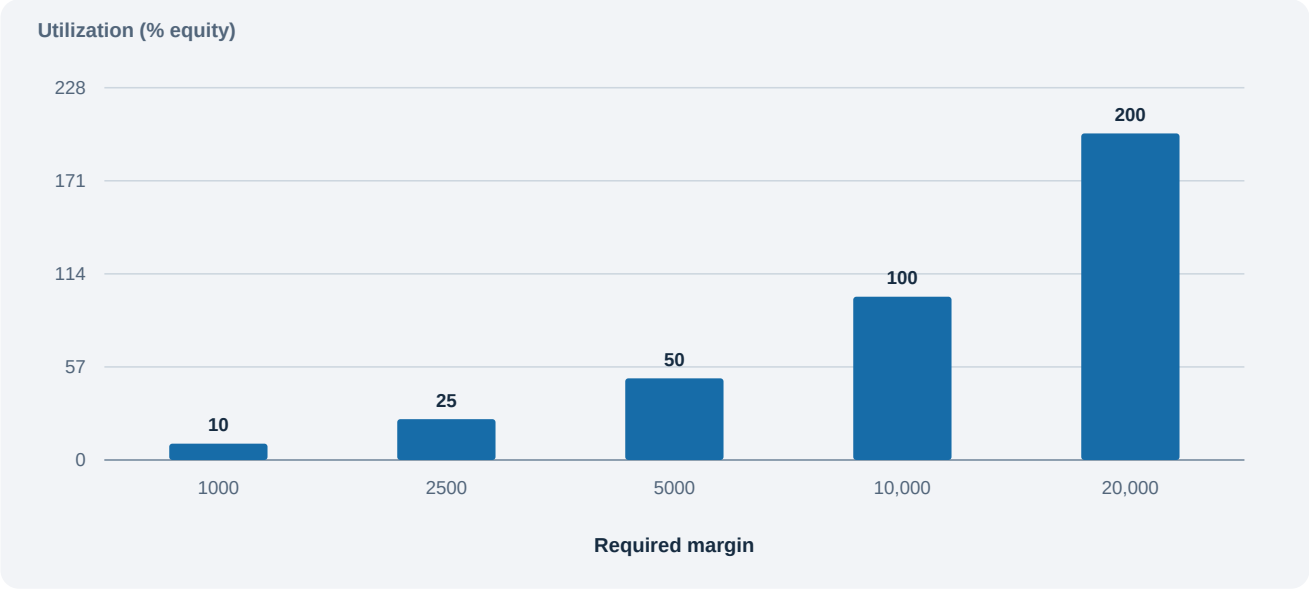
Margin utilization ratio

Derivatives mechanics | Original synthetic example | Edition 2026-11-26

Margin utilization measures the share of available account equity consumed by an assumed margin requirement. It is a liquidity indicator, not a complete measure of portfolio risk.

FORMULA Utilization = required margin / equity

SCENARIO 01: Available equity 10000; test margin requirements



WORKED EXAMPLE

Margin 5,000 uses 50% of 10000. A value above 100% exceeds the assumed equity.

COMMON MISTAKE

A low utilization ratio cannot prove that a position has a low maximum loss.

BEFORE YOU USE THE CALCULATION

1. Use current equity consistently.
2. Stress a margin increase.
3. Track cash needs as well as the ratio.

COMPARE TWO MORE INPUT SETS

Scenario 05: Available equity 30000; test margin requirements. Margin 5,000 uses 16.67% of 30000. A value above 100% exceeds the assumed equity.

Scenario 10: Available equity 55000; test margin requirements. Margin 5,000 uses 9.09% of 55000. A value above 100% exceeds the assumed equity.

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