BANC DE BINARY
SIMPLICITY PAYS

Trade the World

with Banc De Binary

The amazing advancements in internet technology have made it possible for just about anyone to trade the world. That's why this trader's guide to Binary Options has been designed to introduce you to the benefits of trading the binary way, and navigate your way through the financial wilderness.

This eBook contains the tools you need to start investing in your future sooner rather than later. You will be empowered to diversify your portfolio, whilst gaining market knowledge, and will discover the 200+ assets available for you on the trading platform.

To help you trade successfully, this eBook will also highlight some of the most important trading events on the financial calendar. Now is a better time than ever to get in touch with the pulse of the markets!

Let's get started.

“Binary Options”: Basics for Beginners

A. What is a “Binary Option”?

Binary Options are referred to as trading products in the financial sector enabling investors to make forward looking assessments about the future direction of assets through a Binary Option trading platform.

There are multiple forms of Binary Options, each with their own advantages and disadvantages. The most common form of Binary Option is the “vanilla” or basic Binary Option. Typically, the current price of the asset will be shown on your trade platform screen and you will be asked if you think the asset will be higher or lower at a future time. The future time is called “The Expiry”. The market price when you enter the position is termed “The Strike Rate”. The market price when the Binary Option expires is termed “The Expiry Rate”.

If you believe the Expiry Rate will be higher than the Strike Rate, you buy a “call” option, usually reflected by an up arrow. If you believe the Expiry Rate will be lower than the Strike Rate, you buy a “put” option, usually reflected by a down arrow. The term “Binary” stems from the fact that there are only two possible outcomes: the Expiry Rate is either higher or lower than the Strike Rate at the Expiry date.

In order for the trade to be successful, the actual price at the time of expiry must be in agreement with the direction you anticipated when you entered the position. If you are right in your assessment you receive a “payout”, if you are wrong you lose the money you placed on the trade.

Our trading platform offer investors the ability to “buy out” existing positions prior to their Expiry. Put simply, the “buy out” enables investors to close (sell) an existing position prior to the position’s official expiry time, regardless if the position is “in the money” or “out of the money”. An investor may choose to close his/her existing position, while the specific option is still tradeable by simply clicking on the “Sell” button.

The buy me out/ “sell” feature is based on a statistical matrix that measures the asset’s historical price volatility in order to calculate and offer a price for the closing of the client’s position.
Using the statistical matrix, the system estimates the probability for the position to end as a Tie (obtained when the Strike Rate is the same as the Expiry Rate) given the distance between the position Strike Rate from the current price and the time left until expiry.

Formula used:
Payout amount = Position amount + ((Position amount * (win payout / 100) * winProbability) – (Position amount * (loss payout / 100) * (1 – winProbability))

In addition, the “Rollover” feature enables the investor/trader to extend the expiry time of his position under the conditions listed below:

- The rollover can be performed up to 15 minutes before expiry;
- The trader position is out of the money;
- The asset offers an additional option for the next 60 min.
- An additional 30% will be added automatically to the initial investment

For example: An investor took a position for coffee, meant to expire within 5 hours from the purchase time (12:00). Towards the end of the 5 hours, the investor feels that if he had a little more time, he would definitely be able to be “in the money”. Therefore, at 16:45, assuming the position is “out of the money”, the investor will be able to use the Rollover feature to extend the expiry time.

The payout of the Binary Option is fixed and expressed as a % on the investment amount. It is not dependent on the range by which the price of the underlying asset moves.

B. Four Steps for Trading Binary Options

To make a trade, you the investor, simply

1. Select the asset you want to trade,
2. Select the direction you believe the asset will move,
3. Select the expiry time of the option, and finally
4. Enter the investment amount. When the expiry time ends depending on the outcome of the trade you will either land “In the Money” or “Out of the Money”. See the Financial Glossary for the meaning of the terms “In the Money” and “Out of the Money”.

1.Choosing the Underlying Asset

Investors can choose assets from four different asset classes: Stocks, Currency-pairs, Commodities, Indices.

2.Assessing the Direction

There are two choices for every trade: CALL and PUT. A call (up) option means that you think that the price of the chosen asset will rise above the current price within a specified period of time. A put (down) option means that the price of the chosen asset will fall below the current price within a specified period of time.

3. Choosing the Expiry Time of the Option

Binary Options have various expiry (closing) times which give you a choice. For example, you can choose the asset in which you decide to invest to expire in 1 minute, 15 minutes, 30 minutes, one hour, intraday, weekly, bi-weekly, monthly, quarterly or even yearly. The different ending times an investor can choose from give the investor some control in the role of returns and allows for the employment of potentially high profit trading strategies.

4. Entering the Investment Amount

There is only one last decision and that is how much you wish to invest. There are no hidden risks, no fees and no commissions, when you enter your trade you know your possible profit and your risk.

What is your possible profit: the trading platform states the potential payout percentage. For example, if it states 80% and your assessment was correct on the expiry date/time it means you receive 80% of your invested amount plus the initial invested amount.

What is your risk: Your risk is losing the investment amount if the actual direction of the asset, from the trade date to the expiry date/time, was not assessed correctly.

For example, suppose an investor enters into a trade at time 13:01:26 today, and chooses the:

- Currency pair EUR/USD
- Buys a Call
- Chooses the expiry time to be 13:31.26 (i.e. 30 minutes from entering the trade)
- Invests Euro 100.

Suppose the current rate in the EUR/USD is 1.33093 (at time 13:01:26 when trade is executed). In other words, by choosing to buy a Call the investor asserts that EUR/USD will be higher than 1.33093 in 30 minutes from the trade execution time. The investor's potential return (which is stated in the platform at the time of the trade) is a fixed % payout, say 80%, on the invested amount, so if the investor's assessment was correct and the trade is therefore profitable, the investor receives 180% on the invested amount or 180 Euro. If the investor's assessment was wrong the investor loses Euro 100 or 100% of the invested amount. In the unlikely case where there is a "Tie" and the EUR/USD rate expired at 1.33093 (i.e. Strike Rate is the same as the Expiry Rate) then the Investor will receive his/her initial investment with a 0% return i.e. no profit or loss is made on the initial investment.

C. What are the main differences between Binary Options and the more conventional options?

Binary Options have some differences over the more conventional options:

1. A Binary Option is a type of options contract in which the payout will depend entirely on the direction, and not the actual price value, of the underlying asset. Whereas a more conventional option payout depends on the underlying asset price among other factors.
2. A Binary Option holder has no further investment decision to make. Binary Options are exercised automatically in the sense that the option is exercised at the time the trade is executed and the investor enters into a position (hence the market price when the investor enters into the position is termed “Strike Rate”). Whereas a more conventional option holder has the option to exercise or not to exercise the option by (American style option) or at expiry (European style option); if he/she opts not to exercise the option then he/she does not buy (Call) or sell (Put) the underlying asset.
3. A Binary Option does not give the holder the right to purchase or sell the underlying asset. Whereas a more conventional option does give the holder the right to purchase or sell the underlying asset as described in the previous point.

4. Unlike a conventional option where the payout is variable, the payout amount for a Binary Option is fixed. When the Binary Option expires, the option holder will receive either a pre-determined amount of cash (approximately between 60% to 90% of the initial investment) or nothing at all. Given the all-or-nothing payout structure, Binary Options are sometimes referred to as “all-or-nothing options” or “fixed-return options” or “digital options”.

5. For Binary Options the risk and reward are predetermined at the time an investor enters into a trade. Traditional options have no defined boundaries of risk and reward and therefore the payout range is limitless.

Let us consider the IBM stock to illustrate this point. For the sake of this illustration let’s say the current stock price trades at USD 100. The Binary Option investor can enter into a position (with strike rate USD 100) asserting that the direction of the stock will move higher than USD 100 within 1 month from now (i.e. buys a Call). The Binary Option holder knows from now (at trade execution) that his/her payout at expiry will either be USD 172 if his/her assessment is correct (i.e. 72% return as stated in the trading platform) or nothing if otherwise (i.e. -100% return which means losing his/her initial investment). So the risk and reward are known before hand and in fact appear in the trading platform for the Binary Option holder.

Whereas for the conventional option holder who bought a Call Option on IBM stock the payout range has more than two outcomes and most importantly with unknown values. If we suppose the conventional call option price is USD 5, the strike price is USD 100 (i.e. if investor exercises the option at 1 month from now he/she is certain he/she will buy one IBM share for USD100) the payout range is visualized below, essentially the payout ranges from USD 5 loss to limitless profit upside depending on the stock terminal price (i.e. the market price of the stock at option expiry):

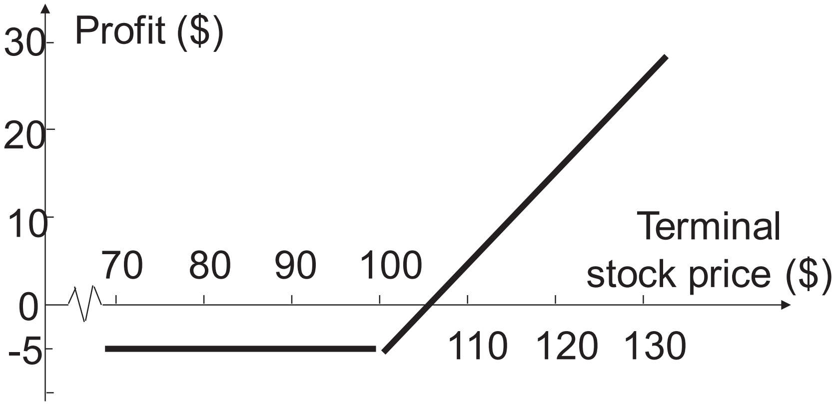


Illustration: Possible payout outcomes at Expiry for a Conventional Option

- Much of the Binary Options market is over-the-counter (OTC) where participants (liquidity providers and investors alike) can choose the characteristics of the options traded this way avoiding the restrictions that normal standardized exchanges place on options. Whereas more conventional options are exchange-traded, i.e. contract templates are standardized and subject to the terms and conditions set out by the exchange authority. While the performance of exchange traded options is guaranteed by the exchange itself through its clearing house, the performance of OTC contracts is not usually guaranteed.
- Unlike more conventional options that expire in the long term, Binary Options are short term with their duration until expiry, ranging from a minute up to 3 months typically.
- The term “Strike Rate” used in Binary Options trading has a different meaning from the term “Strike Price”, which is used in the trading of the more conventional options. Strike Rate means the market price of the underlying asset when you buy a Binary Option i.e. when you enter the position. Strike Price means the price at which the owner of a more conventional option can purchase (Call) or sell (Put) the underlying asset at or by the option expiration date.

D. What are the advantages of trading Binary Options over traditional options?

Binary Options are generally simpler to trade because they require only a sense of direction of the price movement of the underlying asset. Conventional options require a sense of both direction and magnitude of the price movement. No actual assets are ever bought or sold, so the selling of shares or other assets are not part of the process.

Binary Options can involve the trading and hedging strategies used in trading traditional options. For example, let's say an investor who follows foreign currency movements senses that the USD will appreciate against the JPY (Japanese yen) and wants to hedge his risk and try to prevent his Japanese investment holdings from dropping in value. He may do this by buying one binary Call option which essentially says that “USD/JPY will go up from the current rate of 119.50 by 4:00pm tomorrow”. If his analysis is correct and the USD appreciates over the Yen, rising above 119.50, the binary contract will expire in-the-money, yielding some good profit. However, if the yen does not end above 119.50, the Binary Option will expire out-of-the-money. In this case, the trader would lose his investment on the Binary Option, but would be compensated by the gain in value in his Japanese investments.

Unlike a traditional option, the payout amount is not proportional to the amount by which the option ends up ahead. As long as a Binary Option settles ahead by even one pip, the investor receives the entire fixed payoff amount for his winning trade.

Binary Options contracts can last almost any length of time, ranging from minutes to months. Some brokers provide contract times of as short as sixty seconds. Others can last up to 1 year. This provides great flexibility and great investment opportunities.

E. What Investors should know about Binary Option trading?

By purchasing a Call (or a Put) Binary Option investors do not buy the underlying asset, they only buy the potential to make a profit if the underlying asset moved up (or down) upon option expiry.

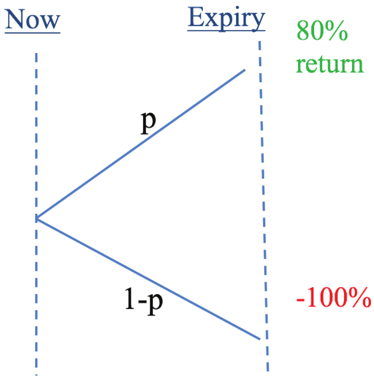
As stated earlier, Binary Options' trading seems as one of the most simplified methods of trading. This simplicity can be misleading though. You are still trading a financial asset, and as such there are financial risks. While the risk is limited on each trade to the amount you place on the trade, a string of losses can result in a significant loss of capital or the loss of your entire invested amount. To help preserve capital, one of the most important things to learn is how to determine your position size (investment amount) on each trade. Before you begin trading you also want to prepare a trading plan which details how, why and when you will trade.

With Binary Options you run the risk of losing 100% of the amount placed on the trade if you are wrong. Generally speaking you must be right more often that you are wrong; typically, you will need to be right about 55% to 60% of the time to break even.

To illustrate the previous point, suppose an investor invests 100 Euro on an asset and buys a Call with a fixed 80% return, if profitable. If the trade ends up profitable, the investor will receive an additional Euro 80 (i.e. 80% return on investment) but if there is a loss the Euro 100 initial investment is gone (i.e. -100% return on investment). If the investor enters into 10 such trades, of which 6 turn to be profitable and 4 loss making, it means he will make 6x€80=€480 on the profitable six trades minus 4x€100=€400 on the loss making four trades, so the investor makes a net profit of €80. If, on the other hand, the investor ‘s predictions are right 50% of the time and in this case only five of the ten trades are actually profitable, he will make 5x€80=€400 on his winning five trades but lose 5x€100=€500 on his other five trades, which together make a net loss of €100. In this particular case the investor must be p=56% right in his trades in order to break even as illustrated in the binary tree below:

- With Binary Options you run the risk of losing 100% of the amount placed on the trade if you are wrong. Generally speaking you must be right more often that you are wrong; typically, you will need to be right about 55% to 60% of the time to break even.

- To illustrate the previous point, suppose an investor invests 100 Euro on an asset and buys a Call with a fixed 80% return, if profitable. If the trade ends up profitable, the investor will receive an additional Euro 80 (i.e. 80% return on investment) but if there is a loss the Euro 100 initial investment is gone (i.e. -100% return on investment). If the investor enters into 10 such trades, of which 6 turn to be profitable and 4 loss making, it means he will make 6x €80=€480 on the profitable six trades minus 4x€100=€400 on the loss making four trades, so the investor makes a net profit of €80. If, on the other hand, the investor ‘s predictions are right 50% of the time and in this case only five of the ten trades are actually profitable, he will make 5x€80=€400 on his winning five trades but lose 5x€100=€500 on his other five trades, which together make a net loss of €100. In this particular case the investor must be p=56% right in his trades in order to break even as illustrated in the binary tree below:



Expected payout =
p x 80% + (1-p) x (-100%)
This means investor must be right 56% of the time (i.e. p=56%) in order to break even (i.e. for Expected payout=0)

Illustration: Possible payout outcomes at Expiry for a Binary Option

- Therefore, before you trade Binary Options take time to prepare strategies. You could test those strategies on a demo account before using real money. Only when you feel comfortable using such strategies on the demo account should you begin trading with real money.
- Know how to interpret a Binary Option price. The price at which a Binary Option is trading is an indicator of the chances of the contract ending in-the-money or out-of-the-money.
- Understand the relationship between risk and reward. They go hand-in-hand in Binary Option trading. The less likely a particular outcome is, the greater the reward associated with picking it. An intelligent investor understands and weighs each contract on these two matrices before taking a position in a contract.

- An intuitive trader acts promptly when he feels that his binary contract is going to end out-of-the-money at expiration. Know when to get out of a position if you can (this applies to exchange –traded Binary Options) or hedge your position if you have sufficient funds.

- Know the underlying stock or other asset. Binary Options derive their financial value from underlying assets. Before investing in a Binary Option, make sure you understand the underlying asset. Keep up with the financial markets and conduct market analysis. Get familiar with Technical Analysis and Fundamental Analysis associated with the relevant financial markets and where the underlying asset is traded. Without analysis, the risk of losing money increases substantially.

- Like any other form of financial asset trading, Binary Options trading too requires knowledge, skill, experience and strong nerve. Make sure you get enough experience trading options starting with small investment amounts. In fact, it would be safer for investors to get acquainted through the use of demo trading accounts first

- Investors should be careful to always read and understand the Bonus policy and the Terms and Conditions associated with trading benefits. Consider carefully whether you should accept offers for bonuses. Bonuses given to Binary Options traders/investors are meant to enhance the trading volume. Higher trading volume may lead to higher investment risks.

F. What Investors should know about Banc De Binary

Banc De Binary is licensed by the Cyprus Securities and Exchange Commission (CySEC) to operate as a Cyprus Investment Firm under license no. 188/13 offering:

Investment Services

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of Orders on Behalf of Clients

Ancillary Services

- Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
- Foreign exchange services where these are connected to the provision of investment services
- Safekeeping and administration of financial instruments, including custodianship and related services
- Investment research and financial analysis or other forms.

- The Banc De Binary internet-based trading platform complies with the applicable requirements of the home regulator (CySEC) and host regulators with whom Banc De Binary is registered (almost all EU countries to which it offers its services).

Its license is subject to the Cyprus Investment Services and Activities and Regulated Markets Law of 2007, which harmonised the relevant laws of the Republic of Cyprus with the requirements of the European Parliament's Markets in Financial Instruments Directive (MiFID) to ensure a high level of protection for investors. In addition, like credit institutions, Cyprus Investment Firms too must comply with the EU Capital Requirements Regulation and hold adequate capital under Pillar 1 and Pillar 2 as well as disclose their material risks under Pillar 3.

Banc De Binary does not operate a regulated exchange nor is it a member of a regulated exchange. The Binary Options being traded through the Banc De Binary platform are over the counter, and the platform provider also serves as the market maker providing liquidity services. However, investors do not have to hold their position until option expiry; they can exit their position by selling their Binary Option before expiry and this way limit any anticipated loss if they feel the option will expire out of the money. As stated in the introduction, our trading platform offer investors the ability to "buy out" existing positions prior to their Expiry. Put simply, the "buy out" enables investors to close (sell) an existing position prior to the position's official expiry time, regardless if the position is "in the money" or "out of the money". An investor may choose to close his/her existing position, while the specific option is still tradeable by simply clicking on the "Sell" button. The buy me out/ "sell" feature is based on a statistical matrix that measures the asset's historical price volatility in order to calculate and offer a price for the closing of the client's position.

Using the statistical matrix, the system estimates the probability for the position to end as a Tie (obtained when the Strike Rate is the same as the Expiry Rate) given the distance between the position Strike Rate from the current price and the time left until expiry.

Formula used:

Payout amount = Position amount + ((Position amount * (win payout / 100) * winProbability) – (Position amount * (loss payout / 100) * (1 – winProbability))

In addition, the "Rollover" feature enables the investor/trader to extend the expiry time of his position under the conditions listed below:

- The rollover can be performed up to 15 minutes before expiry;
- The trader position is out of the money;
- The asset offers an additional option for the next 60 minutes;
- An additional 30% will be added automatically to the initial investment.

For example: An investor took a position for coffee, meant to expire within 5 hours from the purchase time (12:00). Towards the end of the 5 hours, the investor feels that if he had a little more time, he would definitely be able to be "in the money". Therefore, at 16:45, assuming the position is "out of the money", the investor will be able to use the Rollover feature to extend the expiry time.

- Banc De Binary is committed to customer satisfaction. We shall never refuse to credit customer accounts should customers decide to withdraw part or all of their trading account eligible balance.

- Customer due diligence information such as credit card and driver’s license data are used by Banc De Binary for the sole purpose of KYC (Know – Your- Customer) as required by the regulator. We shall never forward such information to third parties for commercial purposes.

Getting In Tune with the Economy

Technical Analysis

Technical analysis is another method of forecasting future price, and is based on the premise that we can analyze the past in order to predict the future. This form of analysis is based on charts and graphs. Experts use economic indicators which indicate the direction the market will likely move next.

It’s important to note that, more than anything else, it's the traders themselves that grant significance to these indicators with their trades, and therefore allow them to move the market.

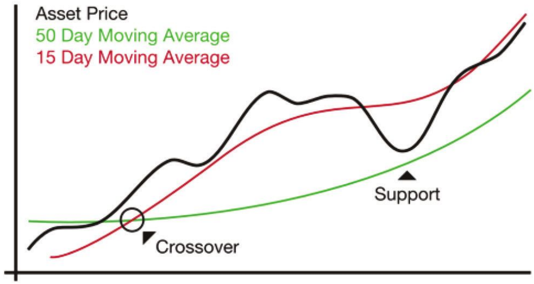
Here are the top 3 most popularly used indicators.

1. Support and Resistance

Resistance and support levels are lines on a price graph at which technical analysts expect the price of an asset to bounce back after a decline (the support level), or reverse following an increase (the resistance level).

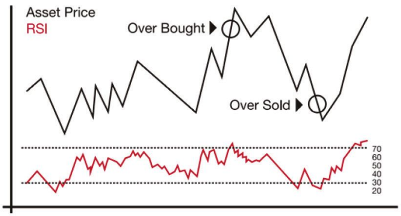
2. Moving Averages

A moving average plots the average value of a tradable asset over a given period of time. Moving averages therefore allow investors to see long-term trends more clearly.



When a short-term moving average crosses above a long term moving average, it signals that the asset will likely move upwards. Conversely, when a short-term moving average crosses below a long-term moving average, it signals that the asset will likely move downwards.

3. RSI



RSI stands for Relative Strength Index. It's a measure of recent gains and losses that shows traders whether an asset has been over-bought or over-sold. RSI is measured on a scale from zero to 100. When the RSI of an asset breaks 70, it is likely that it has been over-bought and is heading for a price reversal. Conversely, an RSI of 30 or less indicates an asset has been undervalued recently.

Fundamental Analysis

Fundamental analysis states that data determines the pulse of the markets.
This method of analysis is divided into two groups:

(A) Data whose date and time of release is not known in advance.

This first sub-category includes news regarding global afairs, and the sudden announcement of new products. In the age of the internet, especially, new information regarding the assets we’re most interested in can reach traders literally at any time of the day, or week.

In the following pages, we will discuss the wide variety of random news pieces which afect how traders feel about particular assets, and can therefore, have immediate and real efects on the markets.

(B) Data whose date and time of release is known in advance.

This form of Fundamental Analysis entails a strict adherence to the economic data releases found on the Economic Calendar.

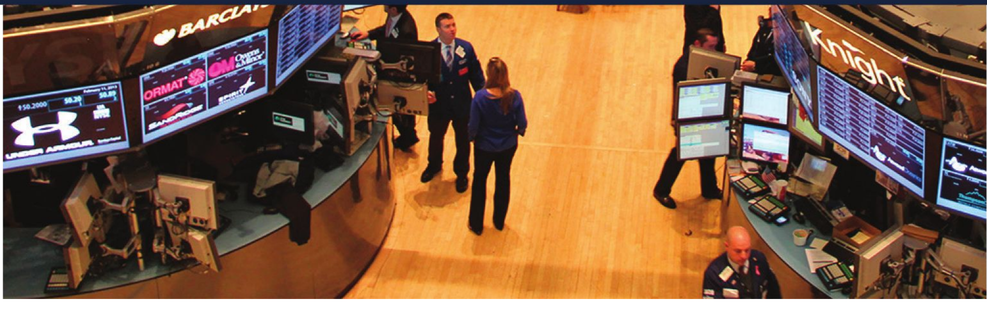
This data includes reports released about diferent sectors of the economy, covering everything from Manufacturing and Employment, to Company Profit Sheets. In financial circles, these releases are commonly referred to as trading events, because they create fantastic opportunities for profits for those who interpret their efects successfully.

Prior to these events, the financial analyst community will usually release the expected numbers before the actual event. In other words, analysts will attempt to forecast the numbers before they are ofcially reported.

When the official data deviates greatly (or even slightly) from the forecasted data, the markets can often fluctuate significantly in response.

In order to successfully trade these events, it is important to stay updated on the Economic Calendar, and do your homework before the official data release.

Asset Groups



Stocks

Stocks are amongst the most popular securities traded around the world, and there's a very good reason for why that is. They allow us to participate in the highs and lows of the companies we know and love most. A stock is, technically, a share of a given company, and when the value of that company rises, it often translates to the value of its shares rising.

Top events influencing the value of a stock:

a) Quarterly earnings reports Four times a year, publicly-traded companies are obliged to release the data which most reflects their health, including: revenues, costs, profits, and much more

b) Law Suits – will usually have negative effects on a stock.

c) New Products or Services – are usually good for business.

In the Spotlight: Tesla

When Tesla Motors Inc. launched its initial public offering in June 2010, traders on Wall Street knew that this was a company that was going to make some noise. Eight years earlier, its founder, Elon Musk, had sold his startup, PayPal, to eBay for a whopping $1.5 billon.

Since its IPO, Tesla has climbed the ranks of the electric automaker companies. By offering the smoothest ride at an affordable price, Tesla stock has earned phenomenal popularity in a very short time.

Currencies

The foreign exchange markets can average up to $5 trillion per day. That’s a lot of money changing hands. All around the world, traders and analysts alike monitor the news which most

Traded in Pairs

The most important thing to understand about currency charts is that they always measure a given pair. Let’s take the EUR/USD pair for example. If you think the Euro will strengthen relative to the US Dollar, you should place a “Call” option, believing that the pair will rise. If you think the Euro will weaken relative to the US Dollar, you should place a “Put” option.

EURO / US DOLLAR

The Currency on the left (the Euro here) is known as “the base.”

The Currency on the right (the USD here) is known as “the counter.”

Understanding the events which matter most to the value of a currency is necessary for those who wish to trade these events successfully.

Top events influencing the value of a currency:

a) Employment – Events like the US NFP measure monthly changes relating to employment figures of a given population. These data releases can be incredibly influential, and you don't want to miss them.

In the Spotlight: Euro/US Dollar

The Euro has been incredibly volatile recently, especially due to the economic turmoil in Greece. Meanwhile, the US Dollar Index, a measure of the USD's strength relative to a basket of major currencies, has been reaching all-time highs. For binary traders, these episodes have created fantastic opportunities for profit, as traders are empowered to make money both when the market price of this pair rises, or falls.

b) EU Minimum Bid Rate – This event relates to the interest charged by the European Central Bank for loans it gives the banks spread across Europe's 27 member states.

c) Trade Balance – This report relates to the imports and exports of a given country. When exports are greater than imports, this is a good sign for a country's economy, and could translate into an increased value to its currency.

Commodities

Gold, Oil, Silver, and Platinum are amongst the most popularly traded commodities in the world today. These are real-world resources changing hands for any number of reasons.
The value of major commodities, like Coffee, can also have an effect on the companies which most rely on them, in this case, Starbucks.
Top events influencing the value of a commodity:

Top events influencing the value of a commodity:

a) Surplus – As we've been seeing with Oil, the unceasing production by Saudi Arabia and America has caused the commodity to decrease in value.

b) War – When war breaks out near or around shipping ports, it could easily affect the transfer of commodities.

c) Natural Disasters and Draughts – Weather can have dramatic affects on the supply of these commodities.

In the Spotlight: Gold

Historians have proved that even ancient societies, such as Egypt and Athens, treasured Gold as a commodity. Long before the days of paper money, Gold coins were used to trade goods all over the world. Today, Gold is considered the safe haven against paper currencies, like the US Dollar.
This means that when the US Dollar is falling, traders are prone to fall back on the oldest security around, yellow metal.

Indices

An index is a group of stocks; it measures the change of an entire market. For example, when you trade the S&P 500, you are essentially trading the average change of America's 500 most valuable companies. There are indices for markets all over the world. Recently, Chinese Index Funds have seen phenomenal growth. This means that investors are keen to invest in China as a whole.

Top Events Influencing Indices:

a) Industrial Production - These figures measure the change in the total value of industrial production for a country or economic region.

b) GDP – Gross Domestic Product refers to the aggregated value of all goods and services produced by a country or economic region.

c) Building Permits - The approval of a Building Permit is one of the first steps that have to be taken before starting a new building. As such, this report is a very reliable indicator of the future progress of an economy.

In the Spotlight: Shanghai Composite Index

As the second biggest economy in the world (second only to America), it is no surprise that investors have flocked to the Shanghai Composite Index.

This index contains all the stocks of the Shanghai Stock Exchange, founded in 1990, and currently consists of nearly 1000 of China's finest companies.

GLOSSARY

At The Money

A tie. When the option expiry price (Expiry Rate) is the same as the buying price (Strike Rate).

Bearish market

Where the overall market conditions are such that assets are decreasing in value and heading in a downward direction. Indicates to investors that the bears are in control of the markets.

Binary Option

The buyer enters a contract enabling him/her to make an informed assessment about the future direction of a selected underlying asset for a selected expiry time. There are only two possible results with a Binary Option: (1) You are right, and when the option expires in the direction you have assessed, you end-up “in the money” and receive a pre-determined profit; or (2) You are wrong, and the option expires contrary to your assessment, and you are “out of the money” and you lose your investment. You do not actually own the underlying asset. Your profit or loss depends on how much you have invested and are both known when entering the position. You do not lose more than your investment. Assets that Binary Options are based on include individual stocks, commodities, indices, and currency pairs.

Binary Options Trading Platform

Each broker, like Banc De Binary, has a platform that can be used for Binary Options trading. Platforms offer different opportunities and features, as well as different assets.

Bullish market

Where the overall market conditions are such that assets are increasing in value and heading in an upward direction. Indicates to investors that the bulls are in control of the markets.

Buy Out

Trading platforms may offer investors the ability to “buy out” existing positions prior to their Expiry. Put simply, the “buy out” enables investors to close (sell) an existing position prior to the position’s official expiry time, regardless if the position is “in the money” or “out of the money”. An investor may choose to close his/her existing position, while the specific option is still tradeable by simply clicking on the “Sell” button in the trading platform. The Banc De Binary trading platform offers this flexibility to its investors.

Call Option

If you anticipate that the underlying asset will gain in value and the Expiry Rate will be higher than the Strike Rate, you buy a “call” option, usually reflected by an up arrow in the trading platform.

Commodities

Assets that are categorized as raw materials such as Gold, Silver, Oil, Corn and Wheat.

Digital Options

Another name for Binary Options.

Double Up

Binary Options brokers may allow you to duplicate an open trade quickly and easily, providing you with the chance to double your profits if you look to end in the money. Banc De Binary offer this possibility to its investors.

Expiry

The date and time that an option comes to an end. This information is selected by you when you buy a Binary Options contract. Binary Options contracts have expiration anywhere between 1

Expiry Rate

The market price when the Binary Option expires.

Fixed Return Option

A type of Binary Option that provides a fixed return if you end-up in the money. It is usually expressed as a percentage on your investment amount. If you purchase a call option of USD1,000 for a company, and there is fixed 60% return for an in the money result, you know that – if you are right and the stock increases in value – you will receive USD 600 (60%), plus your initial investment of USD1,000, i.e. a total of USD1,600. A fixed return option allows you to know exactly how much you stand to earn, on top of knowing exactly how much you stand to lose (the amount you invested, if you are wrong). The Binary Options traded in the Banc De Binary platform are Fixed Rate options.

Fundamental analysis

A form of trading analysis that requires the studying of economic factors that may indirectly affect the price value of particular assets. Requires the investor to analyze an asset's financial health, competition and news relation.

In the Money

A term that indicates that your assessment about the future direction of the underlying asset was correct and you have anticipated the correct outcome, and that you will receive a payout. If a Call option expires “in the money” it means the Expiry Rate is higher than the Strike Rate. If a Put option expires “in the money” it means the Expiry Rate is lower than the Strike Rate.

Out of the Money

A term that indicates that your anticipated outcome hasn’t happened. The Binary Option expires, and you lose money. If a Call option expires “out of the money” it means the Expiry Rate is lower than the Strike Rate. If a Put option expires “out of the money” it means the Expiry Rate is higher than the Strike Rate.

Payout

In order for the trade to be successful, the actual price at the time of expiry must be in agreement with the direction you anticipated when you entered the position. If you are right in your assessment you receive a pre-determined cash amount upon option expiry termed the “payout”. If you are wrong, you lose the money you placed on the trade.

Put Option

If you believe the Expiry Rate will be lower than the Strike Rate, you buy a “put” option, usually reflected by a down arrow in the trading platform. This is the type of option you trade when you believe that an asset will expire below its original purchase price.

Roll Over

It’s possible, when trading with some brokers (but not all) to put off the expiry of a contract. The idea is to give your position just a little more time to reach in the money status. Banc De Binary offers the possibility to its investors provided that certain conditions are met.

Strike Price

This is the target price, or the price at which a conventional options broker is willing to sell the option based on the contract, at the expiry time. In Binary Options, this is the price (or ‘rate’) at which you decide whether or not the asset will rise higher or lower. If you are right in your assessment about which direction the asset moves you end in the money and receive a payout.

Technical analysis

A form of trading analysis that requires the use of a charting solution and sometimes the implementation of various trading indicators and financial instruments. Candlestick charting, for instance, is a technical analysis that shows real-time charts mainly utilized by Binary Option investors who rely on technical trading indicators in order to make a more accurate prediction about the market.

Underlying Asset

This is the asset the Binary Option is based on: individual equities, commodities, currencies, or indices. You do not actually own the asset when you trade Binary Options. The option payout just relies on the price movement (direction, more precisely) of the underlying asset.

Volatility

The ability of a particular asset to be inadvertently affected by minor fluctuations that may occur in the financial markets.

Volume

In reference to Binary Options the cumulative number of contracts traded during a given market session.

Withdrawals

Process of executing some or all of your funds out of your trading account to reach your desired banking account.