

# FX Trading

Lot, Leverage and Returns

# Lot Size



# Standard lot

100,000

$$\begin{aligned}\text{USD/CHF} &= 1.4655 \\ \Delta \text{ PIP} &= 0.0001/1.4655 \\ &= 0.00006824 \times 100,000 \\ &= \$ 6.82 \text{ per Pip}\end{aligned}$$

# Standard lot



100,000

$$\text{USD/INR} = 58.4541$$

$$\Delta \text{ PIP} = 0.0001/58.4541$$

$$= 0.00000171 \times 100,000$$

$$= \$ 0.17 \text{ per Pip}$$

$$\Delta 1000 \text{ PIP} = \$ 0.17 \times 1000$$

$$= \$ 171$$

# Mini Lot



10,000

$$\begin{aligned}\text{USD/CHF} &= 1.4655 \\ \Delta \text{ PIP} &= 0.0001/1.4655 \\ &= 0.00006824 \times 10,000 \\ &= \$ 0.682 \text{ per Pip}\end{aligned}$$

# LEVERAGE

# 1:100

**You have \$ 1**

**Buy \$100**

# LEVERAGE

# 1:400



**You have \$1**

**Buy \$400**

**\$ 1,000**

**Can Buy \$100,000**

**1:100 Leverage**

**\$ 1,000**

**Can Buy \$400,000**

**1:400 Leverage**

# Profit / Loss

100,000

**USD/CHF** = 1.4655 / 4660  
**Buy (ASK)** = 1.4660

**USD/CHF** = 1.4680 / 4685  
**Sell (Bid)** = 1.4680  
**Profit** = 20 Pips

**Total Profit** =  $20 \times (0.0001 / 1.4680) \times 100,000$   
**= 20 X \$ 6.8120 = \$ 136.24**

# Return on Investment

$$\text{\$136} / \text{\$1000} = 13.60 \%$$

**[1:100 Leverage]**