

## **How Manipulable Are Prediction Markets ?**

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*Abstract :*

In this paper, we conduct a large-scale field experiment to investigate the manipulability of prediction markets. The experiment involves randomly shocking the prices across 822 separate markets; we then collect hourly price data to examine whether the effects of these shocks persist over time. We find that prediction markets can be manipulated: the effects of our trades are visible even 30 days after they have occurred. However, as predicted by our model, the effects of our manipulations somewhat fade over time. Markets with more traders, greater trading volume, and an external source of probability estimates are harder to manipulate.