

London Investment Markets – Education Hub



London Investment Markets

LIM is the exclusive, institutional-grade trading platform providing a definitive edge for CFD traders in Forex, Crypto, Equities, Indices, and Commodities.



London Investment Markets – News & Markets

LIM keeps you informed with the latest financial news, market analysis, and economic events that move global markets.

Explained: Bid and Asking Prices

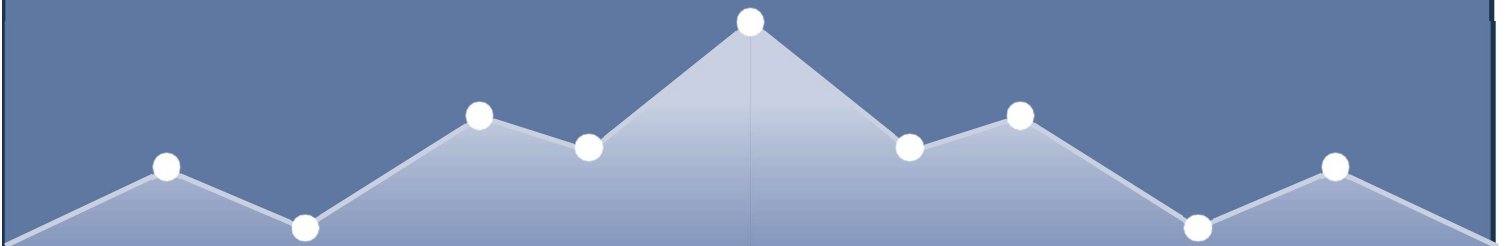
In CFD (Contract for Difference) trading, every market you look at will display two prices simultaneously rather than just one. Understanding the relationship between these two numbers is the first step to executing a trade and managing your costs.

What are Bid and Ask Prices?

Think of the market as a continuous auction. The "Bid" and "Ask" represent the two sides of that auction:

- **The Bid (Sell Price):** This is the highest price a buyer (the broker or market) is willing to pay to buy the CFD from you. You use the **Bid price** when you want to **Sell (Go Short)**.
- **The Ask (Buy Price):** This is the lowest price a seller is willing to accept to sell the CFD to you. You use the **Ask price** when you want to **Buy (Go Long)**.

Pro Tip: The **Ask** is always higher than the **Bid**. You can remember this by thinking: "The broker **Asks** for more money when you buy, but **Bids** less when you sell."



The Spread: Your Cost of Entry

The difference between the Bid and the Ask price is called the **Spread**. In CFD trading, the spread is often how the broker makes their money instead of charging a separate commission.

$$\text{Spread} = \text{Ask Price} - \text{Bid Price}$$

Because you buy at the higher price and sell at the lower price, every trade starts at a **slight unrealized loss** equal to the width of the spread. For a trade to become profitable, the market must move in your favor by more than the spread distance.

A Practical Example

Let's say you want to trade a CFD on **Gold (XAU/USD)**. Your platform shows:

\$2,350.50 / \$2,350.70

- **Scenario A: You think Gold will rise.**

You click "Buy" at the **Ask price** of **\$2,350.70**. If you wanted to close the trade immediately, you would have to sell it back at the **Bid price** of **\$2,350.50**, resulting in a \$0.20 loss per unit (the spread).

- **Scenario B: You think Gold will fall.**

You click "Sell" at the **Bid price** of **\$2,350.50**. To close this "Short" position later, you would need to "Buy to Cover" at whatever the **Ask price** is at that time.

Why Do These Prices Change?

- **Liquidity:** In heavily traded markets (like **EUR/USD**), the Bid and Ask are very close together (a "tight" spread). In rare or volatile assets, the gap widens because there are fewer participants.
- **Volatility:** During major news events (like a Fed interest rate decision), the spread often widens significantly as brokers protect themselves from rapid price swings.

Summary Table for Beginners

Action	Price You Use	Market Term
Open a Long Position	Ask (Higher)	"Buying the Offer"
Close a Long Position	Bid (Lower)	"Selling the Bid"
Open a Short Position	Bid (Lower)	"Going Short"
Close a Short Position	Ask (Higher)	"Covering"

***Past performance does not reflect future results. The above is for marketing and general informational purposes only and are only projections and should not be taken as investment research, investment advice or a personal recommendation.**



Why Choose LIM

Institutional-Grade Trading

Access the same trading tools and conditions previously available only to large financial institutions.



Regulation

London Investment markets Limited is registered in the Marshall islands, Registered Number: 134064. Senior management is comprised of UK qualified Head of Compliance as well as English qualified lawyers who manage the firm to the highest standards of regulatory compliance.



Client Money Protection

Client money is segregated into a dedicated client money account.



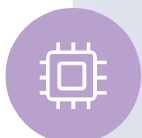
Corporate Governance

The firm is managed by a UK qualified Head of Compliance as well as English qualified lawyers. All procedures at LIM are drafted by market leading professionals.



Liquidity from Large Financial Institutions

Sophisticated technology allows us to provide wholesale interbank prices, historically available only to large financial institutions and corporations.



No Dealing Desk execution

All trades are executed by systems without human interventions.



Secure

Your data is protected by enterprise-grade encryption.