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The 1% rule position-size sheet

Decide how big a trade can be before you place it, so that one losing trade costs you at most 1% of your account.

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Risk warning: CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. Most retail investor accounts lose money when trading CFDs. You should consider whether you can afford to take the high risk of losing your money.

Stop-loss

An order that closes your trade automatically at a price you choose, to cap the loss.

Stop distance

How far your stop-loss is from your entry price, in pips.

Lot

Trade size. 1 lot = 100,000 units; 0.10 lot = 10,000; 0.01 lot = 1,000.

Pip value per lot

What one pip is worth on 1 lot, in your account currency. On pairs ending in USD it is 10 US dollars. Your platform shows it for every pair.

Risk per trade

The money you lose if the stop-loss is hit. The 1% rule keeps it at 1% of your balance.

The formula

Lots = (balance × 1%) ÷ (stop distance in pips × pip value per lot)

Always round **down**, never up.

Worked example

Your balance is €2,000.00. You want to buy EUR/USD with a stop-loss 25 pips away. One pip on 1 lot is worth 10 US dollars, which at an example rate of 1.08 is about €9.26.

1% of the balance	€20.00
Cost of the stop on 1 lot: 25 pips × €9.26	€231.50
€20.00 ÷ €231.50	0.086 lots
Rounded down	**0.08 lots**
Loss if the stop is hit: 0.08 × €231.50	€18.52

Example numbers to show the maths. Use your own balance, stop and pip value.

Why 1%: what a losing streak does

Every trader has losing streaks. This is what is left of your account after losses in a row, at each risk level:

Losses in a row	Risk 1%	Risk 2%	Risk 5%
3	97.0%	94.1%	85.7%

Losses in a row	Risk 1%	Risk 2%	Risk 5%
5	95.1%	90.4%	77.4%
10	90.4%	81.7%	59.9%

At 5% per trade, ten losses leave about 60% of the account, and you then need a gain of about 67% just to get back to where you started. At 1%, the same streak leaves about 90%.

Use it on every trade

1. **Put the stop where your idea is wrong**
   Look at the chart and place the stop where the trade no longer makes sense, not where the loss feels comfortable.
2. **Measure the distance in pips**
   Count the pips from your entry price to your stop-loss.
3. **Fill in the sheet**
   Enter your balance, 1%, the stop distance and the pip value. The spreadsheet does the rest.
4. **Round down, then place both orders together**
   Use the rounded-down size and set the stop-loss in the same order ticket, before you click buy or sell.