

Template: Forex Trading Volatility Evaluation Checklist

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Based on Article: "Evaluating Market Volatility: How It Affects Forex Trading Risk"

Website: <https://nairafx.ng>

A practical checklist to evaluate market volatility and its impact on Forex trading risk.

Checklist Items:

- ☐ **1. Check ATR First**
Compare the current Average True Range (ATR) to recent candles. If ATR is rising sharply, expect wider swings and increased stop pressure.
Reference Section: How can you evaluate volatility before entering a Forex trade?
- ☐ **2. Scan the News Calendar**
Review the news calendar for high-impact releases that could create abrupt price movements and wider spreads, impacting trade execution.
Reference Section: How can you evaluate volatility before entering a Forex trade?
- ☐ **3. Note the Session Overlap**
Identify if the trading session overlaps (e.g., London and New York). Overlaps typically provide deeper liquidity, while quieter periods may lead to choppy fills.
Reference Section: How can you evaluate volatility before entering a Forex trade?
- ☐ **4. Measure the Current Range**
Assess the current price range of the currency pair to understand potential volatility. A modest range may still pose risks if conditions are volatile.
Reference Section: How can you evaluate volatility before entering a Forex trade?
- ☐ **5. Assess Entry Quality**
Evaluate how volatility affects your entry. In high volatility, market orders may fill far from the intended price, increasing execution risk.
Reference Section: What does market volatility really mean for your trade risk?
- ☐ **6. Determine Stop Distance**
Analyze if your stop-loss placement is sufficient in the current market conditions. Tight stops may be too risky in fast-moving markets.
Reference Section: What does market volatility really mean for your trade risk?
- ☐ **7. Evaluate Exit Costs**
Consider the potential for slippage and wider spreads that could affect your planned loss, especially during volatile periods.
Reference Section: What does market volatility really mean for your trade risk?
- ☐ **8. Adapt Position Size**
Adjust your position size based on volatility levels. In high volatility, consider cutting size to manage risk effectively.
Reference Section: How volatility changes Forex trading outcomes
- ☐ **9. Plan for Messy Fills**
Prepare for the possibility of messy fills during high volatility, particularly around news events. Wait for the market to settle before entering trades.
Reference Section: How volatility changes Forex trading outcomes

☐ **10. Establish a Trading Plan**

Create a clear trading plan that incorporates your analysis of volatility, including entry and exit strategies tailored to the current market conditions.

Reference Section: How do strategic traders manage volatility without avoiding the market?