

Risk and the mind: how accounts survive

LearnFX · South Africa · 12

3.1 Risk per trade: the 1-2% rule

A reader asks: how do I know how much I can lose on one trade before I even look at a chart? The answer is a single number, chosen before anything else. On a R18 410 account, risking 1% means R184 is the most one trade may lose. Risking 2% means R368. Every later decision — how big the position is, where the stop sits, where the target sits — comes from that one number. If you cannot state your risk in rand before you enter, you are not trading a plan; you are guessing.

Deposit	R1 000
Risk per trade, small	R10
Risk per trade, large	R200
Loss after 20 trades, small risk	R200

3.2 Working out position size

A reader asked: "I know I want to risk R200 on a trade, but how do I turn that into a lot size?" This lesson answers that question. You will learn to work out position size using three numbers you already have: the money you are willing to lose, the distance to your stop in pips, and the value of one pip for the pair you are trading. By the end, you will be able to calculate your own position size in rand, step by step.

Risk in rand	R200
Stop distance in pips	25 pips
Pip value per standard lot	R10
Risk per pip	R8

3.3 Risk and reward

A reader asked: if I win only four trades out of ten, can I still come out ahead? The answer depends on how much you make when you win compared with how much you lose when you lose. That relationship is the risk-to-reward ratio, and it decides the hit rate you need before costs. This lesson shows the arithmetic on USD/ZAR, using rand figures, so you can see what a 1:2 ratio does to a series of ten trades.

Stop distance	20 pips
Target distance	40 pips
Position size	0.10 lots
Value of one pip	R1.00

3.4 Drawdown and losing streaks

Drawdown is how far an account has fallen from its highest point. If an account peaks at R10 000 and later sits at R8 860, the drawdown is R1 140, or 11.4%. This lesson shows why a run of losses is a normal part of trading, not proof that something is broken.

Starting balance	R10 000
Risk per trade	2%
Trade 1 loss	R200
Trade 2 loss	R196

3.5 Margin call and stop out

A reader asked: 'I keep hearing about a margin call and a stop out, but what actually happens to my money?' This lesson shows the two lines a broker watches on your account, what each one does, and how the numbers on a USD/ZAR position can move you from one line to the other.

Account balance	R10 000
Margin used to open the trade	R2 000
Free margin after opening	R8 000
Margin level at the start	500%

3.6 Fear, greed and FOMO

A reader asked: why do I keep breaking my own rules even when I know them? This lesson shows the three states where that happens: fear, greed and FOMO. Each one has a physical feel, and each one has a rand cost. On USD/ZAR at 18.4100, a 0.10 lot moves about R10 per 0.01 change in price, so a 100-point move is roughly R1,000. That number is the same whether you planned the trade or chased it. The difference is what you do next.

Planned entry	18.4100
Planned stop	18.3900
Chased entry	18.4200
Stop on the chased trade	18.4000

3.7 Overtrading and chasing losses

A reader asked: 'I had one bad trade on USD/ZAR and then made thirty more that day. Why did my account drop so much?' This lesson shows how overtrading and chasing losses turn one loss into a week of losses. We use rand figures so you can see the cost in money, not just points.

Planned trades for the day	3
Actual trades taken	30
Spread cost per trade (0.10 lots)	R18.41
Total spread cost for 30 trades	R552.30

3.8 Discipline: the rules you do not break

A reader asks: "I keep breaking my own rules after two losses. How do I stop?" This lesson gives you a short written routine that stays the same every day, so your decisions do not depend on how you feel. On a USD/ZAR position of 0.10 lots, one pip is worth about R0.10, so a 50-pip stop is roughly R5.00 before any costs. The routine is what keeps that R5.00 from becoming R500.

1. Direction written down	USD/ZAR at 18.4100
2. Entry and stop distance	50 pips
3. Money at risk	R5.00
4. Account balance	R5,000.00

3.9 Signals, robots and copy trading

A reader asked: "If I pay for signals or a robot, who actually carries the loss when the trade goes wrong?" This lesson answers that by looking at three ways to hand a decision to someone else: a signal service, a trading robot, and copy trading. Each one changes who decides, but none of them changes whose money is on the line. The rand figures below show what each route can cost you before any trade is even placed.

Signal service	R450 per month
Signal trade on USD/ZAR	R1 841 profit or loss
Trading robot	R1 200 once-off
Robot trade on USD/ZAR	R920.50 profit or loss

3.10 Checking a broker in the local register

A reader asks: 'I found a broker online that says it is FSCA-regulated. How do I check that myself before I send any money?' This lesson shows you where the FSCA register is, what to type into it, and which answers mean the licence does not cover the product you were offered.

Deposit you are considering	R5,000
USD/ZAR price used	18.4100
Firm name you type	Example Markets (Pty) Ltd
Licence number you type	12345

3.11 Tax on trading in your country

A reader asked: who actually wants to hear about my trading, and what do I keep? In South Africa, trading profits are generally treated as either capital gains or revenue (income), depending on how often and how deliberately you trade. That difference matters in rand: a R10,000 gain taxed as revenue can cost you far more than the same R10,000 taxed as capital gain. This lesson shows the records to keep from your first trade, so you are not reconstructing them later.

Trade size	0.10 lots (10,000 USD/ZAR units)
Entry price	18.4100
Exit price	18.4300
Price move	0.0200 rand (200 pips)

3.12 Taking your money out

This lesson answers a reader question: how does money actually leave a trading account in South Africa, and what can delay it. You will see each step, how long it usually holds your money, and the checks that can stop a withdrawal. Every figure is in rand, and every number is worked through so you can check it yourself.

Withdrawal request	R1,000
Broker processing	1 business day
Compliance check	1–3 business days
EFT to your bank	1–2 business days

Trading forex and CFDs carries a high risk of losing money. Most retail accounts lose. Nothing here is a recommendation to trade or a forecast of any result. — LearnFX Editorial Desk