SIGNAL RESEARCH NOTE

Prediction-Market Jump Reversal

Short-history reversal evidence following large prediction-probability jumps.

Prediction Market Event Pressure | Secondary research | 1d preferred horizon

Executive Summary

This note summarizes historical rank evidence for Prediction-Market Jump Reversal. Metrics are reported as research diagnostics under the source-run assumptions and should be read as evidence about ranking behavior, not as a live recommendation.

Preferred horizon	1d
Top-bottom spread	58.40%
Rank IC	0.349
Long-leg return	n/a
Average turnover	n/a

1. The preferred diagnostic horizon is 1d, where the recorded rank spread is 58.40%.
2. Rank IC is positive in the reported research run at 0.349.
3. The signal is best read as a research-library ranking component, not as a standalone product.

Data and Research Setup

UNIVERSE

Historical prediction-market outcomes with sufficiently mature probability histories.

INPUTS

Timestamped market-probability histories aligned to later outcome-price changes.

CADENCE

Event-driven review following unusually large probability-pressure changes.

COMPARISON BASIS

Comparisons use the same universe and source assumptions inside each run. The note excludes instrument-level lists and live recommendations.

The source files were used for historical research extraction only. This note does not include instrument-level lists or position-level recommendations.

Signal Methodology

Without disclosing the exact functional, the construction proceeds along three conceptual steps.

1. **Signal measurement.** Measures unusually large changes in market-implied outcome probabilities.

2. **Cross-sectional ranking.** Ranks event observations by the direction and intensity of the probability-pressure move.

3. **Horizon evaluation.** Evaluates whether the strongest jumps are followed by systematic short-horizon reversal.

> The description is intentionally conceptual. Formula details, exact construction rules and implementation parameters are not disclosed.

Results and Horizon Context

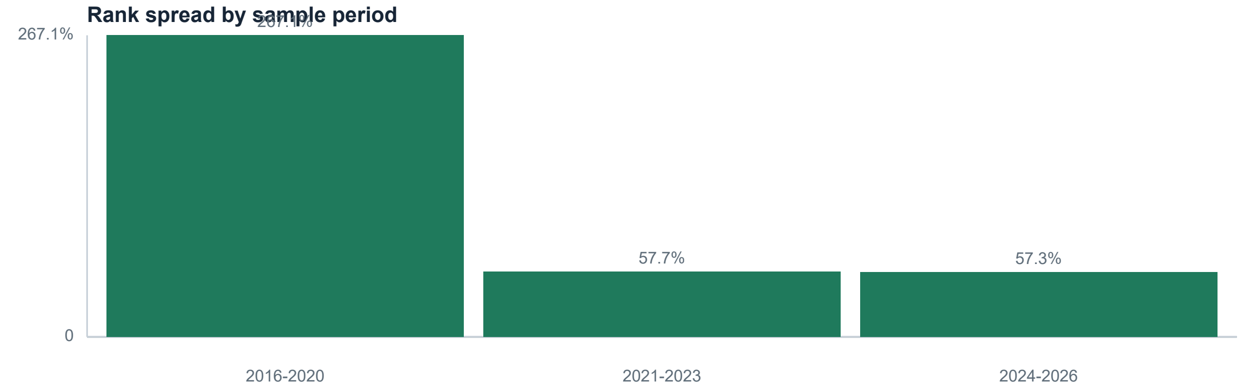

Figure 1. Top-minus-bottom rank spread across chronological sample periods. The bars are historical ranking diagnostics, not a standalone portfolio NAV.

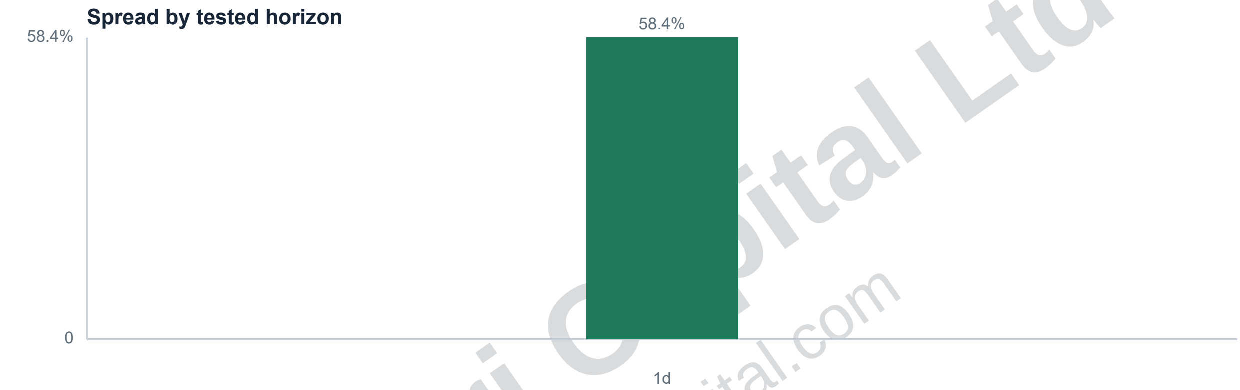

Figure 2. Spread profile across the tested horizons available in the source validation summary.

Horizon	Rank spread	Rank IC	Long-leg return	Turnover
1d	**58.40%**	**0.349**	**n/a**	**n/a**

Stability and Robustness

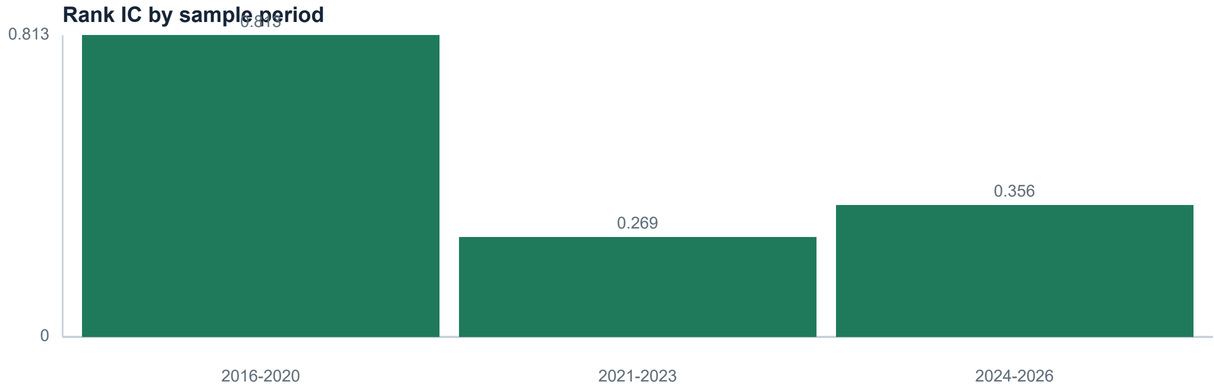

Figure 3. Rank-IC evidence across chronological sample periods from the source OOS audit.

Chronological sample splits provide the appropriate stability view for this diagnostic.

Positive-year fraction	**n/a**
Universe size	**844**
Validation dates	**8,738**

Research Interpretation

ROLE IN RESEARCH LIBRARY

Prediction-market event diagnostic inside the research library.

WHAT IT CAPTURES

Short-horizon reversal following unusually large changes in market-implied outcome probabilities.

KNOWN LIMITATIONS

The evidence comes from the available prediction-market history and should not be read as a broad ten-year asset-pricing result.

The evidence supports retaining the signal in the research library where it can be compared with related components under the same assumptions.