

EMA + RSI(2) Pullback strategy

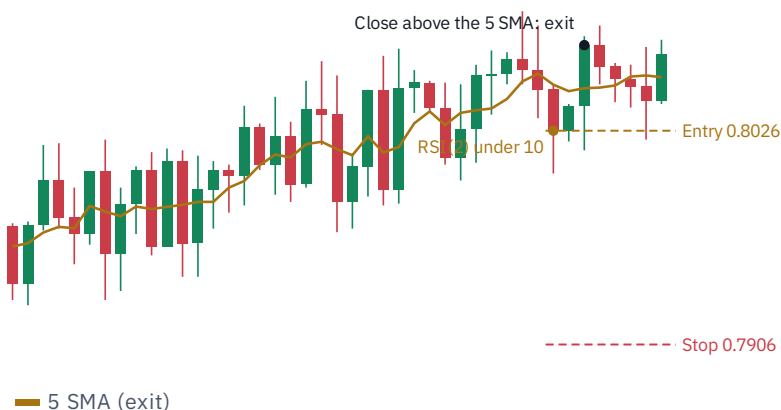
Buy RSI(2) dips under 10 above the 200 EMA, exit on the 5-day average, with a USDCHF example and a free Pine Script. By M. A. Horaira, updated 10 October 2026.

THE RULES

- **Market:** major pairs, daily chart (example: USDCHF)
- **Trend:** the close is above the 200 EMA
- **Entry:** the 2-period RSI closes below 10; buy at that close
- **Exit:** the first close above the 5-day simple moving average
- **Protection:** a $2.5 \times \text{ATR}(14)$ stop, and a time limit of 10 candles
- **Shorts:** below the 200 EMA when RSI (2) closes above 90; exit on a close below the 5-day SMA
- **Size:** risk 0.5% to 1% of the account on the $2.5 \times \text{ATR}$ stop

WORKED EXAMPLE

USDCHF daily, above the 200 EMA:
RSI(2) closes 7.1. Buy 0.8026, safety stop 0.7906 (120 pips = 2.5 ATR), 0.06 lots. Close above the 5 SMA 2 days later at 0.8074: +48 pips, about 0.40R. Break-even needs 71% winners at that size.



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

LOT SIZE

Lots = money at risk $\div$ (stop in pips $\times$ pip value per lot).
On USDCHF 1 pip on 1 lot is CHF 10, about \$12.46 at 0.8026. Break-even win rate = $1 \div (1 + \text{average win in R})$.

BEFORE EVERY TRADE

- ☐ Close above the 200 EMA?
- ☐ RSI (2), not RSI (14), below 10?
- ☐ Exit on the first close above the 5 SMA?
- ☐ Safety stop $2.5 \times \text{ATR}$ and 10-candle limit set?
- ☐ Real costs in the backtest?

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/ema-rsi-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:

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