

Fvg Rejection Continuation

Expert Advisor Documentation

PLATFORM

MetaTrader 5 (MT5)

TYPE

Price Action — Fair Value Gap

TIMEFRAME

M15 – H1

WEBSITE

www.algotbot.live

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Overview

Fvg Rejection Continuation is a pure price-action Expert Advisor built entirely around the **Fair Value Gap (FVG)** — the three-candle imbalance left behind when a strong impulse moves price so quickly that the wicks of the first and third candles do not overlap. Most FVG systems simply enter the moment price touches the gap. This EA deliberately does *not*: it waits for a genuine **rejection candle** — a real wick rejection that dips into the fresh imbalance and closes back in the direction of the original impulse — before it commits to a trade.

Three independent price-action filters keep every signal honest:

- **Displacement** — the middle candle of the trio must have a body that is large relative to the recent average range, proving a real impulse created the gap rather than ordinary noise.
- **Freshness** — the gap must be mitigated within a limited number of bars and is discarded the moment price closes fully through it (invalidation), so the EA never trades a stale or already-broken zone.
- **Rejection wick** — on the mitigation bar, the wick into the gap must dominate the candle body and the close must return in the displacement direction, confirming buyers (or sellers) defended the zone.

Every stop-loss and take-profit is derived from candle structure plus a hand-rolled average range computed directly from highs and lows. **No technical indicators are used anywhere** — there are no moving averages, oscillators, or indicator handles in either the C# or the MQL5 implementation.

Core idea: A strong move creates an imbalance → price pulls back and "fills" the gap → a decisive rejection wick shows the imbalance is being defended → the EA joins the original move (a *continuation* trade), placing its stop just beyond the structure that produced the rejection.

How It Works

1. Detecting the Fair Value Gap

On each newly closed bar the EA inspects the most recent three-candle trio — `c1` (oldest), `c2` (middle / displacement), and `c3` (newest closed). A gap is only registered when the displacement body is large enough *and* the outer candles leave a true imbalance:

- **Bullish FVG** — `c2` closes up with a strong body *and* `c1.High < c3.Low`. The empty zone runs from `c1.High` (bottom) to `c3.Low` (top).
- **Bearish FVG** — `c2` closes down with a strong body *and* `c1.Low > c3.High`. The empty zone runs from `c3.High` (bottom) to `c1.Low` (top).

"Strong body" means the displacement candle's body is at least `MinDisplacementFactor × AverageRange`, where `AverageRange` is the mean high-to-low range over the last `RangeLookback` bars.

```
dispBody = |c2.Close - c2.Open|
strongDisp = dispBody >= MinDisplacementFactor × AverageRange
```

2. Freshness & Invalidation

Once a gap is being tracked it is constantly re-validated. The EA measures the gap's **age** in bars since formation and applies three guards:

- A gap that has **just formed this bar** (age 0) is never traded — price must first leave and return.
- A gap older than `ExpiryBars` is discarded as **stale** — it was never mitigated in time.
- A gap is **invalidated** if price closes fully through it (a bullish gap whose close drops below its low, or a bearish gap whose close rises above its high).

3. The Rejection Candle (Trigger)

With a fresh, valid gap in place, the EA waits for the newest closed bar to both *mitigate* the gap and *reject* from it. For a bullish setup all three of the following must be true:

- **Tagged** — the bar's low dipped into the gap (`c3.Low ≤ zHigh`).
- **Held** — the bar's close did not break below the gap (`c3.Close ≥ zLow`).

- **Rejected** — the bar closed up and its lower wick is at least `RejectionWickFactor` times the body ($\text{lowerWick} \geq \text{RejectionWickFactor} \times \text{bodyDen}$).

The bearish setup is the exact mirror: the high pokes into the gap, the close stays below it, and a dominant **upper** wick accompanies a down-close. To keep the wick test stable on near-doji bars, the body used as the denominator is floored at a tiny epsilon (5% of the average range).

4. Entry, Stop-Loss & Take-Profit

When the trigger fires, exactly one position per magic number is opened. Stops and targets come straight from structure:

- **Long entry** at the Ask. **Stop** below the lower of the rejection-bar low and the gap low, minus a buffer of `StopBufferMult × AverageRange`.
- **Short entry** at the Bid. **Stop** above the higher of the rejection-bar high and the gap high, plus the same buffer.
- **Take-profit** placed at `TakeProfitRR` times the measured risk (the entry-to-stop distance), giving a fixed reward-to-risk target.

```
// Bullish example
entry = Ask
sl    = min(c3.Low, zLow) - StopBufferMult × AverageRange
risk  = entry - sl
tp    = entry + TakeProfitRR × risk
```

Worked example (long)

Average range = 20 pips. A bullish gap forms between 1.1000 and 1.1015. Three bars later price dips to 1.1004 (into the gap), prints a 14-pip lower wick on a 6-pip up-body, and closes at 1.1018. Tagged ✓, held ✓, rejected ✓ ($14 \geq 1.00 \times 6$). Entry at Ask 1.1019; stop = $1.1000 - (0.30 \times 20 \text{ pips}) = 1.0994$; risk = 25 pips; with `TakeProfitRR = 2.0`, target = 1.1069 (+50 pips).

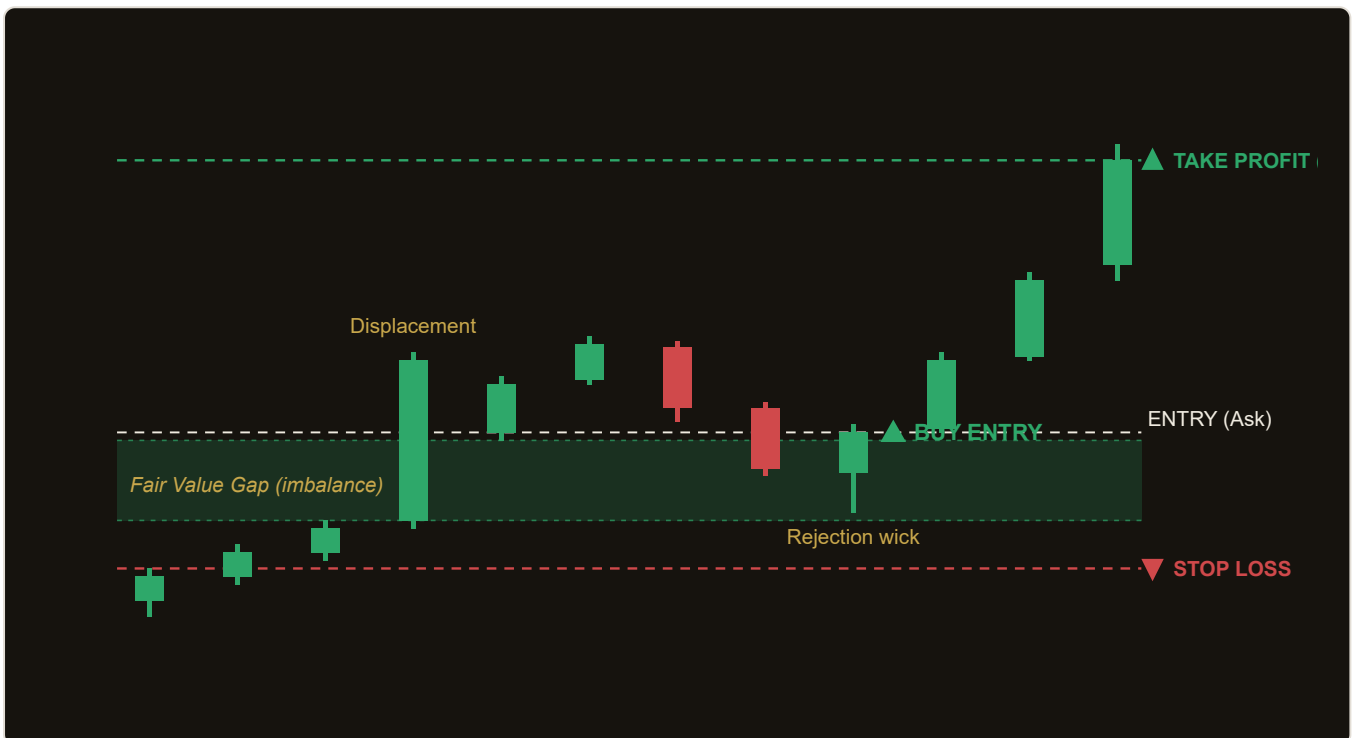
5. Execution Discipline

- **One action per closed bar** — all logic runs on a new-bar event, never tick-by-tick, so signals are deterministic and repeatable.
- **One position per magic** — while a trade is open the EA stands aside; the fixed SL/TP manages the exit entirely.
- **Self-consuming signals** — the tracked gap is cleared the instant a trade is sent, so a single imbalance can only ever produce one entry.

1:1 parity: The MQL5 EA mirrors the C# strategy line-for-line — identical inputs, identical FVG geometry, identical freshness/rejection tests, and the same hand-rolled `AverageRange`. The C# version is the research model; the `.mq5` is the deployable build.

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
Lots	0.10	Fixed trade volume in lots (range 0.01–1.0, step 0.01). Size this to your account and risk tolerance.
MinDisplacementFactor	1.30	Minimum displacement-candle body as a multiple of average range (0.8–3.0, step 0.1). Higher values demand stronger impulses and yield fewer, cleaner gaps.
RejectionWickFactor	1.00	Required rejection-wick length as a multiple of the candle body (0.3–3.0, step 0.1). Higher values insist on a more dominant wick before entering.
TakeProfitRR	2.00	Take-profit distance as a reward-to-risk multiple of the entry-to-stop distance (1.0–5.0, step 0.5).
StopBufferMult	0.30	Extra stop padding as a multiple of average range, placed beyond structure (0.0–1.5, step 0.1). Cushions against wick noise at the stop.
ExpiryBars	12	Maximum age, in bars, that a gap may remain untouched before it is discarded as stale (3–40, step 1).
RangeLookback	14	Number of bars used to compute the average high-low range that scales displacement, wick, and buffer tests (5–50, step 1).
Magic	7100	Magic number identifying this EA's positions. Use a unique value per chart so the one-position-per-magic rule stays isolated.

Recommended Settings

Because the strategy is purely structural, it adapts naturally to volatility through the average-range scaling. The defaults are a balanced starting point; tune from there based on the instrument's character.

- **Markets:** Liquid FX majors and indices that produce clean, impulsive moves and well-defined imbalances.
- **Timeframe:** M15 to H1. Lower timeframes generate more gaps but more noise; H1 produces fewer, higher-quality setups.
- **Selectivity:** Raise `MinDisplacementFactor` toward 1.6–2.0 in choppy conditions to filter out weak gaps; lower it slightly on quieter instruments.
- **Targets:** `TakeProfitRR = 2.0` suits trending instruments; reduce to 1.0–1.5 on range-bound symbols where extended targets are rarely reached.

Tuning tip: `MinDisplacementFactor` and `RejectionWickFactor` are the two quality dials. Tighten them for fewer, stronger signals; loosen them for more frequent (but noisier) entries. Always validate any change with a Strategy Tester run on your target symbol before going live.

Single-position design: The EA holds at most one position per magic number and relies entirely on its fixed SL/TP to exit — there is no trailing stop, break-even move, or averaging. Confirm this matches your risk plan before deploying on a live account.

How to Install on MetaTrader 5

- 1 Copy `FvgRejectionContinuation.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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