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Advance Block Reversal

Expert Advisor Documentation

PLATFORM	TYPE	TIMEFRAME	WEBSITE
MetaTrader 5 (MT5)	Mean Reversion / Exhaustion Fade	M15 – M30	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

Advance Block Reversal is a pure price-action, counter-trend Expert Advisor built on the classic three-candle *advance block* — a textbook exhaustion pattern. In an advance block, price keeps pushing the *same* direction for three candles (each one closing further into the move), yet the real bodies are *decelerating* (shrinking) while the rejection wick on the far side keeps *growing*. The result is higher (or lower) closes printed with visibly weaker conviction and mounting counter-pressure: the drive is running out of fuel.

The pattern alone fires too often inside chop, so the EA's edge comes from **context**. It only fades a run that is genuinely *stretched*: the newest close must sit more than `StretchAtrMult` ATRs away from a rolling SMA baseline — that is, the market must be overextended and primed to snap back. When a decelerating advance block prints at an overextended extreme, the EA fades it back toward the mean.

Both the baseline SMA and the ATR are computed internally from raw bar geometry (open/high/low/close), so the strategy carries **no dependency on external indicator handles**. It is locked to no symbol or timeframe and runs on whichever primary symbol and timeframe the chart provides — though it was designed with XAU/USD or GBP/JPY on M15 / M30 in mind.

> **Core idea:** Three same-direction candles with shrinking bodies and growing counter-wicks = waning momentum. Add an overextension filter (price far from its mean) and you have a high-conviction spot to fade exhaustion back toward fair value.

How It Works

The EA evaluates its rules **once per newly closed bar**. On each new bar it reads the three most recently closed candles — `c1` (newest closed), `c2`, and `c3` (oldest of the block) — then computes a fresh ATR and SMA baseline from raw bars before testing for a setup. Only one position per magic number is held at a time; the stop-loss and take-profit manage every exit.

Internal Calculations

- **Baseline SMA:** the simple average of the closes over the last `BaselinePeriod` closed bars (shift 1… period). This is the "mean" the trade fades toward.
- **ATR:** a mean of true ranges over the last `AtrPeriod` closed bars, computed directly from bar highs, lows and the prior close. It scales the stretch filter, the stop-loss and the take-profit.

Short Setup — Bearish Advance Block at an Overextended High

A **SELL** is triggered when every one of the following holds:

- **Three bullish candles:** all of `c1`, `c2`, `c3` close above their open.
- **Successively higher closes:** `c1.Close > c2.Close > c3.Close`.
- **Decelerating bodies:** `body3 ≥ body2 ≥ body1` with genuine net deceleration (`body1 < body3`) — the drive is shrinking.
- **Rejection wick on the newest bar:** the upper wick is at least `WickBodyRatio` × its body, and upper wicks are *growing* across the block (`c1` upper wick > `c3` upper wick).
- **Overextension:** the newest close is stretched above the baseline by at least `StretchAtrMult` × ATR.

Entry is at the current **Bid**. The stop is placed `AtrSlMult` × ATR *above* entry; the target is `AtrTpMult` × ATR *below* entry.

Long Setup — Bullish Decline Block at an Overextended Low

The exact mirror image. A **BUY** is triggered on three bearish candles with successively lower closes, decelerating bodies, a growing *lower*-wick rejection on the newest bar, and a close stretched at least `StretchAtrMult` × ATR *below* the baseline. Entry is at the current **Ask**; the stop sits `AtrSlMult` × ATR below entry and the target `AtrTpMult` × ATR above.

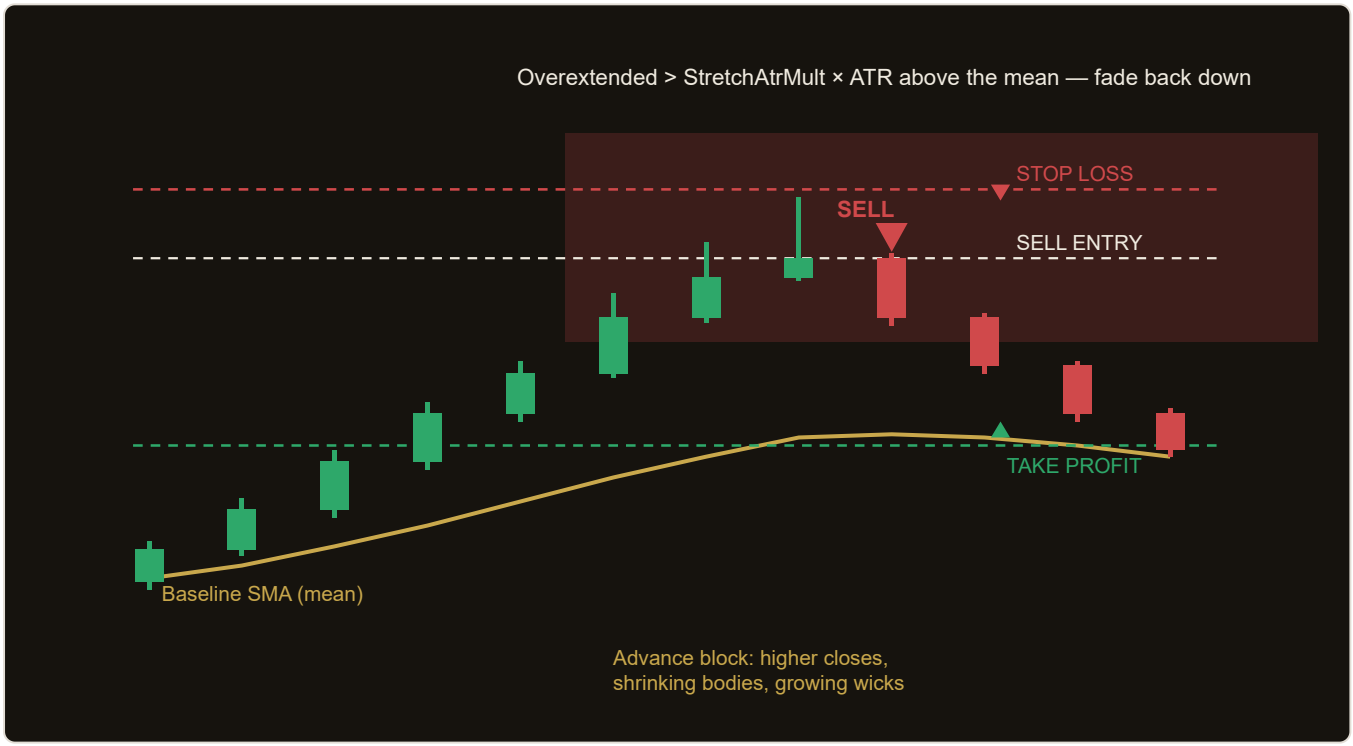
Exit Logic

There is no discretionary or signal-based exit. Every position is bracketed at entry by a fixed, ATR-scaled stop-loss and take-profit, and the trade resolves at whichever level price reaches first. With the default multiples (`SL 1.6` / `TP 2.4`) the strategy runs a reward-to-risk ratio of **1.5 : 1**.

> **One trade at a time:** while a position tagged with this EA's magic number is open, no new setups are taken. This keeps risk contained to a single ATR-scaled bracket at any moment.

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
BaselinePeriod	`20`	Number of closed bars in the SMA baseline the trade fades toward. Range 8–60, step 1.
AtrPeriod	`14`	Lookback for the internally computed ATR that scales the stretch filter, stop and target. Range 5–40, step 1.
StretchAtrMult	`1.5`	Minimum overextension: how many ATRs the newest close must sit from the baseline before a fade is allowed. Range 0.3–4.0, step 0.1.
WickBodyRatio	`0.6`	Required rejection-wick size on the newest candle as a multiple of its own body. Higher = stricter exhaustion. Range 0.1–2.5, step 0.1.
AtrSlMult	`1.6`	Stop-loss distance from entry, in multiples of ATR. Range 0.5–5.0, step 0.1.
AtrTpMult	`2.4`	Take-profit distance from entry, in multiples of ATR. Range 0.5–8.0, step 0.1.
Lots	`0.10`	Order volume in lots. Range 0.01–1.0, step 0.01.
Magic	`640213`	Magic number used to identify and manage this EA's positions independently of other EAs.

Recommended Settings

The strategy was designed for volatile, mean-reverting instruments on intraday timeframes. A sensible starting point:

- **Symbols:** XAU/USD (Gold) or GBP/JPY — instruments prone to sharp overextensions that snap back.
- **Timeframe:** M15 or M30, where three-candle exhaustion patterns are meaningful.
- **Defaults:** the shipped values (`Baseline 20`, `ATR 14`, `Stretch 1.5`, `Wick 0.6`, `SL 1.6`, `TP 2.4`) give a balanced 1.5 : 1 reward-to-risk.

> **Tuning example**
>
> On a quieter pair or higher timeframe, raise `StretchAtrMult` toward 2.0–2.5 and `WickBodyRatio` toward 1.0 to demand deeper overextension and clearer rejection — fewer, higher-quality fades. On a fast, spiky instrument, keep them near the defaults so setups aren't filtered away.

Counter-trend risk: This is an exhaustion fade — it deliberately trades against the prevailing short-term drive. In a strong, persistent trend an overextended market can become *more* overextended. Always validate parameters with a walk-forward backtest on your broker's data and never oversize positions.

How to Install on MetaTrader 5

1. Copy `AdvanceBlockReversal.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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