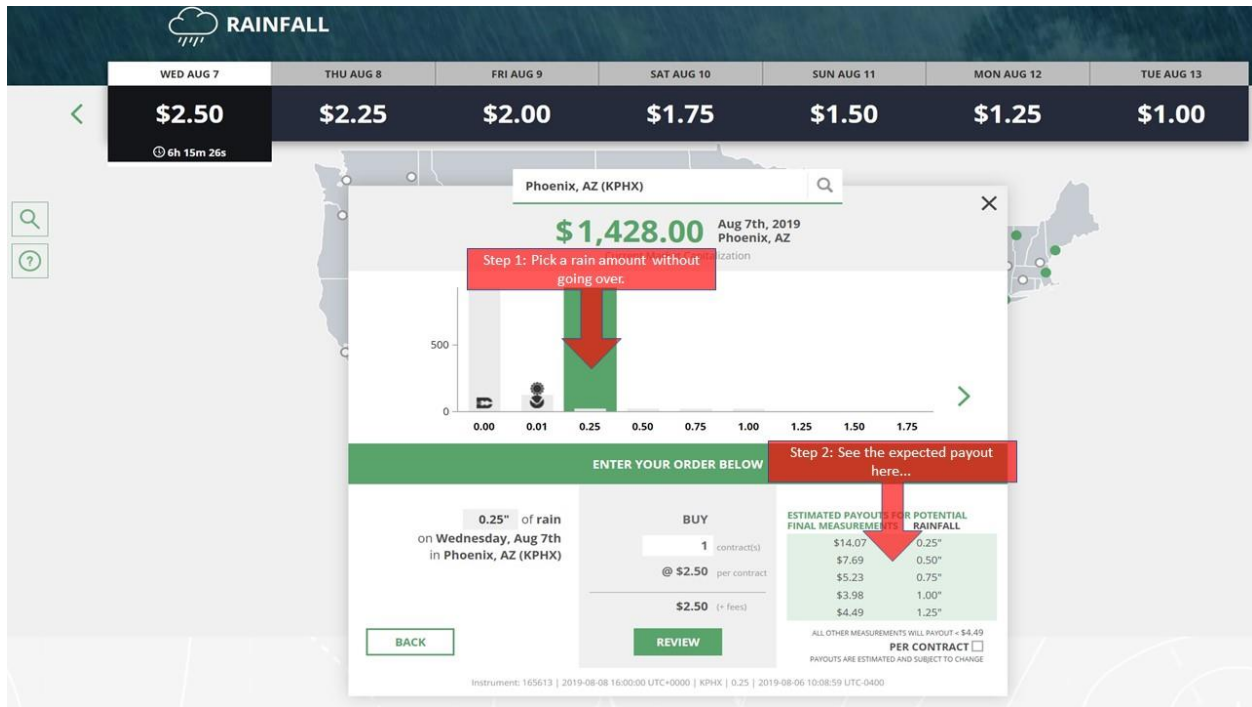


How do I “win” on a trade?

Profitable trades are winning trades, which means the payout is greater than the price paid.

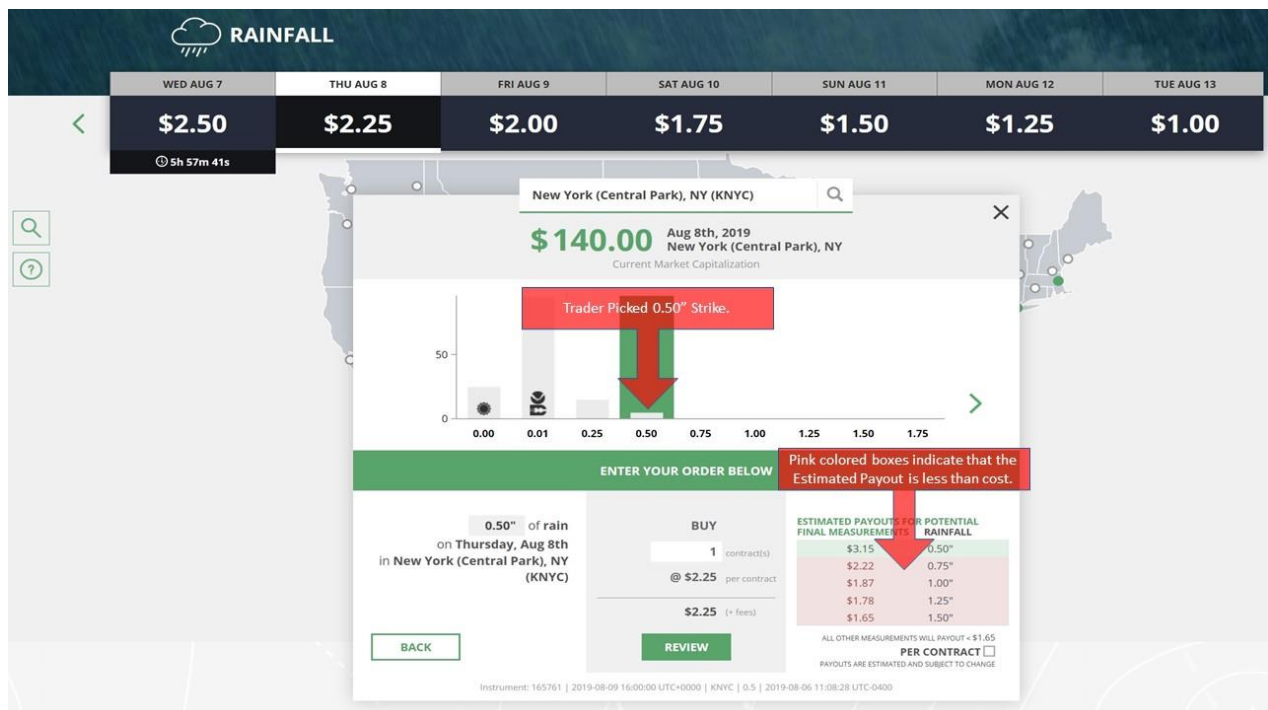
The easiest place to see whether a trade might be profitable is on CX’s trading interface.



In the example above, the trader selected 0.25” in Step 1. They can then see the potential payouts for that choice in the box in Step 2. This example shows that the maximum estimated payout starts at \$14.07 if the rain amount is at least 0.25” but less than 0.50”. There are lesser payouts for other rain amounts.

Since the price contract is \$2.50, all of these rain amounts would be profitable (or “winning” trades), which is why the amounts in the Estimated Payout table have a “green” color.

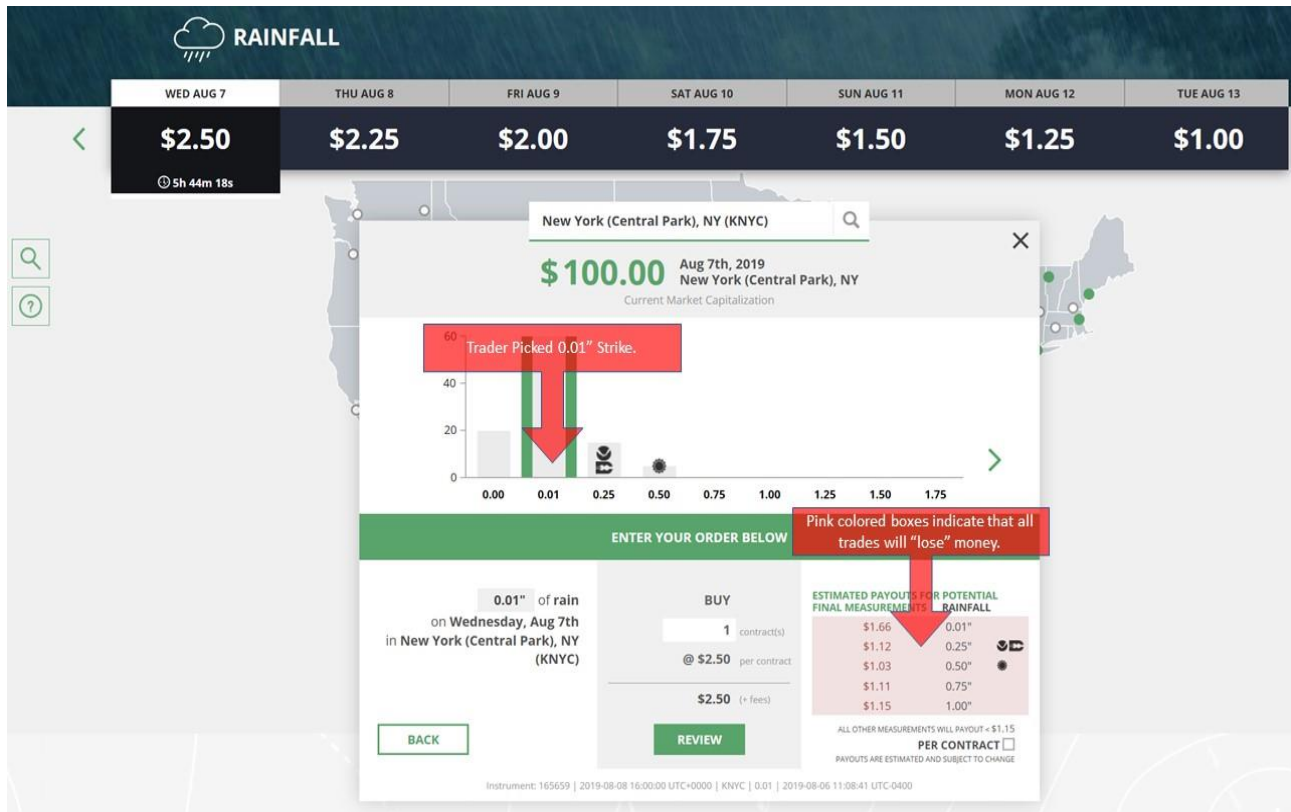
Sometimes, however, the cost of the contract is more than the Estimated Payout and therefore wouldn’t be profitable.



In this case, the unprofitable trades are highlighted in “pink” and should be considered “losing” trades.

In this example, the cost per contract is \$2.50, which is higher than most of the payouts. Therefore, the payout will be profitable if, and only if, the rainfall amount is exactly between 0.50” and 0.74”. For other rainfall amounts the trader will receive less than the cost per contract, which would be “losing” trades.

In some cases, when a trader is trying to buy a contract close to settlement, there is no possible “winning” trade.



Obviously, in circumstances such as this example, a trader should not buy a contract at this Strike.

In summary, here are the key points:

- “Winning trades” are profitable trades.
- The maximum payout is always made to the Strike that corresponds to the actual rainfall amount.
- Sometimes, if the payouts are high enough, “winning trades” may include Strikes that are not the exact rainfall amount.
- Sometimes, if the cost per contract is high, there may be no “winning trades” possible.

For more information about understanding the rainfall market, read our Start guide:

<https://cxmarkets.com/wp-content/uploads/2019/06/TradeWx-Before-You-Start-Trading-Rainfall-2019-06.pdf>

