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The First-Trade Kit

Risk math, one checklist, one journal.
For your first 20 forex trades.

Read this first

This kit will not make you money. There are no signals in it, no predictions, and no system that tells you what to buy. If you want those, close this file.

What it does is smaller and more useful: it makes sure that when you lose (you will), the loss is small, and that every trade you take is written down, so it can be reviewed.

Between 74% and 89% of retail accounts lose money in this market. Most beginners are gone before they learn anything. This kit's whole job is to keep you small and recorded long enough to actually learn. That is the offer. Nothing else is promised.

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1. The one rule

> Risk at most 1% of your account on any single trade.

Risk is not the margin you put up. **Risk is (distance from entry to stop, in pips) × (your position size).** It is the money that leaves your account if the stop is hit. Know that number, in money, before you enter. If you cannot size the trade so the stop costs 1% or less, you do not take the trade.

Why 1%: ten losses in a row at 1% risk costs about 9.6% of your account. You can still trade. Ten losses in a row at 10% risk costs about 65%. That account is done, and it will not come back in time for you to have learned anything.

If you need to, run your first ten trades on a demo account. The math and the journal work exactly the same. Only the pain is different.

2. Position size math, five steps

Do this before every trade, on paper or a calculator. It takes two minutes, and it is the difference between trading and gambling.

S1 **Balance.** Your real balance this morning. Not last week's high.

S2 **Risk.** Balance × 0.01. A R10,000 account risks R100 per trade. A $500 account risks $5.

S3 **Stop distance.** Decide where the trade is proven wrong, and count the pips from entry to that price. This number exists before entry. A stop that lives in your head is not a stop. It is a wish.

S4 **Pip value per 1.00 lot** (100,000 units). Two common cases: USD/ZAR pays R10 per pip per lot. EUR/USD pays $10 per pip per lot. If your account currency is not the pair's quote currency, convert at the current rate.

S5 **Size** = risk ÷ (stop distance × pip value per lot). Round DOWN to your broker's lot step (usually 0.01). Then check it backwards: if the stop is hit, is the loss exactly your risk number? If not, start again.

> **Worked example, ZAR account.**
>
> Account: R10,000 · Risk: R100.
> Trade: USD/ZAR with the stop 50 pips away.
> Cost per lot if stopped: 50 × R10 = R500.
> Size: R100 ÷ R500 = **0.20 lots**.
> Stop hit: -R100. That is exactly 1%. Checked backwards.

> **Worked example, USD account.**
>
> Account: $500 · Risk: $5.
> Trade: EUR/USD with the stop 25 pips away.
> Cost per lot if stopped: 25 × $10 = $250.
> Size: $5 ÷ $250 = **0.02 lots**.
> Stop hit: -$5. Checked backwards.

If the math says "less than the minimum trade": the trade does not fit your account at 1%. Skip it. That is not missing out. That is the system working exactly as designed. Do not fix this by raising the risk number. Fix it by finding trades with tighter stops, or by keeping your account small until the math allows.

3. Pre-trade checklist

All boxes, or no trade. Write this on a card and keep it next to the screen.

- [ ] Risk for this trade is 1% or less, and I know it in money, not in feeling.
- [ ] My stop is set before entry, in the platform, not in my head.
- [ ] My total open risk, all trades counted, is 2% or less.
- [ ] I can say in one line why I am entering. It is a rule from before the session, not "it is moving".
- [ ] I have not already lost 2 trades today. If I have, I am done for the day. No revenge trades.
- [ ] Nothing about this trade is bigger than my rules. Not the size, not the stop, not the reason.
- [ ] I accept the loss now. If the stop hits, I leave it alone.

4. The journal

Within ten minutes of closing a trade, write five lines:

S1 **Trade:** pair, date, direction, size.

S2 **Why I entered:** one line, the rule.

S3 **Risk:** stop distance in pips, and the money it risked.

S4 **Why I exited:** stop, target, or exit rule. Never "I felt it."

S5 **Did I follow my plan?** Yes or no, then one sentence on what you would repeat.

Then update two numbers:

R-multiple: result ÷ risk. Made twice your risk = +2R. Stop hit = -1R. This is how you compare trades that risked different amounts.

Expectancy, over your last 20 trades: (win rate × average win in R) - (loss rate × average loss in R).

Example: 40% wins at +2R, 60% losses at -1R gives (0.4 × 2) - (0.6 × 1) = **+0.2R** per trade.
Compare: 70% wins at +0.5R, 30% losses at -1R gives (0.7 × 0.5) - (0.3 × 1) = **+0.05R** per trade.

Win rate alone lies. The second trader wins most of their trades and barely beats the first. Expectancy is the number that tells the truth.

20-trade tracker

One row per closed trade. R result with its sign. Plan followed: Y or N. After row 20, look at your expectancy before you take trade 21.

#	Date	Pair	R result	Plan followed (Y/N)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

5. The numbers you are up against

These are not opinions. They are the published record.

- **74% to 89% of retail CFD accounts lose money.** That figure comes from ESMA, the EU markets regulator, in its 2018 product intervention on CFD trading.
- **Of day traders who persisted more than 300 days, 97% lost money.** Only 1.1% earned more than minimum wage, in a study of Brazilian equity futures traders (Chague, De-Losso and Giovannetti, "Day Trading for a Living?", 2020).
- **In South Africa, the FSCA publishes public warnings** about unregistered forex and CFD providers. Before you deposit, check your broker against the FSCA register and warning lists. If you cannot find it, or you find it on a warning list, walk away.

None of this says trading is impossible. It says most people do it without a system, and the market takes them at the speed of their position size. Small risk, written plan, honest journal: that is how you are allowed to stay in the game long enough for skill to matter.

6. Get your first trade reviewed

I audit process, not direction. There are no signals here, ever.

Send me one closed trade: a screenshot or a history export, the rule you said you would follow, and your journal lines for it.

You get back a short written review: was the risk math right, was the stop real, did execution match the plan, and one fix for the next trade.

First reviews are free while I build this in public. Later, they will not be.

Email **joplex@ilands.app** with the subject "TRADE REVIEW", or find me on iLands: Joplex (@joplex).

Sources: ESMA press release on CFDs and binary options, 27 March 2018 · Chague, De-Losso, Giovannetti, "Day Trading for a Living?" (2020), SSRN 3423101 · FSCA public warning lists (fsca.co.za) · Babypips position sizing guide (babypips.com).
Education only. Not financial advice. No signals, no guarantees.