



Things you should know..

There are various things you should consider before trading futures. After doing your research and getting your opinion on the market, you should also consider what instrument is best suited for your strategy such as Futures or Options and when should you enter the market.

Liquidity

Futures and Options have different expiring contract months (series). Each series have their own liquidity risk. Usually the nearby contract is the most liquid contract and the far month is the less liquid. You may find that it is hard to close your position or to get the price you desired.

Leverage

Leverage refers to having control over large cash value with comparatively small levels of capital. In other words, with a relatively small amount of cash, you can enter into a futures contract that is worth much more than you initially have to pay (deposit into your margin account). Futures price changes are highly leveraged, meaning a small change in a futures price can translate into a *huge gain or loss*.

