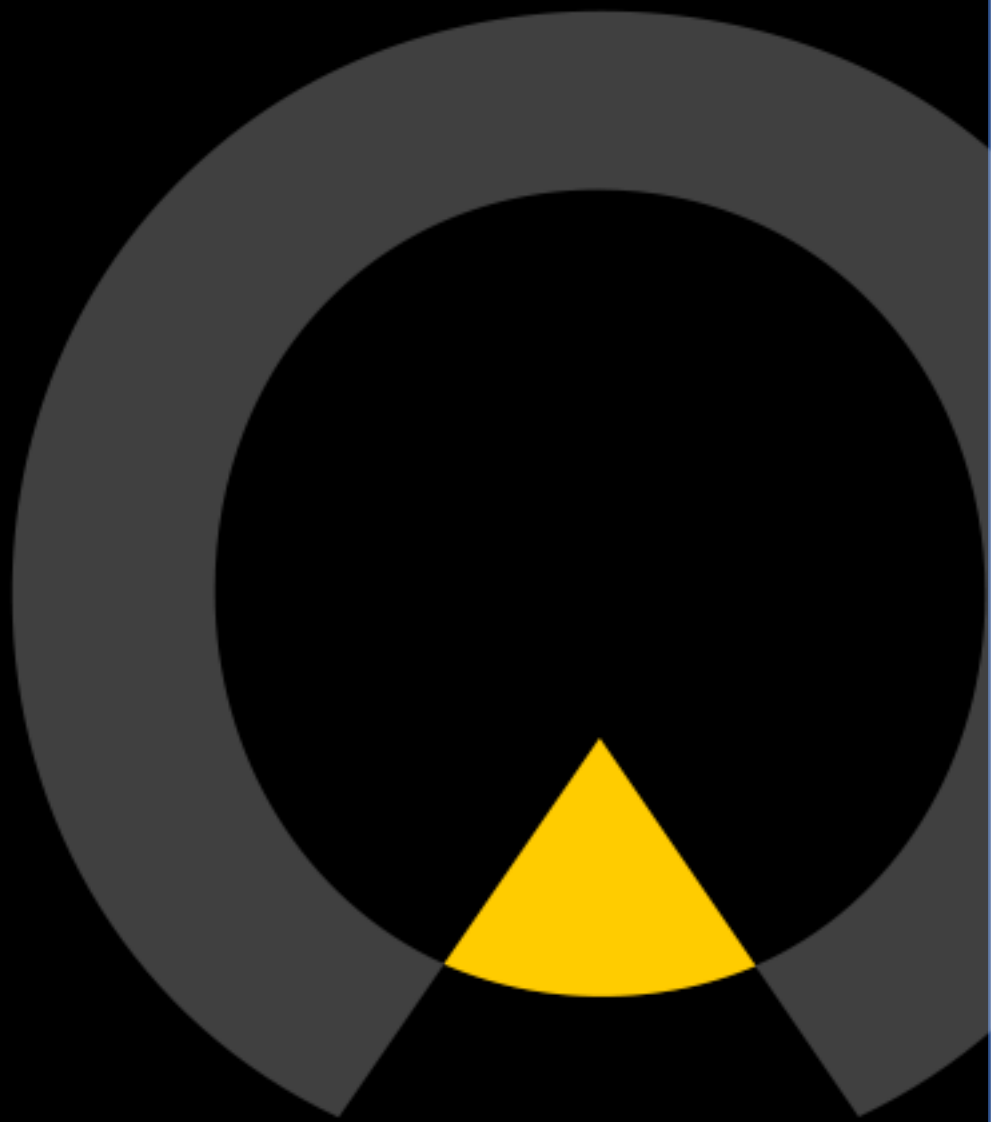


INFINOX MANAGE RISK



INFINOX Capital Ltd
20 Birchin Lane
London
EC3V 9DU
www.infinox.com

Managing Risk

Trading the Forex market can be profitable, however, it can be just as costly without the proper management over your capital.

Generally with each trade, stop losses are placed to ensure that a trade that goes against you does not completely devour your invested capital.

A stop loss is a pre-set target where your trade will close out.

Setting proper stop losses are important to ensure that your losses are minimized.

For traders that don't want to sit in front of their computer every minute they have positions opened, stop losses are your best friend.

Setting the amount you are willing to lose per trade is subjective. Generally, risk levels are set at between 1% and 5% of your trading accounts total balance. This means at a risk level of 5%, you can place 20 losing trades before you lose all your funds. If you find that you often lose 100% of your funds, you may wish to back track on your strategy.

Say for example, you deposited an initial amount of \$1,000. To risk 2% per trade would be to set a stop loss which will close the trade for you should a single trade lose \$20 ($\$1,000 \times 2\% = \20).

Make sure that you manage your risk, as this is one of the pivotal aspects in long-term trading success.

