

Pivot Fade Hedge

Expert Advisor Documentation

PLATFORM

MetaTrader 5 (MT5)

TYPE

Mean Reversion (Hedged)

TIMEFRAME

M5 – M30

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

Pivot Fade Hedge is a pure price-action Expert Advisor that fades the classic floor pivots with an engulfing rejection and protects every fade with a pre-placed pending-stop hedge. It uses **no indicators whatsoever** — no moving averages, RSI, ATR, bands or VWAP. Every decision is driven only by the raw open / high / low / close of the chart and the daily pivot levels derived from them.

The edge thesis is simple: floor pivots act as mean-reversion magnets. Most sessions oscillate between the S1/R1 levels and the central pivot (PP). When price tests a support or resistance level and is rejected by a genuine engulfing candle — one side fully overwhelming the prior bar's body right at a defended level — that is a high-probability snap back toward PP. The EA scalps that reversion.

The failure mode of fading any level is the day price simply trends straight through it. For exactly that case a resting **stop order is already armed** a buffer beyond the level at the moment the fade is taken. If the break happens, the hedge fills, the losing fade becomes a hedged breakout basket, and the position is then managed by net floating money — banking the recovery the instant the basket turns green.

What makes it different: Two design choices set this apart from typical pivot/engulfing systems. First, it builds **true daily floor pivots** from the primary timeframe's own closed bars (no second timeframe is ever read), so the levels are the genuine PP / R1 / S1 / R2 / S2 intraday desks actually mark. Second, the hedge is **pre-positioned** as a resting stop at fade time — not opened reactively after the trade is already deep in the red.

How It Works

1. Building the daily pivots

Rather than using a rolling N-bar window or a second timeframe, the EA accumulates the prior calendar day's High, Low and Close from the chart's own closed bars. A day rollover is detected whenever a freshly-closed bar carries a new calendar date. When a day completes, the just-finished day becomes the active pivot frame:

```
PP = (High + Low + Close) / 3
R1 = 2 × PP - Low           S1 = 2 × PP - High
R2 = PP + (High - Low)     S2 = PP - (High - Low)
DayRange = High - Low
```

The `DayRange` sizes every buffer and distance in the strategy, so all offsets scale automatically to any symbol or timeframe with no hard-coded pip values. At start-up the EA replays available closed-bar history the same way the live path will, so trading can begin as soon as one full prior day exists instead of warming up live for a day or two.

2. Entry logic (flat only)

Entries are taken only when the account is flat, evaluated once per freshly-closed bar. The signal candle is the just-closed bar; it must engulf the bar before it.

- **Long fade:** the just-closed candle is a **bullish engulfing** whose *low* tagged the S1 (or S2) support zone and whose *close* is back above that level, while still below PP. Support held → **BUY**, scalp toward PP.
- **Short fade:** the just-closed candle is a **bearish engulfing** whose *high* tagged the R1 (or R2) resistance zone and whose *close* is back below that level, while still above PP. Resistance held → **SELL**, scalp toward PP.

The "zone" width the rejection wick must reach is `ZoneFrac × DayRange`. Engulfing strength is enforced by requiring the signal body to be at least `EngulfFactor` times the prior body (a prior doji is floored to one point so it cannot trivially qualify). When both R1/S1 and R2/S2 are eligible, the **nearest** level is preferred. Setting `UseOuterLevels = 0` restricts fading to R1/S1 only.

3. The hedge mechanic (the signature feature)

At the same instant the fade is opened, a resting stop order is dropped a buffer beyond the faded level, tagged with a separate magic number (`Magic + 1`):

- For a **long** fade → a **SellStop** is placed below support at `level - HedgeOffsetFrac × DayRange`.
- For a **short** fade → a **BuyStop** is placed above resistance at `level + HedgeOffsetFrac × DayRange`.

The fade's own stop-loss is placed just *past* the hedge trigger (an extra `StopFrac × DayRange` pad beyond it), which guarantees the hedge always arms before the fade is stopped out. If price keeps going and breaks the

level, the stop fills — the position is now hedged *and* riding the breakout the other way. The hedge can be sized larger than the fade via `HedgeVolFactor` (default 1.5×) to over-cover the loser.

4. Exit logic

There are two distinct exit regimes:

- **Fade scalps out first (hedge never fills):** the fade's take-profit is set toward PP ($\min(\text{PP}, \text{entry} + \text{ScalpTpFrac} \times \text{DayRange})$) for a long, mirrored for a short). When the scalp TP or SL is hit and the position closes, the EA cancels the stale resting hedge and resets for the next setup.
- **Hedge fills (the basket goes live):** the locked basket is then managed by **net floating money** every tick:
 - Net floating P/L \geq `BasketTpMoney` → close everything (banks the recovery / win).
 - Net floating P/L \leq `-BasketSlMoney` → flatten the whole basket (hard ceiling for a violent trend).

While the basket is live, no new setups are sought; each leg's individual SL/TP acts as a backstop.

Spread guard: new entries are skipped whenever the current spread (in points) exceeds `MaxSpreadPoints` (set to 0 to disable the filter). All order volumes are snapped to the symbol's volume step and clamped to its min/max limits before sending.

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.

Walk-through of the illustration

Price drifts down into the S1 support zone. A bullish engulfing candle's low tags the zone but its close pushes back above S1 while still under PP — support held. The EA buys and targets PP. A resting SellStop hedge is armed just below S1, with the fade's stop-loss placed beyond it. Here the level held, so price reverts to PP and the scalp take-profit is banked; the stale hedge is then cancelled. Had price broken below S1 instead, the SellStop would have filled and the basket would be managed by net floating money.

Parameters

Parameter	Default	Description
ZoneFrac	0.12	Tag width of the pivot zone the rejection candle must reach, as a fraction of the day range. Range 0.02–0.60, step 0.02.
EngulfFactor	1.10	Engulfing strength: the signal body must be at least this multiple of the prior body. Range 1.00–3.00, step 0.05.
ScalpTpFrac	0.50	Scalp take-profit distance toward PP, as a fraction of the day range (capped at PP itself). Range 0.10–2.00, step 0.05.
HedgeOffsetFrac	0.10	How far beyond the faded level the resting hedge stop sits, as a fraction of the range. Range 0.02–0.60, step 0.02.
HedgeTpFrac	0.80	Hedge leg breakout take-profit, as a fraction of the day range. Range 0.20–3.00, step 0.05.
StopFrac	0.30	Extra fade-stop pad placed beyond the hedge trigger, as a fraction of the range. Range 0.05–2.00, step 0.05.
UseOuterLevels	1	Also fade the outer R2/S2 levels in addition to R1/S1 (1 = on, 0 = R1/S1 only).
HedgeVolFactor	1.50	Hedge lot size as a multiple of the base lots (>1 to over-cover the loser). Range 0.50–3.00, step 0.10.
BasketTpMoney	25.0	Close the whole basket once net floating profit reaches this (account currency). Range 5.0–2000.0, step 5.0.
BasketSIMoney	300.0	Flatten the whole basket once net floating loss reaches this (account currency). Range 50.0–100000.0, step 50.0.
MaxSpreadPoints	40	Skip new entries while spread (points) exceeds this (0 = filter off). Range 0–500, step 5.
Lots	0.10	Base fade lot size. Range 0.01–1.00, step 0.05.
Magic	5240	Base magic number. The hedge uses <code>Magic + 1</code> . Range 0–9,999,999, step 1.

Recommended Settings

The strategy is built for liquid, range-prone intraday instruments where price rotates around the daily pivots.

- **Instruments:** EUR/USD, GBP/USD or XAU/USD — markets that tend to oscillate between pivot levels rather than trend relentlessly.
- **Timeframe:** M5, M15 or M30. The EA runs on whichever timeframe the chart is set to and sizes everything from the daily range, so no pip retuning is needed across symbols.
- **Account:** a hedging-enabled MT5 account is required, since a fade and its opposing stop hedge can be live at the same time.

Tip: Match `BasketTpMoney` and `BasketSlMoney` to your account size and `Lots`. Because these are absolute money targets, raising `Lots` or `HedgeVolFactor` increases how quickly each currency threshold is reached. Always validate any configuration in the MT5 Strategy Tester on quality history before going live.

Hedging & basket risk: the basket stop is a floating-money ceiling, not a guaranteed loss limit. In a fast, gapping market the realised loss can exceed `BasketSlMoney`. Size `Lots`, `HedgeVolFactor` and the basket thresholds conservatively relative to your equity.

How to Install on MetaTrader 5

- 1 Copy `PivotFadeHedge.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.

