

# **10 Secrets of the Betting Exchanges**

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## **10 Secrets of the Betting Exchanges**

### **Chapter One - Introduction**

### **Chapter Two - The Benefits of Exchange Betting**

### **Chapter Three - Know Your Price**

Secret 1 Bet the right price for long term profit & Secret 2 Lay the right price for long term profit

### **Chapter Four - Is it a Good Price**

Secret 3 Is the price you are getting good value

### **Chapter Five - Ask and You Shall Receive**

Secret 4 If you don't ask you don't get

### **Chapter Six - Bet or Lay**

Secret 5 laying the opposition is the same as betting the selection

### **Chapter Seven - Day Trading**

Secret 6 build arb positions within the market

### **Chapter Eight - Variations on a Theme**

Secret 7 arb positions between exchanges & Secret 8 arb with the bookies

### **Chapter Nine - Lay The Field**

Secret 9 make a book

### **Chapter Ten - Free Money**

Secret 10 sign up for a free bet

## **1 - Introduction**

In the following pages we intend to share with you our top ten tips for profiting from betting exchanges.

With the advent of the betting exchange things have changed dramatically for the punter. If you're like me you will remember when you had to not only beat the bookies overround but that you also had to make enough profit to cover betting tax at 10% as well.

That's how it was when I started out and short spells of betting as my sole income always ended with the conclusion that a job is required to make sure the essentials are paid for. The stress of trying to beat all the factors stacked up against the punter meant that for me it was easier to work.

Everything's changed now, first the betting tax went and now you can bet against other punters and you can bet with virtually no overround in a market that is driven by demand. Well perhaps not strictly driven by weight of money but a damn site closer than it used to be.

We hope you learn something from the tips enclosed but if you didn't and you paid for this e-book then send it back for a full refund, no questions asked.

## **2 – The Benefits of Exchange Betting**

There are many benefits of exchange betting you can get a value price, because there is a lot of competition to take your bet the overround that the market works to can be as low as 1%. Sometimes it will be zero or a negative overround. So you can usually get a good price and one that is better than is available elsewhere.

Also on the exchanges you have options if you see a horse that just can't win then you can bet against it or lay the bet. If you have spent a lot of time analysing an event and you have decided that it is only between two of the participants then you could lay everything else in the event apart from the two from which you think the winner will come.

If you just want to bet on the outcome of an event you have a better chance of making a profit on the betting exchanges. You can get a better price and you can make more flexible bets.

If you want to be more creative in making your profit then there are many more options some of which we will explore in this book.

### 3 - Know Your Price - Lay Small Bet Big

The most important thing you need to know when betting with the exchanges is the price you want. IE The price that gives you a definite advantage.

If you are betting the horses then the Racing Post will give you a good indication of the likely starting price. The forecast price in the Racing Post will include the likely overround so if you are basing your price requirement on the Racing Post forecast then you need to ask for slightly bigger to account for the reduced overround that you can expect at the exchange.

The way to calculate a likely price without the overround is as follows:

Convert all the forecast odds to decimal odds EG if the forecast is 2/1 the decimal is 3, if the forecast is 6/4 then the decimal is 2.5 which is 6 divided by 4 (1.5) +1 = 2.5

Convert each of the decimal odds to a percentage by dividing it into 100 EG 100 divided by 2.5 =40% so 6/4 = 40%

Add up the percentages of all the runners and it should equal between about 110 and 140.

Take away 100 from the total to give the overround percentage EG 110 - 100 = 10% overround.

We now need to get the percentage that we want to adjust down each forecast price.

Take your overround percentage from 100 then divide the result by 100. EG 100 - 10 = 90 divide 90 by 100 = 0.9.

Finally multiply the percentage forecast price by the multiplier we got in point 5 above EG our forecast is 6/4 which is 40% multiply that by 0.9 which equals 36%.

If you want to convert that back to decimal odds you divide it into 100 EG 100 divided by 36 equals 2.77, this is the decimal odds you should be looking for which in this case is about 7/4.

This exercise will give you a fair price to aim for. If you want to make long term profits then you should always bet at better than the fair odds. If you can do that consistently then you will make long term profits. There may be periods of loss but they will be balanced out by periods of bigger than expected wins.

The other side of the coin is to lay at under the fair odds. This is a lot simpler to calculate because the Racing Post forecast includes the expected overround so if you can lay consistently at the Racing Post forecast odds then over the long term you will profit.

It is generally understood though that the bigger priced horses 40/1 and upwards generally have less chance than their forecast odds so huge prices can sometimes be available on these horses which means that sometimes you will not get the price you have calculated on the shorter horses.

So how accurate are the Racing Post prices? Well they are generally a very good reflection of the chances of any given horse, even when they do not match the actual starting price they are often still a good reflection of the true chances of a horse. You will often see a horse drift away from the Racing Post forecast because of support for another horse and then the Racing Post favourite go on to win. Nobody's right every time though so always try and use your own judgement also.

So what do you do to identify a fair price for other events? The best way with any event is to decide your own value price for an outcome. Failing that you should look at any prices available from the bookies from these you can deduce a value price.

#### **4 – Is It A Good Price**

If you want to know if the current available price is a good price and you want to know if the price is likely to get bigger or smaller you should click on the name of the participant you are interested in on the betting exchange screen. This will pop up a new window with details of the bets taken so far on that participant. We will use Betfair as an example.

On the Betfair screen you will see a graph showing all the bets to date. From this you can see if the price is coming in or moving out and you may be able to predict where it is going to go in the future. If the graph shows a steady shortening of price then it is likely that this will continue but maybe with slight variations along the way. If this is the case and you are happy with the price now then you should probably bet now. If the price has been on the drift then it may be better to wait.

The graph is a good indicator but there is other information in the same window that may give a clue.

One other clue is the reduction factor, this is the percentage of the return that the exchange will take from all winning bets if this particular horse is withdrawn. In the real world of bookmakers there is a standard formula for these deductions and it is based on the price of the horse just prior to it being withdrawn. With the exchanges, however, this deduction is calculated based on the weight of money for that horse.

What can we deduce from this, well if the horse we are looking at has a big reduction percentage but the value of the money exchanged to date isn't significant then maybe there is not so much interest as there was and the horse may be more likely to drift. Conversely if the reduction factor is small but there is a lot of money traded maybe the price will shorten.

On the same screen you will find details of all the bets traded to date and all the available bets. The "to back" and "to lay" columns tell you how much money is available to bet or lay. This in itself can give an indication of whether the current price is liable to move. If you tot up the available money on each side you will see if the market is lopsided and therefore where it is likely to move.

The end column details the amount traded at each price point so far. This column always makes interesting reading as you can see the extremes of price at which punters traded so far.

## **5 - Ask and You Shall Receive**

The best way to get a good price on the betting exchanges is to ask. There is always a spread on any market and if the market is static and somebody needs to lay some money to make or to complete their book then they will have to take a lay on offer. The lays on offer are from people like you who are asking for just a little or maybe a lot over the odds.

So if your not in a hurry why not ask for a little more than is available and leave it on the exchange then when you come back you may have got that little bit more value. Alternatively stay and watch that way if the market moves against you then you can change your mind and match your bet.

Little advantages like this make a big difference to your profits over the long term.

## **6 – Bet or Lay It's All the Same**

This one applies more to sports betting than betting on the horses although occasionally can be used on a small field.

When you are dealing with an event that only has two outcomes like a tennis match or a snooker match you don't have to bet the selection you want to because you could lay the other participant to the same effect.

As an example I am currently looking at Wimbledon and the match between Nalbandian and Henman, if I wanted to bet Nalbandian I can bet up to £3000 at 2.9 but I could also lay Henman at 1.52. If I lay Henman I have effectively made the same bet IE if Nalbandian wins then I win. At these prices if I bet £100 on Nalbandian and he wins I profit by £190, if I lay Henman with a liability of £100.36 if Nalbandian wins I win £193. So the best bet is to lay Henman.

Another reason to consider laying the opposition instead of betting is the amount of money available in each side of the market. If there is just a little money available at the best price for the bet you are considering and a lot of money available to lay you may get your bet accommodated more successfully by laying.

As I said earlier you can do this when there are more than two possible outcomes but the more competitors and outcomes the more complicated the calculation becomes.

## 7 – Day Trading

The most satisfying way to make a profit on the exchanges is very much like your day trader might on the financial markets. He buys low and sells high. You can do the same thing with the betting markets on the exchanges.

We want to bet at a big price and lay at a small price. There are two strategies you can follow the easiest is to make a no lose bet. For example If you bet £10 on Dobbin at 5/1 and are able to lay somebody later for a £10 stake at 4/1 then if Dobbin wins you make £10 because you win £50 from your initial bet but you pay out £40 on your lay. If Dobbin loses you win £10 from your lay but lose £10 on your bet. You have therefore had a free bet of nothing to win £10. And the beauty is that as soon as you have got out of your position your money is available to bet again, you don't have to wait for the event to run.

You can make a very good profit from following this strategy, obviously lots of your bets will end with no return but when done correctly none of them will result in a loss although you are bound to misjudge the situation occasionally and will incur the occasional loss.

There are two burning questions related to this strategy and they are how do you know which way the market will move and what do you do when faced with a position that you can't get out of without a guaranteed loss. We will deal with both of these at the end of this section after we have looked at the second variation of this strategy.

The second variation is to bet at a big price lay at a small price but to adjust your stakes in such a way so as to make a profit whether your selection wins or loses.

Taking our earlier example where you have bet £10 on Dobbin at 5/1 if you now lay Dobbin at 4/1 to a £12 stake you will be in a no lose situation. If Dobbin wins you win £50 from your bet but have to pay out £48 on the lay that you made making a £2 profit on the transaction. If Dobbin loses you lose your £10 bet but you receive £12 from the lay that you made.

So how do we find these positions so that we can make risk free bets? If you look into Betfair now and pick a race at random and then look at the betting details for the first or second favourite it is very likely that what you will see is enough variation in the price of that horse, so far, to have made a risk free bet.

So it is almost always possible to make a risk free bet if you know which way the market will move. You need to work out the trends for yourself around the markets that you look at. For the horses it goes something like this. The night before racing there will be punters looking to place their bets for the next day and they will be happy as long as they get the Racing Post forecast price. During the morning on the day of the race the price will drift unless it is the subject of some sort of gamble only to come back in as race time nears. Then when the live market from the course is available it will probably drift out a little again. The price a few minutes before the off will generally be a bit bigger than the Racing Post forecast. This is the way we see the average horse market.

From this you can see that there will often be an opportunity to lay at the Racing Post price the night before racing and sometime during the day there will be an opportunity to bet again at a bigger price.

When you make your own assessment of the likely movements of the market you should look for factors that will affect market opinion. Watch out for favourites in handicaps, which have run up a sequence of wins, the handicapper will catch up with these types eventually and they are likely drifters. Watch for co favourites, where the Racing Post forecasts that two horses will start at similar prices it is likely that one will shorten and the other will drift, not often will they start at the same or similar prices.

Your biggest risk is in laying a steamer that you cannot get out of. So what do you do if you can't get out with a guaranteed profit or a break even? Well this is a personal decision, it is always hard psychologically to take a guaranteed loss because there is always the hope that the result will bail you out and you will make a bigger profit. IE if you have bet there is the hope that the horse goes on to win and if you have laid there is the hope that the horse will lose. Our experience is that these things can go either way but that when they go on to lose you kick yourself more. We advise that you take the guaranteed loss and get out and get on to the next event.

## 8 – Variations On A Theme

There are many variations of the bet and lay method outlined in the last chapter. The two main variations are the bet with the bookmaker and lay at the exchange and bet and lay between exchanges. Both come with their added difficulties and opportunities, which we will explore below.

When betting with a bookie and laying at the exchange the main difficulty is that you need the funds at the exchange to cover your lay which can be difficult at bigger prices. Of course when you are betting on the same market on the same exchange once you have made your bet the potential winnings covers your lay so you don't need a large deposit. There are however a good supply of potential trades to make. The easiest to find is around bookmaker's early prices.

When a bookie advertises an early price in the press they will usually stand this price to a small bet with their clients as long as you get in early. So if you look at the pricewise tables and see that one bookie is out of line its usually a good idea to take the bet in the knowledge that the true price is less and that you are likely to be able to lay it on the exchanges. This is especially true if the horse in question is tipped by a prominent tipster or is the Pricewise selection.

When trading between exchanges you have the same problem with available funds to cover your lays. You also have the added problem of commission because when you bet and lay within one market on one exchange your losses are offset against your winnings before you pay commission. When you are betting between exchanges the loss you make on one exchange is not offset against the winnings on the other so you pay more commission. You can even lose overall where you end up in a break even position and still end up paying commission and consequently taking a loss.

But you don't always have to lay between exchanges, if you see a difference of price you may be able to use this to get a guaranteed win position on a single exchange. Generally any variations between the exchanges quickly disappear so you may be able to use a difference between exchanges to indicate the way a market is moving, you may be able to bet just before the price shortens and lay it again a few minutes later or visa versa.

## 9 – Lay The Field

Do you think that the bookie always wins, if so why not play at bookie yourself and lay the whole field? Its quite straightforward to decide how much money you should lay on each runner.

Using Betfair as an example navigate to your events page and click on the Place Bets marker on the right hand panel of the screen. Then click the button that says Lay All. You will now have the runners listed and the prices that Betfair defaults to are those that are currently available. It is extremely unlikely that a profit can be made from laying all the available prices. So the first job is to change the prices to those you want to lay. This can either be close to the current available bet prices or based on a forecast of likely starting prices.

Next decide how much you want to lay, we need to decide a figure that each runner will take from you if it wins. For easy maths we will assume this to be £100. You then divide £100 by the decimal price for each runner, this will give you the amount you should enter as the backers stake. EG if you are laying at 2.50 then you divide 100 by 2.5 to give £40, this is the backers stake.

Once you have done this for each runner check at the bottom of the box where it will tell you the percentage to which you are laying. Make sure it is over 100% otherwise you are guaranteeing a loss should your bets all be taken. When this percentage is over 100 the amount it exceeds 100 by is the amount you will profit if you are laying to a £100 take out and all your bets are matched. EG if you calculate all your lays to £100 as we have and you are betting to 110% then if all bets are taken you will profit by £10 whatever the outcome.

The hard part is deciding what prices to lay at. If you want to lay a whole event then you need to get in early or work to very small margins. If you can price up a market as soon as it is available you should do so with a fair bit of profit in the prices. If you lay any at inflated prices you will then have an advantage for when the prices get tight and you are trying to lay the rest of your runners.

Another method is to lay less popular events, the big players don't waste their time with these events because they cannot turnover enough money to make it worthwhile. Although you won't lay any big bets in these markets you will be able to work to a bigger margin. Try the afternoon greyhound racing as a first stop in search of markets working to bigger margins.

## **10 - Free Money**

Now there is some competition again in the betting exchange market place there are offers and incentives being offered to get you to sign up. We have provided links below to our favourite exchanges all of which at the time of writing are offering free bets to new members. To benefit from the latest offers access the sites from the links below.

[Click Here for Betfair](#)

[Click Here for Betdaq](#) – Now offering multiple bets (doubles, trebles etc) & each way betting