

# Fresh Zone Reversal

Expert Advisor Documentation

## PLATFORM

MetaTrader 5 (MT5)

## TYPE

Supply & Demand Reversal

## TIMEFRAME

Any (H1 recommended)

## WEBSITE

[www.algotbot.live](http://www.algotbot.live)

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## Overview

**Fresh Zone Reversal** is a supply & demand strategy that trades reversals from institutional order zones, confirmed by candlestick price action. It is built on a simple but powerful premise: a genuine demand or supply zone is created when a small consolidation candle (the *base*) is followed by a strong displacement candle that breaks decisively out of that base, leaving a price imbalance behind.

The base candle's range becomes the zone. A zone is considered **"fresh"** only until price returns to it for the very first time — and fresh zones carry the highest probability of a reaction. The strategy arms the most recent fresh demand and supply zones, then enters a trade only on the first retest that prints a rejection candle. After one attempt, the zone is consumed and never traded again.

All bar access uses the primary chart timeframe, so the EA runs on whatever timeframe is selected at attach or backtest time. Volatility is measured with the Average True Range (ATR), which scales every threshold — base size, displacement strength, and stop distance — to current market conditions rather than fixed pip values.

**Core idea in one line:** find where a strong move launched from a tight base, wait for price to come back to that origin for the first time, and take the reversal only if the retest candle rejects the level.

# How It Works

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## 1. Identifying a Fresh Zone

On each newly completed bar, the strategy inspects the two most recent closed bars — the **base candle** and the **departure (displacement) candle** — against the current ATR:

- **Small base:** the base candle's high-to-low range must be no larger than  $\text{BaseAtrMult} \times \text{ATR}$ . This ensures the origin was a genuine consolidation.
- **Strong displacement:** the departure candle's body must be at least  $\text{ImpulseAtrMult} \times \text{ATR}$ , showing a decisive imbalance move.

When both conditions hold:

- A **bullish** departure that closes above the base high creates a **fresh demand zone** spanning the base candle's high (proximal) and low (distal).
- A **bearish** departure that closes below the base low creates a **fresh supply zone** spanning the base candle's high and low.

Only the most recent zone of each side is armed at any time. A brand-new zone that is decisively broken through in the opposite direction immediately cancels a stale opposing zone.

## 2. Freshness & Entry Confirmation

The EA never enters on the breakout itself. It waits for price to return to the armed zone for the **first time** and demands a rejection candle before committing:

- **Long (demand):** the bar's low dips into the demand zone ( $\text{Low} \leq \text{zone top}$ ), yet it closes bullish ( $\text{Close} > \text{Open}$ ) and holds above the zone's distal edge ( $\text{Close} \geq \text{zone bottom}$ ).
- **Short (supply):** the bar's high pokes into the supply zone ( $\text{High} \geq \text{zone bottom}$ ), yet it closes bearish ( $\text{Close} < \text{Open}$ ) and holds below the zone's proximal edge ( $\text{Close} \leq \text{zone top}$ ).

Only one position per symbol (matched by magic number) is open at a time. The moment a trade is placed, the zone is marked consumed so it can never be traded twice.

## 3. Stop Loss & Take Profit

Risk is anchored to the zone and the ATR, then a fixed reward-to-risk ratio defines the target:

- **Long stop:** placed at  $\text{zone bottom} - \text{StopAtrMult} \times \text{ATR}$  (below the demand distal edge).
- **Short stop:** placed at  $\text{zone top} + \text{StopAtrMult} \times \text{ATR}$  (above the supply distal edge).
- **Take profit:** the risk (entry-to-stop distance) is multiplied by  $\text{RewardRisk}$  and projected from the entry price.

A trade is only sent when the computed risk is positive, guarding against degenerate fills.



## Parameters

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Parameter	Default	Description
ImpulseAtrMult	1.2	Minimum displacement-candle body, as a multiple of ATR. Higher values require stronger breakouts to create a zone. Range 0.6–3.0, step 0.1.
BaseAtrMult	1.0	Maximum base-candle range, as a multiple of ATR. Smaller values demand tighter consolidations. Range 0.4–2.5, step 0.1.
StopAtrMult	0.5	Stop-loss buffer placed beyond the zone's distal edge, in ATR multiples. Range 0.1–2.0, step 0.1.
RewardRisk	2.0	Take-profit distance as a multiple of the risk (entry-to-stop distance). Range 1.0–4.0, step 0.25.
AtrPeriod	14	Lookback period for the ATR volatility measure. Range 5–30, step 1.
MaxZoneAge	30	Number of bars a fresh zone stays armed before it expires. Range 5–100, step 5.
Lots	0.10	Fixed trade volume, in lots. Range 0.01–1.0, step 0.05.
Magic	730114	Unique magic number used to tag and identify this EA's orders.

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## Recommended Settings

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Fresh Zone Reversal adapts to the timeframe it is attached to, so it can be applied across intraday and swing horizons. As a starting point:

- **Timeframe:** H1 works well as a default; M15 to H4 are all viable. Higher timeframes produce fewer but cleaner zones.
- **Symbols:** liquid instruments with clean impulsive moves — major forex pairs (EURUSD, GBPUSD, USDJPY) and major indices.
- **Volatility scaling:** keep `AtrPeriod` near 14 so thresholds track prevailing volatility.
- **Risk/reward:** the default `RewardRisk = 2.0` balances win rate against payoff; raise it for a more selective, higher-payoff profile.

### Example: conservative H1 configuration

Set `BaseAtrMult = 0.8` and `ImpulseAtrMult = 1.5` to require tighter bases and stronger displacements, `StopAtrMult = 0.5` for a modest buffer, and `RewardRisk = 2.5` for a higher payoff target. Fewer signals, but each zone is more selective.

**Tip:** because every threshold is ATR-relative, always run a backtest on your chosen symbol and timeframe before going live to confirm the zone-formation frequency suits your trading style.

## How to Install on MetaTrader 5

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- 1 Copy `FreshZoneReversal.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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