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→ Commodities:
Go Long Example

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LIGHT CRUDE

The price of oil has dropped significantly from its recent highs but you believe it has further to fall.

You have noticed that Light Crude oil has been trading in a range of \$120 to \$123 a barrel.

You log into your ShortsandLongs.com account and see it has dropped close to the bottom of the range.

You are quoted 120.10 to 120.15

You decide to buy £2 per cent move (£200 for every dollar it moves) at 120.15 with a guaranteed stop at 119.75.

As you are confident it will bounce back to the top of the range, you place a limit order at 122.90.

At this point, you are risking £80 to make £550.

If your stop is hit, you would lose £80 (40pts x £2) but if your limit triggers you would win £550 (275pts x 2).

Oil inventory figures are announced to the market, and the price of light crude falls rapidly to 119.20 and then steadies. With a normal stop you would have been filled at this level, however with the guaranteed stop you are filled at 119.75 therefore you have a loss of only £80.