FREE RESOURCE · QUICK GUIDE

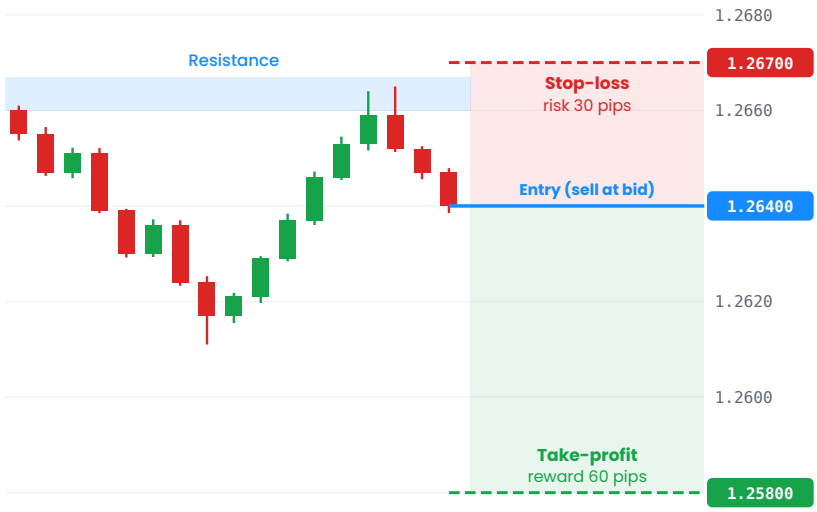
Risk Management Quick Guide

05

Protecting your account comes before chasing profit. Decide what you can lose before you decide what you could make.

GBP/USD · 1-hour chart · sell example

ILLUSTRATIVE EXAMPLE



30 pips risk : 60 pips reward = 1 : 2

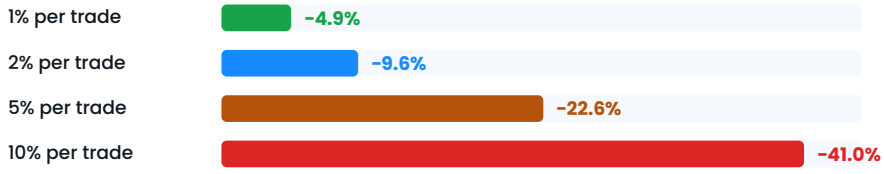
A short closes at the ask price.

Position size, step by step

Demo account	**US$5,000**
Risk per trade	**1% = US$50**
Stop distance	**30 pips**
Pip value, 1 lot	**US$10 per pip**
Size = 50 ÷ (30 × 10)	**0.1667 lot**
Round DOWN to	**0.16 lot**
Risk if stopped	**30 × US$1.60 = US$48**
Reward at target	**60 × US$1.60 = US$96**

Pip values assume GBP/USD in a US-dollar account. Rounding down keeps the risk at or below your limit.

Why small risk matters: five losses in a row



Losses compound: each loss is a % of what's left. And recovering is harder than losing — after a 50% loss you need a **100% gain** just to get back to where you started.

1 Risk only spare money
Trade with money you won't need for bills or savings goals.

2 Size every position
Pick a small fixed % per trade, then calculate the lot size from your stop distance.

3 Use stop-losses, know their limits
Gaps and fast markets can fill a stop at a worse price (slippage).

4 Aim for reward ≥ risk
At 1:2 you break even winning 1 trade in 3, before costs.

5 Respect leverage
At 30:1, a 1% move against you equals about 30% of the margin you put up.

6 Know when not to trade
No clear setup, major news, wide spreads, tired or upset: no trade is a valid decision.

THE ONE-LINE RULE

Know your exit and your maximum loss **before** you enter. If you can't answer both, don't trade.

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