

Two Leg Pullback Continuation

Expert Advisor Documentation

PLATFORM

MetaTrader 5 (MT5)

TYPE

Price Action — Trend Continuation

TIMEFRAME

H1 – H4

WEBSITE

www.algotbot.live

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Overview

Two Leg Pullback Continuation is a pure price-action trend-continuation Expert Advisor. It uses **no indicators, oscillators, moving averages, or volume** — every decision is derived from raw OHLC data, confirmed fractal swing pivots, and market structure.

The strategy is built around the classic two-legged (A-B-C) pullback that professional discretionary traders look for. A single pullback often keeps running, but a *measured* correction that unfolds in two distinct legs (down-up-down within an uptrend) tends to exhaust counter-trend pressure. When the dominant trend then resumes, that resumption is statistically cleaner. This is what separates the idea from a simple break-of-structure or single-pullback entry.

In one sentence: wait for a trend to make a two-legged correction that holds its structure (a higher low in an uptrend, or a lower high in a downtrend), then enter the moment price reclaims the corrective swing that failed — confirming the trend has resumed.

How It Works

1. Market Structure & Swing Detection

Each time a bar closes, the EA appends it to a rolling buffer (capped at 600 bars) and rebuilds the market structure from scratch:

- **Fractal swing pivots** are confirmed with a symmetric window controlled by `SwingLen`. A swing high must be strictly higher than `SwingLen` bars on *each* side; a swing low must be strictly lower than `SwingLen` bars on each side.
- A rare outside bar that qualifies as both a high and a low is classified by its candle direction (a bullish close keeps it as a high, a bearish close keeps it as a low).
- Confirmed pivots are collapsed into a strictly **alternating high/low sequence** (newest-last). Two consecutive pivots of the same type are merged into the more extreme one, so the structure always reads cleanly as high, low, high, low...

2. The Two-Leg Pattern

The EA inspects the last five alternating swings — labelled `a, b, c, d, e` — and, because swings always alternate, the type of the final swing `e` fixes the entire shape.

LONG SETUP — SEQUENCE: LOW, HIGH, LOW, HIGH, LOW

- **a** = impulse-start low **b** = impulse high (top of the up-move)
- **c** = 1st pullback low **d** = lower high (the bounce that fails)
- **e** = 2nd pullback low — a *higher* low than `a`, so the uptrend structure is intact

Conditions: `b > d` (the corrective bounce is a lower high) **and** `e > a` (the second low is a higher low).

Trigger: price reclaims the lower high `d` → the correction has failed and the uptrend resumes → **BUY**.

SHORT SETUP — SEQUENCE: HIGH, LOW, HIGH, LOW, HIGH (MIRROR IMAGE)

- **a** = impulse-start high **b** = impulse low (bottom of the down-move)
- **c** = 1st bounce high **d** = higher low (the dip that fails)
- **e** = 2nd bounce high — a *lower* high than `a`, so the downtrend structure is intact

Conditions: `d > b` (the corrective dip is a higher low) **and** `e < a` (the second high is a lower high). **Trigger:** price breaks below the higher low `d` → **SELL**.

3. Entry Logic

Once a valid pattern is detected, the setup is *armed*. The trigger level is then evaluated on **every tick** — not just at bar close — so the entry fires the instant price breaks the level. A small padding, `EntryBufferPct × (impulse leg height)`, is added beyond the trigger to filter marginal pokes:

- **Long:** enter when the Ask rises above $d + \text{buffer}$.
- **Short:** enter when the Bid falls below $d - \text{buffer}$.

4. Exit Logic — Stop Loss & Take Profit

- **Stop loss** sits just beyond the protective swing e (the last pullback extreme), padded by $\text{StopBufferPct} \times (\text{impulse leg height})$. For a long, the stop is $e - \text{padding}$; for a short, $e + \text{padding}$.
- **Take profit** is a fixed reward-to-risk multiple of that structural stop distance: $\text{TP} = \text{entry} \pm \text{RewardRisk} \times \text{risk}$, where risk is the distance from entry to stop.

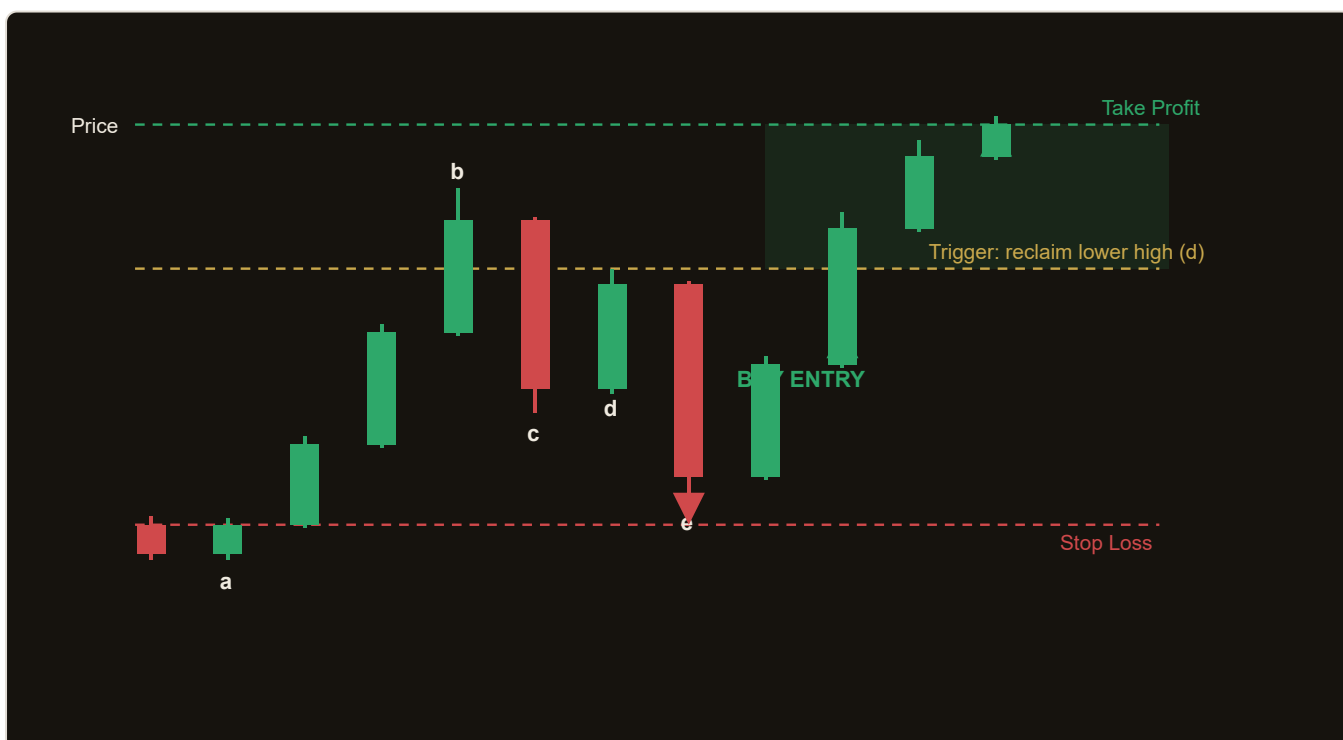
5. Trade Management

- **One position at a time** per symbol and magic number.
- Each detected pattern can be traded **only once**. The setup is keyed on the pivot bar of swing e , so a single setup never re-fires even if price oscillates around the trigger.
- The position is fully managed by its broker-side SL and TP — there is no trailing stop or time-based exit.

Note: the impulse leg height ($b - e$ for longs, $e - b$ for shorts) scales both the entry and stop buffers. Larger, more volatile impulse legs automatically receive proportionally wider padding.

Strategy in Action

The illustration below shows an example of how the strategy identifies a long two-leg pullback 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 from the impulse low **a** to the impulse high **b**, then corrects in two legs: down to **c**, up to the lower high **d**, and down to the higher low **e**. Because $b > d$ and $e > a$, the uptrend structure is intact.

When price reclaims **d** (the gold trigger line), the EA buys, places the stop just below **e**, and targets a fixed reward-to-risk multiple above the entry.

Parameters

Parameter	Default	Description
SwingLen	2	Fractal half-window used to confirm swing pivots — a pivot must be the extreme of this many bars on each side. Range 1–5, step 1. Lower values find more (smaller) swings; higher values isolate only major structure.
RewardRisk	2.0	Reward-to-risk multiple. The take-profit distance equals this number times the structural stop distance. Range 1.0–4.0, step 0.5.
StopBufferPct	0.15	Stop-loss padding beyond the protective swing e , expressed as a fraction of the impulse leg height. Range 0.0–0.60, step 0.05.
EntryBufferPct	0.05	Entry-trigger padding beyond the swing d level, expressed as a fraction of the impulse leg height. Filters marginal breaks. Range 0.0–0.40, step 0.05.
Lots	0.10	Fixed trade size in lots. Range 0.01–1.0, step 0.05.

Magic number: the EA also exposes a **Magic** input (default **5210**) used to tag and isolate its own positions. Give each chart or strategy instance a unique magic number if you run several EAs on the same account.

Recommended Settings

Because the strategy reads pure market structure, it performs best on instruments and timeframes where swing structure is clean and trends persist.

- **Timeframe:** H1 to H4. Lower timeframes produce noisier pivots; higher timeframes give fewer but higher-quality setups.
- **Instruments:** liquid, trend-prone markets such as major FX pairs (EUR/USD, GBP/USD), gold (XAU/USD), or major indices.

- **SwingLen:** 2–3 for a balance between responsiveness and structural significance. Increase toward 4–5 to trade only major swings on higher timeframes.
- **RewardRisk:** 2.0 is a sensible default. Trend-continuation entries often justify 2.0–3.0 since the resumed move can run.
- **Buffers:** the defaults (0.15 stop, 0.05 entry) suit most markets. Widen the stop buffer on noisier symbols to avoid premature stop-outs.
- **Lots:** size positions so that the structural stop distance represents a small, fixed percentage of account equity rather than relying on a fixed lot size alone.

Always validate on your own data first. Run a backtest and a forward (demo) test on your specific broker, symbol, and timeframe before committing real capital. Spreads, commissions, and execution quality materially affect a structural strategy like this one.

How to Install on MetaTrader 5

- 1 Copy `TwoLegPullbackContinuation.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.