ThreeCandles

Indicator for the 3 Candles strategy (improved version): signal at a 20-day extreme, limit order at 50% of the third candle body, stop, 2.5R target and statistics — for MetaTrader 4 and MetaTrader 5

Ready-to-use .EX4 (MT4) and .EX5 (MT5) files

📖 Статья (RU): https://s4u.pro/strategii-foreks-na-osnove-svechej/strategy-forex-3-candles.html

📖 Article (EN): https://s4u.pro/en/3-candles-strategy/

✈ Telegram: https://t.me/strategy4you

Files:	ThreeCandles.ex4 (MT4) ThreeCandles.ex5 (MT5)
Program type:	Indicator (not an Expert Advisor), does not trade
Draws:	Box around candles 1-2-3, limit order, entry / SL / TP, trade result, statistics
Article market:	Forex pairs (28 majors and crosses)
Article timeframe:	D1
Version:	v1.00
Author:	@Strategy4you

1. The 3 Candles strategy in the indicator

Three candles: the third body is bigger than the first and second bodies, candle 2 has the opposite color, candle 3 closes beyond the close of candle 2. The author's classic (market entry, round-number 00/50 targets) loses on history. The indicator uses the improved rules from our test: signal only when the low (high) of candles 2–3 is the lowest (highest) of 20 days, limit entry at the middle of candle 3 body, stop beyond candles 2–3 + 5 pips, 2.5R target, time exit after 30 days.

> ! **What R means.** R is the stop size. Stop hit — **−1R**; price moved 2.5 stops in our favour — **+2.5R**. The median stop in 2026 was ≈ 53 pips. At 0.5% risk, 1R = 0.5% of the account. The whole article result: +145.1R = +15,276 pips.

Full strategy description and backtest: https://s4u.pro/en/3-candles-strategy/

Rules

Element	BUY	SELL
Candles	Body 3 > bodies 1 and 2; candle 2 red, 3 green; close 3 > close 2	Mirror: 2 green, 3 red, close 3 < close 2
Location	Low of candle 2 or 3 is the lowest of 20 days	High of candle 2 or 3 is the highest of 20 days
Entry	Buy limit = middle of candle 3 body, valid 3 days	Sell limit = middle of candle 3 body, valid 3 days
Stop loss	Low of candles 2–3 − 5 pips	High of candles 2–3 + 5 pips
Take profit	2.5 × stop; otherwise close after 30 daily candles	Same

What the indicator shows on the chart

- Brown box "3 CANDLES" — signal candles 1-2-3
- Orange dashed line — limit order at 50% of candle 3 body (BUY LIMIT / SELL LIMIT while waiting)
- Blue arrow ↑ (BUY) / red ↓ (SELL) — entry candle
- Yellow dashed — entry; red — Stop Loss; green — Take Profit
- Result label: `+2.5R`, `−1.0R`, `+0.8R (time)`, `BUY OPEN`
- Statistics panel: trades, TP / SL / time exits, win rate, total R and pips

Article results (28 Forex pairs, D1, spread included)

Variant	Trades	Total	PF	2025	2026
Author's classic (market entry, 00/50 targets)	6 165	−337.8R	0.88	+5.8R	−81.9R
+ stop beyond candles 2–3, TP 2.5R	2 801	−42.2R	0.98	−61.0R	−50.5R
+ only at a 20-day extreme	830	+68.9R	1.14	−25.4R	−2.6R
+ limit at 50% of body 3 = ARTICLE	601	+145.1R	1.38	+8.1R	+12.7R
Spread × 2	584	+106.7R	1.28	+1.5R	0.0R
Control: any reversal candle	3 894	+236.9R	1.09	+105.9R	+19.5R

> All 162 neighbouring parameter sets are profitable. On gold, indices and crypto the result is about zero: this is a Forex strategy. Losing streaks of up to 17 stops happen.

3. Installation in MetaTrader 4

Step 1 — Open the indicators folder

MT4: File → Open Data Folder → MQL4 → Indicators.

Step 2 — Copy the file

1. Copy **ThreeCandles.ex4** to `MQL4\Indicators\`
2. Restart MT4 or right-click in the Navigator → "Refresh"

Step 3 — Add it to a chart

1. Navigator (Ctrl+N) → Indicators → **ThreeCandles**
2. Drag it onto a daily (**D1**) chart of a currency pair → OK

4. Installation in MetaTrader 5

Step 1 — Open the indicators folder

MT5: File → Open Data Folder → MQL5 → Indicators.

Step 2 — Copy the file

1. Copy **ThreeCandles.ex5** to `MQL5\Indicators\`
2. Restart MT5 or right-click in the Navigator → "Refresh"

Step 3 — Add it to a chart

1. Navigator (Ctrl+N) → Indicators → **ThreeCandles**

2. Drag it onto a D1 chart → OK. In MT5 the welcome window appears on the first tick

> DLL imports are only needed for the welcome window with the Telegram link; without them the indicator works fully.

5. Parameters

Parameter	Value	Description
ExtremeBars	20	Candle 2 or 3 must be the low/high of this many bars (0 = off)
SkipInside	true	Skip if candle 3 is inside candles 1–2 (author's rule)
LimitLevel	0.50	Limit: share of candle 3 body back from its close (0 = market at the next open)
WaitBars	3	How many bars the limit order waits
BufferPips	5	Stop beyond the low/high of candles 2–3, pips
RiskReward	2.5	Target in R
MaxHoldBars	30	Time exit N bars after the signal (0 = off)
CostPips	0	Spread + commission for statistics, pips
HistoryBars	600	Bars to scan
Show… / colors	—	Box, limit, lines, arrows, labels, statistics
AlertPopup / AlertSound / AlertPush	false	Alert on a new signal: limit and stop prices

6. FAQ

Q: Does it repaint?

A: No. It recalculates once per new bar on closed candles only.

Q: Does it open trades?

A: No. It is an indicator: it draws the signal, limit, stop and target and calculates statistics.

Q: Why do the numbers differ from the article?

A: Your broker has its own quotes and daily close time. The article checked trades on hourly candles with the spread, the indicator uses daily candles (stop and target in one candle = stop). On the same data the indicator found all 601 article trades, with the same outcome in 599.

Q: Which daily close time is needed?

A: As in the test — 00:00 server time GMT+2/GMT+3 (17:00 New York). A different close time gives different signals.

Q: What is R?

A: The stop size. −1R is a stop, +2.5R is a profit of 2.5 stops. Pips = R × stop in pips.

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Disclaimer: the indicator is a technical analysis tool and not investment advice. Past results do not guarantee future returns.
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