

Imbalance Reclaim Momentum

Expert Advisor Documentation

PLATFORM	TYPE	TIMEFRAME	WEBSITE
MetaTrader 5 (MT5)	Imbalance / FVG Continuation	M15 – H1 (single TF)	www.algotbot.live

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Overview

Imbalance Reclaim Momentum is a Fair Value Gap (FVG) reversion-to-continuation Expert Advisor for MetaTrader 5. It combines two distinct building blocks: a **price imbalance** (the 3-candle Fair Value Gap) and a **momentum filter** (RSI). Rather than chasing the first touch of an imbalance — which produces many false signals when price slices clean through the gap — the EA arms the gap, waits for price to pull back *into* it, and only enters after a confirmed **reclaim** back out of the gap in the original direction.

The strategy operates on a **single timeframe** (every bar reference uses the chart's primary timeframe), applies **distinct long and short rules**, and defines risk with an **ATR-based stop-loss** paired with a fixed **reward:risk take-profit**. All positions are **magic-number tagged** so the EA manages only its own trades, and it holds only one armed gap and one open position per symbol at a time.

Core idea. A strong displacement candle leaves an unfilled gap (imbalance). The EA does not assume price will keep running — it lets price return to "rebalance" the gap, then requires a momentum-backed close that *reclaims* the gap edge before committing. This filters out clean fill-throughs and demands confirmation in the trade direction.

How It Works

1. Detecting the Fair Value Gap (imbalance)

On every freshly-closed bar the EA inspects the three newest closed candles — oldest (C1), the middle *displacement* candle (C2), and the newest (C3). The displacement candle must show a strong, real move: its range must exceed the current ATR scaled by `DisplacementMult`.

- **Bullish FVG** — the displacement candle (C2) closes above its open, and a true gap exists where `C3.Low > C1.High`. The gap zone spans from `C1.High` (bottom) up to `C3.Low` (top).
- **Bearish FVG** — the displacement candle (C2) closes below its open, and a true gap exists where `C3.High < C1.Low`. The gap zone spans from `C3.High` (bottom) up to `C1.Low` (top).

When a valid gap is found it is **armed** (degenerate gaps where the top is not strictly above the bottom are rejected). Only one gap is tracked at a time.

2. Arming, the pullback, and the reclaim

An armed gap ages by one with each new closed bar. The EA then watches for the two-stage confirmation:

- **Tap** — price must first pull back into the gap. For a bullish gap this means a candle low reaching at or below the gap top; for a bearish gap, a candle high reaching at or above the gap bottom.
- **Reclaim** — after the tap, a candle must close back out of the gap *in the original direction* and be a candle of that direction. A bullish reclaim closes above the gap top and closes above its own open; a bearish reclaim closes below the gap bottom and closes below its own open.

Why wait for the reclaim?

If a bullish gap simply fills and price keeps falling, the close eventually drops below the gap bottom and the setup is *invalidated* — no trade. Only when price re-enters the gap and then pushes back out with a confirming close does the EA treat the imbalance as continuation rather than reversal.

3. Momentum gate (RSI)

A confirmed reclaim is still gated by RSI momentum:

- **Long** entries require `RSI >= MomentumThreshold`.
- **Short** entries require `RSI <= 100 - MomentumThreshold` (the symmetric mirror).

With the default threshold of `52`, longs need RSI at or above 52 and shorts need RSI at or below 48 — a light momentum bias confirming the reclaim direction. Raising the threshold demands stronger momentum and produces fewer, more selective trades.

4. Entry execution

When a reclaim passes the momentum gate and no position for this symbol/magic is already open, the EA sends a market order:

- **Long** — buys at the Ask. Stop-loss is placed at the gap bottom minus an ATR buffer ($\text{gapBottom} - \text{ATR} \times \text{StopAtrMult}$).
- **Short** — sells at the Bid. Stop-loss is placed at the gap top plus an ATR buffer ($\text{gapTop} + \text{ATR} \times \text{StopAtrMult}$).

Once a trade is sent (or the gap is invalidated/expired), the gap is disarmed and the EA resumes scanning for the next fresh imbalance.

5. Stop-loss & take-profit (ATR risk, fixed reward:risk)

Risk is measured as the distance between entry and the stop. The take-profit is then placed at a fixed multiple of that risk via `RewardRiskRatio`:

```
risk = |entry - stopLoss|
takeProfit (long) = entry + risk × RewardRiskRatio
takeProfit (short) = entry - risk × RewardRiskRatio
```

With the default `RewardRiskRatio = 2.0`, each trade targets twice its risk. If the computed risk is not positive (degenerate geometry), the order is skipped.

6. Gap lifecycle & safeguards

- **Expiry** — an armed gap that has not produced a trade within `FvgExpiryBars` bars is abandoned as stale.
- **Invalidation** — a bullish gap is dropped if a close falls fully below the gap bottom; a bearish gap is dropped if a close rises fully above the gap top.
- **One at a time** — only a single armed gap and a single open position per symbol are allowed.
- **New-bar logic** — all evaluation happens on closed bars; the forming bar (shift 0) is never traded on. The EA waits until enough history has accumulated: `max(AtrPeriod+1, max(RsiPeriod+1, 3))` bars.

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
RsiPeriod	14	Lookback period for the RSI momentum filter. Range 5–30, step 1.
AtrPeriod	14	Lookback period for ATR, used for displacement sizing and the stop-loss buffer. Range 5–40, step 1.
DisplacementMult	1.0	Minimum displacement-candle range as a multiple of ATR. Higher values demand stronger, cleaner gaps. Range 0.3–3.0, step 0.1.
MomentumThreshold	52.0	RSI gate. Longs need $RSI \geq$ this value; shorts need $RSI \leq (100 - \text{this value})$. Range 50–70, step 1.
StopAtrMult	0.5	ATR multiple added beyond the far gap edge to set the stop-loss buffer. Range 0.1–3.0, step 0.1.
RewardRiskRatio	2.0	Take-profit distance as a multiple of the measured stop distance (risk). Range 0.5–5.0, step 0.5.
FvgExpiryBars	12	Maximum bars an armed gap waits for a reclaim before it is abandoned as stale. Range 3–50, step 1.
Lots	0.10	Fixed trade volume in lots. Range 0.01–1.0, step 0.05.
Magic	1001	Magic number identifying this EA's positions so it manages only its own trades.

Recommended Settings

The defaults provide a balanced starting point on liquid intraday markets. Adjust to match the instrument's volatility and your selectivity preference.

- **Symbols** — major FX pairs (e.g. EURUSD, GBPUSD), and liquid indices or metals where displacement candles and gaps form cleanly.
- **Timeframe** — M15 to H1. The EA uses a single timeframe (the chart's), so attach it to the timeframe you want it to evaluate.
- **DisplacementMult** — increase toward 1.5–2.0 on noisy instruments to require more decisive displacement; lower it to capture more setups on calmer markets.
- **MomentumThreshold** — raise toward 55–60 for stricter, fewer entries with stronger momentum confirmation.

- **RewardRiskRatio** — 2.0 is the default; tighter trend-followers may prefer 1.5, while runners may extend to 3.0+ at the cost of hit-rate.
- **FvgExpiryBars** — shorten to demand a quick reclaim; lengthen to give slower pullbacks room to develop.

Position sizing. `Lots` is fixed volume — it does not auto-scale to account equity or to the per-trade stop distance. Size it to your account and risk tolerance, and always validate on a demo account before live deployment.

How to Install on MetaTrader 5

- 1 Copy `ImbalanceReclaimMomentum.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

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.