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What is a Spread?

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□ What is a Spread?

The **spread** is the difference between the **Bid (sell) price** and the **Ask (buy) price**.

It represents the **cost of entering a trade**.

□ Spread Formula

Spread = Ask Price - Bid Price

□ Example

If EUR/USD is quoted as:

1.1000 / 1.1002

- **1.1000** → Bid (Sell)
- **1.1002** → Ask (Buy)

Spread = **0.0002 (2 pips)**

This 2-pip difference is the transaction cost for opening the position.

□ Important Notes

- Spreads may be **fixed or variable**, depending on account type and market conditions.
 - Spreads may widen during periods of **high volatility or low liquidity**.
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□ *This content is provided for informational purposes only and does not constitute investment advice. Trading*

involves risk.