

# Engulfing Pullback Continuation

Expert Advisor Documentation

## PLATFORM

MetaTrader 5 (MT5)

## TYPE

Price Action — Trend Continuation

## TIMEFRAME

M15 / M30 (Intraday)

## 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

**Engulfing Pullback Continuation** is a pure price-action Expert Advisor that uses *no indicators of any kind* — no moving averages, no RSI, no ATR. It reads raw candle structure alone. Unlike the classic reversal pattern that fades an exhaustion engulf at a swing extreme, this strategy treats the engulfing candle as a **trend-continuation trigger**: it buys a shallow dip inside an established up-trend and sells a shallow rally inside a down-trend. The engulf is the “resume” signal — confirmation that the brief pullback is over and the dominant side has re-taken control.

Every condition is evaluated on **closed bars only**, so signals never repaint and the EA acts exactly once per freshly closed candle. Because stops and targets are derived from the signal bar's own range rather than from fixed point distances, the logic is fully **symbol- and timeframe-agnostic** — it auto-scales to whatever instrument and frame you attach it to.

**Design intent:** trade *with* the prevailing trend after a shallow corrective dip, not against it at a full reversal. The structure filter and the shallow-retrace filter together keep entries on the dominant side of the move.

## How It Works

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The EA references two key candles on each closed bar, plus two equal lookback windows that describe the surrounding trend structure:

- **sig** — the last closed bar (shift 1): the engulfing trigger.
- **prior** — the bar before it (shift 2): the bar being engulfed (the pullback).
- **recent window** — shifts `1..L` (the most recent `TrendLookback` bars).
- **past window** — shifts `L+1..2L` (the `TrendLookback` bars before those).

### 1. Trend Structure

The two windows are compared to confirm a directional structure. An **up-trend** requires the recent window to print both a *Higher High* and a *Higher Low* than the past window:

```
upTrend = recentHigh > pastHigh && recentLow > pastLow
downTrend = recentHigh < pastHigh && recentLow < pastLow
```

A larger `TrendLookback` demands a more developed, longer trend before any trade is considered.

### 2. Shallow Pullback Filter

To make sure entries are taken *with* the trend rather than at a deep reversal, the dip must be shallow. The retrace of the recent up-leg (`recentHigh - recentLow`) reached by the engulf low must be no greater than `MaxRetrace`:

```
leg = recentHigh - recentLow
dipRetrace = (recentHigh - sig.Low) / leg // LONG
must be ≤ MaxRetrace
```

The short side mirrors this with `rallyRetrace = (sig.High - recentLow) / leg`.

### 3. Engulfing Trigger

A genuine bullish engulf must satisfy *all* of the following before a long is taken (the short side is the exact mirror):

- **Prior is bearish** — `prior.Close < prior.Open`.
- **Signal is bullish** — `sig.Close > sig.Open`.
- **Body engulfs** the prior body — `sig.Open ≤ prior.Close` and `sig.Close ≥ prior.Open`.
- **Dominant body** — `sigBody ≥ EngulfFactor × priorBody`.
- **Decisive close** — `sigBody ≥ MinBodyFrac × range`, filtering out doji-ish engulfs with fat two-sided wicks.

## 4. Structural Stop & Target

Stops are placed relative to the signal bar's extreme and expressed as a fraction of that bar's range, so they auto-scale to any instrument without point size or ATR:

```
LONG  SL = sig.Low  - StopBufferFrac × range
      TP = entry + RewardRatio × (entry - SL)

SHORT SL = sig.High + StopBufferFrac × range
      TP = entry - RewardRatio × (SL - entry)
```

## 5. Position Management

The EA holds **one position per magic number** at a time. Once a trade is open, no new entry is taken until it closes; the structural stop-loss and take-profit manage the exit entirely — there is no trailing or averaging.

### Worked example (long)

An index on M15 prints eight rising bars (a clean Higher-High / Higher-Low structure). A single bearish bar then dips back ~40% of the recent up-leg — comfortably within the default `MaxRetrace = 0.70`. The next bar opens at-or-below that bearish close and closes above its open, its body more than `1.10×` the engulfed body and more than half of its own range. All conditions align: the EA buys at the Ask, sets the stop just below the signal low, and projects the target `1.50×` the risk above entry.

## 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.*

## Parameters

Parameter	Default	Description
TrendLookback	8	Half-window length. Structure compares the most recent <code>L</code> bars against the <code>L</code> bars before them. Larger values require a more developed trend. Range 3–30, step 1.
EngulfFactor	1.10	The signal body must be at least this multiple of the engulfed prior body. Higher values demand a more dominant engulf. Range 1.00–3.00, step 0.10.
MinBodyFrac	0.50	Minimum signal-body size as a fraction of its full range — enforces a decisive close and filters out doji-ish engulfs with fat two-sided wicks. Range 0.20–0.90, step 0.05.
MaxRetrace	0.70	The deepest the pullback may retrace the recent leg and still count as a shallow with-trend dip (1.0 = the whole leg, i.e. effectively off). Range 0.30–1.00, step 0.05.
StopBufferFrac	0.15	Stop buffer placed beyond the signal extreme, as a fraction of the signal bar's range. Range 0.00–1.00, step 0.05.
RewardRatio	1.50	Take-profit distance as a multiple of the structural stop distance (the risk). Range 0.80–5.00, step 0.10.
Lots	0.10	Order volume in lots. Range 0.01–1.00, step 0.05.
Magic	8420	Magic number used to identify and manage this EA's positions. Range 0–9,999,999, step 1.

## Recommended Settings

The strategy is built for **trending instruments on an intraday frame**. Suggested starting points:

- **Symbols:** a trending index such as `US500` or `GER40`, or a trending FX major.
- **Timeframe:** M15 or M30. The code is timeframe-agnostic — it always uses the chart's primary timeframe — so it runs on whatever frame the backtest or chart selects.
- **Defaults:** the shipped values ( `TrendLookback 8` , `EngulfFactor 1.10` , `MinBodyFrac 0.50` , `MaxRetrace 0.70` , `StopBufferFrac 0.15` , `RewardRatio 1.50` ) form a balanced baseline.

**Tuning tips:** raise `TrendLookback` and lower `MaxRetrace` to demand cleaner, more developed trends with shallower dips (fewer but higher-quality signals). Raise `EngulfFactor` and `MinBodyFrac` to insist on stronger, more decisive engulfing bars. Adjust `RewardRatio` to match the instrument's typical follow-through.

⚠ **Always validate first.** Backtest across multiple market regimes and forward-test on a demo account before risking live capital. Default parameters are illustrative starting points, not optimised values for any specific symbol.

## How to Install on MetaTrader 5

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- 1 Copy `EngulfingPullbackContinuation.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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