

Simple Three Indicator System May Surprise You!

Submitted by Jason

I heard about a system recently that involves 3 different standard indicators (that come with MetaTrader 4). This system, like many others, depends on the indicators lining up in the correct fashion to “signal” an entry. This particular system is geared more to the scalping side of trading, meaning a smaller amount of pips are to be taken out of the market when the system signals to do so. When I first picked the system up, I was indifferent about it’s outcome considering I’ve seen many different types of systems that are similar to this in the past. However, after I had it all coded and began the testing, something surprising happened...

As some of the other trading labs, the rules to this system are relatively simple as well. In the interest of getting it coded into an EA, I had to make a few compromises on the “discretionary” parts of the system, and break it down into it’s fundamental parts. The system itself utilizes the RSI indicator, CCI indicator, and the Momentum indicator (all come standard packaged with MetaTrader 4 — and any good platform that you will find. These indicators are about as common as they come).

For a long: There are 3 different types of “entry” signals. The first entry signal comes from RSI, CCI, and Momentum all crossing their respective lines of interest on the same candle. In the case of a long, it will be crossing UP (RSI crosses 50 line UP, CCI crosses the 75 line UP, and the Momentum crosses the 100 line UP). The second entry signal is based on the RSI and the Momentum crossing (ignoring the CCI), and the third entry signal is based on the RSI and the CCI indicator (ignoring the Momentum indicator). All 3 of these entry methods can be turned on/off in the EA.

For a short: It is pretty much the exact opposite of a long pattern. Any of the 3 entry criteria can be used, except they will be crossing each of their respective lines DOWNwards instead of UPwards.

One of the debatable parts of the system is whether to enter as SOON as all 3 cross on the same candle, or wait until the close of the candle to “verify” the break. So, because we always cover EVERY aspect of a test, this is a test we ran inside of the EA, so you can see the outcome of it either way!

When I tested this, I tested a few different variables:

- 1) Take Profit/Stop Loss everything from 10 pips all the way to 30 pips
- 2) All 3 entry methods were tests in a series (example – test methods 1 and 3, 1 and 2, 1 by itself, 2 and 3, 2 by itself, 3 by itself, etc...)
- 3) Entering as SOON as my entry criteria was met, or wait for the close of the bar to enter

All of these tests ran to about 336 full tests per pair, so in the interest of time, I tested January 1st of this year all the way to the present date. The main goal here was to see if

there was confluence in the settings (which notes a solid trading system), and if there was any room for profitability with the system. For a full rundown of my findings, watch the video

VERY IMPORTANT:

The Expert Advisor That Is Given To You In This Trading Labs Is Provided AS IS And For EDUCATIONAL PURPOSES ONLY. If you decide to trade this EA on your account and it blows it, we can NOT be held liable. It is a tool, and all tools in this world can be considered dangerous. Just be careful, and if any losses at all occur on your account, remember...you have been warned. It is NOT our fault if either this system doesn't perform, or the EA doesn't perform as expected. – With that being said here you go!

- 1) Download & save this Expert Advisor, somewhere easy to find, such as your desktop.
- 2) Move the Expert Advisor into your “MetaTrader 4 Directory\experts” folder.
- 3) Re-start your MetaTrader 4 if it is already running.
- 4) You may now use the Expert Advisor for your testing or trading purposes. You should be able to see it in the “Navigator Window” now underneath the “Expert Advisors” tree.

Here is a listing of the variables (as well as their default values):

StopLoss = 25 <– Stop loss of the order
TakeProfit = 25 <– Take profit of the order
MagicNumber = 12345 <– Magic Number of the EA (just make sure this number is different than your other EAs)
LotSize = 0.1 <– Lot size per trade.

– Indicator Settings –

RSIPeriod = 8 <– RSI Period
CCIPeriod = 12 <– CCI Period
MOMPeriod = 20 <– Momentum Period

– Breaks –

MOMLine = 100 <– Momentum line to “break” above or below for entry
RSILine = 50 <– RSI line to “break” above or below for entry
CCIBtmLine = -75 <– CCI line to “break” above for entry
CCITopLine = 75 <– CCI line to “break” below for entry

– Optimizations –

UseAllThree = true <– Use all the indicators to signal an entry
UseRSIandCCI = true <– Use RSI and CCI together to signal an entry
UseRSIandMOM = true <– Use RSI and Momentum together to signal an entry
ActiveMidBar = true <– Set to “true” to enter trades in real time. Set to “false” to wait for a close before entering.

The End