How to Set Risk Management (Risk 1-2% per Trade) in Forex Trading

Risk management is key to surviving and growing in Forex. The goal is to never risk more than **1-2% of your account per trade**. Here's how to set it up properly.

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1. Step-by-Step: How to Calculate Risk Per Trade

Example: If you have $600 in your account

- **1% Risk** → $600 × 0.01 = **$6 per trade**
- **2% Risk** → $600 × 0.02 = **$12 per trade**

This means your Stop-Loss should not make you lose more than $6 - $12 per trade.

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2. Setting Lot Size Based on Risk

Once you know your risk per trade, you must choose the correct **lot size** so you don't exceed that risk.

How to Use a Lot Size Calculator (Easiest Way)

1. **Enter your account balance ($600).**
2. **Select your risk percentage (1% or 2%).**
3. **Choose the currency pair (e.g., EUR/USD).**
4. **Enter Stop-Loss in pips (e.g., 20 pips).**
5. **Click Calculate → It will show your correct lot size.**

Safe lot sizes for small accounts:

- **0.01 lots (Micro Lot)** → For very low risk.
- **0.05 lots** → If you want to risk a little more.
- **0.1 lots (Mini Lot)** → Only for higher-risk trades.

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3. How to Set Stop-Loss & Take-Profit for Risk Management

Example Trade (EUR/USD at Entry Price: 1.1000)

- **Risk = 1% ($6)**
- **Stop-Loss = 20 Pips Below (1.0980)**
- **Take-Profit = 50 Pips Above (1.1050)**

How to Set This in MT4 (Mobile)

1. **Open a New Trade** → Click the **'+'** button.
2. **Choose 'Market Execution' or 'Pending Order'.**
3. **Enter Lot Size (0.01, 0.05, etc.).**
4. **Set Stop-Loss**: Enter **1.0980** (20 pips below).
5. **Set Take-Profit**: Enter **1.1050** (50 pips above).
6. **Tap 'BUY' (if uptrend) or 'SELL' (if downtrend).**

Now, you're risk-managed and trading safely!