

IMM - DTU

02405 Probability

2003-9-13

KKA/bfn,kka

It may be useful to read the definition of Odds and *payoff odds* in Pitman pp. 6 in order to solve this exercise.

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Question a) We define the profit pr

$$pr = 10(8 + 1) - 100 \cdot 1$$

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Question a) We define the profit pr

$$pr = 10(8 + 1) - 100 \cdot 1 = -10$$

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Question b) The average gain pr. game is defined

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Question b) The average gain pr. game is defined as the profit divided by the number of games

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$$\frac{pr}{n}$$

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$$pr = 10(8 + 1) - 100 \cdot 1 = -10$$

Question b) The average gain pr. game is defined as the profit divided by the number of games

$$\frac{pr}{n} = \frac{-10}{100} = -0.1$$