CFD Broker Review 2020

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Extract

In this CFD Broker Review, I examine factors that can have a profound impact on CFD traders accounts – and their wallets. I examine the cost of executing trades in some of the most popular products amongst retail traders: Stock indices, currencies as well as some commodities. Additionally, I look at the fees that CFD companies charge their clients.

This is an independent study – driven by a desire to reduce the cost of my own trading.

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Introduction

The CFD Broker Review started as a discussion between a few friends of mine, who all share an interest in trading the financial markets.

We started discussing which CFD broker was the best. Obviously, there is no correct answer to this question. Some prefer one broker while some prefer another. Some like MT4 and MT5 platforms, and some like Cloud platforms. So, we asked another question. Which broker is the best – on the matters that are substantiated by facts? In this report I seek to answer this question.

I am a journalist by trade, but a trader by heart, so to merge my investigative streak with my passion for CFD trading seemed like a good way to spend my time, while observing the markets and my positions.

I acknowledge that facts are facts, but facts do change. I acknowledge that brokers change their terms and conditions frequently, and at short notice. I also acknowledge that what was facts yesterday may not be facts today.

This is an independent study. I have not been funded by any broker to write this review.
This is not a “name and shame” document either. I found some great CFD brokers and I found some truly bad ones, especially in some conspicuous offshore locations. However, my feelings asides, I decided to simply state the facts and let them speak for themselves.

This review is more than just a ranking list of CFD providers. My research uncovered some highly questionable practises by some firms. While I decided not to name and shame, I want to at least make the public aware of the practises, so they know what to look out for.
I have backed up my findings with screenshots and video recordings. At the point of publication, the numbers are correct. Should a mistake have crept in, I sincerely apologise, and I will rectify the mistake by amending the review.

I hope that my CFD broker review will help novice and experienced traders select their broker with greater diligence. I hope that traders will open their eyes to the dubious practises and perhaps check their broker statements with greater care and attention.

Old habits die hard. CFD brokers are like supermarkets. Once we are used to one, we find it hard to start “shopping” elsewhere. However natural this behaviour is, it may cost you quite a lot more than you are perhaps aware of.

A friend of mine looked over my data and saw his own broker featured in the survey. It had a relatively average ranking of around 24, about 3 times more expensive than the cheapest broker. We calculated that he would save about £75 a day by moving from his current broker to the cheapest broker, without changing his trading style the slightest.

He declined.

When I asked what held him back from changing, he gave me an answer, that may explain why people find it hard to change broker:

"Well, then I have to get used to a new platform. I quite like the old one and they have great charts. I love their charts and their news service."

Another friend, also a trader, who had listened in on our conversation, offered his biting assessment of this perspective, by stating drily: "I hope your current broker and their charts, and their news service is worth £18,750 a year. You could get a bloody Bloomberg terminal for that kind of money!"

Indeed!

I am happy to receive feedback and comments, or even answer questions, should you have any.

Thank you
Peter Thurman

Copenhagen 9th March 2020
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The Big Test

In the month of January 2019 and again in March 2020, I set out to test as many CFD brokers as possible. In total I tested in excess of 100 Contract for difference brokers.
I wanted to test for two things:

1. Size of spread
2. Fees and charges

I opened accounts with brokers from all over the world, in many different regulatory jurisdictions. I acknowledge there must be many more brokers out there that I didn't examine, but I am certain that I researched all the major CFD players and an ocean of smaller ones too.

This was a love project rather than a commercial enterprise. Towards the end of the research, however, it got a little tedious. Whenever I found another CFD broker to investigate, my thought was: ***"Not another MT4/MT5 CFD broker with variable spreads".***

I simply got tired of testing the same old set-up that so many CFD brokers deploy. They hire an MT4 platform and set themselves up for business in some obscure offshore location, where there is no customer protection, no Ombudsman, and very little, if any, regulatory oversight. I tested them anyway, begrudgingly. I didn't uncover any pearls unfortunately, and many of those brokers were simply omitted in my final assessment, purely because they were:

1. Uncompetitive
2. Regulatorily irresponsible

I don't want to be the one who is responsible for giving attention to a low-cost broker in say Vanuatu, which has a questionable reputation.

For example, I found a broker with compelling spreads, based in Vanuatu. When I found the broker also offered Binary Options, I immediately decided not to include it in the review. Whenever a broker also offered questionable products like Binary Options, they immediately disqualified themselves from the review.

No Accounting for Taste

Originally, I also wanted to test for platform preference, but I later rejected the idea because there is no accounting for taste. Some like small trading tickets while others prefer large trading tickets. Who is right? Who is wrong? Hence, I focused only on the matters that I could factually substantiate.

The products I “price tested” are the most traded CFD products amongst retail traders. This was based on talks with other traders and my own CFD broker.

1. **Dow Jones Index**
2. **SP500 Index**
3. **Dax Index**
4. **FTSE Index**
5. **Euro Dollar**
6. **Sterling Dollar**
7. **Dollar Yen**
8. **Euro Yen**
9. **Nymex Crude Oil**
10. **Gold**

I collected the spread prices (bid-ask difference) from all the brokers I investigated. I then **added up** the “spread”. It gave me a way to rank the CFD brokers.

Fictitious example

Dow Jones index	3
SP500 index	0.6
Dax index	1.2
FTSE index	1.2
Euro Dollar	2
Sterling Dollar	2.4
Dollar Yen	3
Euro Yen	3.7
Nymex Crude Oil	3
Gold	0.73
TOTAL SCORE	20.83

This example shows that all the spread added together comes to 20.83. I collected the data when the markets were open, and the spreads were at their lowest. Some products are at their lowest later in the trading day, such as the US index markets. I took the bid-ask spread after the American markets opened.

Logically, you want to trade with a broker that has as low a score as possible. The spread, the bid-ask of an instrument, is an expression of the silent commission paid to execute a trade.

If the spread in the Dow Index is 3 points, then it will take a 3-point movement before your position is in a breakeven position. If you trade with a broker that offers a 1-point spread in the Dow Index, well then you are two points better off.

My investigation found that the median spread was around the 18. However, I found brokers that had a score of close to 50, and I found a broker that had a score of less than 10.

Many of the well-known brokers had a score around 12-14, but I found some remarkably low score brokers too.

The highest score I found was: 49.65

The lowest score I found was: 9.05

In other words, the trader who traded with the most expensive broker would pay more than 5 times as much in "silent commission" than the trader who traded with the cheapest broker.

The trader who trades regularly with one of the top-level brokers regularly pay **50% more** in spread commission than if they traded with a low-score broker.

That is quite an eye opener!

Example

My friend from the introduction of this review trades with IG Markets. He trades the FTSE 100 index a handful of times a day. His stake size is £25. The spread of the FTSE 100 index is 1 point at IG Markets.

Yearly cost: 5 trades a day * £25 stake * 1-point spread * 250 days = £31,250

Now take the same setup, but with a low-cost broker. I found one broker that offered the FTSE 100 index at 0.4. There was no trickery there. It is a regulated outfit, all above board.

Yearly cost: 5 trades a day * £25 stake * 0.4-point spread * 250 days = £12,500

A saving of £18,750 a year in execution cost could be achieved by my friend, was he to swap from one broker to another.

Wrong Information

During my investigation I consulted with the brokers chat function, when there was one, to enquire about spreads. I would also download pricing lists from their websites and compare that information with what I witnessed on the platforms. Annoyingly, I often found a discrepancy between the advertised spreads and the actual spreads.

Example

I don't want to single out Tickmill. They appear to be a good broker, and they are a regulated entity. They came up favourably in the initial review. In the literature on their website, they state that their Euro Dollar spread is "from 0", but typically the spread is 0.2. There it is again – the curse of the "From 0" marketing hype.

TICKMILL Trading Platforms Clients Tools Partnerships About Us

Trading Costs
With Ultimate Transparency
Check out our typical spreads and swaps below.

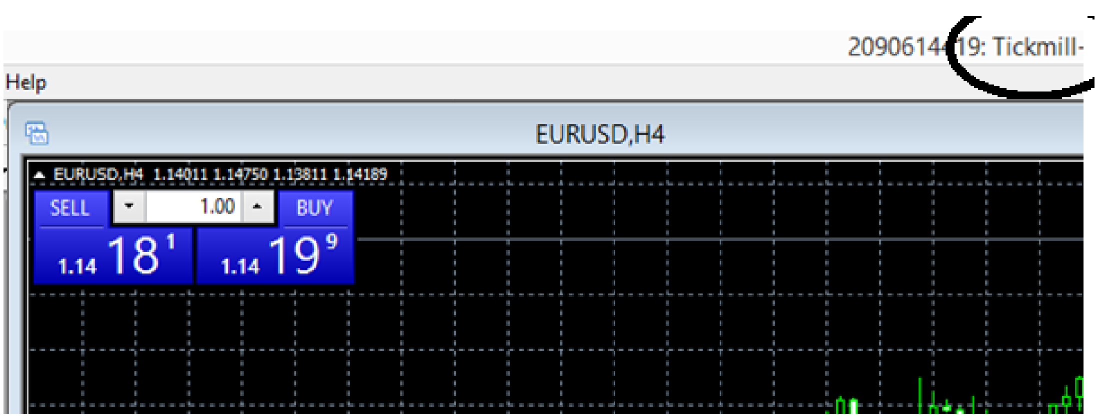
FOREX | STOCKS INDICES & OIL | METALS

Instrument	Minimum Spread	Typical Spread	Long Position
EURPLN	0	20	-37
EURSEK	0	25.65	-38.5
EURSGD	0	2.8	-13.4
EURTRY	0	40	-208.1
EURUSD	0	0.2	-9.88

When I came to document the evidence, I found that Tickmill had a spread of 1.8 in Euro Dollar.

I can accept some discrepancy, but to pitch your spread at 0.2 and then show 1.8 on the actual trading platform gave a bad impression of a broker I had heard good things about.

Maybe I recorded Tickmill on a bad day or a volatile day. However, facts are facts.

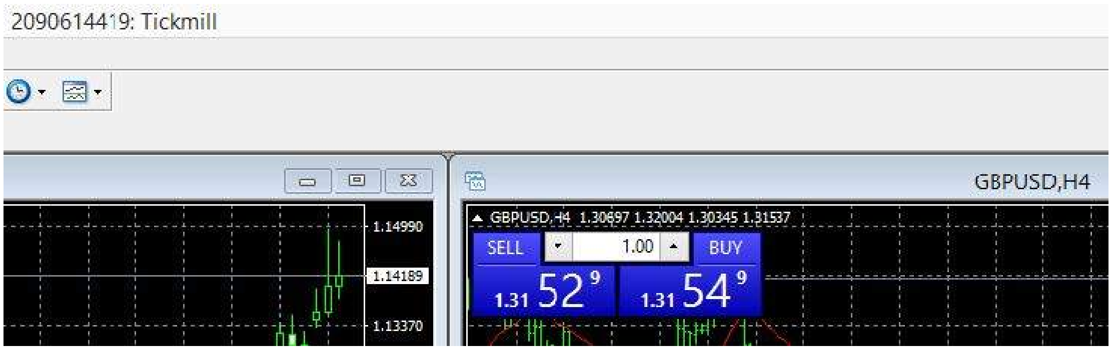


Tickmill also said their typical spread in Sterling Dollar was "from zero" and the normal spread is 0.7.

See evidence below.

GBPUSD	0	0.7

When I checked the platform, I found a spread of 2.



They advertise their spread in Dollar Yen as 0.2. I found their spread to be 1.8 when I investigated it. Of course, I have video evidence of this.

I am not highlighting Tickmill because I think they are dishonest, not at all. They are a popular broker, but I struggle to understand why there is such a large deviation from their advertised spreads and the spreads I observed on their platform.

I wish I would say they were the only broker to do this, but they were not.

Types of Accounts

Whenever I was confronted with brokers that offered more than one kind of trading account, I selected their **standard account**.

For example, CFD companies like IG Markets, Pepperstone, FX Pro and IC Markets will offer many different kinds of accounts, some called MT4, some called Raw Accounts etc.

A Raw Account, for example, is a type of account where you pay a very small spread, but you pay a commission to execute the trade. That complicated my research.

The issue with these Raw Accounts, that often advertise spreads "*from zero*", is several folds. I will discuss this issue next. There really is a marketing hype issue with **variable spreads** as opposed to **fixed spreads**.

Variable Spreads vs. Fixed Spreads

Broker spreads have come down significantly in the last decade. When I started trading some 20 years ago, the Dow Jones index intra-day spread was 10, and the Dax index intra-day spread was 8. Today these spreads are reduced to as low as 0.8.

When you test a broker's spreads, you need to differentiate between what the broker wants you to think, and what the broker is really offering.

Brokers offer two kinds of spreads:

- Fixed spreads
- Variable spreads

Let us take a look at the difference between these two pricing methods among CFD brokers.

Fixed Spread

The brokers spread is fixed during the trading day, no matter how volatile the market gets. If the broker is offering say a 1-point fixed spread in-hours in the Dow index, then no matter how volatile the markets get, you as the trader can execute a trade at a 1-point bid-ask.

The broker may have a slightly higher spread during the night, but it is still fixed. For example, one broker had fixed FTSE 100 spread during the day (from 6am until 10pm) of just 0.4. Between 10pm and 6am their spread was still fixed, but it was now 4 points. I consider that a fixed spread.

I found many brokers who offered fixed spreads on **SOME** of their products, but I found almost no brokers globally that offered fixed spreads on **ALL** their products.

Variable Spreads

The brokers like to portray themselves in the most favourable light. Who doesn't? I accept that. The problem I have with the majority of CFD brokers globally is when they claim to have spreads "from".

> *"Come and trade the FTSE from 0.5"*
> *"Come and trade Euro Dollar from 0.3"*
> *"Trade DAX Index from 0.8" ... and so on*

Except you never get to trade the FTSE at 0.5, or Euro Dollar at 0.3, because the spreads are variable, and it is only in the rarest of moments that the spread is as low as advertised.

I found many brokers who had "spreads from zero", but when I tested the platform, I found I could never trade on zero spread.

The term "variable spread" is a curse, in my opinion. I never know what spread I get to trade on. As your trading size grows and you begin to trade bigger positions, it becomes a significant issue, as your trading cost can spiral out of control.

Let me give you two examples from two platforms, during a volatile trading session in the Dow Jones index and in the DAX index in the first week of March 2020.

One quote is from a prominent global CFD provider called Saxo Bank. Their platform is touted as one of the great ones in the industry. I don't doubt that, but I am certain that many traders using the CFD platform are unaware of the meaning of trading on variable spreads.

Saxo Bank publishes its spread on the DAX Index on their website as:

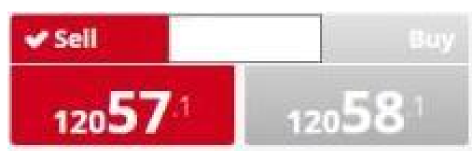
Index Tracker	Spread(1) Classic	Spread(1) Platinum	Spread(1) VIP
Germany 30	2.00	1.50	1.00

Saxo Bank tends to have a spread around 1.5, depending on the account you have.

The other quote is from a fixed spread CFD broker. TradeDirect365 prides itself for having fixed spreads on all their products. The differences between the two are significant.

Saxo Trader quote in DAX Index

TradeDirect365 quote in DAX Index

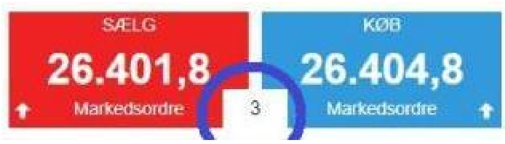


Saxo Bank offers variable spreads, which reflect the volatility in the market. Here their prices are 2.4 wide. TD365 offers fixed spreads, and their spread is fixed at 1.

If you actively trade during the day, and you consistently pay 1.4 more for your entry/exit, you are financially out of pocket. I don't mean to point fingers at Saxo Bank – I am Danish after all – but when a broker advertises spreads around 1 to 1.5, and you end up paying 2.4, then you pay significantly more than you had anticipated, and this adds up over time.

When I took the screen shots, the Dow Jones index was even wider apart. Saxo Trader is 3-point spread, while TD365 is 1-point spread.

Saxo Trader quote Dow Index



TD365 quote in Dow index

Saxo Bank publishes its spread in the Dow Jones index as

Index Tracker	Spread(1) Classic	Spread(1) Platinum	Spread(1) VIP
US 30 Wall Street	1.80	1.60	1.40

NOTE: I tried to take screen shots at the same time, but they are taken a minute apart, which explains why the prices between the same products are not near identical. The screen shots are taken “in-hours” while the US markets were open.

Solving the Issue

Most brokers will also publish their “**average spread**” over a trading session. I videoed brokers’ quotes over a period of time, but I gave them the benefit of the doubt by publishing their own average spread prices. This is an ESMA regulatory requirement for brokers within the Euro Zone to display this information on their website.

When I tested brokers with variable spreads, which were not residing inside the EU, I conducted my own test by recording it on video. This meant recording the screen and attempting to approximate the average spread.

Fixed and Variable Spreads Brokers

Many brokers, such as ETX Capital, use both fixed and variable spreads. It means that many brokers will have fixed spreads in say stock indices while they have variable spreads in currencies.

The Problem with Variable Spreads

The problem I have with variable spreads might be considered amateurish. I am not an institutional trader, where they are used to having trading on variable spreads. However, I find it somewhat unethical that variable spreads are used as a marketing tool. From a trader’s perspective I find it frustrating that the bid-ask on my fill prices are unpredictable.

I saw (and videoed) many brokers widen the spread in the Dow Jones index to up to 14 points spread during volatile trading conditions. All the while, I traded with my own broker which has always offered fixed spreads on stock indices, a product I trade a lot.

I argue that while a variable spread might give the appearance of a tighter spread, once you factor in the uncertainty of the fill price, you are better off trading on a fixed spread, especially in volatile markets.

If you trade a Raw Variable Spread account, and you trade "From 0.3" in say Euro Dollar, but then you also have to pay commission on top, you end up worse off than if you just trade at say 0.7 spread fixed.

0.7 fixed on Euro Dollar may not sound as appealing as "Trade from 0.3", but if you never get filled at 0.3 anyway, and you factor in the commission paid on top, it is easy to see how misleading the "from 0.3" really is.

Sadly, I saw this phenomenon a lot in my research, leading me to believe that many CFD traders are being robbed of an opportunity to get decent fills on their trades.

As I said earlier, many brokers make big claims in their marketing about their spreads. It looks good on an advert to say, "spreads from zero". The reality is entirely different.

More often than not these "spreads **from** zero" promotions are completely false. In fact, not once in my entire investigation did I manage to witness a zero spread, or indeed take a screen shot or record a video where the spread was actually zero.

It seems that zero spread is like the Loch Ness monster. We all heard about it, but no one has actually ever seen it!

MT4 Brokers vs. Home-grown Platforms

Most brokers offer an industry standard platform called MT4 or MT5. I am a "point and click" trader, who does not use algorithms for my trading. I am not a fan of the MT4 platform. I find the platform archaic, and the layout ditto. That is a subjective opinion, of course. I accept that.

Whenever a broker had both a home-grown platform and an MT4 platform, I tested the home-grown platform only. If the broker only had an MT4 platform, I tested the MT4 platform.

The vast majority of the brokers I tested only had an MT4 platform, which made my PC full of downloaded MT4 platforms. It also made that part of the investigation rather tedious.

ESMA Changes and Regulation

In August 2018 the European super regulator ESMA announced new rules for the CFD brokers residing inside the European Union. In essence there were 2 major changes to the current regulation:

1. **Margin (also called leverage) was reduced from 200:1 to 20:1. It meant that traders now had to have 10 times more funds on their account to place the same bet as before.**
2. **CFD brokers have to guarantee the client cannot go into a negative balance, where in effect they end up owing money to the broker.**

Many traders have begun to seek CFD brokers in jurisdictions outside of the EU. During my research I conducted tests on brokers with different licences.

1. **FCA – UK regulator**
2. **BAFIN – German regulator**
3. **CYSEC – Cyprus regulator**
4. **ASIC – Australian regulator**

I also came across some brokers that had dubious regulations such "regulated on the Marshall Islands", or the "Grenadines". I encountered a number of websites where a spell checker could have come handy, unless that is a new way of spelling "Registered" (see below). Another broker offered a "pro**ff**essional" service!!!

Would you trust a broker that can't spell?

While the broker below may be a fine broker, I recommend a quick spell check!

> Seven Star FX LTD incorporated and regulated under ragistration number 23895 IBC 2016 by the Financial service authority (FSA) of Saint Vincent and Grenadines .
>
> Ragistered address : Suite 305 , Griffith Corporate Center , Beachmount, Kngstown , St. Vincent and the Grenadines.

Naughty Brokers

I found many larger brokers had more than one licence. For example, Markets.com and IG Markets has licences in a handful of jurisdictions, such as Cysec, FSCS, ASIC, FSC and FCA, as do firms like CMC.

After the new ESMA rules took place, I took contact with several European brokers who also had an Australian branch. I wanted to see if they would let me open an account there and give me the margin that was no longer available in Europe.

Initially all brokers informed me that it was illegal for them to offer European customers an account in Australia because they already had a licence in Europe, and as such, I should be regulated by the local licence. Fair enough.

Some 48 hours later an email from one of the brokers I had contacted in Australia now contacted us via their Swiss branch, offering to open an account with more leverage. I have evidence of this. I don’t want to name and shame, but it is evident that brokers are trying to find ways around the ESMA regulation.

ESMA vs No ESMA

The sad truth is that ESMA did no one any favours. They merely exported the problem out of their own jurisdiction. Traders began to look outside the EU for brokers who could offer the margin they were used to.

I explored different jurisdictions, such as the Marshall Islands, the Grenadines, the Seychelles, and the Bahamas. There are plenty of brokers operating from these jurisdictions.

The problem I have with these brokers is the regulatory risk. If something was to go wrong, God forbid, but if something was to go wrong, then as a trader in Europe, you have very little power to pursue a broker from say the Grenadines.

Virtually anyone with a little money can set up a licence in on offshore haven. It takes very little seed capital, in some cases as little as $50,000. Then you get yourself an MT4 licence, tap into an affiliate network, and away you go. You are now a CFD broker.

I investigated, to the best of my ability, the background of the brokers I tested. In almost all the cases I came up with a blank, when it came to offshore brokers. In many cases there was not even an address or a phone number.

Australia

One jurisdiction came up as a big surprise. I looked at the banking system in Australia. Banks like Westpac, that many CFD brokers in Australia use, are considered one of the 25 safest banks in the world.

That makes a big difference, if you decide to open an account with a broker outside the EU. You are not sending the funds to some unknown backstreet bank in an obscure offshore haven. You are sending it to a tier 1 Global Bank.

Australia also have an independent Ombudsman, so if a dispute does arise, then a European trader does have some legal foundation to operate from.

Australia might be an 18-hour flight away for Europeans, but in terms of banking and trading with a CFD broker "down under", it is as if you are trading with a broker in say London. You transfer funds to a global bank.

There is an around-the-clock customer service helpdesk to assist you. In short, it may not be London or Frankfurt, but it feels safe, and there is a solid regulation behind.

Many Australian brokers I investigated also offered **negative balance protection** for their clients, something which particularly pleases the hordes of European traders that have opened an account down under, in order to get 200:1 margin.

Fees and Charges

Investigating "fees and charges" was a minefield. It seems many brokers are not overly helpful when it comes to disclosing what charges their clients incur. It means diving into brokerage statements to find the swap fees, and the overnight funding fees.

Before I disclose the result of my investigation, I need to talk about fees and charges. There are the normal charges that you see every CFD broker will undertake. These charges are:

1. **Overnight funding**
2. **Guaranteed stop-loss**
3. **Normal commission charges**

Those charges are part and parcel of having a CFD trading account. Obviously, some charge more than others. Some charged LIBOR plus 1% for overnight holdings and some charged LIBOR plus 1.5%.

I am of the opinion that VERY few CFD traders are aware of the funding undertaken by their broker. A trader may trade with a CFD broker with excellent execution and good bid-ask prices but are oblivious to the nightly charges.

I believe that trading is a profession, and I am the shopkeeper. It is up to me to acquire my "inventory" at the cheapest prices (spread wise).

Then there are the charges and practices that are outrageous and out-right unfair. This is the point in my review where I want to be a little careful what I say. I do not want to find myself at the wrong end of an angry broker. Here are my findings:

Inactivity Fee

Some brokers find it ok to charge their clients $25 per month, whenever the client has been inactive for a month. I find this practise unfair.

I have a list of brokers who engage in this practise, but I will not make this public. It is up to the individual trader to investigate if their own broker engages in this practise, and then decide for themselves if they are ok with it.

Persistent Slippage

Some brokers may have low spreads, but they are mightily good at just nipping a point here and there from their clients through slippage. Your stop loss on a long trade was 43, but the broker fills you at 42.5. You just paid an extra 0.5.

This happens a lot, unfortunately. I spoke to a wide network of traders, and it seems almost no broker in the CFD industry is exempt from this practise. It would be unfair to name names. However, it might be worthwhile to remember that slippage is a two-way street, and I only saw a few brokers where you received the benefit of a better fill than expected.

It reminds me of the case against FXCM, who were fined 16.9 million US Dollars for their asymmetric slippage against their clients. It meant that their clients never benefitted from better fill prices.

https://www.financemagnates.com/forex/brokers/fxcm-uk-announces-16-9-million-settlement-with-fca-for-asymmetric-slippage/

Conversion of Profit & Loss to Base Account

Most CFD brokers only let the trader trade in the underlying currency of the asset you are trading. When you trade the Dow, you are essentially trading a US dollar asset. When you trade the DAX index, you are trading a Euro asset.

If your base account is in British Pounds, it means that your gains and losses from your Euro asset trading or US Dollar asset trading needs to be converted back to British Pounds.

I found some brokers that engaged in outrageous conversion practises. Again, I decided not to name and shame, because I felt the purpose of the review is to first and foremost identify the brokers with good bid-ask spreads.

While I have proof of my claims, I would prefer to appeal to the traders reading this document to check their statements.

Some CFD brokers use exchange rates to convert gains and losses that would make your holiday currency purchases in the local supermarket seem fair. If Sterling Dollar is trading at $1.30 in the spot market, it seems unfair that a broker should use $1.25 as the conversion rate.

How to Avoid Conversion Charges

When you open a CFD account, you nominate your base currency. A trader from Germany will probably have a base account in Euros, while a Danish trader may have a base account in Danish Kroners, and so forth.

During my testing I found a practise amongst brokers to charge a **horrendous exchange rate** when they convert clients' profits or losses back to the base currency of the account, as discussed above. This is a grossly unfair practise, one that sees brokers skim their clients' money almost unnoticeably. I found this practise rife, with many brokers doing it.

There is one simple solution to this problem. Open an account with a CFD broker that allows you to trade ANY product in your "local" currency.

This means that if your local currency is in Euros, you trade every product with your stake size or contract size denominated in Euros.

If you are a Swedish trader, you set up your base account in Swedish Kroner, and you trade anything you want with your stake size or contract size in Swedish Kroners.

Say you are a Danish trader, and you open a CFD account that will enable you to trade all CFDs in Danish Kroner. It means you can trade the Dow Jones Index in a stake size denominated in Danish Kroners. You no longer have to have your profits, or your losses converted from say US dollars back into Danish Kroners.

It also makes your risk management much easier to understand, as you are more inclined to appreciate your risk in your own local currency than a foreign currency.

I found only one broker offering this account option. By being able to trade in your local currency, your profits or losses are in your local currency, and there will be no need for the broker to "sweep", meaning convert from one currency to another, using an unfair exchange rate.

The Results

I investigated in excess of 100 brokers, but it is a sad fact that many of the brokers were MT4 brokers from outside the EU. It became tedious to see the same platform over and over, just with a different colour setting. Therefore, I have restricted my initial findings to 32 brokers.

Below I have set out the following information in alphabetical order:

Broker Name	**Broker Score**	**Spread**
8Cap	17.30	Variable
Activ Trades	13.60	Variable
Admiral Markets	12.98	Variable and Fixed
ADSS	13.50	Variable
AVA Trade	21.90	Variable
Capital Index	22.40	Variable
City Index	13.80	Variable and Fixed
CMC Markets	12.90	Variable and Fixed
ETX Capital	12.30	Variable and Fixed
FP Markets	16.46	Variable
FX Pro	17.95	Variable
FXCM	16.50	Variable
FXDD	28.12	Variable
FXTM	57.05	Variable
Go Markets	14.64	Variable
Hantec	22.00	Variable and Fixed
HF Markets	17.89	Variable
IC Markets	15.60	Variable
IG Markets	13.66	Variable and Fixed
InterTrader	13.95	Variable
JFD Broker	17.72	Variable and Fixed
London Capital Group	13.60	Variable and Fixed
Markets.com	11.70	Variable and Fixed
Pepperstone	20.38	Variable
PLUS 500	13.07	Variable and Fixed
Saxo Bank	12.45	Variable and Fixed
TradeDirect365	9.05	Fixed
Think Markets	13.90	Variable
Tick Mill	16.69	Variable
Trading 212	15.34	Variable
UFX	30.05	Variable
XTB	17.25	Variable

- The highest spread was 57.05.
- The lowest spread was 9.05.
- The average spread was 17.79.

If I strip away some of the worst spread offenders (anything over 25), to give a more meaningful "median", the average spread is 15.53.

…and the Winner is…

There are many great brokers around, but the broker I found that had the best prices to execute at was the Australian broker called **TradeDirect365.com.au** (TD365). Their total spread score came in at **9.05**.

In comparison, other major CFD companies like IG Market, CMC Markets, and City Index are more than 40% more expensive to trade with. That was a surprise to me.

TD365 was the only broker I investigated that is a 100% fixed spread broker. It meant that their spreads did not change at all during the times I observed the platform.

Incidentally TD365 is also the only broker that offered CFDs where you trade in your local currency.

They call it Single Currency Trading.

TD365 doesn't provide a news service, or any other extra services. However, it is a bit like flying with a budget airline. It is significantly cheaper to travel with them than on other airlines, but you don't expect free drinks and food while on board.

From a performance point of view, TD365 had a solid execution policy, even during volatile trading times. The platform did not go down during the testing. I only mentioned that because whilst testing other platforms, even some of the major ones, their platforms would at times pack in.

I had expected some of the major CFD providers to win. It was a surprise to see a relatively unknown brand come out on top.

Read Online Brokers Australia Full Review of TradeDirect365

Conclusion

I came to appreciate the CFD industry as a whole to a far greater extent than I had before. Most brokers attempt to provide a good and honest service. Many provide education. Many provide news services. They try to make their clients better informed traders.

Yes, there are issues with representations on fees and overnight funding, and in particular with slippage on execution. There are most certainly issues with the proliferation of MT4 CFD providers from obscure locations, without any meaningful regulatory oversight. Hopefully this document will go some way in informing traders what to look out for.

One area I would have liked focus on is the areas of overnight funding on the different products. I have the data, but the meticulous logging of the data would take an inordinate amount of time. This was a self-funded project, which meant that time was not unlimited.

Although a cost to your trading, I concluded that the variance between brokers on overnight funding in FX is not significant. Therefore, I saved myself the time to log it.

Feedback

You are welcome to direct your questions or your comments to pm.thurmann [at] gmail.com

Thank you

Peter

Risk Notice and Disclaimer

Contracts for Difference (CFDs) are a complex, leveraged financial product. They require certain levels of experience and therefore might not be appropriate for everyone. Contract for difference trading carries a high level of risk to your capital and can result in financial losses which may exceed your initial deposit. Please ensure you understand all the risks involved.

If you consider opening an account, or obtaining any financial products, you should always read the Product Disclosure Statement (PDS) and other offer document/s before making any investment decisions. If you are unsure of the risks, or have any doubt whether you have sufficient financial resources or experience to trade these products, you should take professional advice before opening any opening a CFD trading account.

This report is entirely Peter Thurman's research and therefore is copyrighted content owned by Peter Thurman with all rights reserved. Online Brokers Australia would like to congratulate Peter on the extensive testing performed to produce this document. The only additions Online Brokers Australia has made is the inclusion of one affiliate link and a link to our detailed TradeDirect365 CFD broker review. Online Brokers Australia, at no cost to you, may receive compensation from a provider when you click on a link to their brokerage firm (and this is independent to the author of this report).

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