

Financial Spreads Improves FX Pricing

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February 7, 2012 (FPRC) -- UK spread betting company, Financial Spreads, has improved the way they price the FX markets in order to better reflect the underlying interbank market. The company has added an extra decimal place to their FX spread betting prices.

The reason for doing this is to make the FX pricing more precise and therefore give account holders a better and more accurate price to trade on.

How Does this Work?

On <http://www.financialspreads.com> the FX markets are now shown down to an extra decimal place. This has not changed the point size of the market but simply provides an extra layer of accuracy.

For example, on EUR/USD, the size of a point is still $\$0.0001 = \0.00010 . However, when calculating the result of a trade the extra decimal place is considered as a fraction of a point.

In the past, for EUR/USD, Financial Spreads rounded the tradable values to the fourth decimal place so a short-term long-trade might have worked as:

Point Size: $\$0.0001$
Stake: £5 per point
Buy Price: $\$1.3100$
Sell Price: $\$1.3120$
Price Difference: $(\$1.3120 - \$1.3100) = \$0.0020 = 20$ points
Profit / Loss: 20 points x stake = 20 points x £5 per point = £100.00

Under the new system the trade is more accurately rounded to the fifth decimal place and so the same trade might actually be:

Point Size: $\$0.00010$
Stake: £5 per point
Buy Price: $\$1.30998$
Sell Price: $\$1.31204$
Price Difference: $(\$1.31204 - \$1.30998) = \$0.00206 = 20.6$ points
Profit / Loss: 20.6 points x stake = 20.6 points x £5 per point = £103.00

Better Pricing and Tight Spreads

According to Adam Jepsen, spokesman for Financial Spreads, the new financial spread betting pricing will allow clients to trade with greater accuracy.

'Spread betting account holders will be trading the same point system as before, however, the

quoted price now includes a fraction of a point for greater precision.

'Importantly, our spreads have remained the same and are still among the very tightest in the industry. From Sunday evening all the way through to Friday evening, clients can trade EUR/GBP, EUR/USD and USD/JPY with just 1 point spreads.

'Before trading, please note that spread betting is a leveraged product and therefore carries a high level of risk. Investors can lose more than their initial deposit so you should ensure financial spread trading meets your investment objectives and seek independent financial advice if you do not understand the risks,' added Jepsen.

About Financial Spreads

Financial Spreads is based in London and offers live prices and spread betting charts on more than 2,500 financial markets. Markets include FX, equities, indices, commodities and treasuries.

The service is commission-free, there are no brokers' fees and clients can trade over the phone and via www.financialspreads.com.

Financial Spreads is a trading name of London Capital Group (LCG) which is authorised and regulated by the Financial Services Authority. LCG is a company registered in England and Wales under registered number: 3218125. Registered address, 2nd Floor, 6 Devonshire Square, London, EC2M 2AB.

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