Four Charges Worksheet

Signal Pilot Education — companion to Lesson 10: Every Trade Starts Negative.

Every position opens at a loss, and one of the four charges keeps deepening it for as long as you hold. The spread, the commission, the slippage and the financing are all taken for reasons that have nothing to do with whether the trade works. This worksheet puts your own four on one page and turns them into the one number a breakeven formula is actually asking for.

> **Educational only.** Trading involves substantial risk of loss. Not financial advice. Past performance does not guarantee future results. Every number in this worksheet is one you measure on your own record; the figures are yours rather than the lesson's, because these four charges are the ones no course can look up for you.

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1. Take one real trade apart

Pick **a trade you actually placed**, not a typical one. Fill in what each charge took, in the currency the instrument trades in.

Charge	What it took	How you know
Spread, entry		half the quoted spread, or the fill against the mid
Spread, exit		
Commission, both sides		the broker statement, not the schedule
Slippage, entry		fill price minus the price when you pressed
Slippage, exit		
Financing, per night held		
Nights held		
Total		

The first six rows are taken once. The seventh is taken again every night, and it is the only one that grows while you wait.

2. Put the total where it belongs

	Your number
Total charges, from section 1	
Position size	
Cost per unit	
Your usual stop distance	
Cost as a share of the stop	

The last row is the fraction of your risk that is spent before the market has done anything at all.

3. Find the breakeven the charges set

	Your number
Cost per unit	
Target distance per unit	
Payoff = target ÷ stop	
Break-even hit rate with no charges = 1 ÷ (1 + payoff)	
Break-even hit rate with the charges added to the stop	
Difference	

That difference is the extra accuracy the four charges demand of you, and nothing about the method changes it.

4. Do it again on the cheapest and dearest thing you trade

Instrument	Total charges	Share of the stop
Cheapest		
Dearest		
Ratio		

If the ratio surprises you, the instrument was making a larger decision than the method was.

What you are holding when this is filled in

One total and one difference. The total is what a round trip costs you before the trade has a direction; the difference is the accuracy the charges demand on top of what the method already had to deliver.

Signal Pilot Labs, Inc. — /education/curriculum/beginner/10-every-trade-starts-negative.html