

Swaps is a commission many new traders heard about and yet it remains the mystery for most, today we are going to unpack all details on what swaps are and how to calculate them in Connex.

Let's start with understanding what swaps are: in simple terms it's the commission that is charged once you leave the trade on any product open beyond the quote hours (GMT+2:00) that will vary from product to product. It's charged daily for as many days you open a position. For example, let's say you open a trade on Monday at 17:00 and then close the trade on Thursday 15:00, thus you will be charged for 3 days. Simple so far, right?

Now, one thing to keep in mind that on some days **triple swap** will be charged, specifically on:

Wednesday- for Currency Pairs and Metals (Gold, Silver, Platinum)

Friday – for Indices, Stocks, and Energies (OIL, and NGas)

The only exception from triple swap charges are Crypto pairs since you may trade on them 24/7.

For example, if you open a trade on EURUSD (which is Currency pair) on Tuesday at 9:00 and close on Thursday 15:00, you will be charged a daily swap on Tuesday and triple day swap on Wednesday, thus you basically pay for 4 days.

Now that we understand how swaps are charged, let's see together how to calculate the swaps. In Connex we use this formula and all info you can find in your MT5:

$$\text{Swaps} = ((\text{Current price} * (\text{lot size} * \text{contract size}) * \text{swap percentage}) / 100) / 360$$

Current Price - we refer to the End of the Day Price (GMT+2:00, subject to change due to daylight savings) otherwise known as **Last settlement price from Liquidity Provider**. You may check price directly from our website from swap calculator, it will give you the Current Ask price (use if you opened Buy trade) and Current Bid Price (use if you opened Sell trade):

Swap Calculator

Asset Class: Precious Metal

Trading Symbol: XAUUSD

Trade Size (Lot): 1


Current End of Day Price:

Bid Price: 4079.72


Ask Price: 4079.97

Current Conversion Price: 4079.97

Lot size – defined by a trader, min lot size on most products is 0.01 and max size is 30-50 lots, you may check min and max per any product you want to trade from properties column of MT5 as shown below:

<div> <div>←</div> <div>XAUUSD.s</div> <div>Spot Price for Gold per ounce in US Dollars</div> <div>  </div> </div>	
Expiration	All
Orders	Market, Limit, Stop, Stop Limit, Stop Loss, Take Profit
Minimal volume	0.01
Maximal volume	30
Volume step	0.01
Volume limit	30.00

Contract size -is predefined by company and differ from asset category or product itself, you may check the contracts size of product you want to trade on from properties column of MT5:

<div> <div>←</div> <div>XAUUSD.s</div> <div>Spot Price for Gold per ounce in US Dollars</div> <div>  </div> </div>	
PROPERTIES	
Category	Metal
Exchange	Over The Counter
Sector	Commodities
Industry	Precious Metals
Digits	2
Contract size	100
Spread	Floating
Stop levels	0

Swap percentage:

Swaps charges are presented as percentage and can be found directly from Properties tab in MT5 application. Swap long will be charged if you opened BUY trade, swap short will be charged if you opened Sell trade.

← **XAUUSD.s** 
Spot Price for Gold per ounce in US Dollars

Swap type In percentage terms, using open price

Swap long	-5.5
Swap short	-0.5

Now that you know where to look up for information you need to insert into formula, let's see two examples to practice:

Example 1:

Let's imagine that you opened 0.01 lot Buy trade on Gold, so in this example:

Current Ask Price = 4079.97

Lot size=0.01

Contract size= 100 ounces

Swap long = - 5.5

Thus, the swap charge will be = $((4079.97 * 0.01 * 100 * (-5.5)) / 100) / 360 = -0.62$ USD, this is your daily charge for this position. Please note that the swap will be calculated every day based on the Current price of that day, thus swap charges from one day to another will change according to the change of current price. Therefore, if you hold the trade for let's say 5 days, then you will be charged in total 5 days swaps = $5 * (-0.62) = -3.11$ USD which is an approximate cost since the swap charge will slightly differ on daily basis, and the total number might be slightly higher or lower than this number. Of course, don't forget to count in the triple swaps on Wednesday for Gold.

Example 2:

Let's imagine now that you opened 1 lot Sell trade on EURUSD, so in this example:

Current Bid Price = 1.17028

Lot size=1

Contract size= 100 000 EUR

Swap short = - 0.3

Thus, the swap charge will be $= ((1.17028 * 1 * 100\,000 * (-0.3)) / 100) / 360 = -0.97$ USD, this is your daily charge for this position, thus if you hold the trade for let's say 5 days, then you will be charged in total 5 days swaps $= 5 * (-0.97) = -4.87$ USD, remind you that this is an approximate cost since the swap fee will slightly change from one day to another due to change of current price. And again, don't forget to count in the triple swap on Wednesday for EURUSD.

One important note: since the formula uses the current price which is basically the price when the market is closing, the current price you see on margin calculator will help you to calculate the cost of the swap you would be charged yesterday. You can still use this current price to have an approximate calculation of the swap for tonight or tomorrow. If you want to be very accurate and see exact cost you will be charged tonight, just wait to get the data tomorrow and use the formula.

We hope that this article will help you to understand your swap charges better and navigate your trading strategy so much more efficiently.

ConnexFX Team

