How to calculate the profit and loss of a Forex trade

How to calculate the P&L and the cost of a Forex trade

Learn how to calculate the P&L and the cost of a Forex trade based on the **table of assets**.

Check out the table of assets and spreads

Go to the **table of assets**.

The columns you'll need to check out for this calculation are the following:

- Pip value
- Swap long
- Swap short
- Commission

Additionally, you'll need to know the number of contracts (lots) you are trading.

The table indicates both the standard contract size (100,000 of the base currency) and the minimum tradeable size (usually, 0.01 contracts).

Calculate the trade's P&L

Based on pip value

You can calculate the P&L of a trade by multiplying the **pips gained or lost** by the **pip value** and the **number of contracts.**

A **pip** is the fourth decimal of the price of a currency pair with the exception of currency pairs ending with JPY in which case the pip corresponds to the second decimal.

The value of a pip is determined by the second member of the currency pair, known as the counter or **quote currency**, and has a fixed value in that currency.

For example, every currency pair that ends in USD (GBP/USD, AUD/USD, etc.) has a fixed value of $10 per pip per standard lot.

However, a currency pair that ends in GBP (such as EUR/GBP) has a fixed value of 10 GBP per pip per standard lot, and a currency pair that ends in CHF (such as USD/CHF) has a constant value of 10 Swiss francs.

For example, if you go long 1 standard lot in the AUDUSD - you buy 100.000 AUD- at 0.74497 and sell it at 0.74989 (49.2 pips gained), the calculation would go as follows: **pips gained/lost * pip value * number of contracts** = 49.2 * 10 * 1 = 492 USD

If instead of 1 standard lot, you open a 0.01 lot, AKA a micro-lot, in the AUDUSD at exactly the same price as the above-mentioned example, which equals to buying 1000 AUD, the pips gained would have been the same, 49.2 pips.

However, the number of contracts is 100 times smaller. Therefore, the calculation would go as follows: 49.2 * 10 * 0.01 = 4.92 USD

When you do your calculation this way, the result you'll get will be the P&L in the **quote currency** (USD in the case of AUDUSD).

| Order /	Time	Type	Size	Symbol	Price	S / L	T / P	Price	Commission	Swap	Profit
53754419	2017.05.19 16:54:00	buy	0.01	audusd	0.74497	0.00000	0.00000	0.74989	-0.03	-0.03	4.92 ×
Balance: 534.98 EUR Equity: 539.30 Margin: 3.33 Free margin: 535.97 Margin level: 16196.15%											4.32

Based on the open and close price

Another way of calculating P&L of a trade is based on price according to the formula **(close price - open price) / open price * nominal value of the trade.**

In the second example above mentioned with a microlot, the result would be: (0.74989 - 0.74497) / 0.74497 * 1000 AUD = 6.60 AUD

If you take this route, the P&L will be denominated on the **base currency** (AUD in the case of AUDUSD) and not on the quote currency.

Choose how to display P&L in the MetaTrader terminal

For displaying P&L in the MetaTrader terminal you may choose between points (1 pip = 10 points), term currency (same as quote currency or the second part of the currency pair) or deposit currency.
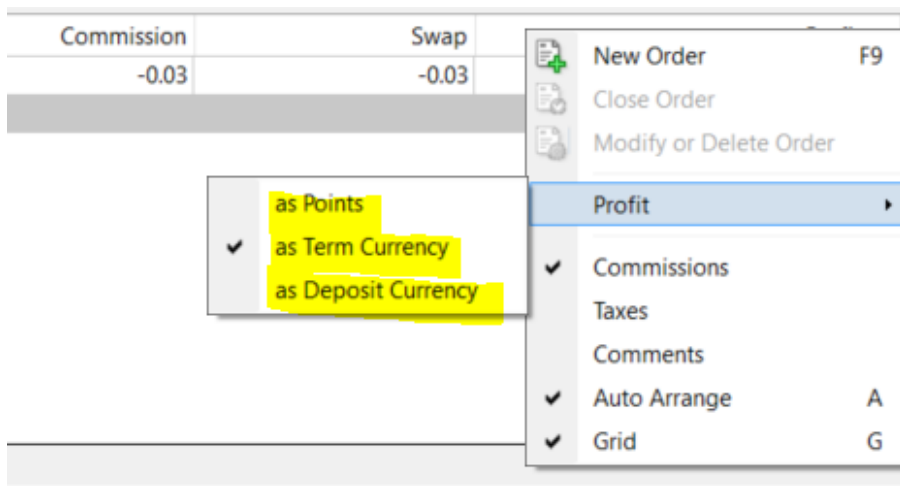
'Profit' in MT4/MT5 does not include the cost of a trade. Only the amount that appears in bold in the last row of the 'Profit' column includes all the costs (commission and swap).

Calculate the cost of a trade

The cost of a trade consists of **commission + swap**

Commission

For currency pairs we charge 0.0025% of nominal value traded or a competitive 0.005% round trip.

Differences in timing of commission charges in MT4 vs MT5

In MT4, the entire round trip commission gets charged at the opening of the trade and no additional commission is charged afterwards.

However, in MT5 the commission is charged "per-side", half at the opening, half at the exit of the trade.

For calculating the commission, it´d be as easy as to multiply the number of contracts by the commission indicated in **the table of assets and spreads**.

In the above example using a micro-lot (0.01 lot), it´d go as follows: 0.01 * 5 AUD = 0.05 AUD.

If the AUD is not the base currency of your account, Darwinex would convert AUD into your base currency -EUR in our example- at the current rate.

I our example 0.05 AUD equals to 0.03 EUR as you can see below.

Size	Symbol	Price	S / L	T / P	Price	Commission	Swap
0.01	audusd	0.74497	0.00000	0.00000	0.75000	-0.03	-0.03

The commission is always displayed in the base currency in the Metatrader terminal.

Swap or rollover

When holding on to positions for longer than a day, investors borrow a currency (on which interest is payable) to invest in another (on which they earn interest).

Net interest is settled on a daily basis at 21:00 UTC and it shows the difference between interest paid and earned.

Swap settlement is positive whenever interest earned on the invested currency exceeds interest on the borrowed currency - the investor gets paid. Swap is a cost whenever the opposite is true.

The swap displayed in the MetaTrader terminal is the swap accumulated over the days the trade was open upon daily market rollover (21:00 UTC) but the rate charged each day may be different.

Swap is always displayed in the base currency in the Metatrader terminal.

Price	Commission	Swap	Profit
0.74484	-0.03	-0.06	-0.12 ✕
			-0.21

Swap for currency pairs is charged daily at 21:00 UTC, in triple size on Wednesdays.

The swap for the current day can be checked out in the **table of assets**. and is updated usually during the afternoon.