

Three Methods Continuation

Expert Advisor Documentation

PLATFORM	TYPE	TIMEFRAME	WEBSITE
MetaTrader 5 (MT5)	Trend Continuation (Price Action)	M15 / M30	www.algotbot.live

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Overview

Three Methods Continuation is a pure price-action **trend-continuation** Expert Advisor built on the classic *rising / falling three methods* candlestick formation — one of the few multi-bar patterns that signals a **pause inside a trend** rather than a reversal. The EA uses **no indicators of any kind**: every decision is made from raw candle geometry — bodies, ranges, containment, and closing prices.

The formation has three parts. A decisive **thrust** candle drives the trend, a short cluster of small candles **rests** gently against it while staying contained inside its range, and a fresh decisive **resume** candle closes beyond the entire cluster — confirming that demand (or supply) has reloaded and the leg continues. The contained, shallow pullback is the edge: when the resume bar breaks the cluster's extreme on a strong close, late counter-trend traders who faded the move are trapped, fuelling the next leg.

The EA trades both directions symmetrically: a *rising three methods* produces a **long**, and a *falling three methods* produces a **short**. It is designed for EUR/USD or XAU/USD on M15 / M30 but runs on any liquid symbol and timeframe.

How It Works

The EA evaluates the pattern **once per freshly-closed bar** and holds **one position at a time** for its magic number. Reading the chart from newest to oldest, the bar layout is: shift 0 is the still-forming bar, the **resume** bar C is shift 1, the **rest** cluster occupies shifts 2 through $(1 + \text{PullbackBars})$, and the **thrust** bar A sits at shift $(2 + \text{PullbackBars})$.

1. Thrust — the decisive drive

The thrust bar A must be a **decisive candle**: its body must be at least MinBodyFrac of its full high-low range. Its direction sets the trade direction — bullish thrust for a long, bearish thrust for a short.

2. Rest — the contained pause

Each of the PullbackBars rest candles must stay **contained** inside the thrust's high-low range, allowing a small overshoot of $\text{ContainToI} \times$ the thrust range. If any rest candle pokes meaningfully beyond the thrust's high or low, containment fails and the setup is rejected. The cluster's extreme high and low are tracked while walking these bars.

The cluster must also be a genuine pause, not a brand-new move: the **most-recent rest bar** (closest to the resume) must close back on the trend's side of the thrust — for a long, its close must be *below* the thrust's close (a gentle drift down); for a short, *above* it.

3. Resume — the continuation break

The resume bar C must itself be **decisive** (body $\geq \text{MinBodyFrac}$ of its range) and must **close beyond the entire cluster**:

- **Long (rising three methods)**: bullish thrust, rest drifts below the thrust close, and a bullish resume bar closes **above the cluster's highest high**.
- **Short (falling three methods)**: bearish thrust, rest drifts above the thrust close, and a bearish resume bar closes **below the cluster's lowest low**.

Entry, Stop Loss & Take Profit

When all gates pass, the EA enters at market — the **Ask** for a long, the **Bid** for a short — with the configured Lots volume.

- **Stop Loss** sits just past the far side of the rest cluster, where the continuation thesis is broken: below the cluster's lowest low for a long, above the cluster's highest high for a short. A buffer of $\text{BufferFrac} \times$ the resume bar's range is added beyond that extreme.
- **Take Profit** is a fixed R-multiple of the stop distance: $\text{TP} = \text{entry} \pm \text{RiskReward} \times \text{risk}$, where risk is the distance from entry to stop. With the default $\text{RiskReward} = 1.8$, the target is 1.8× the risk taken.

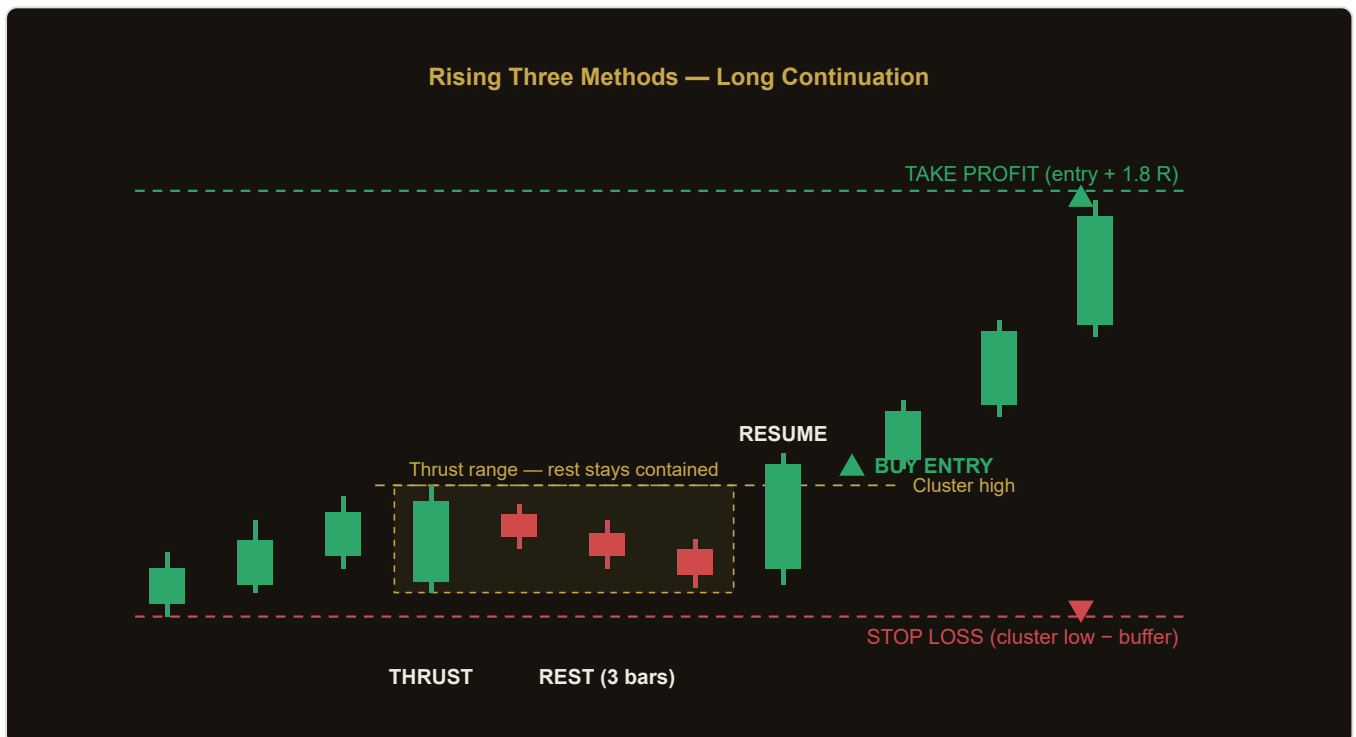
Note: If the computed risk (entry-to-stop distance) is zero or negative — for example when a wide gap places the stop on the wrong side of entry — the EA skips the trade rather than sending an invalid order.

Worked example — rising three methods (long)

A strong bullish thrust candle spans 1.0820–1.0860. Three small bars then drift down to around 1.0835, each staying inside the thrust's range. The next bar closes strongly at 1.0868 — above the cluster high of 1.0860. The EA buys at the Ask, places the stop just below the cluster low (~1.0816 with the buffer), giving roughly 52 pips of risk, and sets the target at 1.8× that distance — about 94 pips above entry.

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	Trade volume in lots opened per signal. Range 0.01–1.00, step 0.01.
PullbackBars	3	Number of small "rest" candles expected between the thrust and the resume bar. Range 2–4 (values below 2 are clamped to 2).
MinBodyFrac	0.45	Minimum body-to-range ratio required for the thrust <i>and</i> resume candles to count as decisive. Range 0.20–0.80, step 0.05.
ContainTol	0.10	Containment tolerance, as a fraction of the thrust range, by which a rest candle may overshoot the thrust's high or low before containment fails. Range 0.00–0.50, step 0.05.
RiskReward	1.8	Take-profit distance as a multiple of the stop distance (TP = RiskReward × risk). Range 1.0–5.0, step 0.5.
BufferFrac	0.10	Extra stop-loss buffer placed beyond the cluster extreme, as a fraction of the resume bar's range. Range 0.00–1.00, step 0.05.
Magic	720311	Unique magic number tagging this EA's orders so it manages only its own position on the symbol.

Recommended Settings

The defaults are tuned for liquid majors and metals on intraday timeframes. Suggested starting points:

- **Symbol:** EUR/USD or XAU/USD (works on any liquid instrument).
- **Timeframe:** M15 or M30 — long enough to form clean multi-bar structure, short enough to trade often.
- **PullbackBars:** 3 for typical structure; drop to 2 for faster, shorter rests or raise to 4 for deeper pauses.
- **MinBodyFrac:** 0.45 balances selectivity and frequency. Raise toward 0.60 to demand stronger thrust/resume candles; lower toward 0.30 for more signals.
- **RiskReward:** 1.8 by default. Higher values increase reward per trade but lower the win rate — backtest before changing.

Tip: Because the stop sits past the rest cluster rather than at a fixed pip distance, position size is effectively risk-defined by the pattern. Tighter clusters yield tighter stops and proportionally closer targets, so always validate `Lots` against your account's per-trade risk on the symbol you trade.

How to Install on MetaTrader 5

- 1 Copy `ThreeMethodsContinuation.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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