Sizing for the earnings gap

> **GAP-SIZED EQUITY POSITION**
>
> The position sized against an earnings-scale move rather than the daily stop: same budget, ten times the distance, a tenth of the shares. Equity granularity turns the commodities zero into a small positive number - holding through results becomes affordable at reduced size, which makes the honest choice richer and the dishonest one less excusable.

The commodities gap-sizing lesson ended at zero contracts and a hard choice. Equities re-runs the arithmetic and finds a third option living in the granularity.

The same division, the honest distance

The machinery is lesson 2's unchanged: budget divided by distance. The distance is the honest input - not where a stop would sit, but what results could plausibly print: the name's own earnings-move history, module 2's calibration, doubled for humility. The worked example uses ten times the daily stop, and the answer lands at a tenth of the size - small, real, and holdable through the print with the budget intact.

What granularity buys

A position that exists: 250 shares where commodities offered zero contracts - the gap costs size, not existence, because shares divide.A menu instead of a cliff: full size and flat through results, or gap size and hold - both inside the budget, both honest, chosen per name per quarter.No excuse left: with a holdable reduced size always available, full size through results is never forced - it is the budget renegotiated by hope, visible as such in advance.

The rhythm this creates

A per-name position now breathes with the calendar: daily-stop size between events, gap size across them, back again after - the trim-and-restore pattern professionals run, generated here by nothing but the platform's own sizing arithmetic fed two honest distances. The costs module priced the extra trades; the granularity makes them small; and module 7's journal will show whether the discipline actually ran. One caveat carries from the commodities twin: the gap estimate is an estimate - a 15% print against a 10% assumption still overshoots the budget, which is why the distance gets doubled for humility and the halving lesson comes next.

Worked example - figures in USD

The lesson-2 account - $100,000, 1% risk - resized against an earnings-scale gap of $5.00 instead of the daily stop.

1. Same account, same 1% budget of $1,000 - but the distance is an earnings-scale move of $5.00, ten times the daily stop, because that is what the position must survive.
2. The division returns 200 shares: a tenth of the daily-stop size, carrying $1,000 through the print.
3. Where commodity contracts hit zero, share granularity lets the position shrink to fit - the gap costs size, not existence. Holding a tenth-size position through results is a choice the budget can actually afford; holding full size is the budget renegotiated by hope.

Check your understanding

1. What does share granularity change about gap sizing, against the commodities result?

a. It makes gap sizing unnecessary

b. The zero becomes a small position: shares divide, so the gap costs size rather than existence, and holding through results at reduced size becomes genuinely affordable

c. It doubles the allowable risk

Answer: b. Commodities' whole contracts couldn't shrink below one; shares can. The honest menu gains an option - and full size through results loses its last excuse.

2. Why does the gap-sized position use ten times the daily stop as its distance?

a. Regulation requires 10x buffers

b. The distance must be what results could plausibly print - the name's earnings-move history, with humility - not where a daily stop would sit

c. Ten is the standard ATR multiplier

Answer: b. Sizing survives what it is sized against. The daily stop prices ordinary noise; the earnings distance prices the scheduled exception - two honest inputs to one division.