ARBS

The First
Arb Playbook

How to find, check and place your first prediction-market arbitrage using the ARBS calculator.

OPERATOR EDITION · FIRST EDITION

YES + NO < $1.00

Contents

Nine practical chapters—from understanding the spread to executing, logging and scaling your trades.

Before you trade

This is the walkthrough for your first trade—not a shortcut around preparation.

This playbook covers what an arb actually is, how to read every field in the calculator, the checks that decide whether a spread is real or a trap, and how to place both legs without getting stuck holding one side.

Read it once end to end before you place anything. Then keep Chapter 4 open on your screen while you place your first five arbs.

THE SINGLE RULE

You are not predicting anything. You are buying both outcomes for less than a dollar and collecting the difference.

The whole idea in one example

30¢ YES + 58¢ NO = 88¢

Two platforms disagree on the same event. You buy both outcomes for a total cost of 88 cents. One of them has to win, and the winner pays out a dollar. You keep the 12-cent difference, minus fees, no matter which way the event goes.

THAT IS THE ENTIRE BUSINESS.

01

What You Are Actually Doing

The mechanics behind a market-neutral arbitrage—and why the gap exists.

A prediction market prices an outcome between 0 and 100 cents. If a contract settles YES it pays $1. If it settles NO it pays $0. So the price is just the market's odds expressed in cents.

On a single platform, YES and NO always add up to roughly 100 cents. There is no free money there. **An arb exists when two different platforms price the same event differently enough that YES on one plus NO on the other adds up to less than 100 cents.**

THE ONLY EQUATION IN THIS DOCUMENT

YES price + NO price < $1.00 = an arb

Buy YES on the cheaper platform. Buy NO on the other. You now hold both outcomes. Exactly one of them will pay out $1 per share. Your profit is the gap between what you paid and that $1, minus fees on both legs.

Why the gap exists at all

- Different users. A US-only platform and a global platform have different crowds with different opinions.
- Different liquidity. A market with $2M of depth prices more efficiently than one with $40k.
- Different speed. News hits one platform first. The other lags by seconds or minutes.
- Different fee structures, which change what the "real" price is on each side.

You are not smarter than either market. You are just the person standing between two markets that have not agreed with each other yet.

02

Reading The Calculator, Field By Field

Every number, label and execution cue you need to read before placing a trade.

Open the calculator at arbs.xyz/calculator. The left column shows live example arbitrages. Click one and the right side fills in. Here is what every field means.

TOP ROW

FIELD	WHAT IT MEANS	WHAT TO DO WITH IT
Wager Amount	The total dollars you are putting across both legs combined. Not per leg.	Start at $100 to $250 for your first few. Type it directly.
Max	The largest total wager the current order book can absorb before the ROI collapses.	Never size near the max on your first trades. See Section 5.
Target ROI	The minimum return you are willing to accept. The tool filters and sizes against it.	Leave at the default until you have placed ten arbs.
25 / 50 / 75 / 90%	Shortcut buttons that size your wager to that percentage of the available max.	Useful for testing how ROI decays with size. Do not use for live sizing early on.

RESULT ROW

FIELD	WHAT IT MEANS
Expected Profit	Your dollar profit if both legs fill at the prices shown, after estimated fees. This is the number in your pocket.
ROI	Expected profit divided by cost basis. The efficiency of the trade. A 12% ROI held for two weeks is far better than 12% held for eleven months.
Cost Basis	What you actually lay out. Usually equals your wager amount.

EXECUTION PATH: THE TWO LEGS

This is the part beginners skip and then lose money on. Each leg card shows you exactly what to go and do.

LEG FIELD	MEANING	WHY IT MATTERS
Platform name	Which venue this leg goes on.	Both legs must be placed. One leg alone is a naked bet.
BUY YES / BUY NO	The side you take on that platform.	Getting these backwards means you own the same outcome twice. Read it twice.

LEG FIELD	MEANING	WHY IT MATTERS
Cost	Dollars this leg consumes.	The two leg costs sum to your cost basis. They are almost never equal.
Shares	Contracts you end up holding.	Both legs show the SAME share count. That is what makes it market neutral.
Avg	Average fill price per share, including walking the book.	Add the two Avg figures. Under $1.00 is the arb. This is your sanity check.
Est. Fee	Platform fee on that leg, as a rate and a dollar amount.	Fees differ hugely per platform and per price. Already deducted from Expected Profit.
To Win	Gross payout if that leg is the winner.	Identical on both legs. Confirms the hedge is balanced.
Open	Deep link to that exact market on that platform.	Always use this rather than searching manually. Prevents wrong-market errors.
Snapshot	Marks the prices as a point-in-time capture.	Prices move. A snapshot is not a guarantee. Re-check before you place.

The share count is your proof the hedge is real

If both legs show the same share count and the same To Win figure, you are covered whichever way the event settles. If they differ, something is wrong. Stop and recheck the sides before placing anything.

03

A Real Arb, Walked Through Line By Line

A live $1,000 example, unpacked from price gap to fees and final ROI.

This is a live example taken straight from the calculator. Nothing here is invented.

BAB EL-MANDEB STRAIT EFFECTIVELY CLOSED BY DECEMBER 31

POLYMARKET X POLYMARKET US. WAGER SET TO $1,000.

	LEG 1	LEG 2
Platform	Polymarket	Polymarket US
Side	BUY YES	BUY NO
Cost	$340.72	$659.28
Shares	1,136.7	1,136.7
Avg price	$0.300	$0.580
Est. fee	0.10% (-$0.34)	2.52% (-$16.62)
To win	$1,136.72	$1,136.72

NOW READ IT

1. **The gap.** Add the two average prices. $0.300 + $0.580 = $0.880. You are buying a guaranteed dollar for 88 cents. That 12 cent gap is the entire opportunity.
2. **The split.** $340.72 + $659.28 = $1,000. Matches the wager. The split is uneven because the prices are uneven, and that is normal and correct.
3. **The hedge.** 1,136.7 on both sides. Whichever outcome hits, you get paid on 1,136.7 shares at $1 each. $1,136.72 gross.
4. **The profit.** $1,136.72 gross minus $1,000 cost is $136.72. Minus $16.96 of combined fees leaves $119.76. That is a 12.0% ROI on the $1,000.
5. **The fee asymmetry.** Leg 1 pays 0.10%. Leg 2 pays 2.52%, which is 25 times higher, and eats $16.62 of a $136.72 gross gap. Fees are not a rounding error. They are the difference between a good arb and a pointless one.

Note the fee trap

On a different live example the fee rates were 3.90% and 1.04%. On another, 2.00% and 0.90%. Fee rates vary by platform AND by contract price, which is why you always trust the calculator's Expected Profit rather than eyeballing the price gap yourself. A 4 cent gap can be entirely consumed by fees.

04

The Pre-Flight Checklist

The five checks that separate a real spread from an expensive trap.

Run this every single time, in order, before you place a cent. Screenshot this page or keep it open beside the calculator.

CHECK 1: ARE THESE GENUINELY THE SAME EVENT?

This is the number one way beginners lose real money. Two markets can look identical and settle differently.

- Same resolution date, to the day. "By December 31" and "by January 31" are different markets.
- Same resolution source. Who decides the outcome, and on what data?
- Same threshold wording. "Effectively closed" on one platform and "closed" on the other may resolve differently.
- Same edge cases. What happens on a tie, a cancellation, a postponement, or an ambiguous result?

> **If the wording differs even slightly, skip it**
>
> A mismatched pair is not an arb. It is two separate bets that happen to be pointed in opposite directions, and you can lose both. There are always more arbs. There is only one bankroll.

CHECK 2: DOES THE MATHS HOLD?

- The two Avg prices sum to less than $1.00.
- Expected Profit is positive AFTER fees. Never judge from the raw price gap.
- Share counts match on both legs.
- To Win matches on both legs.

CHECK 3: IS THE ROI WORTH THE TIME THE MONEY IS LOCKED UP?

ROI alone is meaningless without duration. **A 6% arb that resolves next week is far better than a 12% arb that resolves in eleven months.** Check the resolution date and think in terms of return per month.

ROI	RESOLVES IN	EFFECTIVE MONTHLY	VERDICT
12.0%	**2 weeks**	**About 24%**	Excellent
12.0%	4 months	About 3%	Acceptable
6.8%	2 weeks	About 13%	Very good

ROI	RESOLVES IN	EFFECTIVE MONTHLY	VERDICT
6.8%	11 months	Under 1%	**Skip it. Capital is dead money**

CHECK 4: CAN YOU ACTUALLY FUND BOTH LEGS RIGHT NOW?

- Money must already be settled on BOTH platforms before you start. This is the most common cause of a failed first arb.
- If you have to deposit mid-trade, the price will be gone before the transfer lands.
- Keep working capital sitting on every platform you trade. Idle balance is the cost of being able to act.

CHECK 5: IS THE SIZE SANE?

- First five arbs: $100 to $250 total. You are buying education, not profit.
- Never exceed 25% of the stated Max on any single arb while learning.
- Never put more than 10% of your bankroll into one arb, however good it looks.

05

Sizing And Slippage: Why Bigger Is Worse

How order-book depth changes your fill price, edge and capital efficiency.

An order book has limited volume at the best price. When your order is larger than that, it fills the rest at worse prices. This is slippage, and it means ROI falls as size rises. It is not a bug, it is the market.

REAL NUMBERS FROM ONE LIVE ARB (PROBABLE X PREDICT.FUN)

WAGER	% OF MAX	LEG 1 AVG FILL	ROI	PROFIT
$1,000	**About 2%**	**$0.078**	**6.8%**	**$67.69**
$26,755	50%	$0.080	6.6%	$1,753.09
$48,158	75%	$0.090	5.4%	$2,593.99

Read the Leg 1 column. The average fill price climbed from 7.8 cents to 9.0 cents as the order grew. That is a **15% worse entry**, and it dragged ROI down by a fifth. The dollar profit still went up, but the efficiency of every dollar you deployed went down.

The practical rules

- Use the 25 / 50 / 75 / 90% buttons as a diagnostic, not a sizing tool. Click through them to see how fast ROI decays on this specific arb.
- If ROI barely moves between 25% and 50% of max, the book is deep and the arb is robust.
- If ROI falls off a cliff by 25%, the book is thin. Take a small size or skip it.
- A thin book is also a warning about exit. If you cannot get out, you are committed until resolution.

06

Placing The Trade

The exact two-leg sequence—and what to do if the hedge does not land.

Both legs need to land. The window between them is the only real risk in this entire strategy, so the goal is to make that window as short as possible.

THE SEQUENCE

1. **Prep.** Confirm the checklist in Section 4 is fully clear.
2. **Open both tabs.** Click Open on both legs. Get both markets loaded, side by side, before you place anything. Log in on both.
3. **Stage both orders.** Type in the order on both platforms but do not submit. Verify side and share count against the calculator on each.
4. **Re-check the calculator.** Prices move. Refresh the calculator and confirm the ROI is still there. If it has gone, close both tabs and move on.
5. **Place the harder leg first.** Fill the leg with the thinner order book or the more volatile price first. That is the leg most likely to slip away from you. The deeper, more liquid leg will still be there in ten seconds.
6. **Place the second leg.** Immediately. Do not pause to admire the first fill.
7. **Verify.** Both fills should show the same share count as the calculator projected. Log the actual fills, not the projected ones.

If the second leg fails to fill

You are now holding a naked directional position, which is exactly what this strategy exists to avoid. Do not wait and hope. Either fill the second leg at the best price still available even at reduced profit, or close the first leg immediately and take the small loss. Both are acceptable. Holding an unhedged position and hoping is not.

07

After The Trade

Logging, learning and scaling without losing execution discipline.

Log every arb

Track these seven columns from your first trade onward. The log is what turns trades into a repeatable process.

COLUMN	WHY
Date and market name	Pattern recognition on which market types produce your best arbs
Platform pair	You will discover certain pairs consistently produce wider gaps
Projected ROI vs actual ROI	The single most valuable column. Reveals your real slippage and fee drag
Wager and cost basis	Bankroll discipline
Resolution date	Tells you how much capital is locked and until when
Both fill prices	Compare against the calculator Avg to measure your execution quality
Notes on anything that went wrong	Your actual curriculum

What to expect

- Your actual ROI will usually come in slightly below projected. That is normal. Prices move between calculation and fill.
- Capital is locked until resolution. Arbs are not liquid. Plan around that.
- Some arbs resolve early. Some sit for months. Duration is as important as ROI.
- You will make execution mistakes in the first ten trades. Small size is exactly why they will not matter.

Scaling up

Do not increase size until all of these are true:

- You have placed at least ten arbs with both legs filling cleanly every time.
- Your log shows actual ROI landing within one or two points of projected.
- You have working capital settled on every platform you trade.
- You can run the Section 4 checklist from memory.

The benchmark our operators aim at is **5 to 15% a month on bankroll**. That comes from doing many small correct trades, not from one large clever one.

08

Mistakes That Cost Real Money

The failure modes that turn arbitrage into directional exposure.

MISTAKE	WHAT HAPPENS	THE FIX
Mismatched markets	Both legs can lose. The worst outcome in arbitrage.	Read resolution criteria on both platforms, every time
Ignoring fees	A 4 cent gap becomes a loss	Trust Expected Profit, never the raw price gap
Only one leg fills	You hold a naked directional bet	Stage both orders first. Place the thin leg first
Sizing at the max	Slippage eats the edge	Stay under 25% of max while learning
Unfunded platform	Price gone before your deposit lands	Pre-fund every platform you trade
Buying the same side twice	No hedge at all, double exposure	Read BUY YES and BUY NO out loud before submitting
Chasing high ROI on long resolutions	Capital dead for a year at a bad monthly rate	Judge return per month, not headline ROI
Not logging trades	You never learn your real execution cost	Log projected vs actual from trade one

09

Your First Arb: The Short Version

A ten-step field guide to keep beside the calculator.

STEP	ACTION
1	Fund at least two platforms and wait for the money to settle
2	Open arbs.xyz/calculator and click an example arb
3	Set the wager to $100 to $250
4	Confirm the two Avg prices sum to under $1.00 and Expected Profit is positive
5	Open both markets via the Open links and read both resolution criteria in full
6	Confirm the resolution dates and wording match exactly
7	Stage both orders. Verify side and share count on each
8	Refresh the calculator. Confirm the edge is still there
9	Place the thinner leg, then immediately the deeper leg
10	Verify both fills, then log projected vs actual

The mindset that makes this work

You are not trying to be right about the Bab el-Mandeb Strait, or Kendrick Lamar, or a Rubio presidential run. You have no opinion on any of them. You are buying both sides for less than a dollar because two platforms have not finished arguing yet. Boring, repeatable, and the reason it works.

All prices, fee rates and ROI figures in this document were taken from live examples in the Arbs calculator at arbs.xyz/calculator. Market prices change constantly. Always re-check the calculator immediately before placing a trade.