

The Consistency Keys: A Full Risk-Management System for Forex Trading

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"It starts by hard work, but it's end with the smart work."

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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... blown 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 2% of your total equity on any one trade? How about just about every one of them? Have you tried to 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 and or patterns.

Risk Management is your only shield against ultimate failure.




Figure 1: The missing puzzle

Note: Always remember, if you can't follow the rules you will never be consistent even if you have a higher Win-Rate up to 90%, bc with just one trade you can blow any account if you don't have the proper way of managing risks.

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0.1 Risk Management

0.2 Money Management

0.3 Money Management Example

1 Formulas

1.1 The combination of Risk-reward and Winrate

$$\text{RR Formula} = \frac{\text{Win Rate}}{1 - \text{Win Rate}}$$

$$\text{Winrate Formula} = \frac{\text{Risk}}{\text{Risk} + \text{Reward}}$$

- Missing piece of puzzel
- Risk-Management explanation