RYVOTRADE ACADEMY

FOREX TRADING FUNDAMENTALS | RTA-101

MODULE 07: Risk Management & Trading Psychology

Three structured lessons • examples • exercises • knowledge checks • instructor guidance

Learning objectives

By the end of this module, learners should be able to explain the core concepts, work through the examples, and demonstrate the relevant skill in a simulated trading environment.

Educational disclaimer

This material is for education only and is not financial advice. Leveraged forex and CFDs can cause substantial losses. Product terms, lot sizes and execution rules depend on the broker and jurisdiction.

LESSON 1: Position Sizing and Capital Protection

Concepts and explanation

Define maximum acceptable loss before entry. Position size depends on risk budget, stop distance and monetary value per price unit; broker specifications must be verified.

Worked example

With USD 1,000 equity and 0.5% risk, the risk budget is USD 5. At USD 1 per pip per unit of sizing, a 25-pip stop requires 0.2 such units.

Practical exercise

Create a worksheet with equity, risk %, stop distance, pip value, size and estimated costs.

Knowledge check

1. Define the main idea of position sizing and capital protection in your own words.

2. Explain one practical risk or limitation relevant to this lesson.

3. Apply the lesson to a fictional market example and show your reasoning.

Reflection

Record what you understood, what remains unclear, and one rule you would add to a demo-trading checklist.

LESSON 2: Trading Psychology and Discipline

Concepts and explanation

Fear, overconfidence, loss aversion and revenge trading can undermine a plan. A checklist and journal help distinguish process quality from outcomes.

Worked example

After two losses, a trader increases size to recover quickly; this violates a fixed-risk rule.

Practical exercise

Write a five-point pre-trade checklist and a post-loss cooling-off procedure.

Knowledge check

1. Define the main idea of trading psychology and discipline in your own words.

2. Explain one practical risk or limitation relevant to this lesson.

3. Apply the lesson to a fictional market example and show your reasoning.

Reflection

Record what you understood, what remains unclear, and one rule you would add to a demo-trading checklist.

LESSON 3: Common Beginner Mistakes

Concepts and explanation

Common errors include overleveraging, moving stops, ignoring spreads, trading news without a plan, and judging a strategy by too few trades.

Worked example

A strategy with a 60% win rate can still lose if average losses greatly exceed average wins.

Practical exercise

Calculate expectancy for 40% wins at +2R and 60% losses at -1R.

Knowledge check

1. Define the main idea of common beginner mistakes in your own words.

2. Explain one practical risk or limitation relevant to this lesson.

3. Apply the lesson to a fictional market example and show your reasoning.

Reflection

Record what you understood, what remains unclear, and one rule you would add to a demo-trading checklist.

MODULE ASSESSMENT & INSTRUCTOR GUIDE

Student assignment

Submit the three lesson exercises, one annotated example or worksheet, and a 200-word reflection explaining how you would apply the material responsibly.

Assessment rubric (100 points)

Conceptual accuracy: 40 points. Correct calculations or worked examples: 25 points. Risk awareness: 20 points. Clarity and completeness: 15 points. Suggested passing mark: 70/100.

Instructor guidance

Start with a 10-minute recap, model each worked example, invite learners to explain assumptions, and review answers in pairs. Confirm that learners distinguish demo outcomes from live-trading expectations.

Review questions

1. Explain position sizing and capital protection and describe one common misconception.

2. Explain trading psychology and discipline and describe one common misconception.

3. Explain common beginner mistakes and describe one common misconception.