

Wick Rejection Continuation

Expert Advisor Documentation

PLATFORM	TYPE	TIMEFRAME	WEBSITE
MetaTrader 5 (MT5)	Trend Continuation (Pullback)	M15 – H1 (single timeframe)	www.algotbot.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

Wick Rejection Continuation is a trend-continuation Expert Advisor that trades *with* the prevailing trend, never against it. It uses an exponential moving average (EMA) as its trend backbone. In a clean, established trend, price periodically pulls back toward the EMA. When a pullback candle dips to — or briefly through — the EMA but is firmly **rejected** (leaving a long tail/wick) and closes back on the trend side, the EA reads that failed pullback as the dominant trend resuming, and enters in the trend direction.

This is deliberately distinct from a reversal wick play: a bullish rejection is only taken inside an *uptrend*, and a bearish rejection only inside a *downtrend*. Each trade places its stop just beyond the rejecting wick (padded by ATR), targets a fixed reward-to-risk multiple, then protects the position with a break-even lock and an ATR trailing stop. Only one position is held at a time.

In one sentence: catch the trend when a pullback fails — enter on the rejection candle in the trend direction, risk to just past its wick, and let a fixed reward:risk target plus an ATR trail do the rest.

How It Works

1. Trend filter (EMA + slope)

Every completed bar, the EA evaluates a `EmaPeriod`-length EMA (default 50) on the closing prices. The trend is confirmed only when both price and slope agree:

- **Uptrend** — the signal bar closes *above* the EMA **and** the EMA is rising (its value now is greater than `SlopeLookback` bars ago).
- **Downtrend** — the signal bar closes *below* the EMA **and** the EMA is falling.

The “signal bar” is always the bar that just closed (shift 1). If neither trend condition holds, no trade is considered.

2. Wick-rejection trigger

Within a confirmed trend, the EA measures the anatomy of the signal candle. Let `range = High - Low`, `body = |Close - Open|`, and the two wicks be the upper and lower tails. A guard value `bodyRef = max(body, 0.1 × ATR)` prevents division/ratio blow-ups on doji candles.

A **bullish rejection** (long entry) requires *all* of:

- Lower wick \geq `WickRatio` \times `bodyRef` (the rejecting tail dominates the body)
- Lower wick \geq 50% of the total candle range
- Lower wick $>$ upper wick (rejection is clearly to the downside)
- The candle’s Low reached the EMA: `Low \leq EMA + ProximityAtr \times ATR`

A **bearish rejection** (short entry) is the exact mirror: a dominant upper wick, \geq half the range, greater than the lower wick, with `High \geq EMA - ProximityAtr \times ATR`.

3. Entry, stop, and target

On a valid bullish rejection in an uptrend, the EA buys at the current Ask; on a bearish rejection in a downtrend it sells at the Bid.

```
LONG:  entry = Ask
        SL   = signalLow - SlAtrMult  $\times$  ATR
        risk = entry - SL
        TP   = entry + RewardRisk  $\times$  risk

SHORT: entry = Bid
        SL   = signalHigh + SlAtrMult  $\times$  ATR
        risk = SL - entry
        TP   = entry - RewardRisk  $\times$  risk
```

The stop sits just beyond the rejecting wick (extended by $SlAtrMult \times ATR$), and the take-profit is a fixed $RewardRisk$ multiple of that measured risk. If the computed risk is not positive the trade is skipped.

4. Position management (every tick)

While a position is open, the EA manages it on every tick:

- **Break-even lock** — once price has moved $BreakEvenR \times risk$ in favour, the stop is moved to the entry price (locking out loss). This happens once per trade.
- **ATR trailing stop** — after break-even, the stop trails at $TrailAtrMult \times ATR$ behind price. It only ever tightens (moves up for longs, down for shorts) — it never loosens.

ATR calculation: the EA computes ATR itself as a simple mean of True Range over the most recent $AtrPeriod$ completed bars — identical in the C# engine and the compiled MQL5 EA, so backtest and live behaviour match.

TRADE FILTERS & SAFEGUARDS

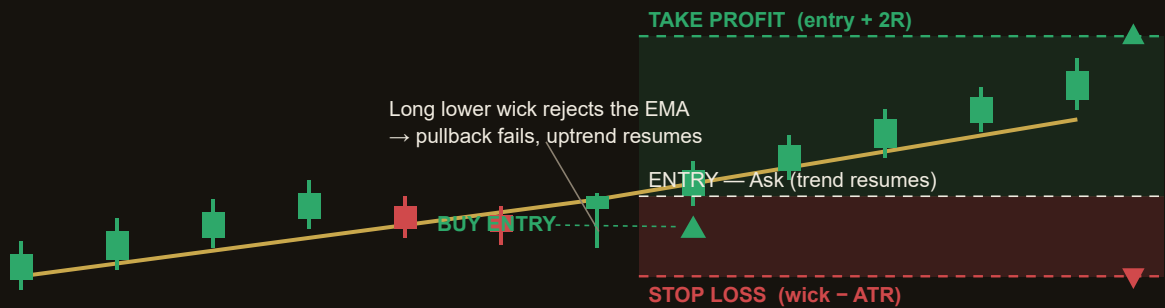
- **One position at a time** — no new entry while a trade tagged with this EA's magic number is open.
- **Spread filter** — entries above $MaxSpreadPoints$ are skipped, avoiding costly fills during thin or news-driven conditions.
- **Bar-close discipline** — signals are evaluated only once per completed bar; management runs every tick.

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.

Bullish Wick-Rejection Continuation

Gold line = EMA(50) trend filter — price rides above a rising EMA



Illustrative example only. Actual market behaviour varies.

Worked example (long)

EMA(50) is rising and price trades above it. A pullback candle prints Open 1.1050, dips to a Low of 1.1024 (tagging the EMA at ~1.1028), then closes back up at 1.1048 — a long lower wick roughly 3× its body. With $ATR \approx 0.0020$ and $SlAtrMult = 0.5$, the stop is placed at $1.1024 - 0.0010 =$

1.1014

. Entering long at Ask 1.1050 gives risk = 0.0036; at $RewardRisk = 2.0$ the target is $1.1050 + 0.0072 =$

1.1122

. After price advances 1R (to ~1.1086) the stop jumps to break-even, then trails $1.5 \times ATR$ behind as the trend runs.

Parameters

Parameter	Default	Description
EmasPeriod	50	Length of the EMA trend filter. Range 10–200, step 5. Larger = smoother, slower trend definition.
SlopeLookback	3	Bars back used to measure EMA slope (rising/falling). Range 1–20, step 1. Higher = stricter trend confirmation.
WickRatio	2.0	Minimum rejecting-wick length as a multiple of the candle body. Range 1.0–5.0, step 0.25. Higher = only stronger rejections qualify.
ProximityAtr	0.25	How close (in ATR) the wick must reach the EMA to count as a pullback tag. Range 0.0–1.5, step 0.05.
AtrPeriod	14	Number of bars in the ATR (simple mean of True Range). Range 5–50, step 1. Drives SL padding and the trail.
SIATRmult	0.5	Extra stop padding beyond the rejecting wick, in ATR. Range 0.0–3.0, step 0.1. Higher = wider stop, fewer premature exits.
RewardRisk	2.0	Take-profit distance as a multiple of the initial risk. Range 0.5–5.0, step 0.25.
BreakEvenR	1.0	Profit (in R) at which the stop is moved to break-even. Range 0.25–3.0, step 0.25.
TrailATRmult	1.5	Trailing-stop distance behind price, in ATR (active after break-even). Range 0.5–5.0, step 0.25.
Lots	0.10	Fixed trade volume in lots. Range 0.01–1.0, step 0.05. Size to your account and risk tolerance.
MaxSpreadPoints	30	Maximum allowed spread (in points) to permit an entry. Range 0–200, step 5. Blocks fills in thin markets.

Magic number: the EA also exposes a `Magic` input (default `4021`). It tags and identifies this EA's own trades so break-even, trailing, and the one-position-at-a-time rule act only on positions it opened. Give each chart/instance its own unique value if you run several.

Recommended Settings

Wick Rejection Continuation is designed for markets that *trend and pull back* rather than chop sideways. It performs best where the EMA gives a clean directional read and pullbacks respect the average.

- **Instruments:** liquid major FX pairs (e.g. EUR/USD, GBP/USD, USD/JPY) and other low-spread, trend-friendly markets.
- **Timeframe:** M15 to H1. The EA runs on a single timeframe — the chart it is attached to. H1 gives fewer, cleaner setups; M15 gives more frequent, noisier ones.
- **Trend clarity:** keep `EmaPeriod` around 50 and require slope confirmation (`SlopeLookback` 3–5) to avoid trading flat markets.
- **Selectivity:** raise `WickRatio` (2.5–3.0) for stronger, rarer rejections; lower it for more trades.
- **Risk:** keep `RewardRisk` at 2.0 with a 1R break-even and a 1.5×ATR trail as a balanced default. Widen `SLAtrMult` on volatile symbols.
- **Spread guard:** set `MaxSpreadPoints` to reflect your broker's typical spread on the chosen pair.

Always backtest and forward-test first. Optimise parameters on your own broker's historical data and validate on a demo account before risking real capital. Trend-continuation logic can suffer repeated small losses during range-bound, non-trending phases.

How to Install on MetaTrader 5

- 1 Copy `WickRejectionContinuation.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.