

FUTURES LINGO

DAILY PRICE LIMIT



WHAT IS DAILY PRICE LIMIT?

The **maximum price range or level** permitted to rise or fall in a trading session.



Determined by the exchange to **avoid extreme volatility** or possible **manipulation** and reduce the potential impact.

A market that reaches its daily trading limit is called **locked market**.



DAILY PRICE LIMIT

Daily Trading Limit Up and Down refers to the maximum amount an Exchange allows the price of a futures or options contract to **increase and fall simultaneously in one trading day**.



The **price cannot be traded beyond the limit level** once it hits the daily price limit.



EXAMPLE: DAILY TRADING LIMIT

Product: FCPO

Trading Limit: 10% above or below settlement price

Cooling-off period: 10 minutes

Expanded trading limit after cooling period: 15%

Settlement Price is RM4,100

	Limit-Up	Limit-Down
10% Limit	RM4,510 (+ 410)	RM3,690 (- 410)
15% Limit	RM4,715 (+ 615)	RM3,485 (- 615)