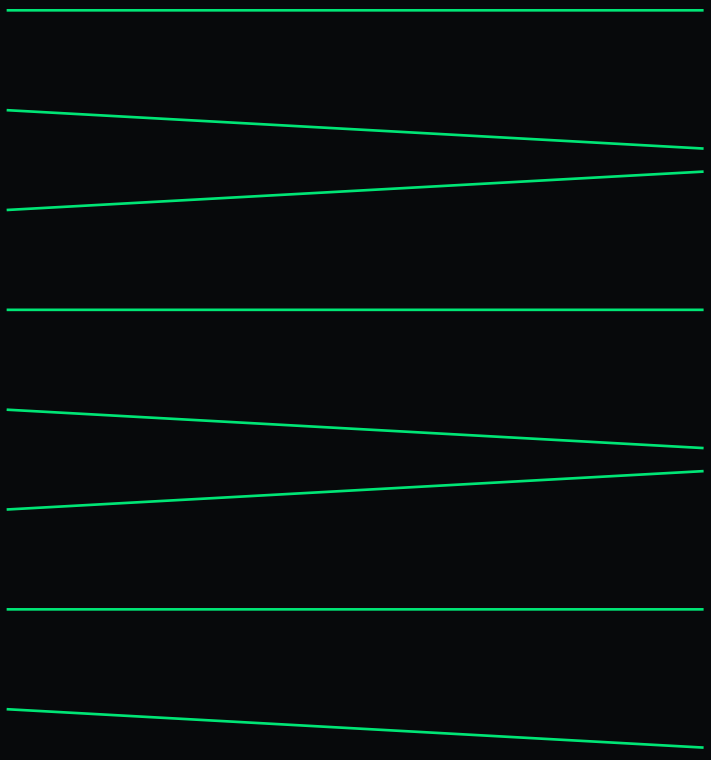
KunmiteFx

KUNMITEFX FREE RESOURCE

FOREX RISK MANAGEMENT CHEAT SHEET



Position sizing. Stop losses. Risk-to-reward.
Leverage. Drawdown. Total exposure.

Education only - not financial or investment advice

Forex Risk Management Cheat Sheet

A compact reference for planning risk before entering a trade.

The core sequence

Account balance -> Risk % -> Dollar risk -> Stop-loss distance -> Position size -> Profit target -> Risk-to-reward -> Total open risk

1. Risk amount

Risk amount = Account balance x Risk percentage

Example: $5,000 x 1% = $50 planned risk.

2. Position size

Position size = Risk amount / (Stop-loss distance x Pip value per unit)

The exact pip value depends on the pair, account currency, and lot size. Use the KunmiteFX Position Calculator for the final calculation.

3. Risk-to-reward

Risk-to-reward = Potential loss : Potential profit

25 pips risk and 50 pips potential reward = 1:2.

4. Break-even win rate

Break-even win rate = 1 / (1 + reward-to-risk multiple)

1:1 = 50% | 1:2 = 33.3% | 1:3 = 25% before trading costs.

Risk notice: Forex and CFD trading involve significant risk. These worksheets and examples are for educational purposes only. They do not guarantee profitability and are not individualized financial advice. Consider your circumstances, experience, and tolerance for loss before trading.

Quick Risk Tables

Use these tables as planning references, not as universal recommendations.

Example risk amounts by account size

Account	0.5%	1%	2%
$500	$2.50	$5	$10
$1,000	$5	$10	$20
$2,500	$12.50	$25	$50
$5,000	$25	$50	$100
$10,000	$50	$100	$200
$25,000	$125	$250	$500

Drawdown recovery math

Drawdown	Gain needed to recover
5%	5.3%
10%	11.1%
20%	25.0%
30%	42.9%
40%	66.7%
50%	100%
60%	150%

The deeper the drawdown, the larger the percentage gain required just to return to the previous peak.

Stop Loss + Position Size

The stop should come from the trade idea. Position size should adapt to the stop.

A practical order of operations

- [ ] Identify the setup and entry area.
- [ ] Define where the setup becomes invalid.
- [ ] Measure entry-to-stop distance in pips/points.
- [ ] Choose your maximum planned account risk.
- [ ] Calculate the position size that matches that risk.
- [ ] Identify a realistic profit target.
- [ ] Check risk-to-reward and total open exposure.

Key rule

Wider stop -> smaller position
Tighter stop -> potentially larger position
assuming the same monetary risk.

Avoid these mistakes

- [ ] Choosing lot size first and squeezing the stop to fit.
- [ ] Moving the stop farther away because the trade is losing.
- [ ] Using the same fixed lot size on every setup.
- [ ] Ignoring slippage, spread, commission, or gap risk.
- [ ] Treating broker leverage as a recommendation for position size.

Portfolio Risk Checklist

One trade can look controlled while several open trades create excessive combined exposure.

- [ ] What percentage of my account is at risk on this trade?
- [ ] What is my total open risk across all trades?
- [ ] Are several positions exposed to the same currency or market theme?
- [ ] Could one economic event affect multiple positions at once?
- [ ] Is my position size still appropriate after recent drawdown?
- [ ] Am I increasing risk because of FOMO, revenge trading, or overconfidence?

Simple exposure example

Three trades risking 1% each can create roughly 3% planned account exposure if all three can lose together. Correlation can make that exposure more concentrated than it appears.

Pre-trade 30-second check

- [ ] Setup valid?
- [ ] Stop logical?
- [ ] Risk amount known?
- [ ] Position size calculated?
- [ ] Target realistic?
- [ ] Risk-to-reward acceptable for my plan?
- [ ] Total exposure acceptable?
- [ ] No emotional reason for entering?

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