



# IGMarkets to battle CMC in NZ CFD market

IGMARKETS Australia will offer New Zealand dollar denominated contracts-for-difference (CFD) when it launches its New Zealand operations on today, throwing down the gauntlet to arch rival and monopoly provider CMC Markets.

A lack of competition, combined with a lot of traders with advanced level foreign exchange (FX) expertise, made the market very attractive, IGMarkets' chief executive Tamas Szabo said.

"We believe our launch will not only provide more aggressive pricing on CFD markets, it will also offer traders the assurance that they will never experience re-quotes when trading any of our products."

CMC Markets and IGMarkets are global CFD providers in expansion mode and the largest players in the Australian CFD market.

Both are vying for leadership status in Australia and hold between a 22 and 25 per cent share of the market, which comprised 32,000 traders at June 2009 according to research firm Investment Trends.

A CFD is an agreement to exchange the difference in value of a particular asset between the time at which a contract is opened and the time at which it is closed.

The high-risk derivative instruments are typically used by sophisticated traders taking geared, short-term positions in volatile markets.

They can be used to trade equities, indices, foreign exchange and commodities but many traders are unwilling to repeat the high-risk activity.

Until today CMC Markets was the only CFD provider in New Zealand, moving into the market in April 2006

with an office in Auckland.

And until now New Zealand CFD traders have had to trade foreign exchanges in their natural currency, with any profit or loss realised in that foreign currency.

"You have to still convert your profits into New Zealand dollars and your exposure to those markets is in the natural currency of each market," Mr Szabo said.

IGMarkets will offer New Zealand dollar denominated CFDs whereby the profits are realised in the local currency and the exposure to the underlying asset is in the local currency, he said.

"Investors can avoid costs associated with currency conversions and foreign exchange fluctuations by locking in their exposure in New Zealand dollar terms, thereby easily interpreting their profit and loss."