

FVGRSI Continuation

Expert Advisor Documentation

PLATFORM

MetaTrader 5 (MT5)

TYPE

Trend Continuation (FVG + RSI)

TIMEFRAME

M15 – H1

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

FVGRSI Continuation is a trend-continuation Expert Advisor that fuses two complementary concepts: a **Fair Value Gap (FVG)** — a three-bar price imbalance left behind by a strong displacement candle — and **RSI momentum** confirmation. Rather than chasing an impulse move, the EA waits patiently for price to retrace *back into* the gap, then enters in the direction of the original move only while RSI confirms that momentum is still intact.

The logic rests on a simple market observation: a fresh FVG marks an area of inefficient price delivery that price often revisits ("fills") before continuing in the direction of the impulse. Entering on that pullback — with momentum confirmation — yields a favourable entry with a tight, structure-based stop, instead of buying or selling at the extreme of the move.

In one sentence: spot a fresh displacement gap, wait for price to pull back into it while RSI still confirms the trend, then enter with an ATR-sized stop just beyond the gap and a fixed reward-to-risk target.

How It Works

1. Detecting the Fair Value Gap

On every newly *closed* bar, the EA inspects the three most recent closed bars (shifts 1, 2 and 3, where shift 2 is the candidate displacement candle):

- **Bullish FVG** — formed when $\text{bar}[1].\text{Low} > \text{bar}[3].\text{High}$ and the middle candle closed up ($\text{bar}[2].\text{Close} > \text{bar}[2].\text{Open}$). The unfilled gap spans from $\text{bar}[3].\text{High}$ (lower edge) up to $\text{bar}[1].\text{Low}$ (upper edge).
- **Bearish FVG** — formed when $\text{bar}[3].\text{Low} > \text{bar}[1].\text{High}$ and the middle candle closed down ($\text{bar}[2].\text{Close} < \text{bar}[2].\text{Open}$). The gap spans from $\text{bar}[1].\text{High}$ (lower edge) up to $\text{bar}[3].\text{Low}$ (upper edge).

A gap is only registered as a valid zone if it is wide enough relative to volatility: the gap height must be at least $\text{MinGapAtr} \times \text{ATR}$. This filters out trivial, noisy imbalances.

2. Entering the Trade

Once a zone is active, the EA monitors every tick for a retracement into the gap, combined with an RSI momentum check (the short threshold is mirrored automatically as $100 - \text{RsiTrendLevel}$):

- **Long entry** — price (Bid) pulls back down into the bullish zone ($\text{Bid} \leq \text{bullHigh}$) and $\text{RSI} \geq \text{RsiTrendLevel}$. The order is sent at the Ask.
- **Short entry** — price (Ask) pulls back up into the bearish zone ($\text{Ask} \geq \text{bearLow}$) and $\text{RSI} \leq 100 - \text{RsiTrendLevel}$. The order is sent at the Bid.

Only one position per magic number is held at a time, so the EA never stacks entries.

3. Stop Loss & Take Profit

Risk is anchored to market structure plus a volatility buffer:

- **Long:** Stop Loss = $\text{bullLow} - \text{AtrStopMult} \times \text{ATR}$ (just below the gap). Take Profit = entry + $\text{RewardRisk} \times$ the stop distance.
- **Short:** Stop Loss = $\text{bearHigh} + \text{AtrStopMult} \times \text{ATR}$ (just above the gap). Take Profit = entry - $\text{RewardRisk} \times$ the stop distance.

Because the stop is sized from the ATR and the gap edge, the resulting target distance scales automatically with current volatility while preserving the fixed reward-to-risk ratio.

4. Zone Invalidation & Aging

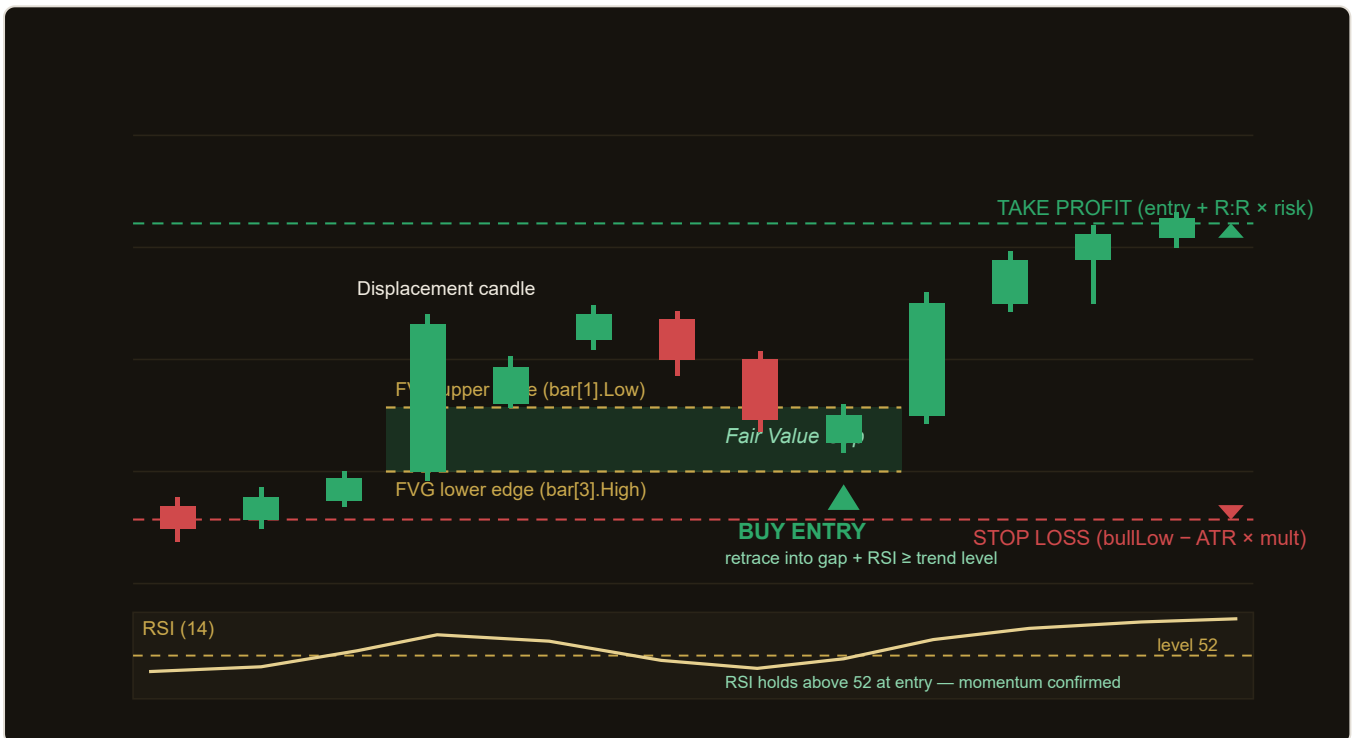
- **Filled / violated:** if price trades fully through the gap (Bid below bullLow , or Ask above bearHigh), the imbalance is considered consumed and the zone is discarded.

- **Aged out:** a zone that is never triggered expires after `ZoneMaxAgeBars` closed bars, keeping the EA focused on fresh imbalances only.

Single-timeframe by design. The EA evaluates FVG, RSI and ATR on the chart's own timeframe — nothing is hard-coded. Attach it to the timeframe you intend it to trade.

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 a **bullish** continuation: a displacement candle leaves an unfilled gap, price pulls back into the gap while RSI holds above its trend threshold, and the EA enters long with a structure-based stop and a fixed reward-to-risk target.



Illustrative example only. Actual market behaviour varies.

Worked example (long)

A displacement candle closes up and leaves a gap of 0.0040 between `bar[3].High` and `bar[1].Low`, comfortably above `MinGapAtr × ATR`. Price drifts higher, then retraces back into the gap. As Bid touches the upper edge, RSI reads 56 (≥ 52), so the EA buys at the Ask. With `ATR = 0.0020` and `AtrStopMult = 1.2`, the stop sits 0.0024 below the gap's lower edge; the risk distance becomes the basis for a Take Profit set at `1.8 ×` that distance.

Parameters

Parameter	Default	Description
RsiPeriod	14	Lookback period for the RSI momentum filter. Range 5–30, step 1.
RsiTrendLevel	52.0	RSI threshold confirming bullish momentum for longs; the short threshold is mirrored as $100 - \text{RsiTrendLevel}$. Range 45–65, step 1.0.
AtrPeriod	14	Lookback period for the ATR used to size stops and the minimum-gap filter. Range 5–40, step 1.
AtrStopMult	1.2	ATR multiple added beyond the gap edge to place the stop loss. Larger values give wider, less easily stopped stops. Range 0.3–4.0, step 0.1.
RewardRisk	1.8	Reward-to-risk ratio; Take Profit distance = this multiple of the stop distance. Range 1.0–4.0, step 0.1.
MinGapAtr	0.25	Minimum gap height as a multiple of ATR for an FVG to qualify. Higher values demand larger, cleaner imbalances. Range 0.0–1.5, step 0.05.
ZoneMaxAgeBars	12	Maximum age, in closed bars, before an untriggered FVG zone expires. Range 2–50, step 1.
Lots	0.10	Fixed trade volume in lots. Range 0.01–1.0, step 0.01.
Magic	990201	Magic number identifying this EA's positions, so it manages only its own trades.

Recommended Settings

The defaults provide a balanced starting point. Treat the values below as a baseline to validate in the Strategy Tester on your own broker and symbol before any live use.

- **Symbols:** liquid major FX pairs (e.g. EURUSD, GBPUSD, USDJPY) or major indices with clean, well-defined displacement moves.
- **Timeframe:** M15 to H1 — long enough for FVGs to form meaningfully, short enough to give regular setups.
- **RsiTrendLevel:** keep near 52 for a gentle momentum bias; raise toward 58–60 to demand stronger trend confirmation (fewer, more selective entries).
- **MinGapAtr:** raise toward 0.4–0.6 on noisier symbols to insist on larger, higher-quality gaps.
- **RewardRisk:** 1.8 by default; increasing it improves per-trade payoff at the cost of a lower hit rate.

Tip: the stop and target both scale with ATR, so the EA adapts to changing volatility automatically. Tune `AtrStopMult` first (stop survivability), then `RewardRisk` (payoff), and validate over a full range of market conditions.

How to Install on MetaTrader 5

- 1 Copy `FVGRSIContinuation.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

Before going live: run the EA in the MT5 Strategy Tester and on a demo account first. Confirm that gaps, entries, stops and targets behave as expected on your broker's spreads and symbol specifications.

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.