Algobot
Maximize Your Profits

Camarilla H3 L3 Rejection Fade

Expert Advisor Documentation

PLATFORM	TYPE	TIMEFRAME	WEBSITE
MetaTrader 5 (MT5)	Mean Reversion (Camarilla Fade)	Intraday (M15–H1)	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

The **Camarilla H3 L3 Rejection Fade** is an intraday mean-reversion Expert Advisor built on classic Camarilla pivot levels. The core idea is that on a normal (non-trending) day, the **H3** and **L3** levels act as the day's "reversion walls": price that pushes out to H3 tends to get sold back toward the central pivot, and price that flushes down to L3 tends to get bought back up. The **H4** and **L4** levels mark the point where the day has instead turned into a breakout or trend — at which point the fade thesis is dead.

Rather than fading every touch, the EA is deliberately selective. It fades **only the first touch** of H3 (short) or L3 (long) each session, and only when that touch is a genuine **rejection candle** — a bar whose wick pokes to or through the wall but whose close comes back inside it, showing the level held. The structural stop is placed just beyond H4 / L4, and the profit target is the central pivot **PP**, the natural reversion magnet.

Camarilla levels are rebuilt at the start of each new day from the **prior day's** High, Low and Close. Those daily values are aggregated directly from the primary-timeframe bars by detecting a change in the bar's calendar date — the EA is single-timeframe safe and never reads a separate D1 series. Average True Range (ATR), computed from the same primary bars, is used only to size the stop buffer and to filter out dead, low-range days.

How It Works

Building the Camarilla Levels

Each incoming primary-timeframe bar updates a running High / Low / Close for the current calendar day. When the bar's date rolls over to a new day, the just-completed day is frozen and its range is used to rebuild the level set for the new session:

```
range = priorHigh - priorLow
PP  = (priorHigh + priorLow + priorClose) / 3
H3  = priorClose + range * (1.1 / 4)
H4  = priorClose + range * (1.1 / 2)
L3  = priorClose - range * (1.1 / 4)
L4  = priorClose - range * (1.1 / 2)
```

If a day's range is zero (no valid data), the level set is marked invalid and no trades are taken until a fresh, valid day is available. At each new session the "one fade per side" flags are reset so the EA can fade each side once again.

Bar Handling & Warm-up

The EA acts **once per completed bar**. It watches shift 0 (the forming bar); when that bar's time advances, the bar that had been forming has closed and is now read at shift 1. The very first detected new bar is used only for initialisation. A rolling ATR series is maintained from the primary bars, and no signal is evaluated until at least `AtrPeriod + 1` bars have been processed.

Entry Logic

Before any signal is considered, three gates must pass: valid levels exist, the warm-up is complete, and there is **no open position** for this EA (only one fade may be live at a time). ATR must be positive, and the prior-day range must exceed `MinRangeMult × ATR` — this skips dead, low-range days where the reversion edge is weak.

SHORT FADE — FIRST REJECTION AT H3

- The short has not yet fired this session (`_shortDone` is false).
- The just-closed bar's **High reaches or exceeds H3**, but its **Close is back below H3** (the level held).
- The upper rejection wick is meaningful: `(High − Close) / (High − Low) ≥ MinRejectFrac`.
- Entry at the current **Bid**; stop-loss = `H4 + BufferMult × ATR`; take-profit = `PP`.

LONG FADE — FIRST REJECTION AT L3

- The long has not yet fired this session (`_longDone` is false).
- The just-closed bar's **Low reaches or falls below L3**, but its **Close is back above L3**.

- The lower rejection wick is meaningful: `(Close − Low) / (High − Low) ≥ MinRejectFrac`.
- Entry at the current **Ask**; stop-loss = `L4 − BufferMult × ATR`; take-profit = `PP`.

Reward-to-Risk Filter

Even when a rejection is valid, the trade is only sent if the reward-to-risk ratio clears the minimum. Risk is the distance from entry to stop; reward is the distance from entry to the PP target. The order fires only if `reward ≥ MinReward × risk` (and both are strictly positive). This keeps the EA from fading a level that sits too close to the central pivot to be worth the structural stop.

Exit Logic

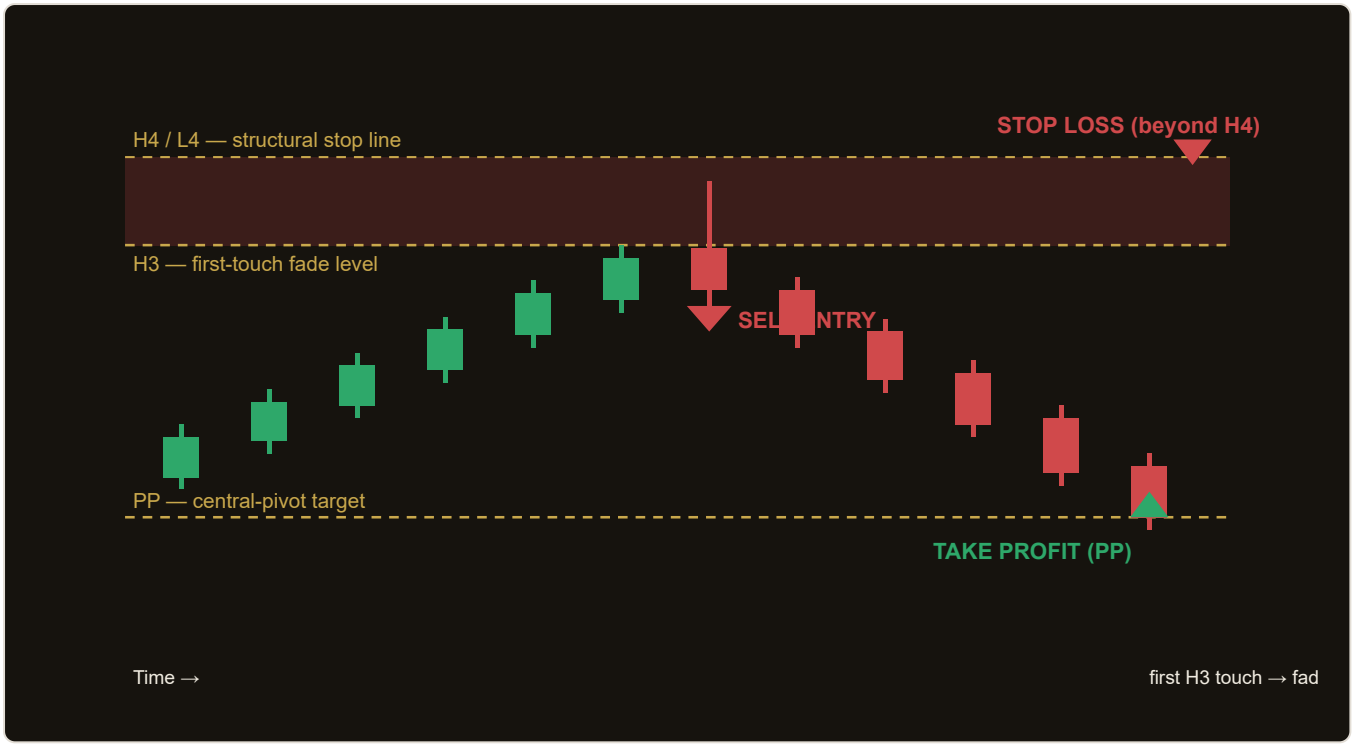
Each position is bracketed at entry with a hard stop-loss and take-profit — there is no trailing or discretionary management. The trade resolves in one of two ways:

- **Take-profit hit:** price reverts to the central pivot PP — the intended reversion outcome.
- **Stop-loss hit:** price pushes beyond H4 / L4 (plus the ATR buffer), signalling that the day was a breakout / trend day rather than a fade — the thesis is invalidated and the position is closed.

> **One fade per side, per day.** After a short fades H3 (or a long fades L3), that side is locked for the remainder of the session. This enforces the "first touch only" thesis — repeated pokes at the same wall on a trending day are exactly the scenario the strategy wants to avoid.

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.

Worked short example

Suppose the prior day printed High 1.1050, Low 1.0950, Close 1.1000 (range = 100 pips). Then PP = 1.1000, H3 ≈ 1.1028, H4 ≈ 1.1055. Intraday, a bar spikes to 1.1032 (through H3) but closes at 1.1020 — a clear upper-wick rejection. With ATR ≈ 20 pips and BufferMult 0.25, the EA sells at the Bid, sets the stop at H4 + 5 pips ≈ 1.1060, and targets PP at 1.1000. Reward ≈ 20 pips vs. risk ≈ 40 pips gives R:R ≈ 0.5 — below the default `MinReward` of 0.8, so this particular trade would be *skipped*. A wider prior-day range (pushing PP further from H3) would lift the R:R above the threshold and allow the fade.

Parameters

Parameter	Default	Description
AtrPeriod	`14`	ATR lookback period (bars). Range 5–40, step 1. ATR sizes the stop buffer and drives the low-range day filter.
BufferMult	`0.25`	Stop-buffer size as an ATR multiple placed beyond H4 / L4. Range 0.0–2.0, step 0.05. Higher = wider, safer stops.
MinRangeMult	`3.0`	Minimum prior-day range as a multiple of ATR before any fade is allowed. Range 0.0–12.0, step 0.5. Filters out dead, low-range days.
MinRejectFrac	`0.40`	Minimum rejection-wick share of the bar's range required to qualify as a valid rejection. Range 0.0–0.9, step 0.05.
MinReward	`0.8`	Minimum reward-to-risk ratio. Range 0.3–3.0, step 0.1. The trade fires only if reward ≥ MinReward × risk.
Lots	`0.10`	Fixed order volume in lots. Range 0.01–1.0, step 0.05.
Magic	`6120`	Magic number used to tag and identify this EA's positions so it manages only its own trades.

Recommended Settings

This is an intraday mean-reversion strategy that depends on a meaningful daily range and clean, liquid price action. It suits instruments that tend to range and revert intraday rather than trend relentlessly.

- **Symbols:** Major FX pairs (e.g. EUR/USD, GBP/USD, USD/JPY) and liquid index CFDs with a clear daily range.
- **Timeframe:** M15 to H1 as the primary chart. The EA aggregates the day from these bars, so the timeframe must divide the trading day cleanly.
- **Range filter:** Keep `MinRangeMult` at 3.0 or higher on quiet instruments to avoid fading compressed days that lack reversion energy.
- **Rejection strictness:** Raise `MinRejectFrac` toward 0.5–0.6 for higher-quality, lower-frequency signals; lower it for more trades.
- **Reward filter:** The default `MinReward` of 0.8 accepts trades where the target sits reasonably close to the pivot. Raise it to demand a larger edge per trade.

Tip: Because levels are rebuilt from the prior day's aggregated High/Low/Close, always run the EA on a chart with enough history for at least one full prior session plus the ATR warm-up (`AtrPeriod + 1` bars) before expecting signals.

Trend-day caution: On strong trending days, price can push straight through H3/L3 to H4/L4 without reverting. The EA's structural stop beyond H4/L4 and its "one fade per side" rule are designed to cap the damage — but a run of trend days will still produce stop-outs. Size positions accordingly.

How to Install on MetaTrader 5

1. Copy `CamarillaH3L3RejectionFade.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.