

Template: Forex Risk Management Checklist

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Based on Article: "Risk Management Strategies for Forex Traders"

Website: <https://nairafx.ng>

A practical checklist to implement effective risk management strategies for Forex trading.

Checklist Items:

- 1. Set a Fixed Percentage Risk**
Determine a fixed percentage of your trading capital to risk on each trade, commonly set at 1-2%. Keeping this percentage consistent helps protect your account from significant losses.
Reference Section: Core Risk Management Strategies Every Trader Should Use
- 2. Establish Stop-Loss Orders**
Always define a stop-loss order before entering a trade. Place the stop-loss just below recent support for long trades or above recent resistance for short trades to effectively limit potential losses.
Reference Section: Core Risk Management Strategies Every Trader Should Use
- 3. Define Daily and Weekly Loss Limits**
Set clear limits on how much you can lose in a day and week. This helps prevent emotional decision-making and protects your capital from prolonged downswings.
Reference Section: How to Build a Personal Trading Safety Plan
- 4. Practice Position Sizing**
Calculate your position size based on your risk percentage and the distance to your stop-loss. This ensures that no one trade has the potential to damage your account significantly.
Reference Section: Core Risk Management Strategies Every Trader Should Use
- 5. Use a Risk-to-Reward Factor**
Apply a risk-to-reward filter before entering trades. Aim for a minimum ratio of 1:2 to ensure that potential profits outweigh potential losses.
Reference Section: Core Risk Management Strategies Every Trader Should Use
- 6. Maintain Margin Awareness**
Understand the margin requirements for the trades you enter, especially in volatile market conditions. This helps prevent unnecessary liquidations.
Reference Section: Why Risk Management Matters More Than Market Predictions
- 7. Avoid Emotional Trading**
Implement rules to avoid revenge trading during losing streaks. Stick to your trading plan and respect your loss limits to maintain discipline.
Reference Section: How to Build a Personal Trading Safety Plan
- 8. Keep a Trading Journal**
Document all trades, noting your decisions and outcomes. This helps identify patterns in your trading behavior and aids in improving your strategy over time.
Reference Section: How to Build a Personal Trading Safety Plan