

Slippage: the price you clicked is not the price you got

SLIPPAGE

Slippage is the difference between the price you asked for and the price your order actually filled at. It happens because your order needs a counterparty, and in fast or thin markets the price you clicked has gone by the time your order arrives. Market orders and stop orders take it; limit orders refuse it and accept the risk of not filling instead.

Your stop sits 30 pips below your entry. A number is released, and the next quote on your screen is 48 pips below. Your stop filled there, because a stop order becomes a market order when its level trades, and the market's next available price is what a market order gets.

The plan said one loss. The account shows a bigger one. The difference is slippage, and no line on your statement itemises it.

Where does slippage come from?

Module 1's answer: your order needs a counterparty at a price, and prices only exist where dealers quote them. In deep, calm markets the next quote sits a fraction of a pip away and slippage rounds to nothing. Around news, at the weekly open, and in the thin hours, quotes are pulled and re-placed far apart, and your order fills at the first price that exists, not the price you named.

Module 2's calendar lesson marked when this happens. This lesson prices what it costs when it does.

Which orders take slippage, and which refuse it?

Market orders and triggered stops accept the next available price by design, so they take whatever slippage conditions produce. A limit order names its price and will not fill beyond it, so it cannot slip against you. What it can do is fail to fill at all while price runs away. That is the trade module 1's order types lesson set up: certainty of fill against certainty of price. Slippage is the invoice for choosing fill.

When is it a real cost rather than noise?

Day to day, on liquid pairs in liquid hours, slippage is fractions of a pip in both directions and roughly cancels. It stops being noise in exactly the situations you can list in advance: holding a stop through scheduled news, through a weekend, or in a pair whose book is thin at your trading hour. In those, the slippage on one exit can exceed a month of spread costs, and the example below is deliberately one of those.

Worked example - figures in USD

A 0.5-lot EUR/USD position with a stop 30 pips away, held into an event that gaps price 18 pips past the stop before the next quote exists.

1. The plan: a stop 30 pips away at \$5.00 per pip prices the intended loss at \$150.00.
2. The event: price's next quote is 18 pips beyond the stop. The stop triggers and fills there, 48 pips from entry.
3. The bill: \$240.00 instead of \$150.00. The slippage - \$90.00 - was never on the ticket, and no order type that guarantees a fill could have refused it.

Diagram: A stop is an instruction to trade at the next available price, not a promise of the one you chose.

View it in the web lesson: <https://ticksprout.com/learn/fx/costs-and-mechanics/slippage-the-price-you-clicked>

What this means for you

Treat slippage as a cost you schedule rather than one that ambushes you. The calendar tells you when quotes thin out; holding through those windows is choosing to accept whatever the first price back turns out to be. A stop is a plan for normal markets, and knowing the hours when markets stop being normal is part of knowing what your trade can cost.

Try it yourself with the gap-cost calculator: <https://ticksprout.com/tools/gap-cost>

Check your understanding

1. Why can a stop order fill worse than its level, when a limit order cannot?

- a. A triggered stop becomes a market order and takes the next available price; a limit order names its price and refuses worse ones
- b. Stops are processed more slowly than limits
- c. Brokers add a fee to stop orders

Answer: a. The difference is the order's contract, not its speed or a fee. A stop's job is to get you out, so it accepts the market's next price. A limit's job is to hold a price, so it accepts not filling instead.

2. In which conditions does slippage round to nothing?

- a. Deep liquidity in calm hours, where the next quote sits a fraction of a pip away
- b. Around scheduled news, when everyone is trading
- c. At the weekly open

Answer: a. Slippage is the distance to the next real quote. Deep calm markets keep quotes dense, so the distance is tiny. News and the weekly open are exactly when quotes are pulled and the distance stretches.

3. What is the trade-off a limit order makes to avoid slippage?

- a. It pays a wider spread
- b. It may not fill at all while price moves away
- c. It can only be used to exit positions

Answer: b. The limit refuses prices beyond its own, so when the market gaps past it, it sits unfilled. Certainty of price is bought with uncertainty of fill. Spreads and order direction have nothing to do with it.