CASE 006 · THE RULEBOOK

The Wednesday triple swap, on USD/JPY.

The exact rules, our test, and what we found, so you don't have to run it yourself.

THE STRATEGY, EXACTLY AS PUBLISHED

On Wednesday, forex rollover charges three nights of swap at once to cover the weekend value dates. Long USD/JPY carries positive swap. So, the folklore goes, buy Wednesday evening, hold across midnight, and collect three nights of carry for a few hours of market risk.

1. **Buy USD/JPY on Wednesday evening** (the surviving configurations entered at 23:00 UTC).
2. **Hold across midnight**, when rollover credits three nights of swap.
3. **Exit shortly after**: the trade exists to collect the credit, not the move.
4. **Swap spec**: +10.064 points per night on long USD/JPY, tripled on Wednesday. About 3 pips of carry per weekly trade.

THE CLAIM

Nobody backtests this one because almost nobody's backtest charges swaps at all. Ours models them natively, and the carry arrived **exactly as advertised**: three nights of swap, to the cent, every Wednesday.

In-sample, every single configuration entering at 23:00 was profitable, 12 of 12, with profit factors up to 1.85. Unanimity like that is seductive. Our robustness tooling flagged it instead: no parameter plateau, a cliff at the 22:00 boundary.

OUR TEST

We froze the top three candidates anyway and sent them to the one-shot out-of-sample window, because that is what the window is for.

Market	USD/JPY, Wednesday rollover
Data	7 years of real tick data, native swap modeling
In-sample	2019 → 2022: 12 of 12 configs at 23:00 profitable, PF up to 1.85
Out-of-sample	2022 → 2026, one shot, 208 Wednesdays
Robustness flags	No plateau; cliff at the 22:00 boundary

WHAT WE FOUND

1.85	0.58–0.68	38.5%
PF IN-SAMPLE	PF OUT OF SAMPLE	MAX DRAWDOWN

All three frozen candidates collapsed out of sample, failing eight gates each. Meanwhile the swap column stayed positive the whole time: $1,305 to $2,010 of carry collected across 208 Wednesdays, exactly on specification. The price leg lost three to five times that.

DOESN'T WORK

What the in-sample profits actually were:

1. **Not carry.** The swap was real in both windows, and small enough to be irrelevant: about 3 pips a week.
2. **A price drift in a costume.** The 23:00-to-early-Tokyo drift existed in 2019 to 2021 and inverted when the yen entered its intervention era in 2022.
3. **Risk out of proportion.** Three pips of weekly carry does not pay for hours of USD/JPY exposure in a regime where the pair can move a hundred pips overnight.

THE TELL THAT WAS VISIBLE IN ADVANCE

Twelve out of twelve configurations profitable in one specific corner, with a cliff right outside it, is not strength. Real edges live on plateaus: they degrade gracefully as parameters move. A strategy that only works at exactly 23:00 is telling you it memorized something.

THE RULES YOU CAN REUSE

Verify the mechanism separately from the P&L.

The swap arrived to the cent and the strategy still lost. The mechanism being real does not make the trade good.

Unanimity in a tiny corner is a warning.

12 of 12 at one entry hour, with a cliff at 22:00, is memorization, not an edge.

Size the reward against the exposure.

3 pips a week of carry against overnight USD/JPY risk is a bad insurance business.

THE VERDICT

Doesn't work. The carry is real, tiny, and irrelevant. The in-sample profits were a regime-bound price drift that inverted out of sample, taking a 38.5% drawdown with it.

See the full evidence

The full write-up, with the swap ledger and the collapse:
yuratrading.com/blogs/usdjpy-triple-swap
yuratrading.com/results/usdjpy-triple-swap

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