

## An Insight on the Growing Trend of CFD Trading

Contract for Difference (CFD) are traded on margin and there is always a better scope to get decent profit in the market. It can be defined as an agreement between two parties to exchange the difference between opening and closing value of a particular trade. The CFD trading allows profit from changes in prices of stock and shares and provides all the benefits of cash equity. It is a good tool of trading and provides an ample of opportunities to speculate on movements in the markets. As a trader you can trade any U.K and US share with market capitalization above £50M and \$500M respectively from any part of the globe.

However, over the last few years the concept of contract for differences has gained enough popularity. In fact, many traders these days are practicing CFD trading. There are many reasons for gaining this wide recognition, however some of them are:

- It require low capital requirements- CFD trading is a type of margined trading, which means a trader only requires depositing a small percentage of the value, instead of having deposited the entire value of position. For example: with 10 % of leverage, an investor is required to deposit \$1,000 to buy a CFD of \$10,000 of shares.
- It offer good profit form UP & Down of the market:- If you are CFD trader then you can easily make a profit from both the up and down of market and buy a position on lower price and sell at higher price and vice versa.
- It doesn't require any stamp duty- No stump duty is required to pay in CFD trading because no physical transaction exists and trader never actually owns the shares.
- It provides Stop-Loss Management- CFD traders can set up the automatic stop loss and limit order mechanisms. When stop loss and limit order figures are achieved, position will be closed and in this way trader can avoid losses.

Apart from all this, the concept has also gained more popularity among the investors, due to its flexibility. It is one of the most exciting financial products to trade. Adding to this, as a CFD trader you may even access the multiple range of financial product from a single account and place multiple types of trade order. In other words, we can easily say that wide flexibility of trading and huge range of markets is other fundamental reasons of being CFD a popular financial instrument among investors.

## About the Author

STIFX, a leading forex trading broker offers online forex trading services along with [CFD trading, commodity trading, money exchange and transfer, foreign currency trading and more. Visit the official website of STIFX : StifxOnline.com and know the advantage of Forex, Commodities or CFDs trading with STIFX.](#)

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