

Template: Forex Trading Performance Metrics Template

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Based on Article: "Evaluating Your Forex Trading Performance: Metrics to Consider"

Website: <https://nairafx.ng>

A practical template for tracking key performance metrics in Forex trading to evaluate strategy effectiveness and risk management.

Checklist Items:

- 1. Win Rate**
Percentage of trades that finish profitable. This metric shows how often the strategy is correct but should not be treated as proof of a successful trading edge.
Reference Section: The Core Forex Performance Metrics We Should Track
- 2. Average Win**
Mean profit on winning trades. It indicates how much a good trade pays off, but it's important to consider the variability among winning trades.
Reference Section: The Core Forex Performance Metrics We Should Track
- 3. Average Loss**
Mean loss on losing trades. This metric helps to understand the damage from bad trades, reminding traders to focus beyond just the best-case scenarios.
Reference Section: The Core Forex Performance Metrics We Should Track
- 4. Risk-Reward Ratio**
Ratio of average win divided by average loss. This metric shows whether the potential rewards can adequately cover the losses, which is crucial for long-term success.
Reference Section: The Core Forex Performance Metrics We Should Track
- 5. Profit Factor**
Gross profit divided by gross loss. This metric indicates whether profits are outpacing losses, but should not be relied upon if based on a small sample size.
Reference Section: The Core Forex Performance Metrics We Should Track
- 6. Expectancy**
Expected gain or loss per trade calculated using the formula $E = (\text{Win Rate} \times \text{Average Win}) - (\text{Loss Rate} \times \text{Average Loss})$. This metric provides a comprehensive assessment of whether the strategy has a positive edge.
Reference Section: The Core Forex Performance Metrics We Should Track
- 7. Drawdown**
The maximum observed loss from a peak to a trough of a portfolio. This metric serves as a reality check on the strategy's performance and risk tolerance.
Reference Section: The Core Forex Performance Metrics We Should Track
- 8. Sharpe Ratio**
Measures return relative to total volatility. A Sharpe ratio above 1.0 is often considered acceptable, indicating that the return is worth the risk taken.
Reference Section: Risk-Adjusted Metrics That Reveal Strategy Quality

□ **9. Sortino Ratio**

Similar to the Sharpe ratio but focuses solely on downside risk. This metric can help distinguish between strategies that have high returns but also high risk.

Reference Section: Risk-Adjusted Metrics That Reveal Strategy Quality