

Liquidity Trading Mentorship

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Money Management

- - What is Money Management
- - Long Term Profitable money management
- - Risk to Reward (RR) and Win Rate
- - How to calculate your risk management
- - Lot Size Calculation Formula

What is the minimum Risk to Reward Ratio compared to Win Rate to stay profitable?

Risk to Reward	Win Rate
<i>1:0.3 RR</i>	<i>75%</i>
<i>1:0.7 RR</i>	<i>60%</i>
<i>1:1 RR</i>	<i>50%</i>
<i>1:2 RR</i>	<i>30%</i>
<i>1:3 RR</i>	<i>20%</i>

Why should you focus on first compounding
your account with 6% monthly?

**6% /
month?**

It will grow your account consistently long term.

it will double your starting balance end of each year.

It only requires 1:1 RR trades.

It only requires 1% or less risk.

Why should you have a minimum 1:3 RR?

10 trades:

4 wins

6 losses

40% win rate

6% total net gain after 10 trades.

Why should you have a minimum 1:4 RR?

10 trades:

3 wins

7 losses

30% win rate

5% total net gain after 10 trades.

Why should you have a minimum 1:5 RR?

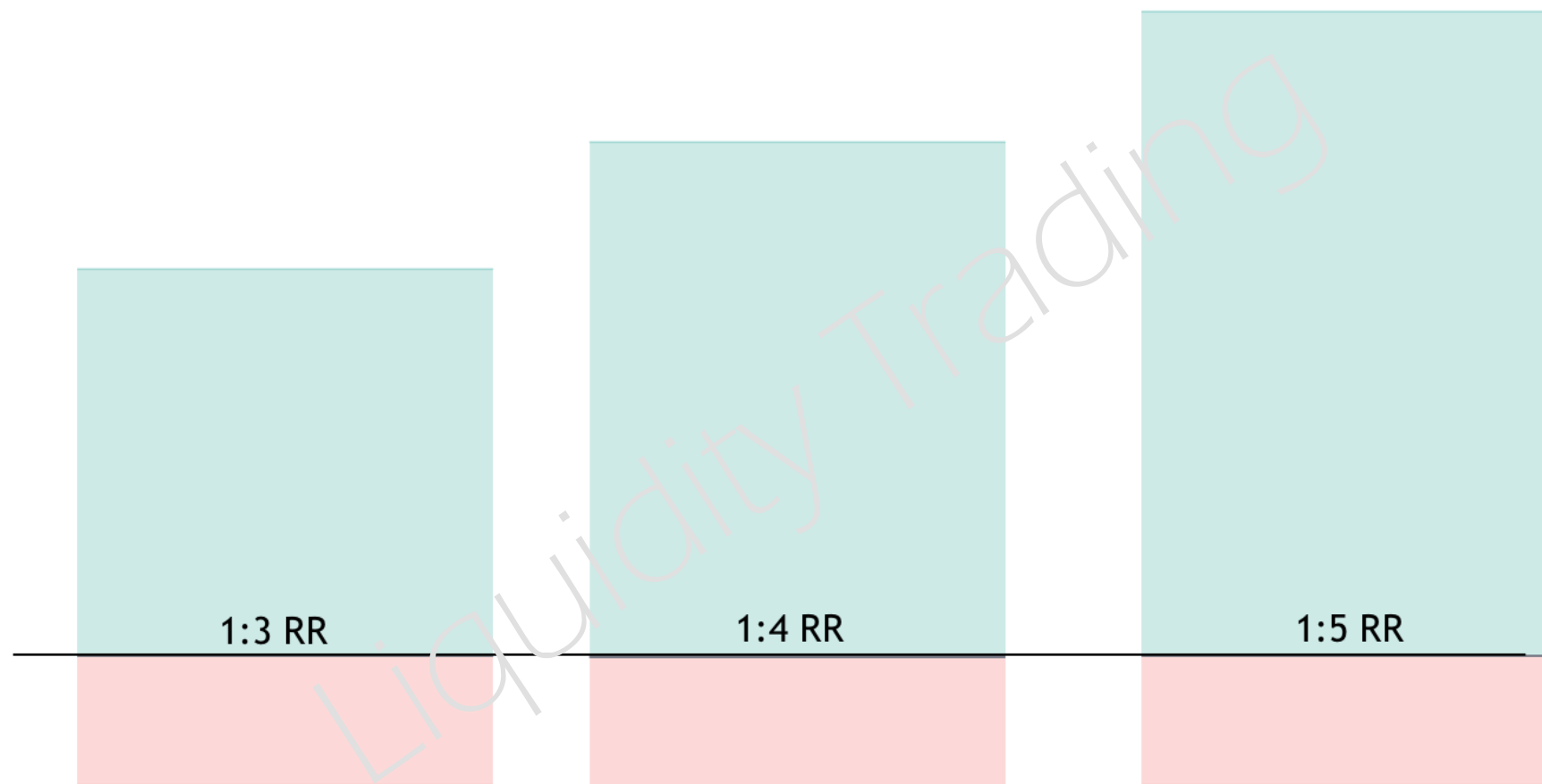
10 trades:

3 wins

7 losses

30% win rate

8% total net gain after 10 trades.



Target: 0.01268 (1.78%) 126.8, Amount: 3264.29

Open P&L: 0.00914, Qty: 17857
Risk/Reward Ratio: 9.06

Stop: 0.00140 (0.20%) 14.0, Amount: 750



Position Size Calculation / Money Management

How to calculate position size fast?

My account is XYZ Dollars, how big Lot size should I open?

Account size example:
\$10,000

Risk on a single trade:
1%

Stop Loss size on a trade (example):
15 pips

the Lot size?

\$100 divided by 15 pips Stop Loss size:

$$100 : 15 = 6.66$$

$$6.66 : 10c = 0.66 \text{ Lots}$$

C = Consant value of 10

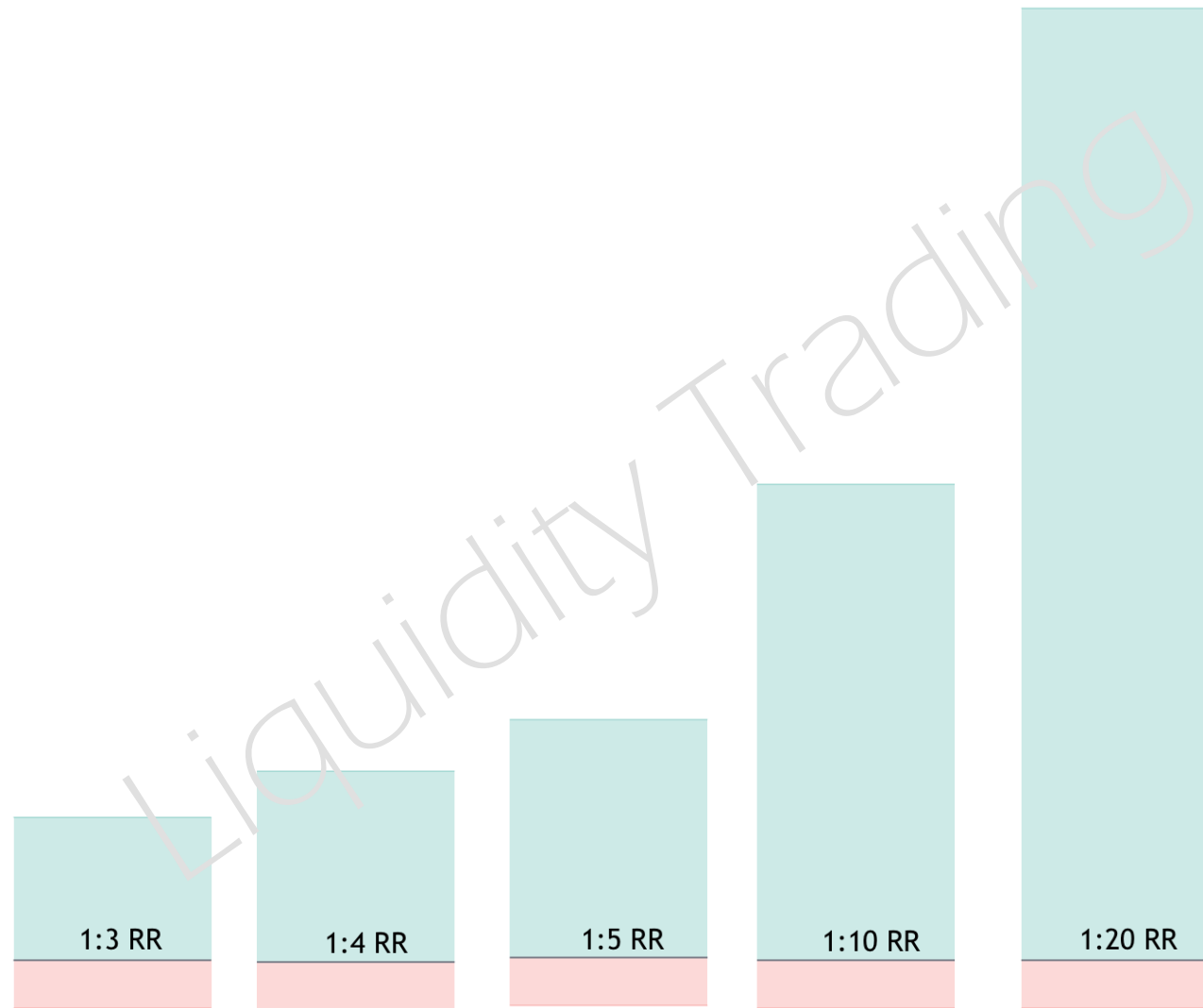
Lot Size Calculation Formula:

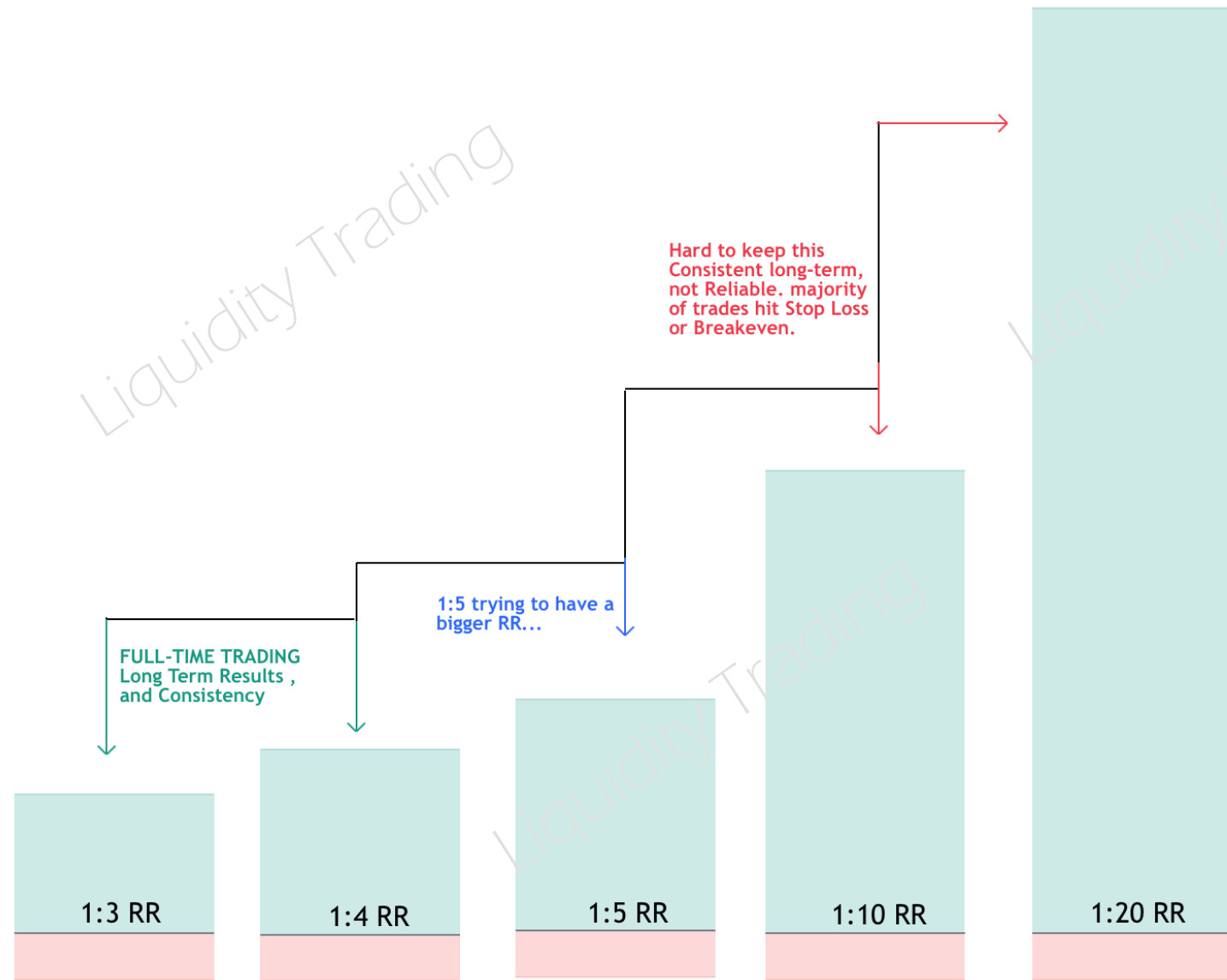
$$\text{\$M} \div \text{SL} = \text{Value} \div 10\text{c} = \text{Lots}$$

\$100 divided by 15 pips Stop Loss size:

$$100 : 15 = 6.66$$

$$6.66 : 10\text{c} = 0.66 \text{ Lots}$$





FULL-TIME TRADING
Long Term Results ,
and Consistency

1:5 trying to have a
bigger RR...

Hard to keep this
Consistent long-term,
not Reliable. majority
of trades hit Stop Loss
or Breakeven.

Money Management

- Risk maximum 1% of your account / trade
- The optimal RR is 1:3
- You don't need high RR trades to make high % gains.
- Focus on Win Rate instead of RR
- Calculate your lot size according to Stop Loss size.