
A typical Trade Alert email looks something like this:



Operators,

We're adding some exposure to precious metals this afternoon by buying Gold Miner Eldorado (EGO). Here's Alex's latest thoughts on the space:

"More interestingly and potentially actionable is the improving setup in precious metals. I talk about the latest positioning data in the report. PMs are one of our higher conviction bets over the next few years. We don't know if this is the bottom or not. We just know that the convexity of their long-term path demands we pay close attention and take multiple swings when given the technical opportunity to do so."

Trade details are below:

- Entry: \$6.48
- Exit: \$5.40
- At-Risk: 75bps

The MO Team

We provide 3 parameters for every trade alert: **entry, exit, and At-Risk**.

We'll explain how we determine these parameters in future emails, but for now, here's how to use them to **size your own position**:

The first parameter to start with is the "**At-Risk**".

The "At-Risk" shows us the amount we'll lose if we're wrong on the trade.

It's measured in BPS or basis points. A basis point is one hundredth of one percent.

For example: 1 bps = 0.01% and 100 bps = 1%

In the trade alert above, our At-Risk is 75 bps. That means that if we're wrong on this trade, we'll lose 0.75% of our total portfolio value.

So say you have a \$100,000 portfolio.

75 bps or 0.75% of that is \$750. $(100,000 * 0.0075)$

So on this trade we'll be risking \$750. That's how much we'll lose if we're wrong.

Next, you'll want to figure out how many shares to buy in order to risk that \$750.

This is where the entry and exit parameters come in.

The **entry price** is determined by an estimate of where we think we can enter the trade.

The **exit price** is determined by where we set our risk point.

A risk point is the price level that proves our trade thesis is wrong. If that risk point is hit, we'll sell our position and exit.

In this example the entry price is \$6.48. And the exit price is \$5.40.

The difference between those two price levels is \$1.08. $(\$6.48 - \$5.40)$

This means that we are willing to lose \$1.08 per share before we exit.

And we know that for the entire position, we're willing to lose \$750 — our "At-Risk" amount.

So to get the number of shares to buy, you'd take \$750 and divide it by the \$1.08.

That equals about 694 shares.

To recap, losing \$1.08 on each of the 694 shares would equal about \$750. $(694 * \$1.08)$

Now keep in mind that your **notional position size** will be different from your "at risk" position size.

In this case, buying 694 shares at an entry price of \$6.48 would mean buying about \$4,497 worth of stock.

This would equate to investing around 4.5% of your \$100,000 portfolio into this stock.

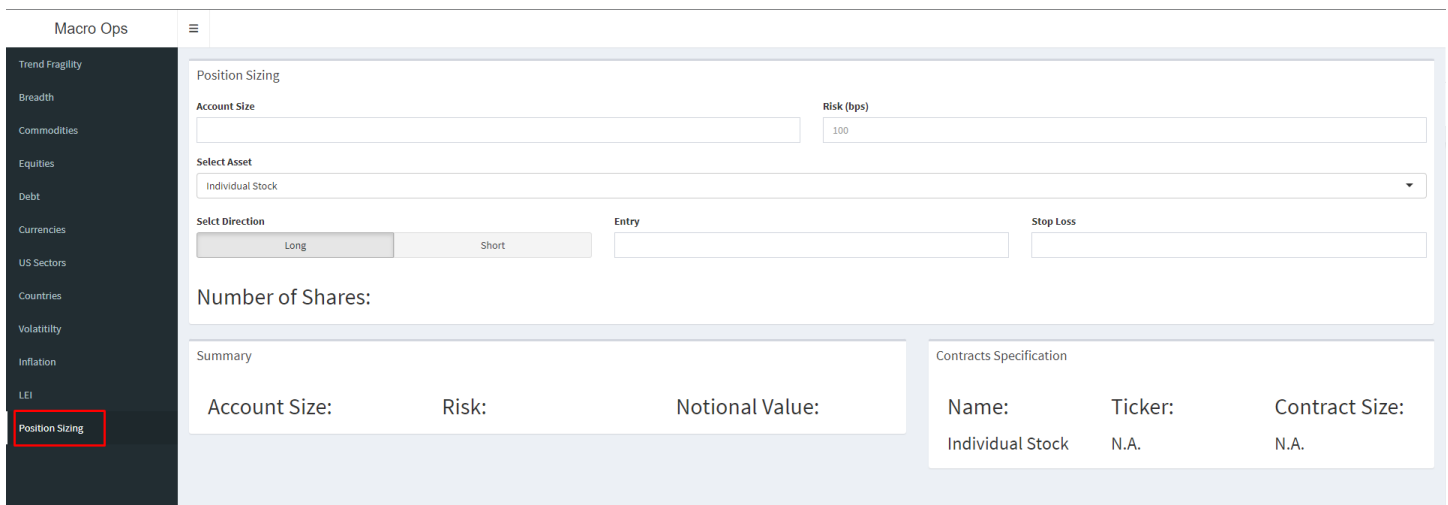
So your notional investment value may be 4.5%, but your “At-Risk” is only 0.75% or 75 bps.

To make this all easier, we provide a position sizing calculator on our HUD.

[Click Here To Access Our Position Sizing Calculator](#)

Username: collective

Password: livermore

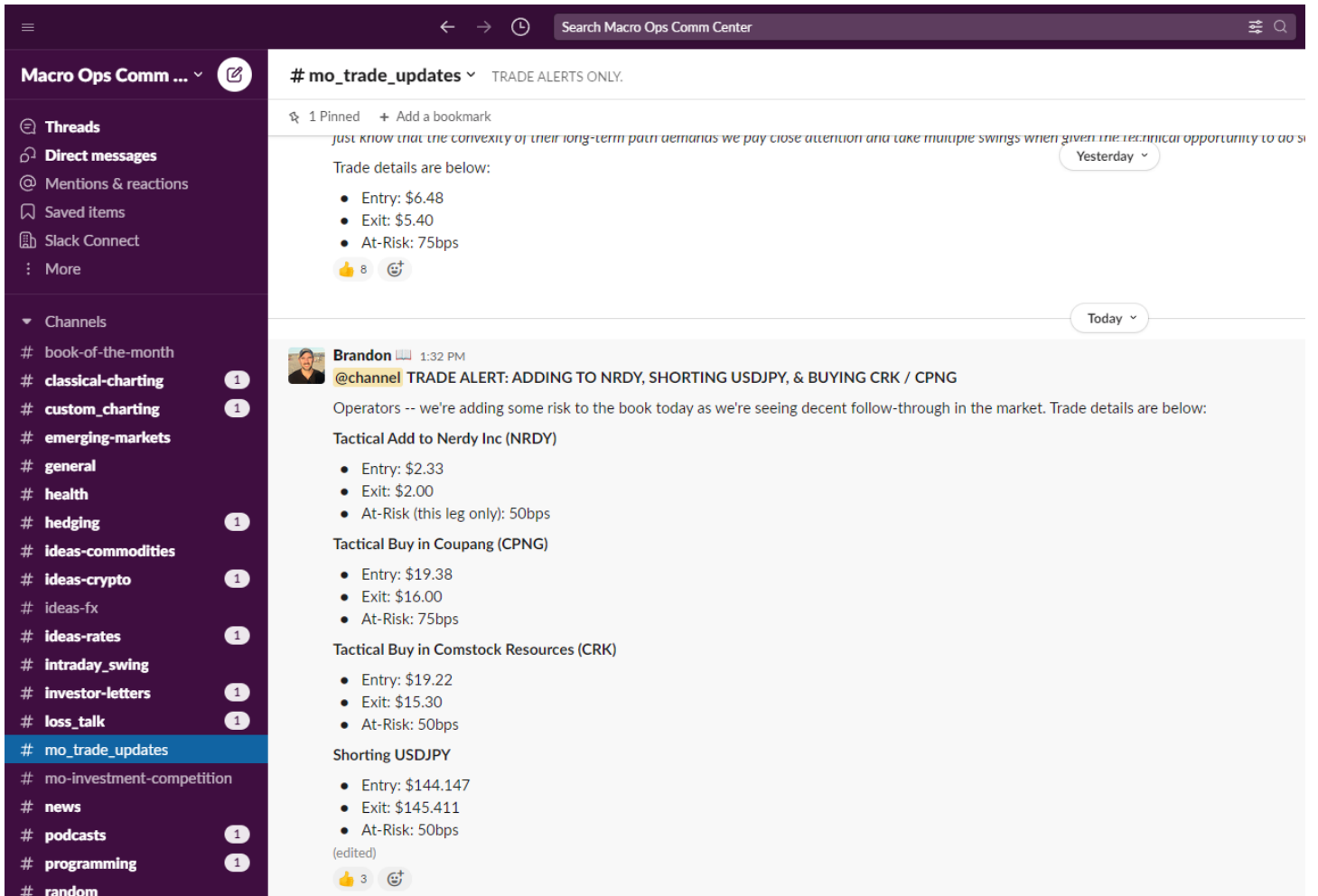


The screenshot shows the Macro Ops Position Sizing calculator interface. On the left is a dark sidebar with a menu of categories: Trend Fragility, Breadth, Commodities, Equities, Debt, Currencies, US Sectors, Countries, Volatility, Inflation, LEI, and Position Sizing (highlighted with a red box). The main content area is titled "Position Sizing" and contains the following fields and sections:

- Account Size:** An empty input field.
- Risk (bps):** An input field containing the value "100".
- Select Asset:** A dropdown menu currently showing "Individual Stock".
- Select Direction:** Two buttons, "Long" (selected) and "Short".
- Entry:** An empty input field.
- Stop Loss:** An empty input field.
- Number of Shares:** A label indicating the calculated result.
- Summary:** A section with three labels: "Account Size:", "Risk:", and "Notional Value:", each followed by a blank space for the result.
- Contracts Specification:** A table with three columns: "Name:", "Ticker:", and "Contract Size:". The values are "Individual Stock", "N.A.", and "N.A." respectively.

You can also find a more in-depth explanation of how we think about risk management and position sizing in [this short video tutorial](#).

And finally, you can find all our trade alerts on our [#mo_trade_updates_channel](#) in the Comm Center.



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Yesterday

Today

Brandon 1:32 PM

@channel TRADE ALERT: ADDING TO NRDY, SHORTING USDJPY, & BUYING CRK / CPNG

Operators -- we're adding some risk to the book today as we're seeing decent follow-through in the market. Trade details are below:

Tactical Add to Nerdy Inc (NRDY)

- Entry: \$2.33
- Exit: \$2.00
- At-Risk (this leg only): 50bps

Tactical Buy in Coupang (CPNG)

- Entry: \$19.38
- Exit: \$16.00
- At-Risk: 75bps

Tactical Buy in Comstock Resources (CRK)

- Entry: \$19.22
- Exit: \$15.30
- At-Risk: 50bps

Shorting USDJPY

- Entry: \$144.147
- Exit: \$145.411
- At-Risk: 50bps

(edited)

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If you have any questions or comments, don't hesitate to reply to this email.

Your Macro Operator,

Alex

P.S. If you are looking for something specific make sure to check out our [FAQ section](#). If you can't find an answer that satisfies you, shoot us an email at support@macro-ops.com and we will gladly set you up.