

Gap Anchor Continuation

Expert Advisor Documentation

PLATFORM

MetaTrader 5 (MT5)

TYPE

Price-Action Gap Continuation

TIMEFRAME

H1 – D1

WEBSITE

www.algotbot.live

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Overview

Gap Anchor Continuation is a pure price-action Expert Advisor that trades the classic "gap and go". It uses **no indicators** — no moving averages, RSI, ATR or similar. Instead it reads raw two-bar gap geometry and a self-computed volatility yardstick directly off the price series.

The core idea: when a bar opens with a meaningful **gap** away from the previous bar's close and then closes further in the gap direction *without dipping back to fill it*, that gap is a sign of one-sided commitment. Such gaps usually act as a launch pad, not a magnet. But chasing the open candle is poor entry, so the EA does not buy or sell immediately. Instead it **arms** the setup and waits for the first **defended retest** back into the gap "void". When price dips into the void but closes back in the gap direction without filling the gap origin, that retest proves the void is now acting as support/resistance — and the EA enters the continuation, using the gap origin as a hard invalidation line.

What makes it distinct. This is *not* a gap-fill fade (which bets on mean reversion back to the origin) and *not* a passive limit parked inside an imbalance. It trades **with** the gap, but only after a confirmed, defended retest of the void. The gap origin is treated as an anchor: if a candle *closes* through it, the idea is dead and the setup is voided.

How It Works

1. The volatility yardstick (gap threshold)

Because gaps mean different things on different instruments and sessions, the EA does not use a fixed point value. On every completed bar it computes the **average bar range** (High – Low) over the `RangeLookback` window immediately preceding the gap bar. This average is the price-action yardstick. The gap must be at least:

```
threshold = GapMultiple × avgRange
```

This keeps the strategy adaptive: a "meaningful" gap is always measured relative to recent volatility, never a hard-coded number.

2. Arming a setup — the two-bar gap geometry

Let `P` be the prior bar and `G` the just-closed gap bar. The gap is measured from `P.Close` to `G.Open`. A setup arms only when the gap is large enough, the gap bar closes in the gap direction, and the bar does not reach back across the origin:

```
Gap UP (long):  G.Open  >= P.Close + threshold
                G.Close >  G.Open      (closes higher)
                G.Low   >  P.Close      (no dip back to origin)
                void = [ P.Close .. G.Open ] (origin .. far edge)

Gap DOWN (short): G.Open  <= P.Close - threshold
                 G.Close <  G.Open      (closes lower)
                 G.High  <  P.Close      (no pop back to origin)
                 void = [ G.Open .. P.Close ]
```

The **void** is the empty price region created by the gap. Its **origin** edge is the prior bar's close (the invalidation line); its **far edge** is the gap bar's open. Only one setup is armed at a time — a fresh qualifying gap re-arms onto the newer one.

3. Entry — the defended retest trigger

Once armed, the EA waits for a later bar `R` to retest the void and *defend* it. For a long (gap up) example, all three conditions must hold on the same bar:

- **Dipped:** `R.Low ≤ voidTop - RetestDepth × voidSize` — price reached deep enough back into the void.
- **Held:** `R.Close > voidBottom` — the gap origin was *not* filled on a closing basis.
- **Defended:** `R.Close > R.Open` — the bar closed bullish, holding the void.

When all three are true, the EA sends a **market Buy** at the Ask (a short mirrors this: rally into the void, close below the origin's far side, bearish close, market Sell at the Bid).

4. Exit — stop loss & take profit

The trade is protected with a fixed stop and a reward:risk target set at entry:

```
Long:  SL = voidBottom - StopBuffer × avgRange
       risk = entry - SL
       TP = entry + RewardRisk × risk

Short: SL = voidTop + StopBuffer × avgRange
       risk = SL - entry
       TP = entry - RewardRisk × risk
```

A **fill of the gap kills the idea**, so the stop sits a small buffer beyond the gap origin. The take-profit is a multiple (`RewardRisk`) of the measured risk. Geometry is sanity-checked so the SL and TP always sit on the correct side of the entry; if the math degenerates (zero or negative risk), the setup is simply discarded.

5. Setup hygiene

- **One position at a time** — while a trade is open, no new setups are armed; SL/TP resolve the position.
- **One armed setup at a time** — a newer qualifying gap re-arms onto itself.
- **Expiry** — an arm that is not triggered within `ExpiryBars` completed bars is dropped.
- **Immediate invalidation** — if any bar *closes* back through the gap origin, the arm is voided at once.
- **Single timeframe** — all logic runs on the chart's own timeframe; the EA acts once per completed bar.

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 **gap-up**: a strong gap bar arms the long setup, a pullback dips into the gap void but defends the origin, and the EA enters the continuation toward a 2:1 reward:risk target.



Illustrative example only. Actual market behaviour varies.

Parameters

All inputs are exposed in the EA's dialog. Defaults below match the strategy's `DescribeParameters()` definition.

Parameter	Default	Description
Lots	0.10	Fixed trade volume in lots (range 0.01 – 1.00, step 0.01). Normalised to the symbol's volume min/max/step at order time.
GapMultiple	0.80	Gap threshold as a multiple of the average bar range (range 0.20 – 4.00, step 0.10). Higher values demand larger, cleaner gaps and fire less often.
RangeLookback	20	Number of bars used to compute the average-range volatility yardstick (range 5 – 60, step 1).
RetestDepth	0.50	How deep the pullback must dip into the void, as a fraction of void size (range 0.10 – 1.00, step 0.05). 0.50 = retest must reach the mid-void.
StopBuffer	0.50	Stop-loss distance placed beyond the gap origin, in multiples of average range (range 0.10 – 2.00, step 0.10).
RewardRisk	2.00	Take-profit target as a reward:risk multiple of the measured risk (range 1.00 – 5.00, step 0.25).
ExpiryBars	8	Number of completed bars an armed setup may wait for its defended retest before being dropped (range 1 – 40, step 1).
Magic	1001	Magic number identifying this EA's orders, so it manages only its own positions on the symbol.

Recommended Settings

Because the EA measures gaps relative to recent volatility, it adapts across instruments. The settings below are reasonable starting points — always validate on your own broker's data in the MT5 Strategy Tester before going live.

INSTRUMENTS & TIMEFRAME

- **Best on instruments that gap:** indices and stocks (session opens), or forex on **D1** where weekend gaps are common.
- **Timeframe: H1 to D1.** Intraday charts can work where the instrument produces genuine bar-to-bar gaps; on 24/5 forex the lower timeframes rarely gap, so favour D1.
- **One chart per symbol** — the EA is single-timeframe and acts once per completed bar.

TUNING NOTES

- **GapMultiple** is the main selectivity dial. Raise it (e.g. 1.2 – 2.0) to trade only large, decisive gaps; lower it for more frequent but noisier signals.

- **RetestDepth** controls patience. Deeper retests (0.6 – 0.8) demand a fuller pullback before entry; shallow values catch shallower dips.
- **RewardRisk** 2.0 is a balanced default. Pair higher RR with a robust gap filter so winners pay for the lower hit-rate.
- **ExpiryBars** keeps stale setups from firing late — shorten it on faster timeframes.

Position sizing. `Lots` is a fixed volume — it does not auto-scale to account balance. Choose a size such that the worst-case stop (gap origin plus buffer) risks only a small, fixed percentage of your account (commonly 1–2%) per trade.

Example — gap-up continuation

A D1 bar gaps up well beyond `GapMultiple × avgRange` and closes bullish without dipping back to the prior close. The EA *arms* a long. Two bars later, price pulls back into the gap void, reaches the mid-void retest depth, but *closes bullish above the gap origin*. The EA buys at the Ask, places the stop just below the gap origin, and targets 2× the risk. The gap acted as a launch pad, not a magnet.

How to Install on MetaTrader 5

- 1 Copy `GapAnchorContinuation.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. Before trading live, run `GapAnchorContinuation.ex5` in the MT5 Strategy Tester on your target symbol and timeframe. Confirm that genuine gaps appear in the data and that the average-range yardstick produces sensible thresholds.

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.