

Benefits of Using CFDs and Automated Trading

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Implement your own Contract for Difference (CFD) strategies while receiving the many benefits that come with automated trading tools.

(Newswire.net -- June 16, 2016) -- Contracts for difference (CFDs) are one of the world's fastest-growing trading instruments. A CFD creates a tradable contract between a buyer and seller, who exchange the difference between the entry price and exit price of an

underlying asset, a particular currency, commodity, share or index. Simply explained, if you buy a contract for difference at \$15 and sell at \$18 then you will receive the \$3 difference. If you buy a CFD at \$12 and sell at \$9 then you pay the \$3 difference.

When a CFD is created, the underlying asset is not bought, even though the movement of the CFD is linked to the share price, CFDs mirror the movement and pricing of the underlying asset. CFDs allow a trader access to the movement in the share price by providing a deposit, a small percentage of the trade, to the CFD provider, also known as the margin. Since the CFDs are traded on margin, the trader must maintain minimum margin levels at all times.

CFDs do not have an expiry date. A CFD left open overnight will be rolling, that is, it will be renewed at the close of each trading day and rolled forward if desired. It can be left open indefinitely, providing there is enough margin to support it. A typical feature of CFD trading is that profit and loss and margin requirement is calculated constantly in real time. Once closed, the difference between the opening trade and the closing trade is paid as profit or loss.

Using [automated trading tools](#) to assist with trading has many benefits. Fitting a strategy around your schedule becomes easier as trades can be programmed to be executed and monitored automatically, day or night. Most CFD brokers offer products in all the world's major markets. The data is updated every minute, meaning insights are based on real-time information. Automated tools reduce the impact of emotional reactions, using pre-planned strategies to run, as well as helping traders who are afraid to get started or those prone to overtrading. Automated tools can test against past data and identify new opportunities and ideas by analysing current trading trends.

Using automated trading tools such as [CMC Markets](#), as a resource for online trading, can aid you when implementing your own CFD strategies. Automated trading tools provide tight spreads and deliver competitive and reliable pricing. They may also provide a range of risk management features to help manage the risk, minimize losses and secure potential profits. A range of educational resources and guides, as well as other forms of support may also be provided, with some even offering mobile apps, giving you control over your account wherever you are, making trading on the go possible.

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