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What is Swap in Trading? How is it working?

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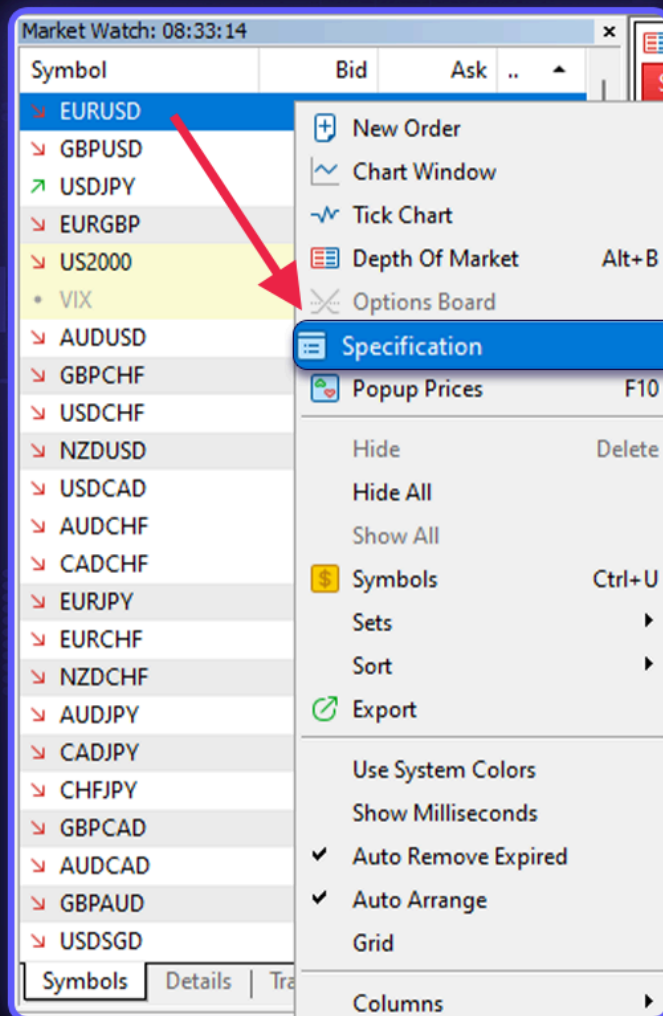
Think of **swap in trading** as a small interest fee that you either **pay** or **earn** when you keep a trade open overnight and over the weekend. Traders may either pay a swap fee or earn it depending on the interest rate of the currency being traded.

How Does the Swap Value Vary?

Interest rates vary across currency pairs, **swap rates differ** based on the **traded pair or asset class**. **Liquidity Providers (LPs)** typically set the swap rate, and it gets updated in the **Trading Platform** based on their frequency of adjustments.

In today's market, major economies often have **similar interest rates**, leading to **negative swaps for both long and short positions**. In such cases, **the swap rate is primarily influenced by the Liquidity Provider**.

In the **individual symbol specifications**, the **swap rate** is typically stated in **points per lot** as the **swap type**. However, there are different **swap calculation methods**, and depending on the method used, **the way the swap rate is displayed** can vary across platforms like **brokerages or prop firms**.





Specification		
EURUSD, Euro vs US Dollar		
Sector		Currency
01 Digits		5
1/2 Contract size		100 000 EUR
01 Spread		floating
01 Stops level		0
ab Margin currency		EUR
ab Profit currency		USD
Calculation		Forex
1/2 Hedged margin		100000
Chart mode		By bid price
Trade		Full access
Execution		Market
GTC mode		Good till cancelled
Filling		Fill or Kill, Immediate or Cancel
Expiration		All
Orders		Market, Limit, Stop, Stop Limit, Stop Loss, Take Profit
1/2 Minimal volume		0.01
1/2 Maximal volume		40
1/2 Volume step		0.01
Swap type		In points
1/2 Swap long		-13.472
1/2 Swap short		0.107
Swap rates		
Monday		1
Tuesday		1
Wednesday		3
Thursday		1
Friday		1

How Does Swap Work?

The swap rate displayed on the platform is not the **final amount** that will be **charged or credited** to your account. Instead, it represents a value that, depending on the calculation type, is used to determine the actual swap fee.

For example, if you see a swap rate of -19.5912 for a long (buy) position on USDJPY, it does not mean \$-19.5912 will be charged. The final swap fee depends on factors like the lot size and number of days the trade is held.

Example Calculation:

- **Symbol:** USDJPY
- **Trade Size:** 1.00 Lot
- **Position Type:** Buy

- **Days Held:** 1 day
- **Displayed Swap Rate:** -19.5912
- **Actual Swap Fee:** -\$12.34

This means that after applying the appropriate formula, the **swap fee** for this trade turns out to be -\$12.34 instead of the swap rate of -19.5912.

What is Triple or 3x Swap? Why Does the Swap Charge Sometimes Seem Higher??

A triple swap (3x swap) is applied on **Wednesday** for forex and commodities to account for the weekend rollover, as these markets typically follow industry norms for CFD transactions. Since no swaps are charged over the weekend, the adjustment is made mid-week.

For indices and cryptocurrencies, the 3x swap is applied on **Friday**, reflecting their standard transaction practices and ensuring weekend interest is properly accounted for.

For the Match-Trader platform, due to platform limitations, the 3x swap for all symbols will be applied on Wednesday.

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