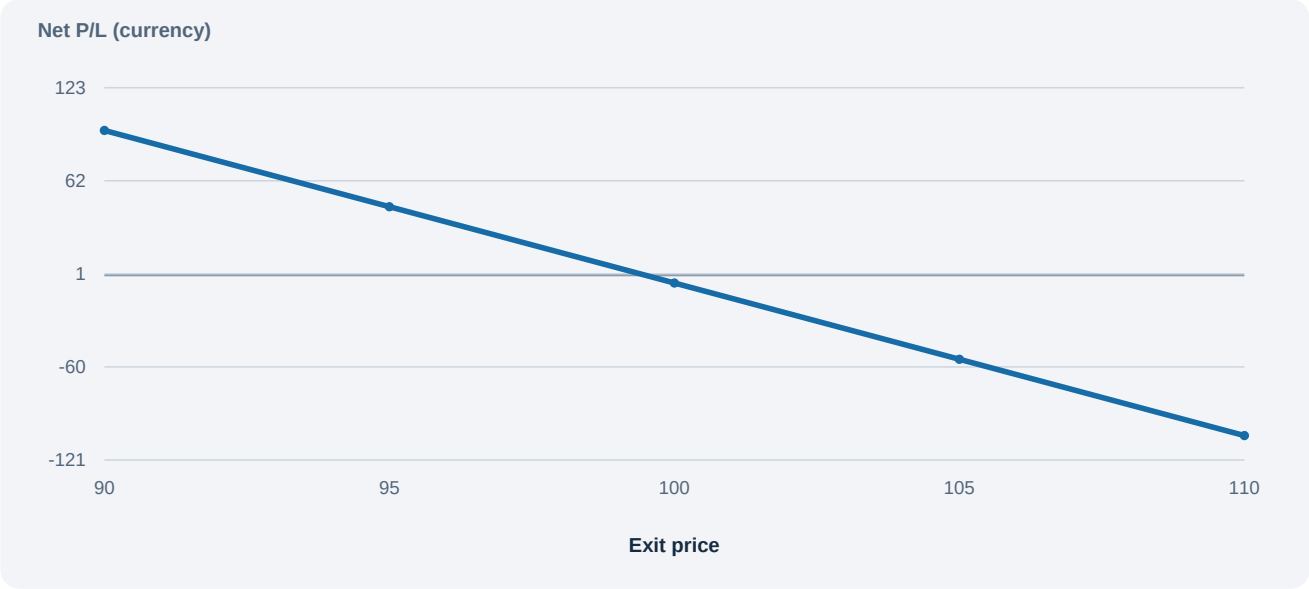
Short-position profit and loss

Execution arithmetic | Original synthetic example | Edition 2026-11-26

A linear short position benefits when the exit price is below the entry price. Rising prices create losses; borrowing charges and other costs can add to that loss.

FORMULA Net P/L = units x (entry - exit) - costs

SCENARIO 01: Short 10 units at 100; costs 5



WORKED EXAMPLE

Exiting at the entry price still loses the 5 cost. At 110, net P/L is -105.

COMMON MISTAKE

Copying a long-position sign convention reverses the result of a short trade.

BEFORE YOU USE THE CALCULATION

1. Confirm the position direction.
2. Account for borrowing costs where relevant.
3. Stress a large adverse rise.

COMPARE TWO MORE INPUT SETS

Scenario 05: Short 30 units at 140; costs 9. Exiting at the entry price still loses the 9 cost. At 150, net P/L is -309.

Scenario 10: Short 55 units at 190; costs 14. Exiting at the entry price still loses the 14 cost. At 200, net P/L is -564.

Synthetic values are not historical market data. Educational material; trading can result in substantial losses.