

Tutorial Number 2: How To Trade

(2.1) The Concept Of Gearing/Leverage

Spread bets are 'geared' or 'levered' which means they give you the opportunity to make a big profit from a small outlay.

Example of Leverage:

A share is priced at €6 and you want to buy 500 shares.

To buy the shares through a stockbroker you would need at least €3,000 in your broker account. To make the equivalent spread bet you would need to bet €5 per cent. The initial margin would be €150.

If you have €3,000 this would leave €2,850 free to invest, trade or earn interest.

(2.2) Different Duration Of Bets

There are several types of bet available and each lasts a different amount of time:

- **Daily** (expire at the end of the day on which they are opened)
- **Rolling Daily** (never expire as they [roll over every night for a small fee](#))
- **Monthly** (expire around the middle of every month)
- **Quarterly** (expire in March, June, September and December)

Market hours vary from one instrument to another. For shares they would be similar To the exchange's opening hours.

You can check information on various bet types by click on the [i] buttons.

The Markets page

MARKET	BID-ASK	NET CHANGE						
Ryanair Rolling Cash	↑ 6.02 - 6.05	+0.03	<input type="checkbox"/>	Trade	Order	↕	i	📄
Ryanair June	↑ 6.00 - 6.08	+0.03	<input type="checkbox"/>	Trade	Order	↕	i	📄
Ryanair September	↑ 5.98 - 6.10	+0.03	<input type="checkbox"/>	Trade	Order	↕	i	📄

(2.3) Initial Margin Requirement

With spread betting you only need to put a fraction of the value of the shares available in your paddypowertrader account. This amount is called the Initial Margin.

To calculate the Initial Margin, multiply your stake by the Min IMR.

If you hit the [i], the Market Information box pops up

Example of Initial Margin:

Buy Ryanair June bet at €5 per cent

The IMR is 30

You need an Initial Margin of
 $€5 * 30 = €150$
 in your account to buy this bet

When you place a bet a certain amount of money becomes 'tied up'.

The funds in your account, less the money 'tied up', is your Trading Resources.

Market Information

Ryanair

Trading Hours	08:05 - 16:25
Min IMR	30
CGSL	90
Low/High	5.90 - 6.15
Market Expiry	n/a
Last Dealing Time	n/a
Min/Max Stake	1 - 36
Min 24hr Stake	0

Cancel

(2.4) Stop Loss Orders

An order is simply an instruction you send to paddypowertrader to buy or sell a bet if certain conditions are met.

A Stop Loss Order is a particular type of order that closes your trade if your losses reach a specific level.

Every time you place a new bet paddypowertrader will automatically place a Stop Loss Order for you. You can change the level of this stop loss as often you like in the "Order Book".

At paddypowertrader we always do our best to execute your Stop Loss Orders at the price you want. But as markets can gap, Stop Loss Orders are not guaranteed.

(2.5) An Example Of How To Make A Trade

The Markets page is where you trade from

MARKET	BID-ASK	NET CHANGE		Trade	Order			
Ryanair Rolling Cash	↑ 6.02 - 6.05	+0.03	<input type="text"/>	Trade	Order			
Ryanair June	↑ 6.00 - 6.08	+0.03	5	Trade	Order			
Ryanair September	↑ 5.98 - 6.10	+0.03	<input type="text"/>	Trade	Order			

To open a position, put a stake per cent (e.g. €5) in the box and hit "Trade".

This will open a trade box where you can decide whether to buy or sell (e.g. Buy at 6.08)

After hitting "Trade", a Trade box pops up where you decide to buy or sell

Market Information

BUY
6.08

Current price for
5 of Ryanair June

6.00
SELL

Cancel

Once your trade has been confirmed, you can check it in your "Open Positions"

EXPIRY	MARKET	POSITION	AVG	CURRENT	OPEN P/L			
19 June 07	Ryanair June	5	6.08	6.00	(40)			Close

Account ET123456 Trading Resources €9,550 Total Open Profit & Loss €(40.00)

Open Positions Trade History Account Summary My Portfolio Order Book Log Out

You can navigate to here by hitting the "Open Positions" button in the bottom left of the platform.

This is the price that you opened your bet at.

This is the current price that your bet is trading at.

This is your open profit or loss on the trade.

You can close your bet by hitting the "Close" button.

With every trade paddypowertrader automatically puts on a Stop Loss in the Order Book page

MARKET	B/S	SIZE	TYPE	LEVEL	LIVE			
Ryanair June	Sell	5	Stop	536	6.08			Amend

Account ET123456 Trading Resources €9,550 Total Open Profit & Loss €(40.00)

Open Positions Trade History Account Summary My Portfolio Order Book Log Out

The type of order that you have on. In this case, it is a "Stop" order.

You can view this order by hitting the "Order Book" button in the bottom right of the platform.

To amend your Stop Loss Order, hit the "Amend" button.

If you hit "Amend" in the Order Book page, the Amend Order box opens. You can alter your Stop Loss Order and create and alter your Limit Profit Order here

Please confirm changes

Where would you like your Stop and Limit orders for your trade 1141404 Buy 5 of Ryanair June at 6.08

Stop Loss Order
Level:
(5.97 or below)

Limit Profit
Level:
(6.19 or above)

Good Until
(Limit Order Only)
Cancelled
End of day
Date time

(dd/mm/yy hh:mm)

Close Confirm Close

To amend a Stop Loss Order, place a new level in the box and hit "Confirm."

paddypowertrader does not automatically put in a Limit Profit Order. To place one, put in a level in the box and hit confirm.

If you place a Limit Profit Order, you can make it "Good Until" a specified time. If the Limit Profit level is not hit by the time you specify, it will be cancelled.