

# BETTING EXCHANGE TRADER

For A First Or Second Income



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## **Introduction**

Everyone knows that it is difficult to make money from traditional style gambling; for every 5 successful gamblers, who usually fall into the professional category, there are 95 non-profit making individuals who have to finance the minority. These 95 usually fall into one of the following categories:

- The Undisciplined
- The Unlucky
- The Unprepared
- And last but not least—THE MUG PUNTER

There are now alternatives to traditional gambling and these alternatives still provide the excitement when looking for long term profits.

**What are these alternatives? - LAYING & TRADING.**

***THE MAIN PART OF THIS MANUAL IS ABOUT “TRADING”.***

## What is Trading?

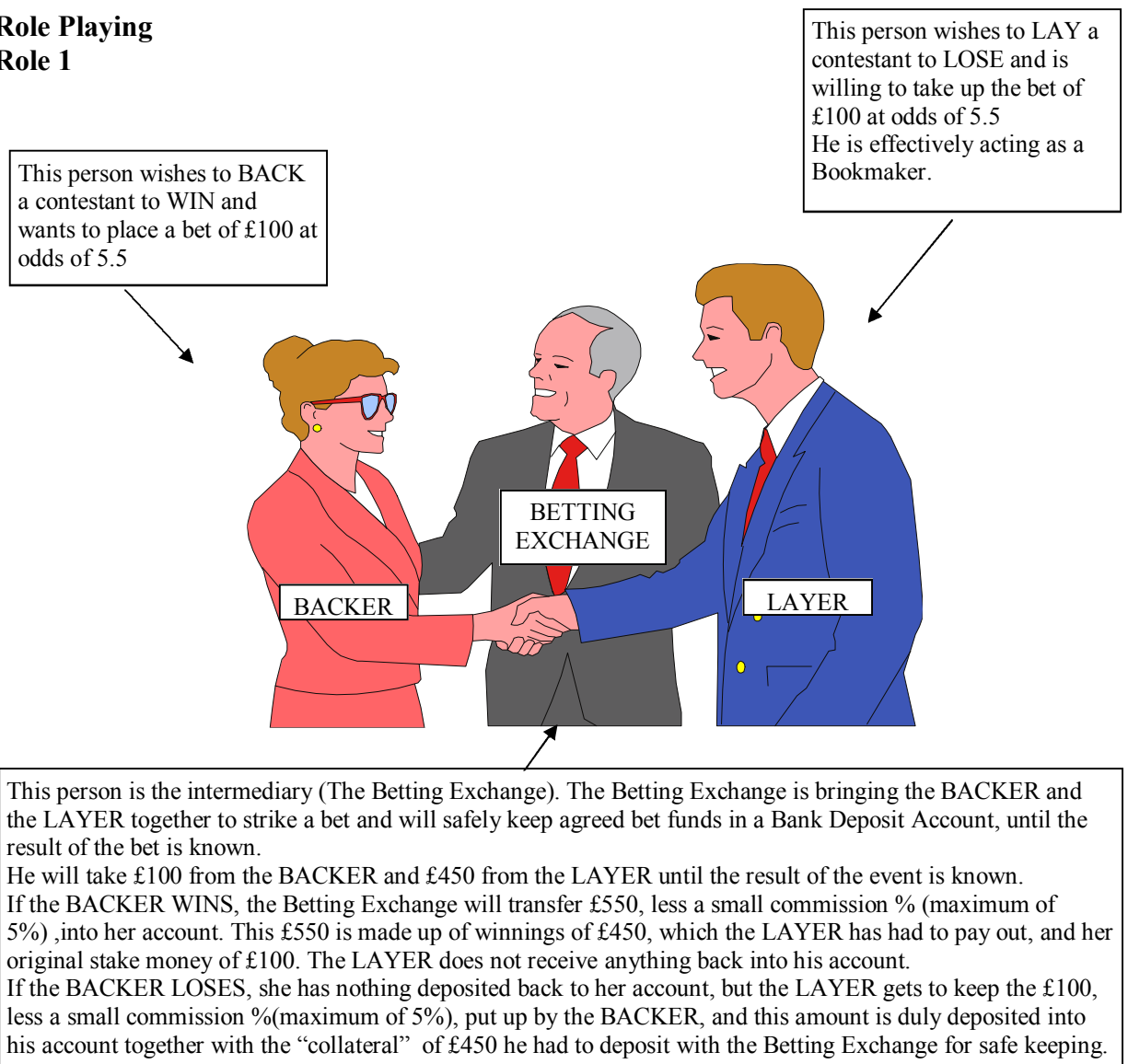
How do shopkeepers, market stall traders, share traders etc. make profits? They buy whatever they are selling at wholesale or at prices lower than that at which they can sell those products.

### **How does all of this fit into gambling markets?**

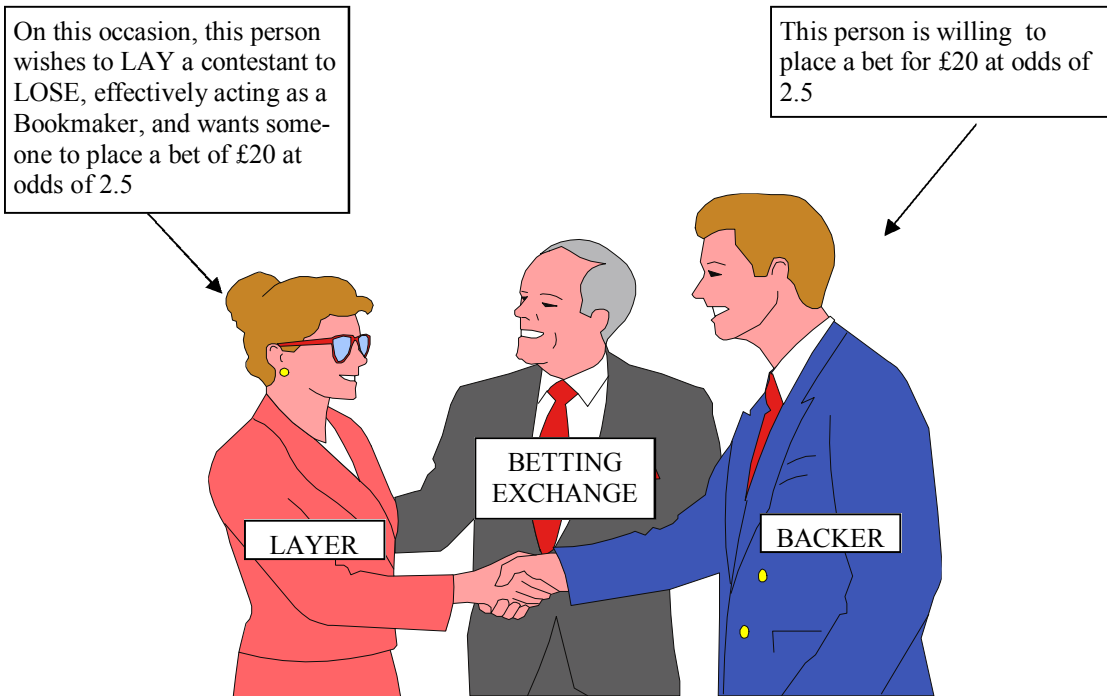
Just a few years ago someone named Andrew Black, who used to trade on the Stock Market, buying and selling shares, had the idea of applying the principles of his profession to gambling. He believed, that instead of punters being restricted to a one-way gamble (“Backing” to Win) with the traditional high street Bookmakers, it was possible to put people in touch with each other to enable them to buy and sell betting odds. His idea was to set-up a Betting Exchange. Although there are now several of these exchanges to be found on the Internet, by far the biggest is Betfair; the brainchild of Andrew Black.

### **Role Playing**

#### **Role 1**



**Role 2**



This person is the intermediary (The Betting Exchange). He is bringing the BACKER and the LAYER together to strike a bet and will safely keep agreed bet funds in a Bank Deposit Account, until the result of the bet is known.

He will take £30 from the LAYER and £20 from the BACKER until the result of the event is known.

If the LAYER WINS, (i.e. the contestant LOSES) the Betting Exchange will transfer £20, less a small commission % (maximum of 5%), into her account. She is keeping the stake money placed by the BACKER. The BACKER does not receive anything back into his account.

If the LAYER LOSES, (i.e. the contestant WINS) she has nothing deposited back to her account, but the BACKER will have winnings of £30, less a small commission % (maximum of 5%), plus his stake money deposited to his account.

When trading in this way you will have to get used to the role you are playing. Are you a BACKER or are you a LAYER?

The purpose of this manual is to explain the principles of trading in odds by bringing BACKING and LAYING together to generate “no lose” and “guaranteed profit” situations.

There are various aims when trading odds which will be explained in turn. Throughout this manual the basic principles will be explained through horseracing examples and it will then be in your hands how far you wish to apply the knowledge gained to the market(s) you wish to enter. You may have specialised knowledge in a particular sport, which will help you to judge which way a market is moving, and as you will learn later, this can be more valuable than trying to pick winners or losers.

## Opening an Account

Before you can begin your trading activities you will need to open an account with a Betting Exchange.

At this point I suggest you use Betfair, although later in the manual you will learn that it might be beneficial to use more than one Betting Exchange.

Open Betfair in your web browser (www.betfair.com) and you will be presented with their home page:

Click on "NEW USER" and you will be led through the procedure to open an account.

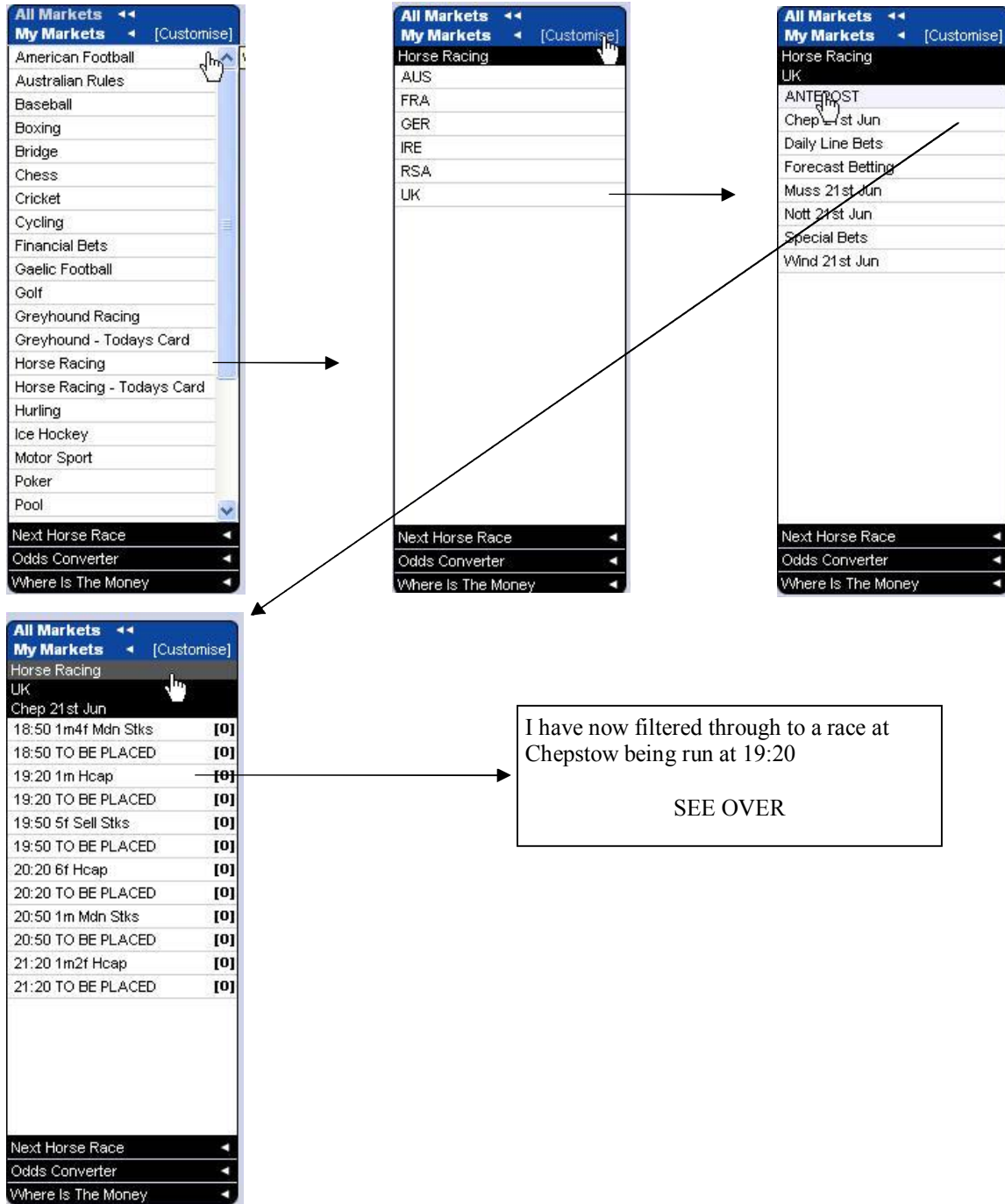
The screenshot shows the Betfair website interface. At the top, there is a navigation bar with links for Home, My account, About us, Help, and Chatback. A search bar contains the text 'username' and a password field. A 'NEW USER' button is highlighted with a red arrow. Below the navigation bar, the main content area features the Betfair logo, 'SHARP MINDS BETFAIR', and buttons for 'Demo' and 'Join Now'. A sidebar on the left lists various sports markets, with 'Horse Racing' selected. The right sidebar contains 'Betfair News', 'FASTLINKS', and 'NEXT HORSE RACE' sections. A large black arrow points from the 'NEW USER' button to the 'Horse Racing' market in the sidebar.

OK. You now have an account with Betfair and you want to start trading. You now have to select which Market you are going to enter. The Markets are found on the left-hand side of the screen. I am going to show examples using Horse Racing.

## Market Selection

As previously stated I am going to use Horse Racing.  
You can see that there are two listings for Horse Racing. The first is used to narrow-down which venue you wish to use and the second lists ALL races for the day. I'll select the former.

**Horse Racing/UK/Chepstow/Chepstow 19:20**





## Betting Exchange Flexibility

This is where the flexibility of a Betting Exchange shows itself. We have a choice. We can BACK TO WIN or LAY TO LOSE. This power, as you will learn, allows us to become TRADERS, I.E. TRADERS IN BETTING ODDS.

Venue

**Chep 21st Jun - 19:20 1m Hcap** REFRESH

View P&L [Settings] Total selections: 10

	105.5%				92.8%		
			BACK	LAY			
<b>Dami</b>	3.7 £90	3.75 £44	3.85 £145	4 £74	4.1 £9	4.2 £60	
<b>Vas Y Carla</b>	6.6 £13	6.8 £60	7 £16	7.2 £3	8 £10	9.8 £7	
<b>Pella</b>	9 £26	10 £109	10.5 £28	12 £6	12.5 £9	13.5 £22	
<b>Miss Adelaide</b>	7.6 £30	8 £58	8.2 £2	8.4 £28	8.6 £5	18.5 £4	
<b>Sunset Mirage</b>	7.6 £106	7.8 £51	9 £33	10 £40	10.5 £9	11 £24	
<b>Hot Lips Page</b>	7.6 £30	8.2 £8	9.6 £91	9.8 £34	10 £85	10.5 £12	
<b>Faraway Echo</b>	13.5 £3	14 £28	14.5 £3	20 £2	25 £2	27 £4	
<b>Young Love</b>	17.5 £2	18 £22	18.5 £5	27 £9	28 £2	30 £2	
<b>La Landonne</b>	9.6 £2	12 £8	17 £14	36 £4	140 £5	1000 £2	
<b>Gone Loco</b>	24 £3	25 £16	26 £8	50 £4	1000 £2		

Horse

**PLACE BETS**   MY BETS   MARKET INFO

**MARKET: WIN ONLY MARKET**

BACK ALL

LAY ALL

**TO PLACE A BET:**  
Back your selection by clicking the blue buttons on the 'Back' side of the market. Odds displayed on the blue buttons are the best odds currently available. The '£' figure below the odds is the maximum stake on offer. You can bet all or part of this amount.

If the bet you're after is not available you can click the same button and ask for the odds you want.

The 'Lay' side of the market displays the odds which backers are asking for and the total stake money being requested.

To bet against a selection click the odds in the 'Lay' column to accommodate a backer at the price they are asking for, or to make an offer at your own odds.

You can place several bets at once by clicking more than one button.

**BETTING SUMMARY:**  
Click a selection name and you will see a summary of betting activity so far.

The main areas of power given to us by Betting Exchanges, other than being able to use them to bet much like using a traditional Bookmaker are:

- We are now able to ask for our own odds
- We can now LAY a horse to LOSE, effectively taking on the role of a Bookmaker.

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## About BACK Odds

If you have bet before, using a traditional Bookmaker, you are probably used to using "Fractional Odds" when placing a bet. From now on, when using a Betting Exchange, you will be using European "Decimal Odds". Decimal odds are much easier to use and comparison between odds is quicker.

The difference between the two types of odds presentation is quite straightforward. As an example, the Fractional Odds of 2/1 (two to one) converts to a Decimal Odd of 3.0 (three). Converting Fractional Odds to Decimal Odds is done by dividing the numerator by the denominator and adding 1, thus:

$$2 \text{ divided by } 1 + 1 = 3.0$$

We add one because Decimal Odds include the original stake money when calculating returns.

However, before diving into the realms of betting, let me, for the uninitiated to gambling, explain a little about the principles of betting odds. Firstly, I will give a number of examples using Fractional Odds and then show the same examples using Decimal Odds. Don't forget, we are at present looking at BACKING examples; LAYING will be explained later.

Odds are the mathematical figures, which state how winning bets will be settled. The Fractional Odds of 2/1 (2 to 1) (2 to 1 against) means that the Bookmaker will bet his 2 to your 1 that your selection does not win (you must win before the Bookmaker will give you a return).

Ignoring betting tax, which at the time of writing this manual, did not exist in Britain - if you bet £1 at the odds of 2/1, and the horse you have backed goes on to win, then you will receive £3 from your Bookmaker.

e.g.

1.	2 x £1	= £2.00 (Your Profit)
	Plus Original Stake Money	= £1.00
	Total Return	= £3.00

Further examples using £1 as your Original Stake Money:

### 2. Odds 11/8

	11/8 x £1	= £1.37 (Your Profit)
	Plus Original Stake Money	= £1.00
	Total Return	= £2.37

3. Odds 4/5 (Odds On) (5 to 4 On)

This simply means that the Bookmaker is betting his £4 to your £5.

4/5 x £1	= £0.80 (Your Profit)
Plus Original Stake Money	= £1.00
Total Return	= £1.80

Now that the basics of Fractional Odds has been covered you must get used to using Decimal Odds if you are going to use the Betting Exchanges for your new adventures.

The examples below show the equivalent Decimal Odds format of the examples shown above:

1. Odds 3.0 (Fractional Odds 2/1)

Return from Bookmaker 3.0 x £1	= £3.00
Less Original Stake Money	= £1.00
Your Profit	= £2.00

2. Odds 2.37 (Fractional Odds 11/8)

Return from Bookmaker 2.37 x £1	= £2.37
Less Original Stake Money	= £1.00
Your Profit	= £1.37

3. Odds 1.80 (Fractional Odds 4/5)

Return from Bookmaker 1.80 x £1	= £1.80
Less Original Stake Money	= £1.00
Your Profit	= £0.80

When BACKING you will be looking for , or asking for, as HIGH ODDS as possible.

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