

ShortsandLongs.com

→ Trading Example

S&L

Trading Example

S+L allows you to manage the risk on a trade in a guaranteed way such that you will never be able to place trades which could lose more money than you have in your account. This unique discipline combined with an intuitive online trading platform allows you unrivalled access, gearing and protection when trading the markets.

By also using the complimentary profit level settings facility you can exactly govern your profit or loss within guaranteed objectives.

From the 'Trading Floor' you are looking at the UK100 September future price (eg 5400-5403) and take the view that the price will move downwards.

To express this view you would 'sell' or 'go short' at the 'sell' side of the price (5400). You now have to decide exactly how much you want to risk on this trade (obviously up to a maximum of the funds available to trade in your account).

This figure can either be input as a monetary risk or a price level. Supposing you had entered your sell for a stake of £20 and had an 'available to trade' balance of £1,000, of which you wished to risk £500, leaving a further £500 available.

You could either enter a monetary risk of £500 or a price level of 5425 (either way, the equivalent amount or price would show on your dealing ticket). This number can be calculated by:

trade price (5400) – risk level (5425) multiplied by stake (20) = monetary risk (£500).

Because ShortsandsLongs.com guarantees all risk 'stop' levels (for free), there is no fear of you losing more than this.

If the buy price in this market now trades at 5425 or below, your risk ('stop') level would be triggered and you would buy £20 to close your trade, losing the £500 risk you had specified.

The amount that you choose to risk is up to you, within the bounds of the minimum stop distance (which we set) and the amount available to trade.

So, on the trade above you could have chosen to risk your total available balance (£1,000) which would have set a risk level at 5450, or you could have set a risk level at 5423 (the minimum distance), which would have risked £460. Of course, if your stake had been smaller or larger, these numbers would change proportionally.

Optionally, you are also able to set levels at which to take a profit in the same way, by clicking the 'set profit levels' button on the ticket. There are no constraints on the levels, other than that they must actually produce a profit. Profit levels, once set, are also guaranteed to deliver the required profit, if triggered.

As you can see, this model of trading with mandatory guaranteed risk levels offers both peace of mind and ultimate flexibility. Any view can be expressed within the bounds that you set yourself, constrained only by your 'available to trade' balance, your stake and your risk level.

On further sophistication to this simple model is the concept of 'Guaranteed profit'.

Let's assume that the market fulfils your expectation and falls to, say 5258-5261. At this point, you would have an unrealised profit of £2780

(trade price 5400 - current price 5261) multiplied by stake 20

At this point you could choose to move your risk level to a point where it was guaranteed to result in a profit from your

original trade price (let's say 5300), which would 'guarantee' a profit of £2,000

(trade price 5400 – risk level 5300) multiplied by stake £20.

We would label this 'guaranteed profit' and it would increase your 'available to trade' balance accordingly, which would now be £3,000 (original £1,000 + guaranteed profit £2,000).

The only thing we will not allow you to do with 'guaranteed profit' is withdraw it (for which you would have to realise it by closing the trade).