

ATR Trailing Stop (Chandelier) strategy

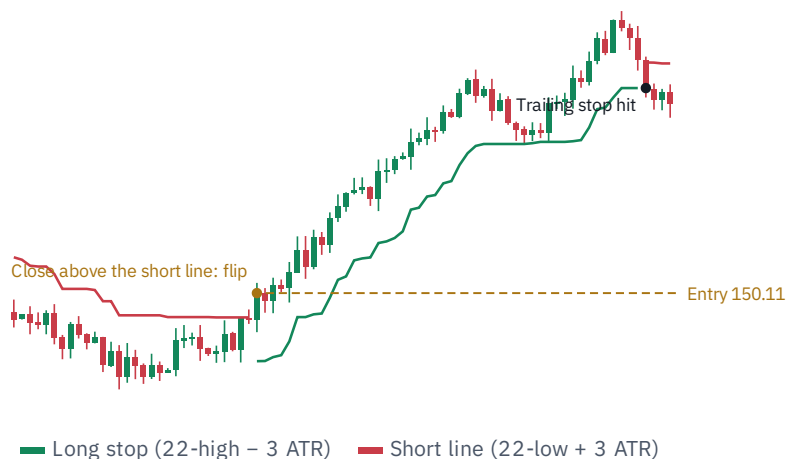
Chandelier exit rules: a stop 3 ATRs under the 22-candle high, entries on the flip, a USDJPY example and a free Pine Script. By M. A. Horaira, updated 10 October 2026.

THE RULES

- **Market:** any major pair on the 4-hour chart; the example uses USDJPY
- **Long line:** the highest high of the last 22 candles minus $3 \times \text{ATR}(22)$; it only moves up while the price stays above it
- **Short line:** the lowest low of the last 22 candles plus $3 \times \text{ATR}(22)$; it only moves down while the price stays below it
- **Entry:** a close above the short line flips the direction to long: buy at that close if the price is above the 200 EMA (shorts: a close below the long line, under the 200 EMA)
- **Stop and exit:** the long line, updated on every candle: it starts as the stop loss and then trails behind the price
- **Target:** none: the trade runs until the trailing stop is hit
- **Size:** risk 0.5% to 1% of the account on the distance from the entry to the long line

WORKED EXAMPLE

USDJPY 4H: close 150.112 above the short line, above the 200 EMA. Long line 149.162 (95 pips) = initial stop. \$10,000 at 1% = 0.15 lots. Trailing stop hit at 152.973, 48 candles later: +286 pips (about 3.0R).



Illustrative chart drawn to show the rules, not a real day's prices.

LOT SIZE

Lots = money at risk $\div$ (stop in pips $\times$ pip value per lot).
On USDJPY 1 pip (0.01) on 1 lot is ¥1,000, about \$6.66 at 150.11. Move the stop to the new line after every candle.

BEFORE EVERY TRADE

- ☐ CLOSE above the short line (flip)?
- ☐ Price above the 200 EMA?
- ☐ Lot size from the distance to the long line?
- ☐ Stop moved up after every candle, never down?
- ☐ Yen pip value used for JPY pairs?

BACKTEST IT BEFORE YOU TRADE IT

1. Open the chart on TradingView.
2. Pine Editor $\rightarrow$ paste the free script $\rightarrow$ Add to chart.
3. Settings $\rightarrow$ Properties: add your commission and slippage.
4. Look for 100+ trades, a profit factor above 1 after costs, and a drawdown you can live with.
5. Check the same settings on other dates, then demo trade for a few weeks.
6. Free script: pipledgerfx.com/downloads/atr-trailing-stop-strategy.pine