



## Good Bet? Bad Bet?

### Determining “Value” When Assessing Odds

**By Hansel Wei**

I’ve always said that when you bet on sports you make an investment, and that you should treat your wagers as such. Choosing which team to bet on is literally no different than grocery shopping, particularly in this day and age, where online wagering is so widespread. There are a wide variety of products you can spend your money on, different stores sell each product for different prices, and while the price of a product might make it worth buying at one store, at an inferior price it might not be a good buy.

The sports betting community is a global marketplace, and in this marketplace, just like in the supermarkets of real life, certain facts hold true. Among these facts:

1. You can “window shop” without being obliged to buy anything.
2. No one can *make* you buy anything.
3. No returns – make sure you are comfortable with what you’re buying before you put your money down.

Try to keep emotion as far away from your wagering decisions as possible. You might be a die-hard Brewers fan. That’s great. When all things are equal, cheer for the Brewers. But should you bet on them every single game? Of course not. I like peaches, but if someone wanted to charge me five dollars a peach and I wanted to get the best value for my dollar, I wouldn’t buy too many peaches. If your primary focus when wagering on sports is to make money, then you should be equally willing to bet on every single team, if the situation is right.

There once was a time when if you wanted action, your only option was to bet with your local bookie—often a greasy, slightly off-putting type dealing in hushed tones and with an aura of illegitimacy. You took the line he was offering, or you didn’t bet. The times have changed. The explosion of internet wagering has given players an enormous edge.

This concept will be familiar to most, but let me quickly review. Imagine a shopper looking to buy bananas. Now, imagine five stores with slightly different prices for bananas, all right in front of that shopper. Now pretend that the shopper is you, the bananas are the New York Mets, and the five stores are five online sportsbooks, each accessible with the click of a button. Don’t settle for a price you’re not happy with before you shop around for a better one.

So we've established that the teams you bet on should be treated as commodities and that the ability to shop for the best prices on teams is a tremendous advantage for the bettor, and should be treated as such. But how does one decide when a team has "value" in a certain situation?

This is where it helps to be at least somewhat capable of doing basic math. You need to be able to look at a line and decipher what it is really telling you. Once you know this, you can decide whether you agree or disagree. If you disagree, then the bet has value.

First, find what I call the "true edge"—that is, subtract the vig from the line to determine just how much one side is really favored by. Remember that an "even-odds" bet will always have a slight disadvantage. In baseball, an even-odds game lists both teams at -105. In football, we generally see -110. When we subtract the vig from an even-odds game, we get our benchmark: +100. That is, you will wager \$100 to win \$100.

The next step is to calculate your chance of success. This number is the rate at which you would have to win the same bet consistently to break even. Add your risk to your payout, and divide your risk by this number. The resulting percentage is, in the linesmaker's opinion, the chance that team has to win the game. In the even-odds example, risk = \$100 and payout = \$100.

So,  $(\text{risk}) / (\text{risk} + \text{payout}) = 100 / 200 = 50\%$ . We conclude that, in an even-odds game, each team has an equal shot at winning the game according to the posted line. If you won half of the time, you'd break even.

So far so good. Now, let's look at a real-life example. On August 9<sup>th</sup>, Pedro Martinez and the Mets were in San Diego to face Chan Ho Park and the Padres. The Mets were the favorites at -190. The "true edge," (found by subtracting the vig,) was -185. Thus, the chance of success, according to the linesmaker, was  $(185) / (185+100)$ , or 65%. According to the linesmaker, if this match-up was repeated 100 times under identical conditions, the Mets would win 65 of them.

You now know what the line is really saying to you. The final step is to decide whether or not you agree with it. Would Pedro and the Mets beat Chan Ho Park and the Padres 65 out of 100 times? I would say so. In the Mets example, the majority of people saw good value in this line—78% of the handle was bet on New York.

Finally, a brief word about line shifting. Lines move based on how much action a book gets on one side or the other. If you assess a line and decide it does not have good value, think about what percentage it would have to be in order to have value to you. If the line moves to a point where you think your chances of success are good, then consider placing a wager.

I still have a lot to say about gauging value, but I think this column has dealt with quite a lot already. I'll continue this discussion next week. In the meantime, if you have

any thoughts or questions on this issue please don't hesitate to send me an email by going through our email ticket system and selecting "Hansel Wei" from the Departments menu.

**Until next time, do yourself a favor...**

**Keep doing things Hansel's Wei.**