



Money Management Examples

	Fixed	Percentage
Balance	\$1000	\$1000
Part of your balance per trade (1–5% of your balance)	\$10	1% $\$1000 * 1\% = \10
Maximum for all of the trades open at a given time (7–15% of your balance)	\$70	9% $\$1000 * 9\% = \90
Maximum trades open at a given time	$\$70 / \$10 =$ 7 trades	$9\% / 1\% =$ 9 trades
Size of a subjectively "obvious" trade	\$20	2% $\$1000 * 2\% = \20
Size of a subjectively "doubtful" and/or test trade	\$5	0.3% $\$1000 * 0.3\% = \3
Maximum total daily loss (7–15% of your account)	\$70	10% $\$1000 * 10\% = \100
Maximum total weekly loss (10–20% of your account)	\$200	15% $\$1000 * 15\% = \150
Pyramid (factor of 1.25 to 3)		
Pyramid factor	3	1.5
Maximum number of trades in a pyramid	1st: \$10 2nd: \$10 * 3 = \$30 3rd: \$30 * 3 = \$90	1st: \$10 2nd: \$10 * 1.5 = \$15 3rd: \$15 * 1.5 = \$22.5 (\$23) 4th: \$23 * 1.5 = \$34.5 (\$35)
Maximum total loss in the pyramid	$\$10 + \$30 + \$90 =$ \$130	$\$10 + \$15 + \$23 + \$35 =$ \$83, i.e. $\$83 / \$1000 * 100\% =$ 8.3%