

# Eightcap Pty Ltd - Risks Associated With CFD Trading And How To Deal With It?



**Melbourne, Dec 9, 2019 ([Issuewire.com](http://Issuewire.com))** - The Contract for differences (CFDs) are instruments that allow trading products such as equity shares, commodities, and cryptocurrency. Instruments such as CFD can fetch huge profits if you are well-versed with your trading fundamentals and effective trading strategies. We have seen more than 75% of retail investors incurring heavy losses due to market volatilities and poor strategy. Therefore, it becomes imperative for you to understand the risk factors involved while trading CFDs. Also, we have covered ways to tackle such risks in this article.

## What are the different types of risks in CFD trading?

1. **Complex In Nature:** Since CFDs are complex assets, it's hard for a layman to understand the market and platform. However, trading experts like [Eightcap Pty Ltd](#) can help you in effectively understanding the market scenario and developing trading skills accordingly.
2. **Hidden Clauses:** CFD is the contract between the trader and the CFD broker. The ontract consists of various legal terms, conditions, and clauses. For instance, if the CFD broker isn't authorized or regulated, he can deceive his clients. He may take undue advantage of the trader's low trading knowledge and add fraudulent clauses in the agreement. Thus, it becomes important for you to choose only highly qualified and experienced professionals like Eightcap.
3. **Erroneous Market Assessment:** The trading market is extensively influenced by news, opinions, trends and political decisions. Thus, the success of the CFD assets largely depends on the deep assessment of the market trends. Since you might not be from the finance industry, it's difficult to conduct an in-depth analysis of the market consistently. This is where Eightcap Pty Ltd, one of the leading brokers can help you with their strategic market analysis. You can check [Eightcap review](#) to know more about them.
4. **Unidentifiable Market Gaps:** Market gap occurs when the prices of CFD assets suddenly shift from one stage to another without passing through the stages in between. In such cases, the trader will not be able to place or execute an order quickly enough. This might lead to heavy losses or decrease the price of the asset within a few minutes. Here, CFD experts like Eightcap Pty Ltd can help you to hit the ground during such circumstances and earn more due to price discrepancies.

But, how to tackle these sensitive risks? Which mechanism can help you to mitigate these known and unknown risks? So, here we have jot down some risk management ways which can strengthen your market position:

Go for Stop-loss: Stop losses are automatic orders that close out the open positions whenever the price drops to a low-end trigger point. An effective stop-loss reacts much faster than a human trader and protects against wide market fluctuations. [Eightcap](#) designs the stop-loss in such a way that it guards you against the possibility of losing the position in the market. However, it's always suggested trying [Eightcap demo account](#) to test your trading strategies and skills before trading in real-time. You can check [Eightcap review](#) for better insight into the company.

1. Understand The Risk Appetite: As CFDs are leveraged instruments, there is a chance that you might lose more than your initial capital. Therefore, it is important for you to understand your risk appetite and then invest accordingly. Professional brokers like Eightcap provide you the service of a free Eightcap demo account to have real-life trading experience. It helps you understand the risk-return relationship and determine your risk appetite on platforms such as Eightcap mt5, which will protect you from making irrational decisions and losing money in highly risky instruments.

2. Start Small And Invest In Familiar Assets: 'From small beginnings, come great things.' It is always better for you to take initial baby steps and get comfortable with the market. Also, try to invest in the CFDs you are familiar with. But make sure that you don't invest in several correlated instruments of the same sector. Diversifying your portfolio can help you to mitigate risk and balance the risk and return proportion. In order to stay strong in the long run, try the Eightcap demo account to discover your trading personality and skills. Eightcap is best known for providing customized courses to their clients so that they can boost their forex trading skills. Check out the [Eightcap review](#) to understand how their clients are making money on platforms like [Eightcap mt5](#).

Takeaway: Risk management not only safeguards your initial capital but also allows your investments to grow sharply. In this regard, the advanced Eightcap mt5 platform features an extensive network that can help you to analyze the complete trade process. It provides technical and fundamental analysis by observing the real-time currency prices and market trends.



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