y:(X).

(1)

(17)

of each possible path can be written as:

(20)

(21)

:

(23)

(24)

Consequently:

(32)

(30)

(33)

**Table (1): The model estimation; expected percentage of losing traders in the FX market at different leverage levels (EUR/JPY trade)**

| Leverage |  |  | q | P(E) | P(F) |  |  |  | q+ | P(loss|E) | P(loss|F) |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | 0.0001 | 0.006961 | 0 | 0 | 1 | - | 0.006961 | 76 | 76 | 1 | 0.5967 | 0.5967 |
| 1 | 0.0002 | 0.006961 | 0 | 0 | 1 | - | 0.006961 | 77 | 77 | 1 | 0.6584 | 0.6584 |
| 20 | 0.0001 | 0.006961 | 0 | 0 | 1 | - | 0.006961 | 81 | 81 | 1 | 0.8558 | 0.8558 |
| 20 | 0.0002 | 0.006961 | 0 | 0 | 1 | - | 0.006961 | 82 | 82 | 1 | 0.8897 | 0.8897 |
| 30 | 0.0001 | 0.006961 | 0 | 0 | 1 | - | 0.006961 | 83 | 83 | 1 | 0.9175 | 0.9175 |
| 30 | 0.0002 | 0.006961 | 0 | 0 | 1 | - | 0.006961 | 85 | 85 | 1 | 0.9570 | 0.9570 |
| 40 | 0.0001 | 0.006961 | 2 | 0.75 | 0.25 | 0.032291 | 0.006618 | 84 | 86 | 1 | 0.9580 | 0.9895 |
| 40 | 0.0002 | 0.006961 | 2 | 0.75 | 0.25 | 0.032291 | 0.006618 | 86 | 88 | 1 | 0.9802 | 0.9951 |
| 50 | 0.0001 | 0.006961 | 7 | 0.9922 | 0.0078 | 0.024955 | 0.006080 | 83 | 90 | 1 | 0.9778 | 0.9998 |
| 50 | 0.0002 | 0.006961 | 7 | 0.9922 | 0.0078 | 0.024955 | 0.006080 | 84 | 91 | 1 | 0.9853 | 0.9999 |

Source: The research findings and website: <http://fx.sauder.ubc.ca/data.html>

Exchange

**Figure (1): The daily exchange rates for EUR/JPY**

Source: The research findings and website: [http://fx.sauder.ubc.ca/data.html](http://fx.sauder.ubc.ca/data.html%20)

Volatility

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**Figure (2): The daily exchange rate volatilities for EUR/JPY**

Source: The research findings and website: <http://fx.sauder.ubc.ca/data.html>

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**Table (2): The model estimation; expected percentage of losing traders in the FX market at different leverage levels (USD/EUR** **trade)**

| Leverage |  |  | q | P(E) | P(F) |  |  |  | q+ | P(loss|E) | P(loss|F) |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 20 | 0.0001 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 79 | 79 | 1 | 0.7687 | 0.7687 |
| 20 | 0.0002 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 81 | 81 | 1 | 0.8558 | 0.8558 |
| 30 | 0.0001 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 81 | 81 | 1 | 0.8558 | 0.8558 |
| 30 | 0.0002 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 83 | 83 | 1 | 0.9175 | 0.9175 |
| 40 | 0.0001 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 82 | 82 | 1 | 0.8897 | 0.8897 |
| 40 | 0.0002 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 84 | 84 | 1 | 0.9397 | 0.9397 |
| 50 | 0.0001 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 84 | 84 | 1 | 0.9397 | 0.9397 |
| 50 | 0.0002 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 86 | 86 | 1 | 0.9700 | 0.9700 |
| 60 | 0.0001 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 85 | 85 | 1 | 0.9570 | 0.9570 |
| 60 | 0.0002 | 0.003988 | 0 | 0 | 1 | - | 0.003988 | 87 | 87 | 1 | 0.9796 | 0.9796 |
| 70 | 0.0001 | 0.003988 | 1 | 0.5 | 0.5 | 0.015570 | 0.003910 | 86 | 87 | 1 | 0.9755 | 0.9878 |
| 70 | 0.0002 | 0.003988 | 2 | 0.75 | 0.25 | 0.014835 | 0.003841 | 87 | 89 | 1 | 0.9869 | 0.9967 |
| 80 | 0.0001 | 0.003988 | 3 | 0.875 | 0.125 | 0.014403 | 0.003775 | 86 | 89 | 1 | 0.9842 | 0.9980 |
| 80 | 0.0002 | 0.003988 | 3 | 0.875 | 0.125 | 0.014403 | 0.003775 | 88 | 91 | 1 | 0.9935 | 0.9992 |
| 90 | 0.0001 | 0.003988 | 7 | 0.9922 | 0.0078 | 0.012838 | 0.003555 | 85 | 92 | 1 | 0.9906 | 0.9999 |
| 90 | 0.0002 | 0.003988 | 7 | 0.9922 | 0.0078 | 0.012838 | 0.003555 | 87 | 94 | 1 | 0.9964 | 0.9999 |

Source: The research findings and website: <http://fx.sauder.ubc.ca/data.html>

Exchange

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**Figure (3): The daily exchange rates for USD/EUR**

Source: The research findings and website: <http://fx.sauder.ubc.ca/data.html>

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Volatility

**Figure (4): The daily exchange rate volatilities for USD/EUR**

Source: The research findings and website: <http://fx.sauder.ubc.ca/data.html>