The Hormuz Reconstruction

One market ran the same question at seven deadlines: does Strait of Hormuz shipping traffic return to normal by each date? Watching the nearer deadlines fall to zero, in order, is how a market prices a disruption as *permanent.*

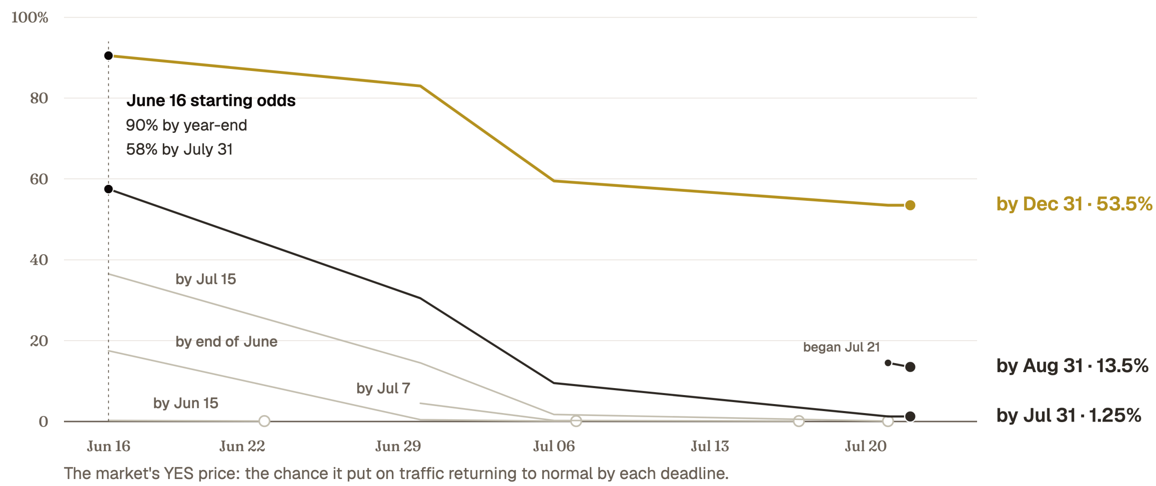

Figure 1 · Seven deadlines, one collapsing ladder. Each line is a Polymarket contract's own YES price, the chance it put on traffic returning to normal by that deadline. Four nearer deadlines reached the 0.1% floor, in deadline order; three were still trading at the final tick on July 22. August 31 began trading only on July 21, which is why its line is short. This is a census of the tracked contracts and shows only the market's own prices, not a forecast.

THE LADDER

When a shipping route closes, nothing in the news tells you whether it reopens next week or stays shut for a year. A market can put a price on that question, and through the 2026 Strait of Hormuz disruption one did. Polymarket ran the same contract at a ladder of deadlines, each asking whether traffic returns to normal by a given date. Seven of them carried prices across our window.

On June 16 the market still gave traffic a **90.5%** chance of returning to normal by year-end, and **57.5%**, which rounds to 58, by July 31. Over the following five weeks those odds came apart from the near end. The nearest four deadlines, June 15, end of June, July 7 and July 15, each fell to the **0.1%** floor, and they did so in deadline order. By the final tick on July 22 the July 31 contract sat at **1.25%**, August 31 at **13.5%**, and December 31 at **53.5%**, still roughly a coin flip.

WHAT THE SHAPE MEANS

This is not a market that priced a shock and recovered. Across the window it did the opposite: it progressively priced the disruption as **permanent**, retiring one deadline at a time as each near-term hope of a reopening expired. A contract does not fall to 0.1% because sentiment soured. It falls there because the calendar ran out. The date arrived, traffic had not returned to normal, and the only live question became the next deadline out.

The ladder has not finished collapsing. Three contracts were still trading at the final tick, and the year-end contract was still near even money. So the honest description is a ladder collapsing from the near end, not one that has died. As of July 22 the market had not yet priced the strait fully reopening even by December.

A price can return to where it started. A passed deadline cannot.

WHAT THIS IS, AND IS NOT

Two disciplines matter for reading the figure correctly. First, it is a **census**, not a sample. Every tracked contract on the ladder is in it, seven of them, with no selection rule to state and nothing chosen after the fact. Second, every line is the market's own price, stated as fact. It is a record of what the market charged for each deadline, not a forecast of what will happen to the strait, and not advice.

WHAT WE ARE NOT CLAIMING

There is an obvious companion question: did these odds move with the price of oil, and did they move first? We tested it and are not claiming it. With only **34** daily observations and seven timing lags to check, the relationship does not clear the threshold a finding of this kind requires, in either direction, and the underlying crude series was not preserved. So there is no oil chart here and no lead-lag claim. The ladder is a census of the market's own prices, and it stands on its own.

THE LIMIT WORTH STATING

One caveat belongs up front rather than buried. This is one market over one regime, a slow structural question measured on a thin book of **78 to 229** ticks a day. A market that reprices sharply on discrete events would be a fairer test of whether prediction markets lead traditional ones, and that is the obvious next study. This piece makes the narrower claim it can fully support: a record of how one market retired a disruption, deadline by deadline.

THE TAKEAWAY

THE HORMUZ RECONSTRUCTION · SUMMARY OF ANALYSIS

01 Polymarket ran the same question at **seven** deadlines: does Strait of Hormuz traffic return to normal by each date? All seven are in the figure, a census with no selection rule.

02 On June 16 the market gave it **90.5%** by year-end and **57.5%** (which rounds to 58) by July 31.

03 The four nearest deadlines, June 15, end of June, July 7 and July 15, each fell to the **0.1%** floor, and did so in deadline order.

04 At the final tick on July 22 the three farther deadlines were still trading: July 31 at **1.25%**, August 31 at **13.5%**, December 31 at **53.5%**. The ladder had not finished collapsing.

05 Across the window the market progressively priced the disruption as **permanent**, retiring one deadline at a time, rather than pricing a shock and recovering.

A **census** of the market's own prices as of the final tick on July 22, 2026, not a forecast and not advice. Oil is deliberately absent: a lead-lag test on 34 days did not clear its threshold in either direction, and the crude series was not preserved, so no co-movement is claimed here.

V VERA RESEARCH