

Risk and the mind: how accounts survive

LearnFX · Nigeria · 12

3.1 Risk per trade: the 1-2% rule

Before you choose a lot size, a stop level or a target, you choose one number: the most you are willing to lose on a single trade. This lesson shows how that number is set as a small share of your account balance, and what happens to the account when it is set too high. The figures are in naira, because that is what leaves your account and what you must be able to replace.

Account balance	₦1,600,000
Risk at 1 per cent	₦16,000
Risk at 12.5 per cent	₦200,000
Twenty trades at ₦16,000 lost each	₦320,000

3.2 Working out position size

This lesson shows you how to turn a risk amount in naira into a position size in lots, 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. The order matters. Risk in money, divided by stop distance in pips, divided by pip value. Get that order wrong and the position is too big for the stop you set.

Money at risk	₦20,000
Stop distance	25 pips
Value of one pip on one standard lot	10 units of the quote currency
Pip value in naira	₦15,400

3.3 Risk and reward

This lesson shows what the ratio between your stop and your target does to the number of trades you need to win just to break even, and what that costs in naira. If your stop is 20 pips away and your target is 40 pips away, the ratio is 1 to 2. The arithmetic of that ratio is fixed; the ratio you can actually get in the market is not, because it depends on where price is willing to go.

Entry price	1.0850
Stop distance	20 pips
Target distance	40 pips
Value of one pip on one standard lot	10 units of the quote currency

3.4 Drawdown and losing streaks

This lesson shows how a losing run pulls an account down from its highest point, and what that costs in naira. You will work through six losses in a row at 2% risk per trade, and see why that is normal rather than a sign that your method is broken. The aim is to help you plan for drawdown before it happens, so a bad week does not turn into a closed account.

Starting account balance	₦1,000,000
Risk on each trade	2% of the balance
Loss 1	₦980,000
Loss 2	₦960,400

3.5 Margin call and stop out

A margin call is the level at which your broker warns you that your open positions have eaten most of your account. A stop out is the level at which the broker closes positions for you, without asking. Both are measured in margin level, a percentage, and both cost real money in naira. This lesson shows the two thresholds and the arithmetic that takes an account from one to the other.

Account balance	₦217,000
Position opened	1 standard lot EUR/USD
Value of one pip	₦10,850
Margin held at 1:100 leverage	₦108,500

3.6 Fear, greed and FOMO

This lesson is about the three states that make people break their own rules: fear, greed and FOMO. Each one has a price, and the price is paid in naira. We will compare the same EUR/USD setup taken two ways: once by plan, once in a chase. The difference is not luck. It is arithmetic.

Planned entry	1.0850
Chased entry	1.0879
Stop distance, planned	20 pips
Stop distance, chased	49 pips

3.7 Overtrading and chasing losses

This lesson shows how two habits — trading more often than your plan allows, and increasing your size to win back a loss — turn one bad trade into a bad week. On EUR/USD around 1.0850, one pip on one standard lot is worth 10 units of the quote currency, so 20 pips is 200 units before any conversion to naira. We work through a day of 30 trades and show what the costs alone take out of the result.

Instrument and price	EUR/USD around 1.0850
Pip value on one standard lot	10 units of the quote currency
Spread cost per trade	1.0 pip
Spread cost for 30 trades	30 pips

3.8 Discipline: the rules you do not break

This lesson shows a short written routine you can follow before, during and after every session. The routine is the same each day, so you are not making new decisions while money is moving. We start with what one pip costs in naira, because a rule is only useful if you know its price.

1. Direction and level	EUR/USD near 1.0850
2. Where you are wrong	Stop level written down
3. Distance to that level	20 pips
4. Size	0.10 lots

3.9 Signals, robots and copy trading

This lesson looks at three ways to let someone else make the trading decision for you: signals, trading robots and copy trading. Each one still leaves you with the same question: what does it cost you in naira, and who carries the loss when the trade goes wrong?

One pip on one standard lot of EUR/USD	₦10,850
Signal service, one month	₦25,000
Your trade from that signal: 20 pips on 0.10 lots	₦2,170 loss or gain
Robot or expert advisor, one month	₦15,000 to ₦60,000

3.10 Checking a broker in the local register

A licence is not a badge on a website. It is a record you can look up yourself, in the register of SEC Nigeria, and it decides whether anyone can be held to account if your money goes missing. The cost of skipping this check is not a fee. It is the whole deposit.

Date of the check	14 May 2025
Name typed into the register	the exact company name from the terms page
Result returned	one entry, status shown as active
Activity on the entry	the entry lists what the firm may do

3.11 Tax on trading in your country

Trading profit is income, and in Nigeria income tax applies to it. The authority that wants to hear about it is the Federal Inland Revenue Service (FIRS) for companies, and your state internal revenue service for personal income. The amount you owe depends on your total income for the year, so a small profit may fall below the threshold where tax starts. This lesson shows you what to record from day one so you can answer questions later without guesswork.

Trade result before costs	₦21,700
Broker commission	₦1,500
Spread cost	₦2,170
Net profit for the trade	₦18,030

3.12 Taking your money out

This lesson follows one withdrawal from the moment you tap send to the moment the money lands, and it puts a naira cost on every step that can hold it up. A withdrawal is not a single event. It is a queue of checks, and each check can add a day or a fee.

Request submitted	₦180,000
Platform or network fee	₦1,500
Amount sent to the bank	₦178,500
Time in internal review	up to 1 business day

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