
Weekly Market Flash

Polymarket for the Polycrisis

January 23, 2026

Imagine if they had Polymarket and Kalshi 150 years ago. What a time the speculators of the day would have had! In 1876, major disturbances broke out all over the Balkans as people rose up, in a generally sporadic and uncoordinated fashion, against their nominal overlords running the Ottoman Empire. An uprising in Bulgaria was particularly brutal as a small band of nationalists was crushed by Ottoman troops and massacred in grisly fashion. These disturbances worried the Great Powers of the day, with Russia and newly-united Germany in particular swooping in to either try and restore order or grab a bit of land and influence where the opportunity presented itself. Serbia and Bosnia were also waking up to nationalist sentiments that would reach fever pitch in the years to come.

Prediction Markets Mania

Of course, there was no such thing as digital prediction market platforms back in the 1870s, so there was no way for, say a Vienna-based punter to make an overnight killing on the likelihood that the Ottomans would accept the establishment of an independent Bulgaria, or the odds of a Bosnian revolt against the administration of their affairs by Austria-Hungary. Today, though, these user-friendly market platforms are in full swing as the Western world reverts to the mores of Great Power politics.

And what happens on prediction platforms like Polymarket doesn't stay on Polymarket, but jumps like a charged electron up a level or two to exert pressure on flesh-and-blood securities indexes like the S&P 500. That index was all over the place on Tuesday and Wednesday as investors placed their bets on the likelihood of a Greenland invasion, or the follow-through with another round of punishing tariffs on Europe. When, in the middle of a rambling and incoherent speech on Wednesday, the three-word chain "won't use force" manifested, the reaction on the stock indexes was immediate, and those who had placed "no invasion" bets on Polymarket cashed in their chips. For a textbook illustration of how financial assets move in the world of today, one could do worse than to study the minutiae of Tuesday and Wednesday this week.

Lots of Events, Absence of Vision

Polymarket, Kalshi and their ilk are called "event contract" platforms, a bit of technicalese meant to distinguish them from (heaven forbid) gambling sites. They are fast becoming a central part of the mainstream financial market infrastructure. Fortunately for their executives and shareholders, there are plenty of events to wager on as this new geopolitical era dawns. Few people imagine that Trump's speech on Wednesday marked the last time Greenland will be in the news, but never fear, there will be other "events" in the weeks ahead. And because the data around these bets (sorry, "event contracts") tend to get instant visibility in the financial media, they have the ability to validate an imagined future outcome before the nuts and bolts behind that event have been deliberated on by those involved in and responsible for negotiations around it. We run the risk of pinballing from one crisis to the next without any kind of through-line to connect the dots. This adds a whole new dimension of risk to what observers like Adam Tooze, the Columbia professor and author of the widely-read Substack "Chartbook" call the "polycrisis," the simultaneous presence of crises on multiple fronts, about multiple things.

This lack of vision brings back to mind those unsettled days in the Balkans in the late 1870s. The tumult seemed to die down in 1878 with the Treaty of Berlin, an ambitious attempt to keep the Ottoman Empire from completely collapsing while at the same time giving nationalists in Serbia, Bulgaria and elsewhere a bit of opportunity to express themselves but within the strictures of administration and guidance from the Great Powers. In a practical sense – though only a handful of observers realized it at the time – the Treaty of Berlin set two of these Great Powers – Tsarist Russia and the Hapsburg Empire of Austria-Hungary – implacably against each other. Germany, worried about Russia’s encouragement of pan-Slavism in the Balkans, bound itself to Austria-Hungary and then with Italy in a Triple Alliance. The bonds between Russia and France tightened at the same time and would eventually lead to the Entente Cordiale between these two countries and Great Britain.

The Concert of Europe – a global order that had managed, more or less, to keep the peace since the end of the Napoleonic Wars was thus replaced after the Treaty of Berlin by the formation of two great-power alliances that became ever more belligerent and defensive as Europe reeled from one crisis to the next, in the Balkans, in Algeria and elsewhere, before it all blew up in 1914. Such are the risks of the great power mentality that we appear to have stumbled back into. We are going to be in need of clear, strategic thinking as we move towards whatever the new world order is going to be – and we would be well advised to pay little heed to what the Polymarket “odds” that seem to accompany every news story of geopolitical import tell us.

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