



Forex Forest®
Algorithmic Trading

57. DRAGON WAVE

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USER MANUAL

Dragon Wave

The design inspiration of **Dragon Wave EA** comes from the masterpiece of Katsushika Hokusai, the master of Japanese painting style "Ukiyo-e". The masterpiece is called "The Great Wave off Kanagawa". In the magnificent painting, the calm sea is turned over by a sudden huge wave, just like the financial market, which often has volatile changes in the calmest moments.

Dragon Wave EA is created for this - an intelligent trading system that can predict volatility in calm market conditions and take advantage of reversal moments to capture key entry opportunities faster and more accurately. It lurks on the seabed, observes the undercurrent, and strikes first when the wave rises.

The core strategy scans market fluctuations layer by layer through 15 different Bollinger Bands, filters out noise, and finally leaves only the best entry signals. The strategy design focuses on principal safety and stable profit, with the goal of creating stable and sustainable long-term returns.

Core Features

Intelligent Martingale Trading Strategy

The built-in Intelligent Martingale Trading Strategy can automatically adjust the opening position, amplify the profit potential when the market is trending, and tune the risk management when the market is consolidating in the opposite direction, to achieve the best balance between risk and return.

Optimized for Stable Profit

Combined with more than 70,000 historical transactions and back-test data, there is a large amount of real transaction data for reference.

Strategic Stop Loss

Adopts a disciplined stop-loss logic, judges the timing of exit based on real-time market conditions, effectively limits the maximum loss of each transaction, and protects capital.

Customizable Entry Parameters

Built-in 15 sets of Bollinger Bands entry strategies with different settings, which can adjust entry conditions according to different personal trading risk preferences, and improve strategy accuracy.

Basic Setting

ab1 === BASIC SETTING ===

123 Direction of Trades to Open

=== Basic Setting ===

Open Both directions

Direction of Trades to open

Set the trading direction to determine under what market conditions the system will open positions. The following are the available trading directions:

1. No Entry

The system will suspend all transactions and will not execute any buy or sell orders. This option is suitable for when you need to pause trading or wait and analyze the market.

2. Buy Only

The system only executes buy orders, which is suitable for bullish markets or when you are confident that the price will rise.

3. Sell Only

The system only executes sell orders, which is suitable for bearish markets or when you are confident that the price will fall.

4. Open Both Directions

The system executes both buy and sell orders at the same time, which is suitable for volatile markets or when a two-way trading strategy is required.

Main Entry System – Band Signals

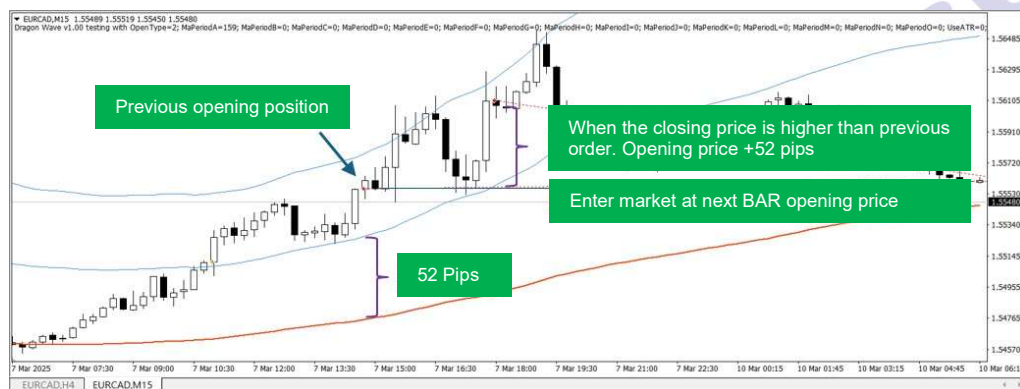
ab	=== ENTRY SYSTEM - MAIN ===	=== Band Signals ===
123	Set 1-1 Band Signal MA Period (0-not used)	200
123	Set 1-2 Band Signal MA Period (0-not used)	400
123	Set 1-3 Band Signal MA Period (0-not used)	800
123	Set 1-4 Band Signal MA Period (0-not used)	0
123	Set 1-5 Band Signal MA Period (0-not used)	0
123	Set 2-1 Band Signal MA Period (0-not used)	0
123	Set 2-2 Band Signal MA Period (0-not used)	0
123	Set 2-3 Band Signal MA Period (0-not used)	0
123	Set 2-4 Band Signal MA Period (0-not used)	0
123	Set 2-5 Band Signal MA Period (0-not used)	0
123	Set 3-1 Band Signal MA Period (0-not used)	0
123	Set 3-2 Band Signal MA Period (0-not used)	0
123	Set 3-3 Band Signal MA Period (0-not used)	0
123	Set 3-4 Band Signal MA Period (0-not used)	0
123	Set 3-5 Band Signal MA Period (0-not used)	0

- Provides up to 15 independent and customizable Bollinger Bands entry parameters, allowing you to fine-tune Dragon Wave's entry strategy for different trading styles, currency pairs, and market conditions.
- Each set of parameters is equipped with an independent intelligent Martingale system, which can automatically adjust the opening position according to market fluctuations to maximize trading efficiency.
- Bollinger Bands use Shift 1, Close Price, and Linear Weighted Averaging by default (Linear Weighted Averaging) for calculation to ensure accuracy and sensitivity to market changes.
- All entry conditions are judged in units of "Per Bar".
- Can be used with the Band Signal v1.00 indicator.
(*Students please download the Band Signal v1.00 indicator from GemsAI)

First Order Entry

- **Calculation Condition**
 - Sell condition: The closing price of the current candlestick is higher than the upper band of the Bollinger Bands (standard deviation \times 2).
 - Buy condition: The closing price of the current candlestick is lower than the lower band of the Bollinger Bands (standard deviation \times 2).
- **Entry Timing**
 - Sell entry timing: If the sell condition is met, the opening operation will be executed at the opening of the next candlestick.
 - Buy entry timing: If the buy condition is met, buy at the opening of the next candlestick.
- **Gap Protection Mechanism**
 - Sell opening price: Take the maximum value of the closing price and the opening price of the next candlestick.
 - Buy opening price: Take the minimum value of the closing price and the opening price of the next candlestick.

Opening Position of Martingale Strategy



When using the Martingale strategy, the opening position of the next order is determined according to the following rules:

1. Benchmark Price

Use the opening price of the previous order as the benchmark price.

2. Reference of Bollinger Bands

According to the current market conditions, calculate 2 times the standard deviation distance in the Bollinger Bands of the previous order.

3. Next Martingale Opening Position

The next order will be opened at the position where the previous opening price is added to twice the standard deviation of the Bollinger Bands.

4. Formula Expression

Buy Order: Next opening position = Previous opening price - (standard deviation × 2)

Sell Order: Next opening position = Previous opening price + (standard deviation × 2)

Main Entry System - Band Signals

ab === ENTRY SYSTEM - FILTER ===		=== Price ATR Filter ===
123	Use Price ATR Filter	On
123	ATR Timeframe	1 Day
123	ATR Period	14
123	ATR Shift	1
1/2	Minimum Price/ATR Ratio	70.0

- Price/ATR Filter is a technical analysis tool that combines price action and the Average True Range (ATR) indicator. It filters out price points with large fluctuations or that meet specific conditions by comparing the current price with the ATR value of that price.
- Risk Management: When market volatility increases, this indicator allows traders to identify high-risk price levels, thereby adjusting positions or reducing operations.
- Signal Filtering: When the ratio of price to ATR exceeds the set Price/ATR value, the Price/ATR Filter can be used with the Bollinger Bands settings to enter the market.
- Can be used with the MTF Price-ATR v1.00 technical indicator.

Price/ATR Filter

- On means enabled; Off means disabled.

ATR Timeframe

- The timeframe used by ATR
- Choose a suitable time period, such as daily chart, hourly chart, or minute chart, and adjust according to market conditions and risk preferences.

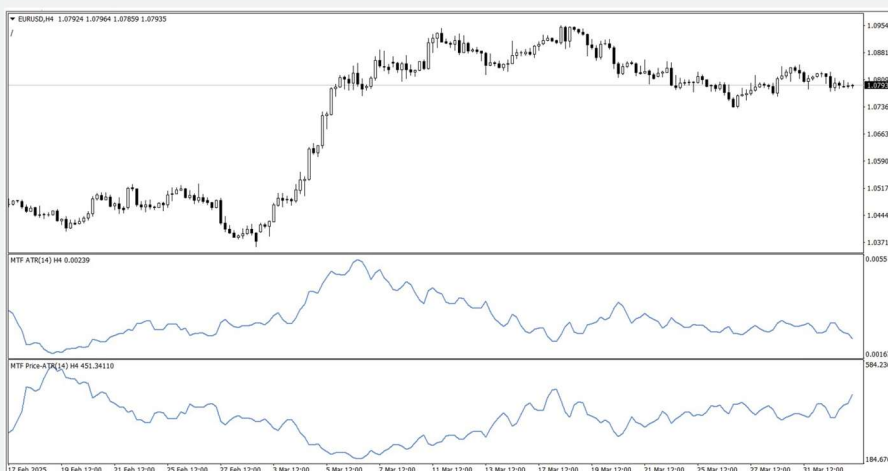
ATR Period

- Calculate the ATR value based on the specified number of candlesticks, which must be a positive integer (1~infinite).

ATR Shift

- ATR pointer offset value, must be positive integer (0~infinite).

Minimum Price/ATR Ratio



- Set a Price/ATR value. When the price exceeds this Price/ATR value, it will cooperate with the Band Signals settings to enter the market.
- It can be seen from the figure that ATR is inversely proportional to Price/ATR. Therefore, when ATR rises, it means that market volatility increases, and the Price/ATR value will decrease accordingly. This means that it is not advisable to make Dragon Wave's entry.

Thank you for reading

Full Manual Availability

This document contains only the first five pages of the complete user manual. The full version of the manual is provided upon purchase of the Expert Advisor (EA). If you have already purchased the EA and have not received the full manual, please contact our support team for assistance (info@forexforest.com / info@algoforest.com).