



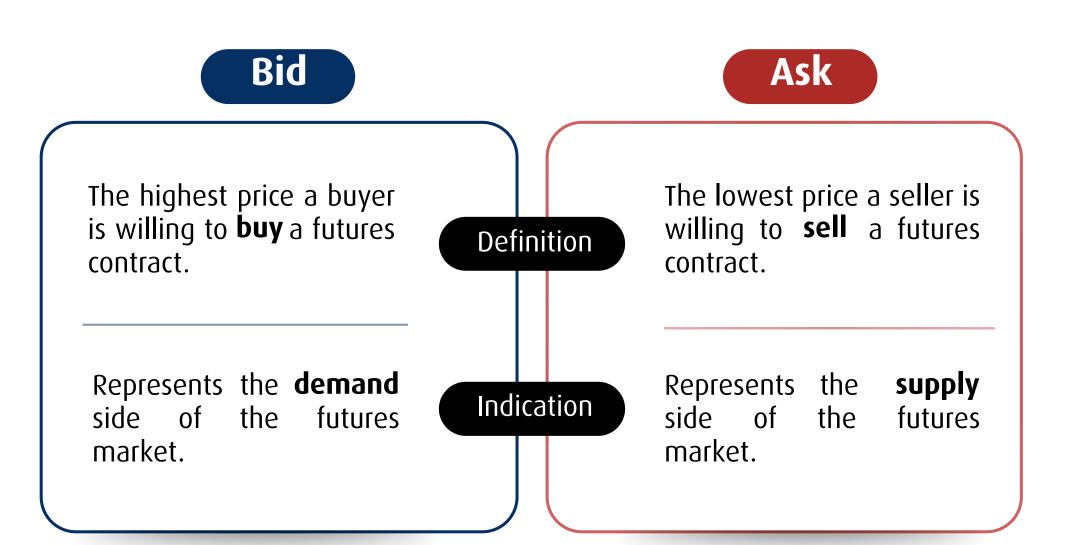
FUTURES DONGO

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WHAT ARE BID AND ASK IN FUTURES TRADING?







EXAMPLE

You are a trader and would like to trade the FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures (FKLI).

	Bid	Ask
1st bid/ask price	@1,588.0	@1,590.0
2nd bid/ask price	@1,587.5	@1,590.5
3rd bid/ask price	@1,587.0	@1,591.0

You think the price of the index will decrease and decide to **sell** FKLI. You can sell at the 1st bid price = **1,588.0.**

Conversely, you **buy** FKLI if you think the price of the index will increase. You can buy at the 1st ask price = **1,590.0**.





BID-ASK SPREAD

Definition The difference between the bid price and ask price.

Indication A narrow bid-ask spread indicates a high demand.

Example

Bid

@1,588

@1,590

In this example, the bid-ask spread is 2 points.

Source: CME Group, Investopedia