

# Counter Thrust Reversal

Expert Advisor Documentation

## PLATFORM

MetaTrader 5 (MT5)

## TYPE

Price-Action Swing Reversal

## TIMEFRAME

H1 (M30–H4)

## 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

Counter Thrust Reversal is a pure price-action Expert Advisor that fades failed breakouts using a precise two-candle swing-reversal pattern. It uses **no indicators of any kind** — every condition is computed directly from raw bar geometry (opens, highs, lows, closes, and ranges).

The strategy hunts for the classic counterattack pattern — a "piercing line" or "dark cloud cover" — but qualifies it with swing structure so that only meaningful, overextended legs are faded rather than ordinary noise. In essence, it waits for the market to thrust to a fresh local extreme, then for the very next candle to reverse hard and reclaim deep into that thrust's body, signalling that the breakout has trapped the late crowd and is being unwound.

**Core idea:** A strong candle drives price to a fresh high or low (the *thrust*), the next candle slams back through its body (the *counter-thrust*), and the EA positions for the reversal with a structural stop beyond the swing and a reward-to-risk target.

## How It Works

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The EA evaluates the pattern **once per freshly closed bar**. The still-forming bar (shift 0) is never used; the decision is built from the last two completed candles plus a lookback window beneath them.

### The Two-Candle Pattern

- **Thrust candle (shift 2):** A strong-bodied candle that drives price to a **fresh local extreme** — a fresh low for a down-thrust, a fresh high for an up-thrust. Its range must also be wider than the recent average, confirming it is a genuine swing leg rather than chop.
- **Counter-thrust candle (shift 1):** The very next candle reverses hard and **closes back deep through the thrust candle's body** — at least `ReclaimRatio` of the way into it (the midpoint by default). A strong opposing close into the prior body is the tell that the breakout has failed.

### Entry Logic

Two mirror-image setups are recognised:

- **BUY** — a bearish thrust drives to a fresh low, then a bullish counter candle opens at or below the thrust close and closes back up through the body to the bull reclaim target.
- **SELL** — a bullish thrust drives to a fresh high, then a bearish counter candle opens at or above the thrust close and closes back down through the body to the bear reclaim target.

Before any signal qualifies, several conviction filters must all pass:

- Both candles must be **conviction candles, not dojis**: the thrust body  $\geq$  `ThrustBodyFrac` of its range, and the counter body  $\geq$  `ReclaimBodyFrac` of its range.
- The thrust range must be  $\geq$  `ThrustRangeMult`  $\times$  the average range of the lookback window (shifts 3 ... 2 + `SwingLookback`).
- The thrust must break the prior window's extreme — a **fresh low** below the lookback's lowest low (for buys) or a **fresh high** above the lookback's highest high (for sells).
- Only **one position at a time** is held per magic number; if a position is already open, no new order is sent.

### Exit Logic — Stop Loss & Take Profit

The EA does not manage trailing exits; each position carries a fixed stop and target set at entry, and the trade is closed by whichever level price reaches first.

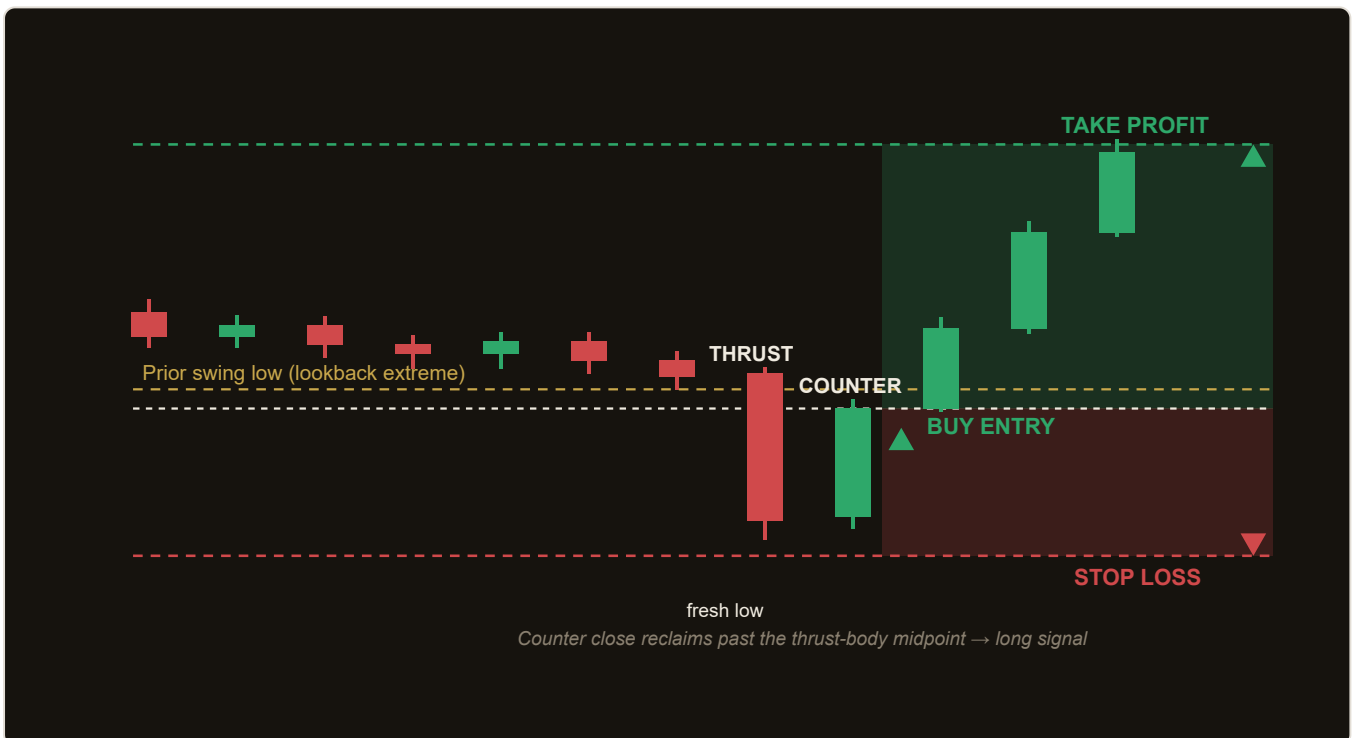
- **Stop loss** sits just beyond the two-bar swing extreme — below `min(counter.Low, thrust.Low)` for longs, or above `max(counter.High, thrust.High)` for shorts — padded by a buffer of `StopBufferPct` percent of the thrust range.
- **Take profit** is a configurable reward-to-risk multiple of that stop distance: `TP = entry  $\pm$  RewardRisk  $\times$  risk`.

```
// Bullish (BUY) setup
entry = Ask
sl = min(counter.Low, thrust.Low) - buffer
risk = entry - sl
tp = entry + RewardRisk * risk // buffer = StopBufferPct/100 * thrustRange
```

**Note:** Because the stop is anchored to real swing structure rather than a fixed pip value, the risk distance — and therefore the lot-adjusted exposure — adapts automatically to current volatility.

## 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. It depicts the bullish case: a down-thrust to a fresh low, a bullish counter candle that reclaims the thrust body, and the resulting long entry with a structural stop and a reward-to-risk target.



*Illustrative example only. Actual market behaviour varies.*

## Parameters

All parameters are exposed as MT5 inputs. The defaults below are the tested baseline; the listed ranges mirror the optimiser bounds defined in the strategy.

Parameter	Default	Description
SwingLookback	10	Bars beneath the pattern (shifts 3 ... 2+lookback) used to measure the average range and locate the prior swing extreme. Range 4–40.
ThrustBodyFrac	0.55	Minimum body-to-range ratio for the thrust candle. Higher values demand a more decisive, less wick-heavy thrust. Range 0.30–0.90.
ReclaimBodyFrac	0.50	Minimum body-to-range ratio for the counter candle, filtering out indecisive reclaims. Range 0.30–0.90.
ReclaimRatio	0.55	How deep the counter close must penetrate the thrust body. 0.50 = midpoint, 1.00 = a full reclaim of the body. Range 0.30–1.00.
ThrustRangeMult	1.30	The thrust range must exceed this multiple of the recent average range to qualify as a genuine swing leg. Range 0.80–3.00.
RewardRisk	1.80	Take-profit distance as a multiple of the stop distance (reward : risk). Range 0.50–5.00.
StopBufferPct	12.0	Extra stop padding beyond the swing extreme, expressed as a percent of the thrust range. Range 0–60.
Lots	0.10	Fixed order volume in lots. Range 0.01–1.00.
Magic	5273	Unique magic number so the EA only counts and manages its own positions on the chart symbol.

## Recommended Settings

The strategy is built around clean, liquid swing structure, so it favours major instruments and intraday-to-swing timeframes where thrust-and-reclaim patterns print cleanly.

- **Symbols:** Major FX pairs (e.g. EURUSD, GBPUSD, USDJPY) and other liquid instruments with consistent candle ranges.
- **Timeframe:** H1 as the baseline; M30–H4 are reasonable alternatives. Lower timeframes increase noise and weaken the fresh-extreme filter.
- **Risk:** Keep `Lots` conservative relative to account size. Because the stop is volatility-adaptive, position size should be chosen so the worst-case stop distance stays within your per-trade risk budget.

### Example — tightening the filter

Raising `ThrustRangeMult` to 1.6 and `ReclaimRatio` to 0.65 yields fewer but higher-conviction signals: the thrust must be a clearly outsized leg, and the counter candle must reclaim well past the body midpoint before a trade is taken.

**Tip:** Use the MT5 Strategy Tester to optimise `RewardRisk` and `StopBufferPct` together — they jointly govern the trade-off between hit rate and average win size. Validate any optimisation on out-of-sample data before going live.

## How to Install on MetaTrader 5

- 1 Copy `CounterThrustReversal.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

**Tip:** The EA acts only on a freshly closed bar, so signals confirm at the close of each candle on your chosen timeframe — there is no need to leave it on a sub-minute chart.

## Risk Warning

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