

Lesson 23 — Arbitrage betting

Problem 1 (10 points)

Suppose the odds for the Federer vs Nadal game are shown as follows for two sports betting sites.

(a) Is there an arbitrage opportunity here?

(b) If yes, how much of your wealth should you bet on betting site 1 and on whom do you bet on?

Decimal Odds	Nadal to win	Federer to win
Betting site 1	1.40	2.05
Betting site 2	2.10	1.35

Problem 2 (10 points)

Suppose the odds for the Federer vs Kyrgios game are shown as follows for two sports betting sites.

(a) Is there an arbitrage opportunity here?

(b) If yes, how much of your wealth should you bet on betting site 1 and on whom do you bet on?

Decimal Odds	Kyrgios to win	Federer to win
Betting site 1	2.90	1.42
Betting site 2	3.93	1.30