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Prior Day Fakeout Reversal

Expert Advisor Documentation

PLATFORM	TYPE	TIMEFRAME	WEBSITE
MetaTrader 5 (MT5)	Reversal — Breakout Fade	M15 – H1 (Intraday FX)	www.algobot.live

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Overview

Prior Day Fakeout Reversal is a pure price-action Expert Advisor that fades failed breakouts of the **previous calendar day's range**. It uses no indicators — every decision is derived directly from bar prices.

The strategy combines two classic price-action ideas:

- **Support & resistance liquidity.** The prior day's High (PDH) and Low (PDL) are the levels most traders watch, so resting stop orders pool just beyond them.
- **The fakeout candle.** A bar that pierces the PDH but *closes back below it* — an upper-wick rejection with a bearish body — is a failed breakout. Buyers who chased the break are now trapped, so the EA fades that move **short**. The mirror case (a bar that pierces the PDL but closes back above it with a bullish body) goes **long**.

To qualify, the penetration beyond the level must be *meaningful but not a real breakout*: it is bounded to a fraction of the prior-day range. Because every threshold is expressed as a fraction of that range — and the "day" is detected from bar timestamps — the EA is symbol- and timeframe-agnostic, and is best suited to intraday FX such as EUR/USD on M15–H1.

How It Works

1. Defining the Prior-Day Range

On every newly-closed bar the EA scans backwards through history to find the most recent calendar day *before* the signal bar's day. It records that day's highest high (**PDH**) and lowest low (**PDL**). The distance between them is the **prior-day range**, which becomes the yardstick for every threshold below.

```
range      = PDH - PDL
minPokeAbs = MinPokeFraction   × range
maxPokeAbs = MaxPokeFraction   × range
stopBuffer = StopBufferFraction × range
```

2. The Fakeout Signal

The candidate is the bar that *just closed* (shift 1). The EA measures how far it poked beyond the level and checks that it rejected back inside the range.

SHORT SETUP — FAILED UP-BREAK OF PDH

- The bar's high pierces above the PDH by at least `minPokeAbs` but no more than `maxPokeAbs`.
- The bar **closes back below** the PDH (the breakout failed).
- The body is **bearish** (close < open) — an upper-wick rejection.

When all three hold, the EA sells, fading the trapped longs.

LONG SETUP — FAILED DOWN-BREAK OF PDL

- The bar's low pierces below the PDL by at least `minPokeAbs` but no more than `maxPokeAbs`.
- The bar **closes back above** the PDL.
- The body is **bullish** (close > open) — a lower-wick rejection.

> **Why the poke is bounded.** A penetration smaller than `MinPokeFraction` is just a touch — not enough to sweep liquidity, so it is ignored. A penetration larger than `MaxPokeFraction` is a genuine breakout with momentum behind it, which the EA refuses to fade. The valid signal lives in the narrow band between the two.

3. Stop Loss & Take Profit

The stop is placed just beyond the swept extreme, padded by `StopBufferFraction` of the prior-day range. The target is a fixed reward-to-risk multiple of that stop distance.

```
Short:  SL = signalHigh + StopBufferFraction × range
        TP = entry - TpRewardRisk × (SL - entry)

Long:   SL = signalLow  - StopBufferFraction × range
        TP = entry + TpRewardRisk × (entry - SL)
```

Entries are taken at the live `Bid` (short) or `Ask` (long). If the computed risk is non-positive the trade is rejected.

4. Trade Management

- **One bar, one decision.** The logic runs only when a new bar opens (i.e. the previous bar has just closed), so a signal is evaluated exactly once.
- **One position per magic.** While a trade tagged with the EA's magic number is open, no new trades are taken — the stop and target manage the exit.
- **No indicators, no trailing.** Exits are purely the fixed SL/TP set at entry.

Worked example (short)

Suppose the prior-day range is 100 pips with PDH = 1.10000. The just-closed bar spikes to a high of 1.10100 (a 10-pip poke — inside the 2–50 pip valid band) but closes at 1.09950 with a bearish body. The EA sells at the Bid (≈ 1.09940).
SL = 1.10100 + 0.10×100 pips = 1.10200 (risk ≈ 26 pips).
TP = 1.09940 − 2.0×26 pips = 1.09420 (2R target).

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
MinPokeFraction	`0.02`	Minimum penetration beyond PDH/PDL, as a fraction of the prior-day range. Below this a barely-touching wick is ignored. Range 0.00–0.30, step 0.01.
MaxPokeFraction	`0.50`	Maximum penetration beyond the level. Beyond this the move is treated as a real breakout and skipped. Range 0.10–1.50, step 0.05.
StopBufferFraction	`0.10`	Stop-loss buffer placed past the swept extreme, as a fraction of the prior-day range. Range 0.00–0.50, step 0.05.
TpRewardRisk	`2.0`	Take-profit reward-to-risk multiple. A value of 2.0 targets twice the stop distance. Range 0.5–5.0, step 0.5.
Lots	`0.10`	Order volume in lots. Range 0.01–1.0, step 0.05.
Magic	`730050`	Magic number used to tag and identify this EA's positions, ensuring the one-position-at-a-time rule applies only to its own trades.

Recommended Settings

The EA is symbol- and timeframe-agnostic because every threshold is a fraction of the prior-day range. It performs best where a clean daily high/low structure exists with regular liquidity sweeps — namely intraday major FX pairs.

- **Symbol:** liquid majors such as EUR/USD, GBP/USD or USD/JPY.
- **Timeframe:** M15 to H1, so that each calendar day contains enough bars to build a meaningful range.
- **Poke band:** keep `MinPokeFraction` small (0.01–0.04) and `MaxPokeFraction` around 0.40–0.60 to capture genuine fakeouts while rejecting full breakouts.
- **Reward-to-risk:** 2.0 is a balanced default; lower it for higher hit-rate, raise it for larger but rarer winners.

> **Tip:** Because the “day” is derived from bar timestamps (server time), the prior-day range follows your broker’s session boundary. Always backtest on the exact broker and symbol you intend to trade so the day boundary and typical range match live conditions.

How to Install on MetaTrader 5

1. Copy `PriorDayFakeoutReversal.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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