

# World Cup Market Risk Pack

## Polymarket vs. Sportsbook Pricing Analysis

19

Markets Tracked

0

Investigate

0

High Friction

\$

Avg

## Methodology

This report compares Polymarket prediction-market prices against DraftKings sportsbook odds for World Cup outcomes. The goal is to surface pricing gaps and assess whether they represent genuine mispricing after accounting for fees, liquidity, and settlement differences.

### 1. No-Vig Probability (Sportsbook)

Sportsbook odds embed a margin (vig). To make a fair comparison with Polymarket prices, we remove the margin by scaling each outcome's probability proportionally:

$$P(\text{no-vig}) = \text{odds} / \text{sum}(\text{odds over all outcomes})$$

Applied per market after converting American odds to implied probabilities.

### 2. Price Dislocation (basis points)

The core signal: how many basis points (1 bps = 0.01%) does Polymarket diverge from the sportsbook no-vig price?

$$\text{dislocation\_bps} = (\text{pm\_price} - \text{sb\_no\_vig}) \times 10,000$$

100 bps = 1% price gap. Positive = Polymarket overvalues; Negative = undervalues.

### 3. Execution Friction

Even a large dislocation can be eaten by costs. Friction is scored 0–1 across six dimensions:

- Polymarket fee: on-chain taker fee, ~1% of notional for outrights
- Sportsbook margin: vig baked into odds, removed in no-vig step
- Bid-ask spread: Polymarket order-book half-spread in bps
- Liquidity penalty: thin markets (<\$10k) get up to 160 bps haircut
- Staleness penalty: data older than 30 min gets 140 bps penalty
- Region restriction: US-restricted PM markets get 150 bps penalty

$$\text{friction\_score} = \min(1, \text{total\_friction\_bps} / 600)$$

Score "e 0.65 = HIGH friction — gap is unlikely to be exploitable.

### 4. Comparability & Final Status

A mapping is 'comparable' if Polymarket and DraftKings settle on the same event. Settlements must match on: (a) the specific team/player named, (b) round/stage, (c) tie-break rules.

```
rules_differ != not_comparable
friction "e 0.65 != high_friction
```

|dislocation| "e 300 bps !" investigate  
else !" observe

## Market Diagnostics

19 markets · sorted by status then dislocation · generated May 19, 2026

Event	PM Price	SB No-Vig	Disloc. (bps)	Friction	Status	Liq. \$
Will France win the ...	0.18	0.14	385 bps	1.00	OBSERVE	\$741k
Will Spain win the 2...	0.17	0.15	165 bps	1.00	OBSERVE	\$432k
Will Netherlands win...	0.03	0.04	-67 bps	1.00	OBSERVE	\$1511k
Will Germany win the...	0.05	0.06	-60 bps	1.00	OBSERVE	\$982k
Will Belgium win the...	0.02	0.02	-58 bps	1.00	OBSERVE	\$3074k
Will Brazil win the ...	0.09	0.10	-50 bps	1.00	OBSERVE	\$1442k
Will Ecuador win the...	0.01	0.01	-36 bps	1.00	OBSERVE	\$3321k
Will Portugal win th...	0.08	0.08	33 bps	1.00	OBSERVE	\$395k
Will Switzerland win...	0.01	0.01	-30 bps	1.00	OBSERVE	\$1508k
Will Argentina win t...	0.08	0.09	-15 bps	1.00	OBSERVE	\$881k
Will England win the...	0.11	0.11	-10 bps	1.00	OBSERVE	\$1277k
Will Curaçao win the...	0.00	0.00	7 bps	1.00	OBSERVE	\$8114k
Will New Zealand win...	0.00	0.00	4 bps	1.00	OBSERVE	\$8046k
Will Iran win the 20...	0.00	0.00	-2 bps	1.00	OBSERVE	\$7639k
Will Cape Verde win ...	0.00	0.00	1 bps	1.00	OBSERVE	\$8455k
Will Ghana win the 2...	0.00	0.00	0 bps	0.00	NOT COMPARABLE	\$8210k
Will Switzerland win...	0.01	0.40	0 bps	0.00	NOT COMPARABLE	\$1508k
Will Ecuador win the...	0.01	0.30	0 bps	0.00	NOT COMPARABLE	\$3321k
Will Uzbekistan win ...	0.00	0.00	0 bps	0.00	NOT COMPARABLE	\$7338k

