Wizard of Odds Newsletter – October 27, 2020 – 2020 Election

Let me begin by saying this newsletter was written on Tuesday, October 27. One week to go until the official election day. I phrase it that way because many people have voted already by mail-in ballots or voting early.

That said, here are the current odds in the European format at a few places that accept election bets.

SPORTSBOOK	BIDEN	TRUMP
PINNACLE	1.50	2.76
BET ANY SPORTS	1.53	2.65
BETFAIR	1.50	2.98

Here are the same odds in the American format.

SPORTSBOOK	BIDEN	TRUMP
PINNACLE	-200	176
BET ANY SPORTS	-190	165
BETFAIR	-200	198

Squeezing out the juice and taking an average of the three sources, we get a probability of Biden winning of 65%.

As we know from the Electoral College, the election will come down to a handful of swing states. Let's take a closer look at that. The following table shows the probability of Trump winning all 50 states and the District of Columbia. Nebraska and Maine divide up their votes according to one per congressional district and two for the statewide winner. In both cases, only on congressional seat is in play, according to FiveThirtyEight project 2020 (link to https://projects.fivethirtyeight.com/2020-election-forecast/), which they indicate are toss-ups. Otherwise, Nebraska is safely going for Trump and Maine for Biden.

Most states are not competitive, in which case I gave Trump a 0% or 100% chance of winning. For the rest, I went by odds offered at Pinnacle Sports, again squeezing out the juice.

State	Electoral Votes	Prob Trump	Expected Trump Votes
Alabama	9	100.0%	9.00
Alaska	3	100.0%	3.00
Arizona	11	43.6%	4.80
Arkansas	6	100.0%	6.00
California	55	0.0%	0.00
Colorado	9	0.0%	0.00
Connecticut	7	0.0%	0.00
Delaware	3	0.0%	0.00
District of Columbia	3	0.0%	0.00
Florida	29	55.8%	16.19

Georgia	16	60.2%	9.64
Hawaii	4	0.0%	0.00
Idaho	4	100.0%	4.00
Illinois	20	0.0%	0.00
Indiana	11	100.0%	11.00
Iowa	6	61.0%	3.66
Kansas	6	100.0%	6.00
Kentucky	8	100.0%	8.00
Louisiana	8	100.0%	8.00
Maine (1)	1	50.0%	0.50
Maine (3)	3	0.0%	0.00
Maryland	10	0.0%	0.00
Massachusetts	11	0.0%	0.00
Michigan	16	28.1%	4.50
Minnesota	10	27.2%	2.72
Mississippi	6	100.0%	6.00
Missouri	10	100.0%	10.00
Montana	3	100.0%	3.00
Nebraska (1)	1	50.0%	0.50
Nebraska (4)	4	100.0%	4.00
Nevada	6	30.5%	1.83
New Hampshire	4	0.0%	0.00
New Jersey	14	0.0%	0.00
New Mexico	5	0.0%	0.00
New York	29	0.0%	0.00
North Carolina	15	47.7%	7.16
North Dakota	3	100.0%	3.00
Ohio	18	68.2%	12.27
Oklahoma	7	100.0%	7.00
Oregon	7	0.0%	0.00
Pennsylvania	20	35.2%	7.04
Rhode Island	4	0.0%	0.00
South Carolina	9	100.0%	9.00
South Dakota	3	100.0%	3.00
Tennessee	11	100.0%	11.00
Texas	38	74.2%	28.20
Utah	6	100.0%	6.00
Vermont	3	0.0%	0.00
Virginia	13	0.0%	0.00

Washington	12	0.0%	0.00
West Virginia	5	100.0%	5.00
Wisconsin	10	31.1%	3.11
Wyoming	3	100.0%	3.00
Total	538		227.12

The table shows that Trump can expect to win 227 electoral votes. As a reminder, it takes 269 to tie and 270 to win.

If we assume the outcome of the toss-up states are independent from state to state, the standard deviation of the actual electoral vote would be 30. That is 1.43 standard deviations away from 270. The probability of a result 1.43 standard deviations away from expectations in Trump's favor is 7.7%.

However, it is easy to say that the results are not independent. In 2016 every battleground state went to Trump except Nevada. Even some states that were not considered battlegrounds, like Minnesota, went Trump's way.

To look at it another way, there are already 125 safe Trump votes, 216 safe Biden votes, and 197 battleground votes. That is counting Texas as a battleground. Trump needs 145 out of those 197 battleground votes to win.

Yet another factor not to be overlooked is if the initial results look at all close the fight will be taken to the courts. If anything makes it to the Supreme Court, as it did in 2000, the outcome will almost certainly go Trump's way with a 6-3 advantage there, as of yesterday.

At the end of the day what is going to happen? How should I know? Is either side a good bet? You would think based on my analysis that it's not looking good for Trump and Biden would be a good bet, even if you have to lay 2 to 1. However, my gut says that things will go better than expected for Trump. Look at every presidential election since the first televised debates in 1960 and the more charismatic candidate has won every time, although some where close ones in that respect.

I know I've recommended betting on Trump earlier in the election cycle, but I'm not as confident now. I already have about $12,000 on Trump and that is enough for me.

In conclusion, I make no recommendation either way. My brain says bet on Biden, but my gut says bet on Trump. In the past, I have learned that when my brain and gut disagree, my brain is usually proven right in the end. Am I betting on Biden then? No. I lost BIG betting on Clinton in 2016 and don't want to make the same mistake twice betting against Trump.

I apologize for not recommending either side of the election bets. The math makes it look like Biden is a good value, but this is not a normal election so who knows what will happen.