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The Gold Risk Management Blueprint

The sizing maths, loss limits and R-based scoring system that keep a gold account alive long enough for an edge to show.

SHORT ANSWER

Risk a fixed percentage per XAUUSD trade — one percent or less — size the position from the stop distance rather than a fixed lot, cap the day at two losses, and score every closed trade in R so results are comparable regardless of account size.

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Free, no email required. Last updated 2026-09-02.

Gold punishes fixed lot sizes. A \$2.00 stop and a \$9.00 stop are both normal on XAUUSD depending on the setup, so trading both at the same lot size means risking four times as much on one as the other without deciding to.

This blueprint replaces that with a single rule: the account decides the risk, the chart decides the stop, and the maths decides the size.

1. The sizing formula

On XAUUSD, one standard lot is 100 ounces, so a \$1.00 price move equals \$100 per lot. That makes the formula simple.

$\text{Lots} = (\text{account} \times \text{risk \%}) \div (\text{stop distance in dollars} \times 100)$. A \$5,000 account risking one percent with a \$3.50 stop gives $\$50 \div \$350 = 0.14$ lots.

- Never round the size up to reach a nicer number.
- Add the spread to the stop distance before calculating.
- Recalculate after every deposit, withdrawal or meaningful drawdown.

2. Scoring in R

R is the amount risked on a trade. A trade that makes three times the risk is +3R whether the account is \$500 or \$500,000, which makes R the only honest way to compare results over time.

Track total R, average R per trade and the R distribution rather than percentage returns. Percentages hide position sizing mistakes; R exposes them.

3. Daily and weekly limits

Most account damage is done in the hour after a loss. Hard limits remove the decision from the moment when you are least able to make it.

- Two losing trades in a day ends the day.
- Minus 4R in a week ends the week.
- After any 8R drawdown, halve the risk percentage until the drawdown is recovered.
- No increase in risk after a winning streak — that is when average trade quality drops.

4. Handling news

Gold's largest adverse moves cluster around CPI, NFP and FOMC. Spread widening during those releases can trigger a stop several dollars away from the visible price.

The workable rule is simple: no new positions in the fifteen minutes before a red-folder release, and any open position must be at break-even or closed.

5. Reviewing risk, not results

A weekly review should ask whether the rules were followed, not whether the week was profitable. A profitable week with three rule breaks is a worse week than a small loss traded correctly, because the first one is not repeatable.

Keep the review to four numbers: trades taken, rules broken, total R and largest single loss in R.

Pre-trade checklist

- ✓ Risk percentage fixed and written down
- ✓ Position size calculated from the stop distance every trade
- ✓ Spread added to the stop before sizing
- ✓ Daily loss limit set before the session
- ✓ No open exposure into red-folder releases
- ✓ Every closed trade scored in R
- ✓ Weekly review of rules broken, not profit

FAQs

How much should you risk per XAUUSD trade? 

What is R in trading? 

Should you use a fixed lot size on gold? 



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