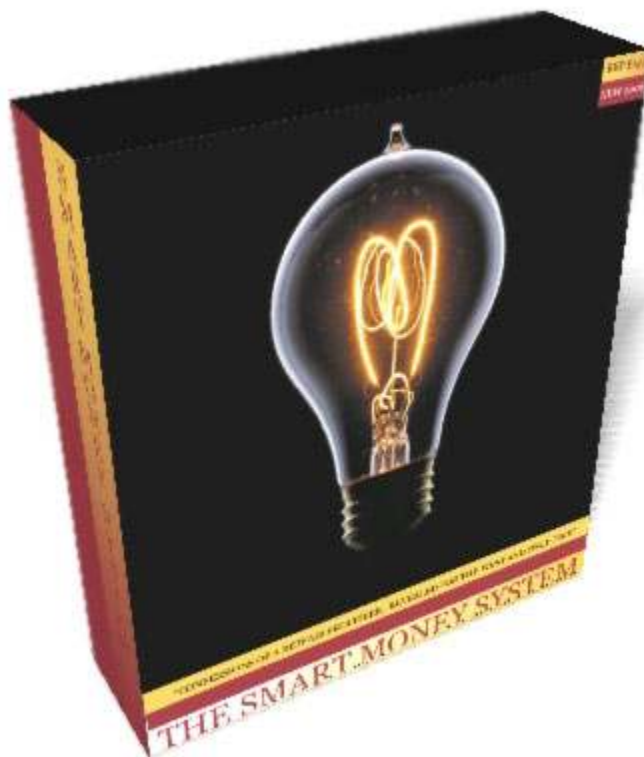


SMART MONEY RACING PRESENTS
THE “SMART MONEY” SYSTEM PACKAGE



...

Complete backing and trading system
Now includes “Inside Betfair” Manual.

...

<http://www.smartmoneyracing.com/>

1. Welcome!

Congratulations on your purchase. You have just separated yourself from the pack, and are soon to join the elite 1% of Betfair users who are making a living from the site.

There are hundreds of ways to trade on Betfair, but only a select few methods have proven to generate a profit – and even fewer have ever been exposed in a manual before.

Now, the bar has been raised a notch and with the Smart Money package you have at your hands an arsenal of tools that should ensure your account never goes into the red again.

The pack has been updated, so it now includes the following features:

1. Inside Betfair – Betfair explained for beginner and intermediate users
2. Smart Money Manual – The simple steps to isolate favourites which attract heavy insider knowledge... and profit from that knowledge
3. The “Insider Trader” Manual – How to trade profitably by following the “in the know” punters

Weighing in at close to 100 pages, the package should take you from beginner to pro in a very short period of time.

I advise you read the manual through (fully) several times over, and then make a start as soon as possible.

With this in mind, let's get started on the first part of the book – the “Inside Betfair” manual.

If you are new to Betfair, this will guide you through the steps you need to take to get started. Even if you are an intermediate user, you should spend some time reading this first section before moving on to the “real” part of the pack.

In any event, here's to a profitable 2006 for both of us.

The Smart Money team, April 2006

<http://www.smartmoneyracing.com/>

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INSIDE BETFAIR

...

The world's number one betting exchanged
exposed, from top to bottom

...

Taun 30th Dec - 15:20 2m3f Nov Hrd							Refresh
<input checked="" type="checkbox"/> View P&L	Settings	?	102.2%		100.1%		
Total selections:(11)	GBP			Back	Lay		
Private Be £24.00	1.42 £606	1.43 £745	1.44 £2025	1.45 £7	1.46 £2043	1.47 £883	
Pearly Bay £0.00	5.3 £30	5.5 £253	5.6 £193	5.8 £59	5.9 £28	6 £77	
Earth Moving £0.00	10 £217	10.5 £105	11 £81	11.5 £382	12 £418	13 £43	
Nelson Du Ronceray £0.00	40 £20	42 £52	44 £9	46 £18	48 £76	55 £2	
Dodger McCartney £0.00	55 £23	60 £3	65 £2	70 £13	75 £59	80 £51	
Castletown Lad £0.00	110 £10	130 £45	170 £16	220 £3	240 £3	290 £2	

<http://www.smartmoneyracing.com>

...

1. Introduction

Dear reader,

Launched in June, 2000, Betfair has completely revolutionized the betting industry, and allowed literally tens of thousands of people to make a primary or secondary income from the comfort of their own homes.

The purpose of this guidebook is to give you a complete overview of what Betfair is, and how it can further your own goals, be they financial or recreational. I personally derive the bulk of my income from the site, and you can to.

Later I will direct you to some of my methods, but for now know that it is possible and that you too could work from home and make a good living from Betfair.

With millions changing hands each week on Betfair, there has never been a better time to join the fray and carve out your own profitable niche. With the information you have here, you will be a step closer.

2. The Basics of Betfair

What is Betfair?

Betfair is the world biggest betting exchange, a site that allows you to place bets against millions of other punters around the world, and on different sporting events from horse racing to basketball, from cricket to soccer.

The way that Betfair and the other betting exchanges work is different to the traditional bookmakers that have gone before.

If you place a bet in a traditional bookmaker, you are basically betting against the bookmaker. If you are correct, you win money from the bookmaker, but if you are wrong then you lose. The transaction is between you and the bookie, and no one else.

The first difference between Betfair and the traditional bookies is that the site doesn't actually take any bets itself.

Rather, Betfair simply acts as an intermediary, a marketplace where punters from around the world can come and bet with **one-another**. All Betfair does is supply the interface and keep track of who owes who what. This makes for a very fluid market, with odds (also known as `prices`) changing literally by the second as different punters come and place new bets.

The second difference between Betfair and the traditional bookmakers is that Betfair allows you to bet **against** a particular event occurring. This process is called `laying`, and is unique to the betting exchanges.

For example, say we think that Chelsea will *not* win the league this year. We can back *against* them, or `lay` them. If Chelsea fail to win, we will win money from the bet equal to the amount we bet, which is called our **stake**.

Of course we can also back an event to happen. For example, if we think Chelsea *will* win the league this year then we can choose to **back** them, and if they *do* go on to win, then we will collect a profit (how much profit depends on the odds that we took when we placed the bet).

The difference between backing and laying is central to understanding Betfair, so you should try and grasp the concept before we move on.

Remember then:

Backing is betting an event **will** occur

Laying is betting an event **will not** occur

The Betfair interface

Now that we have covered a few basic pointers about Betfair, let's have a glance at the interface of the site. We will use this interface to place our bets, so we do need to understand it.

Plump 16th Jan - 16:00 2m5f Hcap Hrd							Refresh
<input checked="" type="checkbox"/> View P&L	[Settings]	[?]	101.3%	99.5%			
Total selections:(7)	GBP		Back	Lay			
Brankley Boy	2.14 £3216	2.16 £9837	2.18 £2275	2.2 £8452	2.22 £6736	2.24 £242	
Midnight Gold	3.55 £1629	3.6 £1982	3.65 £798	3.7 £439	3.75 £1128	3.8 £1541	
Jaloux DEstruval	7 £688	7.2 £449	7.4 £184	7.6 £378	7.8 £228	8 £2409	
Come Bye	12.5 £397	13 £93	13.5 £72	14 £28	14.5 £125	15 £98	
At The Double	21 £248	22 £459	23 £323	24 £50	25 £16	26 £56	
Eljutan	50 £31	55 £36	60 £17	65 £18	70 £72	75 £37	
Geography	85 £8	90 £10	95 £9	100 £7	110 £5	120 £49	

Here's a screenshot of a typical afternoon's horse race, the 4 o'clock at Plumpton. Horse racing is the most popular sport on Betfair, with football a close second.

You can see the names of each of the horses along with the odds that you can back and lay them at, listed vertically.

You can see that the favourite, Brankley Boy, is available at odds of 2.18 to back, and odds of 2.20 to lay (odds are also referred to as **prices**):

Total selections:(7)	GBP		Back	Lay			
Brankley Boy	2.14 £3216	2.16 £9837	2.18 £2275	2.2 £8452	2.22 £6736	2.24 £242	

In other words, if we think he will win the race then we can back him at a price of 2.18, and if we think he will lose the race, then we can lay him at odds of 2.20. These prices are

always changing, but for the time being those are the odds available.

We could request a better price than is currently available, but the further the price we ask for is from the current market price, the less likely we are to get our bets **matched**.

For example, if we wanted to back Chelsea to win the league at odds of 10.00, then it is very unlikely that another punter would accept our bet (at the time of writing Chelsea are trading at odds of around 1.12).

The variance in prices does often allow you to steal a few extra ticks from the market, but you shouldn't be too greedy or you won't get matched.

How do the odds on Betfair work?

I imagine at this point, your head might be spinning somewhat, and you're probably thinking: what on earth do `2.18` and `2.20` mean?!

Well, odds are often listed in fractional form – 2/1, 3/1, 5/2 etc, which you are probably familiar with. With Betfair, however, the odds are listed in decimal form – i.e. as 3.0, 4.0, 2.5 etc.

Total selections:(7)	GBP		Back	Lay		
Brankley Boy	2.14 £3216	2.16 £9837	2.18 £2275	2.2 £8452	2.22 £6736	2.24 £242

In the above case, we can see that the best decimal odds available are 2.18 to back, or 2.20 to lay. At odds of 2.18 we are basically going to get a slightly better than even return on our money if we decide to back the horse.

For example, say we want to back Brankley Boy at 2.18 for £10. If he wins, we will make $2.18 \times £10$, which is £21.80.

However, £10 of this is the £10 that we supplied ourselves (our stake) and so we will actually only make a profit of £11.80. If the horse was to lose, then we will lose our stake of £10 and get nothing.

If we wanted to lay the horse, then the calculations would be slightly different. At the moment, the best price to lay the horse at is 2.20. Remember, laying means we do *not* believe a horse will win.

If we are wrong and the horse does win, we will lose money, but if he doesn't win the race, then we of course profit.

Assuming we laid Brankley Boy at odds of 2.20 for £10, we would make £10 if the horse was to lose the race (lay bets always pay out at evens if you are right).

If, however, we were wrong and he did in fact win, we would have to pay out £12 ($2.20 - 1.00 \times £10$). As you can see, lay bets generally produce smaller profits than back bets, but when you are wrong you will have to pay out more money (that is unless you lay an odds-on selection with odds under 2.0 in which case you will be risking less capital than you could potentially win).

If you are still having trouble understanding how odds work on Betfair, I suggest you check out the Betfair help section at some point. I could spend all day talking about odds, but I want to focus on other issues which are just as important. Anyway, here is the link for Betfair help:

<http://help.betfair.com/index.en.html>

Other Basic Concepts

Now that we understand backing and laying it's time to move onto some other fundamentals you will need to understand about Betfair.

Let's have another look at the favourite in the 16.00 at Plumpton, Brankley Boy:

Total selections:(7)	GBP		Back	Lay		
Brankley Boy	2.14 £3216	2.16 £9837	2.18 £2275	2.2 £8452	2.22 £6736	2.24 £242

Have a quick glance at the amounts you see below the odds – this is the total money that is currently available to back and lay the horse at. There is currently £2275 available to back the horse at 2.18, and £9837 to back the horse at 2.16 – this money is known as **unmatched money**, as it is currently sitting there waiting to be **matched** by another punter.

In other words, if we wanted to back Brankley Boy at 2.18, the most we could back him for would be £2275. Obviously, we don't want to bet that much (at least not yet I would suggest), but now you know what those figures refer to. If we did take the £2275 at 2.18, we would be matching a request that someone else put into the market.

As you can see from the screenshot, there are some very large figures in each of the columns. We call the amount of money coming in and out of a particular market **the liquidity**. Here we can see that there is a lot of money available, and so the liquidity in this instance is very good. However, imagine that we wanted to back Brankley Boy at odds of 2.18, but for £3000. What would happen? Well, let's take one more look at that screenshot:

Total selections:(7)	GBP		Back	Lay		
Brankley Boy	2.14 £3216	2.16 £9837	2.18 £2275	2.2 £8452	2.22 £6736	2.24 £242

As you can see, there is currently only £2275 available to back him at odds of 2.18, so we could either lower the price we want to 2.16 and take some of the money in the second back column, or we could leave the remainder of our bet waiting in the market to be matched.

The remaining £725 would appear in the lay column, waiting to be matched by another punter (the reason that our back bet appears in the lay column is that we want another punter to match our back bet by laying the horse).

In truth, the whole process would happen so fast that you might get matched for all of it straight away (prices change very quickly when liquidity is this good), but if not, our remaining back of bet of £725 would sit waiting in the lay column for someone to come along and match it.

Note Obviously, you should not even think of starting with the kind of figures I am talking about here, but they will suffice for demonstration purposes.

Loading up Betfair

So, now that we understand how Betfair works, it's time for us to check the site out for the first time. Open your web browser, and type in:

<http://www.betfair.com/>

You should be greeted with a screen that looks like this:

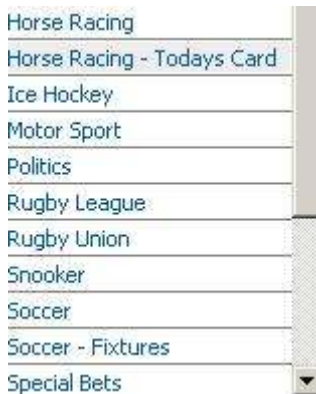
The screenshot shows the Betfair website interface. At the top left is the Betfair logo. To its right is a language dropdown menu set to 'English - UK' and a navigation bar with links for 'Home', 'Join Now', 'About Us', 'Help', 'Forum', and 'Poker'. On the far right of the top bar are input fields for 'username' and 'password', along with a 'Login' button and a link for 'Forgotten your password?'. Below the navigation bar is a large banner for 'Sharp minds betfair' with a 'Join Now' button. To the left of the main content is a vertical menu with 'All Markets' and 'My Markets' sections, listing various sports like American Football, Australian Rules, Bandy, Baseball, Basketball, Bowls, Boxing, Cricket, Financial Bets, Gaelic Games, Golf, Greyhound Racing, Handball, Horse Racing, Ice Hockey, Motor Sport, Politics, Rugby League, Rugby Union, Snooker, Soccer, and Special Bets. The main content area is divided into several sections: 'Exclusive Football Preview' with a 'Join Now' button, 'Next Horse Race' with a '01:04 (UK Time)' timer, 'Tennis' with a '01:04 (UK Time)' timer, 'Coupons' for 'Aus Open 2nd Rd (W)', and 'Australian Open Mens Champs' with a list of winners and their odds. On the right side, there are promotional banners for 'Betfair Poker Room' and 'NEW! Revolutionary Poker Betting Game'. Below these are sections for 'Closing Soon' and 'In-play Today' with links to various matches and their odds.

The first thing that we want to do is to sign up to the Betfair site. Click Join Now, at the top of the screen, and enter in your details.

If you would like a **free £20 bet** when you start using your account, then enter the code **EQN37YANG** into the Refer and Earn box.

Now that you have signed up to Betfair, you are ready to place a bet!

First things first, though. Have a scroll through the menu on the left hand side of the screen, and run through different sports. Make a note of all the different sports that Betfair covers:



Now, click on `Horse Racing – Today’s card` and have a look at the horse races coming up in the next 24 hours:

A table titled "All Markets" with a sub-header "Horse Racing - Todays Card". It lists horse races with their start times, locations, and market types. Each row has a "0" in a box on the right, and the first row has an upward arrow.

All Markets	
Horse Racing - Todays Card	
02:10 Gawl (AUS)	0 ▲
02:10 Gawl (AUS) (Place)	0
02:20 Cant (AUS)	0
02:20 Cant (AUS) (Place)	0
02:28 Ipsw (AUS)	0
02:28 Ipsw (AUS) (Place)	0
02:45 Gawl (AUS)	0
02:45 Gawl (AUS) (Place)	0
02:55 Cant (AUS)	0
02:55 Cant (AUS) (Place)	0
03:03 Ipsw (AUS)	0
03:03 Ipsw (AUS) (Place)	0

The above screenshot was taken late at night, and you can see the next horse race is in Australia, starting at 02.10am.

Generally, British horse racing runs from about 12pm to 6pm, followed by American horse racing from 5pm to 12am, and then Australian horse racing from 1am to 11am.

Of course, there are other events at different times, but most of the activity on Betfair happens on the horse racing. Don't let that stop you from sneaking a look at your chosen sport's menu, though.

The interface is the same for every sport, and there is almost always some event about to start on Betfair.

Spend a few minutes familiarizing yourself with the site, and then come back when you're ready... done? OK, good. Now it's time for us to move onto the key themes section.

3. Key Themes

Since we understand the basics of the site, we can delve a little deeper, and bring our knowledge up to an intermediate level. To do this requires an understanding of some additional issues, so let's go back to the site and have a scout around.

Firstly, I want to introduce you to a superb way to make money from Betfair – it's the way that I make most of my own money in fact...

When Betfair first opened thousands of people flocked to back and lay horses, but with time the more astute punters realized that they could guarantee a profit - *no matter who won the race*.

The way they do this is by **trading** on Betfair, just like a stock trader will trade the stock market; in other words they back and lay the same horse but at different odds.

Trading on Betfair

Let's take a look at a screenshot that I took from a race that I traded on:

Here 5th Jan - 12:30 2m3f Nov Hrd Refresh						
<input checked="" type="checkbox"/> View P&L [Settings] ?		104%		98.8%		
Total selections:(16)		GBP		Back		Lay
Tokala £54.00	2.36 £121	2.38 £159	2.4 £39	2.42 £17	2.44 £265	2.46 £150
Commander Kev £0.00	6 £30	6.2 £19	6.4 £9	6.6 £200	6.8 £188	7 £11
Oyster Pearl £0.00	5.8 £590	5.9 £120	6 £290	6.2 £21	6.4 £76	6.6 £73
Highland Chief £0.00	9.8 £15	10 £75	10.5 £127	11 £44	11.5 £28	12 £38
Hardybuck £0.00	16 £5	18 £8	19 £6	21 £7	23 £4	24 £11
Happy Shopper £0.00	23 £21	25 £11	26 £8	30 £11	32 £6	34 £10
Campaign Charlie £0.00	36 £5	38 £6	42 £2	46 £5	48 £97	60 £15

Have a look at the figures in green below the names of the horses. On Betfair, figures in green refer to the amount you win if a certain horse wins, and figures in red refer to potential losses.

Here you see *all* the horses names are in green. You will see that I will make £54.00 if the favourite Tokala wins, but will lose nothing if any of the other horses win!

In other words, I have a free £54 bet on Tokala. If you can do this several times throughout the day, then you can easily make a good living from Betfair.

How do we get an `all-green screen`?

The way we guarantee a profit no matter who wins is by backing and laying the same horse, but at different odds. We need to back the horse at higher odds than we lay it at, and if we are able to do this we can take a guaranteed profit with no downside, just like in the above screenshot.

This is known as the fabled `green screen` and there's nothing like getting one.

For example, imagine we think the odds for a horse, Mr Ed, are going to fall. We first back him at odds of 3.0 for £100. If the horse wins, we make £200, but if it loses we lose our £100 stake. All we have done at this point is put a back bet on Mr Ed.

However, if we are then able to lay Mr Ed at odds of, say, 2.0, again for £100, then we will make £100 if Mr Ed wins, but lose nothing if he doesn't.

(Calculations: if he wins we get £200 from our back bet but only pay out £100 for our lay bet giving us a £100 profit; if he doesn't win, then we lose our £100 back bet but win our £100 lay bet so we break even).

As you can imagine, doing this several times throughout the course of an afternoon or evening's racing can be very profitable indeed.

The trick is to know when a horse's price is about to move. This is something that I have studied for months now (I make my living from predicting it), and I discuss it later in my "Insider Trading" manual.

For now though, I want to discuss the “weight of the money” and whether it still works or not.

There has been a lot of discussion about it in the last year or so, as it has become harder to trade on the British horse races just before the off. Many people have said this is the death of the Weight of the Money, but that simply isn't true.

The Insider Trading system works partly off the back of the Weight of the Money dynamic (and partly by following the “smart traders”), but this information will help clear up some questions you might have.

Firstly, what is the “weight of the money”? Basically, if more people want to back a particular selection, then the price will fall as they scramble over each other to get matched at lower and lower prices. If more people want to lay a selection, then the price will fall.

This simple dynamic can create trading opportunities – so we can back high and lay low to guarantee a profit. The topic is covered in some depth in my “insider trading” handbook.

So, going back to the question, does Weight of the Money trading work?

Yes – but only *visibly* in certain circumstances.

Fundamentally, the markets HAVE to be governed by the WOM dynamic.

It's just that simple and that's our starting point. If we imagine a million people wanting to back Chelsea and only punter wanting to lay them, the price will fall as the backers accept lower and lower prices.

What makes the dynamic particularly striking is that it does not run on cold hard logic; it runs on emotion: "oh, that guy is in front of me with his £2000 bet.. I need to get matched! Gotta jump in front of him so I can get on, will need to move my price forward quick!" Note the worrisome tone.

This emotion causes a short-term panic as one punter jumps over the next and so forth.

In other words, a microcosm of the same thing we have seen on a much bigger scale in the stock market - the tulip bubble, the south sea bubble, the dot com bust, etc etc. As always, emotions and social proof govern the trends.

So in a nutshell, yes, it is fundamentally the WOM that drives prices. It has to be, and it is the same in any market worldwide. It's called supply and demand.

However, the problem is that the weight of the money is not always apparent for several reasons. Remember, simply knowing supply and demand doesn't allow you to choose and market to your niche correctly.

You need indicators, and they aren't always apparent with the WOM dynamic

The problems, why WOM isn't a black and white issue any more:

1. Market manipulators - these guys will place fluff orders with no intention of ever getting filled.

They want to manipulate the dynamic so that us traders follow them, causing a sudden price shift in one direction. That's when they match their real bet, and remove their fluff order, causing the price to swing back sharply as the traders react to the trend by forcing it in another direction.

This is especially painful if you have bought high. You can see this process happens when a genuine order for £40,000 (or some other insane amount) comes in and the punter chases the price upwards (or downwards if he wants to back it). Often when he is gone, the price will swing back.

2. Big amounts attract big amounts - although I have never been a big punter (straight backer or layer), I imagine that if I was, I would I have got stung many times by sticking my order in for £2000 and watching traders jump in front of me, costing me money as I chase my price upwards.

With this in mind it would make more sense for me to wait for a big order to come in on the side I want to get matched on, and take it as soon as it happens (or indeed wait for the price to move in my favour).

So, in other words, any big amount on one side is likely to attract bigger amounts on other other side. I do not have firm evidence for this, it is purely anecdotal, but I certainly believe it is the truth.

3. There are still people who aren't trading - of course, many punters on Betfair are straight backers and layers. These guys have no respect for the WOM dynamic, and their money flies in from every direction. With the amount of tipping services and backing / laying systems out there, money flies in all over the place, disrupting the perfect WOM flow.

4. Randomness - this is the main reason that it is not easy to spot the WOM on the most popular markets. On an average British horse race, you can get thousands flying in on either side - in a few seconds. Money comes and goes so quickly, it's hard to know what's what.

You need to be fast, skilled, experienced, have a big bank, and have the right trading software if you expect to trade on British horse races.

Why do you need a big bank?

Because, as you may now know, WOM trading is difficult, so you want to make very few trades - only when you are 100% sure. If you can back or lay with a £2,000 bank once per race, you can come out with a very solid profit for the day.

Not so for punters without the large bank (and even then ignoring the skill and the other factors).

So, in summary, yes WOM does still work but on the larger markets (read: British horse racing), the competition has been stepped up a notch or six. So all you newbies - don't expect a free lunch in 2006.

The massive amount of money has created a complex web of randomness that makes it much harder to take one tick per race consistently. But it is doable - I know people who do it for a living.

If you really do want to try your hand at WOM trading on the British horse races before the off, I suggest you copy the guidelines in my Insider Trading manual, but use a much bigger bank and be far more selective with your trades. Also, be prepared to spend time building up your skill level.

And for those of us who don't have the expertise, the skill, and the £2,000 bank?

Well, that's what my "Insider Trader" manual is all about, so don't go to pieces just yet. You should check the manual out as soon as you have a chance. For now, though, let's cover some other key themes.

The Information Box

In the meantime, let's move onto another intermediate theme – the information box. Go to any race an hour or so before it starts, and click on the horse's name. This will bring up the information box for that particular horse.

The information box contains important facts and figures about the horse in question, and you should always check it out before betting. Let's look at the information box for a horse `College Ace`:



On the left hand side of the screen you can see the price for the horse over time. You can see that the price started off at a high of about 3.70, stabilised, and then gradually fell into a price of about 2.70 just before the off.

This could have obviously been a superb opportunity for us to trade, by backing first at a higher price, and then laying later at the lower price. You can often see trends like this unfolding and if you can jump on them in time, you can profit from them quite nicely.

Above the graph, there is some more information. We can see that a total of £61,212 has been bet on all the horses in this race, and £23,515 has been bet on this one horse, College Ace.

If we look to the right of the screenshot we can see all the money available to back and lay the horse at. You can see that we could back the horse at odds of 2.66, and lay the horse at odds of 2.72.

Those are currently the best prices available to be taken, but as you know we could request better odds in the hope of getting matched.

Betting In Running

Up until a race begins, you can place bets to back or lay a particular selection – this much you already know. On most events, once the race begins, though, the betting ends, and you can no longer punt on the race. Some events, though, can be bet on after they've started, and this is called `betting in running` or `betting in play`.

Let's have a quick look at an in-running horse race. Note the green in-play sign in the top right. Also, note that Bob's Buster is available to back at odds of 1.51, which is obviously odds-on and very low, suggesting it is a near cert to win...or is it? In fact, the horse came third, and this point is something I will come onto in a minute.

Total selections:(5)		GBP		Back	Lay	
Albertino Lad	2.6 £20	3 £60	3.5 £59	5 £60	5.4 £75	6 £7
Tagar	5 £2	7 £20	16 £25	20 £10	23 £2	25 £20
Mikasa	3.1 £24	3.3 £500	4.1 £12	4.5 £5	10 £2	14 £68
Bobs Buster	1.47 £50	1.5 £320	1.51 £248	1.88 £2	2 £196	2.16 £5
Scotmail Lad	110 £11	180 £40	300 £30			

All British horse races can be bet on in running, as can many Premier League football games. In fact there are literally dozens of events to be bet on in running, on any given day.

As you can imagine, betting in running can cause some dramatic swings in price, as punters react to events at the soccer match or horse race. In running betting is not for the faint hearted.

However, there are some punters who make a living by laying selections (betting against them) in running. There are multiple in-running laying strategies that are used and I will cover a couple.

The first strategy is called **laying the field**.

Given that there are big swings in the prices of all of the horses in any race, some punters look to lay the field at very low odds. In other words, they lay every selection just as the race starts, at odds of say 1.05. What they are hoping for is a horse that looks like it is about to win, and whose price drops heavily in running, to say 1.03. However, if it gets tired and another horse wins, then they will have laid a loser at very low odds.

If we lay the field for £100, at odds of 1.05, then the most we can lose is £5 ($0.05 \times £100$). However, if we lay a horse that actually ends up losing, then we will win the backer's stake of £100!

The strategy is obviously not as simple as just laying every horse in running at 1.05, but watch a few British horse races in running and see if you can spot some general trends that you can profit from. As I say, some punters also make a living from laying the field, so it's certainly worth a look.

The second strategy employed by some is simply to lay single selections in running when they reach very low odds, but when you think that the odds are nonetheless lower than they should be.

For example, a few weeks ago, Man United were playing Bolton at Old Trafford in a weeknight football match. United

were up 3-1 with 3 minutes left plus 3 minutes of injury time, and were still on the offensive.

The game was in-running on Betfair, and so I decided check out one of the markets, the *next goal scored* market, where you can back or lay each time to score next.

You can also bet that *neither* team will score next, i.e. that there will be no more goals. The *no more goals* option was available to lay at odds of 1.04, so I laid £20. I thought that United still seemed aggressive, but most of the punters on Betfair thought they could get easy money and backed the no more goals option, forcing the price down.

The most I could lose was £0.80 ($0.04 \times £20$), but I could win a full £20 so it seemed a great bet. Sure enough, Ronaldo scored in the 90th minute and I claimed my £20 profit. Not bad for only risking 80p!

That's a perfect example of how laying at very low odds in running can be a great way to profit for very little risk. You should come up with your own strategy by watching the in-play markets for a while; the more unique your idea, the more profitable it will be.

Bots – Which is the best?

When we place a bet on Betfair, very often we will need to do so quickly and with maximum precision. The Betfair interface is sometimes a little slow, and clumsy, and so we will look to use betting software or `bots` to get our bets off as quickly as possible, and in just the way we intended.

This is especially important if we are looking to make a quick trade on an event, but we can also simply use bots to make our life easier, for `one click betting` features which improve vastly on the Betfair interface.

Let's take a look at a screenshot from a free bot called Bet Angel Basic:

The screenshot shows the Bet Angel Basic software interface. At the top, there are three advertisements: 'Guardian 24', 'Save on Toys in UK', and 'Live Psychic Readings'. Below the ads, there are controls for 'Refresh', 'Auto Refresh every 1 second', 'Last refreshed at 15:31:53', 'Confirm bets', and 'Maximum liability £ 600'. The main area displays a table of betting opportunities for 'Ling 18th Jan - 15:40 2m Sell Stks'. The table has columns for event names, odds, and stakes. The 'Stakes' column is split into 'Back' and 'Lay' sub-columns. The table lists several events with their respective odds and stakes.

								Stakes	
	4.1	4.2	4.3		4.4	4.5	4.6	Back	Lay
Mister Completely	£ 826	£ 1197	£ 50	86%	£ 3	£ 227	£ 119	200	200
Chocolate Boy	3.25 £ 421	3.3 £ 368	3.35 £ 374	36%	3.45 £ 760	3.5 £ 629	3.55 £ 698	200	200
Lawaahab	7.0 £ 115	7.2 £ 358	7.4 £ 215	45%	7.6 £ 9	7.8 £ 606	8.0 £ 236	200	200
Mujazaf	7.4 £ 50	7.6 £ 63	7.8 £ 122	42%	8.0 £ 171	8.2 £ 55	8.4 £ 92	200	200
Another Con	18.0 £ 71	18.5 £ 28	19.0 £ 15	65%	19.5 £ 43	20.0 £ 5	21.0 £ 13	200	200
Sungio	9.2 £ 19	9.8 £ 69	10.0 £ 403	74%	10.5 £ 20	11.0 £ 8	11.5 £ 145	200	200
Buz Kiri	23.0 £ 17	24.0 £ 39	26.0 £ 44	64%	27.0 £ 23	28.0 £ 6	29.0 £ 27	200	200
The Plainsman	34.0	36.0	38.0		42.0	44.0	46.0		

Unmatched Bets [Cancel All] Last refreshed at 15:31:53

You can see that even the free version of Bet Angel offers some very useful functions.

For a start, you can place a bet simply by clicking once on any of the buttons in blue to back a horse, and the buttons in pink to lay it. Secondly, you can auto refresh up to once every second, so you are always up-to-date with your prices.

Finally, you can enter maximum liability and default stakes so you don't make mistakes. All this for free! It's a drastic improvement on the Betfair interface, and I suggest you check it out if you're serious about profiting from Betfair.

You can also get the Professional version, which I heavily recommend, from the same link:

<http://www.smartmoneyracing.com/betangel>

Another bot that you might want to check out is Fairbot, which is available as shareware, so you try before you buy.

This software offers similar features, but also has a stop loss and offset facility which BetAngel Basic doesn't have (although the pro version does). You can get a free 15 day trial of Fairbot at:

<http://www.smartmoneyracing.com/fairbot>

However, the betting bot which I recommend (the same one I always use) is Bet Trader Pro. Quite simply, if you are trading on Betfair and you aren't using Bet Trader then you are at a heavy disadvantage in the market place.

4. Some Advanced Themes

1. How to create your own micro-niche on Betfair

I personally believe that the majority of punters who make a living from Betfair do not follow a traditional method of backing, laying or even trading.

They don't subscribe to a tipping service, or buy the popular `name-brand` systems that you or I know about.

The vast majority will have their own **micro-niche** - a mini-system that few others know about, which they probably stumbled onto by pure randomness but which they nonetheless profit from extraordinarily well - for very little work. Not fair on the other mug punters, but then life generally isn't.

In fact I personally have several other micro-niches that I use regularly alongside my systems, and am always looking for new ones.

Unfortunately I can't tell you what my own little mini-systems are: if I did, I would ruin it for myself. With these micro-niches, there just isn't enough liquidity for more than me and a few friends to profit from.

What I *can* do, though, is explain to you how I find these micro-niches. The methodology I use is remarkably simple, but you do need patience and a little free time to apply it: I advise you make it a long-term goal to find these micro-niches.

Finding your own micro-niche

Firstly, what exactly is a micro-niche? Well, a micro-niche is a simple method of profiting that very few others are aware of. You get them everywhere, including Betfair.

My friend hit on one a few months back, selling a certain item in a unique way on Ebay, and him and a few others have been self-employed since.

The difference in his approach versus everyone else's is subtle, but the results were dramatic. Very important point - small change to existing methods, but a dramatic result.

How about an actual example of a possible Betfair micro-niche? OK. Imagine I worked out that I could back every horse that traded at odds of 1000 before the off, and then lay half of them at odds of 100's or less in-running. I could lay at 100's for ten times more than I backed for, giving me a guaranteed profit no matter who wins.

If I could just do this successfully five or six times per day, I could make £100 in the space of a few hours. Note that I am using a *traditional* trading technique, but in a very new and unorthodox way (who trades on 1000/1 shots?).

Now, I'm not saying this exact method would work (but as I type it, it does look like it's worth investigating), but that would be an example of a micro-niche.

How to find your own micro-niche?

As far as I know, there is only one way to find a micro-niche: build your knowledge, and then watch the markets looking for opportunities. Your goal is to mix old knowledge with

new techniques. It really is that simple, but no-one seems to do it (the ones who do are almost always lucky; they literally stumbled onto the micro-system by sheer chance).

The steps:

1. You first need to commit yourself to learning the general dynamics of Betfair - backing, laying, trading, and what different angles punters traditionally come at things from.

Read systems, hit the forums, and immerse yourself in different markets, all the while taking notes. Familiarize yourself with the process, so you can build some depth of understanding. That's the first step done. Some of you might already be there, for some it might take some extra time.

2. The second step is to take that traditional knowledge, and mix and match it with other variables that other punters aren't using.

You need to put some kind of a random, new and unique spin on what everyone else is doing.

Try trading using your existing knowledge, but in a market that you would never have considered before (for example, Spanish table tennis, or whatever). Look for software that is generally overlooked and start testing it out, or use the features in existing popular software in a new and different way.

Watch the trends move and look for possible reasons for those trends that no-one else has considered. Import old knowledge into new arenas. The goal is to *match the old with the new*.

Most times you will fail, and the process will take time and patience, but when you do hit on that micro-niche, you will

all of a sudden go from the red to the black overnight. Believe me, it's worth it when it happens, and it only needs to happen once.

Of course, the first time it does happen, you can go back to the markets and look for a second micro-niche. Why not be greedy? The goal is to bag as many as possible until you have several small income streams that all add up to a lot.

With Betfair, as with anything, there is a heavy power-law distribution - this is statistic-speak for "the few profit from the many".

Call it Pareto's Law, call it what you want but it's true - the vast majority of punters are losing slowly but surely to the sharks, even with the advent of the Betfair P2P model.

The most overlooked site for form information

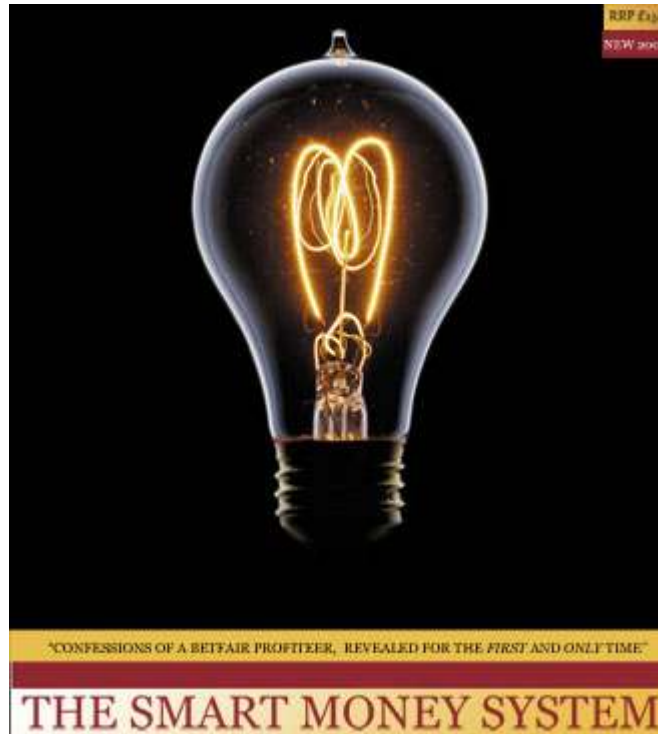
The obvious place that everyone looks for form information is the Racing Post site (<http://www.racingpost.co.uk>). However, if you want solid form information that 90% of the other punters don't even know about, head over to Adrian Massey's site which is <http://www.adrianmassey.co.uk>. Here Adrian provides ratings for each of the horses running in the following day's ratings.

There are several profitable backing systems that rely exclusively on these ratings, so if you are into form guide, I suggest you check his site out.

Because not everyone knows about the site, you can very often gain an edge over the field.

This in itself can push your systems into profit.

SMART MONEY RACING PRESENTS
THE “SMART MONEY” MANUAL



...

How to profit from “insider information” on
favourites

...

<http://www.smartmoneyracing.com/>

1. Introduction / Background

Dear reader,

I have never been a big fan of spending hours studying form guides just to get a tiny edge over the other punters. It all seemed like too much effort for too little return.

For this reason, I have always focused on trading as the way that I make money from the betting exchanges, and I have been happy with that for a while now.

Then, at the end of last year, I was having a conversation with a friend of mine, and he mentioned that he had run into an odds compiler for one of the “big three” bookies. Maybe I would like to meet him?

Of course, I jumped at the chance to talk to the “old enemy”, why not? In fact, the discussion wasn’t as productive as I had hoped, and the compiler spent the whole meeting talking about form and the nuances of the art of bookmaking.

Being a big fan of easy, quick cash I sat there thinking, “This all sounds like too much hard work”. And it did. Nothing interests me less than pouring through pages of statistical form analysis, especially when I am only going to gain – at best – a small edge over the bookmaker, or my fellow punters. Trying to out-smart the market by chipping away in tiny chunks is simply too slow a process.

So, quite casually, I asked the compiler if (in his professional opinion), there was a very, very simple way to make cash from betting on certain horses: a certain selection process

that would guarantee winners, or at least give me an “edge over the house”.

Straight away, he said no. He felt that odds compiling was an art, and it required years to develop. I continued to press him, though, and eventually he caved in.

All he said was: “The only way for an “average joe” to feasibly beat the bookie is with insider information – if you can spot selections with insider information, or get it yourself, then you will have an edge”, then he got up and left, apparently upset at my lack of respect for the “art of compiling”.

Although in itself, his comment wasn’t a shock, it did get me thinking. I knew that there had to be a simple way to spot horses that were subject to insider information, and I knew it would be a complete goldmine if I was able to hit on it.

The first thing I turned my attention to was the “information boxes” on Betfair. I noted any steamers (horses whose price fell), and watched to see if a fall in price would result in a win.

More often than not, a fall in price would mean a horse was more likely to win, but this benefit would be negated by the lower price you would get for the selection. This would often make the bet “no value”, and so I had to look elsewhere for my “insider info” selection process.

The next place I turned my eye to was trend analysis – i.e. looking at the graphs on Betfair, and looking for micro-patterns that would indicate insider trading.

A friend who trades on various financial markets helped me look at the data, but neither of us could spot anything

meaningful amongst all the “noise”, so we moved on. To be honest, at this point, I was becoming demoralized. I felt like my little experiment was going to end up a failure, and that I was doomed to be a trader – and just a trader. Not that this is exactly a bad thing, but my ego didn’t want to admit defeat.

And then, one day it dawned on me that the simplest way to spot insider trading was by looking at the win pool of the particular race. No amount of trend analysis would beat the simple fact that if a selection if the price money for the winning horse is low then there is more likely to be insider information present.

I spent the next few weeks collecting data on price movements and trying to extrapolate theories. Eventually, I began to see patterns emerging and my bets started to creep into the green. With a little more testing and honing, I began to develop some conditions, and within two months I had a “system” down on paper.

Each day, I would make my selections, and I have never had a losing week since. That isn’t to say that the system is perfect, but it certainly seems to give me an edge over the competition, and it should do the same for you.

The other great thing about the system is its simplicity. It doesn’t revolve around long winded selection processes. You get in and out very quickly. If you prefer, you can also “trade off” on your selection to guarantee a profit, but this only takes a few extra minutes to do.

In any event, the system should be just as accessible and just as profitable for you as it has been for me.

2. The System Rules Explained

The Smart Money system is, as previously described, a method for picking horses on the basis of apparent “insider information”. By spotting such insider info we can gain an edge over the competition with minimal analysis of the field.

The selection process is remarkably simple, and can be explained as follows:

1. At any time between 10AM and 11AM, open the following websites in your web browser:

<http://www.oddschecker.com/>

<http://thebettingsite.racingpost.co.uk/>

<http://www.racingpost.co.uk/>

2. First go to The Betting Site website, and look for horses that are priced at 9/4 or less. Build a shortlist of all the horses that fit that category.

3. Go to the Racing Post site, and look to see whether the prize money for your selections is under £6,000. Remove all the selections that do not fit this criterion.

4. Check the racing selection type for your selections. We are only looking to bet on Novice races, and Handicap races. Remove all selections that do not fit this criteria.

5. Head to the Odds Checker site, and go to the steamer page. Look for horses that we have selected thus far which appear here. Put a tick next to any selections that do.

6. Head over to Betfair, and click on the name of any selections left. From the graph does the selection appear to be steaming in on Betfair? Don't worry about being too particular, a simple, clear downward trend will suffice.

Now, you can place your back bet (one point) on that particular selection.

That's it!

3. Some Additional pointers

So, that is the Smart Money Insider Info system in a nutshell. Please do not be fooled by its simplicity. I advise you to start testing the results out, and you should see your account increase with time. If you really feel, like you want to make life harder for yourself (and I know it's hard to let go of old habits), then you can tighten the selection process and add other "filters".

I don't use any other filters myself, I have found the system to be more than profitable as it is (and incredibly simple to administer).

However, as previously stated you may want to combine the system with a form-based one to increase the profitability even further. Alternatively, you may want to tighten the selection criteria by lowering the maximum win payout for the race. I have found this change increases system profits by a few percentage points, but that is all.

Another potential filter (that even I regularly use) is to only place your bet when the second favorite is also drifting out (i.e. increasing in price) on Betfair, while our selection is

drifting in. This, when combined with the system guidelines, almost guarantees a profitable trade by race time, so if you see such a scenario try and close the bet by laying back later on.

4. How to trade using the system

As the system is based around the idea that we want to get in early off the back of insider information, it is inevitable that the price will very often continue to fall after we have placed our bet.

This leaves us in the enviable position of being able to lay the selection at a lower price than we backed it at, and thus guaranteeing a profit no matter what the result.

Whether you do so is up to you, of course, but if you do I suggest you close your trade 20 minutes before the start time of the race.

Do we hedge our bets? I generally don't, as the basis for the system is that we are pin-pointing selections with a high chance of winning. Hedging will spread some of that value across the field, which would hurt our profits in the long run. That said, by the time the price has fallen all the way in, there probably won't be too much value left, and so you may hedge if you feel more comfortable taking a smaller, guaranteed profit every time.

5. The importance of value

We need to bet fairly early, before the rest of the market spots the insider information and the "value" is destroyed.

Placing a bet on a selection at decimal odds of 2.0 instead of 2.4 could be the difference between a long-term profit and long-term loss.

Value is a very important issue and I will discuss it briefly now. Essentially, if we are placing a bet, we should always be concerned with two issues – the chance of the event happening (e.g. of our selection winning), and the odds that we are getting.

Right now, Chelsea appear almost certain to win the 2005/6 Premiership, but I would not want to back them at odds of, say, 1/100,000 on (so I risk £100,000 to win £1).

Obviously, this is a flippant example, but you should see that simply betting on a “sure thing” with no regard for the odds that we are getting is likely to lose us money in the long run.

Value is difficult to quantify (just ask the odds compilers), so in the interests of simplicity I have almost side-stepped the issue by choosing an exact time for us to place our bets. This means we are very often on the “right side” of value, but it is obviously a generalization and sometimes we will lose a tick here and there.

On the plus side, this means we don't have to concern ourselves with “value” too much – it is built in to the system. However, it means we will inevitably lose a bit of value every so often. Unfortunately, that is inevitable unless we try to “second guess” the insider information that we see.

I would personally go the “easy” route and save myself a hell of a lot of time and stress, and I suggest you do the same and content yourself with the healthy profits the system provides anyway.

If you want to “tighten” the system and look for value, there are numerous systems that rely on form guide to pick winners. I

f you combine another “form based” selection process with my own system, I have no doubt you will eventually hit on a combination that improves the returns you get. I am quite content to make what I make, doing as little work as possible, but if you want to step things up a notch, so be it.

6. Conclusion, where from here?

So, there you have it. The system has made me consistent profits for around three months now, and I imagine it will continue to do so as long as there are betting exchanges around.

Do not be fooled by the simplicity of the system; once you have started betting using the system, you will be very impressed.

One point I would like to make, however, is that the system is not perfect and you will experience the odd losing streak. This is inevitable.

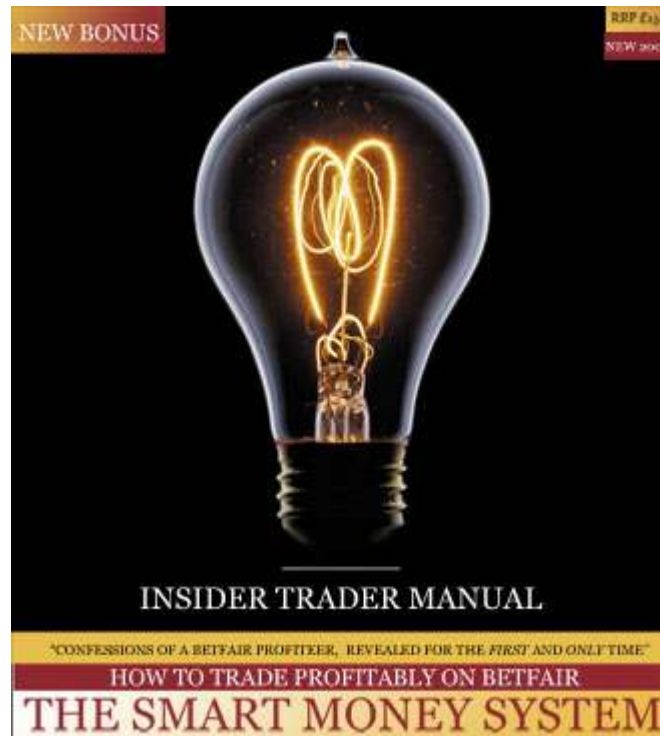
The important point is that over time the system will return profits to us. In fact, my longest losing streak has been four thus far, and I have never had a stretch longer than ten days that has not been profitable.

I advise you to familiarize yourself with the system, and start making your first bets as soon as possible. Start small, and

compound your bank as your confidence in the system grows.

With time, you will find that the system provides a nice stream of passive cash to your account - and with no form guide, and no complicated analysis.

SMART MONEY RACING PRESENTS
THE “INSIDER TRADER” MANUAL



...

How to trade by following the “smart” punters...
and a new spin on “Weight of the Money”
trading

...

<http://www.smartmoneyracing.com/>

1. Introduction

Dear reader,

Very often with Betfair, it can feel like you are never getting anywhere. It is a very competitive landscape out there, and I believe that over 90% of Betfair users operate losing accounts. This is quite an incredible statistic in itself, but what is even more amazing is the amount of money that the remaining 10% make, or even the remaining 1%.

So, how do you get in the top 1%? It has nothing to do with skill or discipline most of the time; it comes through having an advantage or two that the competition does not. That is normally enough to turn a losing account into a very profitable one. It is this advantage that Smart Money is about.

With the Smart Money system, you already have a serious package to propel you out of your day job and into the elite class of self-employed traders on Betfair.

That said, I can never rest and once I had nailed one aspect of Betfair, I wanted to make things even easier and even more profitable for myself, and for everyone else who feels the same way about their boss.

With that thought in mind, I spent some serious time looking for more niches, new ways to add value to my existing methods. Over the last few months I have been watching the markets, mixing and matching various models and techniques.

A few weeks ago, I was playing around in the 'in-running markets' on Betfair, and realised that at the start of the race

the usual weight of the money still applies, and in fact it appears to be magnified several times over.

After watching a few markets, I got really excited, and soon enough I was trading, trying to understand my new method in full – what works and what doesn't.

Within a few days, I had developed the Insider Trader system in full, and in doing so, hitting on a method that boasts a 90% strike rate, allowing you to make £100 and above, using a £100 bank – daily.

There is no other way on the planet to make a tax-free income this large from an amount that small. So, sit back and enjoy. You are about to learn information that a tiny minority of Betfair users even know exists.

Use it wisely, be patient, but more importantly... keep it to yourself!

The Smart Money team, April 2006

<http://www.smartmoneyracing.com/>

2. About the The Insider Trader system

The Insider Trader system is very simple to operate but like anything, you will make a hell of a lot more if you are willing to invest a little time beforehand.

Remember that trading is as much a skill as anything else, and I want you to be patient so that you can achieve your goals. If you take a medium-term outlook, everything else will fall into place and you will be making serious tax-free cash – daily.

The idea behind the system

The idea behind the system is incredibly simple:

We simply trade using the Weight of the Money system at the start of in-running play on British horse racing events.

Sounds simple? It really is, but almost no-one knows about this system, so the market is both accessible and profitable. That said, there are a few specific pointers that you do need to be aware of when using the system, which I will cover later.

If you do not know what “weight of the money” trading is, don’t worry – I will explain it in depth during the course of the guide.

The basic rules behind the DJK system:

1. Go to a British horse race just before the race is set to begin. British horse races are generally run between 12pm and 6pm, seven days a week.
2. Make sure the race in question is at least 2 miles in length (this is displayed on the Betfair screen for the race in question. Generally lengths are abbreviated as `2m`, `3m1f` etc (the M standing for miles and the F standing for Furlongs). Generally between half and three-quarters of races on a given day will fit this criteria.
3. Get hold of a copy of Bet Trader (<http://www.easytraderpro.com/bettrader>) and open up the race in Bet Trader just as the race is set to start.
4. Just after the allotted start time, the market should `suspend`. It will then re-open with an `In Play` symbol shown on the Betfair interface. The race is now running, and we are `in-play` or `in-running`.
5. Trade for the first 2 minutes and 30 seconds of the race, following the Weight of the Money dynamic.
6. Only trade on any horse priced 7.0 and below, and only trade within the first 2 minutes 30 seconds of the race. This is vital to the system, don't trade after this point.
7. Use a stake of no more than £30 when trading. This is more than enough to quit your day job with.




Those are the basic rules behind the system in a nut-shell. Now I will cover some basic themes, common pitfalls and general issues that need to be flagged before you get stuck in. Firstly, though, I need to explain exactly what the “weight of the money” dynamic is, and why we need to follow it.

3. The Weight of the Money explained

Prices on Betfair are constantly in flux. They are always steaming in and drifting out, and at times the prices seem to have a mind of their own.

However, the prices do move for a reason, and that reason is a simple one - supply and demand.

Let's take a look at a screenshot taken one Monday afternoon from a British horse race in-running:

Selections: (8)		103.2%		Back	Lay	88.6%	
8	 Saddlers Cloth M Foley	2.16 £167	2.3 £23	2.34 £900	2.4 £61	2.5 £3	2.58 £10
3	 Fantastic Arts S Thomas	4.4 £2	4.5 £135	4.7 £5	5 £258	5.2 £10	5.4 £64
6	 Missyl A Thornton	4.9 £20	5.4 £15	6 £255	7 £43	7.8 £7	8 £10

Have a quick glance at the favourite, `Saddlers Cloth`. Quickly compare the figures in the lay column with the figures in the back column. You can see that there is almost £1100 in the back column, but only about £70 in the lay column.

In other words, there are more people who want to lay the horse than back it at that particular point in time (requests to back a horse appear in the lay column and vice-versa).

Obviously, the punters who are laying the horse will want as low a price as possible, but if they request too low a price they won't get matched.

In the situation above, the punters looking to lay the horse will almost certainly increase their asking prices and stumble over one-another to get matched.

Too many layers get in one-another's way, and the competition forces the prices up as they each panic to get the bets on, even if it means taking a higher price.

This has the knock-on effect of increasing the price of the horse, at least temporarily. This supply and demand is what drives the prices on Betfair, although it isn't always that visually apparent.

We call this supply-and-demand / push-pull effect the "weight of the money" (WOM).

Now, have a quick look at a screenshot taken about 10 seconds later of the same race:

8	 Saddlers Cloth M Foley	2.34 £895	2.4 £258	2.5 £8	2.52 £111	2.6 £20	2.78 £187
3	 Fantastic Arts S Thomas	5.2 £100	5.4 £55	7.2 £78	7.4 £5	8 £4	9 £15
6	 Missyl A Thornton	6.8 £71	7 £23	8 £130	8.4 £5	8.6 £55	11 £2

Note how the back price for our horse has increased from 2.34 to 2.50; the excess money in the back column caused the price to shoot upwards in a matter of seconds.

In other situations, there will be more money on the lay side of the columns, causing the price to decrease instead, but the dynamic is the same, only in reverse.

Weight of the money trading is simply about spotting opportunities like this - and profiting from them.

So how do we profit from this knowledge?

Well, very simply we work out which way a price is going, and then look to back at a higher price, and then lay at a lower price, or vice-versa.

This locks in a guaranteed profit, which is what trading is all about. Such swings in price happen in a matter of seconds and so we do need to be fast to react to these imbalances.

In the above example, we could have layed Saddlers Cloth at 2.36 (requesting a bet of say £30), and then looked to back the horse when it hit 2.50 in the above shot.

This would give us a guaranteed profit if the horse won, and we would break even if not.

If the horse wins: we pay out £70.80 on our lay bet, but get £75 on our back bet, giving us a £4.20 profit, but if it loses, we win our lay bet but lose the back bet, getting our stake back and breaking even.

I won't dwell too much on how the calculations work out – the important point is that we get a profit if we back high and lay low.

If you want to play around and see what kind of profit you get from different trades, click on settings on your Betfair interface and choose `show a future position`.

This will show you how much you make if you were to open a particular position. Have a play around to see what you could make:

The screenshot shows a software interface with a 'View P&L' checkbox checked and a '[Settings]' button highlighted. To the right, there are two percentage values: 132.3% and 98.2%. Below this is a 'Market view settings' dialog box. The 'Lay colour' section has three radio buttons: 'Green', 'Red' (selected), and 'Yellow'. The 'Profit and loss display' section has four checkboxes: 'Include settled bets in P&L figures (applies to partially settled markets)', 'Show P&L figures net of commission', 'Show a separate future position (prefixed ») (As if unplaced bets were matched)' (checked), and 'Example: -£100 » £100 Shows how a £100 loss could be turned into £100 profit if the unplaced bet was placed then matched and the outcome occurs.' At the bottom of the dialog are 'Cancel' and 'Save' buttons. To the right of the dialog is a table titled 'Lay' with three columns and six rows of data.

Lay		
5 £12	5.4 £12	5.5 £63
15 £9	16 £5	17.5 £3
3.5 £17	3.55 £39	3.95 £3
12 £7	13.5 £3	14 £5
12 £7	14 £29	16 £7
3.8 £78	4.1 £82	5 £4

At this point, I imagine many of you are thinking: “we only make £4.20 from that bet; doesn’t sound like much”!

Well, it might not do just yet, but bear in mind that on a race like that I will make several trades, each generating those kinds of profits.

Truthfully I would probably not trade on a horse that is that low priced, as there is likely to be relatively small swings in price (selections priced between 3.0 and 5.0 generally produce the best balance between volatility and liquidity).

Nonetheless, I would class that as a good trade when put in context:

At about fifteen races per day and three trades per race it soon adds up. Also, note how little capital we risked for our profit, and contrast this with other W.O.M. trading systems out there, which require you to start with a bank of £500-2000.

The Problem with Weight of the Money nowadays

This is not the first guide on WOM trading, and I doubt it will be the last.

Since Betfair opened for business in the middle of 2000, astute punters knew that they could use the WOM indicator to guarantee a profit no matter what the result. Fast forward five years, and that still remains true.

However, the problem is that as liquidity increases on Betfair the WOM indicator becomes less and less important in predicting price movements, and all the trading guides written in the past become less and less helpful.

Why is this? Well, several reasons.

Firstly, the WOM indicator tells us the *current* available money in any given market, and by analysing that indicator, we can make an educated guess as to which way the price will go.

However, the one thing that WOM *cannot* tell us is how much money is *about* to enter a market in the next few seconds.

When the liquidity is fairly low, we can spot imbalances and profit from them, as there is little chance of a big figure being gobbled up by the time we act on its presence.

However, when liquidity is extremely high (as is the case on most U.K. horse races close to the time of the off), money can come and go incredibly fast, and large amounts can get gobbled up before we can even react.

Most old trading manuals tell you to follow the weight of the money as close to the off as possible, but the closer we get to the off, the more insane the liquidity gets and the harder it gets to pinpoint imbalances.

Many experienced traders may be fine with this scenario, but for a newbie who isn't use to it, it really is like entering the lion's den. I will illustrate with some screenshots.

Firstly, here's a shot taken a minute before a U.K. horse race before the "off" (when the race begins) on a typical racing day afternoon.

Try and predict which way the price is about to move on the favourite, Brankley Boy (try and be quick):

Plump 16th Jan - 16:00 2m5f Hcap Hrd Refresh

View P&L [\[Settings\]](#) [?](#) 101.3% 99.5%

Total selections: (7) **GBP** **Back** **Lay**

Brankley Boy	2.14 £3216	2.16 £9837	2.18 £2275	2.2 £8452	2.22 £6736	2.24 £242
Midnight Gold	3.55 £1629	3.6 £1982	3.65 £798	3.7 £439	3.75 £1128	3.8 £1541
Jaloux DEstruval	7 £688	7.2 £449	7.4 £184	7.6 £378	7.8 £228	8 £2409
Come Bye	12.5 £397	13 £93	13.5 £72	14 £28	14.5 £125	15 £98
At The Double	21 £248	22 £459	23 £323	24 £50	25 £16	26 £56
Eljutan	50 £31	55 £36	60 £17	65 £18	70 £72	75 £37
Geography	85 £8	90 £10	95 £9	100 £7	110 £5	120 £49




Not sure? I don't blame you; it really is very difficult to tell which way the price is going here.

In fact, within a few seconds the prices drifted out to 2.24 to back, and the large figures on the lay side were either matched or cancelled.

This is a fairly low priced horse, but liquidity like this isn't particularly unusual for any average U.K. horse race before the off.

Massive amounts of money enter and leave the market and before you know what's going on, the market has already moved.




Let's contrast that race with another event, a British horse race *in-running*:

5	 Lightning Strikes Mr Matthew Smith	4.3 £472	4.7 £272	5 £321	5.1 £36	10 £25	1000 £2
2	 New Perk C Honour	3.65 £76	3.75 £39	3.8 £2305	3.85 £24	3.9 £155	4 £12
7	 Tipp Top Mr G Tumelty	3.7 £40	5 £105	5.1 £12	5.2 £259	5.6 £8	5.7 £276

Look at the favourite, New Perk. You can see the one figure that stands out here is the £2305 on the back side at odds of 3.8.

Because there is much lower liquidity here, we can feel quite confident that the £3805 is much less likely to get swallowed up, and provided the layer doesn't cancel the bet, the price should rise in a matter of seconds.

Fast forward ten seconds, and let's see where the price is:

5	 Lightning Strikes Mr Matthew Smith	4.6 £6	4.7 £274	5 £256	5.1 £26	10 £25	1000 £2
2	 New Perk C Honour	3.8 £2255	3.85 £128	4.5 £27	4.8 £55	5 £7	6 £18
7	 Tipp Top Mr G Tumelty	3.7 £40	5 £105	5.1 £10	5.2 £199	5.6 £68	5.7 £226

Sure enough, the back price has shot up massively, from 3.8, up to 4.5. The weight of the money becomes easier to read when the liquidity of a race is lower. Here, the favourite was moved out almost a full point.

This is the first important point that most WOM trading systems do not cover, and the one secret to successful trading as a beginner: *you need to know which type of meetings to focus on, and at what times.* This is where the Insider Trading guide comes in handy.

The second reason that the market we choose is important and the second reason most trading guides are unhelpful to beginners, concerns volatility of prices.

Volatility simply refers to the degree to which the price of a particular selection will change. For example, if a price of a horse was at 3.0 ten minutes before the race, and then went out to 3.5, back in to 2.7, and then back out to 3.5 again, we would say the price is very volatile.

Remember that money moves markets and the reason for those swings in prices is an imbalance between the amounts of willing backers versus layers in a market.

Most trading guides recommend you trade on the U.K. horse races in the final ten minutes building up to the off, where liquidity (money entering and leaving the market) is at its greatest.

The problem with this approach is that volatility is also fairly low, as massive amounts come in on either side and the prices tend to stay fairly stable.

On less liquid events (such as in-running play), the prices tend to fluctuate more, even when only a few hundred enters the market.

This allows us to spot opportunities more easily and also to open trades with smaller stakes (the swings will be greater so we can trade with less and get a similar result to someone with a much bigger bank and who trades on the U.K. horse races before the off).

General WOM points

I now want to cover some basic pointers for Weight of the Money trading. These apply to any kind of trading, although they apply particularly much to the kind of trading that we will do.

Point #1 – You need to be fast with WOM trading

As much as anything, WOM trading is about speed. Price changes literally happen in a matter of seconds, and if you are playing around with the Betfair interface in Internet Explorer or Firefox, then by the time you get your bet off you will be too late.

It is vital that you get hold of some automated betting software. These generally allow one click betting, so that as soon as you see a trade, you click a button and you are in there.

If you are uncertain of what to get, I recommend the free version of Bet Angel, Bet Angel Basic, which can be downloaded from

<http://www.smartmoneyracing.com/betangel>

You can get the Professional version (which I also recommend) when you are already making money and watch to take your game up a notch; but for now the Basic version will suffice.

Alternatively, if you want to take your trading to the highest possible level, get the Bet Trader Pro software by Racing Traders:

<http://www.smartmoneyracing.com/bettrader>

I use this for my Insider trading system, and I *cannot recommend it strongly enough* – it allows you to request prices with speed, so you don't need to simply accept what is being offered.

This is vital if the market is particularly inefficient and the back and lay prices are a distance away. I talk more about this software later. In any event you *do* need some automated software as speed really is imperative and the Betfair interface simply will not suffice.

Secondly, realise that WOM trading is not just mechanical, but is also partly organic. In other words, it is not just a simple set of steps that can be followed; it also relies on your individual skill and ability, which comes with time.

An important part of this skill set is the speed with which you can spot and react to opportunities.

As much as I will try and guide you through this stage, you should be aware that it will take time to get to that level, and you must be prepared to pay some dues if you really do want to kick the dreaded day job, or simply add a second income stream to your existing one.

Point # 2 – You need to be conservative

I remember when I first started using WOM trading; the first day I set myself a goal of six trades per meeting. How wrong I was! The goal is not to make hundreds of trades per day.

If you go for quantity over quality, I guarantee that you will lose money very fast.

At the moment, I can make about £20-40/hour from my trading on a good day, *and I only make 2-3 trades per race.*

In fact, some days I will watch three or four races and not open a trade on any of them! It's vital you have the self-discipline to do this, and wait for the right opportunity to come along.

You must not force trades; the trades that you open should be so good that they almost force *you* to make a move!

I suggest you start by allotting a maximum of one trade per race, and once you have an 85% strike rate (i.e. your wins outnumber your losses by an 85/15 ratio), you can increase that to a maximum of two trades per race.

Your main problem is likely to be impatience and making too many trades, not too few. You should therefore start by making very few trades, only increasing the amount you make as your ability rises.

Please understand that this is a process, and with time you will profit. You must wean yourself in, though, or you risk blowing up and losing faith in the system.

Point # 3 – Be realistic with your goals

It is certainly feasible to make £100/day from the Insider Trader system, but first you will need to build your skill level.

This takes time experimenting with small stakes of £5-10, which can be frustrating as your profits don't add up to much.

I know how you feel, but the only alternative is to move up to bigger stakes too fast, blow up, and give up on trading altogether.

Take your time, and set a goal of making £50/day from your trading for a few hours work - but only to be attained in a *few weeks*. I think £50 per day, for a few hours work (tax free) is worth waiting less than a month for. Then, adjust the goal to £60 per day, then £70 etc. Build your bank with your skill level and not a moment before.

Point # 4 – Be disciplined

Once you have read the WOM guide, you should draw up your battle plan, and stick to it. I have included a suggested

battle plan for you at the end of this guide, as you absolutely *must* be regimented about things.

Work during certain hours, employ certain stakes, and have a stop loss in your head before you open your trades. Stick to the plan strictly – remember, you are fighting for your financial freedom, so don't be tempted to step outside your plan in the heat of the moment!

Weight of the Money Conclusions – with examples

As previously stated, certain conditions are favourable to our trading, and other's are to be avoided. It is in knowing when to trade and when not to trade that separates this trading system from countless others out there.

First things first, remember that the basis of the WOM system is that we trade when there is more money in one column versus the other. This suggests an imbalance in the current supply and demand of the market, and a probable change in price.


It also suggests that bigger punters are in favour of backing or laying; very often when this happens they are ahead of the market, and a few seconds later the market catches up and the value disappears.

If we spot their moves and act fast we can ride their tails to profit.

So, then, if there is **more money in the back column** than the lay column, **the price will rise**. We should therefore **lay first**, and then within a few seconds back at a higher price to close the trade.

If there is **more money in the lay column** than the back column, **the price will fall**. We should therefore **back first**, and then within a few seconds lay at a lower price to close the trade. You really need to get this right before you move on.

So let's illustrate with another few examples:

1	 Orange Street B Hitchcott	4.6 £23	5 £4	5.4 £2	5.5 £120	5.6 £995	5.7 £153
5	 Assoon P Hide	7.8 £35	8 £42	8.2 £20	8.4 £2	9 £25	9.4 £2
7	 Coralbrook J A McCarthy	5 £4	5.2 £14	6 £3	6.6 £19	7 £75	7.2 £16

Take a look at the favourite in this race, Orange Street, which is currently available at 5.4 to back. Quickly glance over the money in each column. Which way did you think the price will go? Make a decision (quickly) as to whether you want to lay or back the horse first.

Now, let's see if you were right:

1	 Orange Street B Hitchcott	4.5 £69	4.6 £23	4.7 £5	5 £7	5.1 £68	5.3 £35
5	 Assoon P Hide	7 £10	7.4 £4	7.8 £35	8.2 £10	9 £25	9.4 £2
7	 Coralbrook J A McCarthy	6 £6	6.2 £413	6.4 £30	6.6 £19	6.8 £30	7 £75

Well, about ten seconds later and the price in the back column has fallen in from 5.5 to 4.6. Given that there was more money on the lay side in the first shot, we would have expected the price to fall and therefore would have tried to back Lake of Colors at 5.4 in the first screenshot, and we would try and close the trade by laying it for 5.1 in the second screenshot.

This whole process happens in a matter of seconds, so remember to use your betting software (like Bet Angel or preferably Bet Trader) for maximum speed.

Now let's try a second example to see if you are ahead of the curve:

9	 King Johns Castle A P McCoy	5.5 £13	6 £15	7 £45	8 £40	11 £200	11.5 £18
12	 Ross River D N Russell	4.8 £77	4.9 £422	5 £444	5.2 £55	5.3 £4	5.5 £25
7	 Contact Dancer D J Casey	5.5 £13	6 £50	7 £48	7.6 £2	7.8 £14	

Again, look at the favourite Ross River and try and predict which way you think the price will go based on the weight of the money. Do we want to back or lay the horse first? Make a decision, and then check below to see if you were right.

9	 King Johns Castle A P McCoy	5 £13	5.4 £4	5.5 £28	6 £11	6.8 £13	7 £17
12	 Ross River D N Russell	5.2 £287	5.3 £2	5.5 £58	22 £2	26 £2	
7	 Contact Dancer D J Casey	7 £23	7.6 £58	8 £61	12 £2	22 £2	

Well, as you can see the price has risen on the back side from 5.0 to 5.5. We would therefore look to lay the horse first and then back it at a higher price. If you got that right, give yourself a gold star.

Now we have seen several examples of “Insider trading” at work, and we know what to do when we see an imbalance. We can now move onto some key themes.

4. Key themes and concerns

About In Running Betting

When you are WOM trading before a race begins, the price changes will be quite moderate.

You will not get many sudden spikes and drops when you trade pre-race, but you *will* get massive swings in-running.

This is part of the reason that in-running trading works so well, but we don't want *insane* swings of price. Imagine trying to trade when a price is moving from 2.0 to 5.0, from 5.0 to 3.0, from 3.0 to 6.0 – difficult, and very stressful for the trader in question!

That said, the greatest swings in price will occur towards the end of the race, and by only trading at the start (the first 2 mins 30 secs), we will be able to trade profitably and consistently.

I imagine at this point that you are feeling a little scared when I talk about big price swings, but it really isn't as bad as that. In fact, I generally average a 90% strike rate when it comes to profitable in-running trades, which is about 10% higher than I do pre-running. So stop worrying.

The other thing about British horse races in-running is that the liquidity is much lower than it is with pre-race British horse racing markets.

The liquidity is still high, but not as high as the British horse markets pre-running. The liquidity is certainly large enough for us to trade profitably, though.

Bet Trader

As with trading before the event goes live, you can choose to trade manually, or you can use one of the betting `robots` or `bots` that are out there, such as Bet Angel or Fair Bot.

For all types of trading I heavily recommend Bet Trader Pro, but for the Insider Trader system, Bet Trader is a must.

You really do need to use the application for several reasons, but the main reason is that Bet Trader allows you to request bets with one click, whereas other applications only allow you to accept bets that other user's have entered into the market.

This is frankly an inconvenience that we don't need, as you really want to be requesting bets on your terms, as quickly as possible, and when an opportunity arises.

For that reason alone, get hold of Bet Trader by heading to:

<http://www.smartmoneyracing.com/bettrader>

With Bet Trader, you want to jump in front of any large amounts you see as per the WOM system and the information in this guide.

This is different to an application such as Bet Angel, where you want to match money on the opposite side.

The reason for this is that Bet Trader is based around the idea of one-click requests – so you are entering your own bets to get accepted in the market – while Bet Angel is based around the idea of accepting other punter's bets.

The other great thing about Bet Trader is the `Net` button function.

On occasion you will only get matched for part of your opening stake (ex. you open a trade by laying at 3.40 for £30, but you only get £15 matched). You don't want to be messing around changing stakes, as the goal is to get in and out quickly.

With Bet Trader, you just click the `net` button and the stake you are trading with changes to the amount you were last matched for (in this case £15).

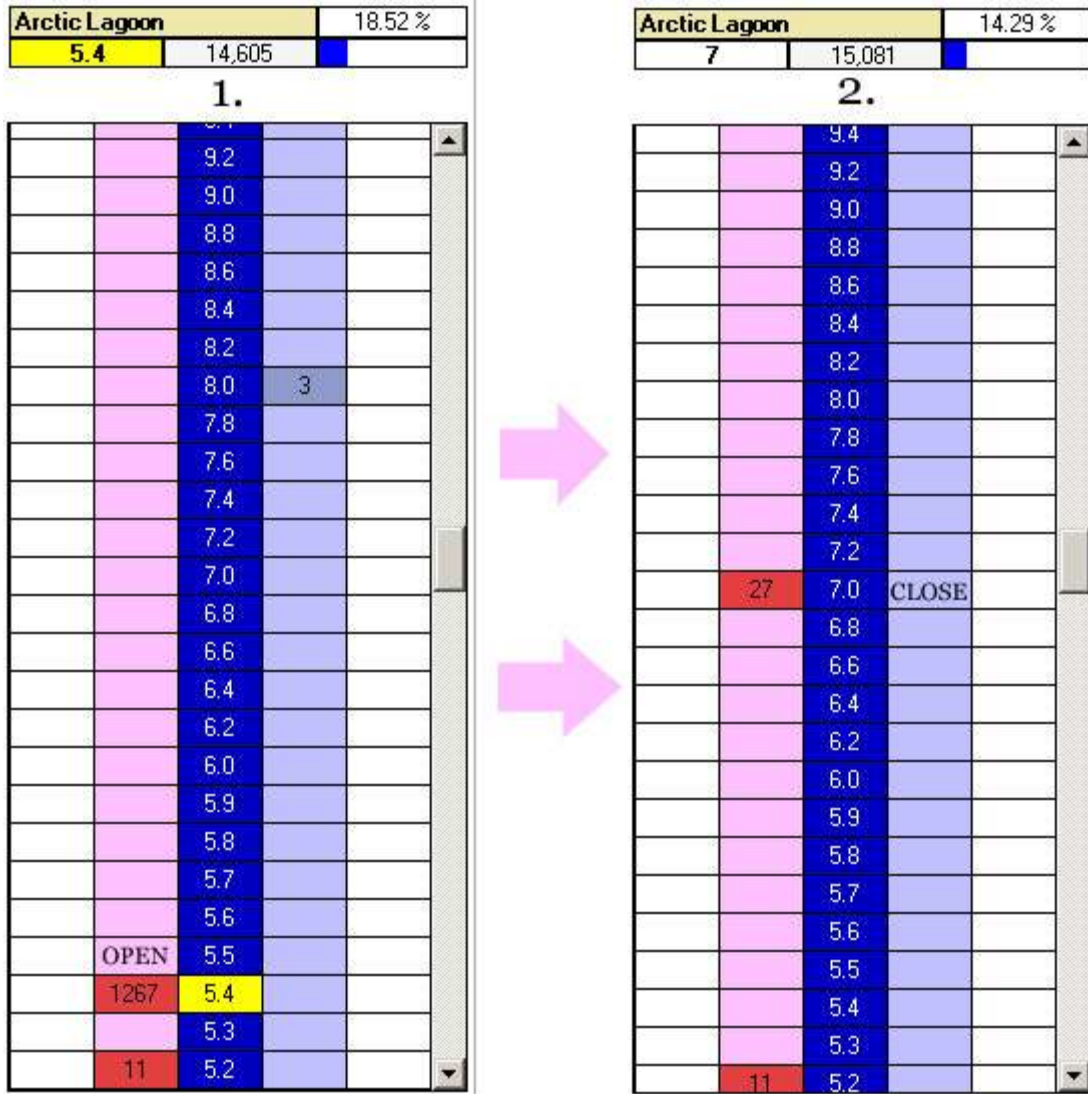
Then, once your closing trade is matched, the stake switches back to what it was before, so you can continue trading.

Let's have a look at a quick example of the weight of the money dynamic at work through the eyes of the Bet Trader software:

Have a look at the following two screen shots. Firstly, look at the left hand column. You should spot an imbalance with more money on the lay side. We would want to jump in front of it, and try and get our bet matched by laying at 5.5.

If we our matched, then we would wait a few seconds for the market to catch up. I would then recommend closing the bet at the 7.0 mark you see.

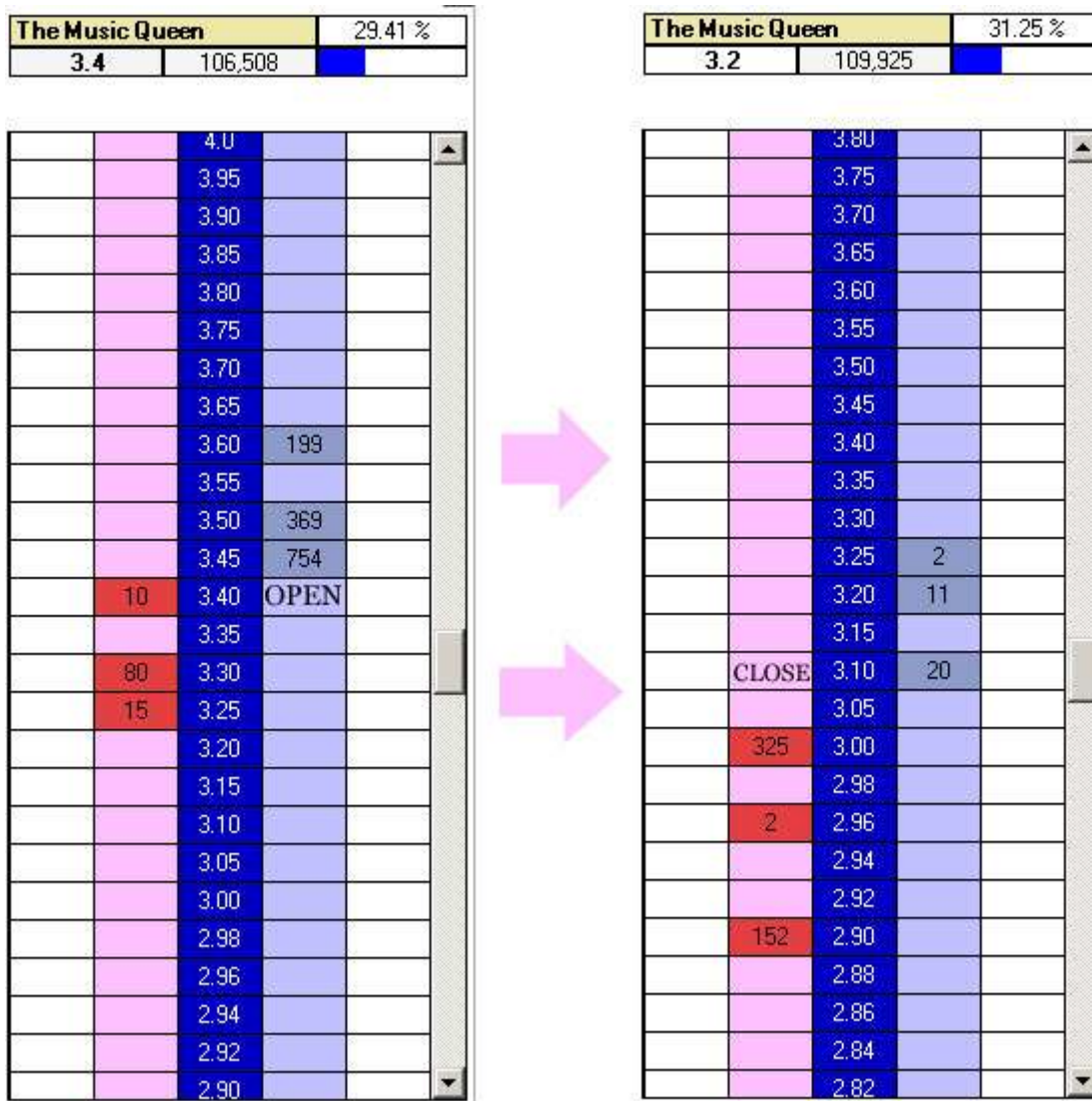
All trades will not be as profitable as this, but it serves as a good example of Bet Trader Pro at work. With one click we can request a price, giving us an edge over the competition.



Now, in the next screen shot, look at the column on the left (taken about 10 seconds before the one on the right). You should immediately see an imbalance with more money on the back side. This suggests the smart punters believe the price is about to fall inwards, and they are trying to get a value bet early.

Let's jump in front of them by backing at 3.40. A few seconds later and the price has indeed fallen into 3.10 or so. Let's close the bet by laying the selection at 3.10. £20 of our bet will be matched straight away (by the £20 on the back side),

and we can leave the rest in the market, waiting to get matched.



The Bet Trader site includes some training videos that demonstrate some of these features, so you should check out the resources there for a full run-down.

I could go on all day about the value of the software but luckily Adam Todd (who runs the site) does this for me. I suggest you check it out.

When to trade

So, when do we open a trade using the DJK system?

Well, if you have spent time reading my WOM guidelines, then you are pretty much there. Remember....

If there is more money on the back column versus the lay column, or vice-versa, then we jump in front of that amount, and look to get matched.

If our bet is not matched within a few seconds, then we cancel the bet. If the bet is matched, then we look to close the trade by laying a few ticks lower or backing a few ticks higher.

Important; do not be too greedy when closing trades.

If you can back a selection at 4.5 for £30 and then lay it at 4.1 for the same amount, you will make £12 if that selection wins and will break even if any of the others win.

If you can get two or three trades off like that during the course of a race, it easily adds up to £5-7 per race.

Multiply this by the 12-15 races per day which fit the selection criteria... and the day job is well and done for. Our motto is slow and sure, remember.

Even, better this is tax free income which can be in your account in a few days (don't tell anyone at work about this, though, we don't want to ruin the liquidity for ourselves).

Pushing your strike rate over 90%

If you want to be extremely safe about your trades, here is a technique that almost guarantees a profitable trade: wait until there are **two** large amounts on either the back and lay side, and comparatively less on the opposite side, and then jump in front of both amounts.

Trading off the back of two amounts gives you added security for several reasons.

Firstly, if a punter pulls one of the orders out of the market, the first bet will still be sitting there, blocking the market from moving against you. This reduces the chance of you having a losing trade.

Secondly, two punters with large amounts will often stumble over one-another to get matched. Imagine one punter placing his back bet at 4.0 for £500, and then another punter comes in and places his back bet at 4.1 for £1000.

The first punter panics, because he is second in the queue, so he might not get his bet matched quickly (as he is behind a large amount), so he moves his bet forward to 4.2.

He is now first in the queue, but now the £1000 punter is second in the queue, and also behind a large amount.

He therefore moves his bet forward to 4.3, and so on and so forth. One big amount will often just sit there until it gets gobbled up, but two large amounts will landslide over one-another.

A good analogy for this would be an auction. Imagine one millionaire bidding on a painting that no-one else wants. He

puts in his starting bid, and no-one else wants it, so he wins it for the starting price of £500.

Now imagine a second scenario – two millionaires are bidding on the same painting.

One bids £500, the other £1000, then £2000, £5000, £10,000 etc – a bidding war will very often erupt.

In running play can often cause this kind of panic because there really isn't that much time to get matched, so punters off panic as in the above scenario.

You see my point? This might sound a little far-fetched but bear in mind that in a past life I used to sell on EBay. Sometimes I would sell an item for £150, sometimes the same item would go for £40.

The reason? Two rival buyers had got into a bidding war and between them had driven the price up to silly amounts.

If you can see a similar `bidding war` about to happen on Betfair (and you very often can, just watch for two large amounts jumping in front of one-another), then you can make a killing by jumping ahead of them, getting match and riding it until the end.

Another reason that two is often better than one is that if two "big money" punters want to back or lay at a certain price, it suggests the price is out of kilt, and is about to swing in a few seconds. Only trading off the back of two large amounts therefore gives us added security.

Don't leave it too long, though: the goal is to get in and out quickly, taking 2-6 ticks worth of profit from your small

stakes. Knowledge of this `bidding war` scenario should help super-charge your trading accuracy above the 90% mark.

The other big reason that jumping in front of large amounts works so well (other than the basic WOM dynamic) is that punters trading with larger amounts are generally more “clued up”.

Many of them may have live S.I.S. connections and can see what is happening on the course before anyone else.

This means that if a big, `smart money` punter tries to lay a horse at 4.0, then the horse probably should be priced higher than 4.0, so when we open a trade we are getting good value for money, and the price should swing out as the market gradually sees what Mr `Smart Money` noticed a few seconds before anyone else.

Of course, that isn't to say that big amounts always signify some kind of `jedi-like` knowledge, but it does often stand true that if you see a very large amount come in to lay a horse at 3.0, within a few seconds, the price will drift to 3.5 or so. Draw your own conclusions from that fact.

When to close trades

I have always said that you should *close your winning trades late and close your losing trades early*.

That latter point is especially relevant when it comes to in-running events: the last thing you want to do is lay a horse at 3.0 for £30, only to see the price fall... the price continues to

fall, you don't want to close your trade and accept the loss... and it continues to fall until it hits 1.01.

The horse wins and you lose £60. Not good!

If a trade ever goes against you, close it quickly.

If you trade within the first couple of minutes of a race, it's unlikely that the price will suddenly shift in any direction (apart from if the horse falls over which does happen but not that regularly), so you should have a good few seconds to trade out without too much of a loss.

What about if a trade is moving in the direction you want – when do you close it, then?

Well, generally I like to ride my winning trades a little longer than my emotions tell me to. As soon as your trade moves in your favour, resist the temptation to close it, pause for a few seconds and then close it.

Very often you will come out with a better profit than you otherwise would have. Also, keep your eye on the relative amounts between the back and lay columns.

If the WOM balance suddenly shifts against you (mid-profitable-trade), then close the trade within a second or too. So, in summary, always keep your eye on the WOM balance and hold onto winning trades a little longer than you otherwise would.

What about if someone jumps in front of you? Do you wait for them to get out of the way or simply jump in front of them?

Well, if you are opening a trade, cancel your bet and reassess the market for a few seconds. Then, make a decision as to whether you want to open the trade again.

You can jump in front of them if you want, but you should make a second, completely fresh decision, once you have reassessed the new state of the market.

If, however, you have already opened a trade and are looking to close it, and someone jumps ahead of you, then I suggest you jump over them as quickly as possible.

Remember our motto is: small amounts, fast. This is especially true if the amount that jumped in front of you is a large one (over £200).

If a large amount jumps in front of you, then you can even jump ahead of them by a few ticks. If I have a choice between taking the small profit quickly, or hoping to get a larger profit later, I would take the small, fast profit every time.

Stake size and your bank

When trading with the Insider Trading system, you should expect to stake a *maximum* of £30-50 when opening and closing a trade. You don't need to trade with any more than that, and the liquidity isn't large enough that you would want to rally.

The problem is that if you get it wrong you will get all your money matched, but if you get it right, then you will get only some of it matched. £50 is a large enough amount to profit

from, but not so large that you will have problems getting your winning bets matched.

That said, I do NOT advise that you start trading with £50 stake sizes.

You should use the following staking plan, similar to the one I use in the WOM system.

This is based around the idea that you should focus on your hit rate and only build your stake size once your skill level rises. I don't want you to start off trading with larger amounts and get upset when you have a couple of losses.

Start small, build your skill set and profit with time:

Stage	Stake size
1	£2
2	£5
3	£10
4	£15
5	£20
6	£30
7	£50

Start at the first stage, trading £2 stakes. Once you have made fifteen trades, and more than 80% of them have been successful, move onto stage 2. Once at stage 2, trade with stakes of £5, and only move onto stage 3 when you are achieving an 80% strike rate - and so on.

The basic idea is that you must be patient and only increase your stake size with time. By sticking to a staking plan that I

have laid out, you will be forced to do this, so please don't ignore the staking plan. Your day job needs to go, but patience is the tool to make sure this happens – not haste.

5. Become a Pro trader - Battle Plan

This is a two-week programme that I devised, the aim of which is to get you out of your day job within two weeks.

By all means, use the information here to create your own system, but please make sure you develop your own guide and DO NOT think you can just `freestyle` your way to success.

Discipline and organisation will make you financially free, and don't forget that. In any event, let's start the battle plan.

Day 1 – Watch the markets

Before we start trading, we need to get a feel for how the markets work – what kind of money moves prices, when the market heats up, and any other points we can see.

Our goal for the first day is simply to watch several markets over the course of a few hours, and take note of anything we see.

I suggest you physically write things down, but a large part of this is about actually seeing it for your own eyes, so don't worry too much about writing stuff down, but be sure to make mental notes.

Decide what times you want to be trading from (but do decide), and then get in front of Betfair at that time. Open up the first event which takes your fancy, and just watch the markets for a while. Get a feel for the liquidity, and how much money is needed to move each market. Try and draw your own conclusions, but for now just *watch*.

Day 2 – Paper Trading

After a day of watching the markets, we are ready for a little experiment. Grab a pen and pad, and each time you see a potential trade opportunity, make a note of it, along with the direction you guessed. Each time you are right, give yourself a tick on the pad, and a cross for every time you get it wrong.

If you find that you are getting too many crosses, it's probably a *quality versus quantity* issue. Try restricting yourself to *one* paper trade per race. Continue this process until you are attaining an 85% strike rate (i.e. 85 ticks for every one cross). Once you have consistently demonstrated an 85% strike rate (and only then) you can move onto the next stage.

Day 3 – Opening our first “Insider” trade

Now that we have watched the market and paper-traded, we are ready to move onto the third stage; real trading - but only with very small stakes.

The goal here is not to turn a huge profit that gets us out of our day jobs that night. Our goal is to achieve a **high strike rate – it's that simple!** Only once we have an 85% strike rate can we consider moving up a notch.

So, open up your trading software (I recommend Bet Angel Basic or ideally Bet Trader) and go to a market that fits in with the requirements of this guide.

Now set the default stake to £2 and patiently wait for a trade to come along...then take it. Wait for the WOM to level off and then close it.

Remember to restrict yourself to one trade per race for now. The first day don't worry too much about anything, just make sure that you follow the system guidelines, and if in doubt don't open a trade. Familiarise yourself with the software, and start progressing along that learning curve.

Days 4 - 12 – Raising your Levels

Continue this process with stakes of £2 until you can look through your Betfair account and quite clearly see an 85% ratio. Once you do, simply increase your stakes in the following increments:

- Level 1 - £2 Stake
- Level 2 - £5 Stake
- Level 3 - £10 Stake
- Level 4 - £15 Stake
- Level 5 - £20 Stake
- Level 6 - £25 Stake
- Level 7 - £30 Stake
- Level 8 - £40 Stake

You must achieve an 85% strike rate of at least 15 trades before you can move up a level. I imagine this process will take some time, but it is vital that you do it! If you do it in five days great, but if it takes you twenty, so be it! Remember to restrict yourself to one trade per race. Important point!

I have allotted you *nine full* days to achieve this. Each time you complete fifteen trades, check your strike rate and if it is above 85% then move your stakes up a level.

Please be patient, and remember that you are fighting for your financial freedom here. The worst thing to do is to try and rush yourself, fail, and give up on the whole thing.

Day 13 – Where are you at now?

If you have followed the system to a tee, by day 13 you should be making good income for only a few hours work per day. Today, your first goal is to go back and re-read the guide from top-to-bottom.

Once you have done that, and once you have reached a level that you are comfortable with (with an 85% strike rate, of course), you can now allow yourself a new maximum of **two** trades per race.

If need be, drop down a level in stakes when doing this, and do not build up until you have attained the usual strike rate at two trades per race.

Remember, though, your new maximum is not a license to open trades “willy-nilly”. You should still be conservative and resist the urge to open a trade if one simply isn’t there!

Now that we have covered my own battle plan, I suggest you go and tweak it so it is your own. Make a few amendments if necessary, and once that is down on paper hold yourself to it.

6. Insider Trader F.A.Q.

Below I have prepared a series of the most frequently asked questions I get asked regarding the Smart Money”Insider Trader” system. You should keep this document handy in case you are ever in any doubt as to how to make a profitable trade.

Q: How much money can I expect to make and when?

You can expect to make at least £100 per day for about 4-5 hours work - but you should be aware that it takes skill and patience to achieve this goal. I was trading for quite a few weeks before I had a `£100 day`, and you should follow my staking plan.

Q: What kind of races should we trade on?

We only trade on the British horse races when they are in play (i.e. once the race has started), and only during the first 2 minutes and 30 seconds. From that point on the prices become too unstable. If you want to be especially safe only trade during the first 2 minutes of the race (Bet Trader shows the time that has passed since the start of the `off`).

Q: What stake size should I use?

Start with £2 stakes, and build your stake size as your skill level rises.

Ultimately you can probably trade with a maximum of £30-50 per race, although this depends on the liquidity of the race in question. You can make a daily income of £100 or more trading with £30, so don't be fooled by the small size of the stake.

Q: What bank can I start with?

The incredibly profitable nature of the system means that you can start with a bank as small as £30 and build from there (as you build cash, simply keep it in the Betfair account, and let it compound – it will very quickly).

Remember that Betfair requires you to have the maximum liability for any bet we place before we open it. In other words, if we want to back a horse at odds of 3.0, and for £30, we will only need £30 in our account.

However, if we want to lay the same horse at those odds of 3.0 we will need £60 in our account, as we will need to cover the full liability if it was to win. The way to work out how much you can lay for is to take 1 from the odds and divide your stake by that.

For example, horse A is priced 3.0 and we want to lay it for £30.

3.0 minus 1 is 2.0.

2.0 x £30 = £60

So we will need £60 in our Betfair account to lay this horse at those odds.

Example 2, horse B is priced 4.0 and we want to lay it for £25.

4.0 minus 1 is 3.0

3.0 x £20 = £75

In this second example, we need £75 in our account.

Do not worry too much about how much you need in your account. Focus on accuracy, and skill, and soon enough you will have a bank of £200 – which will be more than enough to use the system to make you £100 per day.

It is skill that matters more so than stake size, so be patient as you build both with time.

Q: A trade has gone against me, why is this?

Well, firstly, trades *will* go against you - I guarantee it. In fact, I had two go against me earlier today. Of course, the remaining 18 went in my favour, but the point is that everyone has losing trades.

The main issue is your overall accuracy – i.e. your strike rate, coupled with whether you cut your losing trades fast, and let your winning trades ride out a little longer than your emotions tell you to. If you see a lot of trades go against you, firstly drop down a notch in stakes.

Secondly, consider the following issues: are you trading only in the first 2 minutes and 30 seconds of races that are 2 miles and above? This is a vital point, and you should never, ever

trade on a race that is less than 2 miles in length, and never after that allotted time has run out.

If that is the case and you are still getting more than 20% losing trades, then you need to cut the amount of trades you make down.

Make fewer trades; trade only when there is a massive imbalance of the weight of the money, and only when there are at least two large amounts causing the imbalance (not just one).

Finally, trade on lower priced horses (4.5 and less), as these tend to be more stable, so you will have smaller wins, but also smaller losses. Finally, go back and re-read both the manual.

Remember, it will take time to build your skill set – but when you do, £100 is very doable. Keep that target in mind, and soon enough you should achieve an 80-95% strike rate.

Q: Why does the system work so well?

Some of you might just have gotten to Betfair, and will go straight in with a genuine system that makes you £100 per day.

You probably won't appreciate the value of it as much as another user who has spent the last six months trying to make some money from the site (85% of Betfair users are losers in the long-run).

Believe me, there are a lot of crap systems out there, and very few people making good money.

The reason the system works so well is that fundamentally *very few people know about it*: having been a full-time trader for the last six months (and remember a buyer and seller of trading systems), I have never heard anyone say that you can trade following the WOM in-running.

So, you can imagine, the info in this guide is far from common knowledge. Also, very few people use Bet Trader, which gives us a massive advantage over the few punters who do trade in-running.

Essentially, a better question would be: how did I find a system that works so well? The answer to that is, that it's what I do – trade and look for new niches – daily.

Q: Do you hedge profits, or let them ride out?

If you get a `free bet` on a horse (in other words you have had a successful trade as per the system), you have two options.

Firstly, you can let that bet stand (so if the other horses win, you simply break even, if the horse we are trading on wins, we make a profit), or you can spread that out across the entire field. If we back a horse at 4.0 for £10 and lay it at 3.0 for £10 (a very unlikely swing, but it suffices for calculation purposes), then we will have a free £10 bet on that horse.

We can then lay the horse for a further £3.33 (£10 divided by the current odds of 3.0) to guarantee a profit of £3.33 no matter who wins. If you don't understand these figures, don't

worry: Bet Trader has a `hedge` button built specifically for this function, so you just click `H` at the bottom of the screen (next to the stake buttons), and it spreads the profits across the entire field.

I personally do not hedge straight away – I will often let a trade right out until the price tumbles in to a smaller price, which it will very often do, and then will hedge at the lower price, so my profit is diluted by a smaller amount. Sometimes I will simply let my profit stand. It is a matter of personal preference, but if in doubt you should get in the habit of hedging as soon as you have completed a profitable trade.

If you have made a small profit (say you are trading with stakes of £5 as you build your skill level), you cannot hedge in Bet Trader as the minimum bet on Betfair is £2. Imagine if you back at 4.0 for £5 and then lay at 3.0 for £5. Now our free bet is for £5, but if we divide this by the odds of 3.0 we get £1.66 (5 divided by 3.0).

This is below the minimum bet allowed by Betfair, so Bet Trader will not place the bet.

The free trading “bot”, Bet Angel Basic, however, does have a hedging function that will allow you to hedge smaller stakes than £2, so if you want, you can run Bet Angel Basic in the background, and once you have finished your trading, switch over to that and hedge in that application.

Of course, it shouldn't be long before you are making enough per race that the minimum stake isn't an issue, but now you know.

Q: Do we absolutely have to get a copy of Bet Trader?

No, you could probably trade using a copy of Bet Angel or Fair Bot (the former is free, the latter is shareware so you can try it out for 14 days first), and you could theoretically trade manually (directly using the Betfair interface), although I heavily advise against it.

I absolutely love Bet Trader for trading, as it allows me complete control to trade whenever I want to, to whatever price I desire, and at whatever stake, with one click of the button. That simple, and I can just request the exact bet I need within a second.

This freedom isn't present with all other trading applications, which only allow you to match bets that others have requested. Not getting Bet Trader will severely curtail the number of opportunities you can take advantage of, and while it's your money, I heavily suggest you spend it on Bet Trader.

Q: Do you have any preference as to backing or laying first?

Not especially, but this is a complex question, so I will use it to discuss some important points.

Firstly, if you back first, then you run the risk of a horse falling over before you have had time to complete your trade.

Obviously if this happens, then you will lose your stake.

However, this happens *very* rarely in the first half of the race (when we trade), and secondly, it is of course as statistically as likely to happen if we lay the horse first (in which case we are laughing as we can leave our trade open or close it for a profit of pretty much 100% of our stake) (NB horses which have fallen on will suddenly shoot out to odds of 1000 on Betfair, you don't need to be watching the race to know when it has happened).

Of course, if you lay first, then you do not have to worry about the horse falling, but for the beginner who lays first, there is a much more dangerous obstacle – emotions.

Because your liability will be much higher with any horse that you lay (see the other guidebooks for backing versus laying in depth), your emotions will run riot if the trade goes against you.

Beginners will often sit there watch a horse that they have laid fallen in price, and keep the trade open, hoping it swings back out.

The same beginner will generally be much less susceptible to this pitfall when opening a trade by backing first (due to the smaller theoretical liability with a back bet the beginner can act more logically, closing losing trades fast as he knows he should).

This is not as true when the trade is opened with a lay bet, and the temptation to leave losing trades open is something you should always be aware of – and never give in to.

So, in summary, I don't have any bias – I just trade using the rules stated in the system. Sometimes I back first, and

sometimes I lay first. But never leave a lay bet open, as your liability could be very large.

Q: Do I need to follow your staking plan?

Absolutely, you do. You really do need a method to follow, or you will just throw a £30 bet in the first time, get it wrong, and give up. This whole trading thing is very much a process so be prepared to give it time.

I am living proof that the system does work, so do not give up on your goals, give into emotion and go back to your day job – keep to the staking plan, even if it means an extra 2 weeks in the day job. Not doing so could mean an extra 20 years.