Position Sizing Worksheet

Companion Reference Sheet for: Position Sizing: How a Position Size Calculator Works
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What position sizing means

Input	What it means	How it affects the result	Reference
Account size or equity	The balance or equity amount used to calculate your risk budget.	A percentage-based risk rule converts this amount into a dollar limit.	Your account records and chosen risk policy
Risk per trade	The maximum planned loss in dollars or a chosen percentage of equity.	This is the dollar risk amount available for the position.	Your trading plan
Entry price and stop price	The planned entry and the price where you intend to exit if the trade moves against you.	The price distance helps determine the risk per share or contract.	Stop order terms
Futures tick size and tick value	Tick size is the minimum price increment; tick value is the dollar value of that increment for one contract.	Stop distance in ticks multiplied by tick value gives estimated risk per contract.	The contract's published specifications
Costs and currency	Commissions, fees, estimated slippage, and any conversion into your account currency.	These can increase the expected loss or change the risk amount expressed in your account currency.	Your broker’s fee schedule and account currency

The position sizing formula

Example	Inputs	Calculation	Position result
Hypothetical stock trade	Account equity: $20,000. Risk choice: 1%, or $200. Entry: $50. Stop: $46.	Risk per share: $50 minus $46 = $4. Shares: $200 divided by $4 = 50.	50 shares. Position value at entry: 50 multiplied by $50 = $2,500. The planned stop risk is $200 before costs.
Hypothetical futures trade	Risk choice: $300. Stop distance: 12 ticks. Hypothetical tick value: $5 per contract.	Risk per contract: 12 multiplied by $5 = $60. Contracts: $300 divided by $60 = 5.	5 contracts. The tick value is hypothetical; use the published specification for the contract you trade.

How risk, position value, and margin differ

Concept	What it describes	Practical implication	Source
Stop order execution	A stop order may execute at a different price from its stop price when triggered.	Do not treat the stop price as a guaranteed exit price in your risk estimate.	SEC Investor.gov: stop order

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Futures contract specifications	Tick increments and dollar values are tied to the specific contract.	Use the traded product's own specifications rather than carrying a tick value over from another contract.	Exchange contract specifications, such as CME Group product pages
Margin borrowing	A margin account lets an investor borrow from a broker to purchase securities.	Buying power can rise, but so can exposure and the potential for losses.	SEC Investor.gov: margin account

Position sizing and risk management checklist

- ☐ Confirm the account equity figure and risk policy you are using.
- ☐ Convert your chosen risk percentage into a dollar risk amount, if applicable.
- ☐ Enter the intended entry price and stop price, and verify the stop is on the correct side for a long or short trade.
- ☐ Calculate risk per share or contract using the correct tick size, tick value, point value, multiplier, or pip value.
- ☐ Account for commissions, fees, spreads, slippage, and currency conversion where relevant.
- ☐ Divide the available dollar risk by risk per unit, then round down to a tradable quantity.
- ☐ Check that the position fits margin requirements and review the combined risk of correlated open trades.
- ☐ If the minimum position exceeds your risk limit, reduce or skip the trade instead of raising the limit to fit it.

Related reading: our futures tick values guide shows where the tick size and tick value inputs come from, our stop loss guide covers how stop orders work, and our margin calculator estimates margin, which is a separate number from the risk you size for.

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