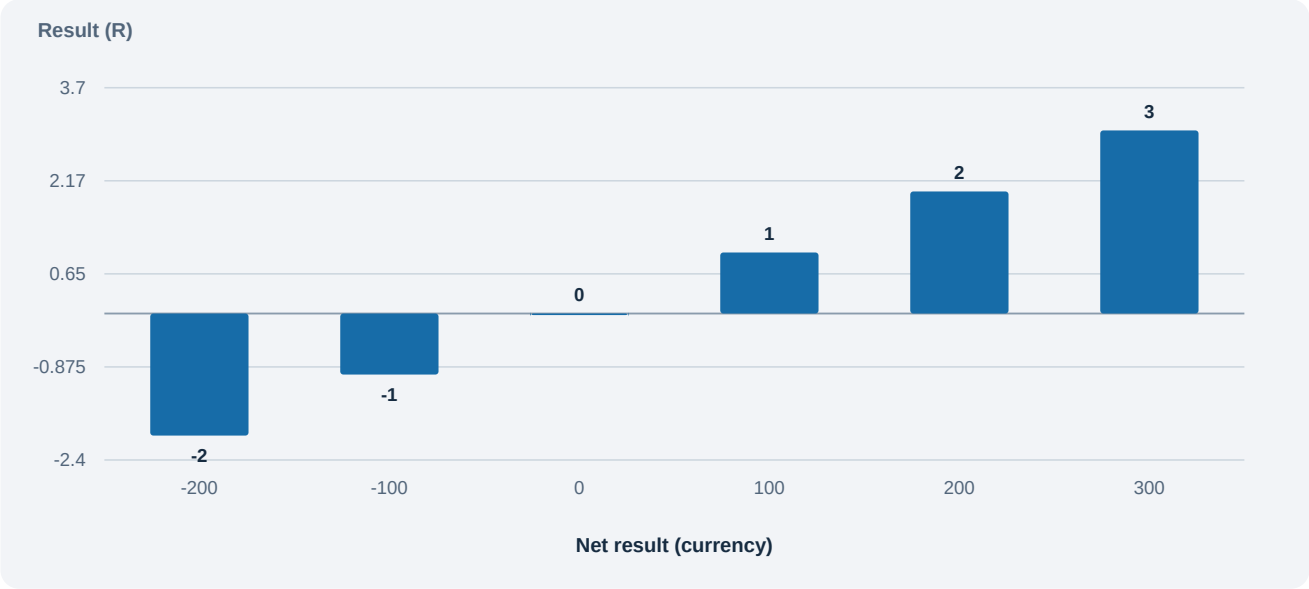
Normalizing results in R

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

An R-multiple expresses a trade result as a multiple of its original planned currency risk. Keeping the original denominator allows trades of different quantities to be compared.

FORMULA R = net trade result / original planned risk

SCENARIO 01: Original planned risk 100; compare cash results



WORKED EXAMPLE

A net gain of 200 equals 2R when original planned risk is 100. A gap can produce less than -1R.

COMMON MISTAKE

Changing the denominator after the trade improves the reported R without changing the actual outcome.

BEFORE YOU USE THE CALCULATION

1. Freeze the initial risk definition.
2. Use net result consistently.
3. Keep gap losses below minus one R visible.

COMPARE TWO MORE INPUT SETS

Scenario 05: Original planned risk 300; compare cash results. A net gain of 600 equals 2R when original planned risk is 300. A gap can produce less than -1R.

Scenario 10: Original planned risk 550; compare cash results. A net gain of 1100 equals 2R when original planned risk is 550. A gap can produce less than -1R.

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