

## NOTES ON HOW SUPER RSI WORKS:

In layman's terms, this is how the Super RSI Ver EA works:

With each new tick, the EA is called and control passes to the `init_start()` mainline function.

First, we perform the money management option via the "`Calc_Money_Management()`" function call if the value of the `UseMoneyMgmt` variable is set to true. This function calculates the appropriate lot size to use based on available equity and the "`RiskPercent`" setting. If money management is disabled, the value of the default "`LotSize`" variable is used.

-Then-

Using a daily timeframe, first, get the closing value of RSI three days ago (`RSI_Day_1`), the closing value of RSI two days ago (`RSI_Day_2`) and the value of RSI one day ago (`RSI_Day_3`).

Also, get the closing value of a 200-day simple moving average one day ago (`SMA200_Day3`).

We will analyze the behavior of a short term RSI over the prior three days as our primary buy/sell trigger.

-Then-

**Check for Buy Signal:** We're looking for a decreasing value of RSI over the past three days into a deeper oversold status as price remains above `SMA200`.

If the value of `RSI_Day_1 < 65` and the value of `SI_Day_2 < RSI_Day_1` and the value of `SI_Day_3 < RSI_Day_2` and the value of Closing Price from one day ago is `> SMA200_Day3`, we have a Buy signal, so set the boolean Buy Flag (`Buy_Mode`) to True, otherwise set it to false.

-Then-

**Check for Sell Signal:** We're looking for an increasing value of RSI over the past three days into a deeper overbought status as price remains below `SMA200`.

If the value of `RSI_Day_1 > 35` and the value of `RSI_Day_2 > RSI_Day_1` and the value of `RSI_Day_3 > RSI_Day_2` and the value of Closing Price from one day ago is `< SMA200_Day3`, we have a Sell signal, so set the boolean Sell Flag (`Sell_Mode`) to True, otherwise set it to false.

-Then-

Before we act on any potential signals that may have fired, we do some housekeeping on any order that may already be open. The EA only allows one sell or one buy order to be open at a time. If we have an open Buy order in progress and the value of  $RSI\_Day\_3 > 75$ , we close the order because RSI is entering extreme overbought status (reversal coming?) If we have an open sell order and the value of  $RSI\_Day\_3 < 25$ , we close the order because RSI is entering extreme oversold status.

The order closures would actually happen on the opening bar of day 4 since we're on a D1 timeframe.

We then update trailing stop using Parabolic SAR. Managing these stops can cause an order to stop out if things get nasty.

-Then-

We now act on any new buy/sell signals:

If we have a new buy signal and there isn't a buy order already open ( $OpenBuyOrders = 0$ ), we check first to see if a sell order may be open and if so, we close it. Then we simply open a new buy order and increment the open buy order counter ( $OpenBuyOrders++$ ). The counter keeps us from opening multiple buy orders since we only want one.

If we have a new sell signal and there isn't a sell order already open ( $OpenSellOrders = 0$ ), we check first to see if a buy order may be open and if so, we close it. Then we simply open a new sell order and increment the open sell order counter ( $OpenSellOrders++$ ). The counter keeps us from opening multiple sell orders since we only want one.

That's it. Control then passes back to MT4 via the last statement of "return(0)" in the `init_start()` routine until the next tick occurs and calls the EA at which point we repeat the entire process again.

I hope that this helps clarify what the EA is doing under the hood.