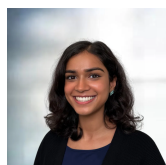


First to Market

June 3, 2026

PREDICTION MARKETS' FIRST REAL USE CASE



Hardika Singh

ECONOMIC STRATEGIST, MARKET INTELLIGENCE

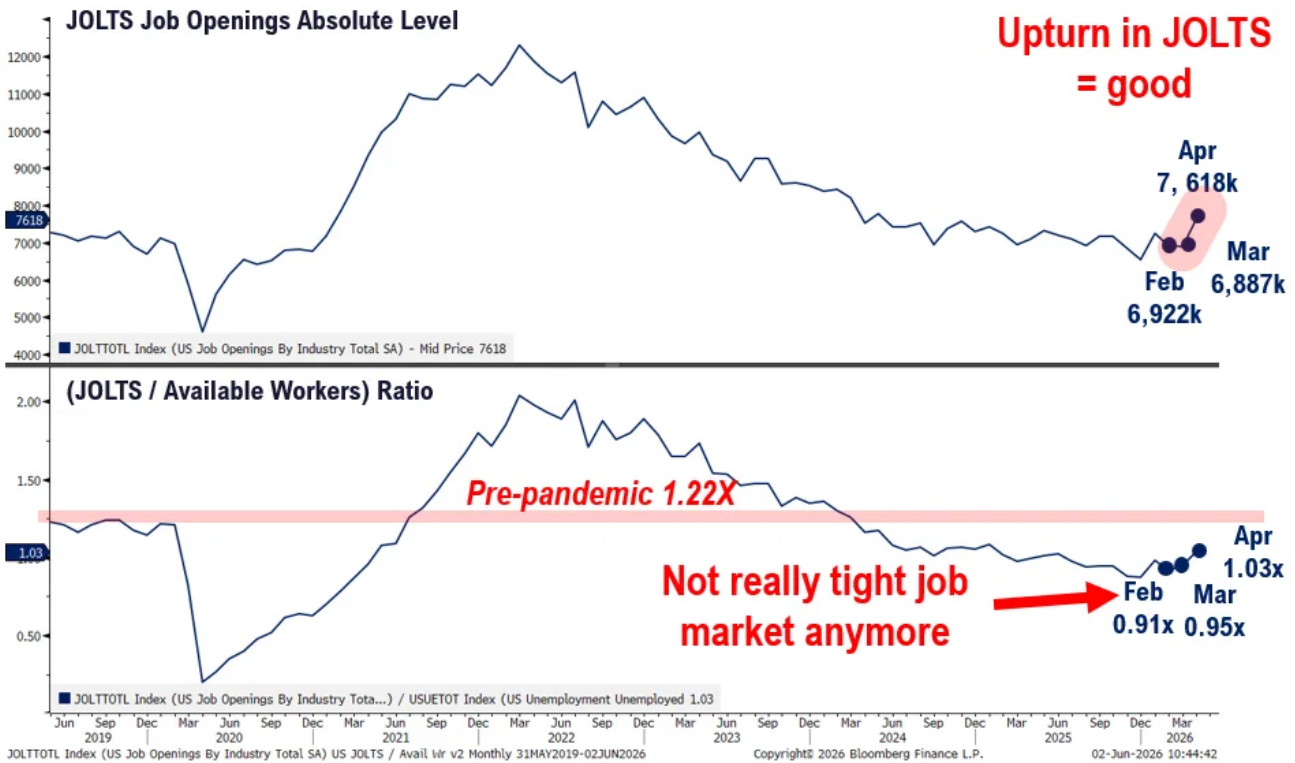
"Let's go, Knicks." — New York City Mayor Zohran Mamdani

Chart of the Day

JOLTS: Job Openings / Available Workers still below Pre-Pandemic

JOLTS Job Openings Absolute Level

Since 2019



For Exclusive Use of Fundstrat Clients Only

Good morning!

Few things in life are as fascinating as watching prediction markets dashboard to see what kinds of bets everyone's placing these days.

Some are tame like the Los Angeles mayoral winner one, but then there's others – like the 15-minute long ETH bet, making you wonder what kinds of investors frequent prediction markets. The real moneymaker for prediction markets, though, is sports betting, and there's reason to believe that it might be attracting a newer kind of enthusiast (or hedger).

If you go to The Jeffrey today and the Knicks win against the Spurs, your tab will be entirely covered by the New York City bar. The owner, Andy Freedman, purchased

contracts worth \$5,000 on Kalshi, which would pay him out \$13,500 if they do win, an amount that he has gauged from a previously similar promotion to be enough to cover up to \$100 of the bar tab for every patron, including drinks and food, according to MarketWatch reporter Joseph Adinolfi's reporting.

Conversely if the Knicks lose, then Freedman apparently views it as likely that he can recoup his initial sum and then some, given that a greater number of customers will show up in hopes of the promotion.

Aside from this being one of the first real applications of prediction markets, the bigger theme here is the commodification of everything. In that sense, contracts on prediction markets are like commodity futures and the participants' role is split between being a hedger and a speculator. You could be a farmer in Iowa who wants to lock in a higher price for the corn you grew, or you could be a finance bro sitting in New York City willing to bet that corn prices will rise. Both of them together in the market increase liquidity, helping make sure the price to purchase the contracts is reflective of its true value.

Prediction market executives have long argued that these platforms are supposed to be used this way. I attended a Kalshi conference in March, and one of the use cases I heard there was hedging against higher heating bills in the winter by buying contracts tied to natural gas prices on Kalshi. You may ask why not just use the standardized futures market itself? Well, margin calls can be scary there, and on Kalshi, the maximum you can lose is the amount you invested. It is also significantly cheaper to buy a contract, with a minimum initial deposit of \$10.

While that's a fair argument, it's not realistic yet because of the lack of liquidity and concerns about rampant insider trading. For example, my husband loves the \$1.50 Costco hot dog and soda and would be emotionally crushed if prices were to ever go up. Kalshi could come in handy there. I could buy a contract for 44 cents, betting that a price increase happens before Jan 1, 2030, and earn a dollar if it does, earning a hefty gain of 127%. But the small market size makes me hesitant about the accuracy of the bets' prices. And who's to say that an unknown trader doesn't place a massive bet against an increase on Dec. 31, 2029, somehow escaping the watchful eyes of Kalshi's market surveillance teams.

Kalshi's trading volume is growing, with annualized levels hitting \$178 billion, more than tripling over the span of the past six months. It has two million monthly users. But many kinks still need to be ironed out in order for users to flock to Kalshi and other prediction markets en masse to hedge out their day-to-day lives.

In other news, we have five new summer interns. In addition to the typical intern task of going on coffee runs for the firm (kidding, sort of!), they will assist us in analyzing economic data. Here's the first in the series:

Economic data: April JOLTS came in high with 7.618 million job openings, the highest since May 2024 and up from March's revised 6.887 million, exceeding economist expectations.

Nearly all the 731,000 increases in job openings were concentrated on professional business services (668,000). Professional and business services have been among the first sectors taken by the widespread use of AI, as companies automated standard consulting and technical roles. Their return to leading job openings could be an early signal, as some businesses who incorporate the use of AI realize there is still a need for human workers.

Hires fell to 5.1 million from 5.6 million in March. Quits lowered to 2.977 million, down from 3.2 million in March, now at the lowest point since 2020 – signaling that workers are not voluntarily leaving their jobs.

Friday's NFP report is the verdict for where monetary policy goes: If job numbers come in below the expectation of 85,000, that could be viewed as a reason for the Fed to cut rates; if above, the rate cut narrative will arguably continue to die. — *Jaime Lee and Micah Kim*

Share your thoughts

How are you using prediction markets now? [Click here](#) to send us your response.

 **Here's what a reader commented** 

Q: Do you think businesses should keep tokenmaxxing or hire real people again?

A: Businesses need to hire employees with critical thinking that know how to leverage AI to improve their productivity. Unproductive employees will be unproductive regardless of whichever tools they have.

Catch up with Fundstrat

We discuss how we generally view the rise in stocks since late April as healthy. The May ISM manufacturing report and April JOLTS (today) are examples of positive surprise and strong data. We are keeping an eye on SpaceX in mid-June.

Technical

Overall, it's truly been an unusual market where nearly all of the major sectors outside of Technology are nowhere near 52-week highs achieved earlier this year, and the US Dollar, Treasury yields, and precious metals largely remain churning sideways while Emerging Markets have moved up sharply and most cryptocurrencies have diverged from Equities and have plummeted.

Crypto

Strategy Concerns Continue to Pressure Crypto Markets: It was another difficult session for crypto, with BTC closing down more than 6% and most major assets participating in the selloff.

News We're Following

Breaking News

- Stock futures are little changed after S&P 500 closes at another record: CNBC

- Fed Chair Warsh makes first hires at central bank, including ‘Project 2025’ author CNBC

Markets and economy

- America’s Data Center Build-Out Is Falling Way Behind Schedule WSJ
- U.S. Proposes New Duties Over Forced Labor in Renewed Tariffs Push WSJ
- U.S. Is Said to Be Investigating George Santos Over Kalshi Betting NYT
- ADP says businesses create the most new jobs in 16 months. Hiring rebounds after a lull. MW

Business

- Inside Alexandr Wang’s bid to revive Meta’s AI edge FT
- GameStop wants to buy back \$2 billion of its own stock after an eBay-fueled selloff MW

Politics/U.S.

- L.A. Mayor Bass Advances to Runoff as California Awaits Governor Primary Results WSJ
- Why the President Tapped ‘Little Trump’ as His Intelligence Chief WSJ
- Inside Trump’s Takeover of the American Regulatory Machine WSJ
- A Trump Endorsement Falls Flat: 4 Election Takeaways From Iowa and Beyond NYT

Overseas

- Ukraine strikes St Petersburg as Vladimir Putin’s forum gets under way FT
- Kuwait Says Iranian Attack Has Damaged Its Main Airport NYT

Of Interest

- Want Courtside Seats for the Knicks? Be Rich, Famous and a Die-Hard Fan. NYT
- ‘Close to the Terminator narrative’: the dawn of self-improving AI FT

Overnight

S&P Futures	-8 ▼ point(s) (-0.10% ▼)
overnight range:	-22 ▼ to +5 ▲ point(s)

APAC

Nikkei	+2.50% ▲
Topix	+1.83% ▲
China SHCOMP	+0.22% ▲
Hang Seng	-1.56% ▼
Korea	+0.15% ▲
Singapore	+0.80% ▲
Australia	+0.70% ▲
India	-0.22% ▼
Taiwan	+1.98% ▲

Europe

Stoxx 50	-0.39% ▼
Stoxx 600	-0.36% ▼
FTSE 100	-0.26% ▼
DAX	-0.99% ▼
CAC 40	-0.28% ▼
Italy	-0.29% ▼
IBEX	+0.35% ▲
Canada	+1.25% ▲
Mexico	+1.11% ▲
Brazil	+1.16% ▲

FX

Dollar Index (DXY)	+0.14% ▲ to 99.355
EUR/USD	-0.15% ▼ to 1.1614

GBP/USD	-0.13% ▼ to 1.3449
USD/JPY	+0.05% ▲ to 159.83
USD/CNY	-0.11% ▼ to 6.7715
USD/CNH	-0.15% ▼ to 6.7723
USD/CHF	-0.25% ▼ to 0.7893
USD/CAD	-0.12% ▼ to 1.3855
AUD/USD	-0.21% ▼ to 0.7165

UST Term Structure

2Y-3M Spread widened	2.0bps to 35.9bps
10Y-2Y Spread widened	0.6bps to 40.4bps
30Y-10Y Spread narrowed	-0.7bps ▼ to 50.3bps

USD HY OaS

All Sectors	-2.1bps ▼ to 306bps
All Sectors ex-Energy	-1.3bps ▼ 292bps
Cons Disc	-2.9bps ▼ to 471bps
Indu	-1.7bps ▼ to 241bps
Tech	-1.5bps ▼ to 216bps
Comm Svcs	-0.9bps ▼ to 287bps
Materials	+2.1bps ▲ to 251bps
Energy	-0.7bps ▼ to 281bps
Fin Snr	-0.7bps ▼ to 206bps
Fin Sub	-2.5bps ▼ to 297bps
Cons Staples	-1.9bps ▼ to 423bps

Healthcare	-1.7bps ▼ to 312bps
Utes	-0.9bps ▼ to 204bps *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
6/3	9:45 AM	May F S&P Srvc PMI	51	50.9
6/3	10:00 AM	May ISM Srvc PMI	53.8	53.6
6/3	10:00 AM	Apr F Durable Gds Orders	7.9	7.9
6/4	8:30 AM	1Q F Nonfarm Productivity	0.4	0.8
6/4	8:30 AM	1Q F Unit Labor Costs	2.4	2.3
6/5	8:30 AM	May AHE m/m	0.3	0.2
6/5	8:30 AM	May Unemployment Rate	4.3	4.3
6/5	8:30 AM	May Non-farm Payrolls	85	115
6/8	11:00 AM	May NYFed 1yr Inf Exp	n/a	3.64
6/9	6:00 AM	May Small Biz Optimisum	n/a	95.9
6/9	8:30 AM	Apr Trade Balance	n/a	-60.307
6/9	10:00 AM	May Existing Home Sales	4.07	4.02
6/9	10:00 AM	May Existing Home Sales m/m	n/a	0.25

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