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Trading Commonly Used Phrases And Terms

Arbitrage / Arbing

Arbing you need to 'cancel out' your Back bet at the Bookmaker by Laying on an exchange. By placing a Lay bet, you're betting against the outcome that you've Backed (at the Bookie), ensuring that you have no risk.

Back Bet

When you place a back bet you are betting on something to win. If you back at odds of 2.00 for £10, you will win £10 with a stake of £10 if your selection goes on to win.

Back2Lay (B2L)

Popular in horse racing markets particularly with horses that like to run from the front, typically you would back a runner at the start of a race with the intention of laying in-running as their odds shorten

Best execution

On betting exchanges 'best execution' is when your bet automatically gets matched at a better price than you ask for. If you back something at 1.01 and it's available for 3.50, you will automatically get matched at the better price. If you lay at 1000 and your selection is available at 10, you will be matched at that better price. It's safer to deploy a strategy using this on the back side of the market, as laying at high odds could leave you with a large unexpected liability.

Betfair betting exchange

The biggest betting exchange in the world and leader by active customers, turnover and profits. The company was founded in June 2000, by Andrew Black and Edward Wray. Betfair eventually 'merged' with Paddy Power to form a giant betting company.

Betfair trading

Betfair trading is a way of profiting from backing and laying at different odds on the Betfair exchange. You profit if you lay at a lower price than you back at. This is because the liability on the lay bet is lower than the profit on the back bet.

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Betfair trading software

Betfair trading software is specially designed software for trading on Betfair. You can use it to perform many actions, some quite complex, quickly, easily and faster than using the standard Betfair web site. Some advanced software, like Bet Angel, can even be fully automated.

Book

The 'book' is the entire market you are currently looking at and every selection in it. The word book comes from the word bookmaker as it was a bookmaker how would traditionally make the 'book'.

Book %

The book percentage is the percentage you get in a market when you add up all the individual selections in a market and convert them to their implied chance. Something priced as decimal odds of 2.00 will convert to an implied chance of 50%. Two selections would add up to total book percentage of 100%. In a market where only one selection can win you would expect the book % to be at or near 100%.

Bot

The term BOT is short for Robot and is basically a computer program that can replicate manual betting activities. If you repeatedly do the same trades over and over again (e.g. lay every horse in every race at 1.3 and cancel once one is matched), there is probably a BOT available that can automate this for you – allowing you to concentrate on other betting opportunities.

Cash Out

Cash out is in effect the same as greening or hedging. It is simply a way for you to close your current market position for a profit or loss at the current available price. Cashing out may also hedge your position so you have an equal profit and loss across all selections in the market.

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Coming in

In betting terms, when a price is "coming in" it's price is said to be "getting shorter." Odds moving from a price of 3.00 to 2.50 are "coming in".

Cross matching (XM)

Cross matching is a process put in place by the Betfair exchange to fill markets with offers counter to the original bet. If you bet heads, Betfair will take your bet and offer "Not heads" or tails on this occasion. So if you back a Tennis player in a market, then your bet is also offered up as an opposing bet on the other player. Cross matching also stops the book % from become overbroke. It's introduction caused controversy when it was found that Betfair was making money from rounded the values in their favour.

Conditional / Triggered Betting

Most betting applications allow the user to setup simple criteria so that when market conditions are correct, back or lay bets can be executed efficiently and accurately as per the user's instructions.

Dobbing

DOB stands for double or bust. It is basically a trade / bet that returns double your stake if you win or you lose your stake if it loses. It is typically deployed by backing a horse before the start of a race and putting the closing trade in-play to get matched when the horse is in contention and trades at lower odds.

Drifter / Drifting

A drifter is the opposite of a steamer. A horse is said to be a drifter if its odds are getting bigger and bigger or 'longer' as betting markets often say for odds that are getting bigger. A drifter, for example, could see odds move from 3.00 to 3.50, it is 'drifting'

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Dutching

Dutching is a way of backing or laying multiple selections in an event to achieve a required result regardless of which one of the selections wins. Dutch betting requires some mathematical calculations to be performed to establish the stakes required on each selection to achieve the correct outcome. Most betting applications offer dutching facilities, meaning that all you need to do is point and click on the selections you want to dutch – no need for any maths!

Excel

If your betting criteria requires a little more than simple “what/if” scenarios (see Conditional / Triggered Betting) and you are familiar with products like Microsoft Excel - there are betting applications that will allow you to export the data to products like Excel so that you can do further analysis or more complex betting instructions.

Field Bets

A field bet is an instruction that you want to perform against all the selections in the market. It can be a simple back, or lay everything at a certain price. Field bets are often used in conjunction with other features such as Tick Offset, Stop Loss or Fill or Kill

Fill or Kill

This feature is often used in very volatile or fast moving markets where the trader wants to be matched at a price immediately - or if the price isn't available the order cancelled. The cancellation can be immediate or some applications allow for delays to be built into the order.

Grid Layout

This is a type of display that the betting application uses to present the available prices and liquidity. The grid layout is displayed horizontally across the screen much as you would expect to see on the traditional Betfair website.

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Hedge (aka Green Up / Red Out / Cash Out)

Traders will often create a large position on a single selection in an event with a view to hedging that position at some point. The hedging of a position is simply taking the position and sharing it against all the possible outcomes of the event. The purpose of doing this is to produce a guaranteed profit (green up) regardless of the outcome or to spread the liability (red out) of a losing trade across all possible outcomes.

Ladder Layout

This is a type of display that the betting application uses to present the available prices, liquidity, traded amounts and odds. The ladder layout is displayed vertically on the screen and generally allows the user to see more market depth as well as identify stop loss and tick offset positions.

Lay2Back (L2B)

Popular in horse racing markets typically you would lay a runner at the start of a race with the intention of backing it in-running as their odds lengthen.

Offset

An offset bet is a counter bet or opposing bet to your opening bet. Bet Angel can place an offset bet for you automatically when your opening bet is placed or when it becomes partially or fully matched.

One-Click Betting

Betting apps allow you to get your orders into Betfair very swiftly, this is done by what is known as "One Click Betting". Once you have set up your betting preferences (stake, max price, min price etc.), just a single click of your mouse button will immediately execute your orders to your specification.

Premium charge

A much loathed additional charge you must make to Betfair if your profits and activity reach certain levels. Despite its infamy, very few people pay the premium charge at the higher rates.

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PIQ

Position In the Queue - it is important for traders to know not only where they are in terms of pricing but also where they are in the queue at a particular price on Betfair - and there are betting applications that will indicate this for you.

Reduction Factor

A reduction factor is a percentage of its price in odds which allocated to a runner in a horse race when the market opens. If that runner is withdrawn, then the value of bets on all other runners are reduced by this percentage. On exchange odds that are over 40 or 2.5% of the market often leave the market unadjusted. Check individual market rules to see the impact on the market you are betting into if a running is withdrawn.

Refresh Rate

When placing any bet into a market you should always have the latest market data. You can get that by manually refreshing on the website before placing your bet; but with a betting application the prices can be automatically refreshed for you. You set the speed of update to satisfy your trading style.

Rule 4

Rule 4 is a deduction that is made on a horse when there is a non-runner in a race after the final declarations for that race have been made. The market is repriced without the withdrawn running resulting in lower odds and returns on your remaining bets.

Scalping

Scalping is a trading style that profits from price changes on an underlying market. It requires a trader to have a strict exit strategy because one large loss could eliminate the many small gains the trader worked to obtain. People often summarise this method of trading and it's risk as 'picking up pennies in front of a steam roller'

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Staking Mode

Some traders prefer to use the payout or liability feature when placing their orders; this is known as the Staking Mode. The benefit of using a betting app is that once you have specified your preferred option, you don't have to change it again - every time you place a bet it will be using your preferred mode.

Stop Loss

This feature is used to automatically close out your position for a loss should the market move against you. There are generally additional options available to a stop loss instruction depending on your trading style.

Swing trading

Swing trading is the process of trading a market with the expectation for reversal in price. If a selection in the market is heavily backed then you would look to take advantage of people closing positions or feeling that the price is too short and the price starts to retrace some of its movement to a fairer level. This is a swing trade.

Tick

A tick is one price increment in the market you are trading. Odds increments change as the decimal odds increase, so below decimal odds of 2.00, the tick increment is 1. The price moves 'one tick' if it increases from 1.98 to 1.99. But at odds between 4.00 to 6.00 the odds move 10% per tick. So they will move from 4.50 to 4.60. But in trading terms it has still only moved 'one tick'

Tick Offset

Every price increment in Betfair is referred to as a "tick" so the decimal price 2.0 is one tick shorter than 2.02. With Tick Offset enabled in your betting app, you can automatically place an opposing order as soon as your initial bet is matched.

Touch price

The 'touch price' in trading terms is where the bid and offer prices are actively trading in the market at the best available price. In betting exchange terms this would be where money is getting matched at the best available back and lay prices.

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WOM

Weight Of Money – a WOM indicator shows you if there is more money waiting to back or lay on a given selection. This indicator gives a Trader vital information as to the strength of the current position.

