

The midnight oil

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In our first issue in December 2005, we reported there were an estimated 9000 Australians trading contracts for difference. Then we said the “high-risk instrument” was fast becoming mainstream after E*Trade and Macquarie added the facility to their trading platforms.

At last count (in April 2010) Investment Trends said there were 39,000 people actively trading CFDs, up 7000 from 2009. That’s more than a fourfold increase in five years. But the researcher also said the market was showing the first signs of maturing. “Only 25,000 newcomers intend to start trading CFDs within the next 12 months, compared with 30,000 a year ago and 33,000 in 2008.”

You’ve probably become more savvy with how you trade CFDs as well and now have a better understanding of the market. Positions are generally open for shorter periods – 30per cent of trades are closed on the same day compared with 15 per cent five years ago. Interestingly, foreign exchange trading, using CFDs, is also much more popular but those of you who do are mostly nocturnal, preferring to trade between 5pm and midnight.

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