

3.4 DIFFERENCE BETWEEN LONG AND SHORT POSITION



LONG POSITION

EXPECTS THAT THE PRICE OF UNDERLYING ASSET WILL RISE.

BUYING A FINANCIAL INSTRUMENT

PROFIT BOOKING BY SELLING THE ASSET AT HIGHER PRICE.



SHORT POSITION

EXPECTS THAT THE PRICE OF UNDERLYING ASSET WILL DECLINE.

SELLING A FINANCIAL INSTRUMENT

PROFIT BOOKING BY BUYING BACK THE ASSET AT LOWER PRICE.