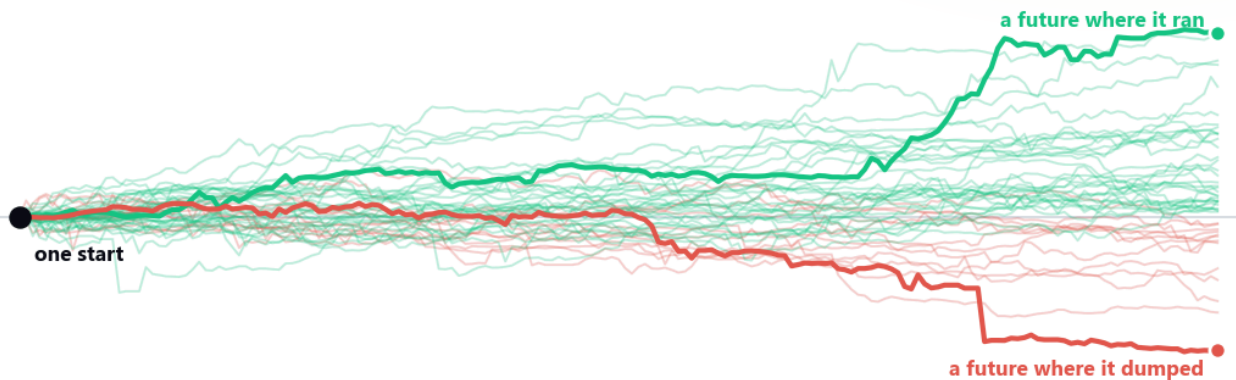


THE STOP-LOSS PLAYBOOK

How to place the perfect stop loss, settled with 480,000 simulations. The type, the size, and how to actually set one, with the data behind every call.

480,000 SIMULATED PRICE PATHS

one starting point, thousands of possible futures. we tested every stop on all of them.



[FREE GUIDE](#)



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THE WRONG QUESTION, AND THE RIGHT ONE

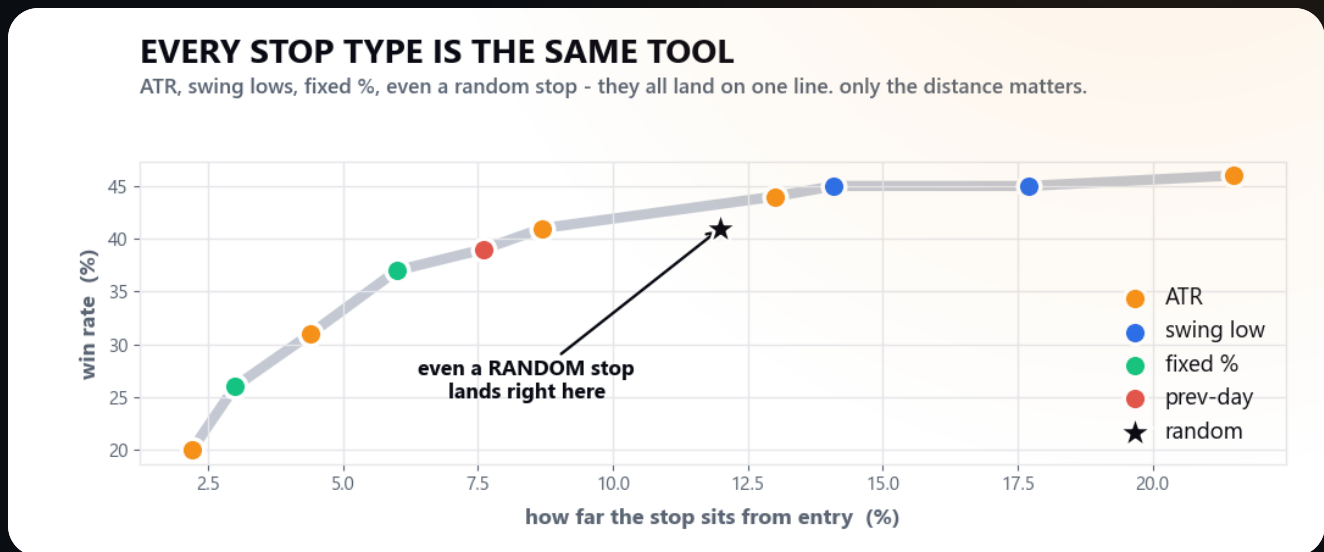
Everyone hunts for the perfect stop-loss setting. It does not exist.

I ran **480,000 simulations** on 15 years of price action. Every kind of stop, tight to wide, on the same trades. There was no single winner, because a stop is not one setting. It is two decisions, and most traders get both wrong.

Decision one is the type. ATR, a swing low, a fixed percent. Decision two is **the size**, how far from your entry you place it. This guide settles both with the data, then shows you exactly how to place one.

MYTH 1: THE TYPE DOES NOT MATTER

ATR versus swing lows versus a fixed percent is the fight everyone has. It is a waste of breath.



Plotted from 480,000 runs, every type lands on the **exact same line**. At the same distance from your entry, an ATR stop, a swing low and a fixed percent all won the same, lost the same, made the same.

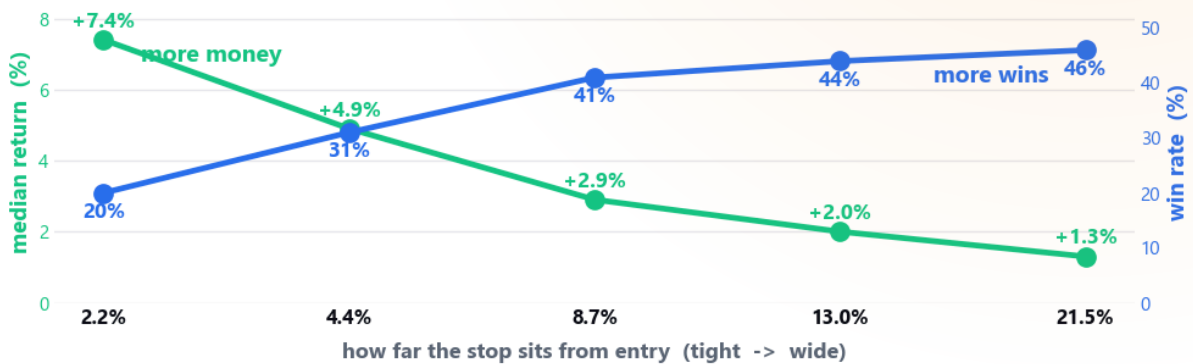
I even ran a control, a stop placed at a **random distance** every trade. It landed right on the line too. The type is just a different way to set one thing, the distance.

THE REAL DIAL: HOW FAR

The distance does not decide if you make money. It decides how.

MORE MONEY OR MORE WINS. PICK ONE.

same trades, 1% risk. a tighter stop made more but won less. a wider stop won more but made less.



Place the stop **tight**, about 2% away, and you made the most, +7.4%, but you won only **20%** of the time and got chopped out of **79%** of your trades. Place it **wide**, about 21% away, and you won **46%** of the time but made the least, +1.3%.

More money or more wins. You get one, never both. There is no perfect distance, only the one that fits how you trade.

THE TIGHT-STOP TRAP

The numbers whisper "go tight, it pays more." Do not listen.

That small edge is a **20% win rate** propped up by a few lucky monster trades, and the simulations do not even charge you the slippage you eat getting stopped out four times out of five. In the real world, that slippage bleeds the edge away.

More than that, almost nobody can lose eight trades in a row and keep clicking buy. A tight stop is a sniper's game most people quit right before it pays.

THE HONEST READ

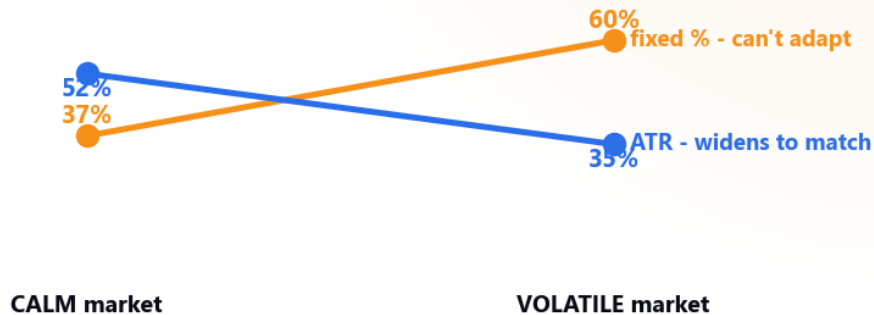
Do not chase the tight-stop return. Pick the win rate you can actually hold through a losing streak, and stay there. Consistency beats a fragile edge you will abandon.

WHY I STILL USE ATR

The type is equal on average. But one of them adapts, and that is the tiebreaker.

A FIXED % STOP FALLS APART WHEN IT GETS WILD

% of trades chopped out. when volatility spikes, a fixed 6% stop sits inside the noise. ATR widens with it.



Watch what happens when the market turns **volatile**. A fixed 6% stop suddenly sits inside the noise. It gets chopped out **60%** of the time and its win rate drops to 33%. It cannot tell the market changed.

An ATR stop widens automatically to match, so it stays composed, chopped just **35%**, exactly when the fixed stop falls apart. ATR does the adjusting for you. A fixed number cannot.

HOW TO PLACE THE PERFECT STOP

Put it all together into four steps you can run on every trade.

- 1 Measure the noise with ATR.** The ATR is just the average size of a normal move. Most platforms plot it in one click. That number is how much the market wiggles on a quiet day.
- 2 Place the stop beyond the noise.** Set it 2 to 3 times the ATR away from your entry, so a normal wiggle cannot tag it. Never a tight round number the market eats for breakfast.
- 3 Pick your win rate.** Wider means you win more often and sleep better. Tighter means you win rarely but big. Both make about the same, so choose the one you can hold through a drawdown.
- 4 Size the trade to the stop.** Once the stop is set, size your position so a stop-out costs the same small slice of your account every time. This is the piece that quietly matters most, and it is where this series is headed.

THE WHOLE PLAYBOOK IN ONE LINE

ATR for the type. Your win rate for the distance. A fixed slice of your account for the size.

YOUR STOP-LOSS CHECKLIST

Run every trade through these four boxes before you enter.

- Is my stop **beyond the daily noise**, past 2 to 3 times the ATR?

- Am I using an **ATR or structure** stop, not a tight round number?

- Did I pick a **win rate I can hold** through a losing streak?

- Is my position **sized** so every stop-out costs the same small amount?

Four yeses and your stop is built right. Notice that not one of them is about finding a magic number. The perfect stop was never a setting. It is a process you repeat.

THIS IS PART 1 OF 3

Next comes the perfect take profit, then the one thing that quietly decides whether you survive at all. I test the trading rules nobody actually checks, every day, with data.



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