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What are Swaps and how are they calculated?

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A **swap** (also known as overnight financing or rollover) is the interest that is **paid or earned** for holding a trading position overnight.

□ How to Check Swap Rates on MT4 / MT5

You can check the current swap rates directly on your trading platform:

1. Open **Market Watch**
2. Right-click on the symbol you want to check
3. Select "**Specification**"
4. View the **Swap Long** and **Swap Short** values

These show the overnight swap rate for Buy and Sell positions.

□ How is Swap Calculated?

Swap can be calculated using either **Points** or **Percentage**, depending on the instrument.

□ 1□ Swap in Points

When swap is quoted in **points**, the formula is:

Swap = Lot Size × Swap Value × Number of Days

Where:

- **Lot Size** = Position size (in lots)
- **Swap Value** = Swap rate shown in Specification
- **Number of Days** = Total rollover days charged

□ 2□ Swap in Percentage

When swap is quoted as a **percentage**, the formula is:

$$\text{Swap} = \text{Lot Size} \times \text{End-of-Day (EOD) Price} \times \text{Swap Value} \div 100 \div 360 \times \text{Number of Days}$$

Where:

- **Lot Size** = Position size (in lots)
 - **EOD Price** = End-of-day market price
 - **Swap Value** = Annual percentage rate
 - **360** = Standard financial year convention
 - **Number of Days** = Total rollover days charged
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□ Important Notes

- Swap may be **positive or negative** depending on position direction.
 - A **triple swap** may apply on certain days (commonly Wednesday for Forex).
 - Swap rates can change based on market conditions.
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□ *This content is provided for informational purposes only and does not constitute investment advice. Trading involves risk.*