

Bonus video: order types



Newbie to investor
This money girl



DIFFERENT TYPES OF ORDERS

There are different ways of buying or selling stocks and ETF's:

- market order
- limit order
- stop loss order
- stop limit order

With mutual funds you just need to specify the amount of particles you want to purchase.



MARKET ORDER

An order that will be executed immediately, regardless of the price. The most commonly used type of order on the stock market.

When do you use a market order?

When you want to buy or sell an investment as fast as possible, and at all cost.



LIMIT ORDER

An order with a **maximum price** (or minimum for sell orders). You decide what you want to pay for the stock or ETF and enter the **limit**. The order will only go through when the limit is reached, or when a better price is available.

When do you use a limit order?

- When you don't want to pay more than a certain price
- When you expect the price to go down
- When you think the stock or ETF is overrated

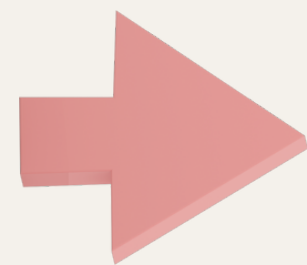
Note: even when the limit is reached your order might not go through because of buyers on the waiting list.



BUY ORDER



Limit = USD 405

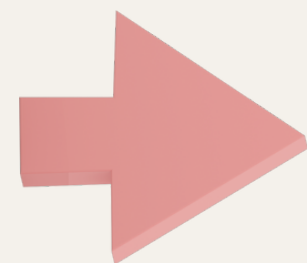


As soon as the price hits **USD 405 or below**, the order will go through.

SELL ORDER



Limit = USD 405



As soon as the price hits **USD 405 or higher**, the order will go through.

STOP LOSS ORDER

An order with a **trigger value** (= the stop loss value). Once your trigger price has been reached, the order is launched and turned into a **market order**. After being triggered it will be executed at any price.

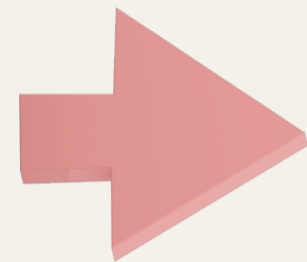
When do you use a stop loss order?

- When you want a fast execution after the order has been triggered
- When you want to protect yourself from losses due to price drops

BUY/SELL ORDER



Stop loss = USD 405



As soon as the price hits **USD 405** the order will become a **market order**.

STOP LIMIT ORDER

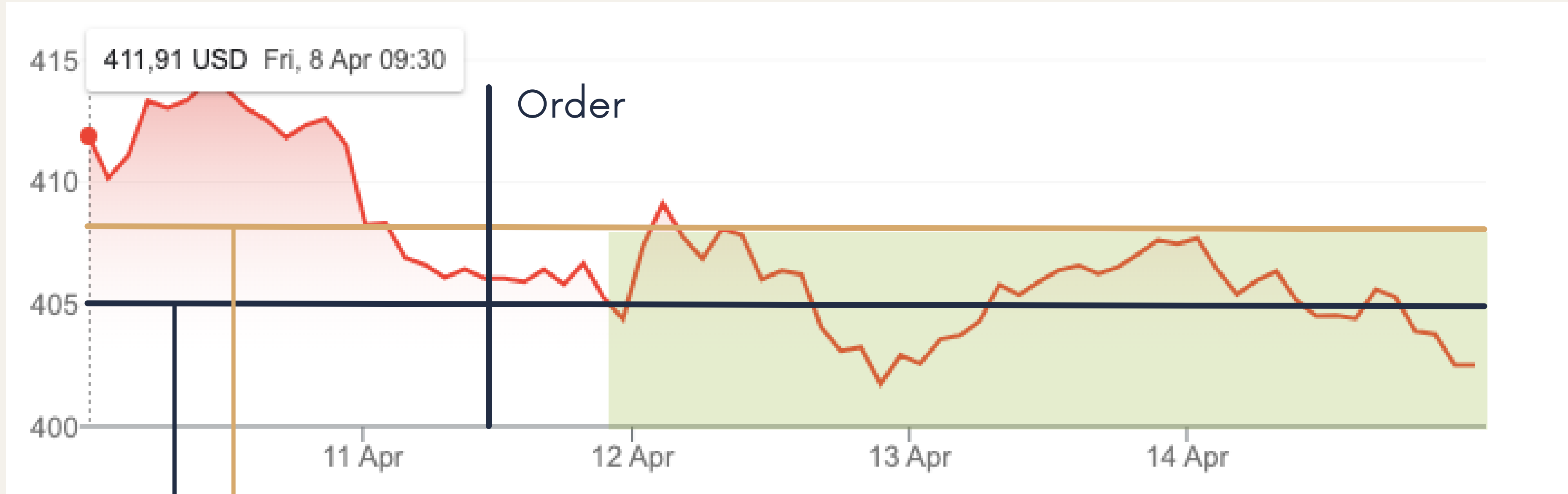
An order with both a **trigger value** (= the stop loss value) and a **limit**. Once your trigger price has been reached, the order is launched and turned into a **limit order**. After being triggered it will be executed without surpassing the limit.

When do you use a stop limit order?

- When you don't want the order to be executed at all cost after being triggered
- When you want to protect yourself from losses due to price drops
- When you want to buy a stock or ETF within specific price limits

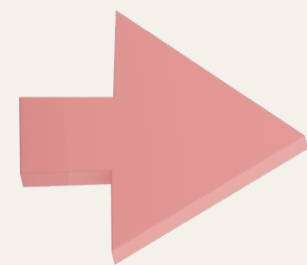


BUY ORDER



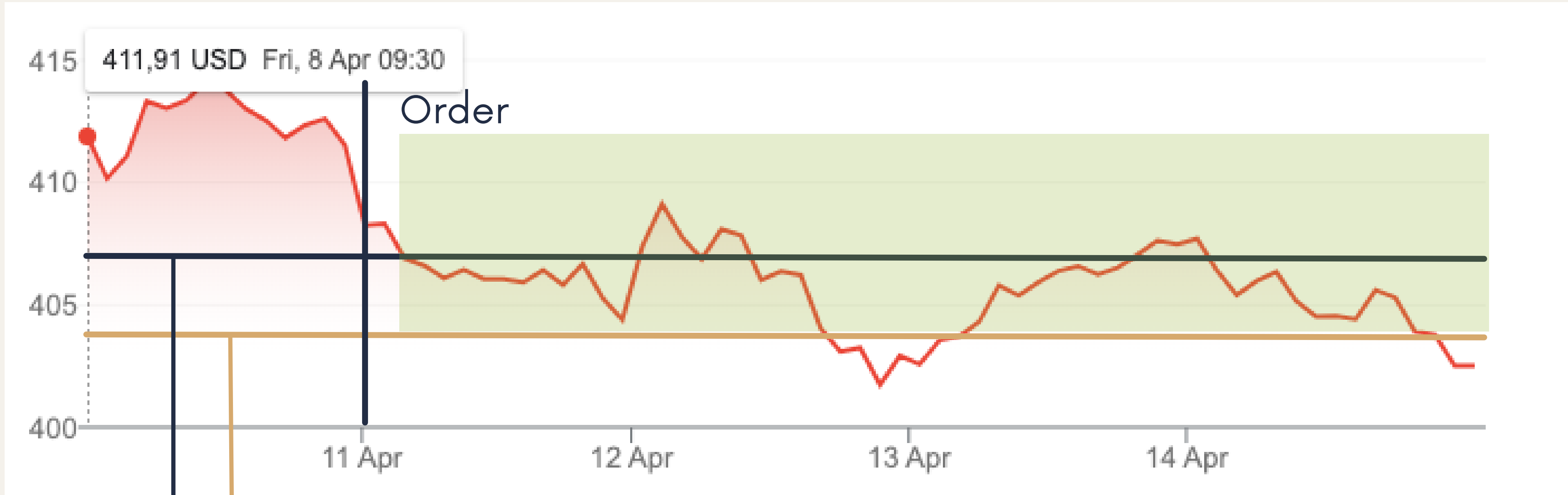
Stop loss = USD 405

Limit = USD 408



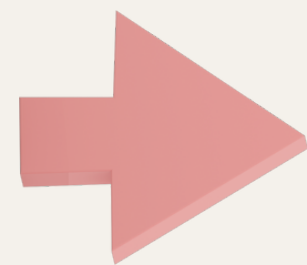
As soon as the price hits **USD 405** the order will become a limit order. The limit needs to be **higher** than the stop loss.

SELL ORDER



Stop loss = USD 407

Limit = USD 404



As soon as the price hits **USD 407** the order will become a limit order.
The limit needs to be **lower** than the stop loss.

ORDER TYPE

STOP-LIMIT ORDER



Limit order

Market order

Stop order

Stop-limit order

USD



On your broker platform you'll be able to select a type. The corresponding fields will appear.

ORDER TYPE

STOP-LIMIT ORDER



LIMIT PRICE

USD

TRIGGER

USD