

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

MR5OBOT

"Risk Management is your only shield against ultimate failure.."

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The Missing Piece Of The Puzzle

— What has your Trading results shown you over the course of your career as a Trader? Are you struggling? have you seen your account experience devastating drawdown or worse... blow it out? I purposely placed this topic at the beginning of the core material as I believe it is the most vital component to long term success in trading Forex... or any other asset class!

I am confident the piece of the puzzle you are looking for is Risk Management. Have you risked more than 1% of your total equity on any one trade? How about just about every one of them? Have you tried on any over-leverage your account to make the losses back right away... only to find it resulted in steeper losses and deeper in depression?

At the top of the list of crucial components to successful and consistent trading is the concept of Risk Management. Risk Management is basically divided into two core principles... Money Management and Trade Management. These areas are far greater in importance than your treasured little Trading System or patterns.

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

$$(10000\$ * 1\%) = \frac{10000}{0.01} = 100\$$$

So we have defined our risk per trade as 1% — 100\$ of total equity 10000\$
The next page will cover the importance of risk less than 1%.

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Equity	Risk 10%	
\$10,000.00	\$1,000.00	Loss 1
\$9,000.00	\$900.00	Loss 2
\$8,100.00	\$810.00	Loss 3
\$7,290.00	\$729.00	Loss 4
\$6,561.00	\$656.10	Loss 5
\$5,904.90	\$590.49	Loss 6
\$5,314.41	\$531.44	Loss 7
\$4,782.97	\$478.30	Loss 8



Equity Drawdown Of **\$5,217.03**

Percentage Drawdown **52.17%**

Question

Do you think you could deal with this drawdown and fell confident you'd recover from it ?

Why sound Money Management Is Crucial ...

	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	\$
Losing Trade #3	\$9,702.00	\$
Losing Trade #4	\$9,604.00	\$
Losing Trade #5	\$9,507.00	\$
Cumulative Loss - \$	(\$493)	(\$)
Cumulative Loss - %	-4.93%	\$
% Recepture to B/E	5.18%	\$

0.1 Position Sizing

0.2 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.

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²Twitter [@MR-5OBOT]