

Engulfing Tide Reversal

Expert Advisor Documentation

PLATFORM

MetaTrader 5 (MT5)

TYPE

Price-Action Mean Reversion

TIMEFRAME

H1

WEBSITE

www.algotbot.live

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Overview

Engulfing Tide Reversal is a pure price-action Expert Advisor that uses **no indicators of any kind** — no moving averages, RSI, ATR, or oscillators. It trades the classic bullish and bearish **engulfing candlestick** pattern, but only where that pattern actually carries meaning: at the turning point of a short price swing, where one side has just exhausted itself and the opposite side decisively overwhelms it. The metaphor is the tide turning — momentum that has run one way finally reverses.

Rather than firing on every engulfing candle, the EA layers strict context filters on top of the pattern: the engulfing body must *dominate* the bar it swallows, it must close with *conviction* (no fat two-sided indecision wicks), and it must appear at a *fresh swing extreme* — the lowest low (for longs) or highest high (for shorts) of a configurable lookback window. The result is a selective, counter-trend / mean-reversion style that fades exhausted micro-swings on liquid instruments.

Because every stop and target is derived structurally from the signal bar's own price range — expressed as a *fraction* of that range rather than in points, pips, or ATR — the strategy auto-scales to any symbol and timeframe with no point-size tuning. Its natural home is a liquid FX major such as **EURUSD** or **GBPUSD** on the **H1** timeframe.

How It Works

The EA evaluates a setup **once per newly-closed bar**. All logic is measured on *closed* bars only — the **signal bar** is the most recently closed bar (shift 1) and the **prior bar** is the one immediately before it (shift 2). While a position is open, no new signal is taken; the structural stop and target manage the exit.

Long Entry — Bullish Engulfing at a Swing Low

A long trade is triggered when *all* of the following conditions hold on the just-closed signal bar:

- **Prior bar bearish** — the previous bar closed below its open (a down-bar to engulf).
- **Signal bar bullish** — the signal bar closed above its open.
- **Body engulfment** — the signal body fully swallows the prior body: `signal.Open ≤ prior.Close` and `signal.Close ≥ prior.Open`.
- **Dominance** — the signal body is at least `EngulfFactor` × the prior body, so the engulf is genuinely commanding, not marginal.
- **Decisive close** — the signal body is at least `MinBodyFrac` of the bar's full high-to-low range, filtering out doji-ish bars with large wicks on both sides.
- **Swing-low context** — the signal bar's *low* is the strict lowest low of the last `LookbackBars` bars, i.e. the pattern caps a fresh down-swing rather than appearing mid-range.

Short Entry — Bearish Engulfing at a Swing High

The short setup is the exact mirror image at a swing high: a bullish prior bar, a bearish signal bar whose body engulfs and dominates the prior body, a decisive close, and a signal *high* that is the strict highest high of the last `LookbackBars` bars.

Stops & Targets — Structural and Self-Scaling

Both the stop loss and take profit are anchored to the signal bar's own range (`range = signal.High - signal.Low`), so no point size or ATR is ever required:

```
LONG  SL = signal.Low - StopBufferFrac × range
      risk = entry - SL
      TP = entry + RewardRatio × risk

SHORT SL = signal.High + StopBufferFrac × range
      risk = SL - entry
      TP = entry - RewardRatio × risk
```

The stop is placed just beyond the signal bar's extreme (cushioned by `StopBufferFrac` of the range), and the take profit is a fixed multiple (`RewardRatio`) of that structural risk. Entry is at the live Ask (longs) or Bid (shorts) at the moment the signal bar confirms.

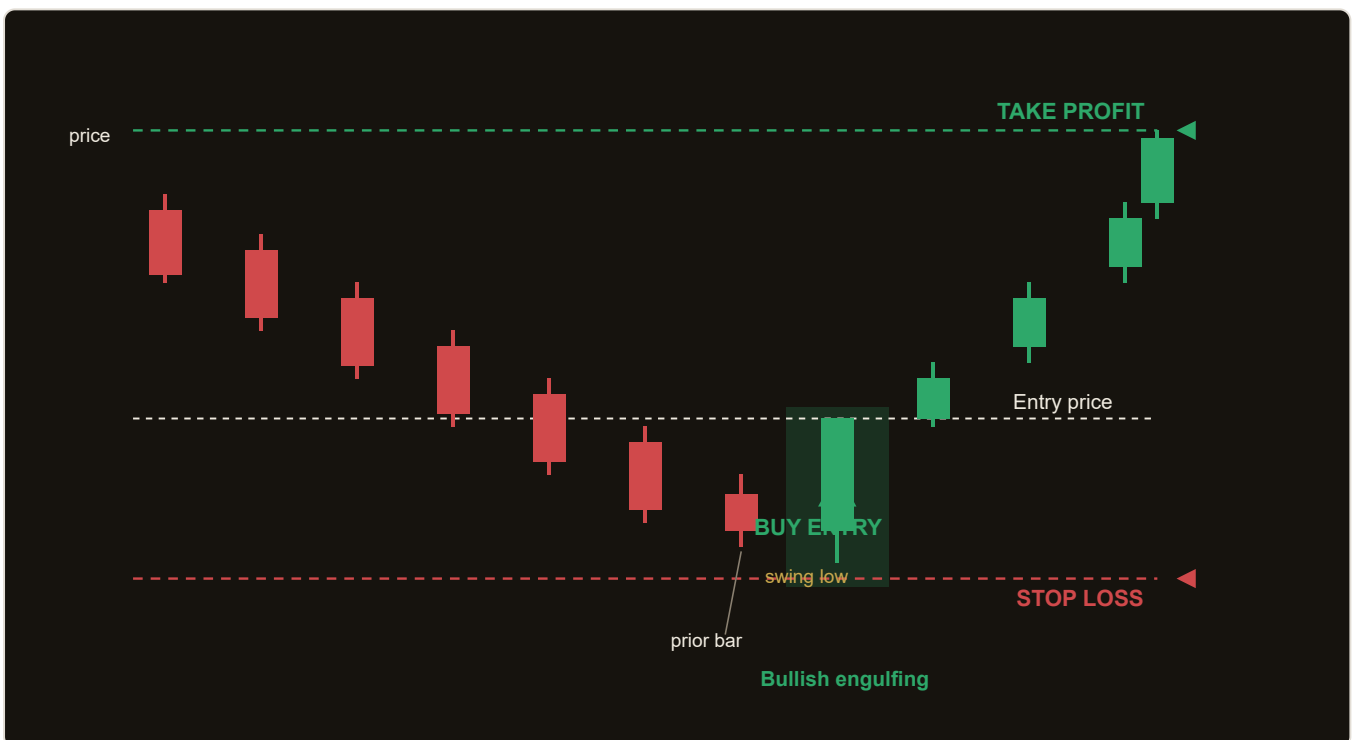
Note: The strategy holds **one position per magic number** at a time. It does not pyramid, scale in, or trail — once filled, the trade runs purely to its fixed stop or target. This keeps risk per setup transparent and bounded.

Worked example (long)

Suppose a signal bar has Low = 1.07200, High = 1.07320 (range = 120 pips of price units). With `StopBufferFrac = 0.10`, the stop sits 12 units below the low. If entry is 1.07310, risk \approx entry - SL. With `RewardRatio = 1.80`, the take profit is placed 1.8 \times that risk above entry — a structural 1 : 1.8 risk-to-reward on every trade, scaled automatically to the bar that produced the signal.

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.



Illustrative example only. Actual market behaviour varies.

Parameters

Parameter	Default	Description
LookbackBars	6	How far back the signal bar must be the swing extreme (low for longs / high for shorts). Larger values demand the engulf cap a more developed swing. Integer, range 2–20, step 1.
EngulfFactor	1.20	The signal body must be at least this multiple of the engulfed prior body — demands a genuinely dominant engulf, not a marginal one. 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.
StopBufferFrac	0.10	Stop buffer placed beyond the signal bar's extreme, expressed as a fraction of the bar's range. Range 0.00–1.00, step 0.05.
RewardRatio	1.80	Take-profit distance as a multiple of the structural stop distance (risk). A value of 1.80 targets a 1 : 1.8 risk-to-reward. Range 1.00–5.00, step 0.20.
Lots	0.10	Order volume (lot size) for each trade. Range 0.01–1.00, step 0.05.
Magic	7401	Magic number used to tag and isolate this EA's positions. One position per magic is held at a time. Integer, range 0–9,999,999, step 1.

Recommended Settings

The strategy was designed around a liquid FX major on an intermediate timeframe, where micro-swing exhaustion and engulfing reversals are most reliable.

Setting	Recommendation
Symbol	EURUSD or GBPUSD (liquid FX majors with tight spreads)
Timeframe	H1
Style	Counter-trend / mean-reversion swing fading
Account	Low-spread account; verify minimum stop distance rules with your broker

Tuning tips: Raise `EngulfFactor` and `MinBodyFrac` for fewer, higher-quality signals; raise `LookbackBars` to demand the engulf cap a more mature swing. Increase `StopBufferFrac` if stops feel too tight against wick noise, and adjust `RewardRatio` to balance win rate against payoff. Always re-test parameter changes on out-of-sample data before going live.

How to Install on MetaTrader 5

- 1 Copy `EngulfingTideReversal.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 (EURUSD / GBPUSD, H1)
- 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.