



CAPITAL
STREET|FX

TRADING CRUDE OIL

Capademy Tutorial Series



How to Invest in Oil?

Trading in Oil is a straightforward process, but one should not try or start trading himself without getting proper knowledge. It is not advisable to start trading on your own because these instruments are volatile. It suggested taking enough training and knowledge from your broker before start trading on your own.

Earlier, traders used to call their brokers to place an order and then wait to get a confirmation from them. It was a very less efficient method. These days, through Online trading platforms, one can trade himself irrespective of where he is or what he is doing.

Just a few clicks and let the software do the work. Here is the link to our online trading platform start your [demo account](#) today and gain first-hand trading experience before investing your hard-earned money.

Factors which affect the price of Crude oil-

Mostly the price of crude oil is driven by demand and supply. The price of oil is directly proportional to the demand and inversely proportional to the supply.

The other key factor that can influence the price of crude oil is the market sentiments. Any news or belief that indicates that demand for oil will rise dramatically at some point in future can cause a rally in oil prices and vice versa.

The single largest influencer of oil prices is OPEC. OPEC stands for Organization of the Petroleum Exporting Countries. The body is made up of 15 countries. The main aim of this body is to coordinate and unify the petroleum policies of its member countries and also to ensure the stabilization of oil market. OPEC decisions and policies can force crude oil prices to rise and fall dramatically.

Why Invest in Oil?

Crude oil is one of the most popular energy commodities and the most actively traded commodity in the world. In one or another way, the price of crude oil affects each of us. Crude oil is essential as it is used to produce many other products such as gasoline, heating oil, diesel, jet fuel, and many other petrochemicals. Any significant fluctuation in the price of oil can have a significant impact on the economy.

People love to invest in crude oil as it is a high-demand global commodity. It has many advantages over other instruments. Trading in Oil depends on the objective of the investment.

By trading in oil, a trader can achieve the following goals.

1. It provides greater diversification
2. It acts as a safe haven for many investors
3. Traders use oil as a hedge against inflation
4. Many traders speculate on the fluctuating price of oil.

Primary Steps to be followed for trading Crude oil CFD:

- Choose a commodity broker
- Account paper-work
- Now suppose you want to trade one Oil CFDs on 2% margin (assuming the market price is 60 dollars) then you have to keep 180 dollars in your trading account. With 180 dollars, you would control 6000 dollars' worth of oil.
- After some time, you noticed that the price of crude oil is up to 62 dollars, and you decided to exit the trade. Your profit will be 200 dollars. This is because of leverage your profit will be calculated on 6000 worth of oil.

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