

Dynamic Stop Loss - Official User Guide

A Trader-Friendly Guide to Understanding and Using the Tool Correctly

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1. What This Tool Actually Does (Read First)

The **Dynamic Stop Loss (DSL)** is a *context tool*, meaning:

It does not close your trade for you, trail your stop, or automate any exit.

Its *only job* is to show you the exact price level where the trade **stops making sense** - based on recent volatility.

Think of it like having a professional risk manager whispering in your ear:

“If price hits this level, you no longer have a statistical edge.”

You still have to **manually exit** the trade.

DSL simply shows where that exit *should* be.

2. When the Tool Activates

The stop loss *only appears when an order is filled* in the account you specify.

When you enter a trade:

- A **hot pink line** prints at the correct stop-loss level.
- A cyan text label appears showing the exact price.
- The line automatically **extends to the right** as new candles form.

When you exit a trade:

- If **ClearOnExit** = ON (recommended), the stop line automatically disappears.

3. Core Features at a Glance

Feature	What It Does
LookbackBars	Defines how much recent price information is considered before calculating the stop level.
AccountName	Ensures the tool only reacts to executions in the correct account.
ClearOnExit	Clears the stop line immediately after your trade closes.
LineBarsBack	Controls how far the stop line extends to the right of the entry bar.
TextPixelOffset	Controls spacing between the line and the stop label.

4. Parameters (Trader-Friendly Explanations)

Below is how each parameter works, why it matters, and how your traders should set it.

A) LookbackBars (3 - 5)

Default: 3

This defines *how many previous bars* are analyzed to generate the dynamic stop-loss level.

Recommended usage:

- **NQ 1-minute** → 3 bars works best (this was the optimized baseline).
- **ES** → Often requires a slightly larger setting (3 - 5 bars).
- **Gold / CL** → Feature more erratic volatility → test between 3 - 5.

Trader explanation:

A higher lookback **smooths the stop** and places it farther away.

A lower lookback **tightens the stop** and reacts faster.

Think of it like adjusting the suspension on a race car:

- Too tight → You'll feel every bump.
- Too loose → You'll drift around corners.

Your job as the trader:

Test different values and find the sweet spot that matches the volatility profile of the instrument.

B) AccountName (critical)

This must match **exactly** the account name shown in your NinjaTrader Control Center.

Examples:

If trading on	Enter this
SIM account	Sim101
Playback account	Playback101 (or whatever yours is named)
Live account	The <i>exact</i> account name, character for character

IMPORTANT

If the account name does not match perfectly:

- ✗ No stop line will appear
No updates will trigger
- ✗ The indicator cannot track your executions

This is the #1 user mistake.
Make sure you get it right.

C) ClearOnExit (ON recommended)

When **ON**, the tool automatically clears the stop line as soon as your exit order fills.

Why keep it ON?

- Prevents old stop levels from cluttering the chart
- Ensures every new trade starts clean
- Helps avoid visual confusion in fast markets

Turn it OFF only if you want the old line to stay plotted after the trade closes (not recommended).

D) LineBarsBack (Forward Length)

Default: 3

Controls how many bars to the **right** of your entry the stop line will extend.

Example:

- Setting **3** shows 3 bars of extension to the right.
- Setting **7** extends the line further for clearer visibility.

This is a *visual preference*, not a performance setting.

 E) TextPixelOffset (0–200)**Default: 14**

This controls how far the **stop label** (“Stop: XXXXX”) sits from the plotted line.

- Want the label *closer* to the line → **decrease** the number
- Want the label *further away* → **increase** the number

Example:

A trader using a very compressed chart may want a lower value so the text doesn’t overlap candles.

5. Platform Settings – MUST BE CORRECT

Under **Setup & Properties**, you *must* set these:

✓ Calculate: On Each Tick

This ensures the stop updates in real time.

✓ Maximum Bars Lookback: 256

Required for the internal calculations.

If these are wrong, the tool may not display or may behave incorrectly.

6. Common Mistakes Traders Make

✗ “Why didn’t the stop appear?”

→ AccountName was typed incorrectly.

“Why didn’t the stop update automatically?”

→ DSL is not a trailing stop. It plots once per entry.

“Why is the label overlapping my candles?”

→ Lower the TextPixelOffset value.

“Why is the line so short?”

→ Increase LineBarsBack.

✗ “Why is it not clearing after exit?”

→ ClearOnExit is turned off.

7. Best Practices for Real Traders

✓ Keep ClearOnExit ON

Simplifies visual clarity.

✓ Keep LookbackBars at 3 for NQ 1m

This was optimized for NQ’s trading environment.

✓ Always double-check your AccountName

If the tool doesn’t respond, this is almost always the reason.

✓ Do not treat this like a trailing stop

It’s **not** designed to follow price.

It’s designed to stop you from **holding a trade past the point of statistical validity**.

✓ Combine with your execution framework

DSL gives you the *risk line*.

Your system gives you the *entry and profit targets*.

8. What DSL Is Not

To avoid incorrect usage:

DSL Does	DSL Does NOT
Show where a trade loses validity	Execute your exit order
Read volatility structure	Trail your stop
Clear itself on exit	Move dynamically with price
Give objective context	Manage risk for you

9. Final Notes

This tool is designed for disciplined traders who understand:

Winning is not just about finding good entries - it's about cutting losers at the right place.

The Dynamic Stop Loss indicator gives you exactly that: **The right place.**

Use it consistently.
Trust the process.
Protect your capital.