
Stock and CFD Markets

Stock and CFD markets are often under discussion among investors, as they are considered to be very interesting and attractive. The principle of stock trading is quite simple: the operation of the companies result in either well or poor performance.

London, United Kingdom (prHWY.com) December 18, 2013 - Stocks are the shares of ownership in a company, and investors trade them in stock exchanges (like New York Stock Exchange & Curb Exchange, later known as American Stock Exchange). In past the only way to trade shares were physical trading floors, where people were negotiating prices. The situation has changed with the development of Internet, the result of which Internet-based stock exchanges, like NASDAQ, have developed.

So, what is a CFD? CFD stands for Contract for Difference, which is a contract between buyer and seller allowing them to speculate the price changes of the underlying asset. What makes it different from other types of trading is the fact the physical transfer of the asset's ownership never takes place. During the last decades CFD trading has become very popular among traders. For better understanding the reasons of the growing popularity, below all its important distinctive features will be presented.

High leverage: In CFD trading investors can trade with high leverage. IFC Markets offers 1:40 leverage for [CFDs on stocks](#), which is one of the highest leverages in the market of CFDs on stocks.

Absence of tax: As investors do not actually own the underlying instruments, they do not have to pay a stamp duty, which is 0.5% on the value of each trade. In the United Kingdom, investors have to pay this amount for rolling over their short position, which turns out to be quiet expensive.

Ability to go long and short: An investor may go long if s/he believes the market price will rise or may go short in case s/he assumes that the market price will fall. Thus, CFD trading is very flexible and it gives opportunity of benefiting from any move of the market. More important is the fact, that investors have unique opportunity to hold their short positions as long as they wish, as the time limit for it is Indefinite.

Access to different markets: Investors have an opportunity to enjoy large range of markets. IFC Markets provides its customers with wide range of instruments such as CFDs on Indices, Commodities, and Stocks. Thus, investors may trade from oil to corn upon their preference and do not be limited with the number of instruments, as the number of CFDs exceeds 100.

The factors, listed above, have led thousands of investors to prefer CFD trading to traditional trading in exchange markets. There are assuredly traders who prefer traditional trading method in exchange market, but recent developments have shown that CFD trading is becoming more and more popular among investors due to the benefits that it provides.

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