

20/50 EMA Pullback strategy

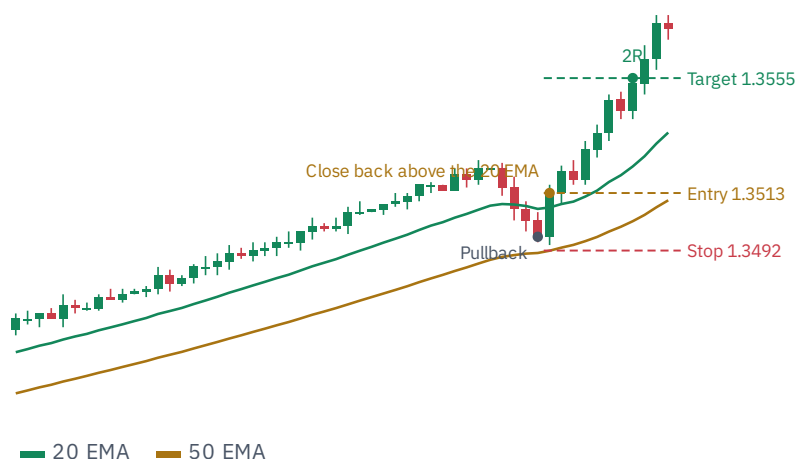
Buy pullbacks into the 20/50 EMA zone in an uptrend, with a GBPUSD example and a free Pine Script. By M. A. Horaira, updated 10 October 2026.

THE RULES

- **Market:** any major pair on the 1-hour chart; the example uses GBPUSD
- **Trend:** the 20 EMA is above the 50 EMA, and the 50 EMA is higher than it was 5 candles ago
- **Pullback:** a candle closes in the zone between the two averages: at or below the 20 EMA but above the 50 EMA
- **Entry:** the next candle, if it's bullish and closes back above the 20 EMA; enter at that close
- **Stop loss:** a quarter of an ATR below the lowest low of the last 5 candles; skip the trade if that's more than $3 \times$ ATR away
- **Target:** twice the risk (2R)
- **Shorts:** the mirror image: the 20 EMA below a falling 50 EMA

WORKED EXAMPLE

GBPUSD 1H: 20 EMA above a rising 50 EMA. Candle closes 1.3497 in the zone; next closes 1.3513 above the 20 EMA. Stop 1.3492 (21 pips), target 1.3555 (2R). \$10,000 at 1% = 0.47 lots: -\$99 / +\$197.



Illustrative chart drawn to show the rules, not a real day's prices.

LOT SIZE

Lots = money at risk ÷ (stop in pips × pip value per lot).
On EURUSD, GBPUSD and AUDUSD one standard lot is \$10 a pip. Risk the same 0.5% to 1% on every trade.

BEFORE EVERY TRADE

- ☐ 20 EMA above the 50 EMA?
- ☐ 50 EMA higher than 5 candles ago?
- ☐ Previous close between the averages?
- ☐ Bullish close back above the 20 EMA?
- ☐ Stop no more than $3 \times$ ATR away?

BACKTEST IT BEFORE YOU TRADE IT

1. Open the chart on TradingView.
2. Pine Editor → paste the free script → Add to chart.
3. Settings → Properties: add your commission and slippage.
4. Look for 100+ trades, a profit factor above 1 after costs, and a drawdown you can live with.
5. Check the same settings on other dates, then demo trade for a few weeks.
6. Free script: pipledgerfx.com/downloads/20-50-ema-pullback-strategy.pine

For education only, not investment advice. Trading forex and gold on margin carries a high risk of loss, and no strategy wins every time. No backtest results are claimed here: test the rules yourself with your own costs. In India, residents may trade currency pairs only through SEBI-registered brokers on recognised exchanges (NSE, BSE, MSE) and gold on MCX; offshore forex and CFD platforms aren't allowed under FEMA. Full guide: pipledgerfx.com/20-50-ema-pullback-strategy