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What a trade really costs

Four costs sit inside every forex trade. This worksheet shows you how to add them up before you trade, with a worked example.

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Risk warning: CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. Most retail investor accounts lose money when trading CFDs. You should consider whether you can afford to take the high risk of losing your money.

Pip
The smallest usual price step. On EUR/USD, one pip is 0.0001.

Lot
Trade size. 1 lot = 100,000 units of the first currency. 0.10 lot = 10,000.

Pip value
What one pip is worth in money for your trade size. Your platform shows it.

Spread
The gap between the buy and sell price. You pay it the moment you open a trade.

Commission
A fee per trade, charged on some accounts when you open and again when you close.

Swap
A fee (sometimes a credit) for keeping a trade open overnight. It is charged every night.

Slippage
The difference between the price you asked for and the price you got.

The formula

Total cost = spread + commission + swap + slippage

Worked example

You buy 0.10 lot of EUR/USD and keep the trade open for 3 nights. Your account is €1,000. On EUR/USD, 1 pip on 0.10 lot is worth 1 US dollar; at an example rate of 1.08, that is about €0.93 in euros.

Cost	How to work it out	Amount
Spread	1.2 pips × €0.93	€1.12
Commission	€3.00 per side per lot × 2 sides × 0.10 lot	€0.60
Swap	€0.70 per night × 3 nights	€2.10
Slippage	0.3 pips × €0.93	€0.28
Total cost		**€4.10**
Share of a €1,000 account		0.41%

These are example numbers to show the maths. They are not any broker's prices. Use your broker's own numbers.

Two things to notice. The swap is the biggest cost here, because the trade stayed open three nights. And you pay the full €4.10 whether the trade wins or loses.

Your worksheet

Fill this in for your next trade, before you place it.

Spread: ___ pips × pip value ___	_____
Commission: ___ per side × 2 × lots ___	_____
Swap: ___ per night × nights ___	_____
Slippage: ___ pips × pip value ___	_____
Total cost	_____
Total ÷ account balance × 100 = ___ %	_____

Where to find each number

- **Spread:** the platform's quote window, or the broker's spreads page. Look for the typical spread, not the minimum.
- **Commission:** the fee schedule for your account type.
- **Swap:** the instrument's contract specification in the platform. Some brokers charge three nights on one weekday to cover the weekend.
- **Slippage:** your own trade history. Compare the price you asked for with the price you got.