Positive Expected Value Bets

If you have not already done so, see our article on Sportsbooks first.

Expected Value is a mathematical term describing how much is expected to be gained (or lost) based on a probability model of the outcomes of an event. For example, if you wager $100 to get $100 if a coin is heads on a fair coin toss, then you would be expected to lose $100 half the time and win $100 half the time for an expected value of $0.

Sportsbooks attempt to set the odds in such a way that their probability and spread will achieve a good return with minimal risk of having a loss on an event. At times opportunities may arise in which a bet may provide a positive expected value! For example, a team "Mythical" may have the odds -145 to win a game on "Fantasy Bet" sportsbook with an actual probability that they win at 60%. If you were able to wager $145 on Mythical 100 times, you would be expected to win 60 times $100 ($6,000) and lose 40 times $145 ($5,800); for a total return of $200. This would be $2 per game, or a 1.4% return.

It is easy to assume that the most likely team to win is the best bet, however, there is only one outcome in a single game. Underdogs do win from time to time. Conversely, it may be tempting to bet on a high return bet, however, if they are less likely to win than the payout, in the long run that is a losing strategy. Therefore, without knowing the probabilities you are just guessing at what will happen and could be betting on an event with a negative expected value.

The trouble is finding the best model for your probabilities, sportsbooks have good teams of mathematicians to calculate the numbers. You need some statistical model to help you determine probabilities, and for most people that is not in their skill set. StatsHood has tools to help you make better decisions for determining positive expected value bets! You can look at bets from a variety of angles using our tools to help you make the best bet possible!

Plan. Bet. Track.

Matt G from StatsHood
mattg@statshood.com
www.statshood.com