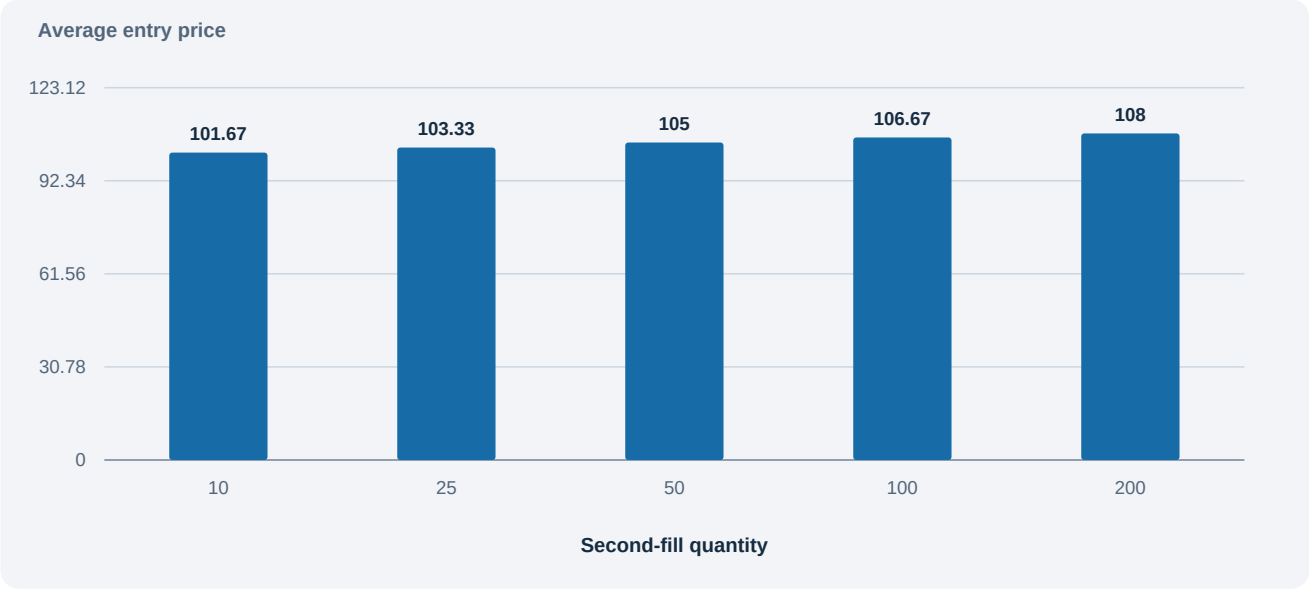
Weighted average entry price

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

Average entry price must weight each fill by its quantity. A simple average of fill prices is correct only when the quantities are equal.

FORMULA Average entry = sum(price x quantity) / sum(quantity)

SCENARIO 01: First fill: 50 at 100; second fill at 110



WORKED EXAMPLE

Two equal 50-unit fills at 100 and 110 average 105. Unequal quantities change the weighted result.

COMMON MISTAKE

Averaging two prices without their fill quantities can materially misstate the cost basis.

BEFORE YOU USE THE CALCULATION

1. Keep a fill ledger.
2. Use actual executed quantities.
3. Treat fees consistently with the chosen cost basis.

COMPARE TWO MORE INPUT SETS

Scenario 05: First fill: 50 at 140; second fill at 150. Two equal 50-unit fills at 140 and 150 average 145. Unequal quantities change the weighted result.

Scenario 10: First fill: 50 at 190; second fill at 200. Two equal 50-unit fills at 190 and 200 average 195. Unequal quantities change the weighted result.

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