The last human trade

Source: iStock/Blue Planet Studio

AI agents already manage your inbox, schedule meetings, and draft reports. The next frontier? Trading autonomously, in real time, at a scale no human desk can match. Right now, an algorithm is reading macro signals, analysing sentiment, and executing positions before an analyst finishes their coffee. In modern algorithmic trading, the edge no longer lies in human instinct, it lies in systems that act before the market catches up.

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Introduction

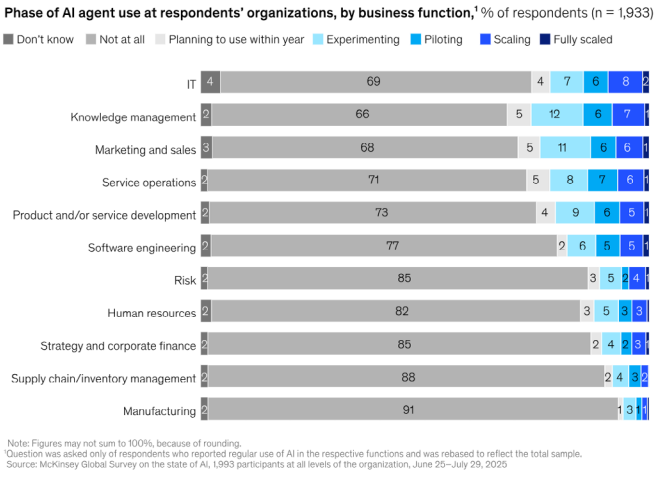
The first generation of algorithmic trading was rules-based, systems acted mechanically on moving averages or volatility thresholds, with humans defining strategy and supervising execution. The second generation introduced machine learning, allowing models to infer patterns from vast datasets satellite imagery, credit card flows, earnings transcripts shifting human oversight upstream to data curation and model supervision.

The third generation, today's environment, brings reasoning agents. Large language models such as GPT-5 and Claude-4 can read, interpret, and contextualise information in real time. For instance, an AI agent can analyse a Federal Reserve statement, cross-reference inflation data, assess political constraints, and generate probability-weighted forecasts faster than any human analyst. Institutions like JPMorgan, Goldman Sachs, and Wells Fargo now deploy autonomous agents across front, middle, and back-office operations, handling billions in daily flow.

This evolution changes the nature of competition, algorithms were tools humans wielded, whereas AI agents are autonomous participants. They no longer just make decisions—they execute them. As Brian Armstrong noted in March 2026, "Very soon there are going to be more AI agents than humans making transactions. They can't open a bank account, but they can own a crypto wallet. Autonomous financial decision-making is no longer the future, it is embedded across markets, from large hedge funds to individual developers with minimal infrastructure.

1. Market structure under AI

Automated agents reach critical mass in volume; financial markets are undergoing profound structural changes that progressively displace human participants. AI agents are no longer a tech-department experiment in every business function, from HR to manufacturing. And with most organisations still in early phases, the acceleration hasn't even started yet.

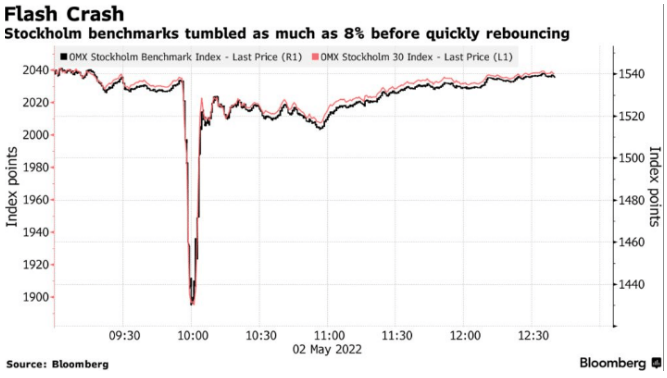


Source: McKinsey

First, AI compresses exploitable inefficiencies. Markets aggregate information to form prices, a process historically efficient with human traders. AI agents, however, process information faster, execute trades instantly, and arbitrage across markets at scales humans cannot match. High-frequency trading has narrowed bid-ask spreads, accelerated price discovery, and tightened correlations. Market efficiency has improved overall, but the gains are unevenly distributed. Human traders lose the "slow patches" of mispricing that once offered an edge; opportunities vanish within milliseconds, making markets hostile to participants who cannot match machine speed. This displacement is not incidental—it is automation's central mechanism.

Second, automation stratifies participants into tiers with limited cross-tier competition. At the top, firms like Citadel Securities, Virtu Financial, and Jane Street operate ultra-low-latency infrastructure, executing millions of orders per day. Just below, quant funds such as Renaissance Technologies and Two Sigma deploy sophisticated machine learning strategies using proprietary datasets. Lower tiers include banks and asset managers using AI augmentation for research and risk management, while retail traders operate with historically powerful but competitively obsolete tools. True competition over alpha, informational edge, and sustainable returns occurs only within the top machine-dominated tiers. Humans now face a choice: either abandon direct competition or identify rare contexts where judgment outperforms AI.

Third, systemic risk emerges from correlated AI behaviour. When trading models rely on similar foundations GPT-5, Claude-4, DeepSeek or overlapping datasets, their behaviours converge. This convergence is mostly invisible until crises occur. The May 2010 Flash Crash and the 2022 Nordic flash crash illustrate how automated feedback loops can cascade, erasing massive market value. With stochastic LLM-based agents now in trading, such events are potentially more frequent and severe. The February 2026 ESMA Supervisory Briefing warned that cumulative model recalibrations could create material market impacts that no firm intends and no regulator anticipates.

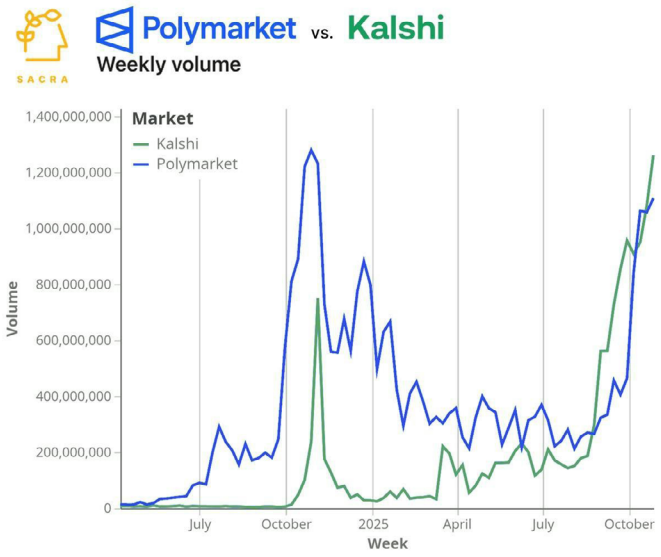


Source: Bloomberg

2. AI-native markets

Prediction markets are among the most transparent forms of financial markets. Unlike traditional markets, they do not rely on corporate narratives, analyst coverage, or investor relations. They simply price the probability of an event: traders either predict correctly or lose money. This simplicity makes prediction markets ideal laboratories for studying how information is incorporated into prices. By 2026, they also reveal how financial systems behave when AI agents participate with minimal friction.

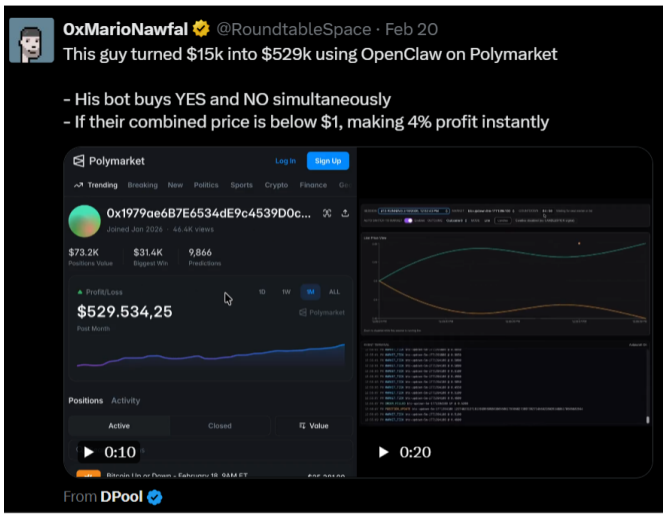
Two platforms dominate this ecosystem Polymarket and Kalshi. Their scale demonstrates that prediction markets have evolved into serious financial infrastructure. Polymarket processed about $21.5bn in trading volume in 2025, with weekly peaks above $1.5bn during major political or macroeconomic events. In October 2025, Intercontinental Exchange invested $2bn, valuing the platform near $9bn. Meanwhile, Kalshi surpassed $2bn in cumulative volume after a major legal victory over the Commodity Futures Trading Commission that allowed it to list political contracts. Together, the platforms now process tens of billions in annual volume from retail traders, institutions, quant funds, and increasingly autonomous AI agents.



Source: SAGRA

Polymarket's architecture—off-chain order matching through a central limit order book and on-chain settlement via Polygon using USDC—creates structural inefficiencies that bots exploit. The rapid growth of automated trading on prediction markets is supported by a growing ecosystem of specialised AI tools and research systems. Modern prediction market bots powered by AI agents operate continuously, monitoring hundreds of markets simultaneously and reacting to price changes faster than human traders. Platforms designed specifically for this purpose can analyse 200 or more markets per second, detecting price discrepancies or emerging signals in real time. Prediction market bots typically operate through three layers, real-time data feeds delivered via WebSockets, a strategy engine applying rules instantly, and an automated execution system that signs and submits trades. These components target three main inefficiencies: price lags, rebalancing gaps, and cross-platform discrepancies.

A notable case involved an automated system built using the OpenClaw framework that turned $15,000 into $529,000, while another reportedly converted $313 into $414,000 trading bitcoin prediction markets. These bots powered by AI agents exploited delays between real-time prices on exchanges such as Binance and Coinbase and the slower oracle updates resolving Polymarket contracts. Even small statistical advantages, repeated thousands of times daily without human latency, produced large profits. However, such strategies disappear quickly once public, as competition among bots eliminates the inefficiency.



Source Dpool X

The OpenClaw ecosystem itself grew rapidly, accumulating more than 250,000 GitHub stars, with Jensen Huang calling it one of the most significant software releases. Technology companies such as Tencent quickly launched competing agent frameworks, illustrating how autonomous trading tools are spreading across industries. Another development highlights the potential scale of agent coordination. Meta Platforms acquired Moltbook, a social platform designed for AI agents that attracted 1.5 million registered agents in its first week.

Bot dominance varies by market: 88-92% in short-term crypto, 55-65% in macroeconomic contracts, 30-40% in national elections, and 20-30% in slow geopolitical events. Human traders still succeed where private information or qualitative insight is critical, exemplified by the French Whale, who reportedly earned $85 million on the 2024 US election via proprietary polling and turnout models.

Three convergent factors explain bot prominence in 2025-2026. AI has democratised deployment: retail traders can now run bots for $0-$30/month. Bots display emergent behaviours, including spontaneous collusion, as shown by a 2025 Wharton/HKUST NBER study where AI agents coordinated to fix prices without direct communication. Finally, fully automated bots generate significant real money, e.g., a Polymarket crypto bot executed 8,894 trades in February 2026, capturing ~1.5-3% per trade for ~$150,000 total.

Telegram-based retail bots represent another frontier. Popular between 2024-2025, bots like Photon enabled trading directly via messaging apps, generating $210mn in fees cumulatively, surpassing some major DeFi protocols. Others, like Trojanaffiche, earned $188 per user with low abandonment, while BONKbot generated $105mn token sniping, taking advantage of newly listed tokens on decentralised exchanges (DEXs). By late 2025, users migrated to mobile-native DEX interfaces with lower fees, reducing Telegram bot dominance.

Bots have transformed liquidity, volatility, and price formation. In calm conditions, they maintain 50-70% of trading volume, narrowing spreads. During stress, coordinated exits amplify volatility, as seen in flash crashes historically and in crypto markets in 2024-2025. Bots now dominate pricing signals, arbitrage bots risk turning prediction markets into mirrors of derivative prices rather than independent probability indicators.

3. Risks and concerns

Bots powered by AI agents routinely connect wallets, manage balances, and execute trades automatically. Users installing third-party scripts or OpenClaw skills expose themselves to financial theft, API key breaches, and misconfigurations. The Moltbook acquisition by Meta in March 2026 revealed exposed API tokens and the inability to distinguish autonomous agents from humans. Regulatory frameworks lag, Polymarket lacks verified identity enforcement, and even Kalshi's CFTC constraints cannot fully mitigate automated manipulation or emergent collusion. China's Ministry of Industry and Information Technology has already issued warnings about improperly secured instances, highlighting the regulatory and technical gap in agent oversight.

Algorithmic saturation further erodes individual advantage. Strategies like temporal arbitrage or news-driven trades lose profitability within days once documented. LLM and multi-agent networks, exemplified by OpenClaw, Perplexity Computer or Moltbook, accelerate this erosion by coordinating research and execution across thousands of agents. Epistemically, prediction market prices now reflect correlated machine consensus rather than independent human beliefs, potentially undermining the market's original information-aggregation function.

Finally, profit asymmetry creates distributional and ethical concerns. First movers exploiting new inefficiencies capture disproportionate returns, while late adopters and retail participants risk losses. OpenClaw analysis emphasises that edge decay is immediate once strategies become public, and human informational advantages are increasingly expensive to sustain. Without regulatory intervention, prediction markets risk evolving into AI-dominated arenas where human expertise is marginalised, market fragility rises, and prices reflect algorithmic consensus more than genuine informational diversity.

Conclusion

The bots already won the speed layer. The models are winning the information layer. Agents are coming for the last one decision-making. Every time, the industry called it augmentation. Every time, it turned out to be displacement. 2026 marks the tipping point markets growing more resilient and innovative through multi-agent systems, but robust governance is crucial to ensure transparency, fairness, and human-aligned outcomes before full autonomy reshapes finance irreversibly.

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