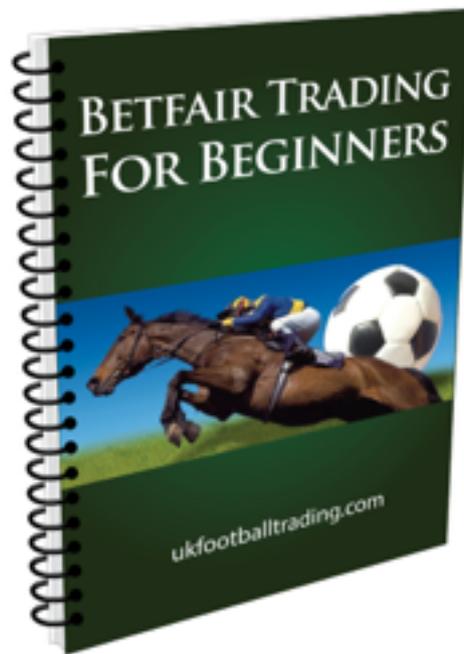


Betfair Trading

A Beginner's Guide

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An Introduction To Betfair Trading

Objective: This eBook is designed for the complete beginner, someone who has no idea what Betfair trading is, perhaps someone who has never even heard of Betfair. I aim to explain the fundamental concepts involved with this type of trading, how the trading platform works, and eventually how trading works within the confines of the markets. This eBook is offered freely and openly to visitors of www.ukfootballtrading.com - feel free to share it with others if you wish.

Essential Beginner's Tip: Many people are interested in Betfair trading as a way to earn an income from home. The fact that all profits are un-taxable is one of its many magnets! My advice to any such person is to look into **BONUS BAGGING** before you begin trading. This is a way to take advantage of the huge number of give-aways and free bet offers from the many online bookmakers where they throw free bets and free money at new account holders over and over again. Most people just get hooked by one of the offers, and go off to lose their shirt to that company for years to come. By approaching this from a **trading** mindset, you can put their offers to amazing use for yourself. Long story short, it is a very easy way to build yourself a bank of £2000-£3000, and you can rinse and repeat the process many times! What better way can you find to learn to trade, than with a big bank of money which was given to you, and I do mean GIVEN to you, it is completely free and carries zero risk whatsoever.

Many friends of mine used to do this on its own as a full time income, but it did take a lot of management, spreadsheets, tracking of accounts and of course constant scouring the web for the latest offers to take advantage of. That made it more like hard work, but still well worth the effort. However this new Bonus Bagging system is a brilliant and simple product which does all of the legwork for you, and automatically sends you an email when new offers come out, as well as explaining exactly what you need to do, it's a complete idiot's guide and it's the most important first base for ANY budding trader. You just follow the simple instructions and you bank free money on a daily basis. In a short space of time, you have a bank of someone else's money (bookies, hooray!) with which you can learn Betfair trading, and therefore you have no reason to risk your own money at all. Trading without risk of losing your own money, that's a no brainer! [Click here for more info.](#)

In fact if you have yet to open a Betfair account of your own, you may as well start as you mean to go on and grab a **FREE £20 bet** when you do so! Use **THIS LINK** when you sign up and you can pocket your first FREE trading funds!

So.... back to Betfair Trading... and I start with an important message...

Disclaimer: I offer NO guarantees or promises of anything to anyone regarding Betfair trading. I merely publish information for people to use or ignore as they see fit. Any decisions you make are yours and yours alone. What I have written in this eBook is what I wish I had been told when I started out many years ago, so for someone considering trading for a living it should contain some extremely useful information, but HOW you use the information and WHAT you do with it, is completely your own responsibility and I can not be held responsible for the outcome of any of those decisions. Trading is a solitary business, you click buttons and take calculated risks. Your calculations, your clicks, your risks or your rewards. You can make a fortune, or lose a fortune, only you will determine which! I take no responsibility for anybody's success or failure, I just offer information on how I succeed, do with it what you will.

If you do not understand or accept the above disclaimer, if you are not capable of being the master of your own destiny or the type who likes to find someone to blame for their own mistake, I can tell you before you go any further that any form of trading is not for you, and you may as well (please) stop reading this right now. Some people have the wrong character for trading, it does take a certain type of person, someone who can stand alone and take sometimes quite scary decisions, someone who can sit and blame themselves and nobody else if they lose control or make a mistake, someone who can ignore or resist group perceptions (i.e. avoid the sheep mentality of the X Factor/BGT generation), and above all, someone who can AFFORD to take the risks you will need to take in any form of trading. I can't state strongly enough, trading carries RISK. Don't like risk? That's absolutely fine, go and get a job with a fixed pay cheque and a few colleagues to blame when something goes wrong at work, that's where you belong and truly the only safe place for you :)

Understood? Good! Now let's talk about the very serious business of trading....

What Is Betfair?

www.betfair.com is an internet betting exchange. An exchange is a place where people can buy and sell items to each other. The items being exchanged on Betfair are bets on the outcome of an event. This could be football, horse racing, Formula 1, tennis or hundreds of other markets and events.

In the many years of gambling history, the punter only ever had the opportunity to bet on something, to be a gambler hoping he was right about his prediction in order to win money. You would take a view on the outcome of an event and walk into a betting shop to place a bet according to what you thought would happen. There was no way to get out of that bet once you were in it, you just had to wait and see what happened and hope like hell you had it right!

The bookie took your bet at odds which he felt reflected the implied probability of that outcome taking place. The bookmaker set those odds remember, so he had control over the price at all times. A three legged horse might be priced at 1000-1 since he has almost no chance of winning a race, but a strong favourite with a champion jockey on board might have around an 80% chance of winning so his odds might be more like 7/2 ON (or 2/7). The bookie made money no matter what happened, because he “ran the book” so inside all his odds calculations was room for a small profit no matter what actually happened in the event. In other words, all of the prices on all of the outcomes added together, made more than 100% of the probabilities, so no matter what happened there would be more left in his cashbox than there was before the event, after paying out all the winning bets and keeping the money from the losing bets.

This “over round” or mathematical calculation in his favour is called the book percentage, **his** book percentage since **he** was the one making the book, the book “maker”. With Betfair we can now make books ourselves in the same way, as we can choose what prices to exchange bets, but that’s for later! *(I never thought I would grow up to be a bookmaker. They always looked a bit dirty and seedy when I was a kid, or maybe that was just the only types of bookies I could do business with as an underage punter! I have since made probably thousands of books myself, all from the relaxed setting of my office, dog at my feet, pot of freshly ground on the go, with just a couple of clicks of my mouse!)*

This “book over round” was the bookmaker’s ‘edge’. In much the same way, a casino has a very small but consistent “house edge”. A casino owner might know that his edge is 3%. So for every £100 that a gambler throws at all the casino tables, the casino owner will ALWAYS bank £3 profit from him over the long term, statistically speaking. Good days and bad days come along of course, there are fluctuations along the way, but over the long term the statistics and the maths plays it part to bring the percentages bang on with his calculations. If that calculation is accurate (and its very conservative compared to many casinos), who wouldn’t want to own a casino?!

Exactly, me too!

(Now imagine you ran a casino, and a team of clever crooks had worked out a way to defraud you of money on one of your tables, counting cards or whatever, beating your edge. This difference could be enough to totally destroy your casino, your business is technically dead and has no way to profit due to those few bad customers who understand the nature of your edge and how to make one of their own! Considering your edge is all you have, is it any wonder that many card counters used to get their fingers “adjusted” before being thrown out the back door, or worse, by security staff!)

The introduction of [Betfair](#) in May 1999 made it possible for the average person like me or you to become exactly like the casino owner, the one holding the 'edge'. I say "possible", but that shouldn't be mistaken for "easy", not at first anyway. In order to obtain that edge, you need methods and approaches which are proven to work over the long term. Developing such things takes many months or often years of hard work, testing, back testing, and then live testing, again over lengthy periods in order to prove their sustainability. My trading methods, and those of any professional Betfair trader, are used because of this statistical edge that is inherent within them. Just like the casino owner or bookie, good and bad days come and go, but the edge is always consistent the longer you are in business. So long as your bank can sustain these ups and downs, it will grow over time.

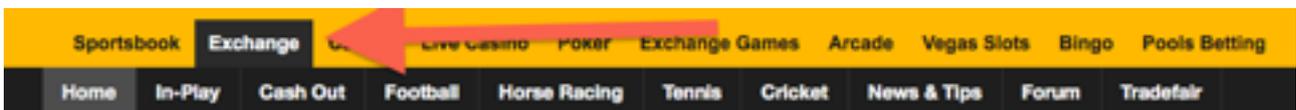
June 2016 Update: I have just launched my detailed Lay The Draw eBook, which gives new or old traders one of the easiest and most reliable trading methods or "edges" out there. For more information about this new "highly recommended" eBook - [Click Here](#)

Anyway, back to Betfair, this is a place where gamblers could bet against each other, rather than going to the bookies. The early effect this had was to provide better odds and therefore better returns to punters on their winning bets, hence why the Betfair exchange grew so rapidly. If you wanted to back a horse and someone else offered you better odds than your local bookie, you wouldn't be going to your old bookie to place your bet would you? Betfair offered better prices, which began its journey into the hearts of all regular gamblers. But that was just the beginning of a very big shift in the gambling world, as I will explain later.

How To Use Betfair

On Betfair you can sign up for an account in seconds ([click here for a sign up bonus](#)) and then begin looking through the many markets and events available. I won't teach you how to navigate a website, if you can't do that by now then I will be of no use to you anyway!

One thing I will tell you about is the **Exchange view**. For new account holders, the website sometimes defaults to the gambling view, as traders we do not want this! We want the trader's view, which is the Exchange.



Once you have the exchange site loaded, open an event like a football match for example and you will see that you have two prices offered on each outcome of each event (ignore the grey prices). The BLUE prices are BACK prices, the PINK prices are LAY prices. As shown below:

	100.7%		Back all	Lay all	99.7%	
Man Utd	2.44 £161	2.46 £167	2.48 £157	2.52 196	2.54 154	2.56 147
Arsenal	3 £218	3.05 £203	3.1 £208	3.2 £208	3.25 £451	3.3 £2
The Draw	3.45 £2705	3.8 £4137	3.55 £512	3.8 £340	3.85 £472	3.9 £2144

So if you clicked on the blue 2.48 button, you would be opening a ticket to place a BACK BET on Man U to WIN the game. If you clicked the blue 3.55 button, you will be BACKING the Draw, i.e. betting that the game will end in a draw.

More importantly, if you clicked on the PINK 3.2 button, you would be LAYING Arsenal.

More about that next.....

What Is Backing and Laying?

A Back bet is a bet that something WILL HAPPEN

A Lay bet is a bet that something WILL NOT HAPPEN

So if you think Man U will win the game, you could BACK them. If you think Arsenal will win, you can back them instead just like at the bookies. But on the exchange you have another option, LAYING the outcomes too, for example laying Arsenal if you don't think they will win the game.

This means you are playing the traditional role of the bookmaker, taking someone else's back bet on a team that they believe will win. If they are wrong, you keep their stake as your winnings. However if they are right and their back bet wins, you pay them the liability of your Lay bet which is their back stake multiplied by the odds you exchanged the bet at. As you can probably already guess, we don't like laying at big odds, or backing at small odds, as the risk reward ratio is the wrong way around. More on that another time, it becomes obvious as soon as you start playing with Betfair anyway, as your risk or liability is shown before you submit a bet ticket, so you always know your risk before you commit to anything.

In the example of you laying Arsenal, you are buying the bet, the backer is selling it. The "price" of that commodity is the odds you exchanged at. If you LAY Arsenal, and they win the game, you lose the liability of your LAY bet, which is paid to the backer who took your lay bet. However, if Arsenal DO NOT WIN (which includes two other possible outcomes, Man U winning OR the game ending in a draw) then your LAY bet wins, and you keep the backers stake, just like the bookie would.

If we look at the outcome of an event being a commodity, a Back bet SELLS the commodity, a LAY bet BUYS the commodity. Hopefully you can see how this is getting interesting from a trading perspective. Whenever a market has prices which fluctuate, and there are buyers and sellers actively involved on both sides, there is a new place for people to walk in and make some money from both sides if they know how, these people are the market TRADERS.

N.B. - Betfair uses Decimal Odds, not Fractional odds like bookies use. This may look strange to someone seeing it for the first time, it did for me as I spent my youth seeing fractional odds on bookmakers's screens (often in school time!), but it's really simple once you understand it, and it's dead easy to convert them with a simple calculation, but you never need to do this as a trader, you just work in decimals all the time which is far easier.

If you are curious about the conversion process, this is a useful page which explains it nicely:

<http://www.decimal-odds.com/converting-decimal-odds.asp>

But like I said, you don't need to know it so I only include the link for the curious folk!

So, what is Betfair TRADING?

Well this is where things get a lot more interesting. So far we have talked about backing an event (to happen) or laying an event (not to happen). But when you think of buying and selling instead of backing and laying (same thing, just a different thought process), you can see how we could buy and sell something, making a profit just like you would on any other commodity which you bought for less money than you sold it for. More importantly, much like stock markets and spread betting, with Betfair trading you can sell BEFORE you buy, which gives us twice the opportunity. It's a tricky concept if you think about it too much so my advice is don't! Just accept the fact that you can sell then buy, or buy then sell. You can Lay then Back, or Back then Lay. So if the price moves in either direction, we can profit if we can predict that movement, or find a statistical likelihood of it happening. Remember just as with any business, we always want to Buy (Lay) Low, and Sell (Back) High, in order to carve out a profit.

On Betfair, you can buy and sell bets before the event starts, or when the event is in play. Obviously when a market is in play, the price fluctuations are more wild and volatile than before the event goes in play, which can lead to bigger profits, but also bigger losses if you have a losing trade. For now just think about backing and laying, entering and exiting a trade before the event goes in play. This means the actual event and more importantly, the **OUTCOME** of it, is irrelevant to you as a trader. If we expect Man United to win a game, and we are a gambler, we might back them to win, then we sit and wait, biting our nails (especially with their recent form!) hoping they do win. If they do, great. If they don't, not so great. Such is the life of a gambler!

But as traders, if we have a feeling the price of Man U to win (their odds on Betfair) is going to DROP, we could back them (sell), wait a few minutes or hours depending on the trading method, and then lay (buy) when the price has dropped. The difference would be our profit, and better still, it is all done and dusted before the game even kicks off.

So just for example's sake, let's say Man U aren't fielding a strong team due to two important scorers being injured, Rooney and Van Persie. Their price may well drift out (it's almost a certainty). But then let's say you hear live news that Rooney and Van Persie have suddenly recovered and are going to be playing after all, you might well expect more gamblers to stick money on Man U to take advantage of their increased price caused by the earlier doubts. In this instance, you could **BACK** Man U for a short time as the price comes down to take account of the latest news, and then **LAY** to close your trade. If you made ten ticks (odds/price increments) then that's your profit on the trade.

You then have the option of leaving your green winnings on Man U, so you win that amount if they win, but break even on the other outcomes, or you can "GREEN UP" which is a fundamental concept to Betfair Traders. Greening Up means placing another small bet when closing a trade, to even out the green (profit) across all outcomes. This is dead easy in practice, especially now that Betfair has the "CashOut" button, it automatically closes your trade for you with a perfect green up automatically calculated for you, a one click green up button, hooray!

Here is a visual example of this process, making an imaginary ten ticks profit:

Selection	Back	Lay
Man United	2.48	2.38
Arsenal	3.00	3.15
The Draw	3.45	3.65

Order Type	Odds	Stake	Profit
Back (Bet For)	2.48	100	£760.00
Lay (Bet Against)	2.38	100	£800.00

Above: If I backed (bought) Man United at 2.48, and laid (sold) them at 2.38 for the SAME STAKE, I would make £50 profit if they win, but break even if they didn't win. This is a nice free bet, but as a trader, you need to pay the bills, hence where Greening Up comes in and assuring yourself of being paid for your time and effort....

Team	Back	Lay
Man Utd	2.48	2.38
Arsenal	3.00	3.00
The Draw	3.45	3.5

Market	Back (Bet For)	Lay (Bet Against)	Profit
Man Utd	2.48	2.38	£21.00

As you can see, after adjusting the exit of the trade (the lay bet) slightly, to a stake of £521, we obtain a **GUARANTEED PROFIT** of £21 no matter WHO WINS. To a Man U fan that might not seem so attractive, hence why people with an emotional attachment to something make bad traders! But to a trader, it is FAR more appealing! No need to worry, or even care what happens in the game, this was all done long before it kicked off and I wouldn't care who wins, I would have already won! The money is guaranteed, but it doesn't credit to your account until the event ends, simply because the money you are winning comes from punters who are busy worrying whether Man U or Arsenal will win the game, and until the game ends, their bets are not settled. But within minutes of the end of the game, the money shows in your Betfair balance minus Betfair's small commission on your winnings.

That is the fundamental framework for all Betfair trading. It really is identical to stock market trading or trading any other kind of market. You want to buy low and sell high, or Lay Low and Back High. So long as you do this, you will profit. Obviously the main thing which is missing is HOW to know when odds are going to go up or down, and this is where the real magic or skill comes in. And there will always be losers, that much is guaranteed in any type of trading. Without losing trades, there would be NO MARKETS, get that in your head early on in your trading career. If you feel bad when you lose, it is counter-productive. If you ran a profitable restaurant, you wouldn't get miserable and negative when you have to pay your heating bill or your waiter's wages would you? Well this is no different. Losing trades are pretty much your only noticeable running costs aside from Betfair commissions and computer costs, internet connection etcetera, but considering most people have all that to start with, you really can't complain as you have a lot less outgoings than any conventional business, and no tax on your earnings! This is exactly how you should view your losing trades, as business outgoings, nothing more nothing less. Certainly not something to get miserable about. If you are trading properly and not gambling your way to losses, you have nothing to be ashamed or miserable about, a losing trade is just what you have to pay to get winning ones! If your method works over the long term, has that edge we talked about earlier, the losing days will be swallowed up with long term profits, and as with any trading, the long term is what it's all about.

Beginner's Tip - I am not going into my methods in this free eBook, they are valuable and I don't want them shared all over so I risk losing my edge, I have no hammer to break fingers with! Most of my methods can't have the edge damaged by volume anyway, as there will always be many more idiot gamblers out there than traders. But just to enable the beginner to play with the ideas a bit, keep your eye on sports news. If you hear of something which you think will cause a price to go up or down, quickly log into Betfair and watch what happens to prices, or open the pop up chart next to each outcome and check on it every 5 minutes. News like this comes out every single day, so it's not hard to find.

Let's say Andy Murray has been moaning about his ankle all day, and news reports are starting to come out about it in light of his upcoming match. Watch the price on him to win the match, they will almost certainly drift out (get bigger). In this instance, you would want to LAY first, and BACK later, the reverse of the Man U example. Why? Remember what I said? Back HIGH, Lay LOW. So if you think the price is coming DOWN, you always want to BACK first. If you think it is going to go UP, you want to LAY first and the BACK bet would be your trade exit.

This is just a very basic guide to how trading works, very few people will be able to take this information and instantly start making money with it consistently (short term yes, but that's not trading) and I strongly advise you not to try unless you really have a lot of insight into a particular event. You need proven methods, and many of these will be added to my website UKFootballTrading.com over the coming months.

(A quick note here, [Goal Profits](#) is probably the single best football trading product on the market. If you are eager to start trading quickly but you need some methods to use, that would be the one and only product I would recommend any newbie trader to buy, it's simply superb.)

I must say at this point, ALL TRADING carries risk. You will lose, I lose, every week I will have losing trades. If you can't afford to lose money, DO NOT TRADE. If you can't tolerate losing money, DO NOT TRADE. Losing is part of trading, and only the very best traders can look at a losing trade and be totally unaffected by it emotionally. This comes from experience and knowledge that losing is just the cost of winning, it's a formality which is inevitable, every market can move in two directions, so you are always at risk until you have greened up a winning trade. Things happen beyond our control, news can be retracted, teams can play terribly despite having a huge run of great form. Horses can be 10 furlongs in the lead and then collapse or pull up for no reason. Ever heard about Devon Loch in the 1956 Grand National? I couldn't think of a better way to demonstrate that NOTHING is guaranteed until a trade is closed! Imagine how many punters went from sky high to rock bottom in a split second when [THIS happened!](#) So, there is ALWAYS risk. Over the long term, these unusual events should be swallowed up by the "normal" course of events as statistics play out according to the edge or method you are using.

I offer NO guarantees to anyone about trading. I don't advise anyone to trade, or to take any particular trade. I publish a small selection of my own trades on my blog, just to share what I am doing as people are interested and ask me to do so. Trading is a very personal and solitary existence, you live and die by YOUR decisions. Nothing I say can or should be construed as trading "advice". I merely share my approach, some of my methods, and some of my specific trades. These are not "tips" or advice of any kind, they are just for educational purposes so people can see what I am doing and learn from it if they choose to. Understanding this essential point about personal responsibility is key to becoming a successful trader.

What better time is there to get into what is probably THE single most important tool in any successful trader's tool kit, a trading **mindset**.....

Trading Psychology

This topic deserves a whole book of its own. Some might say it is too advanced for a beginner's guide, but since psychology is what makes and breaks a trader, it surely has to be mentioned in any book about trading, however basic.

Trading is SIMPLE, but that does not mean it is EASY. The maths, statistics, calculations etcetera, are very basic. But the decisions are emotionally hard to make sometimes. Could you calmly take a nasty loss on a trade and not sit there letting it run, hoping for a goal to save the day and staying in much longer than planned because you just 'can't bear' to accept the loss? Think carefully, I would be very surprised if any novice can honestly answer "Yes" to that. Most people can't do it, not at first anyway. Every single person who has ever tried trading any market, has gone through a significant period of losing money, tearing hair out, panicking, being too greedy, being too scared to act on an opportunity (due to earlier losses) and many other mental barriers, before finally learning what it takes to be a trader.

Getting that cool head, a care-free attitude towards losing trades, a similarly care-free attitude to winning trades, takes a long time and a lot of winners and losers under your belt to allow those emotions to grow old and die. Having an edge, no matter how good, is NOT enough. You need the mental state of mind necessary to really capitalise on it, and to be sensible and disciplined when it doesn't work, and get the hell out of there to protect your bank and keep your powder dry for another day. I have always said that the ability to NOT trade, to sit and do NOTHING, is just as important as the ability TO trade. Overtrading is another one of those age-old trading pitfalls. It is especially easy to do it in Betfair trading because there are so many events each day, temptation is everywhere. You need to be the silent assassin who patiently stalks his target for as long as necessary, waiting for the opportunity for that ONE CLEAR SHOT! Not the crazed lunatic who sprays 100 bullets in his general direction from long range!

If you can find a professional trader who claims he/she never went through a painful and long journey of mistakes and psychological challenges before becoming successful, they are almost certainly lying to you. I have been around trading far too long to believe anyone who says they haven't had some horribly difficult times (psychologically) before hitting a consistent pattern of success. For those few people who are lucky enough to have not YET had these things happen and you just seem to win win win from the day you begin trading.... YOU are most at risk. I would say with almost concrete certainty that this horrible spell is just around the corner for you, lower your stakes and prepare to pay up with a string of losses that will test every emotion you have!

On the positive side, if you withstand this "test" and can hold your own, protect your bank, and not allow the wild swings of emotions to take the shirt off your back or make you do insanely irrational things in the markets, you will come out of it on the other side as a truly expert and "seasoned" trader. You will have earned your stripes and it is unlikely (but possible) that you will have to endure such a mental challenge ever again. Does this sound dramatic? It should. Do not underestimate how hard trading can be on the mind, it can be a gruelling survival exercise for many, and of course it gets rid of many, which is precisely why 90-95% of all traders are not traders for long and do not become full time professionals long into the future. To be part of an elite minority, you need to be able to BEHAVE like the elite, NOT like the majority. Obvious? Yes. Easy? No. :)

Nothing I say here can help you overcome the many psychological barriers to reaching success in any type of trading. I wish I could! This eBook wouldn't be free if that was the case, in fact it would be the most expensive eBook ever written! The only thing which overcomes the barriers is practical experience, and a lot of it. For this reason, I believe anyone who tries trading for the first time should use the smallest stakes possible.

On Betfair the lowest stake allowed is just £2. You can test your methods, your selection abilities, your psychological limitations, you can test yourself in EVERY way for just £2 stakes. Why risk any more than that until you feel 100% confident that you are successful and your methods are working for you? If your answer to that is "Because I need to earn more money than that" - DO NOT TRADE! This is one of the fastest ways to the poor house, i.e. trading because of a "need", rather than because an opportunity is obvious. Needing to trade colours your assessment of the opportunity and forces you into trades you would not have taken if you hadn't felt that need.

If you need money, get a job and earn it that way. Trade around that job for extra money, not for bill money. This is one of the best pieces of advice I only wish I had been given before I started trading. I had pressure from all angles and it destroyed me. I only began succeeding after I walked away for a year or two and came back to trading with a renewed mindset once the financial pressures had gone. Boy did it feel easier. Learn from my mistakes, not yours, please!

A "need" to earn money has no place in the markets, and they will punish you for your arrogance in assuming they owed you anything. The markets present opportunities to those capable of taking them with a calm head. They also present risks to those prepared to handle them with an equally cool head. They offer nothing but ruin for anyone who does not have full control of their emotions. If this means you have to make this a weekend hobby (weekends are the best for football trading by the way!) for many months before you can call yourself a full time trader, so be it, there is no short cut, believe me, I tried and many before me have to. I failed, and so will you. Hard work, patience, self-discipline, honing your "edge", these are the things which make the difference between a trader and a very successful trader. So start practicing them early.

Having said all that, if you do have a cool head, use small stakes, and only put at risk money you can afford to lose, you could well be in a good position to start trading full time quite soon. I have seen people do it in weeks, but usually 3-6 months is a minimum for the average person. It depends on the methods you have and above all, your self-discipline and emotional control.

Money Management

Money management is crucial. Without it, trading is futile. In fact to be more accurate, without money management, you are not even trading, you are gambling even if you have a trading “edge”. The reason is obvious, if you do not carefully calculate how much to risk on a trade, and stick to those decisions, how can you limit your losses? If you can’t limit your losses, I can assure you that the markets will limit your winnings. So if you have unlimited losses but limited wins, you can probably already see why money management is absolutely essential to any trader.

You would be wise to have a preset amount of risk that you are prepared to take in ANY trade. This is fundamental trading stuff, and applies to any type of trading in any market. You should decide that risk per trade based on the **size of your bank**. There is no point guessing or going by gut feel, you need a system for everything in trading, and money management is probably the most crucial area to implement a disciplined system.

When I trade, I calculate 1% of my current bank, each and every day. I will then use that to guide me on my risk per trade. Usually my risk is 3% per trade, sometimes only 1% if I feel the probabilities (edge) aren’t as good as I would usually like (in which case I usually don’t trade it at all). Sometimes my risk is more than 3%, but NEVER more than 5% of my total bank. If my bank reduces, this figure reduces, as it’s a percentage. Likewise when my bank grows, the risk in ££s grows, but NOT in proportion to my bank. The risk is ALWAYS consistent and capped as a percentage of the bank. In this way, you can sustain yourself through bad patches of losing trades, and this keeps you in the game when other people go bust and fall by the way side, which is common by the way.

By implementing a money management system, you are always controlling your risk and keeping it at a level you are comfortable with. That word should be read again, COMFORTABLE. This is a key to obtaining the psychological mindset needed to trade successfully and confidently, never in fear of the markets, always in control of yourself and your exposure. This frees your emotions, reduces fear, and generally makes you approach things with the right attitude. It is up to YOU to choose your % risk per trade, but that’s my approach if it helps in any way.

Betfair Trading Software

Going back to the example of the back and lay on Man United, that was all done on the Betfair website via my web browser, manually placing each bet to enter and exit the trade. This is not practical for some types of trading, and this is where software comes in very useful. Software gives you the power to back or lay with one click of the mouse, and as such it is not to be used by a novice! Having said that, when you do know what you are doing, you will not be able to perform properly as a trader without software.

To take advantage of things as they happen, sometimes during an event (in play), with split second decisions sometimes being the difference between profit and loss, the speed and power which software gives you is essential. I nearly didn't mention it, as it is definitely not something a new trader needs, not for a long while. But since I know of many people who dive straight into the software angle, I thought I would mention my thoughts as far as software goes.

Bet Angel Professional

I have been using this for many years now. There are quite a few varieties of Betfair trading software on the market these days, many more than when I started trading that's for sure! But Bet Angel is miles ahead of the rest.

Bet Angel is slick, powerful, reliable and stable, the latter being crucial to someone putting thousands at risk with each click of their mouse! I have used every software package there is, and I still stick with Bet Angel every time. It was designed by Peter Webb, one of the original Betfair professional traders who made his name through this software and as a racing trader.

It was built for traders, BY a trader, so it has every single feature you could possibly want, and a whole load you don't want or need, but nice to know they are there if you ever fancy trying out some new methods. There is an article on my website giving more information about why I use and recommend it. [Click here to read the article.](#)

I should also mention that Bet Angel has specific interfaces for trading various types of sports. This is a great feature for someone like me who trades Horses, Football, and various other things including Tennis. Tennis trading by the way is a great way to make money once you get the hang of it. It's stats based, and I will be publishing several of the methods I use to make money from live tennis games. If I had to recommend anyone else's product on tennis, it would be either [Tradeshark](#) or [Total Tennis](#). I would probably edge towards Total Tennis, but these are both extremely good products and both of them can provide you with the tools to bank regular profits from tennis.

(2015 Update):

Here is a recent example of a trading edge in action (one I didn't need software for)...

Just a few nights ago Feyenoord played Vitesse in the Dutch football league, Feyenoord playing at home. A ten second look at the stats and form of the teams is a pre-requisite to any type of trading. I did those checks as I do daily. This is very easy and can all be done on one website, I will give more information about that in other eBooks and on my site. In this case, it was clear that Feyenoord are on a strong run of home wins, they score around 2 goals per game on average, and win more than 75% of their games, however they score more in the second half than the first half.

On the other hand, Vitesse's away form was not pretty with many losses and only scoring 1 goal per game on average, conceding around 2 per game.

I noticed that Feyenoord were 0-1 down in the first half. I considered trading it by laying Vitesse (or backing Feyenoord) as I expected Feyenoord to fire a goal back pretty quickly. My reasoning was this.... Feyenoord had strong stats and usually win their home games, they were playing an inferior team who had gone ahead in the game, and therefore the odds on Feyenoord had shot up after the goal, or similarly the odds on Vitesse had dropped. The current prices on offer obviously reflect the new score line. At 0-0 Feyenoord were odds-on favourites, but at 0-1 the balance had tipped slightly towards Vitesse, as the current score line represents a win to Vitesse.

However, the price was still quite short on Feyenoord (due to them being such a strong team) so I didn't do anything other than keep an eye on the scoreline. It was just still a bit too pricey for me. Remember what I said about psychology and waiting for that one clear shot?! Most people would have dived in as soon as Vitesse went ahead, and indeed that is a valid edge and a valid trade based on the stats. I used to do exactly this myself. But I look for even BIGGER edges these days, an event which is even more unlikely to happen, but IF it did, my edge would be huge and my risk would be much smaller.

There are less opportunities like this, yes. But I can stack more money on them too due to the lower liability. In other words, if Vitesse scored again, they would be 2 goals ahead and they would become strong odds on favourites. Laying strong odds on (well below 2.0) means LOW RISK, the amount you can lose on your lay bet is the backer's stake multiplied by the odds, the lower the odds the lower the potential loss.

A few minutes later to my genuine surprise, Vitesse scored again. I didn't expect it, and nor did the market. I was actually on my way out of the office so I didn't want to risk much since I would be trading out from my mobile phone, usually I wouldn't trade at all in this situation. This lower liability caused by 2 goals in favour of the away team, meant I was far more tempted now even if I was going out, these events don't take place every five minutes as you can imagine.

The odds tipped heavily in Vitesse's favour and their price came in to 1.4 (ish) on Betfair. This is strong odds on, which meant I could LAY Vitesse for £100 and only risk £40. (I used smaller stakes than usual due to going out) So I laid Vitesse at 1.41 for £100.

This means I was betting they would not win, but from a trading perspective, I was just taking a low LAY position as I expected that they would not stay 2 goals ahead for long, hence expecting their price to RISE when the statistically likely goal from Feyenoord arrived, at which point I would BACK

Vitesse to exit my trade and take the green as a guaranteed profit, whatever happened in the game after that.

It didn't take long, 7 minutes I think, and Feyenoord scored. The gamblers out there were now expecting a comeback from this strong team playing at home. The odds on Vitesse (after Feyenoord scored) shot up from 1.41 to 2.14. I backed them at 2.14 for £65.79, giving me a guaranteed profit of around £34, on all three outcomes, regardless of who won. So I didn't care what happened after that point, I had my green profit guaranteed. This was small stakes, but £34 for less than 10 minutes work, that's trading with a strong edge. Nice to enjoy a cup of tea at a friend's house overlooking the beauty of the Lake District knowing I just pocketed £34 tax free!

Of course these events are not common, but with so many football games every day on Betfair, they are far more common than you might think. Statistics and form analysis are essential. This gives you an idea of the mathematical probabilities in a game.

Of course that is no guarantee of anything, if there were any guarantees in the markets then they would cease to exist as people wouldn't be gambling any more, and it's gamblers we need in order to have a trading edge, the more the merrier!

In this case Vitesse actually went on to win the game believe it or not! I only checked for the purpose of writing this, I didn't care otherwise! But it doesn't matter, Vitesse 2 goals up against Feyenoord, at very short odds to Lay Vitesse, this represented VALUE given the likelihood of a reply goal and the low risk to my trade. The very worst that could have happened is I lost £41 (Lay £100 @ 1.41 = liability equals £41). Although if Vitesse had scored another and gone 3 goals ahead, I could still have traded out for a smaller loss than £41, probably more like £25 at a guess.

I won 70-80% of my total risk on the trade, 150-180% of my risk if you consider my risk was only £25 based on the fact that I would have traded out at 0-3 for a smaller loss. If I had taken the trade when Vitesse were only one goal up, the liability would have been much bigger, then when they went 2-0 up I would have been running at a loss and it would have taken a brave (or stupid) man to stay in the trade and not take the loss and get out. The result would have been a losing trade in this instance, whereas my approach won me more money having risked less money. There will be times when it works the other way around of course, but regardless of what happens, if you have a decent proven edge and you stick to it religiously, you should always profit over the long term.

This is just one example of many types of value bet or edge-based trade I will take on an average day, if and when the opportunity arises, and not before. There are many other ways of doing it, but the principle is the same, wait for an unlikely scenario to appear by watching (or listening to sound alerts) from live football scores (flashscores.co.uk) and when the liability is low enough, but the probabilities are high enough (risk versus reward ratio), take a position based on your edge, and in line with the stats or form guide. Then trade out when it comes good, or take the loss if it doesn't.

Remember, trading is about LONG TERM consistency, not short term boom and bust = gambling.

If you can win 3% of your bank per day, you will more than double it every month if you don't draw any out, i.e. using compound interest, recalculating that 3% each day.

Looking at that one example above, £100 stake (£41 total risk, £25 realistic risk) netted me £34 profit. So 3% per day is clearly not an unreasonable target for a professional trader with a good set of methods in his toolbox. The sports markets allow a very good return on your stake, IF you apply thinking like I did above, and WAIT for those absolutely clear opportunities, dripping with statistical value!

When you then consider that you can get yourself a trading bank of £1000-£2000 with incredible ease and with no risk, using the [BonusBagging system](#), you can probably see why so many people are interested in Betfair trading!

Stick to your edge, stick to your entries and exits, stick to your method.

Don't let your decisions be ruled by fear or greed.

DON'T GAMBLE

If you can do those things, with a few decent edges in your tool kit, Betfair trading can be a very profitable business. The fact you don't have to pay the tax man any of your profits, well that's just a very satisfying bonus!

I wish you every success if you decide to walk the Betfair trader's path!

Tim Scott

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Trading Blog: UkFootballTrading.com

Twitter: [Twitter.com/AFootballTrader](https://twitter.com/AFootballTrader)

Some Useful Links:

- [Total Football Trading \(10 Methods!\)](#)
- [Tennis Trading from Tradeshark](#)
- [Total Tennis](#)
- [Goal Profits - \(The best football trading system available\)](#)
- [Betfair Sign Up Bonus Offer](#)
- [BonusBagging Freebets Service](#)
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