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Edited by David Leonhardt

The Up hot
THE ROAD TO 2016

Betting Markets Call Marco Rubio Front-Runner in G.O.P.

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Justin Wolfers
@JustinWolfers

It's official: Jeb Bush is no longer the leading contender to become the Republican candidate for president. Instead, prediction markets now rate Marco Rubio as far more likely to get the nod.

One broad measure of the betting markets puts Mr. Rubio's chances at 34 percent versus Mr. Bush's at 23 percent.

The extent of this reversal is stark. Mr. Bush's name recognition, executive experience and links to the Republican establishment led the betting markets to rate him the most likely winner even before he announced his candidacy. He took an early and commanding lead in fund-raising and won the most endorsements from fellow Republicans. He also led in most national polls, at

least until mid-July, when Donald Trump wrestled the national spotlight from him and has continued to entertain its bright glare. Recent polls suggest that only around 7 percent of potential Republican voters plan to vote for Mr. Bush.

The problems with Mr. Bush's campaign had become increasingly apparent to traders in political prediction markets over recent weeks. It has led them to revise downward their assessment of his chances well in advance of today's announcement that he is cutting back and overhauling his campaign staff.

Mr. Bush's fall to No. 2 in the markets represents a sharp shift from earlier this month, when Mike Murphy, the head of Mr. Bush's Right to Rise super PAC, boasted to Bloomberg Politics that "if you look at the prediction markets overseas, which are kind of interesting, because that's the one place real money's involved, we constantly rank number one," adding, "The smart money's figured this out."

As Mr. Bush's star has faded, that of Mr. Rubio has brightened. Mr. Rubio, who is set to appear Sunday morning on CNN's "State of the Union" political talk show, shares many similarities with Mr. Bush. Both are Florida-based mainstream conservatives who are popular among Hispanics. In some sense, this shift from Mr. Bush to Mr. Rubio is just a rebalancing as to which establishment candidate is expected to win the nomination.

There is no single prediction market that informs this assessment, but rather an array of markets in which traders either trade stock tied to candidates' fortunes, or bet on their preferred candidate to win. (Both parties are traded, and Hillary Rodham Clinton's chances are now at 89 percent among the Democratic field.)

Traders at Betfair, which is the world's largest betting exchange, but which doesn't take bets from Americans, rate Mr. Bush a 20 percent chance to win the nomination, while Mr. Rubio is given a 29 percent chance. Over at PredictIt, which is a small-scale experimental prediction market popular

among American hobbyists, traders have moved more decisively, giving Mr. Bush a 24 percent chance, compared with Mr. Rubio's 40 percent. (A peculiar inefficiency in that market tends to overrate the chances of all of the candidates, so both of these numbers are surely too high.)

And in the past few days, online bookmakers — all of whom are based overseas, but many of whom nonetheless take bets from American customers — have also anointed Mr. Rubio as the favorite (although his edge, according to the bookmakers, remains rather small). Given the relatively small amounts traded at BetFair and PredictIt, I put somewhat greater weight on the assessments of the bookmakers.

Tracking this race through the lens of prediction markets rather than public opinion polls yields starkly different story lines. The outsiders Donald Trump and Ben Carson continue to dominate the polls, each well above 20 percent in national polls, while typically neither Mr. Rubio nor Mr. Bush registers double-digit support.

Yet prediction markets see neither Mr. Trump nor Mr. Carson as likely to win the nomination. Mr. Trump is rated around a one-in-six chance to win, with Mr. Carson's chances at about half that.

The different assessment of prediction markets relative to pollsters is a bet that public opinion remains largely in flux, and that neither Mr. Trump nor Mr. Carson has built a reliable political coalition or an enduring political organization. It's an assessment shared by other professional politicians, as neither Mr. Trump nor Mr. Carson has earned the endorsements of any members of Congress or governors.

Even as traders now view Mr. Rubio as the new favorite, the betting odds reveal that the market remains deeply uncertain about the likely outcome. And this seems appropriate in a race involving many candidates, an indecisive electorate and real questions about how the untested candidates will withstand public scrutiny over the many months ahead.

As much remains murky about this political race, markets say that this much is clear: Marco Rubio is now the Republican to beat.

Justin Wolfers is a professor of economics and public policy at the University of Michigan. Follow him on Twitter at [@justinwolfers](#).

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