

Risk and the mind: how accounts survive

LearnFX · the Philippines · 12

3.1 Risk per trade: the 1-2% rule

This lesson is about choosing the amount of money you are willing to lose on a single trade before you choose anything else. If you decide that first, the position size, the stop distance and the target all follow from it. In the example below, the difference between risking ₱600 and risking ₱12,000 on the same twenty trades is the difference between an account that is still there and one that is not.

Account balance	₱60,000
Risk per trade, small	₱600
Risk per trade, large	₱12,000
Pip value on one standard lot of EUR/USD	about ₱580

3.2 Working out position size

Position size is the number of lots you trade. It is not chosen by feel. It comes from three numbers you already have: the money you are willing to lose on the trade, the distance from your entry to your stop in pips, and the value of one pip for the size you are considering.

Risk in money	₱1,160
Stop distance	25 pips
Pip value on one standard lot	about ₱10
Risk per lot	$25 \times ₱10 = ₱250$

3.3 Risk and reward

This lesson shows how the distance to your stop and the distance to your target set the share of trades you need to win just to break even. On EUR/USD around 1.0850, a 20 pip stop and a 40 pip target is a ratio of 1 to 2. If you win 4 trades out of 10, the arithmetic of the ratio decides the result, not how confident you felt.

Stop distance	20 pips
Target distance	40 pips
Risk per trade	₱1,000
Reward per winning trade	₱2,000

3.4 Drawdown and losing streaks

Drawdown is how far an account has fallen from its highest point. If a ₱50,000 account drops to ₱44,300, the drawdown is ₱5,700, or 11.4 per cent. This lesson shows why a run of losses is normal and how the size of each loss decides how deep the fall goes.

Starting balance	₱50,000
Risk on each trade	2 per cent
Loss 1	₱1,000
Loss 2	₱980

3.5 Margin call and stop out

This lesson shows the two lines a broker watches on your account: the margin call level and the stop out level. If your account balance falls to the margin call level, the broker warns you. If it falls further to the stop out level, the broker closes positions for you, starting with the one losing the most money.

Account balance	₱20,000
Position opened	0.10 standard lots on EUR/USD at 1.0850
Required margin	₱10,000
Margin level at open	200%

3.6 Fear, greed and FOMO

This lesson shows how fear, greed and FOMO each break a plan, and what each state feels like from the inside while it happens. The worked example prices the same EUR/USD setup taken by plan and taken in a chase, so the difference is visible in pesos. The chart comes first: you read the levels, then the numbers.

Planned entry	1.0850
Planned stop	1.0830, 20 pips away
Risk on the planned trade	₱200
Chase entry	1.0870, 20 pips above the plan

3.7 Overtrading and chasing losses

This lesson shows how two habits turn one losing trade into a losing week: trading far more often than the plan allows, and increasing the lot size to win the money back. On a chart, both look like a cluster of entries that grows after a red candle. We count the cost of that cluster in pesos on EUR/USD near 1.0850, so the arithmetic is visible before any money is at risk.

Planned trades for the day	2
Trades actually taken	30
Size on each trade	0.10 standard lots
Pip value at this size	₱58.60 per pip

3.8 Discipline: the rules you do not break

This lesson is about the written routine that stays the same every day: a short checklist before you open a chart, a few rules while the session is running, and a review after you close it. The routine matters in money terms because one unplanned trade on EUR/USD can cost more than a week of planned ones. A single pip on one standard lot is 10 units of the quote currency, so a 20 pip mistake on 0.10 lots is $20 \times 1 = ₱20$ before any broker costs, and that number is the reason the rules exist.

1. Direction written down	EUR/USD, around 1.0850
2. Risk in pesos per trade	₱200
3. Stop distance in pips	20 pips
4. Position size from the two figures above	0.10 lots

3.9 Signals, robots and copy trading

Signals, robots and copy trading all move the decision from your hand to someone or something else. What changes is who decides, when they decide, and how much of your money is exposed when they are wrong. This lesson shows the cost of each route in pesos, using EUR/USD around 1.0850 and a standard lot where one pip is 10 units of the quote currency.

Signal service	₱0 to ₱2,000 per month
Robot or expert advisor	₱1,500 to ₱8,000 one-off or yearly
Copy trading	₱0 to ₱3,000 per month, plus a share of profit
One pip on one standard lot of EUR/USD	10 units of the quote currency, converted at the current rate

3.10 Checking a broker in the local register

A licence is only useful if you can find it yourself, and the place to look is the SEC Philippines register. If a firm cannot be found there, or its entry does not cover the product you were offered, then no rule protects the money you send.

Date of the check	12 March 2025
What you type into the search box	the exact firm name from the website footer
What the entry shows	a registration type that does not mention derivatives or leveraged foreign exchange
Deposit you were about to send	₱10,000

3.11 Tax on trading in your country

This lesson shows which office in the Philippines expects to hear about trading results, how those results are treated for tax, and which records you should keep from your first trade. The figures are in pesos, written ₱, and the instrument is EUR/USD at about 1.0850.

Instrument	EUR/USD
Price at entry	1.0850
Lot size	0.10 lots
Pip value on one standard lot	10 units of the quote currency

3.12 Taking your money out

This lesson shows the route your money takes when you withdraw from a trading account, and how long each step can hold it. If you request ₱10,000 by GCash, the amount that arrives can be smaller than the amount you asked for, because fees and conversion are taken out along the way.

Amount requested	₱10,000
Broker withdrawal fee	₱150
Payment provider fee	₱100
Amount after fees	₱9,750

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