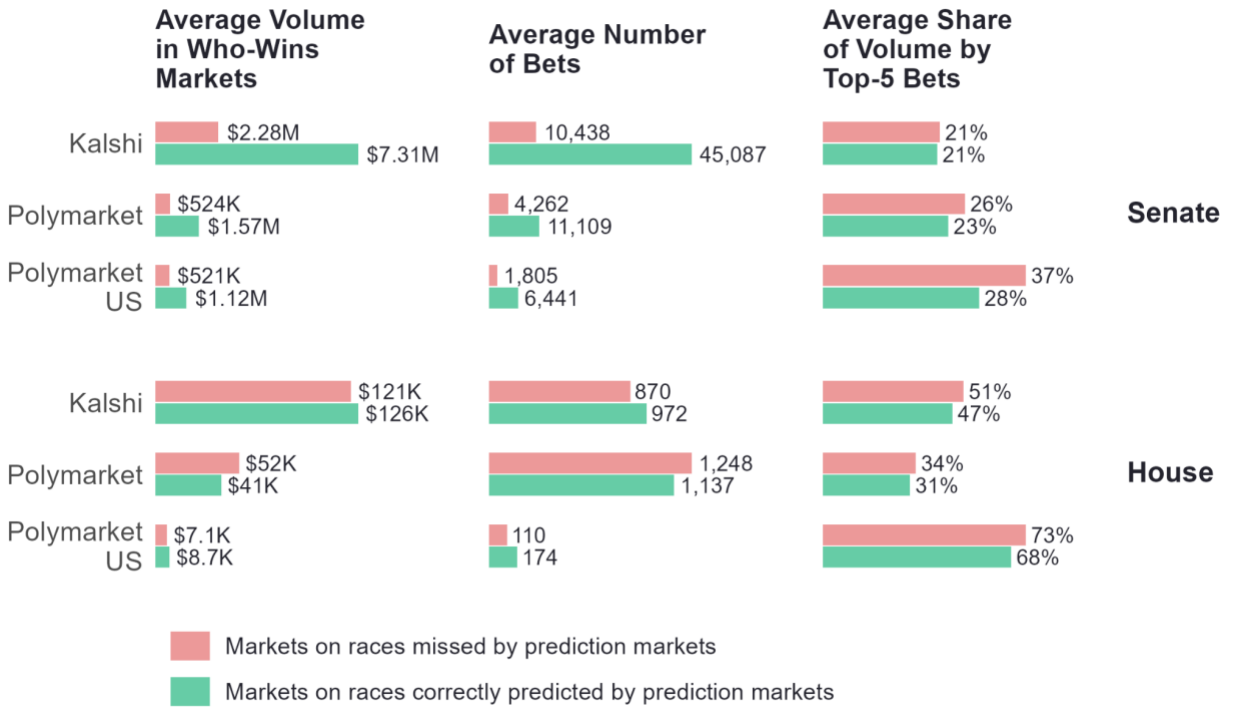
Markets that missed had lower volume, fewer bets and a higher share of volume in the top-5 bets than close markets that resolved accurately and priced the lead candidate at 80 cents or less, as seen in Figure 3. Thinner markets with fewer participants are at risk of being inaccurate because their prices move more easily and cheaply.

But a high price on a wrong outcome doesn't necessarily always result from a spike or a sudden shift. It can also last because traders keep buying at the current high price. When a market has few buyers, and especially when one trader dominates, that trader's willingness to pay can hold the price up on its own. Traders on the other side are glad to take those cheap bets, especially when they eventually pay out. What results is a transfer from the determined bettor to a handful of bettors who are better at playing the prediction markets – with better information, better data, and betting across multiple races. Poorly priced, missed markets are where they profit most.

FIGURE 3

Trends across missed races and correctly predicted ones

Average per race, on missed races versus races called correctly where the markets' pick averaged 80 cents or less at the 24-hour mark: **three** missed markets from Senate races against **seven** the markets called right, and **20** missed House races against **28** the markets called right within the 80 cent price limit.



WHAT POLYMARKET COST ORDINARY USERS

Time and again, analysis on profit concentration demonstrates that most prediction market profits go to a handful of people. Even if a 'wisdom of a crowd' is setting prices, they are not all reaping the reward. While some wallets win big – with one wallet winning **$3.1M** on the balance of power in the House and Senate – most simply lose.

Across 5,946 settled 2026 congressional markets on Polymarket – the only platform where wallet-level data is available – 81,894 wallets bet. Excluding trading in other topics on

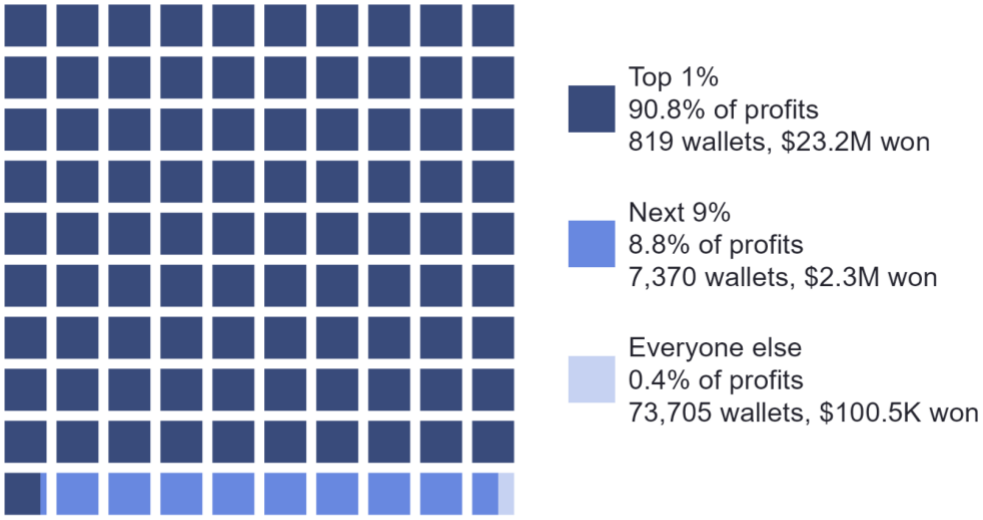
Polymarket, just over half, 42,984 wallets, lost money on the 2026 congressional midterms. 42% of wallets lost money in every congressional midterms market they bet in. Only 34% won money in every congressional midterms market they bet in. At the time the data was pulled, not all positions had been formally closed out according to Polymarket data – particularly traders with a small winning position and a larger losing position – which may underestimate losses.

For every trade that loses, there's a trader on the other side. We find that the top 1% most profitable wallets take home 91% of all profits. Just 819 wallets won $23.2M, an average of $28K, as shown in Figure 4. They have a typical return on investments of 20%, placing $55K in bets. At this scale, these users can hedge against potential losses, diversify and ensure winnings.

FIGURE 4

The 819 wallets in the top 1% took 91% of everything won

Each square is 1% of the **$23.2M** won by the wallets that had positive profit on 2026 congressional races, by which profit band the winning wallet is in. The bottom 90% of wallets have only a portion of the final square. Polymarket only with profit data as of 15 November.



While the top 1% won $23.2M, the rest lost $15.0M: a transfer to the top 1% from the bottom 99%. The top 0.1%, 82 wallets, took more than half of profits, 55%.

On prediction markets, there are two ways to profit. The first is to buy a contract and sell it at a profit before the market closes as part of trading. The second is to buy the winning contract and hold onto it until the end, at settlement, when the platform pays out $1 for each winning contract. The more accurate a trader's predictions, the more winning contracts they have come election night. Profit and losses per market is calculated by summing the revenue made selling any contracts, winning or losing, before a market closes with the number of winning contracts held at settlement and subtracting the costs to

purchase or mint those winning and losing contracts. Smart traders, therefore, should be selling losing contracts and buying winning ones so at settlement they're left with the contracts that pay out.

The top 1% did just that. Everyday traders held onto their mostly losing contracts until settlement, only to see their bets lose. In order for the market to operate, there must be a loser for every winner. The top 1% had 64M net correct contracts at settlement, while the bottom 99% had 81M net losing contracts at settlement. For the top 1% to be paid the full $1 at settlement, ordinary traders paid to hold the other losing side. As a public, we learned nothing from that wealth transfer that wasn't already available via high quality election forecast models; we didn't need the financial losses of ordinary people to gain insights into how the election would turn out.

WHALES AND BOTS DOMINATE

Both platforms describe the collective wisdom of the crowd, a mass of users actively trading. However, on Polymarket we find congressional election markets are dominated by a small, repeating set of the same wallets: whales and bots. Whales have a lifetime volume of over $1 million in over 100 markets. Bots trade around the clock, never sleeping, and spread their trades more evenly throughout the day. Together they represent **8% of all wallets but 45% of all betting** on 2026 congressional election markets.

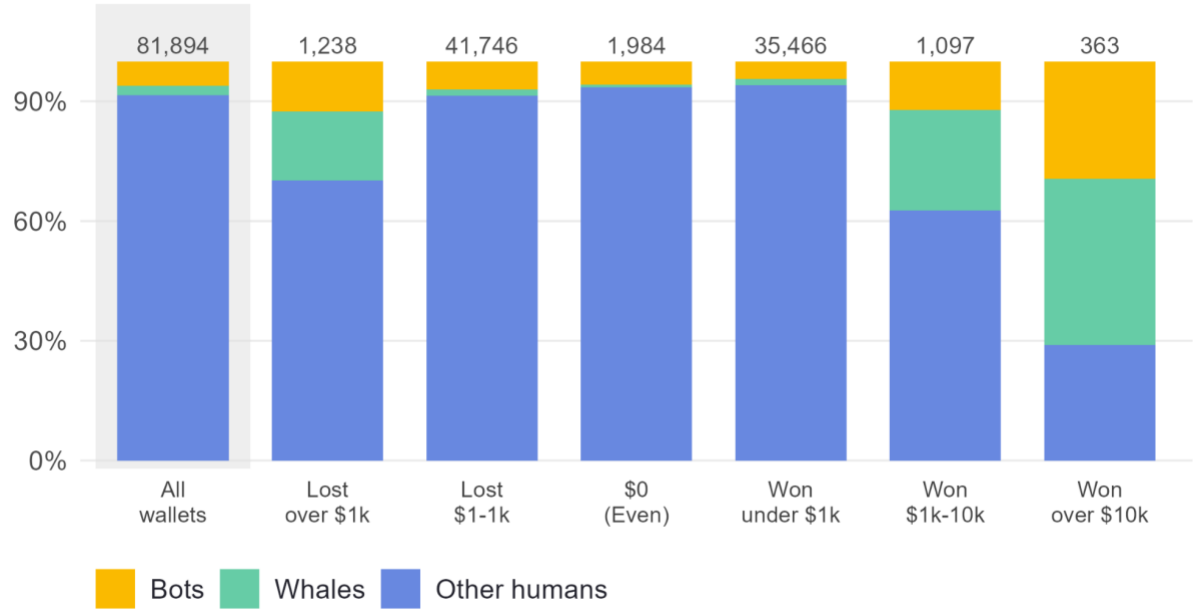
We have classified 6,824 wallets as either a bot or a whale. They put up most of the money, are involved in practically every trade and can be found dominating in almost every race across the country. Some of them win big. Together, they represent **72% of all profits and 76% of the top 1%.** Combined, bots took home $6.9M in profits, whales took $5.9M in profits and the rest lost $4.6M**.** Ordinary humans actually made money trading, but where they lost it the most was at settlement.

Of the 363 wallets that won over $10,000, 108 were ordinary humans, a third of their expected share based on their share of overall wallets. A whale was 20.6 times more likely than an ordinary bettor to win more than $1,000 (22.0% vs 1.1%), and a bot 4.4 times more likely. Figure 5 shows the portion of bots, whales and humans at each profit range.

FIGURE 5

Wallet type by how much profit the wallet made on congressional races

Share of the wallets in each profit band, based on the sum of their profits in each congressional market, separated by wallet type with the total number of wallets in each band above each bar. “All wallets” bar shows the overall wallet type mix for reference.



THE PLATFORMS ARE THE REAL WINNERS

The platforms doubled down on the midterm elections, seeking to redefine the election information ecosystem and make their place in it. On election night, the platforms sped to call races, projecting races on social media platforms before full vote counts. They raced ahead of most news rooms, who have rules on how to handle uncertainty and remain cautious given the consequences of mis-calling a race.

And as trading continued through the count, the platforms continued to be the true winners, raking in fees and improving their reputation for funding round and possible future IPOs. Both companies are now worth around 20 times what they were worth at the start of 2025, with Kalshi increasing its valuation from $2B to $40B and Polymarket’s from $1.2B to $21B.

Assuming the profit rate is the same across platforms as it is on Polymarket – an estimate of 14% based on the profit per volume on Polymarket as we cannot measure real profits on the other platforms – a total congressional volume of $854.4M translates to roughly $119.2M profits. But all these profits come alongside fees charged by the platforms to participate. All three platforms utilize a similar fee structure. They charge the trader who takes the price on offer, the taker, relative to how uncertain the price is. The largest fees are on 50 cent contracts, with the most expensive contracts producing tiny fees. Because

each trade's fee depends on its price, the overall cost as a share of volume depends on the distribution of prices of contracts. For trades made before Election night, fees equate to approximately 2.3% of volume on Kalshi and Polymarket US and 0.9% of volume on Polymarket. Despite high volumes after election results are tallied, these often near certainty trades carry little fees. The platforms also implement incentives that entice makers to provide liquidity. Kalshi for example paid out around $1.5M in these types of incentives, based on its incentive programs data for each congressional market.

As fee structures changed throughout the midterm season, we estimated a range for fees minus incentives using three calculations, shown in Figure 6:

A. The highest possible fee amount, assuming the full policy applied to all trades

B. The best estimate for fees, evaluating the fee structure for each day of trading individually, assuming rebate and incentive programs were paid back and applied throughout the season

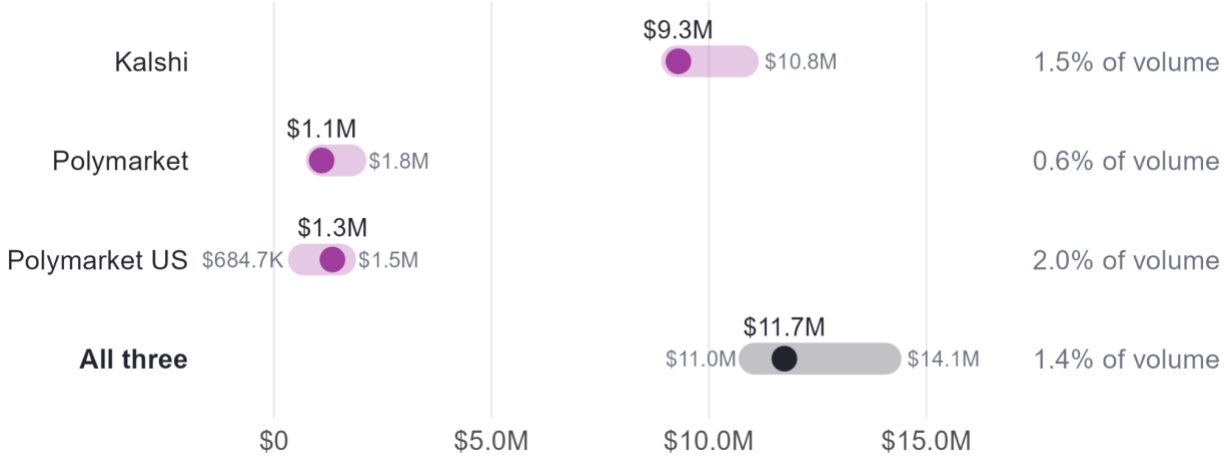
C. The lowest possible fee amount, assuming rebate and incentive programs were paid back and applied throughout the season

Given these different calculations, we estimate the platforms received between $11.0-14.1M, with a best estimate of $11.7M. Kalshi, with the highest volume and highest fees took home between $9.3-10.8M.

FIGURE 6

What the platforms took in fees from the 2026 congressional races

Fees on every 2026 congressional trade through 13 November 2026, across the three platforms. The bar runs from the floor, with every exception and rebate, to the ceiling, today's full fee on every trade all cycle. The dot represents the best estimate of fees based on a daily evaluation of the fee structure for each day of trading.



BEYOND THE CONGRESSIONAL MIDTERMS

Looking at the midterms, where we end up is a platform no more accurate than its established competitors in the election information space, a wealth transfer to the top 1% of traders and a constant flow of fees to the platforms themselves. But in other cases, we've seen the same costs with market inaccuracies that only pile on the costs without societal benefits.

In the wider US election cycle, including primaries and other non-congressional races, the markets missed several key races, including Kentucky's fourth district, Texas Senate primary, the LA mayoral primary and the Wisconsin Democratic gubernatorial primary. Globally, too, prediction markets have had big misses before. In the first round of the recent Brazilian presidential elections, the prediction markets outperformed polls, correctly predicting Flávio Bolsonaro would prevail. This fueled a narrative that prediction markets were more accurate of voter intentions than polls. There was also historic precedent to believe Bolsonaro would prevail a second time, as no Brazilian presidential candidate who won the first round went on to lose the second since returning to direct elections in 1989. Several days before the runoff, polls indicated a tie between Bolsonaro and his rival Luiz Inácio Lula da Silva (popularly known as Lula), while prediction markets had Bolsonaro soaring, favoring him at 80 cents. The price discrepancy has been attributed to many factors, with one professional trader explaining many professional traders knew the market was mis-priced but other traders continued to take overpriced trades, making it slow to push up the price for Lula. In another explanation, as prediction markets are banned in Brazil, foreign traders may have had less information about the election to inform their trading.

In October last year, prediction markets missed two outcomes back to back: Japan's next Prime Minister and the results of the Netherlands General Election. In the Netherlands, prediction markets underestimated the growing popularity of the Democrats 66 (D66) party, pricing it at less than 10 cents, instead favoring the Freedom Party (PVV) of Geert Wilders with prices beyond 80 cents. Polls found D66 surging in the run up to the election, but the prediction markets did not respond to these findings. An analysis by CoinDesk found that traders held contracts for the PVV and kept the market stagnant even as polls provided fresh data for traders to respond to. It concluded that a few traders profited nicely by identifying the increased D66 chances, while others held onto their conviction on who would win the final vote and were left with losses.

CONCLUSION

As an emerging technology, the platforms have turned themselves into a part of the conversation, and they've done so boldly. They've opened more markets than demand necessitates, consistently reassure us they are accurate and have faced little regulatory scrutiny despite risks of market manipulation, insider trading and wash trading or money laundering. At the end of the midterms, a handful of traders walked away with tens of millions, the platforms collected millions in fees and the typical trader went home empty-handed, potentially in debt. Out of 470 races, they correctly predicted races not predicted by the model consensus in just three, less than 1%.

When weighing the pros and cons of having prediction markets on elections, and especially when considering the effective alternative on offer from forecast models, it's not clear it was all worth it.



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ANNEX

TABLE 1

All races missed by the platforms, with the price 24 hours before the first polls opened (2 November, 6am ET) averaged over Polymarket, Kalshi and Polymarket US. The model probability is the consensus of six election forecasting models. Race volume is the taker USD volume across all markets associated with a given race on all platforms.

Race	Markets' pick	Price	Models	Winner	Result	Race volume
Mississippi Senate	Cindy Hyde-Smith (R)	86¢	94%	Scott Colom (D)	49.4–48.5%	$963K
South Carolina Senate	Darline Graham Nordone (R)	69¢	69%	Annie Andrews (D)	51.1–46.6%	$22.32M
Iowa Senate	Ashley Hinson (R)	54¢	54%	Josh Turek (D)	50.6–46.4%	$6.06M
NC-06	Addison McDowell (R)	88¢	96%	Cyril Jefferson (D)	51.2–48.8%	$56K
IN-05	Victoria Spartz (R)	82¢	80%	J.D. Ford (D)	51.7–48.3%	$210K
NC-14	Tim Moore (R)	78¢	92%	Lakesha Womack (D)	51.1–48.9%	$50K
TX-09	Alex Mealer (R)	75¢	92%	Leticia Gutierrez (D)	57.5–42.5%	$104K
NJ-02	Jeff Van Drew (R)	70¢	85%	Zack Mullock (D)	51.1–47.8%	$262K
OH-10	Mike Turner (R)	69¢	75%	Kristina Knickerbocker (D)	49.3–47.7%	$172K
NC-09	Richard Hudson (R)	66¢	89%	Richard Ojeda (D)	51.1–48.9%	$330K
FL-09	Dan Green (R)	65¢	68%	Darren Soto (D)	50.3–49.7%	$255K
NV-02	David Flippo (R)	63¢	69%	Teresa Benitez-Thompson (D)	50.2–44.3%	$249K
CO-04	Lauren Boebert (R)	63¢	70%	Eileen Laubacher (D)	48.8–47.9%	$249K
MO-02	Ann Wagner (R)	62¢	57%	Fred Wellman (D)	51.1–46.2%	$277K
OH-15	Mike Carey (R)	62¢	65%	Don Leonard (D)	51.9–45.3%	$117K
CA-40	Young Kim (R)	58¢	99%	Ken Calvert (R)	52.6–47.4%	$178K
CO-05	Jeff Crank (R)	57¢	56%	Jessica Killin (D)	50.7–45.6%	$224K
NC-13	Brad Knott (R)	57¢	88%	Paul Barringer (D)	50.5–48.0%	$303K
AL-02	Rhett Marques (R)	56¢	68%	Shomari Figures (D)	53.8–46.2%	$361K
NC-03	Greg Murphy (R)	56¢	83%	Raymond Smith (D)	49.4–49.3%	$416K
CA-04	Mike Thompson (D)	55¢	99%	Eric Jones (D)	52.5–47.5%	$223K
TX-23	Brandon Herrera (R)	54¢	69%	Katy Padilla Stout (D)	52.1–44.0%	$711K
SC-01	Jenny Costa Honeycutt (R)	51¢	64%	Nancy Lacore (D)	49.7–48.6%	$461K

NOTES

Dates. The election results are based on election projections from the Associated Press as of 10AM 19 November. The profit ledger was pulled on 15 November 2026. The fee and volume tape runs through 13 November 2026.

Accuracy definition. A prediction is the markets' average-price call 24 hours before the first polls opened (2 November, 6am ET): the outcome with the highest price averaged over Polymarket, Kalshi and Polymarket US. A race is scored only once AP calls it — 464 of 470 called so far, 6 still counting. Model consensus is six equal-weight forecasters: Silver Bulletin, Cook Political Report, ElectIt, RealClearPolitics, The Economist and FiftyPlusOne at the 24-hour mark.

What the profit figures cover. Polymarket is the only platform that publishes wallet level trades and profits. All profit figures only cover 2026 congressional races. Profit is the position ledger's own realized and resolved P&L per wallet and market, net of the fees Polymarket charged.

Volume convention: Traded volume is **$854.4M** across all three platforms, based on the trades using our methodology. Polymarket represents **$183.2M** of this volume. When calculating profits, the total basis is **$623.6M** based on every position contract shares times its average price in the profit ledger. **$265.0M** of the basis is minting, which creates both a Yes contract and a No contract (50 cents each) without a trade at all.

Fees. Charged on traded volume, all three platforms. Sources are each venue's published fee structure, checked against the fee field recorded on Polygon for Polymarket and against the CFTC self-certifications for Polymarket US. Incentives totaled from each market's individual incentive program totals.

How a bot is identified. Automated wallet that bet each hour out of the day, evenly and without breaks. Looking across the full trading history for a wallet on Polymarket, bots have no hour segment (such as 1-2AM or 1-2PM) that has less than 2% of the number of trades.