Financial & Trading Metrics Overview

Definitions, Purpose, and Formulas

Net Profit

- Definition: Net Profit is the total profit after subtracting losses and costs.

- Purpose: To measure overall profitability.

- Formula: Net Profit = Gross Profit - Gross Loss

Gross Profit

- Definition: Gross Profit is the total sum of profits from all winning trades.

- Purpose: To indicate the potential earnings before losses and costs.

- Formula: Gross Profit = Sum of all profits from winning trades

Gross Loss

- Definition: Gross Loss is the total sum of losses from all losing trades.

- Purpose: To evaluate the total magnitude of losses incurred.

- Formula: Gross Loss = Sum of all losses from losing trades

Max Run-up

- Definition: Max Run-up is the highest unrealized profit reached before a decline.

- Purpose: To measure the peak performance before a downturn.

- Formula: Max Run-up = Highest unrealized gain before a downturn

Max Drawdown

- Definition: Max Drawdown measures the largest drop from a peak to a trough in portfolio value.

- Purpose: To quantify the maximum potential loss from peak to trough.

- Formula: Max Drawdown = (Peak Value - Trough Value) / Peak Value

Buy & Hold Return

- Definition: The return if the asset is bought and held without trading.

- Purpose: To compare passive returns with active trading returns.

- Formula: Buy & Hold Return = (Ending Price - Starting Price) / Starting Price

Sharpe Ratio

- Definition: The Sharpe Ratio measures risk-adjusted return based on overall volatility.

- Purpose: To assess the efficiency of returns considering both gains and losses.

- Formula: Sharpe Ratio = (Average Return - Risk-Free Rate) / Std Dev of Returns

Sortino Ratio

- Definition: The Sortino Ratio focuses on risk-adjusted return by only considering downside risk.

- Purpose: To measure returns while accounting for harmful volatility.

- Formula: Sortino Ratio = (Average Return - Risk-Free Rate) / Downside Deviation

Profit Factor

- Definition: Profit Factor is the ratio of total profits to total losses.

- Purpose: To evaluate the profitability of a trading strategy.

- Formula: Profit Factor = Gross Profit / Gross Loss

Max Contracts Held

- Definition: Max Contracts Held is the highest number of contracts held at any time.

- Purpose: To indicate the largest position size in trading.

- Formula: Max Contracts Held = Maximum number of contracts held at any time

Open P&L

- Definition: Open P&L represents unrealized profit or loss from open positions.

- Purpose: To show current performance that can change as trades remain open.

- Formula: Open P&L = Unrealized profit or loss from open positions

Commission Paid

- Definition: The total amount paid in transaction fees to brokers or exchanges.

- Purpose: To track costs that affect overall profitability.

- Formula: Commission Paid = Total amount paid in transaction fees

Total Closed Trades

- Definition: The total number of trades that have been completed.

- Purpose: To track trading activity and performance.

- Formula: Total Closed Trades = Total number of trades completed

Total Open Trades

- Definition: The number of trades that are still active.

- Purpose: To indicate the current market exposure.

- Formula: Total Open Trades = Total number of active trades

Number Winning Trades

- Definition: The total number of trades that resulted in a profit.

- Purpose: To measure the success rate of trades.

- Formula: Number Winning Trades = Total number of profitable trades

Number Losing Trades

- Definition: The total number of trades that resulted in a loss.

- Purpose: To track unsuccessful trades.

- Formula: Number Losing Trades = Total number of losing trades

Percent Profitable

- Definition: The percentage of trades that ended in a profit.

- Purpose: To show the proportion of profitable trades.

- Formula: Percent Profitable = (Number of Winning Trades / Total Trades) * 100

Avg Trade

- Definition: The average profit or loss per trade.

- Purpose: To assess average trade performance.

- Formula: Avg Trade = Net Profit / Total Number of Trades

Avg Winning Trade

- Definition: The average profit of all winning trades.

- Purpose: To assess the size of profitable trades.

- Formula: Avg Winning Trade = Gross Profit / Number of Winning Trades

Avg Losing Trade

- Definition: The average loss of all losing trades.

- Purpose: To evaluate the size of losses per losing trade.

- Formula: Avg Losing Trade = Gross Loss / Number of Losing Trades

Ratio Avg Win / Avg Loss

- Definition: The ratio of average winning trade to average losing trade.

- Purpose: To measure how much larger winning trades are compared to losing trades.

- Formula: Ratio Avg Win / Avg Loss = Avg Winning Trade / Avg Losing Trade

Largest Winning Trade

- Definition: The highest profit from a single trade.

- Purpose: To indicate the best-performing trade.

- Formula: Largest Winning Trade = Highest profit from a single trade

Largest Losing Trade

- Definition: The highest loss from a single trade.

- Purpose: To track the worst trade loss.

- Formula: Largest Losing Trade = Highest loss from a single trade

Avg # Bars in Trades

- Definition: The average duration of trades in bars (time units).

- Purpose: To measure how long trades last on average.

- Formula: Avg # Bars in Trades = Average duration of trades in bars

Avg # Bars in Winning Trades

- Definition: The average number of bars for winning trades.

- Purpose: To show the duration of profitable trades.

- Formula: Avg # Bars in Winning Trades = Avg number of bars for winning trades

Avg # Bars in Losing Trades

- Definition: The average number of bars for losing trades.

- Purpose: To show how long losing trades last.

- Formula: Avg # Bars in Losing Trades = Avg number of bars for losing trades

Margin Calls

- Definition: When the broker requests more funds due to insufficient margin.

- Purpose: To indicate potential over-leveraging or risky trading.

- Formula: Margin Calls = Number of margin calls received