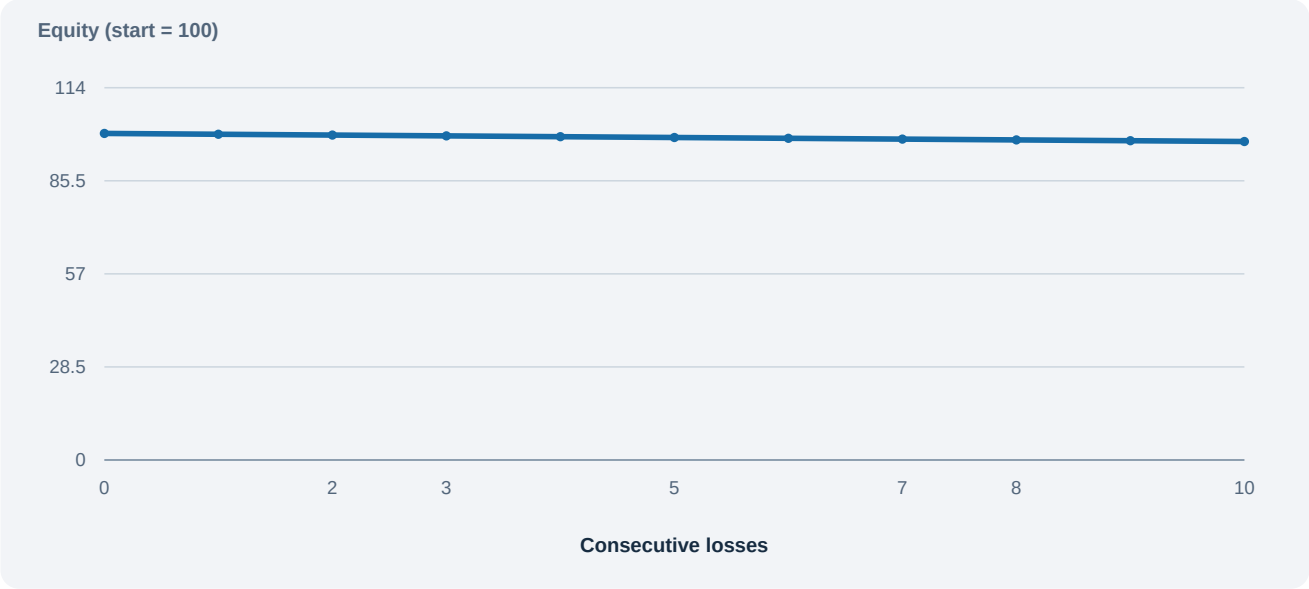
Fixed-fraction losing streaks

Performance arithmetic | Original synthetic example | Edition 2026-11-26

Repeated equal fractional losses reduce the remaining equity geometrically. The currency amount lost declines if the fraction is recalculated on the smaller balance after every trade.

FORMULA Equity after n losses = initial equity x (1 - loss fraction)^n

SCENARIO 01: Each loss is 0.25% of remaining equity



WORKED EXAMPLE

After 10 losses, equity is 97.53 from an initial 100. This is sequence stress, not a probability.

COMMON MISTAKE

Multiplying a fractional loss by the number of trades ignores the changing equity base.

BEFORE YOU USE THE CALCULATION

1. Specify fixed currency or fixed fraction.
2. Apply the correct base each time.
3. Distinguish sequence stress from a probability forecast.

COMPARE TWO MORE INPUT SETS

Scenario 05: Each loss is 1.5% of remaining equity. After 10 losses, equity is 85.97 from an initial 100. This is sequence stress, not a probability.

Scenario 10: Each loss is 10% of remaining equity. After 10 losses, equity is 34.87 from an initial 100. This is sequence stress, not a probability.

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