

Calculating the Probability and Possibility of Success of an Investment

The probability of a specific outcome and presumption that the outcome result is measured in terms of the odds is fine providing the odds are the true odds.

The odds are numbers designed to show, what the speculator will receive for his outlay when betting on a certain event. It does not matter whether the event is a horse race, or price fluctuation on the foreign exchange currency market.

To be guided by odds formulated by bookmakers is to be guided by their necessity to balance their books because of the public weight of money invested for a particular result to happen. This is their key to the measurement of the odds.

To presume that odds formulated this way is a pointer to a winner is a delusion. Only true odds can do that.

So what are the true odds as opposed to just odds created by the market/bookmaker?

Supposing there is a horse running in a race which is called Father Xmas, and because it is Xmas time, a lot of people will back it, liking the name. Their money will create a demand, and the odds will shorten. These are not true odds representing the winning chance of the horse. These odds are market oriented odds which do not represent the actual capability of the selection.

So what are the true odds needed in your corner to point to achieving a good result?

It is the process of weighing up what will not happen rather than what will. Finding out the real form of the selection based on a series of past performances under various conditions and a host of other data will direct us in the right direction. It means engaging serious attention to any minute point and having the ability to go by that.

Applying this to foreign currency, means that one cannot be constantly under the spell of how the market behaves, but must take the numerous circumstances into account to form an overall picture.

There are times when governments support their currency which might appreciate as a result, but often only for a very short time. That sort of thing does not necessarily signal to buy that currency, and does not represent true odds. However, a temporary following of a trend can often be productive, and spotting it early can mean getting true odds in your favour.

Realizing that certain currencies tend to behave differently at holiday times is most important. Currencies even tend to behave differently at certain times of the day. Learning to spot this is helpful, and is a plus.

The days when certain important data is being released are imperative to bear in mind. Also are the days, when important people are due to make a speech.

Negative news about the currency you wish to beat can be positive news for the currency you are holding.

Looking for the negative points about the currency you are opposing can be sometimes more productive than looking for the good points about the currency you are holding.

Ideal conditions are when the positive data lifts your currency, and the negative data drags down the other currency at the same time. Now, you are set to fasten your safety belt with great pleasure. That is also the time, when the foreign currency exchange game is like any other game, only more so.

I have often maintained that bookmakers seek to have the odds in their favour, and I do not know of any poor bookies. It is prudent to always follow their example.

The foreign currency market is very strong and full of players. There is never a shortage of money to take out for the well informed, and there is a bottomless black hole for the reckless punters to throw their money into, especially the ones with certain systems.

I used to know a fellow who rarely wrote letters home to his folks, but did send brief telegrams saying system going well please send more money.

Remember, that one of the odds in your favour is to deal with the foreign currency exchange companies who are cheaper than the high street banks. You can bet on that.

About the Author

Paul Dubsky is director of [Foreign Currency Exchange Services Ltd](#). The company is focused on being able to offer really friendly currency exchange rates. We believe we are the only Foreign Currency Exchange company which offers special rates to Senior Citizens.

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