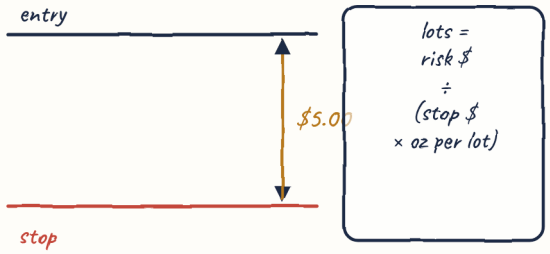
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Position sizing

Position size comes from your stop, not from how sure you feel: risk in dollars ÷ the dollar value of your stop.



Key points

- Formula: lots = risk $ ÷ (stop distance $ × ounces per lot).
- Hypothetical example: $5,000 account, 1% risk = $50. Stop $5.00 away, 1 lot = 100 oz, so one lot risks $500. $50 ÷ $500 = 0.10 lot. Check: 10 oz × $5 = $50.
- Decide the stop from the chart first, then size. Never shrink the stop to fit a bigger lot.
- Round down to your platform's lot step so the risk stays at or below the plan.
- Contract sizes differ between providers. Check how many ounces one lot is on yours.

How traders use it

1. Mark the entry and the stop on the chart.
2. Risk $ = account × your risk %.
3. Lots = risk ÷ (stop × ounces per lot), rounded down.

Watch out

✗ The same lot size on every trade, whatever the stop.

✗ Forgetting the spread in the stop distance.

✗ Adding to a losing position.

Key line: **The chart sets the stop. The stop sets the size.**