

## Template: Forex Risk Management Strategy Worksheet

Generated: 6/2/2026

Based on Article: "Creating an Effective Forex Risk Management Strategy"

Website: <https://nairafx.ng>

A practical worksheet for traders to develop and implement an effective Forex risk management strategy.

### Checklist Items:

- 1. Set Your Risk Ceiling**  
Determine the maximum percentage of your account you are willing to risk per trade, typically between 1% to 2%. This helps prevent significant losses from any single trade.  
Reference Section: How to Build a Risk Management Plan Step by Step
- 2. Calculate Position Size**  
Use the formula:  $\text{Position Size} = \text{Account Risk} / (\text{Entry Price} - \text{Stop Loss Price})$ . This ensures that your position size is appropriate for your risk ceiling and the specifics of the trade.  
Reference Section: Core Elements of an Effective Forex Risk Management Strategy
- 3. Determine Stop Loss Placement**  
Establish your stop loss beyond the invalidation point of the setup, ensuring that it reflects the trade idea rather than arbitrary levels.  
Reference Section: Core Elements of an Effective Forex Risk Management Strategy
- 4. Set a Reward Target**  
Aim for a minimum risk-to-reward ratio of 1:2. If your risk is \$100, your target profit should be at least \$200, which helps maintain profitability over time.  
Reference Section: Core Elements of an Effective Forex Risk Management Strategy
- 5. Establish a Maximum Daily Loss Limit**  
Define a hard daily loss cap that, if reached, will stop all trading activities for the day to prevent emotional decision-making following losses.  
Reference Section: Core Elements of an Effective Forex Risk Management Strategy
- 6. Review and Adjust Position Sizes**  
Ensure that your position size is adjusted based on the volatility of the market and the specific stop loss distance of each trade.  
Reference Section: Core Elements of an Effective Forex Risk Management Strategy
- 7. Maintain Consistency**  
Adhere to the same risk rules for every trade to build discipline and manage your emotional responses to market fluctuations.  
Reference Section: Core Elements of an Effective Forex Risk Management Strategy
- 8. Record Trade Outcomes**  
Keep a log of your trades, including entry and exit points, to analyze the effectiveness of your risk management strategy and make necessary improvements.  
Reference Section: How to Review and Improve Your Risk Management Plan