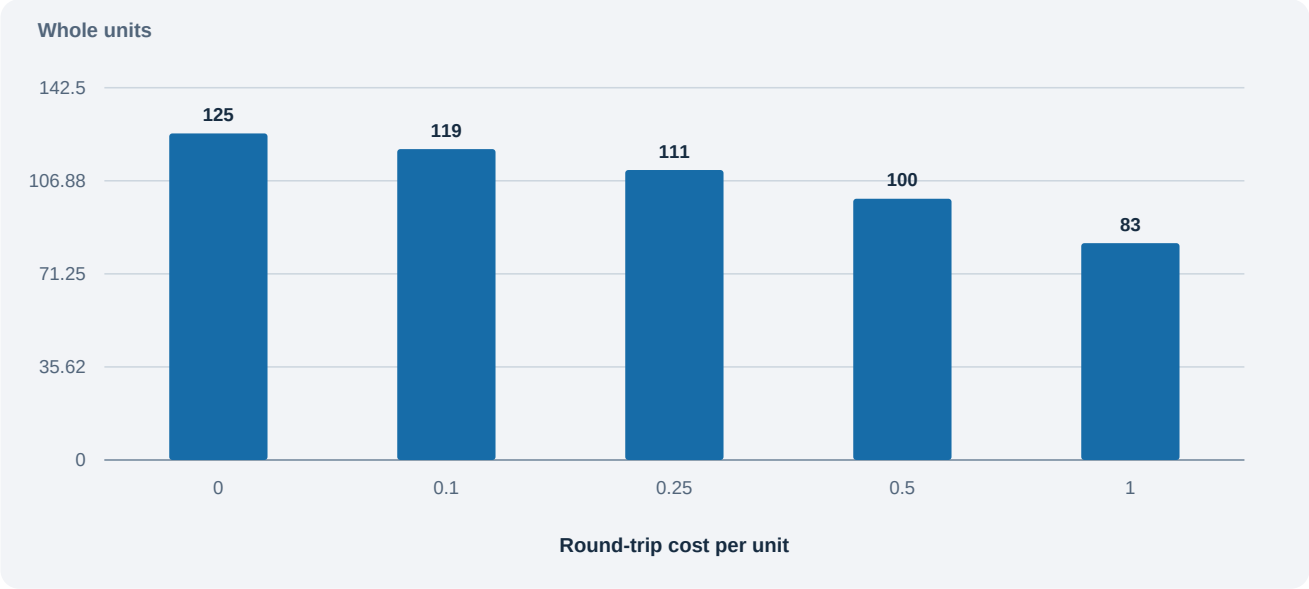
Sizing with a cost allowance

An estimated round-trip cost per unit consumes part of the loss budget. Including it in the denominator reduces quantity relative to a stop-only calculation.

FORMULA Units = floor(budget / (distance + cost per unit))

SCENARIO 01: Budget 250; stop 2; add per-unit costs



WORKED EXAMPLE

At cost 0.25 per unit, floor(250 / (2 + 0.25)) gives 111 units.

COMMON MISTAKE

Counting commission but omitting spread or adverse fills understates the budget used.

BEFORE YOU USE THE CALCULATION

1. Use consistent per-unit costs.
2. Avoid double-counting spread.
3. Stress a higher execution-cost estimate.

COMPARE TWO MORE INPUT SETS

Scenario 05: Budget 1000; stop 6; add per-unit costs. At cost 0.25 per unit, floor(1000 / (6 + 0.25)) gives 160 units.

Scenario 10: Budget 5000; stop 11; add per-unit costs. At cost 0.25 per unit, floor(5000 / (11 + 0.25)) gives 444 units.

Synthetic values are not historical market data. Educational material; trading can result in substantial losses.