



# FXCM Slippage Statistics

**SUMMARY:** AN FXCM PRICE IMPROVEMENT (POSITIVE SLIPPAGE) OCCURS WHEN YOUR ORDER EXECUTES AT A MORE FAVORABLE PRICE THAN THE PRICE YOU REQUEST. THE OPPOSITE OF A PRICE IMPROVEMENT IS NEGATIVE SLIPPAGE, WHEN YOUR ORDER EXECUTES AT A LESS FAVORABLE PRICE. WITH FXCM'S EXECUTION MODEL, BOTH PRICE IMPROVEMENTS AND NEGATIVE SLIPPAGE ARE POSSIBLE, AS THE STATISTICS BELOW SHOW. FIND OUT IN THIS ARTICLE WHICH ORDER TYPES AND MARKET CONDITIONS COULD POTENTIALLY PUT YOU IN THE MOST LIKELY SITUATION TO RECEIVE EITHER A PRICE IMPROVEMENT OR NEGATIVE SLIPPAGE.<sup>1</sup>



## HIGHLIGHTS

These highlights come from orders that executed through FXCM Group from 1 January 2019 to 31 March 2019. Data excludes certain types of non-direct clients<sup>2</sup>:

- ☑ 23.32% out of all stop, limit, 'at market', and entry orders received positive slippage
- ☑ 10.82% out of all stop, limit, 'at market', and entry orders received negative slippage
- ☑ Over 64.91% of all limit and limit entry orders received positive slippage
- ☑ 45.70% of all stop and stop entry orders received negative slippage

AS YOU CAN SEE, WITH FXCM, POSITIVE SLIPPAGE OCCURS AS FREQUENTLY AS NEGATIVE SLIPPAGE. WE BELIEVE THAT THIS REFLECTS POSITIVELY ON OUR FOREX EXECUTION MODEL, WHICH AIMS TO PROVIDE FAIR AND TRANSPARENT EXECUTION.



**TABLE 1.1 POSITIVE AND NEGATIVE SLIPPAGE BY MONTH**

Slippage can occur for many reasons, but price volatility is often the largest contributor. Typically, as price volatility increases, slippage (both positive and negative) occurs more frequently; as price volatility decreases, slippage occurs less frequently. This is, for example, why traders typically see more slippage around news events.

<b>Date</b>	<b>Orders Placed*</b> Defined as the total amount of stop, limit, 'at market', and entry orders	<b>No Slippage</b> Amount of 'Orders Placed' That Received No Slippage, executed at requested price	<b>Price Improvement</b> Amount of 'Orders Placed' That Received a Price Improvement	<b>Negative Slippage</b> Amount of 'Orders Placed' That Received Negative Slippage	<b>No Slippage</b> percentage of 'Orders Placed' That Received No Slippage, executed at requested price	<b>Price Improvement %</b> Percentage of 'Orders Placed' That Received a Price Improvement	<b>Negative Slippage %</b> Percentage of 'Orders Placed' That Received Negative Slippage
<b>Jan-19</b>	6,415,271	3,991,972	1,687,800	735,499	62.23%	26.31%	11.46%
<b>Feb-19</b>	4,610,228	3,092,987	1,047,907	469,334	67.09%	22.73%	10.18%
<b>Mar-19</b>	5,303,937	3,670,704	1,071,919	561,314	69.21%	20.21%	10.58%
<b>TOTAL</b>	<b>16,329,436</b>	<b>10,755,663</b>	<b>3,807,626</b>	<b>1,766,147</b>	<b>65.87%</b>	<b>23.32%</b>	<b>10.82%</b>

\*Certain non-direct clients are excluded from the data. Limit and limit entry orders will only execute at the requested price or better and cannot receive negative slippage. Any negative slippage on a limit or limit entry order is an error and clients are eligible to receive trade adjustments in the event that these errors occur. Price improvements are subject to available liquidity.



**TABLE 1.2 POSITIVE AND NEGATIVE SLIPPAGE BY ORDER TYPE**

Order Type	Orders Placed	No Slippage (at price)	Price Improvements	Negative Slippage	No Slippage (at price) %	Price Improvement %	Negative Slippage %
<b>Close Market</b>	4,701,778	3,410,520	950,940	340,318	72.54%	20.23%	7.24%
<b>Limit</b>	831,899	282,073	549,826	0	33.91%	66.09%	0.00%
<b>Limit Entry</b>	695,975	254,007	441,968	0	36.50%	63.50%	0.00%
<b>Margin Call</b>	422,453	227,878	103,257	91,318	53.94%	24.44%	21.62%
<b>Open Market</b>	7,733,806	5,814,460	1,399,300	520,046	75.18%	18.09%	6.72%
<b>Stop</b>	1,127,051	303,998	222,990	600,063	26.97%	19.79%	53.24%
<b>Stop Entry</b>	352,076	112,944	61,426	177,706	32.08%	17.45%	50.47%
<b>Other</b>	464,398	349,783	77,919	36,696	75.32%	16.78%	7.90%
<b>TOTAL</b>	<b>16,329,436</b>	<b>10,755,663</b>	<b>3,807,626</b>	<b>1,766,147</b>	<b>65.87%</b>	<b>23.32%</b>	<b>10.82%</b>

The above data comes from various order types that executed through FXCM Group from 1 January 2019 to 31 March 2019. Certain non-direct clients are excluded from the data.

Limit and limit entry orders will only execute at the requested price or better and cannot receive negative slippage. Any negative slippage on a limit or limit entry order is an error and clients are eligible to receive trade adjustments in the event that these errors occur. Price improvements are subject to available liquidity.



### Table 1.2 Key

Order Type	Description
Close Market	Market order to close a position; order type is set to 'at market.'
Limit	Limit order.
Limit Entry	Limit entry order.
Margin Call	Market order to close a position; order type is set to 'at market.'
Open Market	Market order to open a position; order type is set to 'at market.'
Stop	Stop order.
Stop Entry	Stop entry order.



**TABLE 2.1 MARKET ORDERS BY ORDER SIZE**

Close Market Order, Open Market Order, Open Order, Close Range, Open Range, Close Order

Order Size*	Orders Placed	No Slippage (at price)	Price Improvements	Negative Slippage	No Slippage (at price) %	Price Improvement %	Negative Slippage %
<b>0-0.49</b>	12,537,461	9,337,141	2,352,220	848,100	74%	18.76%	6.76%
<b>0.5-0.99</b>	50,195	35,532	6,181	8,482	71%	12.31%	16.90%
<b>1-1.9</b>	22,565	14,997	3,301	4,267	66%	14.63%	18.91%
<b>2-2.9</b>	2,606	789	263	1,554	30%	10.09%	59.63%
<b>3-3.9</b>	2,938	1,327	306	1,305	45%	10.42%	44.42%
<b>4-4.9</b>	304	51	11	242	17%	3.62%	79.61%
<b>5-9.9</b>	1,077	189	46	842	18%	4.27%	78.18%
<b>10+</b>	2,396	176	13	2,207	7%	0.54%	92.11%
<b>2018 Totals</b>	<b>12,619,542</b>	<b>9,390,202</b>	<b>2,362,341</b>	<b>866,999</b>	<b>74.41%</b>	<b>18.72%</b>	<b>6.87%</b>

The data above comes from various order types that executed through FXCM Group from 1 January 2019 to 31 March 2019. Certain non-direct clients are excluded from the data.

\*Order size is calculated per the notional value of the order and displayed in MM USD.



**TABLE 2.2 LIMIT ORDERS BY ORDER SIZE**

**Immediately Executed Limit:** Close Limit, Open Limit

Order Size	Orders Placed	No Slippage (at price)	Price Improvements	Negative Slippage	No Slippage (at price) %	Price Improvement %	Negative Slippage %
<b>0-0.49</b>	180,283	135,139	45,144	0	74.96%	25.04%	0.00%
<b>0.5-0.99</b>	18,144	14,049	4,095	0	77.43%	22.57%	0.00%
<b>1-1.9</b>	19,099	16,059	3,040	0	84.08%	15.92%	0.00%
<b>2-2.9</b>	97	86	11	0	88.66%	11.34%	0.00%
<b>3-3.9</b>	32	28	4	0	88%	12.50%	0.00%
<b>4-4.9</b>	5	4	1	0	80%	20.00%	0.00%
<b>5-9.9</b>	5	5	0	0	100%	0.00%	0.00%
<b>10+</b>	6	6	0	0	200.00%	0.00%	0.00%
<b>2018 Totals</b>	<b>217,671</b>	<b>165,376</b>	<b>52,295</b>	<b>0</b>	<b>75.98%</b>	<b>24.02%</b>	<b>0.00%</b>

The data above comes from various order types that executed through FXCM Group from 1 January 2019 to 31 March 2019. Certain non-direct clients are excluded from the data.

Limit and limit entry orders will only execute at the requested price or better and cannot receive negative slippage. Any negative slippage on a limit or limit entry order is an error and clients are eligible to receive trade adjustments in the event that these errors occur. Price improvements are subject to available liquidity.



## TABLE 2.3 MARGIN CALLS AND STOP ORDERS

Stop and Margin Calls: Stop, Stop Entry, Trailing Stop, Trailing Stop Entry, Margin Call

Order Size	Orders Placed	No Slippage (at price)	Price Improvements	Negative Slippage	No Slippage (at price) %	Price Improvement %	Negative Slippage %
0-0.49	1,949,746	658,374	398,864	892,508	33.77%	20.46%	45.78%
0.5-0.99	6,761	2,574	1,116	3,071	38.07%	16.51%	45.42%
1-1.9	2,100	726	317	1,057	34.57%	15.10%	50.33%
2-2.9	434	76	45	313	17.51%	10.37%	72.12%
3-3.9	330	32	24	274	9.70%	7.27%	83.03%
4-4.9	144	18	3	123	12.50%	2.08%	85.42%
5-9.9	179	21	5	153	11.73%	2.79%	85.47%
10+	9	0	0	9	0.00%	0.00%	100.00%
2018 Totals	1,959,703	661,821	400,374	897,508	33.77%	20.43%	45.80%

The data above comes from various order types that executed through FXCM Group from 1 January 2019 to 31 March 2019. Certain non-direct clients are excluded from the data.





## TABLE 2.4 RESTING LIMIT ORDERS

**Resting Limit Orders:** Limit, Trailing Limit Entry, and Limit Entry

Order Size	Orders Placed	No Slippage (at price)	Price Improvements	Negative Slippage	No Slippage (at price) %	Price Improvement %	Negative Slippage %
<b>0-0.49</b>	1,524,188	534,897	989,291	0	35.09%	64.91%	0.00%
<b>0.5-0.99</b>	2,719	886	1,833	0	32.59%	67.41%	0.00%
<b>1-1.9</b>	950	316	634	0	33.26%	66.74%	0.00%
<b>2-2.9</b>	198	68	130	0	34.34%	65.66%	0.00%
<b>3-3.9</b>	87	36	51	0	41.38%	58.62%	0.00%
<b>4-4.9</b>	64	32	32	0	50.00%	50.00%	0.00%
<b>5-9.9</b>	112	44	68	0	39.29%	60.71%	0.00%
<b>10+</b>	0	0	0	0	0.00%	0.00%	0.00%
<b>2018 Totals</b>	<b>1,528,318</b>	<b>536,279</b>	<b>992,039</b>	<b>0</b>	<b>35.09%</b>	<b>64.91%</b>	<b>0.00%</b>

The data above comes from various order types that executed through FXCM Group from 1 January 2019 to 31 March 2019. Certain non-direct clients are excluded from the data.

Limit and limit entry orders will only execute at the requested price or better and cannot receive negative slippage. Any negative slippage on a limit or limit entry order is an error and clients are eligible to receive trade adjustments in the event that these errors occur. Price improvements are subject to available liquidity.



## SELECTING ORDER TYPES

There are several order types to choose from when trading forex. Each one is designed to address a specific trading need. Some order types are better suited for times when price volatility is high; some when it is low. Some order types are better suited for use around news events; some are more suitable to use when you hold positions open over the weekend.

The following information regarding order types may be helpful when deciding which order type to use.

## HIGHLIGHTS

Based on data gathered from orders executed through FXCM Group from 1 January 2019 to 31 March 2019, we have found the following to be true:

- ☒ Limit and limit entry orders are most likely to receive positive slippage
- ☒ Stop and stop entry orders are most likely to receive negative slippage
- ☒ 'Market range' market orders can help to prevent negative slippage

**Execution Certainty** – traders typically use order types that offer execution certainty when they want to ensure entry into the market.

**Price Certainty** – traders typically use order types that offer price certainty when they want to ensure that their orders are only filled, if a particular price (or price range) is satisfied.



## MARKET ORDERS

A market order enters or exits a position immediately at the best available price. It is the most frequently used order type with FXCM.

**Slippage Characteristics:** Market orders can receive positive slippage and negative slippage. A 'market range' market order provides price certainty but it does not provide execution certainty. An 'at market' order provides execution certainty but it does not provide price certainty.

**At Market and Market Range:** FXCM market orders include two order types: 'at market' and 'market range.'

Selecting 'at market' instructs the order to fill immediately at the best available price. This could be the price requested, a better price, or a worse price depending on market conditions. The executed price is determined primarily by price volatility at the time the order executes.

Selecting 'market range' instructs the order to execute immediately only if the best available price is within a defined range of prices. If the only available price is outside of the defined range, the order will not execute. This order type guarantees price certainty but it does not guarantee execution certainty.

**THE TAKEAWAY:** MARKET ORDERS ARE BENEFICIAL WHEN YOU WANT TO ENTER OR EXIT THE MARKET NOW. THE 'AT MARKET' ORDER TYPE GUARANTEES EXECUTION CERTAINTY BUT NOT PRICE CERTAINTY. THE 'MARKET RANGE' ORDER TYPE GUARANTEES PRICE CERTAINTY BUT NOT EXECUTION CERTAINTY.



## ENTRY ORDERS

An entry order will only trigger for execution if the market price reaches the entry order price.

**Slippage Characteristics:** There are two types of entry orders: stop entry orders and limit entry orders. A stop entry order can receive both positive and negative slippage. A limit entry order is designed to only receive positive slippage.

**Stop Entry vs. Limit Entry:** An entry order is considered a 'stop' entry order when the entry order price is a less favorable price than the current market price (i.e. a higher price when you are buying and a lower price when you are selling). This order type can be filled at the requested price, a better price, or a worse price depending on market conditions. Using this order type, especially around news events or other volatile market conditions, can subject you to negative slippage.

An entry order is considered a 'limit' entry order when the order price is a more favorable price than the current market price (i.e. a lower price if you are buying and a higher price if you are selling). This order type is designed to only fill at the requested price or better. Thus, traders gain price certainty but they do not have execution certainty when using this order type. Using a limit entry order to open trades, especially around news events or other volatile market conditions, may be a better option than using a stop entry order because negative slippage can be avoided.

**THE TAKEAWAY:** ENTRY ORDERS ARE BENEFICIAL WHEN YOU WANT TO ENTER OR EXIT THE MARKET AT A FUTURE PRICE. WHEN TRADING AROUND VOLATILE MARKET CONDITIONS, A LIMIT ENTRY ORDER CAN BE USED TO OPEN TRADES INSTEAD OF A STOP ENTRY ORDER IF YOU WANT TO POTENTIALLY AVOID NEGATIVE SLIPPAGE. PLEASE NOTE: LIMIT ENTRY ORDERS DO NOT PROVIDE EXECUTION CERTAINTY.



## STOP AND LIMIT ORDERS

Stop and Limit orders are designed to close trades when the market reaches a future price.

A stop order is placed at a worse rate than the current market price, when this price is reached the order will close instantly at the best available price. This could be the price requested, a better price, or a worse price depending on market conditions. A stop order provides execution certainty but it does not provide price certainty, so negative slippage is possible.

A limit order is placed at a better rate than the current market rate. When this price is reached a conditional order to close the trade at the best available rate will be triggered. If the best available rate is the same or better than the requested price the order will close with no slippage or positive slippage. If the best available rate is worse than the requested rate, then the order will not execute and the position will remain open.

Limit orders provide price certainty but they do not provide execution certainty because they are designed to only fill at the limit price or better.

**Slippage Characteristics:** A stop order can receive both positive and negative slippage. A limit order is designed to receive positive slippage or no slippage but not negative slippage.

**THE TAKEAWAY:** STOP AND LIMIT ORDERS ARE BENEFICIAL WHEN YOU WANT TO EXIT THE MARKET AT A FUTURE PRICE. WHEN TRADING AROUND VOLATILE MARKET CONDITIONS, A LIMIT ORDER CAN BE USED TO CLOSE TRADES TO PROVIDE PRICE CERTAINTY.



## Disclaimers

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<sup>2</sup>Non-direct clients may include clients of certain intermediaries.

### HIGH RISK INVESTMENT

Trading foreign exchange and/or contracts for difference on margin carries a high level of risk, and may not be suitable for all investors. The possibility exists that you could sustain a loss in excess of your deposited funds and therefore, you should not speculate with capital that you cannot afford to lose. Before deciding to trade the products offered by FXCM you should carefully consider your objectives, financial situation, needs and level of experience. You should be aware of all the risks associated with trading on margin. FXCM provides general advice that does not take into account your objectives, financial situation or needs. The content of this Website must not be construed as personal advice. FXCM recommends you seek advice from a separate financial advisor.