

Twin Extreme Fade

Expert Advisor Documentation

PLATFORM	TYPE	TIMEFRAME	WEBSITE
MetaTrader 5 (MT5)	Mean Reversion	M5 / M15	www.algotbot.live

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Overview

Twin Extreme Fade is a pure price-action scalping Expert Advisor that fades failed double-top and double-bottom patterns. It uses **no indicators of any kind** — no moving averages, no RSI, no ATR — reading raw candle highs, lows and closes only. The core idea is the classic "twin extreme": when a market reaches a level, pulls back, and then returns to that *same* level a second time and fails, the order flow that produced the first extreme has been spent. The second touch is where late breakout traders get trapped, so the snap-back away from the level tends to be fast — an ideal short-horizon scalp.

To qualify a genuine twin pattern (and reject single pins or flat shelves), the EA demands three conditions, all measured from raw candles within a lookback window: a distinct **first extreme** sitting far enough back, a real **intervening pullback** (the valley of the "M" or "W" shape), and a **second touch that is rejected** with a reaction close back on the correct side of the level. Every threshold scales off the window's **average bar range** (the mean of High – Low), so there is no per-symbol point math and the system self-adapts to each instrument's volatility.

Trading style: Counter-trend reversal scalping at twin range extremes (mean reversion). A short fades a rejected double top; a long fades a rejected double bottom. Stops sit just beyond the twin extreme — exactly where the pattern is invalidated — and targets are a fixed reward-to-risk multiple. A spread gate keeps each scalp realistic on fast timeframes.

How It Works

On every tick the EA first checks that enough history exists (at least `Lookback + 3` bars) and then acts **once per freshly-closed bar**. Shift 0 is the still-forming bar; shift 1 (the most recently closed candle) is the **second-touch candidate**; shifts 2 through `Lookback + 1` form the scan window where the first extreme is located.

The Scan Window

Across the window the EA records the highest high (`firstHigh`) and lowest low (`firstLow`) together with the bar offsets at which they occurred (`highShift`, `lowShift`), and accumulates the mean bar range. That average range is the unit for every threshold:

```
tol      = Tolerance  × avgRange    // how close the 2nd touch must be
dip      = DipDepth  × avgRange    // required valley depth
buffer   = BufferFrac × avgRange    // stop distance beyond the extreme
```

Entry — Short (Twin Top / Double Top)

A short is armed only when the first peak is a distinct swing — its offset is at least `MinSeparation` bars back. The EA then scans the bars between that peak and now for the deepest valley and requires all three of the following:

- **Retest:** the touch bar's high comes back to within `tol` of `firstHigh` but does *not* run away above it (`firstHigh - tol ≤ touchHigh ≤ firstHigh + tol`).
- **Reject close:** the touch bar closes back *below* the level and its upper wick is at least `RejectFrac` of the candle's range — a visible reaction off the high.
- **Real valley:** the lowest low between the two peaks dipped at least `dip` below `firstHigh` — proof of a genuine "M" shape rather than a flat shelf.

When all three hold, the EA sells at the current Bid. The stop is placed a `buffer` above the higher of the two tops; the target is `RewardRatio ×` that stop distance below entry.

Entry — Long (Twin Bottom / Double Bottom)

The long is the exact mirror image at the window low. With `lowShift ≥ MinSeparation`, the EA finds the highest peak between the two troughs and requires: a retest of `firstLow` within `tol` (without breaking far below), a close back *above* the level with a lower wick \geq `RejectFrac` of range, and a genuine rally (`peakHigh \geq firstLow + dip`). It then buys at the Ask, places the stop a `buffer` below the lower of the two bottoms, and sets the target at `RewardRatio ×` the stop distance above entry.

Exit Logic — Stop Loss & Take Profit

Every position carries a structural stop and a fixed-ratio target set at entry; there is no trailing logic. The EA holds **one position at a time per magic number** and simply lets the stop or target resolve the trade:

```
// Short
sl = max(firstHigh, touchHigh) + buffer
tp = entry - RewardRatio * (sl - entry)

// Long
sl = min(firstLow, touchLow) - buffer
tp = entry + RewardRatio * (entry - sl)
```

Filters & Guards

- **One trade per bar:** the EA fires at most once per newly-closed bar, tracked by the forming bar's timestamp.
- **Single position:** a new setup is ignored while a position with the same magic is already open.
- **Spread gate:** the scalp is skipped whenever the current spread exceeds `MaxSpreadPoints`.
- **Self-adapting thresholds:** all distances scale off the window's average bar range, so no per-symbol tuning of points is required.

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.

Reading the chart

Price rallies into the gold resistance and is rejected once (the first touch). It pulls back to a genuine valley, then rallies a second time to the *same* level — but the second touch prints a long upper wick and closes back below resistance. That failed double top triggers a

SELL ENTRY

. The stop sits just above the twin top; the take-profit is placed at **RewardRatio** times the stop distance below entry.

Parameters

Parameter	Default	Description
Lookback	18	Number of bars scanned to locate the first extreme (the prior swing high / low). Range 8–60, step 1.
MinSeparation	4	Minimum bars between the first extreme and the second touch, so the two touches are distinct swings rather than one event. Range 2–20, step 1.
Tolerance	0.30	How close (\times average bar range) the second touch must come to the first extreme to count as a retest. Range 0.05–1.00, step 0.05.
DipDepth	0.80	Required pullback depth between the two touches (\times average bar range) — the valley that proves a real "M"/"W" shape. Range 0.20–3.00, step 0.10.
RejectFrac	0.50	Reaction-close strength: the rejecting wick must be at least this fraction of the touch candle's range. Range 0.30–0.90, step 0.05.
BufferFrac	0.20	Stop buffer placed beyond the twin extreme, as a fraction of average bar range. Range 0.00–1.50, step 0.05.
RewardRatio	1.50	Take-profit distance as a multiple of the structural stop distance. Range 0.60–4.00, step 0.10.
MaxSpreadPoints	25	Skip the scalp if the current spread (in points) is wider than this. Range 1–200, step 1.
Lots	0.10	Trade volume in lots. Range 0.01–1.00, step 0.05.
Magic	7314	Magic number identifying this EA's positions. Range 0–9,999,999, step 1.

Recommended Settings

The defaults are tuned for a tight-spread, fast-moving instrument on an intraday timeframe. Because every threshold scales off the average bar range, the same settings transfer across symbols without point-level re-tuning.

- **Symbol:** a liquid, tight-spread mover such as **EUR/USD** or **XAU/USD**.
- **Timeframe:** **M5** or **M15** — fast enough for the snap-back, slow enough to form clean twin structures.
- **Lookback / MinSeparation:** keep the defaults (18 / 4) so the two touches stay distinct; widen **Lookback** on quieter symbols to capture larger swings.
- **Tolerance / DipDepth:** tighten **DipDepth** upward for stricter, deeper valleys (fewer but cleaner setups); loosen **Tolerance** slightly if the second touch rarely lands inside the band.
- **MaxSpreadPoints:** match your broker — lower it for ECN accounts, raise it cautiously on wider-spread feeds.

Tip: Always validate any configuration in the MT5 Strategy Tester on quality tick data before considering live deployment. Tune **RewardRatio** and **DipDepth** first — they have the largest effect on the trade count and the win/reward balance.

Counter-trend caution: This EA fades extremes, so it trades *against* the immediately preceding move. In a strong, persistent trend a "twin extreme" can break rather than reject, hitting the structural stop. The spread gate, single-position rule and structural stop cap risk per trade, but they do not eliminate it. Size positions conservatively.

How to Install on MetaTrader 5

- 1 Copy **TwinExtremeFade.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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