

Tutorial Number 3: All About Shorting

(3.1) Long And Short Compared

A rising financial market is called a bull market. When you bet on a share price rising you are said to take a **long position** or **go long**. If the price does rise you can sell the bet at a higher price than you bought it for and you make a profit.

A falling market is called a bear market. When you bet on a share price falling you are said to take a **short position** or **go short**. If the price does fall you can buy the bet back at a lower price than you sold it for and you make a profit.

Spread betting allows you to bet on falling prices as well as on rising ones.

(3.2) Stop Loss And Limit Profit Orders

When you make a **long** bet a Stop Loss Order is placed below your opening price to protect you from a falling price. A Limit Profit Order is placed above your opening price to lock in profit at a specified higher level.

However when making a **short** bet a Stop Loss Order is placed above your opening price to protect you from a rising price. In this case, a Limit Profit Order is placed below your opening price to lock in profit for when the price falls to a specified level.

(3.3) Placing A Short Bet

Placing a short bet goes through the exact same process as placing a long bet described in Tutorial 2, except that you hit the "sell" button in the trade box.

The Trade Box

Market Information

BUY
6.08

Current price for
5 of Ryanair June

6.00
SELL

Cancel