

A Quick Reference Guide:

TRADING FRACTIONAL PIPS in DealBook® 360 and DealBook® WEB

Trade currency pairs with greater accuracy with fractional pips, the latest feature in GFT's DealBook® trading platform. With fractional pips, you will enjoy **more competitive spreads** on our currency pairs as well as place trades with **more precise pricing**.

In this guide, we'll discuss pips and fractional pips and show you how our new pricing will change the way you trade.

WHAT ARE PIPS AND FRACTIONAL PIPS?

If you've traded forex before, you know that most of the currency pairs that GFT offers display their prices with four decimal places. Some, like the Japanese yen, display only two decimals, while others, like the South African rand, display five decimals.

No matter what you're trading, you'll notice that the price of a currency pair moves up or down by this last decimal value.

In traditional forex, a pip was considered the smallest price unit that a particular currency pair would change. As traders bought and sold currency pairs, they used this value to track their profits (or losses).

As forex trading became more popular and trading technology (like the DealBook® platform) evolved, many traders began to monitor price movements by tenths of a pip. With these fractional pips, traders could buy and sell currency pairs with more accurate pricing.

This kind of pricing can have a significant impact on your profits/losses. If you've traded forex before, you know that it is traded in lots: standard account lots are 100,000. Let's say you bought one lot of the EUR/USD at 1.3559 and sold at 1.3579. If you were only counting whole pips, your trade would have earned you 20 pips. With fractional pips on the EUR/USD, however, you may have bought at 1.35591 and sold at 1.35794. In that case, you would have earned 20.3 pips.

EUR/USD
1.3559

USD/JPY
89.08

The underlined number in the price represents a pip.

One individual movement up or down is a percentage in point or more commonly called a pip.

EUR/USD
1.35591

USD/JPY
89.082

With fractional pips, an additional digit appears after the pip. This represents tenths of a pip.

EUR/USD TRADE OUTCOME

Whole pip system: 20 pips gained trade

Fractional pip system: 20.3 pips gained trade

Forex is traded with a degree of leverage. If the pips, lots and leverage on your EUR/USD trade worked out to be \$10 per pip, then that would mean:

Whole pip system = \$200

Fractional pip system = \$203

FRACTIONAL PIPS AND SPREADS

You may have noticed that currency pair prices are quoted using two different numbers: the first is the price at which you can sell the currency pair while the second is the price at which you can buy the currency pair. The difference between these two rates is called the spread, the cost to place the trade. Spreads can vary among currency pairs from as small as one pip for a major currency pair, all the way up to hundreds of pips for a more exotic currency pair.

With fractional pips, GFT can offer more competitive spreads. A spread that would have normally been rounded to two pips in a whole pip trading system could now be calculated as 1.5 pips.

FRACTIONAL PIPS IN DEALBOOK

In the DealBook platform, you can continue to trade using the features and tools that you prefer to use, but you will notice a few small differences with fractional pips.

All currency pairs in DealBook will display an additional digit after the pip in the Quote Board, the Dashboard, the Open Positions and Working Orders tables and chart windows.

GBP/USD.FX
1.549
39 61
SELL BUY
Lots: x100,000

Example from Dashboard in DealBook WEB

In order windows, like the New Order window or a Direct Deal ticket, the fractional pip number will appear smaller than the pip number.

You'll also notice fractional pips in statements. For example, the Detail Transaction report includes a Rate column that displays the rate with fractional pips for your trades.

Direct Deal Ticket
EUR/GBP.fx EUR/GBP.fx
Sell Buy
0.88899 ↑ 0.88914 ↑
(100,000) (100,000)

Example of a Direct Deal Ticket from DealBook 360

New Order - EUR/USD
EUR/USD Account/Role:
EUR/USD PRICE ACTIVITY
1.35590 ↓ / 1.35600 ↓ QUICK CHART
SAVE AS DEFAULT
Order Type: Market order
1.35590 Bid (sell) 1.35600 Ask (buy)
Lots: 1 Lot size: 100,000
*1 pip = 0.0001 Quick Lots: 1 5 10 25 50 100 P
x10 x100 x1000 x10,000 x100,000

Example of a New Order Window from DealBook 360

LEARN MORE ABOUT FRACTIONAL PIPS

If you have questions about fractional pips, our GFT account executives are happy to help you. Contact us using one of the methods to the right.



1 616 956 9273
US MAIN



gftforex.com
WEB, LIVE CHAT



1 800 465 4373
TOLL FREE



IMPORTANT NOTE: Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to trade foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts. Past performance is not necessarily indicative of future results. © 2010 Global Futures & Forex, Ltd. All rights reserved. CD04U.122.051810