

Order Tutorial

Types of orders

<u>Order Type</u>	<u>Abbr.</u>	<u>Uses</u>
Market Order (see below for examples)	MKT	Enter the market immediately
Stop Order (see below for examples)	STP	Protection on an existing order, or enter a market as it moves to your price
Limit Order (see below for examples)	LMT	Taking profits on contracts, enter the market at a better price
Market on Close (see below for examples)	MOC	Enter or exit at the market price during the closing minutes
Market on Open (see below for examples)	MOO	Enter or exit at the market price during the opening minutes
Fill or Kill (see below for examples)	FOK	Fill an order at a certain price or kill the order
Market if touched (see below for examples)	MIT	The order becomes a market order if the price is touched.

Explanations

Market: T-Bonds

Current Price: 105-25

Contract: June 2003

<u>Order</u>	<u>Explanation</u>
Buy 1 contract of June 03 T-Bonds market	Enters the market immediately
Sell 1 contract of June 03 T-Bonds at 104-25 stop	Sells the Bond contract at 104-25 or below
Sell 1 contract of June 03 T-Bonds at 106-10 limit	Sells the Bond contract at 106-10 or higher
Sell 1 contract of June 03 T-Bonds Market on Close	Sells the Bond contract in the last 3 minutes of trading for the day session
Buy 1 contract of June 03 T-Bonds Market on open	Buys the Bond contract in the first 3 minutes of trading for the day session
Sell 1 contract of June 03 T-Bonds at 105-27 Market it touched	Once the price moves to 105-27 a market order is entered to sell a Bond contract

Market: Corn

Current Price: 250 1/2

Contract: July 2003

<u>Order</u>	<u>Explanation</u>
Sell 1 Contract of July 03 Corn at market	Enters the market immediately
Buy 1 Contract of July 03 Corn at 270 ½ stop	Buys a contract of Corn as the market moves to or above 270 ½
Buy 1 contract of July 03 Corn at 245 limit	Buys a contract of Corn at 245 or lower
Sell 1 contract July 03 Corn Market on Close	Sells the Corn contract in the last 3 minutes of trading for the day session
Buy 1 contract of July 03 Market on open	Buys the Corn contract in the first 3 minutes of trading for the day session
Sell 1 contract of July Corn at 105-27 Market it touched	Once the price moves to 105-27 a market order is entered to sell a Corn Contract.

Differences between Market if touched orders and limit orders

There is a difference between a limit order and a market if touched order (MIT). Using a limit order you have to get your set price, or a better price. For instance an order to buy at 950.00 on a limit must be filled at 950.00 or below. Below 950.00 would be a better buy. An order to buy at 950.00 on a market if touched order can be filled at or around 950.00. If the market hits 950 and then moves to 951, you could be filled at 951.00.

Examples

Market: S&P 500 Futures

Current Price: 950.00

Contract: June 2003

<u>Scenario</u>	<u>Order Statement</u>
Enter the market immediately:	Buy 1 June 03 S&P at the market
Enter the market when it opens:	Buy 1 June 03 S&P market on open
Sell a contract on the close:	Sell 1 June 03 S&P market on close
You are long a contract at 940.00 and you want to take profits at 956.00	Sell 1 June 03 S&P at 956.00 limit
You are long a contract at 940.00 and you want to only risk the position to 935.00.	Sell 1 June 03 S&P at 935.00 stop

Market: IBM

Current Price: 65.00

Shares: 100

Scenario	Order Statement
Enter the market immediately:	Buy 100 shares of IBM at the market
You have 100 shares of IBM in your account. You want to buy another 100 shares at 60.00. The market is currently at 65.00.	Buy 100 shares of IBM at 60.00 limit.
You want to exit 100 shares if the price falls below 55.00.	Sell 100 shares of IBM at 55.00 stop

Notes:

Most brokers take orders as day orders only, unless otherwise specified. If you want your order to sit in the market until filled then you will want to use a Good Til Cancelled (GTC) order. When placing a GTC order you will simply add 'GTC' behind your order statement. For instance Sell 100 shares of IBM at 55.00 stop GTC.

Market orders, market if touched, market on open, and market on close orders cannot be GTC orders.

Market on open orders must be placed before the market opens and market on close orders should be placed 5-10 minutes before the actual close.

Buy/Sell Chart

The buy/sell chart helps traders determine whether to use a stop or limit order. To use the chart, place the market price in the center of the chart. If you want to buy the market, and the price is above the market price then you use a stop order. If you want to sell the market, and the price is above the market then you use a limit order.

You can use this chart for stocks or futures.

Sell Side

Buy Side

Limit Order

Stop Order

Market Price

Stop Order

Limit Order