



Political Stock Market launched for the elections in New Zealand

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URL: <http://www.pr9.net/comp/internet/8199may.html>

Political Stock Markets are a virtual stock market, where participants express their expectations about future events through the buying and selling of virtual shares. Several prediction markets relating to different issues about economic and political developments are offered together.

PR9.NET May 22, 2008 - New Zealand, Paraparaumu - The new service starts under <http://esm.forecast4u.co.nz/> with topics like the National Elections in New Zealand or the Estimation of Property Growth for June 2008.

The "Wisdom of Crowds" is considered to outperform expert knowledge in areas like topicality as well as width, depth and references of knowledge. A principle of prediction markets, as of any electronic exchange, is that those who buy cheap and sell at a higher price benefit.

Practical evidence suggests that prediction markets are at least as accurate in forecasting events as other instruments used by polling institutes on similar demographic groups. This concept, part of a field of study called collective intelligence, is the ideal tool for market and event forecasts. The closer a participant's forecast matches the real event, the more the value of the virtual account rises. This stimulates forward strategies and therefore using quality information and experience in these virtual investments is paramount. The Political Stock Markets also rewards closely matching expectations when dealing with rate fluctuation and diligence.

Electronic Stock Markets (ESM)

The prediction market is based on the "Electronic Stock Market Technology" (ESM) developed by ECCE TERRAM. It is based on theses by Friedrich von Hayek, who in 1974 was awarded the Nobel Prize in Economics. From Professor von Hayek's findings it derives that more accurate prediction of future events can be made if people trade shares about them with the opportunity to obtain a profit. Frank Simon, Managing Director of ECCE TERRAM: "ESMs in the form of prediction markets provide surprisingly accurate results for opinion research and serve as a prognostics instrument to generate forecasts". The user's interest in trading shares and the chance for personal gain as well as the opportunity to create accurate forecasts bind the user into the online service and increase traffic to the website. The technology starts from a base different to traditional opinion research. Interviews, polls and e-votes use questions like "how would you vote?" The Electronic Stock Markets ask "what do you expect the outcome to be?"• Traders therefore buy and sell based on their expectation of the outcome. These reflect in the prices at which shares trade. The system can then, based on the share price, calculate forecasts.

ECCE TERRAM has used prediction markets already in the run up to the German federal elections of 1998 with great success, achieving the second best forecast after Allensbach, one of Germany's leading public opinion poll institutes. In recent years ECCE TERRAM has organised more than two dozen prediction markets on a great variety of events. ECCE TERRAM Ltd, located in Paraparaumu, has started since May 2008 to offer Electronic Stock Markets to the New Zealand and Australian Market based on the 12-year-experience with this tool.

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