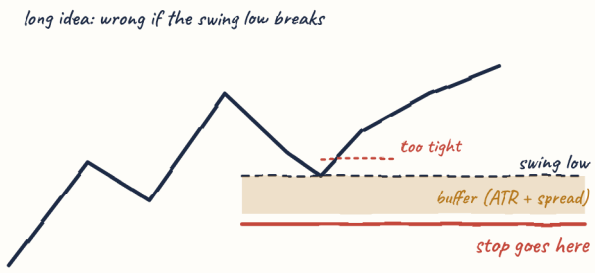
XAUUSD Global · study note

Stop placement

A stop belongs where your trade idea is proven wrong, plus a buffer for normal noise and the spread, not at a dollar amount you would like to lose.



Key points

- Long: beyond the swing low or zone the idea depends on. Short: beyond the swing high.
- Add a buffer. A fraction of the ATR on your timeframe is one common way to size it.
- Shorts: the stop is a buy order and triggers on the ask, while most charts draw the bid. Add the typical spread.
- Go beyond obvious clusters such as equal lows and round numbers, where many stops sit.
- Around big releases spreads widen and a stop can fill worse than its price (slippage).

How traders use it

1. Find the level that proves the idea wrong.
2. Add the buffer (ATR fraction plus spread).
3. Size the position from that distance. If it is too far, trade smaller or skip it.

Watch out

✗ Moving the stop further away after entry.

✗ Tight stops inside normal noise.

✗ No stop on a trade that feels certain.

Key line: **Stop = where you are wrong + a buffer. Then size the trade to fit it.**