

SPORTS WAGERING

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**GLOBAL RISK MANAGEMENT / LINE  
SETTING / ODDS MAKING**

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## TOPICS

- ▶ Factors
- ▶ American Odds
- ▶ Point Spreads
- ▶ Pari-mutuel Sports Wagering
- ▶ Proposition Wagers

## OVERVIEW

- ▶ Every bookmaker has their own method for setting odds and lines
- ▶ Most use common factors and processes for setting lines and odds
- ▶ Some will use third-party bookmakers to set their initial lines
- ▶ Information is key

## FACTORS

- ▶ Prediction of outcome
  - ▶ This is not the only factor, but a key factor in making odds and setting lines
- ▶ Prior history
  - ▶ *Team history*
  - ▶ *Player history*
  - ▶ *Event location history*

## FACTORS

- ▶ Predicting outcome
  - ▶ Health
    - ▶ Injuries
    - ▶ Youth
  - ▶ Current trends
  - ▶ Simulations
    - ▶ Depending on the sport

## FACTORS

- ▶ Risk and Exposure
  - ▶ Odds making and line setting are tools for managing risk and exposure
  - ▶ Sharp bettors can have better information than some bookmakers
  - ▶ Managing risk is key
  - ▶ Overreaction can create its own risk

## FACTORS

- ▶ Competition
  - ▶ Watching competitor's lines is also key
  - ▶ Most bookmakers like to stay in the norm
  - ▶ Large fluctuations in market pricing should be noticed and analyzed

## FACTORS

- ▶ Market Awareness
  - ▶ Most bookmakers have a good understanding of their market and their bettors
  - ▶ Most will factor in the likely wagering habits of their bettors in setting and adjusting sports bet pricing




## FACTORS

- ▶ Experience
  - ▶ The most important of all factors
  - ▶ Balancing the factors, timing, risk, and exposure is an art
  - ▶ Computer algorithms are no substitute for experience
  - ▶ In the future AI and machine learning will become more important, but until then the experience of a bookmaker in balancing and adjusting is key to being profitable

## ODDS MAKING & LINE SETTING

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# FACTORS

 **Pro Football Science** @ProFootballSci · Jan 23  
#SuperBowl Odds: Sportsbooks test #Patriots -3 as money keeps pouring in on New England.  
South Point's sportsbook moved to #LARams +3 but It didn't last long, within 20 minutes they moved back to Patriots -2.5 because of furious action on LA. #NEvsLAR



**Super Bowl 2019 Odds: Sportsbooks test Pats -3 as bets as money k...**  
The Patriots are getting a huge percentage of the money right now and the line moved to Patriots -3 as a result  
[chessports.com](http://chessports.com)

 **Las Vegas RJ Sports** @RJ\_Sports · Jan 22  
For 17 minutes Tuesday, the @southpointlv sports book moved the @Patriots to 3-point favorites over the @RamsNFL in #SBLIII  
That was enough time for sharp bettors to place more than six figures worth of wagers on Los Angeles  
[bit.ly/2DtdVtu](https://bit.ly/2DtdVtu)  
1 2

## ODDS MAKING & LINE SETTING

# FACTORS

**LAS VEGAS REVIEW JOURNAL** NEWS LOCAL SPORTS BUSINESS OPINION CRIME ENTERTAINMENT 47°F

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# SPORTS BOOK

24 HOURS A DAY  
7 DAYS A WEEK *SOUTH POINT*

Home >> Sports >> Betting

### South Point moves Super Bowl line to Rams plus 3 for 17 minutes



Los Angeles Rams' Tyler Higbee celebrates his touchdown catch during the second half of the NFL football NFC championship game against the New Orleans Saints, Sunday, Jan. 20, 2019, in



By Todd Dewey / Las Vegas Review-Journal  
January 22, 2019 - 3:23 pm



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For 17 minutes Tuesday, the South Point sports book moved the Patriots to 3-point favorites over the Rams in Super Bowl LIII.

That was enough time for sharp bettors to place more than six figures.....**SUBSCRIBE FOR UNLIMITED ACCESS.**

## AMERICAN - MONEY LINE

- ▶ Moneyline wagers are bets on who will win the game outright.
- ▶ In the example the Saints are the favorites to win the game against the rams
- ▶ You need to wager \$180 to win \$100 if you want to bet the Saints will win at the William Hill book
- ▶ Conversely a \$100 wager will return \$160 on a wager that the Rams will win.

### Las Vegas Odds

Las Vegas Odds · [Offshore Odds](#) · [Future Odds](#) · [Line Originators](#) · [Live Odds](#) · [Mobile Odds](#) · [More Odds](#) NFL

[Spread](#) · [Money Line](#) · [1st Half](#)

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#### NFL MONEY LINE

PRO FOOTBALL	Open	VI Consensus	Westgate Superbook	MGM Mirage	William Hill	Wynn LV	CG Technology	Stations	BetOnline	
01/20 3:05 PM 311 L.A. Rams 312 New Orleans	+155 -165	+155 -175	+155 -175	+155 -175	+160 -180	+155 -175	+165 -185	+150 -175	+156 -176	BET NOW Picks
TV: FOX										
01/20 6:40 PM 313 New England 314 Kansas City	+125 -145	+135 -155	+145 -170	+135 -155	+135 -155	+130 -150	+135 -155	+135 -160	+132 -152	BET NOW Picks
KC-RB-Kareem Hunt-   TV: CBS										
01/27 3:00 PM 497 AFC 498 NFC										
TV: ESPN , DTV:206										

Updated: Wed, Jan 16 12:18 AM EDT

**NOTES:**

- **Open Line:** Consists of the first betting line received from one of our Las Vegas or Online sportsbooks.
- **VI Consensus:** Consists of the current betting line which occurs most frequently among our list of Las Vegas and Online sportsbooks.
- All Game Times are Eastern Standard Time.

# AMERICAN - MONEY LINE

- ▶ As the week progresses, the money line will adjust for:
  - ▶ Risk and Exposure
  - ▶ Likely Outcome
  - ▶ Additional Information

Las Vegas Odds										
Las Vegas Odds · <a href="#">Offshore Odds</a> · <a href="#">Future Odds</a> · <a href="#">Line Originators</a> · <a href="#">Live Odds</a> · <a href="#">Mobile Odds</a> · <a href="#">More Odds</a> <span>NFL</span>										
<a href="#">Spread</a> · <a href="#">Money Line</a> · <a href="#">1st Half</a>										
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NFL MONEY LINE										
PRO FOOTBALL	Open	VI Consensus	Westgate Superbook	MGM Mirage	William Hill	Wynn LV	CG Technology	Stations	BetOnline	
	12/03 8:15 PM 379 Washington 380 Philadelphia	+240 -280	<del>+220</del> <del>-260</del>	+210 -260	+210 -250	+210 -250	+195 -230	+200 -240	<del>+215</del> <del>-285</del>	+230 -275
WAS-QB-Alex Smith-OUT   TV: ESPN, DTV: 206										
12/06 8:20 PM 101 Jacksonville 102 Tennessee	+190 -230	+180 -220	+175 -210		+170 -190		+185 -220	+170 -200	+190 -220	BET NOW
TV: FOX										
12/09 1:00 PM 105 Baltimore 106 Kansas City	+255 -310	+245 -290	+240 -300		+240 -280		+240 -280	+240 -320	+245 -290	BET NOW
BAL-QB-Joe Flacco-?   KC-RB-Kareem Hunt-   TV: CBS										
12/09 1:00 PM 107 Indianapolis 108 Houston	+190 -230	+180 -220	+180 -220		+190 -220		+185 -220	+180 -220	+185 -215	BET NOW
TV: CBS										
12/09 1:00 PM 109 Carolina 110 Cleveland	-120 +100	-120 +100	-120 +100		-125 +105		-135 +115	-125 +105	-120 +100	BET NOW

## AMERICAN - POINT SPREAD

- ▶ Currently the Saints are a 3.5 point favorite to beat the L.A. Rams at the William Hill book
- ▶ If the final score is New Orleans 28 and LA 26 those that bet LA will win their bets

**Las Vegas Odds**

Las Vegas Odds · [Offshore Odds](#) · [Future Odds](#) · [Line Originators](#) · [Live Odds](#) · [Mobile Odds](#) · [More Odds](#) NFL

Spread · [Money Line](#) · [1st Half](#)

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**NFL SPREAD**

**PRO FOOTBALL**

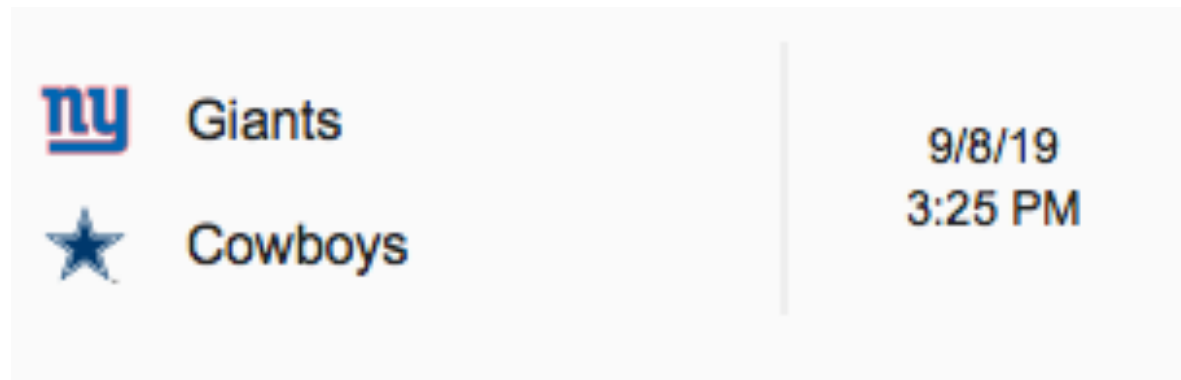
	Open	VI Consensus	Westgate Superbook	MGM Mirage	William Hill	Wynn LV	CG Technology	Stations	BetOnline	
01/20 3:05 PM 311 L.A. Rams 312 New Orleans	57u-05 -3½ +05	57u-10 -3½ -05	57u-10 -3½ EV	57u-10 -3½ -05	57u-10 -3½ -10	57u-10 -3½ -10	57u-10 -3½ -05	57u-10 -3½ EV	56u-10 -3 -25	<b>BET NOW</b> Picks
TV: FOX										
01/20 6:40 PM 313 New England 314 Kansas City	58u-10 -3 EV	54½u-10 -3 -10	55u-10 -3 -10	55u-10 -3 -10	55u-10 -3 -10	55u-10 -3 -10	54½u-10 -3 -05	54u-10 -3 -10	54½u-10 -3 -05	<b>BET NOW</b> Picks
KC-RB-Kareem Hunt-   TV: CBS										
01/27 3:00 PM 497 AFC 498 NFC										
TV: ESPN , DTV:206										

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Point spreads often adjust to address exposure

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Everyone has \$1000 to bet on this game opening weekend:





## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Everyone has \$1000 to bet on this game:



Score +1.5



Score -1.5

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Everyone has \$1000 to bet on this game:



Score +3.5



Score -3.5

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Everyone has \$1000 to bet on this game:



Score +6.5



Score -6.5

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Everyone has \$1000 to bet on this game:



Score +7.5



Score -7.5

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Everyone has \$1000 to bet on this game:



Score +10.5



Score -10.5

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Everyone has \$1000 to bet on this game:



Score +13.5



Score -13.5

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Everyone has \$1000 to bet on this game:



Average line in Las Vegas today is Dallas 07.5



## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ Different sports have a different number of realistic potential outcomes



## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ What are the likely outcomes of the following:

	Brewers	Tue, 9/25 8:15 PM
	Cardinals	

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ What are the likely outcomes of the following:



Texans



Colts

Sun, 9/30

1:00 PM

## SPECIFIC SPORTS AND RISK MANAGEMENT

- ▶ What are the likely outcomes of the following:



West Ham



Man United

Sat, 9/29

7:30 AM

## THIRD-PARTY SERVICES

- ▶ Most books have subscriptions to third party services for line information
  - ▶ Don Best
  - ▶ CG Data
  - ▶ Sports Radar (etc...)

## THIRD-PARTY SERVICES

- ▶ Nevada operators will generally use third-party line services as only one form of information considered for setting lines
- ▶ Operators in other jurisdictions often use third-party lines as the primary source of line information
- ▶ This can be dangerous as universal lines may create exposure for a particular book not faced by other books

## GLOBAL RISK MANAGEMENT

- ▶ Using a multi-jurisdictional company aid with risk management
  - ▶ Can access other markets for risk management
    - ▶ For example:
      - ▶ Book NV in Las Vegas has a subsidiary in London
      - ▶ The London sub has access to the NV book's information
      - ▶ If the NV book exceeds risk thresholds, the London sub will explore laying off risk into international pools

## GLOBAL RISK MANAGEMENT

- ▶ Nevada regulates global risk management by reviewing and approving agreements between licensed Nevada book operators and risk managers in other jurisdictions
- ▶ The issue for regulators is whether the risk manager is suitable

## GLOBAL RISK MANAGEMENT

- ▶ Federal Wire Act issues
  - ▶ Book information may be transmitted between jurisdictions in which wagering on such sports is legal
  - ▶ Books cannot place layoff wagers in interstate or foreign commerce



## PARI-MUTUEL SPORTS

- ▶ Park-mutuel sports wagering has been available in Nevada for decades.
- ▶ Traditionally, pools in Nevada have been uncompetitive with hand booked or fixed odds wagering.
- ▶ One issue is that bettors tend to like to know their likely return when placing a wager

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FanDuel won't make big payout due to line error  
6d - David Purdum

**Bills (+17) pull off largest NFL upset in 23 years**  
BUFFALO BILLS 23h - David Purdum

PLUS SIZE  
Casual Outdoor Jacket  
47% OFF  
Newchic

Congress to take closer look at sports betting  
4d - David Purdum


Gambling groups work on 'integrity association'  
4d - Ryan Rodenberg

Odds couple: Golden Knights, bookmaker team up  
VEGAS GOLDEN KNIGHTS 6d - David Purdum

AAF league to have enhanced in-game betting  
14d - Darren Rovell

Nielsen projects NFL as betting cash cow  
19d - Darren Rovell

### FanDuel not honoring bet that would have paid more than \$82,000 due to line error



David Purdum  
ESPN Staff Writer  
Sep 19, 2018

For one New Jersey bettor, the [Denver Broncos](#) were a long shot too good to be true.

New Jersey bookmaker FanDuel declined to honor a \$110 bet on the Broncos on Sunday that would have paid more than \$82,000, due to an error in the oddsmaking process, the company said.

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Early Lead

# FanDuel will pay off bets that won thanks to a computer glitch. One will cost \$82,000.



LIVE COLLEGE FOOTBALL FROM \$25 A MONTH

## PARI-MUTUEL SPORTS

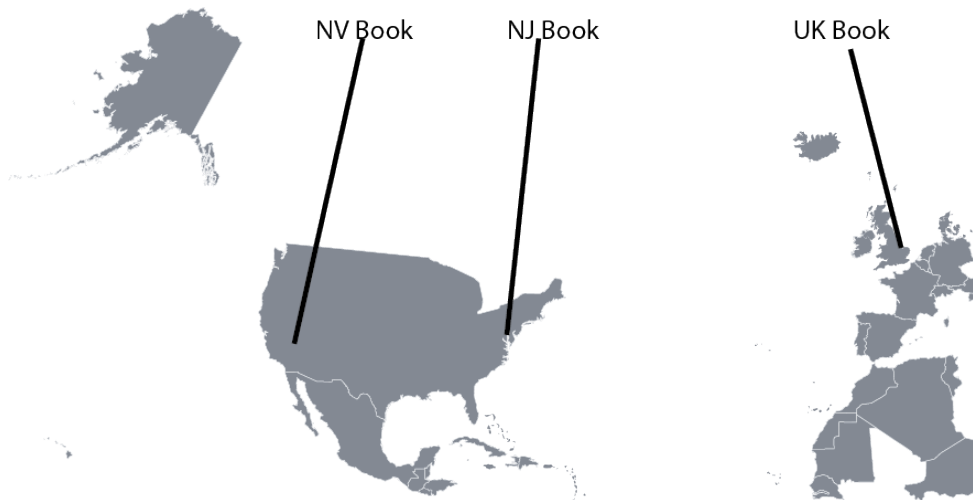
- ▶ Another issue is that American sports generally have a binary outcome rather than a field of outcomes
- ▶ This limits the return on successful wagers
- ▶ If a straight bet is +110 and two bettors place \$110 wagers on opposite sides of a game, one will lose their bet and the other will receive \$210
- ▶ If a pari-mutuel pool wager of \$110 is made by players on two sides of a bet the pool will be \$220 total. A standard bet takeout of 17% will remove \$37.40 from the pot leaving \$182.60 for the winner.

## GLOBAL RISK MANAGEMENT

- ▶ 18 USC §1084 - *(b) The Exemptions*
  - ▶ 1084 (b) Nothing in this section shall be construed to prevent the transmission in interstate or foreign commerce of information for use in news reporting of sporting events or contests, or for the transmission of information assisting in the placing of bets or wagers on a sporting event or contest from a State or foreign country where betting on that sporting event or contest is legal into a State or foreign country in which such betting is legal

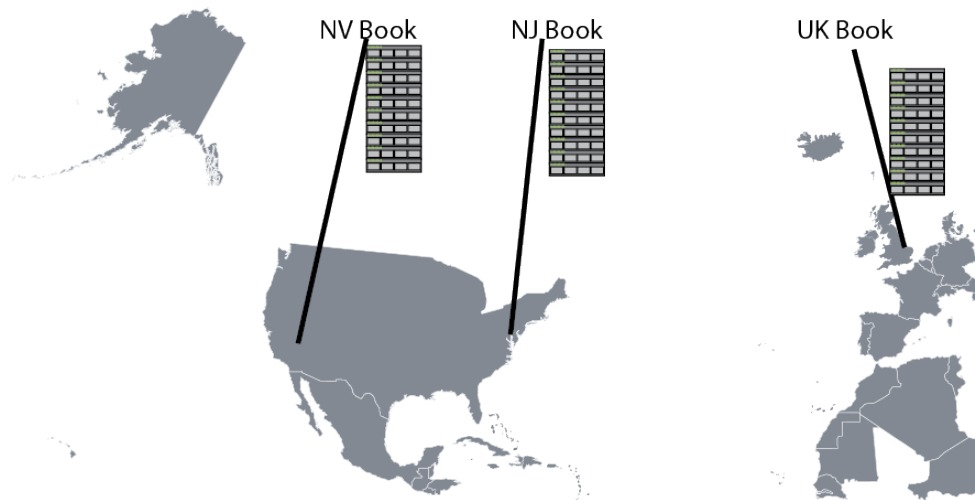
## GLOBAL RISK MANAGEMENT

- ▶ Company X has books in NV, NJ and UK.



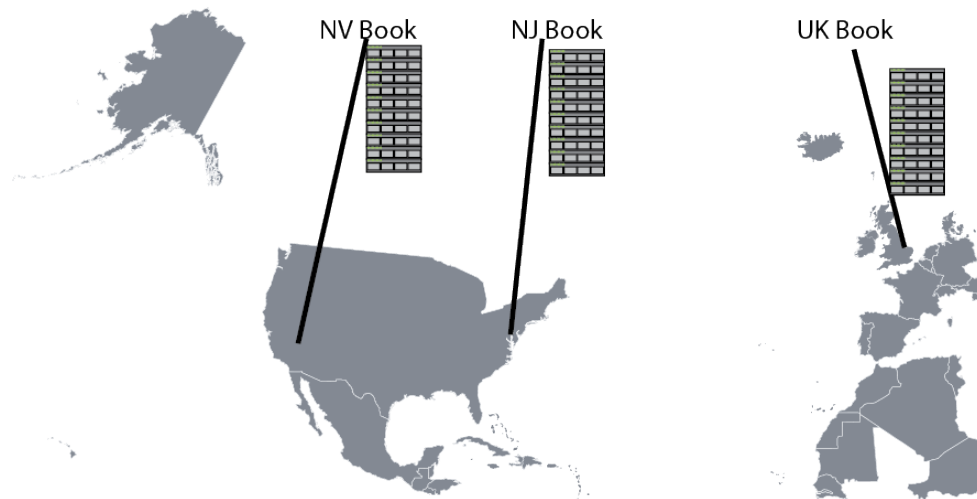
## GLOBAL RISK MANAGEMENT

- ▶ Each book has its own system for taking wagers in its own legal jurisdiction (no cross border wagering in U.S.)



## GLOBAL RISK MANAGEMENT

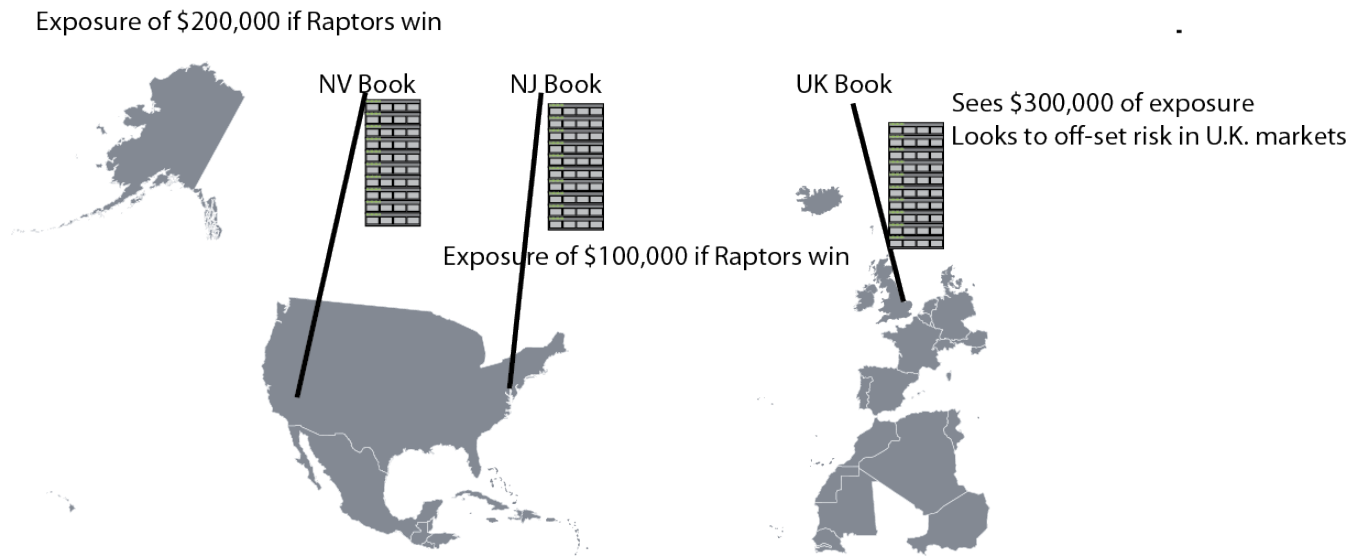
- ▶ Books in each jurisdiction can see the risk information from their affiliated books in the other jurisdictions





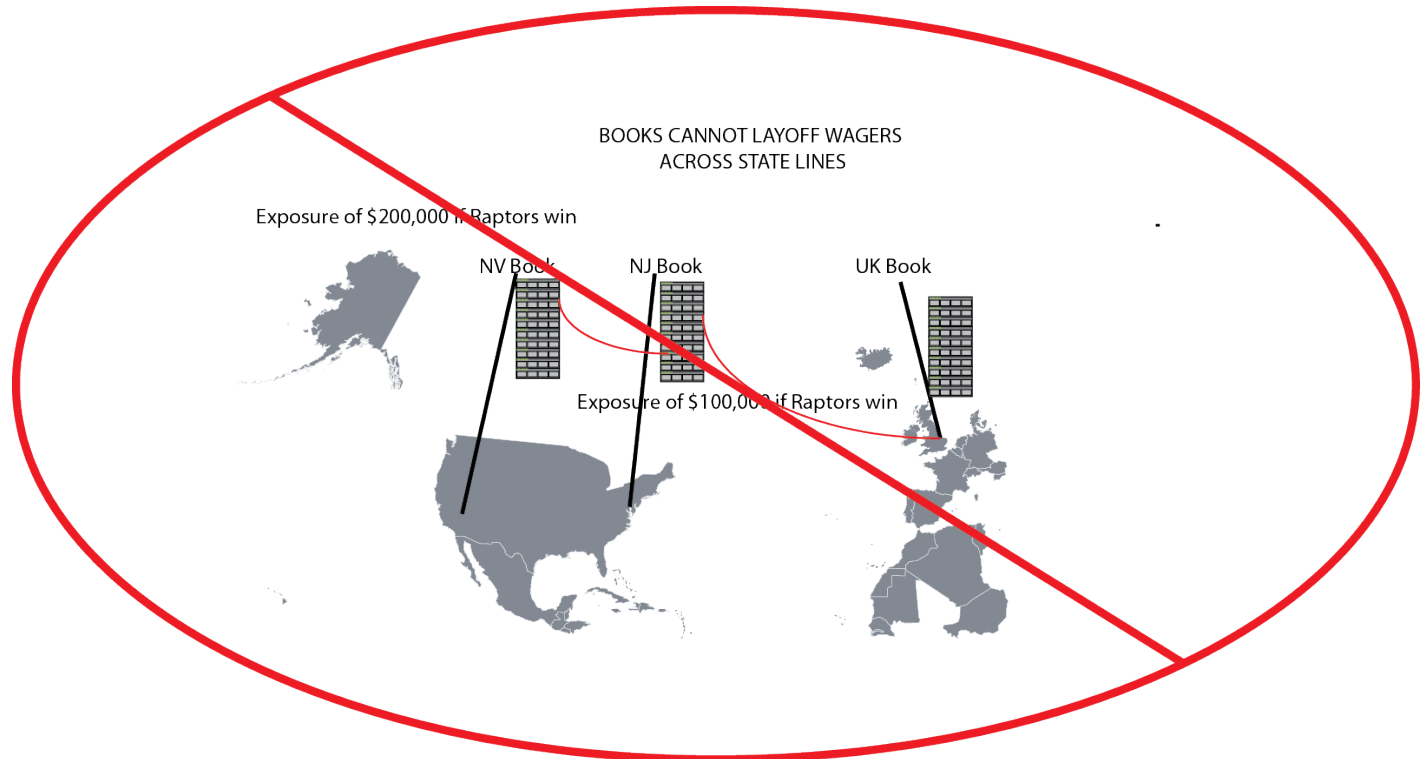
## GLOBAL RISK MANAGEMENT

- ▶ Books can lay-off risk when they see it



## GLOBAL RISK MANAGEMENT

- ▶ Books can not place their own layoff wagers across state lines.



## GLOBAL RISK MANAGEMENT

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# GLOBAL RISK MANAGEMENT

### **NRS 463.810 “Global risk management” defined.**

1. As used in this section and [NRS 463.820](#), unless the context otherwise requires, “global risk management” means the operation, by a person who has been issued a license to operate a race book or sports pool, of risk management services between and among permissible jurisdictions through communications technology for the purposes of providing the management, or consultation or instruction in the management, of wagering pools and the transmission of information relating to wagering pools or other similar information. The term:

(a) Includes, without limitation:

(1) The management of risks associated with a wagering pool for a race or sporting event or any other event for which a wager may be accepted.

(2) The setting or changing of bets or wagers, cutoff times for bets or wagers, acceptance or rejection of bets or wagers, pooling or laying off of bets or wagers, lines, point spreads, odds or other activity relating to betting or wagering.

(3) The use, transmittal and accumulation of information and data for the purpose of providing risk management services.

(b) Does not include:

(1) The transmission or placement of a bet or wager for a race or sporting event or any other event for which a wager may be accepted between or among permissible jurisdictions.

(2) The provision of any information service, as defined by [NRS 463.01642](#).

2. As used in this section:

(a) “Communications technology” has the meaning ascribed to it in [NRS 463.016425](#).

(b) “Permissible jurisdiction” means any jurisdiction in which global risk management or the betting or wagering on a race or sporting event is lawful or not otherwise expressly prohibited under the laws of that jurisdiction.

(c) “Wagering pool” means a pool or a combination of multiple pools for the placement of bets or wagers for a race or sporting event or any other event for which a wager may be accepted and which is located in a permissible jurisdiction.

(Added to NRS by [2015, 1822](#))

**NRS 463.820 Regulations.** The Commission shall, with the advice and assistance of the Board, adopt regulations for global risk management. The regulations adopted by the Commission pursuant to this section may include, without limitation:

1. Provisions which establish minimum internal and operational control standards for global risk management; and

2. Any additional provisions which the Commission deems necessary and appropriate to carry out the provisions of this section and which are consistent with the public policy of this State pursuant to [NRS 463.0129](#).



## ODDS MAKING & LINE SETTING

- ▶ Final comments
  - ▶ The key point I hope to impart is that setting lines and odds to maximize return requires knowing the events, the competition, and the market of bettors
  - ▶ There is no substitute for experience
  - ▶ Risk management becomes easier as the operator operates in multiple jurisdictions

# QUESTIONS

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