

Sigma Neutral Hedge v2.1

Statistical-Arbitrage Pairs Tool · Trial Edition · User Guide

Welcome to the Sigma Neutral Hedge EA — a professional-grade statistical-arbitrage tool designed to trade the “spread” between two highly correlated assets (for example, AUDUSD vs NZDUSD).

Instead of guessing market direction, the EA identifies when two correlated pairs move apart (divergence) and trades them back toward the mean (convergence).

Important: this is a **trial version**, coded to operate on **demo accounts only**. It will automatically disable itself if loaded onto a live / real-money account.

1. Installation

- 1 Save the provided **.ex4** file to your computer.
- 2 In MT4, go to **File > Open Data Folder**.
- 3 Navigate to **MQL4 > Experts** and paste the file there.
- 4 Back in MT4, right-click **Expert Advisors** in the Navigator and click **Refresh**.
- 5 Sigma Neutral Hedge v2.1 should now appear in the list.

2. Quick Start Setup (the Golden Rules)

To see the strategy work effectively, use this configuration:

- **Chart timeframe:** M5 (5-minute) or M15.
- **Basket A:** AUDUSD (chart symbol) vs NZDUSD (Leg 2).
- **Basket B:** EURUSD (chart symbol) vs GBPUSD (Leg 2).
- **Account balance:** works on any demo balance (recommended \$1,000+).

Step-by-step launch

- 1 Open a 5-minute (M5) chart for AUDUSD.
- 2 Drag the EA from the Navigator onto the chart.
- 3 In the **Common** tab, ensure **Allow Live Trading** is checked.
- 4 In the **Inputs** tab, scroll to **Symbol2_Name** and type **NZDUSD**.
- 5 If your broker uses suffixes (e.g. NZDUSD.a), you must type the suffix exactly.
- 6 Click **OK**.

3. Understanding the Dashboard

Once running, a dashboard appears at the top-left of your chart.

Status

- **ACTIVE (Scanning):** the EA is hunting for trades.
- **BLOCKED (Trend):** the market is trending too hard (ADX filter); the EA is waiting for calm.
- **COOLDOWN:** the EA is pausing briefly after a trade or error.

Z-Score — the “stretch” meter

- 0.00: the pairs are perfectly aligned (fair value).
- > 3.00: the pairs are stretched apart; a trade entry is likely soon.

Next Lot / Beta

- **Next Lot:** the calculated lot size for the next trade.
- **Beta:** the volatility ratio (e.g. 1.05) that keeps the hedge dollar-neutral.

4. Key Input Settings (Glossary)

UseVolSizing (crucial)

- **True (default):** the EA automatically calculates the correct lot size for Leg 2 to keep you hedged.
- **False:** trades equal lots (risky — not recommended unless you are an expert).

Symbol2_Name

The “partner” pair (e.g. if on a EURUSD chart, type GBPUSD here).

WatermarkBars (default 60)

How far back the EA looks to adapt to recent volatility.

UseBreakevenClose (default true)

Ensures the EA never closes a winning correlation trade for a net loss due to swaps or commissions.

5. Troubleshooting

Dashboard shows “Beta: 0.00”?

The EA cannot calculate volatility because it is missing data for the second pair. Fix: open a new chart for the second symbol (e.g. NZDUSD), switch it to H1, let it load, then close it. The EA will update instantly.

Alert: “TRIAL VERSION”?

You are trying to run this on a live account. Fix: switch to a demo account.

No trades are opening?

This is a “sniper” strategy, not a machine gun. It waits for high-probability setups (Z-Score > 3.25). On an M5 chart, expect roughly 1–3 trades per week per pair depending on volatility.

6. Safe Pair Combinations

Chart Symbol (Leg 1)	Symbol2_Name (Leg 2)	Correlation Logic
AUDUSD	NZDUSD	Pacific block (highly correlated)
EURUSD	GBPUSD	Atlantic block (USD strength / weakness)
AUDJPY	NZDJPY	Asian volatility (yen flows)

Risk disclaimer. Trading foreign exchange, CFDs and other leveraged products carries a high level of risk and may not be suitable for all investors. This algorithm is provided as a demonstration for testing and educational purposes only, is locked to demo accounts, and does not constitute financial advice, a recommendation, or an offer to trade. Simulated or past performance

is not a reliable indicator of future results. You are solely responsible for any use of this software. © 2025 AMG Financial Consulting. All rights reserved.