Quoted bid-ask spread

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

The quoted spread is the distance between the best ask and best bid. Expressing it in basis points of the midpoint makes proportional spreads easier to compare across prices.

FORMULA Spread bps = (ask - bid) / midpoint x 10,000

SCENARIO 01: Quote midpoint 100; compare proportional spreads



WORKED EXAMPLE

A 0.1 currency spread at midpoint 100 is 10 bps. Actual execution can differ.

COMMON MISTAKE

Comparing raw currency spreads across very different prices can reverse the apparent cost ranking.

BEFORE YOU USE THE CALCULATION

1. Check bid is no higher than ask.
2. Use a contemporaneous quote.
3. Separate quoted from realized execution cost.

COMPARE TWO MORE INPUT SETS

Scenario 05: Quote midpoint 140; compare proportional spreads. A 0.1 currency spread at midpoint 140 is 7.14 bps. Actual execution can differ.

Scenario 10: Quote midpoint 190; compare proportional spreads. A 0.1 currency spread at midpoint 190 is 5.26 bps. Actual execution can differ.

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