

Gambling on Momentum

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Non-Technical Summary

- Sports betting markets are proven real-world laboratories to test theories of asset pricing anomalies and risky behaviour.
- Using a high-frequency dataset provided directly by a major bookmaker, containing the odds and amounts staked throughout German Bundesliga football matches, we test for evidence of momentum in the betting and pricing behaviour after equalising goals.
- We find that bettors see value in teams that have the apparent momentum, staking about 40% more on them than teams that just conceded an equaliser.
- Still, there is no evidence that such perceived momentum matters on average for match outcomes or is associated with the bookmaker offering favourable odds.
- We also confirm that betting on the apparent momentum would lead to substantial losses for bettors.
- To the best of our knowledge, this paper is the first that can cleanly isolate a singular event (in our case the equaliser in a football match) that creates momentum (for the team that scored the goal) and influences investor behaviour.
- It demonstrates that while the order of goals is irrelevant to the game outcome, bettors heavily believe in its importance.
- This indicates that investors on betting markets indeed have difficulty quantifying the relevance of even the most important game situation in a football match.
- We believe that betting markets are valuable settings to understand price setting and behavioural biases that affect risk-taking.
- The availability of both odds and actual staked amounts enables investigation of how bettors respond to prices and make potentially biased investment decisions.

You can read the full paper [here](#).