

Camarilla Edge Reversal Hedge

Expert Advisor Documentation

PLATFORM

MetaTrader 5 (MT5)

TYPE

Pivot Reversal / Breakout (Hedged)

TIMEFRAME

M5 / M15

WEBSITE

www.algoBot.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

Camarilla Edge Reversal Hedge is a pure price-action Expert Advisor that uses **no indicators** — no moving average, RSI, ATR, or VWAP. Every line it trades is a **Camarilla pivot band**, a classic pivot family derived only from a rolling High / Low / Close window, combined with a candlestick **engulfing** confirmation.

The EA marries three time-tested edges into a single coordinated system:

- **Engulfing Reversal** — fade the outer band edge and mean-revert toward the central pivot.
- **Breakout** — ride momentum when price closes decisively beyond the extreme band.
- **Hedge** — the recovery layer that lets a breakout leg open alongside a still-live opposite reversal leg, netting out directional risk during a transition.

Because every distance (touch zone, stop buffer, breakout projection) is scaled by the lookback range **R**, the strategy adapts to any symbol or volatility with no hard-coded point sizes. Its natural home is a liquid FX major such as **EURUSD on M5 or M15** — the classic environment for Camarilla pivot scalping.

What is the Camarilla ladder? Each closed bar, the EA measures the highest high (`HH`) and lowest low (`LL`) over the previous `Lookback` completed bars and builds a set of bands around the last close. `H3 / L3` are the textbook *fade* edges; `H4 / L4` are the *breakout* lines; `P` is the central pivot that the reversal trades aim for. Because the ladder is rebuilt only from completed bars, it never repaints an open trade.

How It Works

The Camarilla Ladder

On every newly-closed primary-timeframe bar, the EA recomputes the band ladder from the previous `Lookback` completed bars:

```
R      = HH - LL           // range of the lookback window
unit   = R * 1.1 / 4

H3     = Close + unit      H4 = Close + 2 * unit
L3     = Close - unit      L4 = Close - 2 * unit
P      = (HH + LL + Close) / 3 // central pivot – the reversion magnet
```

Here `HH / LL` are the rolling high and low, and `Close` is the close of the just-closed signal bar. The stop buffer and breakout projection are sized as fractions of `R` (`buffer = StopBufferFrac × R` , `proj = BreakoutProjFrac × R`), so they breathe with volatility.

Behaviour 1 — Engulfing Reversal (mean-revert to P)

The EA fades the outer band when price stretches into it but is rejected, confirmed by an engulfing candle. Targets the central pivot `P`; stop sits just beyond the extreme line.

- **SHORT (sell the rejection):** the signal bar's **high reaches or pierces H3** yet still **closes at or below H4** (stretched into the upper band, not broken out), the close is still above `P`, and the bar is a **bearish engulfing** of the prior bar. Entry at Bid, stop = `H4 + buffer`, take-profit = `P`.
- **LONG (buy the bounce):** the bar's **low reaches or pierces L3**, **closes at or above L4**, the close is below `P`, and the bar is a **bullish engulfing**. Entry at Ask, stop = `L4 - buffer`, take-profit = `P`.

Behaviour 2 — Breakout (momentum continuation)

When a bar closes *beyond* the extreme band, the EA treats it as momentum and rides the move. This branch has the highest priority each bar.

- **BUY breakout:** a bar **closes above H4**. Entry at Ask, stop pulled back to `H3 - buffer`, take-profit projected to `H4 + proj`.

- **SELL breakout:** a bar **closes below L4**. Mirror image — entry at Bid, stop = $L3 + \text{buffer}$, take-profit = $L4 - \text{proj}$.

Behaviour 3 — The Hedge (recovery layer)

When `HedgeMode` is enabled, a breakout entry is permitted to open **even while the opposite reversal leg is still live**. A fade-short that is caught wrong by a genuine break of `H4` is met by a breakout-BUY that opens alongside it. The book is briefly hedged long + short: the runaway leg is covered by the new breakout leg while the original reversal is capped by its own stop. The two opposing positions net out directional risk during the transition instead of absorbing the full adverse excursion.

Hedging account required. Simultaneous long + short legs only coexist on a **hedging** account. On a **netting** account, opposite orders net out and the two role tickets collapse into one — the hedge behaviour effectively becomes a position flip. Confirm your account type before enabling `HedgeMode`.

Trade Management & Filters

- **One bar, one decision:** all logic runs once per newly-closed primary bar — never intrabar.
- **Role tracking:** the EA records two tickets, a reversal leg and a breakout/hedge leg, so the two can coexist. Each is forgotten automatically once its position closes at its own stop or target.
- **Reward:risk filter:** every prospective entry is rejected unless its reward:risk ratio meets `MinRewardRisk` — setups too cramped to justify their stop are skipped.
- **Spread filter:** new entries are suppressed when the current spread (in points) exceeds `MaxSpreadPoints`.
- **Volume normalisation:** the base lot is rounded to the symbol's volume step and clamped to its min/max limits.

Worked example — engulfing short reversal

On EURUSD M15, the previous 20 bars give $HH = 1.0980$, $LL = 1.0900$, so $R = 0.0080$ and $\text{unit} = 0.0022$. With the signal-bar close at 1.0958 : $H3 = 1.0980$, $H4 = 1.1002$, $P = 1.0946$. The signal bar's high spikes to 1.0985 (through H3) but it closes at 1.0958 (below H4, above P) and bearishly engulfs the prior bar. The EA sells at Bid, stops at $H4 + \text{buffer} \approx 1.1010$, and targets $P = 1.0946$ — fading the upper band back to the pivot.

Strategy in Action

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.

Camarilla Edge Reversal Hedge — Engulfing rejection at the upper band



Illustrative example only. Actual market behaviour varies.

Parameters

Parameter	Default	Description
Lookback	20	Number of completed bars whose High / Low / Close build the Camarilla bands. Range 5–100, step 1.
StopBufferFrac	0.10	Stop buffer beyond the H4/L4 (reversal) or H3/L3 (breakout) line, as a fraction of the lookback range R. Range 0.02–0.50, step 0.02.
BreakoutProjFrac	0.50	Breakout take-profit projection beyond H4/L4, as a fraction of R. Range 0.10–2.00, step 0.10.
MinRewardRisk	0.80	Minimum acceptable reward:risk for any new entry; cramped setups are rejected. Range 0.30–3.00, step 0.10.
HedgeMode	1	1 = allow a breakout leg to open while the opposite reversal leg is still live (true simultaneous hedge); 0 = only ever one position per Magic. Range 0–1.
MaxSpreadPoints	80	Skip new entries when the current spread (in points) is wider than this. Set 0 to disable the filter. Range 0–400, step 5.
Lots	0.10	Base lot size, normalised to the symbol's volume step and min/max limits. Range 0.01–1.00, step 0.05.
Magic	7401	Magic number identifying this EA's positions. Range 0–9,999,999, step 1.

Recommended Settings

The defaults are tuned for a liquid FX major on a lower timeframe. As a starting point:

- **Symbol:** EURUSD (or another liquid major with tight spreads).
- **Timeframe:** M5 or M15 — the classic home of Camarilla pivot scalping.
- **Lookback:** 20 bars works well on M5/M15; raise it on noisier symbols to widen the bands.
- **HedgeMode:** 1 on a hedging account; set to 0 on a netting account (see warning above).
- **MaxSpreadPoints:** keep around 80; tighten it on majors and widen it on higher-spread symbols.
- **Lots:** size to your risk tolerance — start small and scale only after forward testing.

Tip: Always run the EA on a demo account first and optimise `Lookback`, `StopBufferFrac`, and `BreakoutProjFrac` in the MT5 Strategy Tester on your chosen symbol and timeframe before committing real capital. The reward:risk filter (`MinRewardRisk`) is your first line of defence against over-trading cramped setups.

How to Install on MetaTrader 5

- 1 Copy `CamarillaEdgeReversalHedge.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

Trading foreign exchange, CFDs, and other leveraged financial instruments involves substantial risk of loss and is not suitable for all investors. The strategies and tools described in this document are provided for **educational purposes only** and do not constitute financial advice, investment recommendations, or solicitation to trade. Always consult a qualified financial adviser before making trading decisions. Past backtest performance is not indicative of future results.

