

Sizing for a 20% session

CRYPTO SIZING

The platform's risk-based sizing - budget over stop distance - fed a stop wide enough to survive crypto's ordinary violence: a 10% stop is a normal session here, not a crash, so the honest distance is large and the resulting position is small in coins. Fractional units hold the computed size exactly, and the volatility that forces the wide stop forces the small size - which is the mechanism doing its job.

Module 1 gave crypto sizing its floorless arithmetic. This lesson feeds it the input crypto's volatility demands: a stop distance sized to a market where 10% is a quiet day.

The wide stop, and what it does to size

Work the example: a 1% budget on a £50,000 account is £500 of cash at risk; a 10% stop on a £40,000 coin is £4,000; and £500 over £4,000 buys 0.125 coins - a small position in coin terms, exactly right in risk terms. The chain is the platform's, and the crypto input is the stop: set to survive an ordinary session's violence rather than a calm market's noise, it is several times wider than an equity stop would be, and the division turns that width into a proportionally smaller size. The volatility does not reduce the risk taken - the budget fixes that - it reduces the position that carries it.

Why fractional units matter here

The computed size is held exactly: no floor, per module 1 - 0.125 coins is holdable to the decimal, so the risk budget is met precisely rather than approximately. Small coin counts are correct, not timid: a fraction of a coin at crypto prices is a substantial position - the coin count's smallness is the price's largeness, and reading it as under-participation is the error. The base-currency discipline holds: sized in the account's currency against the coin's price, per module 2 - a position sized in stablecoins and read in fiat mismeasures itself.

The volatility-sizing loop

Crypto's sizing has a feedback the calmer markets' lacked: when volatility rises - and it swings widely - the honest stop widens, and the size must shrink to hold the budget; when it calms, the stop tightens and the size can grow. The position breathes with the volatility, and the risk stays fixed - which is the futures headroom lesson's cousin: the size is the shock absorber, the budget is the constant, and in the most volatile market on the platform the absorber works hardest. A fixed coin size through changing volatility is a changing risk - the error this loop exists to prevent.

Try it yourself with the position-size-crypto calculator: <https://ticksprout.com/tools/position-size-crypto>

Check your understanding

1. Why is a 0.125-coin position not timid?

- a. It is timid - crypto rewards larger size
- b. A fraction of a coin at crypto prices is a substantial position: the coin count's smallness reflects the price's largeness, and the risk budget is met exactly
- c. Fractional positions carry less risk

Answer: b. Small coin count, correct risk. The wide volatility-driven stop forced the size down to hold the budget - reading the fraction as under-participation misses that the price is large.

2. What is the volatility-sizing loop?

- a. Trading more when volatility rises
- b. When volatility rises the honest stop widens and the size must shrink to hold the budget; when it calms, size can grow - the position breathes, the risk stays fixed
- c. Adjusting the budget with volatility

Answer: b. The size is the shock absorber, the budget the constant - the futures headroom lesson's cousin. A fixed coin size through changing volatility is a changing risk.