

Template: Long-Term Forex Position Trading Risk Management Checklist

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Based on Article: "best risk management forex approach for long-term position trading"

Website: <https://nairafx.ng>

A practical checklist for managing risk in long-term forex position trading to enhance profitability and reduce potential losses.

Checklist Items:

☐ 1. Determine Maximum Loss Per Trade

Decide the maximum amount you can afford to lose on a single trade, typically 1% to 2% of your account capital.

Reference Section: What Is the Best Risk Management Forex Approach for Long-Term Position Trading?

☐ 2. Set Stop-Loss Levels

Place your stop-loss at a level where your trade idea is proven wrong, ensuring it's outside normal market noise.

Reference Section: What Is the Best Risk Management Forex Approach for Long-Term Position Trading?

☐ 3. Calculate Position Size

Use the formula: $\text{Position Size} = \text{Account Risk} \div \text{Stop-Loss Distance}$ to determine the appropriate trade size.

Reference Section: What Is the Best Risk Management Forex Approach for Long-Term Position Trading?

☐ 4. Establish Per-Trade Risk Cap

Limit what a single position can cost you, ensuring it does not exceed your predetermined risk tolerance per trade.

Reference Section: How the Best Risk Management Approach Works Trade by Trade

☐ 5. Define Per-Idea Risk Cap

Limit the total exposure for trades expressing the same market view to avoid overexposure to correlated trades.

Reference Section: How the Best Risk Management Approach Works Trade by Trade

☐ 6. Set an Account-Wide Risk Cap

Establish a maximum percentage of your total equity (3% to 6%) that you are willing to risk across all open trades.

Reference Section: How the Best Risk Management Approach Works Trade by Trade

☐ 7. Monitor Swap Fees

Keep track of overnight swap charges, especially for long-held positions, as they can significantly impact profitability.

Reference Section: Why Long-Term Position Traders Need a Different Risk Plan

☐ 8. Review Currency Conversion Risks

Be aware of currency fluctuations that can affect your risk measurement, especially with Naira-funded accounts trading in dollars.

Reference Section: Why Long-Term Position Traders Need a Different Risk Plan

- **9. Conduct Regular Performance Reviews**
Periodically assess your trades and risk management strategies to ensure they remain effective and adjust as necessary.
Reference Section: Applying the Framework to Live Trading, Backtests, and Broker Decisions