

# Template: Risk-Reward Ratio Trading Checklist

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Based on Article: "Risk-Reward Ratios: Optimizing Your Forex Trading Strategy"

A comprehensive checklist to optimize your Forex trading strategy using risk-reward ratios.

## Checklist Items:

### 1. Understand Risk-Reward Ratio Basics

Calculate the risk-reward ratio for each trade by assessing the distance from your entry to the stop-loss and from your entry to the take-profit. Ensure you grasp the conversion of pips into monetary values.

Reference Section: Understanding Risk-Reward Ratio: Basics and Math

### 2. Determine Your Trading Style

Identify whether you are a scalper, day trader, swing trader, or position trader. Tailor your risk-reward ratio accordingly to suit your trading approach and expected win rates.

Reference Section: Choosing the Right Risk-Reward Ratio for Your Strategy

### 3. Set Position Sizes Based on Risk Management

Ensure that your position sizes reflect the monetary risk you are willing to take, ideally no more than 1% of your account equity per trade.

Reference Section: Position Sizing and Risk Management Using RR

### 4. Calculate Effective Risk

Include all potential costs such as spreads, commissions, and expected swaps when calculating your effective risk for each trade.

Reference Section: Understanding Risk-Reward Ratio: Basics and Math

### 5. Use Broker Tools for Stops and Take-Profits

Take advantage of your broker's order types to set guaranteed stops and take-profits, thus enforcing your risk-reward strategy.

Reference Section: Integrating Risk-Reward with Trading Strategy and Tools

### 6. Log Trade Outcomes

Maintain a trading log that records all your trades, including entry, stop, and target prices, as well as commissions and slippage, to track and analyze your performance.

Reference Section: Measuring Performance and Iterating on RR Rules

### 7. Calculate Expectancy to Assess Profitability

Apply the expectancy formula to determine whether your trading system can be profitable in the long run. Aim for a positive expectancy to validate your risk-reward strategy.

Reference Section: Choosing the Right Risk-Reward Ratio for Your Strategy

### 8. Adjust Targets Across Timeframes

Be prepared to adjust your targets based on the trading timeframe to keep your risk-reward realistic and attainable.

Reference Section: Adjusting targets across timeframes to keep reward realistic and attainable

### 9. Monitor and Optimize Your Strategy

Iterate on your risk-reward rules based on historical data and real trade outcomes to ensure your trading strategy remains viable and profitable.

Reference Section: Common Pitfalls and Psychological Factors