The Ultimate Professional Guide to Winning at Sports Betting

A professional guide to profitable betting over the internet

by

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Introduction to sports arbitrage trading

Bookmakers have been around for centuries. The phrase you 'never see a poor bookmaker' has never been truer. They will continue to profit well into the future because the overwhelming majority of their customers lose money to them.

However recently with the birth of the internet certain opportunities have arisen. It is now possible to gain an edge over the dozens of bookmakers operating across the internet. Information is so freely available that certain tantalising opportunities have arisen for profiting from the sports betting arena.

The aim of this publication is to teach the already well practised secrets for beating the bookmakers and making a guaranteed long term profit. It is legitimate, ethical and cannot be stopped. It can be run part or full-time, requires no stock, no selling and can be run from home practically at any time day or night.

You will be taken through in detail every step to achieve a level of income which far out weighs the cost of the book many times over. The principles that you will learn will, if applied correctly, and it definitely isn't rocket science, lead you through to an opportunity for greater financial security. Best of all, this opportunity provides you with the opportunity to succeed at NO FINANCIAL RISK to yourself whatsoever.

Any success that you achieve through reading this book will be because you have applied what you have learnt and persevered. There requires a level of commitment to make the technique of sports arbitrage work efficiently and effectively.

When reading this book do not be tempted to miss chapters out as it is laid out in a logical and purposeful way. If necessary make notes as you and make sure you fully understand each chapter before continuing onto the next one. The book has been written with an assumption that you know nothing of this business and so we start with the basics and make sure that everything is explained clearly and precisely.

You will want to refer back to this book time and again as there are many nuggets of information that you will initially miss and only realise their importance as you become more experienced in this business. However the success you make in this business once armed with the correct knowledge is directly related to your level of commitment and perseverance.

Happy reading and if you follow the book carefully and apply the lessons within in no time you will be well on your way to a lucrative career as a sports arbitrage trader.

Chapter 1 - What are arbitrages and why do they arise?

This book shows you how to exploit the difference in betting prices between two or more bookmakers resulting in a GUARANTEED profit BEFORE the event has even started. Read that again. A GUARANTEED profit BEFORE the event has even started.

What is more you will know exactly what profit you are going to make before the event has started and further more you just don't care who wins or what the event is. It can be any sporting event where bookmakers offer prices and even non-sporting events. Even more surprising you don't usually need to know anything about the event to profit from it. And remember the profit is guaranteed and you will take no financial risk. Finally all profits are tax free.

That's a lot to take in so lets explain further. First of all, although the word bookmaker appeared in the previous paragraph this business has nothing to do with gambling. Gambling gives rise to uncertainty and luck. There is no room for uncertainty and no need for luck.

We will know the outcome, and by outcome I mean the amount we will win, from any event before it has taken place. Crucially we don't know who will win the event but we don't actually care as our profit is guaranteed. Again although we use money to make this profit our money is at no time at risk.

The word we use to describe the type of business we are going to exploit is arbitrage. So what is an arbitrage? An arbitrage (arb) is a price difference that can be exploited for financial gain that arises in an event taking place between two or more participants. It has traditionally been most notably associated with complicated financial instruments allied to financial trading usually in the main financial centres of the world.

We are using the word arbitrage, or arb as we will call it from now on, to describe financial differences that we can exploit for our financial gain in the world of sports betting. We will be using prices or odds offered by bookmakers operating through the internet to make a healthy guaranteed profit. We are not looking at complicated financial instruments as described above. As well as arbs these can also be referred to as sure bets or guaranteed bets.

Our arbitrage business is simple, ethical and above all can be very profitable with no financial risk. To emphasise this has nothing to do with gambling or tipping this is a proven mathematical method of winning every time you uncover the correct circumstances to have a bet. You will carefully select the correct occasions to place a bet in the knowledge that you will be virtually guaranteed to profit from it

At this point a quick background on bookmakers and why they exist and where they make their profits would be useful. They have been around for centuries in one form or another. Today official bookmakers are highly regulated and by and large are extremely ethical and honest.

However they are in business solely to make a profit. No harm in that! They do this by offering an opinion on an event and this is expressed in terms of odds. Every event has more than one outcome and every outcome has a probability associated with it.

If two players played a tennis match and their ability was identical then the probability of the outcome of one player triumphing over the other would be the same. If the bookmaker priced each player as evens or 50/50 then over a period of time whoever you bet on you would probably break even as, on average, half the time you would win you bet and half the time you would lose.

For the bookmaker to make a profit he would need to price the odds slightly in their favour, so in the same game of tennis they may offer odds of 5/6 on each player winning. In this instance with the same amount of money being bet on each player whoever won would result in a small percentage profit for the bookmaker. In other words when they offer odds on an event the odds they offer are less than the chance of that event happening and the difference is their profit. This is fairly basic stuff, but if this is unfamiliar to you all this will be explained in greater detail further into the book.

Broadly speaking British bookmakers will expect to make approximately 10% gross profit on all the money that is bet with them. So for every £110 bet with them they would expect to pay back £100 in winnings and keep the £10 as their profit. It has to be said that the typical British bookmaker keeps a higher margin (is greedier) than his foreign counterpart who will typically expect to make only a 3-4% profit and accordingly offer better odds.

The odds are just the opinion expressed by a bookmaker of the chances of an event occurring. These are expressed in numbers e.g. 5/6 as above. Let's take an example to illustrate the point. Again, let's use the example of a tennis match between two players, say player 'A' and player 'B'. First of all you may be surprised to hear but there may be literally dozens and dozens of bookmakers who will be competing for your business by offering odds on the outcome of the match. Keep it simple for now and assume by the outcome we mean the result at the end of the match. Only one player can win a tennis match. There is no possibility of a draw and we will ignore the fact that one player may retire hurt as the other would still be declared the winner.

Now these bookmakers are all competing for your business, just like the high street supermarkets. Luckily for us some are keener than others and for several reasons, which we will discuss fully later. One or two may offer slightly more generous odds that their counterparts. There are literally hundreds of bookmakers operating out there in cyberspace (on the Internet). More are joining each month and the competition for your business is fierce.

Most of these firms operate telephone betting accounts as well. However as you will see later we are particular interested in using the internet as this will be the main method of making arbs and running this business successfully.

So let us get back to the tennis match and run through an example.

In a recent WTA tennis tournament bookmaker 'A' has priced the match as follows:

	Odds on Henman to win	Odds on Hewitt to win
Bookmaker 'A'	11/10	4/5

This way of expressing odds with one number over the other is known as fractional odds. They are widely used in the UK for betting. The different types of calculating odds will be explained fully later so don't worry if you don't understand them.

The odds of Henman winning is 11 to 10 against. This means that if we for example stake £10 on him and he wins we receive £11 back as profit plus the £10 stake making a return of £21 for a £10 stake. If we had staked £100 on Henman we would have made £110 profit and the £100 stake making a return of £210 for a £100 stake. The percentage profit is the same.

In this example the odds of Hewitt winning is 4 to 5 on. He is the favourite to win the match. This means that if we stake £10 on him and he wins we receive £8 back as profit plus our £10 stake making a return of £18. Again we might have wished to stake a different amount on Hewitt, say £100. This would have returned a profit of £80 plus our stake of £100 making a return of £180.

The percentage amount returned is clearly always the same. You will notice that the second figure is the stake we are putting down and the first figure is the winnings or profit. Taking another example if the odds were 9/4 then £4 would be our stake and £9 would be our winnings and we would also get our stake returned and so on.

In our tennis match if Henman had won, with odds of 11/10, we would have made a profit (£11) that was greater than the original stake (£10). Therefore the bookmakers presumed the player had a less than 50% chance of winning the match. The money returned is greater than the stake. On the other hand if Hewitt won, he would only have returned a profit of £8, which was less than the original stake of £10. Therefore the bookmakers presumed Hewitt had a greater than 50% chance of winning the match.

All these figures may at first seem complicated but after a few examples you will see how straight forward these are. So in the example above let's go one step further.

Let's for arguments' sake say we want to have an amount of £100 returned to us at the end of the match whatever the outcome. We would calculate this as follows.

If Henman was to win we would need to make the winnings plus the stake equal to £100. For odds of 11/10 this works out as follows. We add the bottom figure, the stake to the top figure, the potential winnings, to get 21 (10 + 11). The odds now look like 21/10. We divide the top figure, 21, by the bottom figure, 10, giving 2.1. We then divide 2.1 into the amount of money we want to win which is £100. So £100 divided by 2.1 is £47.62. So we need to stake £47.62 to return £100 if Henman wins. In reality

21/10 is just another way of expressing the original odds of 11/10 but assumes this includes the stake being returned.

Again this may seem a bit tricky but I can assure you that with a few examples this math is second nature. Anyway there is a conversion chart later on which makes this child's play. If you are concerned that you are not any good at calculations don't be concerned you will be pleasantly surprised how easy they are. Anyway back to the example.

Let's look at Hewitt's odds. We again want to assume we can get £100 returned to us. So if Hewitt won we again want to work out how much we need to stake in order to return £100. He is the favourite, the most likely to win the event, so we will clearly need to stake more. For odds of 4/5 this works out as follows. We add the bottom figure, the stake to the top figure, the potential winnings, to get 9 (5 + 4). The odds now are 9/5. 9 divided by 5 is 1.80. We then divide 1.80 into the amount of money we want to win which is £100. So £100 divided by 1.80 is £55.56. So we need to stake £55.56 to return £100 if Hewitt wins.

Work it out, £55.56 staked at odds of 4/5 on player B. If player B wins then our profit is £55.56 multiplied by 4 which equals £222.24 divided by 5 which equals £44.45. Therefore our profit of £44.45 plus our original stake of £55.56 equals approximately £100.00, allowing for rounding errors.

These odds in the above example would be typical of the odds posted by a bookmaker. You can see that whatever the result if we wanted to return £100 then we must bet on both players winning the match, so we have covered every eventuality.

In this example we would need to stake £47.62 + £55.56 making a total of £103.18 for this to happen. Seeing as we are only going to get £100 returned the bookmaker would make a profit of £3.18 whatever the result. Clearly we would be stupid to do this as we are guaranteed to make a loss.

<u>However there is an important principle here that arbitrage traders are looking for. If we can manipulate the odds market so that the amount we stake would have been less than £100 and we have covered every possible result, in this case there are only two, either Henman or Hewitt wins, then we would make a guaranteed profit.</u>

Let us look at the same example but add two more bookmakers, all offering slightly different odds.

	Odds on Henman to win	Odds on Hewitt to win
Ladbrokes	11/10	**4/5**
William Hill	5/4	5/11
Bet365	**6/4**	5/8

In the above example we have three sets of prices to choose from not one. All three bookmakers have slightly different opinions about what prices to offer. We can go down the list and pick the 'best value odds' being offered for the event from a choice of three sets of prices. This has a startling difference.

Ladbrokes has the best value for Hewitt with a price of 4/5. Again lets work the example assuming we want to return £100. We have already worked out the 4/5 odds above. We need to bet £55.56 to return £100. This time we are using bookmaker Bet365 for the odds on Henman. They are 6/4 and we will make our calculation as follows.

For odds of 6/4 this works out as follows. We add the bottom figure, the stake to the top figure, the potential winnings, to get 10 (4 + 6). The odds now are 10/4. 10 divided by 4 is 2.5. We then divide 2.5 into the amount of money we want to win which is £100. So £100 divided by 2.5 is £40.00. So we need to stake £40.00 to return £100 if Henman wins.

Now we have the interesting situation that if we bet £40.00 on Henman to win, using the odds from Bet365, and £55.56 on Hewitt to win, using the odds from Ladbrokes, we have covered every result, staked only £95.56 and will win £100. A GUARANTEED profit of £4.44 (£100 - £95.56). You have staked £95.56 and returned a profit of £4.44.

The return on your stake is 4.64% (4.44 / 95.56 x 100). You have just witnessed a 4.64% arbitrage. As you can see the result is academic, we don't care who wins, we are certain to make a profit of £4.44 for a total stake of £95.56. Note also the profit is the same whoever wins.

Here is what we have just seen in summary form.

Player	Fractional Odds	Decimal* Stake	Percent Profit	Stake Calculation	Stake	Winnings
Henman	6/4	2.5	40%	£100*40%	£40.00	£100
Hewitt	4/5	1.8	55.56%	£100*55.56%	£55.56	£100
Total			**95.56%**		**£95.56**	

This is a total stake of £95.56. Giving us a profit of £4.44, winnings minus the stake.

* Decimal odds will be explained later.

That's all very well but how often do the bookmakers give away this FREE GUARANTEED money? Surprisingly often is the answer. Actually as far as the individual bookmakers are concerned they have individually priced the event correctly. If we tried to bet using just one bookmaker then what ever stakes we used we could never effect a result, as above, where we guaranteed ourselves a profit.

But the bookmakers as a group who lay odds to punters have priced the event slightly differently and where as they all agree Hewitt is the favourite their opinion (odds) about his chances of winning vary slightly and also those of Henman, the underdog. We have exploited these slight variations in odds to create an arbitrage opportunity with a guaranteed profit.

Again, don’t worry about the calculation side of things. These will become easier with practice and there are tools later on in the book to help you further. You just need to be aware that any odds offered need to be turned into a percentage. The percentage figures are added up. If the total is less than 100% we have an arb.

One thing that must be noted is that the events on which you are betting must be fixed odds. That is to say when you place the bet the odds will not change one iota. This is the case with all the sports mentioned in this book, when placing the bet the odds will be fixed at the time of the bet.

As a footnote amazingly sometimes bookmakers don’t even agree on who is the favourite to win an event when the competitors are evenly matched. This can produce high returns.

Chapter 2 - Why do arbs appear at all?

Perhaps this is a good time to summarise why these types of arbs occur.

Firstly the abolition of betting tax in 2001 has had a dramatic effect on the betting industry. In the UK there used to be a betting tax if you didn't bet on the course. This meant the punter already started with a disadvantage as they had to pay the tax out of their winnings. Also with the growth of the Internet bookmakers set up operations outside of the reach of the UK tax authorities.

Concurrently betting by phone went offshore to places like Gibraltar, so that the punter could legitimately bet without paying tax. This forced the government to abolish the betting tax and try to retrieve the lost tax by taxing the bookmakers profits more heavily instead. Therefore with the abolition of the betting tax the chances of making a profit dramatically increased.

Secondly the Internet has given rise to dozens of new bookmakers all looking for a share of the huge betting revenue throughout the world. The Internet knows no geographical boundaries.

Particularly in the betting industry the odds are easily translatable and it is simple to set up accounts with bookmakers which operate world-wide. This has meant they are keener to pick up new business and sometimes offer more generous odds to attract new business.

Thirdly some bookmakers just don't have the knowledge to price up all events correctly and get it wrong. Cricket is a good example of a sport where mistakes are readily made and arbs often appear.

Fourthly bookmakers are slow to react to events. In the example of soccer matches news of an injury to a player could have a dramatic effect on a team's chances but some bookmakers are slow to react to these news items and alter their prices accordingly. Other bookmakers change their prices instantly as a result of the news and so an arb is formed.

In this example if all bookmakers were slow and changed their prices together then an arb would not happen its only when their 'opinions' differ and the odds they post are reflected accordingly.

Fifthly bookmakers sometimes deliberately offer slightly better odds than rivals because they are either better informed of a teams chances than their rivals or they may wish to attract a certain amount of guaranteed business. The odds are set by odds compilers and pricing an event can often be notoriously difficult. Clearly the bookmaker offering the best odds will usually attract the most business.

Six, bookmakers make errors. This is rarer and a word of warning here. If a bookmaker makes a glaring error then depending on their rules they can declare the error an obvious one and null and void such bets. The major bookmakers tend to accept these errors graciously and lick their wounds but some of the smaller ones will not. Whether they pay out after an obvious error can be discretionary.