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Template: Forex Trading Risk Management Checklist

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Based on Article: "Case Studies: Successful Risk Management in Forex Trading"
Website: https://nairafx.ng

A practical checklist to ensure effective risk management in Forex trading, helping traders manage losses and protect their capital.

Checklist Items:

- [ ] **1. Determine Position Size**
  Set your position size based on a fixed risk percentage of your account to ensure you do not overexpose yourself to potential losses.
  Reference Section: What does successful risk management actually look like in real trades?

- [ ] **2. Establish Stop-Loss Placement**
  Place stop-loss orders at levels that reflect where your trading idea is invalidated, rather than at levels that feel comfortable emotionally.
  Reference Section: What does successful risk management actually look like in real trades?

- [ ] **3. Set Maximum Risk Per Trade**
  Limit the risk on each trade to a specific percentage of your account, such as 1% or 0.5%, to manage drawdowns effectively.
  Reference Section: The best traders do not predict every move—they control losses

- [ ] **4. Filter Trade Setups**
  Only take trades that meet your predefined criteria to avoid entering trades that are based on impulse or weak setups.
  Reference Section: What does successful risk management actually look like in real trades?

- [ ] **5. Implement a Daily Loss Limit**
  Establish a hard limit for the maximum loss you are willing to accept in a single trading day to prevent emotional decision-making.
  Reference Section: The best traders do not predict every move—they control losses

- [ ] **6. Review and Learn from Losing Trades**
  Conduct a weekly review of losing trades to identify patterns and improve your trading strategy, ensuring that past mistakes are not repeated.
  Reference Section: The best traders do not predict every move—they control losses

- [ ] **7. Practice Recovery Discipline**
  After a loss, stick to your trading plan rather than increasing position size to recover losses, which can lead to further emotional trading.
  Reference Section: What does successful risk management actually look like in real trades?

- [ ] **8. Adjust to Market Conditions**
  Be flexible with your trading approach, such as reducing position sizes during high-volatility sessions to manage risk effectively.
  Reference Section: A Nigerian trader's month after changing one rule