

The Consistency Key: A Full Risk Management Model for Forex & Futures

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What Does Risk Management Really Mean?

It's The amount of Risk the Trader is willing to assume... It should be limited to 1% of total equity or less. To calculate the Risk per trade use the following formula...

- **Account balance** : 10000\$
- **Percentage Risk** : 1%

The Formula

$$(10000\$ * 1\%) = 10000 * 0.01 = 100\$$$

Here's an example of bad risk Management with a 8 losses in a row - If you think this not going to happen to you... you're going to be very disappointed friend.

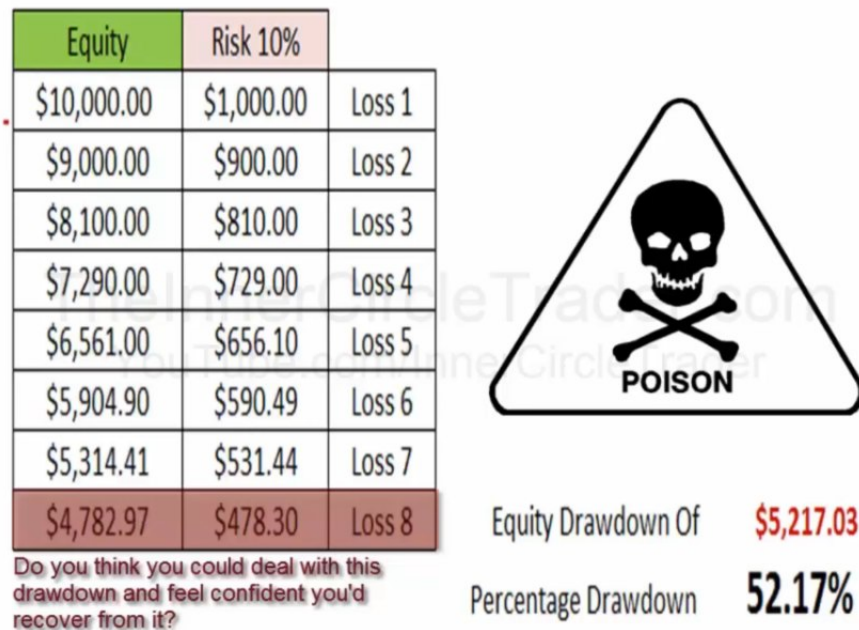


Figure 1: Example of why risk management is important

Why Sound Money Management is Important?

In the presented scenario, where two traders started with \$10,000 each, the difference in risk management strategies becomes evident. While Trader A, who adhered to a 1% risk per trade, experienced a cumulative loss of only \$493, equivalent to a modest 4.93% decrease in equity after five losing trades, Trader B, who risked 5% per trade, faced a substantial cumulative loss of \$2,262, representing a significant 22.62% reduction in equity. This stark contrast underscores the critical importance of prudent risk management practices, such as limiting risk to less than 1% per trade, to preserve capital and navigate volatile market conditions effectively...

	Scenario A (1% Risk)	Scenario B (5% Risk)
Equity - Start	\$10,000	\$10,000
Losing Trade #1	\$9,900.00	\$9,500
Losing Trade #2	\$9,801.00	\$9,025
Losing Trade #3	\$9,702.00	\$8,574
Losing Trade #4	\$9,604.00	\$8,145
Losing Trade #5	\$9,507.00	\$7,738
Cumulative Loss - \$	(\$493)	(\$2,262)
Cumulative Loss - %	-4.93%	22.62%

Table 1: Example of 2 types of risk management.

Position Sizing

What Separates Professional Traders From You?

Combinations of — [Win/Loss Over 10 Trades]
With 1:1 Risk To Reward

WINS	LOSSES	WIN RATE
10000	NYKZN	08:40AM

— With this rules we can make our self in the right way for been consistent in the market.

Position Sizing

→ The Variables

- Risk Percentage: 1%
- Account Size: \$10,000
- Risk Amount = Account Size \times Risk Percentage
- Risk Amount = \$10,000 \times 0.01 = \$100