EXPLANATORY NOTE TO TABLES 1 & 2 WOLVERHAMPTON 18 NOVEMBER 2010

There has been a myth circulated for many reasons that to lay one horse in a race is identical to backing all the other runners. This is not true.

The tables below illustrate the very significant differences between being a 'backer' or a 'layer'

Table 1 (Same Stake)

This table identifies the outcome of BACKING 7 of the 8 runners in the race to the same minimum Betfair stake of £2.00 on each horse.

In the event of Horse 2 winning the backer will have a net loss of £7.30 on his total stake of £14.00 (7 horses @ £2.00 each).

Similarly in the event of Horse 3 winning the backer will have a net loss of £7.00 on his total stake of £14.00.

It should also be noted that if Horse 1 won the race the backer will have a total loss of £14.00 as all his selections would be losers.

The reverse strategy of laying Horse Number 1 with an identical liability to £14.00 @ 3.25 would have produced a profit of £6.10 for all 7 runners.

Therefore the comparison of the identical level stake liability of £14.00 shows a totally different outcome if you were to back 7 of the 8 runners compared to the lay of 1 horse.

Table 2 (Variable Stake)

This table identifies the outcome of BACKING 7 of the 8 runners in the race with a variable stake using the minimum Betfair stake of £2.00.

In the event of horses 4,5,6,7 and 8 wining the race the backer will have a profit of only between £23.00 and £46.00 from a total liability of £346.00.

The reverse strategy of laying Horse Number 1 with an identical liability as above of £346.00 would yield the layer a guaranteed profit of £154.00 irrespective of which Horse 2,3,4,5,6,7 or 8 won the race.

To compare the BACK to the LAY transactions in money terms

   a)   *In the backing strategy you are betting £346.00 to win an average £34.00 on 5 of the 7 runners.*

   b)   *In the laying strategy you are betting £346.00 to win £154.00 on all 7 of the 7 runners.*

To compare the BACK to the LAY transactions in % profit terms

a)   *In the backing strategy the exchange trader may possibly yield a 10% profit margin.*

b)   *In the laying strategy the exchange layer will be guaranteed to yield a 40% profit margin.*

The above illustrations prove beyond any reasonable doubt that there is no substance or veracity in the Betfair comment that any distinction between a backer and layer is arbitrary.