

# Emmanuel7788 on Stop Losses

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**“Focus on the volatility in the currency pair being traded and calculate SL accordingly”**

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**Sources for Stop Loss Notes (TMS thread)**

Post numbers: 15533, 15535, 16161, 16267, 16781, 17854, 18599, 18786, 19856, 20041, 20140, 20164, 20873, 21810, 20883, 21997, 22334, 22481, 22635

## Stop Hunting

- Learn How Professionals Traders trade and hunts your stops - [here](#)

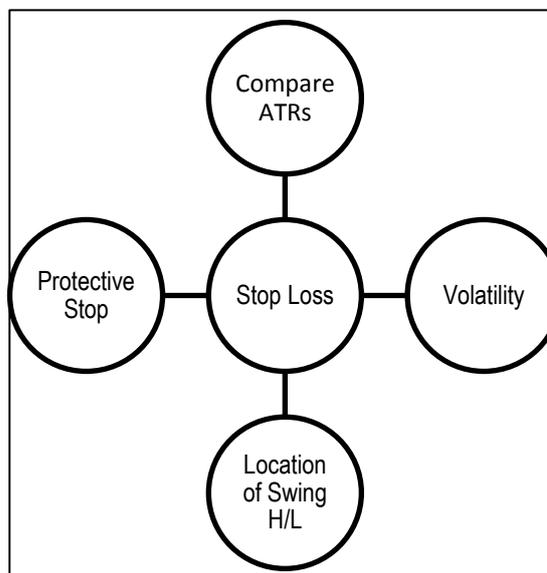
## Volatility

- Trading H4 it is important to consider recent H4 Volatility
- Know market volatility of every pair you want to trade. Understand that and learn how to apply recent volatility when you determine your initial SL

## Calculating Volatility

- Use ATR(5) and ATR(10) to see the most recent volatility levels in H4
- Read up on [Volatility Stops](#)

Figure 1: Factors to consider when placing a SL



## Setting the Stop Loss

- The best technical initial SL would be above the last swing high
- When market consolidates and there are obvious breakouts, thousands of traders will see them easily. The last swing high/low may not be the best logical SL. Volatility will play out better. This is where the smart money will come into play.
- You can also check the  $ATR(7) / ATR(10)$  on H4 and use  $2 \times ATR(10)$  or  $2 \times ATR(7)$  for the SL distance from Entry Price
- Pay attention to exceptional long H4 candles, do not chase after it. If you place your entry after a long H4 candle close, your logical SL is too far away. Wait for a retracement to get a better entry price and smaller SL.
- I would look at all the recent ATR(5), ATR(10) and ATR(20) on H4 and compare them with ATR(100)
- If you see many recent small H4 candles, then I would prefer to use the ATR(100) H4 and  $2 \times ATR(100)$  H4 for my initial SL.
- When I trade H4, I use the ATR(10) on H4 and minimum 1.5 times that.
- The initial SL in pips will be used to calculate your trade position size (If I risk 2% per trade, whether my initialSL is 50 pips or 100pips, my risk remains the same when I use position sizing)
- For 4H swing trading, I use the previous swing high or lows and compare that with the average of the sum of  $\{ATR(5)+ATR(10)+ATR(15)+ATR(20)\}$  of H4
- One method to determine the initial SL when we trade using the D bias is to check the most recent ADR and take 60% of that and compare with the technical stop using the last swing high or low.
- Another way is use the ATR(100) Days and take 60% (about 36pips) of that for initial SL. In most trades that I did, this works out well.

## Stop Loss Scripts

- Script draws the entry price, SL and TP using ATR instead of a fixed number of pips. The initial SL R is 1.5 times the ATR(10)
- You need to copy them into your MT4/expert/scripts folder
- To use them, just click then drag and drop them at the point where you have your trade entry.
- Then select the drawn object and re-size them as you want.

### Scripts:

[Draw Lines Buy EP SL TP.ex4](#)  
[Draw Lines Buy EP SL TP.mq4](#)  
[Draw Lines Sell EP SL TP.ex4](#)  
[Draw Lines Sell EP SL TP.mq4](#)

## Protective Stop

- An effective method is to move your protective stops using the initial SL which is your risk "R". You move your stops to protect profit as the market move "R" pips from your entry point. Use the MPTM (Multi-Purpose Trade Manager)
- There is a good multi purpose trade manager MPTM in the Commercial section: (<http://www.forexfactory.com/showthread.php?t=89371>)
- Follow that thread closely and read the manual provided. Try that first and learn all the nice features therein. Because I trade a Multiple Entries / Multiple Exits MM strategy, I use the partial exit and the basket management features to manage all open trades. It is an excellent EA developed by Steve Hopwood, one of the best here in FF.
- JSL is good when you manager using R-multiple:
  - For example, if your R is 50pips, you set your JSL to 50pips after Breakeven, the MPTM will move your protective stop every 50pips and protect your folating profits. You can also set the BE move to 50pips, this way the MPTM will move your trade to BE when market move +50pips above your Entry Price. Try it, I used MPTM for 3 years and find it very useful.

## Jumping Stop Chart Examples:

Figure 2: Jumping SL examples with Sell Script

