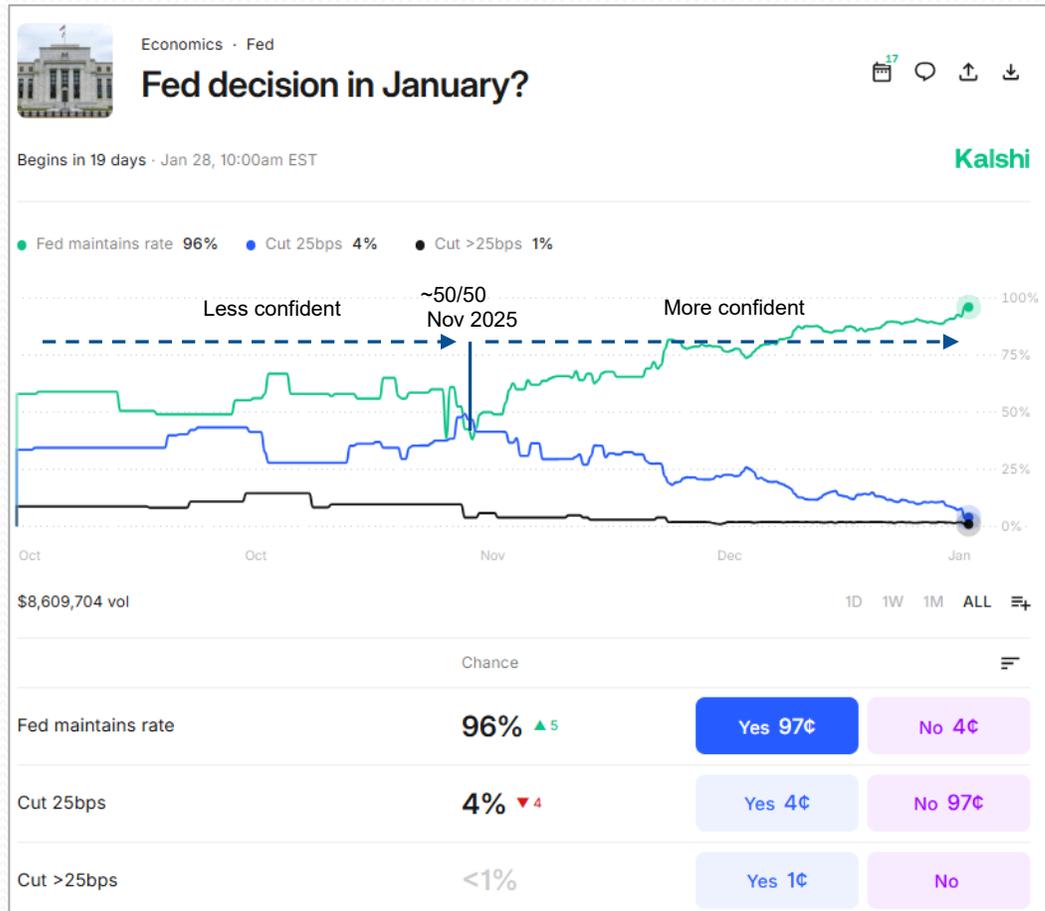


# How to follow prediction markets without trading



Prediction market source – Kalshi (January 9, 2025)

Treat prediction markets like a **learning dashboard**, not a casino. Here's how investors can use them safely and effectively:

## 1. Track Probabilities, Not Prices

Ignore potential payouts and focus only on the implied probabilities. Ask yourself:

- What outcome does the market think is most likely?
- How confident is the market?

This keeps your attention on expectations rather than speculation.

## 2. Check Before and After Major Events

Look at prediction markets:

- Before CPI or jobs reports
- Before Federal Reserve meetings
- Before elections or major policy votes

Then check again after the news. Watching how probabilities change teaches you how markets digest new information.

## 3. Compare Market Odds to Headlines

When a headline sounds dramatic, compare it to prediction market probabilities.

- If the news claims something is “almost certain” but markets price it at 25%, that gap is meaningful.
- It's often where the best investing lessons live.

## 4. Keep a Simple “Expectation Journal”

Write down:

- What you think will happen
  - What the prediction market probability is
- Check back later. This builds self-awareness and helps you identify personal biases—without risking money.

## 5. Use Markets to Stress-Test Your Portfolio

Ask: *If the market is right, how does my portfolio perform?*

For example:

- Higher odds of rate hikes → pressure on growth stocks
- Higher odds of recession → volatility and earnings risk

This habit improves risk management early in your investing journey.

## 6. Watch Trends, Not Single Data Points

One probability jump doesn't mean much. A steady trend over weeks or months does. Learning to distinguish noise from signal is a skill that pays off for decades.