Reading an equity quote: pence, ticks and the touch

> **THE TOUCH**
>
> The best bid and best offer for a name at this moment, with the size available at each. Everything about a quote is convention-laden - UK prices quote in pence, tick sizes step with price bands, displayed size is a floor not a total - and reading it correctly is the difference between knowing a price and knowing a market.

Every track has opened its reading module with the conventions that bite. Equities' first bite is currency-sized: a UK share quoted at 450 costs £4.50, not £450.

The pence convention

UK equities quote in pence - the grain-market trap of the commodities track, wearing sterling. A quote of 450 is £4.50 a share; a portfolio system mixing pence quotes with pound accounting is out by a factor of a hundred, and this error appears in real spreadsheets constantly. US, European and most other markets quote in the major unit. The habit from three tracks stands: know the unit before the number means anything.

Ticks, and the touch

Tick size steps with price: cheap shares move in finer increments than dear ones, on published bands - so 'it moved a tick' means different percentages across names.The touch is two prices and two sizes: best bid, best offer, and how much is available at each. The displayed size is what is advertised, not all that exists - icebergs and market-maker obligations sit behind it.The mid is a convenience, not a price: nothing trades there; module 3 prices what crossing to a real side costs.

Reading one properly

A full quote read is four numbers and a context: bid, offer, the sizes, and the tier from module 1 that says whether this spread is normal for this name at this hour. A 2p spread reads tight on a £40 megacap and catastrophic on a 40p small-cap - percentage terms or nothing, which is the same discipline every quote lesson on this platform has ended with.

Check your understanding

1. A UK share is quoted at 450. A buyer of 1,000 shares pays roughly what?

a. £450,000

b. £4,500 - the quote is pence, so 450 means £4.50 a share

c. £45,000

Answer: b. UK equity quotes are in pence: the commodities track's cents-per-bushel trap, wearing sterling. Mixing pence quotes with pound arithmetic is a hundredfold error that appears in real spreadsheets constantly.

2. Why must a spread always be read in percentage terms?

a. Regulators publish spreads as percentages

b. The same absolute spread is tight on a dear share and catastrophic on a cheap one - 2p means nothing without the price under it

c. Percentage spreads are constant across the day

Answer: b. Cost is proportional to the position, not to the pence. Every track's quote lesson lands here; equities adds a thousandfold price range across names to make it bite harder.