One in Three Moves Is Fake

A shape study of more than 60,000 measured Polymarket reactions to breaking news finds just five recurring trajectories, and nearly *one in three* gives the whole move back within four hours.

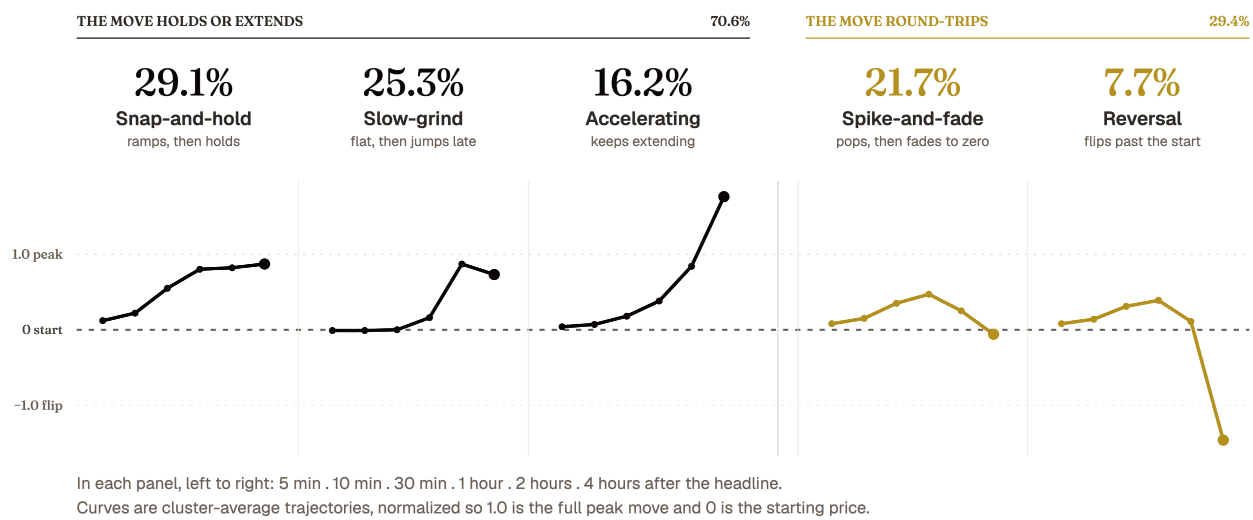


Figure 1 · The five reaction shapes, by share of measured moves. Each curve is the cluster-average normalized move from five minutes to four hours after the headline; 1.0 is the full peak, 0 is the starting price. Spike-and-fade and reversal (gold) together are 29.4% of moves, nearly one in three.

THE FINDING

Prediction markets are supposed to price a headline once and hold it. The news breaks, traders read it, the price adjusts, and the new price stands. If that were the whole story, the first move after a headline would be the move, and holding it would be the default.

It is not the default. We took every reaction of two cents or more that we measured on Polymarket between April 29 and June 25, 2026, more than 60,000 in all, and sorted each one by the shape it traced over the four hours after its headline. They fall into just **five** recurring trajectories.

The clean move that ramps and sticks, the shape most people assume every reaction has, is barely one in three. The other four do something the folk model does not allow: they grind up late, blow clean past their first peak, fade back toward nothing, or turn and cross to the other side of where they began.

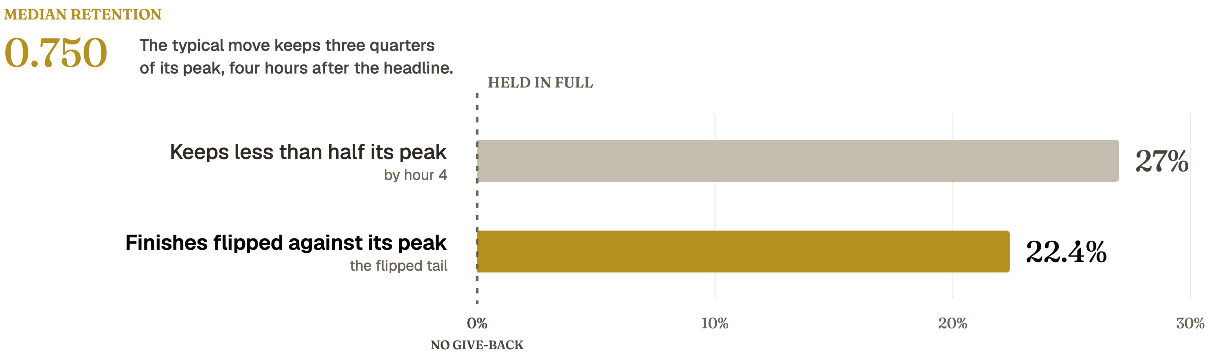
THREE SHAPES THAT STICK

Three of the five hold or extend the move. **Snap-and-hold** (29.1%) ramps toward its peak inside the first hour and keeps it. **Slow-grind** (25.3%) barely moves early, then reprices late. **Accelerating** (16.2%) never settles: by hour four it sits far beyond its early peak. Together these three are **70.6%** of measured moves, the reactions that end up meaning what they first appeared to mean.

TWO SHAPES THAT DO NOT

The other two round-trip. **Spike-and-fade** (21.7%) pops fast, then slides back to roughly zero by hour four, the same fade equity traders watch after an earnings pop. **Reversal** (7.7%) does not merely give the move back: it ends hour four on the opposite side of where it began. Together they are **29.4%** of everything we measured. Nearly one in three moves hands itself back.

In prediction markets, the shape of the move is the message.



Share of measured 2-cent-plus moves. The flipped tail sits inside the give-back-half group.

Figure 2 · The same round-trip finding, counted directly. No clustering, just the raw share of measured moves that give back most or all of their peak within four hours. The median move keeps **0.750** of its peak; the tails that do not are the fakes.

YOU DO NOT NEED THE CLUSTERING

The round-trip share does not depend on our five groups. Raw counting says the same thing. Of every hundred moves we measured, **27** keep less than half of their peak by hour four, and **22.4** finish flipped against their own peak, ending on the far side of where they started. The median move keeps just **0.750** of its peak. Two independent re-derivations of the five groups, run from scratch with a different random seed, match the original at **0.985** out of 1.00, so the taxonomy is not an artifact of one run.

THE CATEGORY DOES NOT TELL YOU WHICH

The obvious question is which news makes which shape. The answer is almost none of it. Every news category we track produces all five shapes, in broadly similar proportions. Geopolitics does not spike more than macro; economics does not grind more than politics. Knowing a headline's topic tells you little about whether its move will stick, and the folklore that "geopolitics spikes and macro grinds" does not survive the measurement.

What survives is simpler, and less comforting. The first price you see after a headline is often the worst information you will get, and its category will not warn you which kind of move it is. The shape is what carries the signal, and the shape only reveals itself with time.

THE TAKEAWAY

ONE IN THREE MOVES IS FAKE · SUMMARY OF ANALYSIS

01 More than **60,000** measured Polymarket reactions (every move of two cents or more, April 29 to June 25, 2026) sort into just **five** recurring shapes over the four hours after each headline.

02 Three shapes hold or extend the move: **snap-and-hold (29.1%)**, **slow-grind (25.3%)**, and **accelerating (16.2%)**, together **70.6%** of moves.

03 Two shapes round-trip: **spike-and-fade (21.7%)** and **reversal (7.7%)**, together **29.4%** of moves, nearly one in three.

04 Counted directly, with no clustering: **27%** of moves keep less than half their peak by hour four, **22.4%** finish flipped against it, and the median move keeps **0.750** of its peak.

05 The five groups reproduce from scratch under an independent audit with a different random seed, matching the original at **0.985** out of 1.00.

The news category does not predict the shape: **every category produces all five shapes in broadly similar proportions,** so knowing a headline's topic tells you little about whether its move will hold or hand itself back.

Built on the Vera dataset: more than 60,000 measured Polymarket reactions of two cents or more, April 29 to June 25, 2026, each classified by the shape it traced over the four hours after its headline. Shares come from a five-cluster analysis of peak-normalized trajectories, re-derived from scratch by an independent audit at 0.985 out of 1.00.
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