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Go Short Example

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# Foreign Exchange: Go Short Example

## STERLING / DOLLAR

You are planning a family holiday in late August to the US, but you have a slight dilemma.

The exchange rate of Sterling against the US Dollar has recently been strong and you are confident that Sterling cannot hold at this level for long, but you also do not want to tie up your money by exchanging it now.

You log onto [ShortsandLongs.com](http://ShortsandLongs.com) and see GBP/USD September quoted at 1.9440-1.9445

(Remember, if you expect Sterling (£) to rise against the US Dollar (\$) you would BUY at the offer price, 1.9445 and alternatively, if you expected Sterling to fall against the US Dollar, you would SELL at the bid price, 1.9440).

You decide after receiving your quote to SELL at the bid price 1.9440 and nominate a stake per point movement (0.0001) of £4, with a stop level of 1.9500.

Over the coming weeks, Sterling falls below 1.9000 but you do not want to close out your position and take your profit yet as you think you can make more.

You decide to move your stop level to 1.9100 and can therefore be confident you have a guaranteed profit on this trade of £1,360  $((1.9440 - 1.9100) \times 4)$ .

A couple of days later the quote is 1.8900 to buy and you decide that now is the time to close out your position, realizing a profit of £2,160.