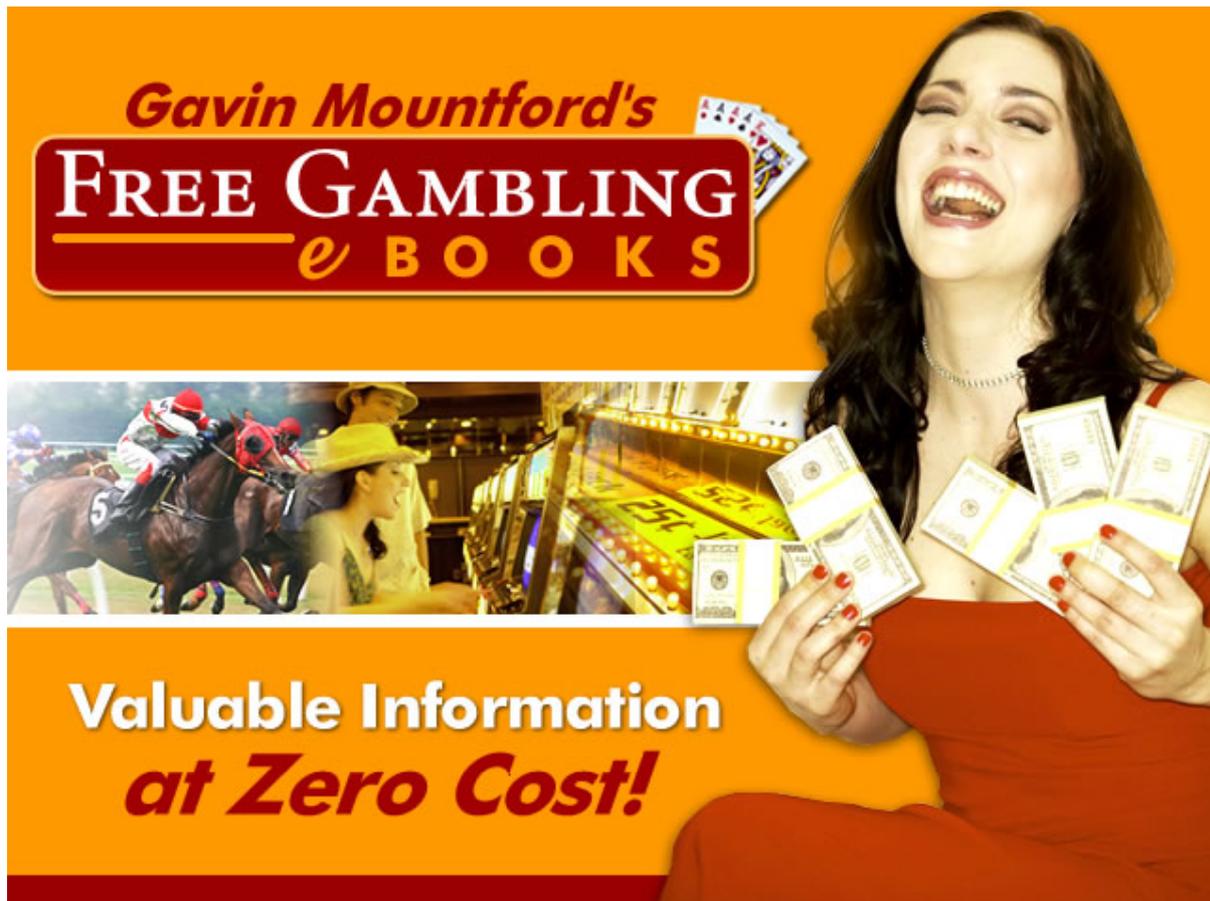


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OPEN A NEW BETFAIR ACCOUNT

If you haven't yet opened a Betfair account, I will now run through the steps to open your account and receive your free £20 bet.

Betfair is the biggest and best betting exchange. They have a huge range of betting markets and users so there is never a problem of getting your bets matched. No only that but Betfair will give new account holders £20 free plus a bonus payment after three months of an amount which depends on your betting activity over those first three months.

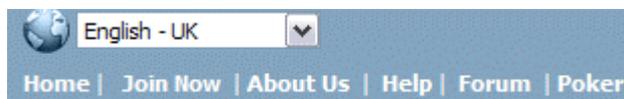
See the terms and conditions when opening your Betfair account

Important

You must enter a code (which is below) when opening your account in order to be eligible for the free £20 and bonus. Unless you enter the code correctly (or open your account without the code, you wont get your freebies.

- 1) To open your Betfair account:
- 2) Go to <http://www.betfair.com>

Click the "Join now" link at the top of the page



3) Enter your details in to the Pop-Up screen

4) Enter the code 4PM3KGQQA in to the Refer and Earn box (See screen shot below) and click "next" to continue with the account opening process.

Enter offer code: (optional)	<input type="radio"/>	Promotion code <input type="text"/> 6 alphanumeric characters Please allow 48 hrs after your first bet for cash to be credited.	<input checked="" type="radio"/>	Refer and Earn code <input type="text" value="4PM3KGQQA"/> 9 alphanumeric characters Cash will be credited once you achieve 50 Betfair Points.	<input type="radio"/>	I don't have a code
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NB. To be eligible for the offer, a valid code must be entered at time of registration.

Remember, you MUST enter the Refer and Earn code in full and correctly.

4PM3KGQQA

If you do successfully open your Betfair account using the above code, then Betfair will:

Credit your account with £20 after you have placed bets of a sufficient amount to earn 50 Betfair points*

Credit your account with a further bonus after three months based on your betting activity over that time*

*Please refer to the Betfair terms and conditions when opening your account, or afterwards log-in to your account and click the refer and earn link.

Part 1 – Do's and Don't's of Betting

This course describes **all** the elements that are needed to become a successful trader on the betting exchanges. It is the most complete trading course that we are aware of. Why can we say this? The courses that we are aware of only cover those elements that directly relate to trading whereas this course covers those elements that directly, and indirectly, relate to trading. In other words, this course covers all the aspects of trading that are required. By the time you have completed this course, you will know all that you need to know to become a successful trader.

The course is aimed at the those who are new to trading and those who have a modicum of knowledge of trading on betting exchanges. It may even be helpful to those who are fully conversant with the subject.

The course mainly relates to horse racing but can be modified relatively quickly and easily to almost any other type of event e.g. football, tennis, golf etc.

The course is in Seven parts:

Part 1 covers:

- The DOs and Don'ts of betting
- The importance of being disciplined
- Opinions

Part 2 covers:

- Backing and Laying
- Selection systems

Part 3 covers:

- Staking Plans

Part 4 covers:

- Record keeping
- Analysis of past results

Part 5 covers:

- Steamers & Drifters
- Trading

Part 6 covers:

- Basics of Trading and Creating no risk bets

Part 7 covers:

- Football Trading Strategy
- Horse Racing – Betting in Running Strategy

Why have we left Trading, the subject of this course, until near the end? Before we are able to run successfully, we must first learn to walk. Before we can walk successfully, we must first learn to crawl. Likewise, before we can trade successfully, we must first learn to successfully use the basic tools of betting.

Many people will tell you that trading is easy and about as risk-free as it gets. If it is performed intelligently and one has the necessary skills and knowledge, this statement is mostly, but not completely, true. Without intelligent application and the necessary skills and knowledge, it can be very risky indeed. Even with intelligent application, skills and knowledge, it still carries a certain amount of risk. The objective of this course is therefore to reduce the risk, which trading carries, to an absolute minimum.

Well, that's the introduction dealt with. Now let's make a start on the course.

It is a fact that 98% of all gamblers lose. I can't point you to any reliable statistics to show this but I've heard this figure quoted from so many different, independent, sources that I now fully believe it. From my experience of other gamblers, I can also confirm that this figure is probably correct. Let's put it this way, the only successful gambler that I know is me, and I have a web site to prove it! Yes, some gamblers win now and again. They tend to shout it from the roof tops when they do. When they don't, their silence is deafening. One only has to go into any bookies to experience the truth of this statement - their failures are randomly scattered all over the floor! Additional proof as to the genuineness of this statement, should you require it, is - how many poor bookies do you know? And where do they get their money from? Failed gamblers.

This is the main reason why we have created this course. To help you become successful, or more successful if you already are.

It helps if you are one of the fortunate few who were born lucky. If you had the misfortune not to be born unlucky, then this course is for you. It will provide you with the knowledge and skills that will more than make up for the lack of luck. Obviously, we can't guarantee that this course will ensure your success, no system or course can do that. What we can say is that it will help to become better. It will also help you to avoid the major pitfalls that you may otherwise beset you.

Now a few Dos and Don'ts of gambling:

DOs and Don'ts

1. Protect you betting bank

Never risk more than you can afford to lose. Yes, there are times when we are told of a 'sure thing'. But, believe me, there is no such thing. To give you just two

examples: A horse called Twinned ran in the 2:15 race at Brighton on 13 June 2005. It was a 5 furlong maiden stakes race. A horse called Spirit of Chester ran in the 2:30 race at Brighton on 12 July 2005. It was a 6 furlong maiden stakes race. The odds on both horses were 1/4. How more of a 'sure thing' do you want? Let's face it, 4 to 1 on is about as sure a thing as one can get in horse racing. However, my system indicated that both of these horses were going to lose so I layed them both to lose. These two 'sure things' duely obliged and lost and I won.

Another reason for not risking more than you can afford to lose is that you must protect your betting bank at all costs. Without one, you can't recover your losses. With one, you can. If you don't learn anything from this course, then learn this golden rule: Protect your betting bank at all costs. Never, risk more of it than you can afford to lose. With most of your betting bank still in tact, you will live to fight another day and you can use it to recover your losses. Without one, you won't and can't. I cannot stress this principal enough. I have a rule which I follow religiously: I never risk more than 5% of my betting bank on any single horse - no matter how much of a 'sure thing' it is. Yes, sometimes the horse does what I expect of it and, had I bet more, I would have won more money. But then, sometimes, it doesn't. It is at these times that I look to the heavens and thank the good Lord that I had the sense not to risk too much of my betting bank.

2. Selection Systems

Before you begin betting on horses, or anything else for that matter, it is a good idea to obtain a selection system to identify which horses/teams/players etc. to bet on. It may, at first, appear to be a rather strange thing to say, but even a bad selection system is better than no selection system at all. Here's why :- If you are the kind of person who selects horses based upon its name or your lucky number etc., the results, and thus winnings, will be totally random. It will be difficult to analyse past results in a meaningful way and it will be difficult to improve the system's strike rate and therefore its profits. More importantly, it will be difficult to stem losses because the reason for them will be totally random. If you use this type of 'method' to select horses, then good luck to you. You may well need it.

If you use a system, no matter how bad it is, and stick to it religiously, at least you will be able to meaningfully analyse your past results. You will then be in a position to identify which factors are the most important in determining whether or not your bets win. If your past results can be analysed, then those factors which are causing the system to win or lose can be identified. As a result, you are in a position to modify your future betting. This can increase your system's strike rate and increase the profitability of your system.

We will cover selection systems more fully in part 2 of this course but, at this point, you are advised not to venture forth into the world of betting without a well-tried and tested system.

3 Testing

Even at this stage, it would be foolhardy to place bets using your system. You need to prove that your selected system is accurate. So, once you have selected a

system, you should test it for a period of at least one month. A three-month test period would be better still. During this period, you should not bet but simply record the selections identified by your system, your intended stakes and the odds at the time that you would have placed your bets. Following the race, you should record the results of the races and what your profit or loss would have been.

At this stage, it would be far better to have patience rather than an empty bank account!

4. Analysis of Past Results

As I stated earlier, even a bad selection system is better than a random or no selection system at all. The reason for this is that the results of even a bad system can be analysed and valid conclusions drawn whereas it is pointless analysing the results of a totally random system since the results will be totally random - as will any conclusions drawn.

So, how do we go about analysing our past results? This important topic will be discussed in part 2 of the course.

5. Staking Plans

I cannot stress enough how important it is to use a staking plan since staking random amounts on selections gives rise to random results. Staking random amounts makes analysing your results difficult at best. The other reason for using a staking plan is that it can often make up for the short-comings of a poor selection system.

This topic will be discussed in full in part 3 of this course.

6. Discipline

We cannot stress enough just how important it is to be disciplined. If you have purchased or created a selection system, then you should follow it religiously. Otherwise, what was the point of purchasing or creating the system in the first place?

All systems go through good and bad periods. Having said that, there is a temptation, not unsurprisingly, to lose the faith when it is not performing well, especially if losses are on the increase or a poor performance period lasts an inordinate amount of time. If your system is going through a bad period, do not be tempted to cast it aside too soon in favour of another system, especially if your existing system has proven itself over the long-term and your new system has not. Stick with the system. By way of example, one of my systems is in the habit of performing exceptionally well following a period when its performance has been somewhat dire. During these exceptional performance periods, it will, very quickly, recover all its previous losses and more besides. I've also noticed that the worse the performance was, the better its performance will be when it recovers.

There are other reasons why discipline is required. Some systems, sometimes, identify the most unlikely selections. By way of example, one of my systems identifies horses which should be layed to lose. On occasions, it has identified

horses which, in the normal course of events, should win their races by the proverbial country mile. For example, on 25 February 2006, the system identified Wild Cane Ridge as a loser. It was running in the 4:05 at Newcastle. Wild Cane Ridge's SP was 4/6. I took one look at the race and was very puzzled. Wild Cane Ridge had little opposition and ought to have strolled home. I couldn't understand why the system had selected it as a loser. Yet it did. Reluctantly, I layed the horse to lose - but I almost bet it to win. Wild Cane Ridge promptly lost and I won my bet.

On 19 February 2006, the system identified Gardasee as a loser. It was running in the 3:50 at Towcester. Gardasee's SP was 8/11. I took one look at the race and, again, was somewhat puzzled. Gardasee had little opposition and ought to have romped home. I couldn't understand why the system had selected it as a loser. Yet it did. Again, reluctantly, I layed the horse - but I almost bet it to win. Gardasee promptly lost and I won my bet.

Had I used conventional wisdom, I would have backed both Wild Cane Ridge and Gardasee to win, in spite of the fact that my system suggested that they both should be layed to lose. Had I been ill disciplined and not followed my system's selections, I would have missed out on these opportunities.

Discipline is also required when recovering losses. Following a loss, there is a temptation to increase stakes in order to recover losses quickly. This is referred to as 'chasing losses' and is not to be recommended. Yes, sometimes it works, but not always. Sadly, when it doesn't work, it results in further losses being incurred. The opposite can also occur and there is a temptation to lose faith in the system and reduce stakes in order to stem the losses. In my opinion, this is just as bad as 'chasing losses' since previous losses are recovered at a lesser rate than that at which they were incurred. As a result, the betting bank will be gradually be depleted over time. By far and away the best advice that I can give is to accept that, no matter how good a system is, it will never be perfect and losses, from time to time, are to be expected. Therefore, following a loss, stakes should be maintained at their current level. Therefore, stakes should neither be increased or decreased until the losses have been recovered. Any system worth its salt will recover losses, given time.

7. Opinions

Generally, I use betting exchanges to place my bets. On betting exchanges, unlike at bookies, one can see which are the fancied horses in a race and, in terms of money, just how much or how little they are fancied. In some ways, this information can be a help since it serves to confirm a system's selections. At other times, the information only serves to further confuse an already confused picture.

There have been times when my selection system has identified a horse which has gone against the balance of opinion. By way of example, on 18 March 2006, my system identified Ross Com in the 3:00 race at Newcastle. On the betting exchange that I use, the money just kept coming for Ross Comm and the odds kept shortening. I rechecked my system and Ross Comm was a definite lay opportunity. In spite of this, Ross Comm shortened still further and finally went odds on favourite. I rechecked my system several times and each time the answer was the same, Ross

Comm was going to lose. Although it was a difficult decision, since there was a lot of money for the horse, I layed Ross Comm to lose - and it did.

Another example occurred on 3rd. March 2006 in the 4:45 race at Newbury. My system identified Christy Beamish as an easy winner. I placed a bet on the exchange at odds of 3.9 at about 3:30 on the day of the race. My feeling was that the odds would shorten prior to the start of the race. By 3:40, it had drifted out to 7.0. The opinion was that this horse wasn't going to win. I began doubting my system given how much the odds were drifting. Just before the start of the race, the odds increased again to 7.6. In spite of the drifting odds, and the general lack of faith in the horse, the horse duly obliged and won comfortably.

The cases of Christy Beamish and Ross Comm indicate just how little faith and trust can be placed on betting markets and that opinion is just that, opinion. If your system selects a horse, you should stick to it, regardless of what the betting market, and anything or anyone else, indicates. OK, opinion isn't always wrong, but, there again, it isn't always right either. In my opinion, no pun intended, there are as many opinions as there are people who have them, and they are wrong, on average, about as often as they are right.

At the end of the day, if opinion meant very much, there would be no need to run the races. We could simply lay back, debate the outcome of races and declare the winner based upon the balance of opinion.

Before we leave this topic, please understand that you too are entitled to an opinion and that your opinion is as valid as anyone else's. In fact, it is more valid. Why? Because, based upon your opinion, you are risking your money - not someone else's. That entitles you to have an opinion.

So far, in this, Part 1 of the course, we have covered the dos and don'ts of betting, the importance of being disciplined and the value of the opinions of others.

In Part 2 of the course, we will cover backing, laying and selection systems.

Part 2 – Backing, Laying and Selection Systems

Part 1 of this course covered the dos and don'ts of betting, the importance of being disciplined and the opinions of other people. During this part of the course, we learned about some of the dos and don'ts of betting, why it is important to become and remain disciplined and why other people's opinions, to put it bluntly, should be ignored.

This part, part 2, covers backing, laying and selection systems.

Well, that's the introduction dealt with. Now let's make a start on part 2 of this course.

1. Backing and Laying

Essentially, there are five choices when it comes to betting:

- Backing to place.
- Laying to place
- Backing a selection to win.
- Laying a selection to lose.
- Trading.

Much has been written about backing horses to win and, no doubt, much more will be written in the future. More racing newspaper column-inches are devoted to backing horses to win than to almost any other single facet of horse racing. This is because, in the past, there were far more punters than bookies and much assistance was given to punters and, let's face it, much was needed. As such, there are an inordinate number of theories relating to the selection of winning horses. There was, however, little written on backing horses to place and even less on laying horses to win or place. This, as far as I am aware, is surprisingly still the case. I say surprisingly because, with the advent of betting exchanges, one would have thought that this situation would have been improved upon. Sadly, this isn't the case. As such, few theories exist on these topics. I did, recently, come across a laying to place system. Unfortunately, the system didn't prove to be very successful and it has since been consigned to the waste paper basket. As such, due to the lack/absence of theories on place backing and laying, these topics will not be covered in this course. In fairness, this is no great loss since place backing and laying plays no part whatsoever in trading, which, fundamentally, is what this course is concerned with. As stated in part 1 of this course, trading will be covered in part 5.

Now that we have explained that, let's cover backing a selection to win.

1.1 Backing to win

The average horse race contains about 10 runners. Therefore, statistically, there is a 1 in 10 chance of backing the winner, assuming, of course, that all the horses in the race have an equal chance of winning. Therefore, in an average day, with average luck, if one horse in each of 10 races is backed to win, one selection will

win. If the odds of the winning selection is less than 9/1, a loss will be made. If the odds are exactly 9/1, a break even situation will be achieved. Only if the odds of the winning selection is above 9/1 will a profit be made.

To improve on matters, the strike rate of 10% (one winner in every 10 selections) needs to be increased or the odds of winning selections needs to be greater than 9/1.

Fortunately, it isn't too difficult to improve on a 10% strike rate. The way to do this is to simply back each favourite in each race.

The common perception is that favourites win most of their races. The reality is that, on average, favourites only win approximately one in three of their races. This means that non-favourites actually win twice as many races as favourites. However, the strike rate will increase from 10% to 33.33%. But will a profit be made?

The average price of a favourite is about 3/1. Therefore, in theory, if £1 were to be placed on every favourite in every race, the profit would be approximately 33 pence per race, on average. That's a 33% return on our investment. Well, that's the theory. The practice is somewhat different.

Firstly, the average price of **winning** favourites isn't 3/1. It is about 9/4. The profit is therefore approximately 8 pence per race, on average. That's an 8% return on our investment.

Secondly, although most races have a clear favourite, approximately 10% have joint or co-favourites. This means that the profitability is reduced to about 3 pence per race, on average, since more horses per winning selection will need to be backed. That's a 3% return on our investment.

Thirdly, if we were to place our bets using a betting exchange, we can expect to obtain odds which are approximately 20% better than at a bookies. To offset this, we need to take into account the betting exchange's commission of approximately 5% on winning bets. We can therefore add approximately 0.4% to our profit.

This means that we have gone from a theoretical 33% profit to an actual profit of 3.4% on our investment. That is almost a 90% reduction in profit.

Can we improve on the strike rate even further and hence the profitability?

Well, yes we can. We simply back those favourites which are likely to win and ignore those favourites that are likely to lose. But, how do we determine which favourite is likely to win and which is likely to lose?

There are numerous factors which influence whether or not a favourite is likely to win. By selecting and combining these factors, strike rates can be significantly improved upon. The more factors that are combined, the greater the chances are that the selected favourite will win. The downside to this strategy is that the more factors that are combined, the fewer the number of selections there will be. In fact, if all the factors were to be combined, every favourite would probably be eliminated. It

is therefore a case of trial and error to determine which factors best suite your individual betting style. Are you looking for as many selections as possible and are reasonably happy to accept a higher risk factor, or are you the cautious type who is risk averse and therefore prefers as few, but relatively safe, selections as possible? Here are some examples of factors which determine how likely it is that the favourite will win their race:

1.1.1 Age:

39% of 2 year-old flat favourites win their races.
35% of 3 year-old flat favourites win their races.
29% of flat favourites older than 3 years of age win their races.

43% of 3 year-old National Hunt favourites win their races.
40% of 5 year-old National Hunt favourites win their races.
All other age group National Hunt favourites win less than 40% of their races.

Therefore, to maximise the win potential, it is better to select 2 and 3 year old flat and 3 and 5 year old National Hunt favourites.

1.1.2 Race Type:

Favourites win 43% of flat maiden races.
Favourites win 38% of flat claiming stakes and stakes races.
Favourites win less than 34% of all other types of flat races.

Favourites win 48% of novice chase races.
Favourites win 46% of novice hurdle races.
Favourites win 45% of claiming hurdle and hunter chase races.
Favourites win 44% of chase races.
Favourites win 43% of hurdle races.
Favourites win 41% of maiden hurdle races.
Favourites win 40% of claiming chase races.
Favourites win less than 37% of all other types of National Hunt races.

Therefore, to maximise the win potential, it is better to select favourites running in the above mentioned race types.

1.1.3 Number of Runners:

Favourites win 50% of their flat races when there are 5 or less runners.
Favourites win 40% of their flat races when there are 6 or 7 runners.
Favourites win less than 36% of their flat races when there are 8 or more runners.

Favourites win 49% of their National Hunt races when there are 5 or less runners.
Favourites win 40% of their National Hunt races when there are 6 or 7 runners.
Favourites win less than 37% of their National Hunt races when there are 8 or more runners.

Therefore, to maximise the win potential, races containing as few runners as possible should be selected, preferably, less than 8.

1.1.4 Going:

Favourites win 38% of their flat races when the going is hard.

Favourites win 36% of their flat races when the going is firm.

Favourites win 34% of their flat races when the going is good-firm.

Favourites win less than 33% of their flat races under all other race conditions.

Favourites win 44% of their National Hunt races on all-weather tracks.

Favourites win 43% of their National Hunt races when the going is firm.

Favourites win 42% of their National Hunt races when the going is hard.

Favourites win 40% of their National Hunt races when the going is good-firm.

Favourites win less than 38% of their National Hunt races under all other race conditions.

Therefore, to maximise the win potential, races run on hard, firm or good-firm ground should be selected and, in the case of National Hunt races, all-weather races are preferable.

1.1.5 Number of previous runs in current season:

Favourites win 36% of their flat races when they have not run before during the current season.

Favourites win 37% of their flat races when they have only run once before during the current season.

Favourites win 36% of their flat races when they have run twice before during the current season.

Favourites win less than 34% of their flat races if they have run 3 or more times during the current season.

Favourites win 40% of their National Hunt races when they have not run before during the current season.

Favourites win 38% of their National Hunt races when they have only run once or twice before during the current season.

Favourites win 39% of their National Hunt races when they have run three times before during the current season.

Favourites win less than 38% of their National Hunt races if they have run four or more times during the current season.

This indicates that, with flat horses, the more races that they run per season, the less effective they become. With National Hunt horses, although running more races does have some effect on their future performance, it not as marked as with flat horses

Therefore, to maximise the win potential, flat favourites that have run less than 3 races and National Hunt favourites that have run less than 4 races during the current season should be selected.

1.1.6 Starting Price:

Flat favourites that start at odds of less than 1/2 win 74% of their races.

Flat favourites that start at odds of more than 1/2 and less than 10/11 win 54% of their races.

Flat favourites that start at odds of evens or more and less than or equal to 11/8 win 43% of their races.

Flat favourites that start at odds of 6/4 or more and less than or equal to 15/8 win 36% of their races.

Flat favourites that start at odds of 2/1 or more win less than 26% of their races.

National Hunt favourites that start at odds of less than 1/2 win 76% of their races.

National Hunt favourites that start at odds of more than 1/2 and less than 10/11 win 55% of their races.

National Hunt favourites that start at odds of evens or more and less than or equal to 11/8 win 42% of their races.

National Hunt favourites that start at odds of 6/4 or more and less than or equal to 15/8 win 36% of their races.

National Hunt favourites that start at odds of 2/1 or more win less than 26% of their races.

What this shows, not unsurprisingly, is that the lower the starting price, the more likely it is that the favourite will win.

Therefore, to maximise the win potential, favourites should be selected whose odds are 15/8 or less.

1.1.7 Finishing position in previous race:

Flat favourites that finished second in their last race win 35% of their next races.

Flat favourites that finished in any position other than second in their last race win 33% or less of their next races.

National Hunt favourites that finished first in their last race win 42% of their next races.

National Hunt favourites that finished second in their last race win 37% of their next races.

National Hunt favourites that finished third, or fell or were pulled up in their last race win 35% of their next races.

National Hunt favourites that finished in any other position in their last race win less than 35% of their next races.

Therefore, to maximise the win potential, favourites should be selected that finished in the first 3 in their last race and the higher their finishing position, the better.

1.1.8 Favourites in previous race:

Flat favourites that were also the favourite in their last race win 35% of their next races.

Flat favourites that were second favourite in their last race win 34% of their next races.

Flat favourites that were not first or second favourite in their last race win less than 32% of their next races.

National Hunt favourites that were also the favourite in their last race win 42% of their next races.

National Hunt favourites that were second favourite in their last race win 37% of their next races.

National Hunt favourites that were third favourite in their last race win 36% of their next races.

National Hunt favourites that were not the first, second or third favourite in their last race win less than 34% of their next races.

Therefore, to maximise the win potential, favourites should be selected that were first, second or third favourites in the betting in their last race and the higher in the betting, the better.

The above factors are fairly static. They are consistent and do not change appreciably from season to season. There are, however, additional factors which determine whether a favourite will win or not. For example, trainer, jockey, courses etc. Unlike the previous factors, the strike rates associated with these factors are constantly changing and therefore the statistics associated with them cannot be reproduced within this document. You should therefore determine these statistics and use them when selecting favourites to back.

When backing favourites, it should be noted that although your strike rate will be relatively high, your profit per winner will be relatively low. This is due to the fact that favourites, inevitably, will be short priced, some may even be odds on. In effect, your profit per winner is being sacrificed for a higher strike rate. By backing favourites, with average luck, your profits will be classified as 'little and often'.

If you are prepared to sacrifice your strike rate for higher profits per winner, then you need to consider backing non-favourites. With non-favourites, winners are not as numerous but, to make up for this, when a non-favourite wins, the profit per winner is much higher due to the higher odds. By backing non-favourites, with average luck, your profits will be classified as 'much but infrequent'.

Should you wish to back non-favourites to win, it is recommended that you search the internet for systems which have proven themselves over the long term. Although some of these systems do cost money, some are completely free. In my experience, the cost of a system does not necessarily reflect its quality. Some of the best systems that I am aware of are completely free.

1.2 Laying to lose

I know that this may be an obvious thing to state, but there is only one winner in a race and lots of losers. In the average race containing ten runners, although there is only one winner, there are nine losers. Statistically, therefore, it is much easier to select a loser than a winner. In the past, before the advent of betting exchanges,

most punters had no other option but to back a horse to win since bookies would not accept bets on a horse to lose. Nowadays, with betting exchanges, anyone can become a bookie and lay horses to lose.

So, now let's cover laying a horse to lose.

The average horse race contains about 10 runners. Therefore, statistically, there is only a 1 in 10 chance that a horse, selected at random, will win. This assumes, of course, that all the horses in the race have an equal chance of winning. Therefore, in an average day, with average luck, if one horse in each of 10 races is layed to lose, one selection will win and you will lose money. If the odds of the winning selection is greater than 9/1, a loss will be made. If the odds are exactly 9/1, a break even situation will be achieved. Only if the odds of the winning selection is below 9/1 will a profit be made.

To improve on matters, the strike rate of 90% (nine losers in every 10 selections) needs to be increased or the odds of winning selections needs to be less than 9/1.

It is difficult to improve upon a 90% strike rate. I do know of some laying systems whose strike rate above 90%, but there aren't that many. Those that do have a strike rate above 90% select very few horses per day. On some occasions, there may not be any selections for several days since each selection is carefully researched and only identified if it is as certain as it can be that it will lose. Even then, the odd selection wins.

Fortunately, it isn't too difficult to select losers whose odds are less than 9/1. The way to do this is to simply lay the favourite in each race.

The common perception is that favourites win most of their races. The reality is that, on average, favourites only win approximately one in three of their races. This means that non-favourites actually win twice as many races as favourites. However, the strike rate will decrease from 90% to 66.67%. But can a profit still be made?

The average price of favourites is about 3/1. Therefore, in theory, if every favourite in every race were to be layed to a fixed stake of £1, the loss would be approximately 33 pence per race, on average. That's a -33.33% return on investment. Well, that's the theory. The practice is somewhat different.

Firstly, the average price of **winning** favourites isn't 3/1. It is about 9/4. The loss is therefore approximately 8 pence per race, on average. That's a -8% return on investment.

Secondly, although most races have a clear favourite, approximately 10% have joint or co-favourites. This means that the loss is increased to about 8.25 pence per race, on average, since more horses per winning selection have to be layed. That's a -8.25% return on investment.

Thirdly, if we were to lay our selections using a betting exchange, the odds will be approximately 20% greater than at a bookies. To make matters worse, the betting exchange's commission of approximately 5% on winning bets needs to be taken into

account. We can therefore decrease our return on investment to approximately - 9.32%.

This means that we have gone from a theoretical 33% loss to an actual loss of 9.32% on our investment. That is almost a 75% reduction in our loss.

Can we improve on the strike rate even further and hence the profitability?

Well, yes we can. We simply lay those favourites which are likely to lose and ignore those favourites that are likely to win. But, how do we determine which favourite is likely lose and which will not?

There are numerous factors which influence whether or not a favourite is likely to lose. By selecting and combining these factors, strike rates can be significantly improved upon. The more factors that are combined, the greater the chances are that the selected favourite will lose. The downside to this strategy is that the more factors that are combined, the fewer will be the number of selections. In fact, if all the factors were to be combined, every favourite would probably be eliminated. It is therefore a case of trial and error to determine which factors best suite your individual betting style. Are you looking for as many selections as possible, where you are happy to accept a higher risk factor, or are you the cautious type who is risk averse and therefore prefers as few, but relatively safe, selections as possible?

Here are some examples of factors which determine how likely it is that a favourite will lose their race:

1.2.1 Age:

29% of flat favourites, older than 3 years of age, win their races.

Flat favourites which are 3 years old or younger win at least 35% of their races.

31% of 11 year-old National Hunt favourites win their races.

National Hunt favourites, of any other age, win at least 33% of their races.

Generally, the younger the National Hunt favourite is, the more likely it is to win its race.

Therefore, to maximise the losing potential of the horse, flat favourites older than 3 years of age should be selected and, the older the National Hunt favourite is, the better.

1.2.2 Race Type:

Favourites win 21% of flat selling handicap races.

Favourites win 26% of flat handicap races.

Favourites win 27% of flat amateur races.

Favourites win at least 33% of all other types of flat races.

Favourites win 28% of novice handicap hurdle races.

Favourites win 30% of novice handicap chase and selling hurdle races.

Favourites win 31% of handicap hurdle races.

Favourites win 32% of handicap chase races.

Favourites win at least than 33% of all other types of National Hunt races.

Therefore, to maximise the losing potential of the horse, it is best to select favourites running in the above mentioned race types.

1.2.3 Number of Runners:

Favourites win 23% of their flat races when there are 16 or more runners.

Favourites win 26% of their flat races when there are 14 or 15 runners.

Favourites win 27% of their flat races when there are 12 or 13 runners.

Favourites win 32% of their flat races when there are 10 or 11 runners.

Favourites win at least 35% of their flat races when there are less 9 or less runners.

Favourites win 29% of their National Hunt races when there are 16 or more runners.

Favourites win 32% of their National Hunt races when there are between 12 and 15 runners.

Favourites win at least 36% of their National Hunt races when there are less than 12 runners.

Therefore, to maximise the losing potential of the horse, races containing as many runners as possible should be selected, preferably, more than 10 for flat races and more than 11 for National Hunt races.

1.2.4 Going:

Favourites win 30% of their flat races on All Weather Slow going.

Favourites win 31% of their flat races when the going is good/soft, soft or heavy.

Favourites win 32% of their flat races when the going is good and on All Weather Standard.

Favourites win at least 34% of their flat races under all other ground conditions.

National Hunt favourites win more of their races the firmer the ground is.

Therefore, to maximise the losing potential of the horse, the less firm the ground is, the better.

1.2.5 Number of previous runs in current season:

Favourites win 27% of their flat races when they have run 7 or more times during the current season.

Favourites win 28% of their flat races when they have run 6 times during the current season.

Favourites win 30% of their flat races when they have run 5 times during the current season.

Favourites win at least than 33% of their flat races if they have run 4 or fewer times during the current season.

Favourites win fewer of their National Hunt races the more races that they they have run during the current season.

This indicates that the more races that they run per season, the less effective they become.

Therefore, to maximise the losing potential of the horse, favourites should be selected that have run as many times as possible during the current season and preferably at least 5 times.

1.2.6 Starting Price:

Flat favourites that start at odds of 8/1 or more win 14% of their races.

Flat favourites that start at odds of 4/1 or more and less than or equal to 17/2 win 16% of their races.

Flat favourites that start at odds of 2/1 or more and less than or equal to 7/2 win 25% of their races.

Flat favourites that start at odds of 15/8 or less win at least 36% of their races.

National Hunt favourites that start at odds of 8/1 or more, generally don't win any of their races.

National Hunt favourites that start at odds of 4/1 or more and less than or equal to 17/2 win 16% of their races.

National Hunt favourites that start at odds of 2/1 or more and less than or equal to 7/2 win 25% of their races.

National Hunt favourites that start at odds of 15/8 or less win at least 36% of their races.

What this shows, not unsurprisingly, is that the lower the starting price, the more likely it is that the favourite will win.

Therefore, to maximise the losing potential of a horse, favourites should be selected whose odds are more than 15/8.

1.2.7 Finishing position of favourites in previous race:

Flat favourites that finished out of the first 3 in their last race win 31% or less of their next races.

Flat favourites that finished in the first 3 in their last race win at least 33% of their next races.

The higher that a National Hunt favourite finishes in their last race, the more likely it is that they will win their next race.

Therefore, to maximise the losing potential of a horse, favourites should be selected that did not finish in the first 3 in their last race and the lower their finishing position, the better.

1.2.8 Favourites in previous race:

Flat favourites that were not one of the first three favourites in their previous race win 30% of their next races.

Flat favourites that were the third favourite in their previous race win 31% of their next races.

Flat favourites that were first or second favourites in previous race win at least 34% of their next races.

The higher up in the betting that National Hunt favourites were in their previous race, the more likely it is that they will win their next race.

Therefore, to maximise the losing potential of a horse, favourites should be selected that were as low down in the betting as possible in their previous race and, preferably, not one of the first three favourites.

1.2.9 Finishing position in previous race (favourites and non-favourites):

Although it appears that this section is a duplicate of section 1.2.7, it is not. Section 1.2.7 relates to race favourites and only race favourites. This section, section 1.2.9, refers to all horses, regardless of whether or not they are favourites.

Flat and National Hunt horses that have won their last race have an 18% chance of winning their next race.

Flat and National Hunt horses that have won their last two races have a 25% chance of winning their next race.

Flat and National Hunt horses that have won their last three or four races have a 31% chance of winning their next race.

Flat and National Hunt horses that have won their last five races have a 43% chance of winning their next race.

It would appear, from these statistics, that the more a horse has won in the past, the more that it is likely to win in the future.

Therefore, to maximise the losing potential of a horse, horses should be laid that have won their last one, two, three or four races. If they have won more than their last four consecutive races, they should not be laid. This is the basis for the 'So Simple' laying system, which I came across in 2005. In 2006, the system was modified to exclude non-English racing and horses that have won more than two consecutive races. I have found this system to be more effective on turf than on All Weather tracks. It is also more effective with flat than with National Hunt horses. It is also more effective at the start of the National Hunt season than at the end and is more effective at the end of the flat season than at the start.

All of the above factors are fairly static. They are consistent and do not change appreciably from season to season. There are, however, additional factors which determine whether a favourite will lose or not. For example, trainer, jockey, courses etc. Unlike the previous factors, the strike rates associated with these factors are constantly changing and therefore the statistics associated with them cannot be reproduced within this document. You should therefore determine these statistics and use them when selecting favourites to lay.

When laying favourites, it should be noted that although the strike rate will be relatively low, so will the liability. This is due to the fact that favourites, inevitably, will

be short priced, some may even be odds on. In effect, the strike rate is being sacrificed for a lower liability. By laying favourites, with average luck, profits will be classified as 'little and often'.

If you are prepared to accept a higher liability in return for a higher strike rate, then you need to consider laying non-favourites. With non-favourites, losing bets are not as numerous but, to make up for this, when a non-favourite wins, the liability can be much higher due to the higher odds.

Should you wish to lay non-favourites to lose, it is recommended that you search the internet for systems which have proved themselves over the long term. Although some of these systems do cost money, some are completely free. In my experience, the cost of a system does not necessarily reflect its quality. Some of the best systems that I am aware of are completely free.

2. Selection systems

Before you begin betting on horses, or anything else for that matter, you will need a selection system to identify which horses/teams/players etc. to bet on. Even a bad selection system, strangely enough, is better than no selection system at all. Here's why :- If you are the kind of person who selects horses based upon its name or your lucky number etc., the results, and thus winnings, will be totally random. It will be difficult to analyse past results in a meaningful way and it will be difficult to improve the system's strike rate and therefore its profitability. More importantly, it will be difficult to stem losses because the reason for them will be totally random. If you use this type of 'method' to select horses, then good luck to you. You may well need it.

If you use a system, no matter how bad it is, and stick to it religiously, at least you will be able to meaningfully analyse your past results. You will then be in a position to identify which factors are the most important in determining whether or not your bets win. If your past results can be analysed, then those factors which are causing the system to win or lose can be identified. As a result, you are in a position to modify your future betting. This can increase your system's strike rate and increase the profitability of your system.

So where do you find a selection system?

Firstly, within yourself. Most people who are drawn to betting have opinions. They have theories relating to the outcome of races. If you are such a person, now is your chance to prove it.

If you don't have your own system and can't or don't want to create one, then consider obtaining one from the internet. Some, you may have to purchase but others are absolutely free. Do not assume that costly systems are better than those which are free. This may not be the case since some of the best systems that I know of are completely free.

Three systems have been discussed in this part of the course. They are: betting on favourites to win, laying favourites to lose and laying those horses which have won their last consecutive races.

More systems can be found by visiting <http://www.horseracingsystemsuk.com>. Note that to access this site, you will first need to register - but this is not a difficult task. The site contains both backing and laying systems and all are completely free. In some cases, the system is fully described such that you will be able to select the horses yourself. In other cases, only the selections are identified and no details are provided as to how the selections are arrived at.

Be aware that this site is not only used to advertise selections generated by well established systems, it is also used test new and unproven systems. You are advised to thoroughly read the comments on each system prior to making your selection.

Participants in this site also provide help and advice to those new to horse racing. Although the site mainly concerns itself with matters equine, greyhound racing is also covered.

Prior to using a system on this site, the best advice that I can offer is that systems should be thoroughly tested prior to their use, as should any system obtained from any other source.

Other similar sites exist and you are invited to search the internet to identify additional systems.

Before I leave this topic, my thanks go to Adrian Massey of <http://www.adrianmassey.com> who provided much of the statistics used in this part of the course. His site contains additional statistics not included. His site also contains a system for selecting horses. Although the selections are identified, the method used to select them is not.

Part 3 – Staking Plans

Part 1 of this course covered the dos and don'ts of betting, the importance of being disciplined and the opinions of other people. During this part of the course, we learned about some of the dos and don'ts of betting, why it is important to become and remain disciplined and why you should ignore other people's opinions.

Part 2 of this course covered backing, laying and selection systems.

This part, part 3, covers staking plans.

Well, that's the introduction dealt with. Now let's make a start on part 3 of this course.

We cannot emphasise how important a staking plan is. The reasons are that:

- Staking random amounts on selections gives rise to random results.
- A good staking plan can often make up for the poor performance of a selection system.

Let's look at some of the most popular staking plans that are available to us:

1. Fixed Stakes Staking Plan

This fixed stakes staking plan is one of the most basic and easily understood systems. It is also the most popular that I have come across. It involves placing a fixed amount on each selection, regardless of the odds.

If a selection is backed to win, the amount that is lost if the selection loses is a fixed amount and is equal to the stake. The amount that is won if the selection wins varies with the odds. The greater the odds, the greater is the amount which is won. For example, if a stake of £5 is used and the odds of the selection is 4.0, then if the selection wins, the profit is £15 ($5 \times (4 - 1)$). If the selection loses, the original stake of £5 is lost.

If the selections are being layed to lose, the amount that is won if the selection loses is a fixed amount and is equal to the original stake. The amount that is lost if the selection wins varies with the odds. The greater the odds, the greater is the amount lost. For example, if the stake is £5 and the odds of the selection is 4.0, then if the selection wins, the loss is £15 ($5 \times (4 - 1)$). If the stake is £5 and the odds of the selection is 7.0, then if the selection wins, the loss is £30 ($5 \times (7 - 1)$). In both cases, £5 is won if the selection loses.

This system has the advantage that it is quick and simple to use and involves little mathematics. It also has the advantage that the performance of several systems can be easily compared. This allows for the best performing systems to be retained and the worst to be discarded.

Some followers of horse racing systems advocate that if a selection system cannot make a profit using a fixed stakes staking plan, then the system should be discarded..

2. Fixed Liability Staking Plan

This staking plan is a variant of the Fixed Stake staking plan in that the liability, rather than the stake, is fixed. This popular staking plan involves the placing of a variable amount, depending on the odds, on each selection such that the liability remains fixed.

With this staking plan, the liability is fixed whilst the win amount varies with the odds. The lower the odds, the greater is the win amount.

To determine the stake, set the liability to a fixed amount and then, for each selection, divide by the odds minus 1.0.

The best way to describe this system is by way of the following examples:

Let's suppose that a selection is to be laid to lose. Suppose that the odds of the selection is 5.0 and that the liability is fixed at £20. To determine the stake, subtract 1.0 from the odds and divide the result into £20. The stake is: $20/(5.0 - 1.0) = 20/4 = 5.00$. In this case, a stake of £5 is required in order that the liability is fixed at £20. Should the selection lose, £5 would be won. Should the selection win, £20 would be lost.

Let's suppose that a selection is to be backed to win. With a fixed liability staking plan, the same amount is placed on each selection, regardless of the odds. The amount that would be lost if the selection loses is a fixed amount and is equal to the stake. The amount that is won if the selection were to win varies with the odds. The greater the odds, the greater is the amount which is won.

If selections are being laid to lose, the amount that would be won if the selection were to lose is a variable amount dependent on the odds. The lower the odds, the greater is the amount which would be won. The amount that would be lost if the selection were to win is fixed and known.

The system has the advantage that the loss on each bet is fixed and known. Therefore, the potential day's losses can be quickly and easily determined by simply multiplying the number of intended bets by the fixed liability per bet. The system is also useful when laying the longer-priced horses since the liability can be limited.

The main disadvantage of this system is that the stake must be calculated for each bet individually. A calculator, a spreadsheet or good mental arithmetic abilities is therefore required.

3. Fixed Percentage of Bank Staking Plan

This popular staking plan involves placing a fixed percentage of the betting bank on each selection. Typically, 1% of the betting bank is used. Regardless of whether the previous bet won or lost, the percentage remains fixed.

The fixed percentage can be applied either to the stake or to the liability of the bet.

If the previous bet wins, the stake on the next bet is increased in line with the new betting bank balance. If the previous bet loses, the stake on the next bet is decreased, also in line with the new betting bank balance.

The main advantage of this system is that it maximises the number of bets which can be made using a given bank balance. Another advantage of this system is that the size of the bets increases only in line with the increase in the betting bank balance. Losses are therefore containable. Likewise, as losses are sustained, the bet size is reduced in order to minimise the impact of future losses on the bank.

The main disadvantage of this system is that losses are recovered at a lesser rate than that at which they were incurred since, following a loss, the stake is reduced. Using this method, therefore, betting banks tend to become slowly depleted over the long-term.

In order to nullify this disadvantage, a 'ratchet' mechanism can be employed. This involves increasing the size of the bet only when the betting bank balance has exceeded its previous highest balance. It also involves never reducing the bet size.

The 'ratchet' mechanism can be applied to either the fixed stake or fixed liability variants.

By way of an illustration, let us consider the following examples:

Initial bank – £250. Fixed percentage = 1%. Fixed stakes. Ratchet applied.

Firstly, let us consider placing bets without the ratchet being applied:

Bet 1.

Opening Bank Balance = £250
Stake = £2.50 (1% of bank)
Odds = 4.0
Bet type = lay
Result = win
Profit = £2.50
Closing Bank Balance = £252.50

Bet 2.

Opening Bank Balance = £252.50
Stake = £2.53 (1% of new bank)
Odds = 3.5
Bet type = lay

Result = loss
Profit = -£6.33
Closing Bank Balance = £246.17

Bet 3.

Opening Bank Balance = £246.17
Stake = £2.46 (1% of new bank)
Odds = 3.5
Bet type = lay
Result = win
Profit = £2.46
Closing Bank Balance = £248.63

Now let us consider what happens if the ratchet is applied.

Bet 1.

Opening Bank Balance = £250
Stake = £2.50 (1% of bank)
Odds = 4.0
Bet type = lay
Result = win
Profit = £2.50
Closing Bank Balance = £252.50

Bet 2.

Opening Bank Balance = £252.50
Stake = £2.53 (1% of new bank)
Odds = 3.5
Bet type = lay
Result = loss
Profit = -£6.33
Closing Bank Balance = £246.17

Bet 3.

Opening Bank Balance = £246.17
Stake = £2.53 (same as bet 2)
Odds = 3.5
Bet type = lay
Result = win
Profit = £2.53
Closing Bank Balance = £248.70

Bet 4.

Opening Bank Balance = £248.70
Stake = £2.53 (same as bet 2)

Odds = 4.5
Bet type = lay
Result = win
Profit = £2.53
Closing Bank Balance = £251.23

Bet 5.

Opening Bank Balance = £251.23
Stake = £2.53 (same as bet 2)
Odds = 3.8
Bet type = lay
Result = win
Profit = £2.53
Closing Bank Balance = £253.76

Bet 6.

Opening Bank Balance = £253.76
Stake = £2.54 (1% of new bank since previous highest bank exceeded)
Odds = 3.5
Bet type = lay
Result = win
Profit = £2.54
Final Bank Balance = £256.30

As can be seen, the profitability of the system, using the ratchet, is greater. This is because, following a loss, the stake was not reduced. Over a larger number of bets, the difference can become quite significant, particularly when a losing period is followed by a winning period.

4. 4/3/2/1 Staking Plan

I came across this interesting staking plan last year. Essentially, it is mainly used when laying horses to lose although there is no reason why it cannot be used to back horses to win.

Firstly, you will need to define the amount of money which is equivalent to 1 'point'. The most common allocation that I have come across is 1 point is equal to 0.2% of the betting bank. Therefore, if you have a betting bank of £1,000, 1 point is equal to £2. However, you may set the 'point' to whatever value that you are comfortable and happy with.

If the odds of the selection is 4/1 or less, the stake should be set to 4 points (£8 using the above example).

If the odds of the selection is greater than 4/1 and less than or equal to 7/1, the stake should be set to 3 points (£6 using the above example).

If the odds of the selection is greater than 7/1 and less than or equal to 9/1, the stake should be set to 2 points (£4 using the above example).

If the odds of the selection is greater than 9/1, the stake should be set to 1 point (£2 using the above example).

5. Aggressive Staking Plan

We do not recommend this staking plan but include it for the sake of completeness and for no other reason. This staking plan is not for the cautious or feint-hearted since the risk element is high, but so can be the returns. It is a definite 'must' for those who have financial suicide at the forefront of their minds!

With this type of staking plan, it is possible to lose the whole of the betting bank within a very short space of time. It is for this reason that this staking plan is referred to as 'aggressive'.

The staking plan is based on the Martingale principal of which a variation of this plan, which only has a 33% strike rate, has been used to successfully back race favourites.

The principal involves maintaining a consistent stake until a bet is lost. At this point, the stake on the next bet is increased such that the losses incurred on the previous bets are recovered and a profit to date made.

In order to fully explain this staking plan, let us consider the following example:

Firstly, let us consider the system from a layer's point of view:

Let us suppose that our aim is to obtain a profit of £2 from each winning bet. For the moment, we will ignore the betting exchange's commission on all winning bets.

Suppose that a horse is layed to lose at odds of 5.0. The stake, in order to win £2, must be set to £2. The liability on the bet is £8 ($2 \times (5 - 1)$).

If the horse wins, £8 is lost. In addition, £2 must be won on the next bet. The stake on the next bet therefore becomes: £8 (loss from the previous bet) + £2 (to be won on the next bet) = £10.

Suppose that the odds on the next horse is 6.0. The stake, as previously calculated, must be £10. The liability on the bet is therefore £50 ($10 \times (6 - 1)$). If the horse wins, £50 would be lost. In addition, £2 must be won on the next bet. The stake on the next bet therefore becomes: £58 (the losses from the previous two bets) + £2 (to be won on the next bet) = £60.

Suppose that the odds of the next horse is 7.0. The stake, in order to win £2 and recover the previous losses, must be £60. The liability on the bet is therefore £360 ($60 \times (7 - 1)$). If the horse wins, we would lose £360. In addition, £2 must be won on the next bet. The stake on the next bet therefore becomes: £428 (losses from the previous bets) + £2 to be won on the next bet) = £430.

At this point, it is advised that betting should cease, unless the betting bank is so large that previous losses can be disregarded. If this is the case, the above process must be continued until a selection loses and a bet is won.

If we were to include the commission on winning bets, then the stakes would be even higher, as would the potential losses!

When a winning bet is placed, the gains will be such that previous losses will be recouped and a £2 profit (less commission) made. At this point, the stake should be reduced, once again, to £2.

To use this system, a large betting bank is required in case a long run of losing bets is encountered.

A slightly less aggressive variant of the above is, following a loss, to stake in such a manner that losses are recovered and the profit element disregarded. In this way, the stakes, following a loss, do not grow as quickly as those with the more aggressive variant.

Now, let us consider the system from a backer's point of view:

Suppose that the aim is to obtain a profit of £5 per winning bet. For the moment, we will ignore the betting exchange's commission on all winning bets.

Suppose that a horse is backed to win at odds of 7.0. The stake, in order to win £5, must be set to £2 (the minimum bet on betting exchanges). The liability on the bet is £2. Should our selection win, we would win £12 ($2 \times (7 - 1)$) and exceed our £5 target.

If our bet loses, we would lose £2. In addition, £5 must be won on the next bet. The target win on the next bet becomes: £2 (loss from the previous bet) + £5 (to be won on the next bet) = £7.

Suppose that the odds on the next horse is 3.0. The stake is calculated by dividing the target profit (£7) by the odds minus 1.0 ($3 - 1$). The stake is therefore $\frac{£7}{2} = £3.50$. The liability on the bet is £3.50. If our horse wins, we would win $3.50 \times (3.0 - 1.0) = £7$ and our target would be met. If our horse loses we would lose £3.50. In addition, £5 must be won on the next bet. The stake on the next bet therefore becomes: £5.50 (the losses from the previous two bets) + £5 (to be won on the next bet) = £10.50.

Suppose that the odds on the next horse is 3.0. The stake is calculated by dividing the target profit (£10.50) by the odds minus 1.0 ($3 - 1$). The stake is therefore $\frac{£10.50}{2} = £5.25$. The liability on the bet is therefore £5.25. Should our horse win, we would win $£5.25 \times (3.0 - 1.0) = £10.50$ and our target met. If the horse loses, we would lose £5.25. In addition, £5 must be won on the next bet. The stake on the next bet therefore becomes: £10.75 (the losses from the previous two bets) + £5 (to be won on the next bet) = £15.75.

At this point, it can be seen that the stakes, though still relatively small, are now increasing rapidly. In addition, if we were to include the commission on winning bets, then the stakes would be even higher, as would the potential losses!

When a winning bet is placed, a £5 profit (less commission) will be made. At this point, the stake should be reduced such that a £5 profit will be made.

So far, in this, Part 3 of the course, we have covered staking plans.

In Part 4 of the course, we will cover record keeping and the analysis of past results.

Part 4 – Record Keeping and Data Analysis

Part 1 of this course covered the dos and don'ts of betting, the importance of being disciplined and the opinions of other people. During this part of the course, we learned about some of the dos and don'ts of betting, why it is important to become and remain disciplined and why other people's opinions, to put it bluntly, should be ignored.

Part 2 of the course covered backing, laying and selection systems.

Part 3 of the course covered staking plans.

This part, part 4, covers record keeping of past bets and their analysis.

Well, that's the introduction dealt with. Now let's make a start on part 4 of this course.

1. Recording of Past Results

As we stated in an earlier part of this course, even a bad selection system is better than a random or no selection system at all. The reason for this is that the results of even a bad system can be analysed and valid conclusions drawn whereas it is pointless analysing the results of a totally random system since the results will also be totally random - as will any conclusions drawn.

So, how do we go about analysing our past results?

Firstly, before we are able to analyse any results, we need to record data relating to each of the horses that our system selects. I would suggest that at least the following are recorded:

- Name of horse
- Date and time of race
- Name of track
- Going
- Jockey
- Trainer
- Draw
- Weight
- Form
- Weather

- Type of race
- Number of horses in race
- Starting price
- Position in betting at start of race
- Stake and odds
- Result of race
 - Finishing position of selection
 - Name of winner
 - Winning jockey
 - Winning trainer
 - Weight carried by winner
 - Form of winner
 - Starting price of winner

You may wish to record additional information since the above is only the bare minimum. Some examples of additional information are:-

- Was the selection was wearing blinkers or any other form of head gear
- Did the selection drift or shorten in the betting market

I'm sure that you can identify additional data which you feel may be worth recording.

Now that we have identified which pieces of data need to be recorded, we need a method to record the information in such a way that it can be analysed as quickly and efficiently as possible. Although this can be achieved using pencil and paper, it is probably not the most efficient method since the analysis of data recorded in this manner is slow, time-consuming and error- prone. The best method is to use a PC and a commercially-available spreadsheet application program such as Microsoft's Excel or preferably a commercially-available database application program such as Microsoft's Access. If you are unfamiliar with the use of a PC, spreadsheet and/or database, it is strongly recommended that you become familiar with them since their use will pay huge dividends.

2. Analysis of Past Results

Once you have identified and recorded the required data, you may then begin analysing your past results. This will allow you to determine which types of bets are profitable and which are not. Identifying both your profitable and unprofitable bets will allow you to modify your future betting and reduce future losses. As a result, your betting activities will become more profitable.

It is suggested that initially, the strike rate of the system for each data item i.e. race track, going, weather, race type etc. is determined. This will allow those data items, which have the greatest influence over whether or not a selection wins, to be identified. Using this information, the operation of the selection system can be modified in order to maximise the profitability of the system.

By way of example, when I first analysed my past results, I found that the profitability of my selection system was abysmal at six race tracks in particular. The race tracks were: - Folkstone, Wolverhampton, Leicester, Chepstow, Bath and Uttoxeter. The profitability at these tracks was not only negative, the losses far exceed those of any other track. As a result, I no longer place bets on races run at these tracks. Consequently, the profitability of the selection system improved. I have yet to determine why the selection system is ineffective at these tracks but, because I was able to analyse my past results, I was able to identify the source of my losses and was able to take effective action.

Even though I have now ceased betting on races at these tracks, I continued to monitor the bets that I would have placed had I not ceased. Over time, the profitability of betting at Wolverhampton began to improve. I therefore began placing bets on races run there. As a result, I am now enjoying profitable betting at Wolverhampton. Sadly, the profitability at Folkstone, Leicester, Chepstow, Bath and Uttoxeter remains gloomy and I still don't bet on races held there. I do, however, continue to monitor the situation at these tracks since I will then be in a position to take advantage of any positive changes.

Note that without this information, I would have continued losing money at Folkstone, Leicester, Chepstow, Bath and Uttoxeter since I would have been blissfully unaware. Sadly, my bank manager would have noticed!

One other thing that I noticed when I analysed my past results. My system was effective at two tracks in particular; Lingfield and Southwell. Although I have yet to determine the reason why, I take full advantage of this fact and increase my stakes appropriately when betting on races held there. Again, I have been able to improve the profitability of my system.

The above illustrates three other important points:

Firstly, it is worth collecting and analysing data relating to bets that would otherwise have been placed since it allows you to determine if the initial conclusions reached are the result of an anomaly and therefore a temporary or a permanent feature. In

the above examples, Wolverhampton appears to have been a temporary anomaly whereas Folkstone, Leicester, Chepstow, Bath and Uttoxeter appear to be permanent features.

Secondly, you can never have too much data. It is always worth collecting and analysing more. The more data you have, the more accurate the results of your analysis will be. My advice is to collect as much data as possible and analyse it as frequently and in as many ways as possible. Believe me, you'll never know what you may discover or how useful your discoveries will be until you do.

Thirdly, be aware that analysing small amounts of data can give rise to invalid conclusions and that the smaller the amount of data, the more likely it is that the conclusions will be invalid. Let us take a case in point i.e. that of Wolverhampton, Folkstone, Leicester, Chepstow, Bath and Uttoxeter. The initial analysis revealed that placing bets on races held there was unprofitable. Further data revealed that the initial conclusions reached for Folkstone, Leicester, Chepstow, Bath and Uttoxeter were correct but that the conclusion reached for Wolverhampton was incorrect.

I hope that you can see just how important analysing your past results is.

3. Strike Rate

Although calculating the strike rate of a selection system is, in fact, an activity which is very much a part of analysing past betting activity, it is worthy of its own section. You will see why in just a few moments.

The strike rate as a stand-alone statistic is, in my opinion, overrated. In fact, it can be darn right misleading. However, its implications cannot be stressed enough.

For those of you who are unfamiliar with the term 'strike rate', its calculation and its implications, here is how it is calculated:

Divide the number of bets that were won, using the selection system, by the number of bets placed, using the selection system. Bets won or lost using other systems must be excluded. For example, let us suppose that 100 bets were placed and that 20 of them were winning bets, the rest were losing bets. Therefore, the strike rate is: $20/100 = 0.2$. Strike rates, by convention, are expressed in percentage terms. We therefore multiply 0.2 by 100. This gives a strike rate of 20% for the selection system. This means that, on average, 20% of the bets win and 80% of the bets lose.

So how does this help us?

Firstly, from the strike rate, we can calculate, statistically, how likely it is that we will encounter a losing sequence and how many consecutive losers the sequence is likely to contain. It is beyond the scope of this course to cover this subject in detail. However, here is an extract of a table which identifies losing sequences which, statistically, have a 50% chance of occurring:

% Strike Rate	No. Consecutive Losers
10	43
20	24
30	16
40	12
50	9
60	7
70	6
80	5
90	3

Notice how the number of consecutive losers decrease as the strike rate increases. This is why a high strike rate is important. The higher the strike rate, the lower the number of consecutive losers should be and the more unlikely it is that a losing run will result in the complete loss of a betting bank.

Secondly, we can use the strike rate to calculate the average odds that we should seek to back or lay our system' selections at.

If you back horses to win, perform the following calculations:

Divide the losing bet percentage by the winning bet percentage. If we go back to the example above, then our losing bet percentage is 80% and our winning bet percentage is 20%. We therefore divide 80 by 20. This gives 4.0. We then add 5%. This allows for the betting exchange's commission. If the betting exchange which you use charges commission at a different rate, then use that percentage rate instead of 5%. 5% of 4.0 is 0.2. Therefore, add 0.2 to 4.0. This gives 4.2. Now add 1.0 to convert from fractional to decimal odds. This gives 5.2.

This figure is important. It is the average odds of winning bets, above which betting activities will show a profit, below which betting activities will show a loss and at which betting activities will break even. It therefore determines the minimum average price of the selections that you should consider backing at.

If you lay horses to lose, perform the following calculation:

Divide the winning bet percentage by the losing bet percentage. If we go back to the example above, then our winning bet percentage is 80% and our losing bet percentage is 20%. We therefore divide 80 by 20. This gives 4.0. We then add 5%. This allows for the betting exchange's commission. If the betting exchange which you use charges commission at a different rate, then use that percentage rate instead of 5%. 5% of 4.0 is 0.2. Therefore, add 0.2 to 4.0. This gives 4.2. Now add 1.0 to convert from fractional to decimal odds. This gives 5.2.

This figure is important. It is the average odds of losing bets, below which betting activities will show a profit, above which betting activities will show a loss and at

which betting activities will break even. It therefore determines the maximum average price of the selections that you should consider laying at.

Well, that's this part of the course complete.

In part 5, we will cover Steamers, Drifters and Trading.

Part 5 – Steamers, Drifters and Trading

Part 1 of this course covered the dos and don'ts of betting, the importance of being disciplined and the opinions of other people. During this part of the course, we learned about some of the dos and don'ts of betting, why it is important to become and remain disciplined and why other people's opinions, to put it bluntly, should be ignored.

Part 2 of the course covered backing, laying and selection systems.

Part 3 of the course covered staking plans.

Part 4, covers record keeping of past bets together with their analysis.

Part 5, this part, covers Steamers, Drifters and Trading.

Well, that's the introduction dealt with. Now let's make a start on part 5 of this course.

The aim of this course is to provide you with the necessary knowledge to become a successful trader. However, becoming a successful trader isn't easy. There is some basic information which you needed to be familiar with before you begin to trade. If you have read and understood parts 1, 2, 3 and four of this course, you are almost there. There only remains the information contained within the last part of this course and your education is complete, at least, as far as trading is concerned.

So what is Trading?

Trading, put in its simplest terms, is buying low and selling high and, in the process, making a profit.

But in betting, what is it that we can buy to sell at a profit later, I hear you say?

The answer to this question is 'a bet'!

When we place money on a selection to win, we have, in fact, bought the rights to the proceeds of a wager if the selection wins. Likewise, when we place money on a selection to lose, we have, in fact, bought the rights to the proceeds of a wager if the selection loses.

Having bought the rights to the proceeds of a wager, we can then sell those rights.

So, how do we do this?

Well, if we had previously placed our money on a selection to win, we would then place an additional sum of money on the same selection to lose. Likewise, had we previously placed our money on a selection to lose, we would then place an additional sum of money on a selection to win. Essentially, what we would be doing is to 'sell' the rights, that we initially purchased, to the potential proceeds of a bet. In effect, we would be trading, which is what this course has been leading up to.

But how do we make a profit by doing this?

We profit by 'buying' a bet at one 'price' and then selling the bet at a different 'price'. The 'price', in this case, are the odds on our selection winning or losing. We buy (place a bet) when the price (odds) are low and sell (place another bet) when the price (odds) are high. Conversely, we sell (place a bet) when the price (odds) are high and buy (place another bet) when the price (odds) are low. In either case, we financially profit by the trade.

The amount of profit that we make on the trade depends only on two factors:

1. Our initial stake.
2. The difference between the odds at which we placed our two bets.

The greater the stake and the greater the difference between the odds, the greater is the profit.

By way of an example, suppose that our stake is £1,000 and that the difference in the odds is 10%, our profit would be £100 minus the betting exchange's commission on winning bets.

To illustrate this point, let's take the following two examples:

Example 1.

Let us suppose that we lay a selection to lose. Let us suppose that the decimal odds are 5.0 and that our stake is £1,000. If the selection were to lose, we would win £1,000. If our selection were to win, we would lose £4,000. If the odds on our selection subsequently increase to decimal odds of 9.0, we could place a £600 bet on the same selection, this time to win. If the selection were to win, we would win £4,800. If our selection were to lose, we would lose £600. Now let's look at the net effect i.e. over both bets. If our selection were to win, we would lose £4,000 on the first bet and win £4,800 on the second bet. The net effect is that we would win £800 (£4,800 - £4,000). If our selection were to lose, we would win £1,000 on the first bet and lose £600 on the second bet. The net effect is that we would win £400 (£1,000 - £600). Depending on the outcome of the race, we would either win £400 or £800.

Example 2.

Let us suppose that we back a selection to win. Let us suppose that the decimal odds are 4.0 and that our stake is £1,000. If the selection were to win, we would win £3,000. If our selection were to lose, we would lose £1,000. If the odds on our selection subsequently decrease to decimal odds of 2.0, we could place a £2,000 bet on the same selection, this time to lose. If the selection were to lose, we would win £2,000. If our selection were to win, we would lose £2,000. Now let's look at the net effect i.e. over both bets. If our selection were to win, we would win £3,000 on the first bet and lose £2,000 on the second bet. The net effect is that we would win £1,000 (£3,000 - £2,000). If our selection were to lose, we would lose £1,000 on the

first bet and win £2,000 on the second bet. The net effect is that we would win £1,000 (£2,000 - £1,000). Irrespective of the outcome of the race, we would win £1,000.

But are things this simple?

Certainly not!

So what could go wrong?

1. The odds may not move - at all.
2. The odds, after we had placed our initial bet, may move - but in the wrong direction.
3. The odds, after we had placed our initial bet, may move - but by an amount which is insufficient to provide us with a trading profit.
4. The technology fails after we have placed our initial bet. e.g.
 - Electricity supply (for our PC and peripherals) failure
 - PC hardware failure
 - PC software failure
 - PC peripheral failure - network routers etc.
 - Internet provider's software/hardware failure
 - Betting exchange's software/hardware failure

If any of the above issues occur, then we may be unable to trade our initial bet and we would be left financially exposed.

It is for these precise reasons that parts 1, 2, 3 and 4 of this course exist!

Given the above, it is obvious that Trading is not the risk-free activity that some people would have you believe. The aim of this course is to remove as much risk as we possibly can. This is why we have provided you with the information in the previous four parts of the course - so that you can proceed with your trading activities as risk-free as possible.

If you believe that a selection's odds will increase, you must first lay the selection to lose and await the anticipated increase in odds before placing your bet on the selection to win (and thus trade your selection).

If you believe that a selection's odds will decrease, you must first back the selection to win and await the anticipated decrease in odds before placing your bet on the selection to lose (and thus trade your selection).

But what if the odds don't move or do move but not sufficiently or move sufficiently - but in the wrong direction or there is a technology failure after you have placed your initial bet? And there's the rub - as William Shakespeare would have it! You would be 'left holding the baby' so to speak, you will be left financially exposed and you will have to stand the bet.

How can we minimise the effect of these unfortunate circumstances?

We can minimise the effects by placing bets on selections that, in the normal course of events, will do precisely what is expected of them in the race when the initial bet is placed.

For example, if we think that a selection will increase in odds, we must first lay the selection to lose, then back it to win when the odds increase, **BUT ONLY IF WE ARE AS CERTAIN AS WE CAN BE THAT THE SELECTION WILL LOSE THE RACE ANYWAY**. The reason for this is that if we lay the selection to lose but cannot subsequently back it to win, for whatever reason, we will be left with a liability on a selection that may win and we would lose our bet.

If we think that a selection will decrease in odds, we must first back the selection to win, then lay it to lose when the odds decrease, **BUT ONLY IF WE ARE AS CERTAIN AS WE CAN BE THAT THE SELECTION WILL WIN THE RACE ANYWAY**. The reason for this is that if we back the selection to win but cannot subsequently lay it to lose, for whatever reason, we will be left with a liability on a selection that may lose and we would lose our bet.

Most trading courses that I am aware of don't tell you this. They just assume that bets can be traded. They don't cover what happens if you cannot place the second bet and trade the liability on it for a profit.

So, how do we go about identifying likely candidates to trade?

Firstly, we use our selection systems to identify those horses which are likely to win and those which are likely to lose.

The next thing is to go to a betting exchange and identify likely Steamers and Drifters. If our selection system identifies winning horses, then we need to identify Steamers and trade them. If our selection system identifies losing horses, then we need to identify Drifters and trade them.

What, you may ask, are Steamers and Drifters?

Basically, they are horse racing terms, jargon if you will, for horses whose odds shorten or lengthen. It's that simple.

A **Steamer** is a horse whose odds consistently decrease.

A **Drifter** is a horse whose odds consistently increase.

But surely, I hear you cry, the odds on all horses increase and decrease. They do it all the time. That's what a market is all about - matching backers with layers and finding the odds at which both parties are willing to trade. Yes, of course, you are right. But, for the most part, once the odds on a particular horse in a particular race have been established and have stabilised, they don't change appreciably. Yes, the odds may increase or decrease slightly as a result of odds being offered and taken,

but, in the main, their odds remain fairly constant. Steamers and Drifters are, however, different. Their odds change quite dramatically and often in quite a short period of time. In addition, their odds don't fluctuate up and down, as is normally the case. Their odds consistently increase or decrease. In the case of a Steamer, the odds consistently shorten. In the case of a Drifter, the odds consistently lengthen.

So far then, we know that the odds on Steamers and Drifters consistently increase or decrease. But then comes the question - by how much must a horse's odds change, and over what period of time, before it can be classified as a Steamer or a Drifter?

Unfortunately, there is no 'standard' answer to this question since it depends on who is asked the question.

In my opinion, if the odds on a horse decrease by 50% or more in the last hour of betting before a race, then I classify it as a Steamer and if the odds on a horse increase by 50% or more in the last hour of betting before a race, then I classify it as a Drifter. For example, let's take the case of a selection whose odds are 4.0 one hour before the race. If the odds, before the off, decrease to 2.0 or less, I would classify it as a Steamer and if the odds increase to 6.0 or more, I would classify it as a Drifter.

Other classifications that I have heard of are:

- If the odds on a selection decrease by at least 40% of its opening odds, then it is classed as a Steamer. If a selection's odds increase by more than 40% of its opening odds, then it is classed as a Drifter. For example, if a selection's odds opened at 5.0 and it shortens to 3.0 or less, then it is classed as a Steamer. If the selection's odds lengthen to 7.0 or more, then it is classed as a Drifter.
- If the *percentage chance* of a selection winning varies by at least 5% in the last two hours before the start of the race, then it is classed as a Steamer or a Drifter. The percentage chance of a horse winning is calculated by dividing 100 by the horse's decimal back odds. For example, suppose that a horse's odds are 4.0, then the percentage chance that the horse will win the race is $100/4 = 25\%$. Suppose that, two hours before the start of the race, a horse's odds are 4.0 and that, shortly before the start of the race, the odds are 5.0. At odds of 5.0, the percentage chance that the horse will win are $100/5.0 = 20\%$. Therefore, the percentage chance of winning the race has changed by 5% (25 - 20). Therefore, the horse is classed as a Drifter. Let's take another example. Suppose that, two hours before the start of the race, a horse's odds are 5.0 and that, shortly before the start of the race, the odds are 3.0. At odds of 3.0, the percentage chance that the horse will win are $100/3.0 = 33.33\%$. Therefore, the percentage chance of winning the race has changed by 13.33% (33.33 - 20). Therefore, the horse is classed as a Steamer.
- If, in the last ten minutes of betting before the start of the race, a horse's odds increases or decreases by three 'betting points' or more, then the horse is considered to be a Steamer or a Drifter. For example, if a horse's odds increase from 2/1 to 5/2, to 3/1 and finally to 100/30 or more in the last ten minutes of betting, it is considered to be a Drifter. If a horse's odds decrease

from 5/1 to 9/2 to 4/1 and finally to 7/2 or less in the last ten minutes of betting, it is considered to be a Steamer.

It is now up to you as to how to define a Steamer and a Drifter. Perhaps you will select one of the above methods or maybe you have your own definitions. That's the difficult bit out of the way and we can now recognise a Steamer and a Drifter, can't we? Now let's get to the interesting bit.

What does the fact that a horse's odds are increasing or decreasing indicate?

If the odds on a particular horse increase, it is because the general opinion is that it will lose. Why do odds increase? Because opinion is causing the horse to be layed to lose, rather than backed to win. As a result, layers are prepared to lay the horse to lose at ever increasing odds because they believe that it will lose. The odds to back the horse to win will also increase since increasingly higher odds are required to tempt punters to back it to win because they feel that it will lose.

If the odds on a horse decrease, it is because the general opinion is that it will win. Why do odds decrease? Because opinion is causing the horse to be backed to win rather than layed to lose. As a result, backers are prepared to back the horse to win at ever decreasing odds because they believe that it will win. The odds to lay the horse to lose will also decrease since lower odds are required to tempt the layers to lay it to lose.

Therefore, Steamers are opinion-driven winning horses and Drifters are opinion-driven losing horses.

But, are the opinions accurate?

In my opinion, based upon my research and my experience, no. In the case of Steamers and Drifters, opinions and facts are diametrically opposed. Statistics reveal that Steamers only win slightly more than 20% of their races and Drifters win slightly less than 20% of their races. In other words, Steamers only win slightly more races than Drifters. The difference is about 3%. Those are the facts, as opposed to the opinions.

These following examples are taken from five real races.

Sunley Future

This horse ran in the 15:25 at Leicester on 10th. March 2006. It was the 2 mile 4.5 furlong Ladbroke.com Novices' Chase (Class 4). At 14:49, the odds to lay Sunley Future to lose were 4.3. Two minutes later, the odds were 4.6. One minute before the start of the race, the odds were 9.2. In the space of 36 minutes, the odds had more than doubled from 4.3 to 9.2. Irrespective of the criteria used, Sunley Future was a Drifter. According to the betting, it had little chance of winning. For much of the race, the odds on the horse shortened steadily until they reached 1.30. At this point, two fences from home, the horse was leading and it looked as though Sunley Future would win easily. This, however, wasn't the case and the horse hit the next fence. The odds then began to increase. At the last fence, the horse made another

mistake and was passed by two other horses and quickly weakened. Sunley Future eventually finished third. The way it weakened, had it not made mistakes at the last two fences suggested that it would have lost anyway. In this case, the drifting odds before the race were a true reflection of Sunley Future's chances of winning and it lost.

Christy Beamish

This horse ran in the 16:45 race at Newbury on 3rd. March 2006. It was a 2 mile 6 furlong Hunter Chase. At 16:25, the odds to lay Christy Beamish to lose were 3.9. Fifteen minutes later, the odds were 6.6. One minute before the start of the race, the odds were 11.5. In the space of 20 minutes, the odds had almost tripled from 3.9 to 11.5. Just before the start of the race, the odds decreased to 10.0. Irrespective of the criteria used, Christy Beamish was a Drifter. According to the betting, it had little chance of winning. For much of the race, the odds on the horse shortened steadily and the horse won. In this case, the drifting odds before the race were not a true reflection of Christy Beamish's chances of winning. The horse defied its odds and its Drifter status and won anyway.

Electrocutionist

This horse ran in the 18:15 race at Nad Al Sheba (United Arab Emirates) on 2nd. March 2006. It was a 1 mile 2 furlong Group 2 race. At 17:00, the odds to lay the horse to lose were 2.0. Five minutes later they were 1.95. The odds then began to drift and continued to drift. At one point, the odds were 4.0. In the space of 75 minutes, the odds had doubled from 2.0 to 4.0. Irrespective of the criteria used, Electrocutionist was a Drifter. According to the betting, it had little chance of winning. For much of the race, the odds lengthened steadily, eventually, reaching 10.0. Then, the odds began to shorten and the horse went on to win. In this case, the drifting odds before the race were not a true reflection of Electrocutionist's chances of winning. The horse defied its odds and its Drifter status and won anyway.

Johnny Dillinger

This horse ran in the 17:40 race at Naas on 12th. March 2006. It was a 2 mile Irish National Hunt Flat race. At 17:30, the odds to lay the horse to lose were 5.0 and it was 2nd. favourite to Kilcash Demon, a half-brother to Racing Demon. Ten minutes later, the odds were 3.7 and it was favourite. Irrespective of the criteria used, Johnny Dillinger was a Steamer. According to the betting, it was a sure fire winner. For much of the race, the odds on the horse remained steady. Eventually, the odds began lengthening and kept on doing so. This sure fire winner, according to the betting, didn't even finish in the first three. In this case, the shortening odds before the race were not a true reflection of Johnny Dillinger's chances of winning. The horse defied its odds and its Steamer status and lost anyway.

Magical Legend

This horse ran in the 17:20 race at Taunton on 13th. March 2006. It was a 2 mile 3.5 furlong Handicap Hurdle race. At 17:00, the odds to lay the horse to lose were 6.2

and it was 2nd. favourite to Blaeberry. Twenty minutes later, the odds were 3.95 and it was favourite. Irrespective of the criteria used, Magical Legend was a Steamer. According to the betting, it was a sure fire winner. For much of the race, the odds on the horse remained steady. Eventually, the odds began lengthening and kept on doing so. This sure fire winner, according to the betting, didn't even finish in the first three. In this case, the shortening odds before the race were not a true reflection of Magical Legend's chances of winning. The horse defied its odds and its Steamer status and lost anyway.

What causes horses to Steam or Drift?

The answer to this question is, in the main, hype.

Like it or not, people listen to hype. It fills numerous newspaper column-inches and consumes much commentary air time. People like to feel that they are special, that they are one of the few 'in the know' and that they are privy to information that is not generally known. It never occurs to them that if they know, every man and his dog also probably know.

Some pundits would have you believe that 'support for a horse' indicates that it is already as good as home and dry and being declared the winner by the race judge and that a lack of support is as good as a certain loser.

Once the betting bandwagon begins to roll and a horse begins to shorten or lengthen, other people begin to jump on board for fear of losing out and being left behind in the betting frenzy. As a result, the band wagon begins to roll ever quicker as more and more people jump on board. This is probably the main cause of Steamers and Drifters. They are the result of opinion running wild.

Professionals ignore all the hype and stick to their systems. That's why, long-term, they win and people who listen to hype don't.

How does knowing the true facts, as opposed to opinion, help us?

It is difficult to place your hard-earned money on the opposite to that which the market indicates. It goes against the grain. Statistically, however, it is the best thing to do in the long-term.

You should therefore **lay Steamers to lose**, especially at short odds, and **back Drifters to win**, especially at long odds. From the profit point of view, it is far better to oppose the market than to go with the flow and follow it. Yes, it is true, on occasions, the horse will prove that the market was right, but generally, it will prove that the market was wrong, and that's how you can benefit and make money, **by opposing the market**.

But, before you try this, it is strongly recommended that it is thoroughly tested before being used to bet real money and you should never bet more than you can afford to lose.

OK. So now we understand what Steamers and Drifters are, how they are identified and how they can be used to increase our profit.

The only outstanding facets of this course that are left to cover is:

- How to identify which horses are likely to shorten, and become steamers
- How to identify which horses are likely to lengthen, and become drifters
- How we can use steamers and drifters to trade.

Firstly, let's cover how we identify which horses are likely to shorten (steamers) and which horses are likely to lengthen (drifters).

To do this, sign on to a betting exchange and select each race, one by one. Let's use Betfair as an example. For each race, look at each horse in turn. To the right of the name of each horse, you will see six sets of odds, three of which are blue and three of which are pink. Those odds in blue relate to odds to back the horse to win. Those odds in pink relate to odds to lay the horse to lose. Underneath each set of odds is an amount of money. Each represents the amount that is available to back or lay the horse. The amounts are the sum, at each set of odds, of 'unmatched' bets, i.e. money which backers and layers have placed on horses for which there are no takers, as yet. Sum the three amounts of money in blue. Then sum the three amounts of money in pink. If the sum of the money in blue is greater than the sum of money in pink, the odds of the horse are likely to increase and we have found a potential drifter. The greater the difference, the more likely it is that the horse will drift and the greater will be the drift. If the sum of the money in pink is greater than the sum of money in blue, the odds of the horse are likely to decrease and we have found a potential steamer. The greater the difference, the more likely it is that the horse will steam and the greater will be the steam. To illustrate these points, let's look at the following examples:

Example 1.

Back (Blue)			Lay (Pink)		
3	3.1	3.15	3.2	3.25	3.5
£345	£623	£400	£800	£1500	£303

From the above, the sum of the unmatched bets on the Back (Blue side) is £1,368 and the sum of the unmatched bets on the Lay (Pink side) is £2,603. As a result, it is likely that the odds on the horse will shorten. This is because there is more money available to lay the horse than to back it. What this means is that there is more backer's money outstanding for layers than there is layer's money outstanding for backers. Put simply, there are more backers than layers. When this happens, the laws of supply and demand will operate and, if backers want their bets to be matched, they will have to accept lower odds and the odds will shorten as a result. If they don't, their bets will remain unmatched.

Example 2.

Back (Blue)			Lay (Pink)		
3	3.1	3.15	3.2	3.25	3.5
£1345	£1623	£1400	£80	£1500	£303

From the above, the sum of the unmatched bets on the Back (Blue side) is £4,368 and the sum of the unmatched bets on the Lay (Pink side) is £1,883. As a result, it is likely that the odds on the horse will lengthen. This is because there is more money available to back the horse than to lay it. What this means is that there is more layer's money outstanding for backers than there is backer's money outstanding for layers. Put simply, there are more layers than backers. When this happens, the laws of supply and demand will operate and, if layers want their bets to be matched, they will have to accept higher odds and the odds will increase as a result. If they don't, their bets will remain unmatched.

It must be noted, however, that this method isn't foolproof. The reasons for this are:

1. Betting exchanges are dynamic and backers and layers are randomly entering the market with random amounts of money. As such, odds and money can quickly appear, as bets are placed, and quickly disappear, as bets are matched. To some extent, therefore, betting exchanges are random entities which reflect random events. As such, they are not entirely predictable.

2. I am given to understand that 'spoofing' by traders is a fairly common practice, especially in pre-race betting. 'Spoofing' is the placing of a bet which the trader does not wish to be matched. Its purpose is to influence the market in believing that the odds will move in a particular direction. Then, when the market has moved in the desired direction, and by the desired amount, the trader will remove the unmatched (spoon) bet and place the bet that he intended in the first place. In such cases, the market may move sharply one way, as a result of the placing of a spoof bet, and then the other, as a result of the placing of the real bet. Given that this can happen at any time, the odds may not always move in the predicted direction, at least not initially.

3. When an unusually large amount of money is placed on one horse in the form of a single bet, in order that other punters are able to get their bets matched, they are forced into offering higher, or taking lower, odds. As each punter subsequently enters the market, they are forced into doing likewise if they wish to have their bets matched. As a result, they 'chase' the market upwards or downwards in order to get their bets matched. This temporarily disturbs the market dynamic until the large amount is either withdrawn or is matched. Given that this can happen at any time, the odds may not always move in the predicted direction, at least not initially.

There is a second way to determine if a horse will steam or drift: Go into Betfair and place the cursor of your mouse over name of the horse that you intend to trade and left click the mouse. A chart and a 'Price/volume over time' chart will be displayed. If the graph shows an upward trend, then the odds of the horse have been increasing with time. The steeper the curve, the quicker the odds have been

increasing. In the main, it is likely that the odds of the horse will continue to increase. Similarly, if the graph shows a downward trend, then the odds of the horse have been decreasing with time. The steeper the curve, the quicker the odds have been decreasing. In the main, it is likely that the odds of the horse will continue to decrease. Be aware, however, of two factors:

- The information displayed on the graph is delayed. Therefore, it shows how the odds **have** changed with time, **not** how they are **now** changing with time.
- What goes up must come down, as they say. If the odds on a horse have been increasing, there is a risk that they could start to decrease, and vice versa. Therefore, do not assume that the odds will increase or decrease indefinitely, they may not!

OK. So now we know what a steamer is and what a drifter is. We can also identify which horses are likely to become steamers and which are likely to become drifters. The only remaining facet to cover is how we go about trading - which is the whole point of this course.

If your system selects horses which have a good chance of **winning**, then you should select **steamers** and trade those. The first bet that you should place on your selected steamer is the one to back the horse to win and await the anticipated drop in the horse's odds. When the anticipated fall in the odds occur, you should then lay the horse to lose at lesser odds than those at which the horse was backed to win. At this point, provided that the stake was sufficient and that the odds decreased sufficiently, a profit will be made. If the odds do not move sufficiently or move in the direction opposite to the one that was anticipated, you will still have a bet on a horse which your system indicates will win. Either way, congratulations!

If your system selects horses which have a good chance of **losing**, then you should select **drifters** and trade those. The first bet that you should place on your selected drifter is the one to lay the horse to lose and await the anticipated increase in the horse's odds. When the anticipated increase in the odds occur, you should then back the horse to win at greater odds than those at which the horse was laid to lose. At this point, provided that the stake was sufficient and that the odds increased sufficiently, a profit will be made. If the odds do not move sufficiently or move in the direction opposite to the one that was anticipated, you will still have a bet on a horse which your system indicates will lose. Either way, congratulations!

Before we move on, here are a few tips and hints which, we hope, you will find useful:

- Never bet more than you can afford to lose
- Before using your system, thoroughly test it over as long a period of time as you are able.
- Keep records of your betting activity and analyse them. Identify trends which can be exploited to improve your profitability.
- Remained disciplined, forget the hype and stick to your system.

Part 6 - Trading on Betfair - Back High, Lay Low for Guaranteed Profits

So, exactly how do we create risk free bets?

In theory, it's quite easy. Basically, we place a bet on a horse to win the race followed by a bet on the same horse, in the same race, to lose. Or, we perform the reverse by placing a bet on a horse to lose followed by a bet on the same horse, in the same race, to win. It's that simple!

Let's look the following example, which was taken from a Betfair screen relating to an actual race:

View P&L [Settings] ?		103.3%			96.9%		
Total selections:(12)	GBP	Back			Lay		
Time To Relax	3.85 £29	3.9 £85	3.95 £73	4.1 £169	4.2 £149	4.3 £19	
El Palmar	5.5 £30	5.7 £25	5.8 £106	5.9 £6	6 £38	6.2 £50	
Glasson Lodge	7.8 £36	8 £37	8.2 £23	8.6 £64	8.8 £125	9 £8	

From the above, we can see that 'Glasson Lodge' can be backed to win at odds of 8.2. Let's suppose that we backed this horse to win and our stake was £50.

If the horse wins the race, we will win $(7.2 \times £50) = £360$. If Glasson Lodge loses, we would lose our £50 stake.

Ten minutes later, we see the following screen:

View P&L [Settings] ?		101.7%			98%		
Total selections:(12)	GBP	Back			Lay		
Time To Relax	3.95 £493	4 £271	4.1 £895	4.3 £232	4.4 £52	4.5 £277	
El Palmar	5.4 £82	5.5 £125	5.6 £54	5.7 £7	5.8 £54	5.9 £85	
Glasson Lodge	5.7 £400	5.8 £236	5.9 £26	6 £57	6.2 £281	6.4 £180	

Notice how the odds to back Glasson Lodge to win have fallen from 8.2 to 5.9. Such a fall is not unusual in Betfair's dynamic environment. Notice also that the odds to lay Glasson Lodge to lose have also dropped from 8.6 to 6.0.

But how does this help us?

Due to the change in Glasson Lodge's odds, we can now lay Glasson Lodge to lose. If we did and our stake was, again, £50 our liability, should the horse lose, would be $(5.0 \times £50) = £250$. If the horse wins, we would win £50. Let's suppose that Glasson Lodge wins the race.

On the first bet, where we backed Glasson Lodge to win, we would win £360.

On the second bet, where we layed Glasson Lodge to lose, we would lose £250.

The net effect of the two bets would yield a profit of $(£360 - £250) = £110$.

Now let's suppose that Glasson Lodge loses the race.

On the first bet, where we backed Glasson Lodge to win, we would lose our £50 stake.

On the second bet, where we layed Glasson Lodge to lose, we would win £50.

The net effect of the two bets would yield a profit of $(£50 - £50) = £0$.

Therefore, if Glasson Lodge wins, we would win £110. If Glasson Lodge loses, we would break even on the bet. This is not unusual in Betfair's dynamic environment where large numbers of bets are constantly being placed and accepted.

What has this achieved?

We created a **win-no lose** situation and had a **'free bet'** on Glasson Lodge. If the horse wins, we win £110. If it loses, we break even.

That has explained the concept of a free bet and how to create one.

Now let's go one step further, from a **'win-no lose'** to a **'win-win'** situation.

Let's go back to the initial screen where Glasson Lodge was available to back at odds of 8.2:

View P&L [Settings] ?		103.3%		96.9%		
Total selections:(12)	GBP	Back		Lay		
Time To Relax	3.85 £29	3.9 £85	3.95 £73	4.1 £169	4.2 £149	4.3 £19
El Palmar	5.5 £30	5.7 £25	5.8 £106	5.9 £6	6 £38	6.2 £50
Glasson Lodge	7.8 £36	8 £37	8.2 £23	8.6 £64	8.8 £125	9 £8

As before, let's suppose that we backed Glasson Lodge to win and that our stake was £50.

If the horse wins the race, we would win $(7.2 \times £50) = £360$. If Glasson Lodge loses, we would lose our £50 stake.

Given that our potential profit is £360 if Glasson Lodge wins, we can risk up to this amount of liability on a lay bet and still not lose.

If, however, we can lay Glasson Lodge such that our stake is more than £50 and our potential liability is less than £360, we will have created a **win-win** situation. For this to occur, the odds on Glasson Lodge must decrease since we will then be able to lay the horse to lose for a greater stake and a lesser liability.. I hope that you all can see this. If not, no matter. In our next example, all will become much clearer:

View P&L [Settings] ?		101.7%			98%		
Total selections:(12)	GBP		Back	Lay			
Time To Relax	3.95 £493	4 £271	4.1 £895	4.3 £232	4.4 £52	4.5 £277	
El Palmar	5.4 £82	5.5 £125	5.6 £54	5.7 £7	5.8 £54	5.9 £85	
Glasson Lodge	5.7 £400	5.8 £236	5.9 £26	6 £57	6.2 £281	6.4 £180	

Notice how the odds to back Glasson Lodge to win have fallen from 8.2 to 5.9 and that the odds to lay Glasson Lodge to lose have also dropped from 8.6 to 6.0. This movement in the odds will allow us to achieve our desired win-win situation.

Here's how:

Having backed Glasson Lodge, earlier, to win at odds of 8.2 with a stake of £50, we can now lay it to lose, now that the odds on the horse have shortened. This will create the **win-win** situation that we desire.

To create the win-win situation that we require, suppose that we lay Glasson Lodge at odds of 6.0 for £68. The liability on the bet is $(5 \times £68) = £340$.

Now let's calculate the net effect of the two bets:

Let's suppose that Glasson Lodge wins the race.

On the first bet, where we backed Glasson Lodge to win, we would win £360.

On the second bet, where we layed Glasson Lodge to lose, we would lose £340.

The net effect of the two bets would yield a profit of $(£360 - £340) = £20$.

Now let's suppose that Glasson Lodge loses the race.

On the first bet, where we backed Glasson Lodge to win, we would lose our £50 stake.

On the second bet, where we layed Glasson Lodge to lose, we would win £68.

The net effect of the two bets would yield a profit of (£68 - £50) = **£18**.

Therefore, if Glasson Lodge wins, we win £20. If Glasson Lodge loses, we win £18. This is exactly the win-win situation that I described earlier.

Taking advantage of the movement in the odds of a horse is called 'Trading' or 'Arbitraging' and that's exactly what we have done, taken advantage of a movement in the odds of Glasson Lodge.

Although we have described the situation where we first back a horse to win, wait for the price to fall and then lay it to lose. Trading can be performed in the reverse direction by first laying a horse to lose, waiting for the price to increase and then backing it to win. In either case, the outcome is the same, a trade and a profit.

But can it be this simple?

Let's think about it. If it were that simple, no one would actually work for a living anymore and everyone would be trading on Betfair.

So, what can go wrong?

Actually, several things:

- The horse's odds may not change at all.
- The horse's odds may change but not significantly.
- The horse's odds may change but in the opposite direction to the one which was anticipated.
- Technology failure (PC software/hardware, Betfair software/hardware, Internet Provider software/hardware, electricity supply) after the initial bet was placed but before the second bet could be placed.

In the above cases, trading cannot be conducted and the initial bet will either have to

- Stand, in which case the liability will have to be honoured if the bet is lost
- Be nullified (partially or totally) by the placing of a bet which is equal and opposite to the bet initially placed.

For these reasons, would-be traders are advised to operate in the following manner:

- If it is felt that a horse will drift in the market i.e. it's odds will lengthen, then the lay bet should be placed first. When the odds have drifted sufficiently, the back bet should then be placed. However, avoid horses that have a reasonable chance of winning since the odds may not drift as expected and the liability may have to be honoured since the initial bet cannot be traded.

- If it is felt that a horse will steam in the market i.e. it's odds will shorten, then the back to win bet should be placed first. When the odds have shortened sufficiently, the lay bet should then be placed. However, avoid horses that have a reasonable chance of losing since the odds may not shorten as expected and the liability may have to be honoured since the initial bet cannot be traded.

Also, ensure that you follow our Staking and odds plan since this will maximise your profits and minimise your losses.

We have now dealt with the mechanics of trading. Now comes the difficult bit:

How do we identify a potential horse to trade?

In order to trade, we need to identify a potential Steamer or drifter. To refresh your memory, a **drifter** is a horse whose odds lengthen and a **steamer** is a horse whose odds shorten.

The most reliable indicators that a horse may drift or shorten in the market are:

Weather conditions which change the going (e.g. rain)

Some horses have stamina. Some have speed. Few have both. As a result, those horses with stamina, but not speed, perform better in soft ground than those that do not have reserves of stamina. Those horses with speed, but not stamina, perform better on firm ground than those that have stamina. The conditions which horses are likely to encounter in their race have already been factored into the horse's odds when they were initially set. However, if the weather changes, unexpectedly, then the going will differ from that which was expected. For example, an unexpected shower of rain before a race may cause the going to change from good to soft. In such cases, the odds of those horses that perform better on firm going will increase and the odds of those horses that perform better on soft ground will shorten. The unexpected change in going can be taken advantage of when trading since both soft and firm-going specialist horses can now be traded.

Change of jockey

Some jockeys appear more able to bring out the best in a horse than other jockeys. Now, let us suppose that a jockey is injured during a race and all the mounts that he would have ridden are re-allocated to other jockeys. If a horse is allocated to a jockey that is considered to be superior to the original jockey, the odds on the horse will decrease and, as such, becomes a trading candidate. In a similar fashion, if a horse is allocated to a jockey that is considered to be inferior to the original jockey, the odds on the horse will increase and, as such, becomes a trading candidate. Therefore, in the event of a jockey being injured, the horses that the injured jockey was due to ride should be identified as quickly as possible and the replacement jockey identified.

An assessment should then be made as to whether or not the replacement jockey is inferior or superior to the original jockey. This will determine whether the odds on the horses, that were due to be ridden by the injured jockey, will remain the same, will increase or will decrease. Appropriate trading activities may then be initiated.

Tipsters

Although most tipsters have 'questionable' reputations at best, some have a good reputation and a substantial following. As such, some tipster hold considerable sway over the betting markets. If the selections of such tipsters can be identified as early as possible, appropriate bets can then be placed. Then, when the odds of the selections have changed, they can then be traded.

Sweating

Whilst in the parade ring, or at the starting post, some horses begin to get overly excited in anticipation of the race and they begin to sweat profusely. In some cases, the sweating may be excessive and they may even begin to act in an unreasonable manner. For example, they may rear up occasionally or kick their hind legs into the air. In the worst cases, they refuse to start the race.

This causes the horse to begin to burn nervous energy. Energy which, otherwise, could be used in the race. Should this occur, it is unlikely that the horse will have sufficient energy reserves to win the race, unless it is an exceptional animal. Such horses may be traded since their behavior will be noted by observers and the horse's odds will begin to drift.

One word of caution, however. For some horses, sweating up before a race and performing their quirky antics are perfectly normal behavioral traits and no notice should be taken of it since it does not appear to impair their performance in the race.

Late withdrawals

When a horse is withdrawn from a race, especially if it is close to the start of the race and if the horse was one of the race favourites, it can have quite a dramatic effect on the betting market. When this happens, the odds on the remaining horses will shorten. This is because the chances of the remaining horse winning have now been improved due to withdrawal of one of the fancied runners. The closer to favouritism the remaining horses were, prior to the withdrawal, the more their odds will fall (as a percentage of their initial odds)..

In these circumstances, it is relatively quite easy to trade.

Be aware, however, that when a late withdrawal occurs very close to the start of the race, there may be insufficient time remaining to place a bet, await a change in the odds and then to place a second bet.

Be also aware that, if the first of the pair of trading bets had been placed and then the horse withdrawn before the second bet could be placed, the first bet will become

the subject of Horse Racing's rule 4 and an appropriate reduction in the odds on the first bet will be applied.

Part 7 - A couple of Trading Strategies to get you started!

Get on the attack in exchange football betting

We would all like to place a bet on the exchanges during football matches when one of the participating teams has been awarded a penalty or one of the players has just been sent off. But the time delay that is built into the Betfair system forbids anyone with super fast feed being able to do it. But that does not necessarily mean that we cannot take advantage of teams that are threatening to score.

Football is a vastly different sport to bet on with regard to betting exchanges than other sports. With many of the other sports like Cricket, Golf and Tennis for example, the eventual outcome is decided by hundreds perhaps thousands of individual smaller events that slowly come together to form what is the overall result.

If Michael Vaughan smashes the opening delivery of a test match to the boundary then that is hardly an indication that England are going to romp to victory. Likewise, if Roger Federer loses his opening service game in the first set of the first round of a grand slam then that is not an indication of an upset. These are examples of sports that have a large number of smaller events that contribute to make the outcome.

But football is not like that, only a very small number of key events contribute to the outcome of a football game. So just what can we actually call a key event in a football match? Well the obvious example is a goal and the statistics show that there are not that many of them in top class professional football these days. So what other events in a football match can be classed as key.

Penalties and red cards certainly, the majority of penalties are scored and a player being sent off will effect the result of the match in most instances or it will effect the flow of the match at the very least. Instances like yellow cards or an injury have much less of an effect and will hardly be reflected in the price. Unless of course it is an injury to a key player like the goalkeeper for instance or the team captain.

Free kicks in non essential areas and an alteration in team tactics effect the game but not dramatically so in terms of immediate price shifts. In reality then what we are actually looking for here is an event in a football match that MAY have a dramatic effect on the outcome and thus the price but hasn't happened yet. If that event has already happened then the knowledge is useless because two things have already took place. Firstly the Betfair delay system will prohibit you from getting anywhere near having a bet matched and secondly the entire world have just witnessed the same thing as you anyway.

There are many professional traders who work on the betting exchanges and on the stock exchanges who earn vast amounts of money by predicting an events likely occurrence and not by reacting it. If you react to it then you are probably already too late in all probability. The betting exchanges and the stock exchanges are after all, both financial markets.

What I am referring to when I say predicting an event is when a team is attacking. It may seem blatantly obvious but a team must attack and get into their opponents half for them to score. On the exchanges, you cannot sit back and wait before the crucial event that will have a dramatic effect on the price has already happened.

For example lets say that Chelsea are playing Charlton Athletic at Stamford Bridge in a premier league match. Chelsea are 1.40 on Betfair to back just prior to the event starting. After 10 minutes Chelsea's price has risen slightly to 1.46 due to the fact that they have not scored during that time. Suddenly Chelsea go on the attack and Claude Makelele puts a ball through to Joe Cole out on the right. Back Chelsea at that stage at the 1.46.

The attack is highly likely to fail as most attacks do because as we all know, defences dominate in modern football. But the point of the strategy is that even if the attack does fail, the price for Chelsea to win the game in a few seconds time will hardly have moved at all and you will be able to lay them back at almost exactly the same price if not THE same price for no loss whatsoever.

But IF Chelsea find the net or are awarded a free kick on the edge of the box or a penalty then your bet will have been justified. Chelsea will already start at massive odds on at home to a side like Charlton anyway and this will be reflected even more when they go 1-0 up.

Imagine for a minute what price Chelsea will have moved out to with about ten minutes left to win the game and the score is still goalless. Chelsea's price by this stage may be as high as 4.0 or even higher but their price should they score with so little time remaining would plummet to probably in the region of about 1.2 maybe even shorter. This can lead to an immensely profitable situation.

I used this strategy with success on the exchanges and the best thing about it is that it is not dependant on you seeing pictures that are in front of everybody else although it would certainly help if you could. What you end up with are an awful lot of bets that cancel each other out or bets that end with a slight loss but these are more than wiped out when the event that you are trying to pre-empt does in fact happen.

The strategy works better by sticking to the better teams when you do this. After all, they will have more possession, more corners, more attacks, better players and are likely to experience one of these important key events that you are looking for.

Laying the losers in running

Anyone who has never tried in running betting on the exchanges is missing out on perhaps one of the greatest adrenalin rushes in the punting world. In running betting in horse racing especially is a white water ride of unsurpassed excitement for the uninitiated. Clicking the refresh button and seeing the numbers violently jump up and down every second, one can be forgiven for thinking that this is a place where your bankroll can come to serious harm.

You could be right of course because in running betting is certainly fraught with danger and not to be entered into lightly even for experienced users. It can also be a license to lose money as well for those who are careless enough to dip their toe in these shark infested waters without adequate preparation.

There is a big misconception in horse racing that Joe Punter needs to study form like they did back in the old days in order to be successful. This is a mistake, in fact the prices on Betfair for instance close to the off now represent perhaps the most accurate tissue that there is and overcoming this in the old conventional way is no mean feat.

During my early sessions on Betfair, I used to experiment with all types of strategies. I suppose like most people, my early failures were precisely what the vast majority of new users were experiencing. I started to watch the markets in running whilst watching the television at the same time. The speed of the market in a horse race can be very intimidating and the prices were moving so fast that even if you actually wanted a bet at a certain price, the price was long gone by the time that you had entered in the relevant data for your bet.

As I sat there and watched the races, something occurred to me that I just had to try out. It became apparent towards the end of the race that prices were still available to lay on Betfair when a horse was obviously beaten. Now before we go any further with this it is only fair to point out that I have a lot of experience when it comes to watching horse races and what may appear like a beaten horse to me would not appear that way to someone else.

But there is a precise moment in a race, a “pivotal moment” when a horse that has been leading or in serious contention is BEATEN and can not come back to win. For prices to still be available at all means that the horse cannot be blatantly beaten otherwise there wouldn't be a lay price up there. I started to try and lay these losers and the surprising thing was that in about one race in four, I was actually successful.

I created a name for this tactic and I called it “Pivotal In running Betting” or PIB's for short. One of the things that I had noticed was that when a race leader is overtaken in the final furlong or half a furlong then it very rarely comes back and wins. The slowness of the process of placing the bet in the conventional Betfair way was prohibiting me from getting about three quarters of the bets matched but I WAS getting some of them matched.

This was back in the early days when there were no such things as “[Bet Angel](#)” and “[BET-IE](#)” and all of the rest of the betting exchange programs that are out there at

the moment. I am convinced that with the aid of a piece of software like Bet Angel for instance, the facility for “one click betting” would have presented me with the necessary extra speed needed in order to get many more bets matched. There are a vast number of people on Betfair and they have something like several hundred thousand clients although not all of them are active at anyone time. But many of them are active in the latter stages of a race in running and many will be using bots and other types of software that connects with the Betfair system.

There will be people Dutching and Arbing and doing all sorts of stuff and this is why I think that the strategy worked. Depending on the type of strategy that they are using, they may not be even bothered that a particular horse is beaten and of course bots and programs have no emotion at all just a set strategy that they are adhering to. Do not be tempted to lay a horse too early from the finish. For instance if a horse has been in the lead and now several contenders are hovering right on it's shoulder with a furlong to go, do not assume that the horse is beaten.

This might seem that they are about to sweep past the horse but unless you know a thing or two about horse racing you could come unstuck laying horses at this stage. For instance, the horse that is in the lead may be a proven front runner and stayer over the distance and the challengers may not. But with a little work and effort and some practice watching horse races, you will start to see when that “pivotal moment” arrives.

You will also see prices to lay the horse after this moment has passed. Knowing when the pivot has arrived is a skill but it can be learnt and you do not need to have years of experience or be a horse racing anorak to make the system work. It is very difficult to put into words when that precise Pivotal moment is in that final furlong but with practice, you will begin to recognise it and be able to act on it.

The first few times that you try this you will likely not get the bets matched or you will lay a winner. Do not be too dispirited though, practice and your perseverance will be rewarded.

If you have downloaded this manual from a place other than the Free Gambling Ebooks website, you might also be interested in our eALERTS which is a series of emails with further tips, tricks and strategies for use on the exchanges. You can get these eALERTS by visiting [The Complete Betfair Trading Course website](#) and subscribing in the usual way. Just add your name and email address. You will receive the course initially followed by the eALERTS.

I will keep you informed of various trading strategies on my website <http://www.laytheodds.com> - When I post a new article or strategy I will drop you an email for you to visit the site and read the full article.

If you have any questions, comments, strategies or ideas please visit the Betting Exchange Forum at <http://www.laytheodds.com/forum> - Please note, we welcome everyone! If your new to trading we will help you, and if your experienced, hopefully you can help the newbies.

For all your Betting Exchange Tutorials, Articles, Reviews, Betting Bots and more, Please visit <http://www.laytheodds.com/>

Best In Trading – Gavin

PS – Here are a few links for other Betfair Systems and software that I recommend reading during your Betfair career.

[Bet Exchange Traders](#) – Weekly Trading Tips to your mailbox

[Bet Trader Pro](#) - Trading Ladder interface and one click trading - Free 7 day trial!

[Easy Trader Pro](#) - Trading Course - Weight of Money Strategies

[Smart Money Racing](#) - Trading Course - In Play Trading and Strategies

[Betting on Soccer Strategy](#) - Scoreline Soccer Dutching Program!