

Financial on-line betting for beginners

By Piers Allen

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What is Fixed-odds trading ? Technically speaking this employs something called a digital option. Digital options pay-out if an event (such as the Nikkei Dow rising above a certain fixed value) happens. Although a digital option is jargon for a fixed-odds trade on the financial markets this makes it sound more frivolous than it deserves. Digital options are the derivative of choice for traders anticipating small moves in the markets since the payout is fixed. The contracts we offer are digital options - they offer the client this fixed payout on a movement in the market.

Since a fixed-odds contract is a digital option its present value (i.e the premium) can be modeled using the principles established by Black and Scholes and we update our system with the volatilities, drifts and interest rates. We allow the client to input the conditions of the contract, i.e. the conditions under which the contract will pay-out (i.e. the type of trade), the expiry date (when the contract pays out) and the strike price (how much the client wins) and the system calculates the present value of the contract in real time.

When you buy a fixed-odds contract from BetOnmarkets.com, you are entitled to receive a Payout which is a fixed multiple of the amount you have staked.

Fixed-odds trading is a competitive and tax-efficient way of playing the financial markets and often provides a more attractive risk/reward than futures, options or spread trades. Clients trade against the BetOnmarkets.com computer and transactions are confirmed instantaneously.

For example:

a) Mr. X, analyzing the Dow Jones for last few days decides to bet, that during the next few days Dow Jones will continue to fall and will come to a level lower than 10200.00 (suppose that the current level is 10673.22).

b) Mr. X decides to win USD1000, if he is right about Dow Jones movements and buys Bear contract «Win USD1000 if Dow Jones during next five days will be lower than 10200.00»

c) The BetOnmarkets.com system calculates that the cost of the contracts will be USD460.00 If Mr.X likes the price, he buys the bet, and if he was right about the Dow Jones movement and it is lower than 10200.00 after 5 days, that his contract expires with the payout of USD1000. Alternatively if the Dow Jones is higher than 10200.00, then his contract expires with the value 0.

d) Mr. X can sell his contract back to BetOnmarkets.com before it expires, if he sees that Dow Jones is growing and there is less possibility for him to win. The price of the contract that will be paid back to Mr.X is recalculated considering the current situation on the markets.

e) In fact there are a huge variety of different contract types, on BetOnmarkets.com, with which you can invest. The Bull/Bear contracts the market must be above or below the set level on a certain date. However with the One Touch and No Touch the contracts need only touch or not touch the preset boundary. The Barrier range contracts are similar except that here the client can set upper and lower boundaries on movement. Clients looking for a little more risk can use the Bull/Bear Stops (a type of spread bet); and our Double Up/Down contracts, where you only need to predict if the market will move up or down by the end of the day (minus a small spread), are proving hugely popular at the moment.

Client accounts on BetOnmarkets.com

To deposit money to your account on BetOnmarkets.com you can use e-gold, credit card or bank wire. The same methods available for you to withdraw money from you account.

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