

# Bracket Edge Fade

Expert Advisor Documentation

## PLATFORM

MetaTrader 5 (MT5)

## TYPE

Mean Reversion (Price Action)

## TIMEFRAME

M15 – H1

## WEBSITE

[www.algotbot.live](http://www.algotbot.live)

**⚠ Important Disclaimer** This document is for educational and informational purposes only. It does not constitute financial or investment advice. Trading forex, CFDs, and other leveraged instruments involves substantial risk of loss and is not suitable for all investors. Past backtest performance does not guarantee future results. Never trade with capital you cannot afford to lose.

## Overview

**Bracket Edge Fade** is a pure price-action, mean-reversion Expert Advisor. It is built on a single observation: markets spend a large share of their time inside horizontal *brackets* (ranges), and pushes into the upper or lower edge of such a bracket are frequently **rejected**. Price pokes the prior range extreme, fails to close beyond it, prints a long rejection wick, and then snaps back toward the middle.

Bracket Edge Fade systematically fades those rejections — **selling failed pushes into the range high** and **buying failed probes of the range low** — targeting the range midline as a mean-reversion objective.

Everything the EA needs is derived **only from raw OHLC price data**. No indicators, oscillators, moving averages, volume, or external signals are used:

- **Support / resistance** — the highest high and lowest low over a configurable lookback window.
- **Market structure** — the bracket `[RangeLow .. RangeHigh]` and its midline.
- **Price rejection** — a dominant wick combined with a close in the far half of the candle.
- **Breakout avoidance** — the signal candle must close back *inside* the range.

**Note:** The EA runs on whatever timeframe the chart is set to (it always reads the chart's primary timeframe). The logic is best suited to ranging conditions on M15–H1 in FX and metals, where horizontal brackets form frequently.

## How It Works

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Signal logic is evaluated **once per newly-closed bar**. When a fresh bar forms, the bar that has just closed (shift 1) becomes the *signal candle*, and the EA judges it against the range built from the bars that preceded it.

### Building the Bracket

The bracket is built from the lookback window *preceding* the signal candle (shifts 2 to `RangePeriod + 1`). Excluding the signal bar itself means its poke is always judged against an already-established range.

- **RangeHigh** = highest high over the lookback window.
- **RangeLow** = lowest low over the lookback window.
- **Midline** = the average of RangeHigh and RangeLow (the mean-reversion target zone).
- **Width** = RangeHigh – RangeLow, expressed as a percent of price for filtering.

### Range-Width Filter

Before any trade is considered, the bracket width (as a percent of price) must sit between `MinRangePercent` and `MaxRangePercent`. This skips ranges that are too tight to clear the spread and abnormally wide ranges that usually signal a trend rather than a clean bracket.

### Entry Rules

#### SHORT — FADING A FAILED PUSH INTO THE RANGE HIGH

All of the following must be true on the just-closed signal candle:

- **Tested the edge** — the candle's high reached the upper edge zone (within `EdgeZonePercent` of the range width below RangeHigh).
- **Push failed** — it closed at or below RangeHigh (no close above resistance).
- **Dominant upper wick** — the upper wick is at least `RejectionWickRatio` of the candle's total range.
- **Weak close** — it closed in the lower half of its own range.
- **Still inside** — current price is at or below RangeHigh (the EA never chases a breakout).

## LONG — FADING A FAILED PROBE OF THE RANGE LOW

The mirror image at the lower edge: a dominant lower wick, a close that did not break below RangeLow, and a close in the upper half of the candle while price is still inside the bracket.

### Exit Rules

- **Stop Loss** — placed just beyond the rejected extreme: `StopBufferPercent` of the range width *above* RangeHigh for shorts (or *below* RangeLow for longs). If the bracket truly breaks, the trade is closed.
- **Take Profit** — a configurable fraction of the range back toward the opposite edge. With `TargetFraction = 0.5`, the target is the range midline.

### Risk Management

- **Fixed lot size** — every trade uses the fixed `Lots` volume.
- **One position at a time** — only a single open position per symbol/magic is allowed; the stop loss and take profit fully manage the trade.
- **Sanity checks** — orders are only sent when the stop loss and take profit sit on the correct side of the entry with room to breathe.
- **No breakout chasing** — trades are taken only while current price remains inside the bracket.

**Tip:** Because both the stop loss and the target are derived from the *same* range width, the strategy keeps a consistent risk-to-reward geometry across instruments. Widening `TargetFraction` stretches the target toward the far edge; widening `StopBufferPercent` gives the range more room before the EA concludes the bracket has broken.

## Strategy in Action

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The illustration below shows an example of how the strategy identifies a setup and triggers its entry and exit. This is a simplified, illustrative example for educational purposes — not real market data.



*Illustrative example only. Actual market behaviour varies.*

### Walkthrough of the illustration

Price ranges between support and resistance. On the signal candle, price pushes into the upper edge zone, fails to close above resistance, and prints a long upper rejection wick while closing in the lower half of its range. Bracket Edge Fade fades that failed push with a

**short entry**

, places its

**stop loss**

just beyond the range high, and targets the

**midline**

for take profit as price snaps back toward the mean.

## Parameters

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Parameter	Default	Description
RangePeriod	20	Lookback window (in bars) that defines the bracket — the support/resistance high and low. Range 10–60, step 5.
EdgeZonePercent	0.20	How close to the edge (as a fraction of range width) a wick must reach to count as "testing" it. Range 0.05–0.50, step 0.05.
RejectionWickRatio	0.50	The rejection wick must be at least this fraction of the signal bar's total range. Range 0.30–0.80, step 0.05.
StopBufferPercent	0.15	Stop-loss buffer beyond the rejected extreme, as a fraction of range width. Range 0.05–0.40, step 0.05.
TargetFraction	0.50	Take-profit distance toward the opposite edge (0.5 = the range midline). Range 0.30–0.90, step 0.10.
MinRangePercent	0.10	Minimum range width as a percent of price — filters ranges too tight to be worth trading. Range 0.02–0.50, step 0.02.
MaxRangePercent	2.00	Maximum range width as a percent of price — filters trend-like, abnormally wide ranges. Range 0.50–5.00, step 0.50.
Lots	0.10	Fixed position size for every trade. Range 0.01–1.00, step 0.05.
Magic	5070	Magic number used to identify and manage this EA's positions independently of other EAs.

## Recommended Settings

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The defaults are tuned for ranging conditions on intraday timeframes. Use the following as a starting point and adjust per instrument and broker spread:

- **Markets:** Ranging FX majors and metals (e.g. EUR/USD, USD/JPY, XAU/USD).
- **Timeframe:** M15 to H1, where horizontal brackets form most cleanly.
- **RangePeriod:** 20 bars as a baseline; increase for slower, wider ranges, decrease for tighter intraday brackets.
- **Range-width filter:** Keep `MinRangePercent` high enough that the target comfortably clears your broker's typical spread.
- **TargetFraction:** 0.50 (midline) for the highest hit-rate; raise it toward the far edge for fewer but larger winners.

**Tip:** Because the strategy fades edges, it underperforms in strong trends. The `MaxRangePercent` filter helps avoid trend conditions, but pairing the EA with a ranging-market context (or pausing it during high-impact news) improves results. Always validate parameter changes with the MT5 Strategy Tester on your own broker's data before going live.

## How to Install on MetaTrader 5

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- 1 Copy `BracketEdgeFade.ex5` to your MT5 `MQL5\Experts\` folder
- 2 Restart MetaTrader 5 and refresh the Navigator panel
- 3 Drag the EA onto a chart matching the recommended symbol and timeframe
- 4 Configure the input parameters and click **OK**
- 5 Enable **Algo Trading** in the MT5 toolbar

## Risk Warning

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