

Important Notice

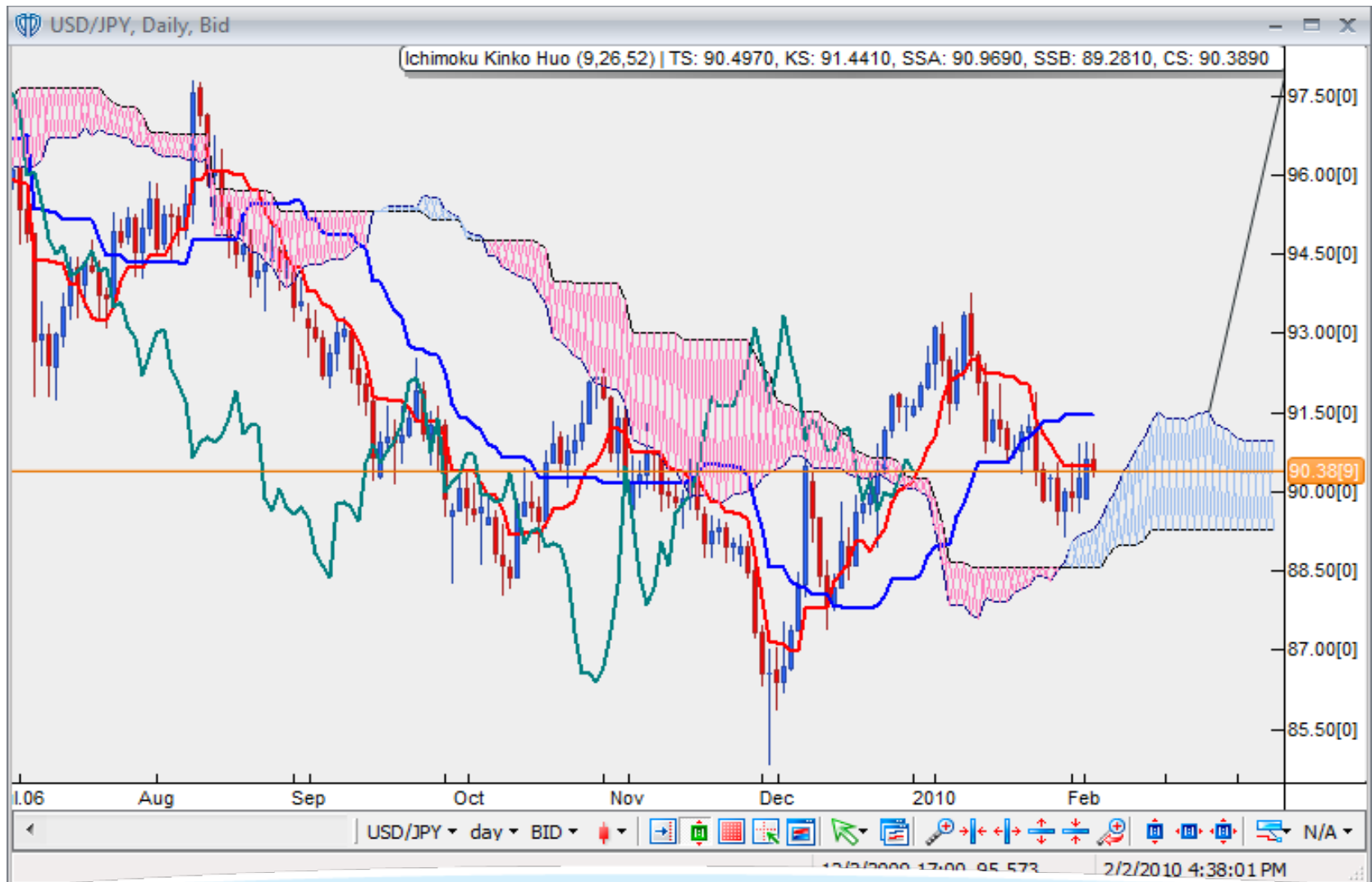
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Lesson 23: Ichimoku Kinko Hyo

Ichimoku



Origin

- The original name for this indicator/trading system is **Ichimoku Kinkou Hyou** (spelling in English may vary)
- Ichimoku = “One Look”
- Kinkou = “Balance, equilibrium”
- Hyou = “Chart, Graph”
- Designed Japanese journalist, Goichi Hosada before WWII and published in 1969.
- To give Trend Direction, Support/Resistance, Entry/Exit Signals, Strength of Signals

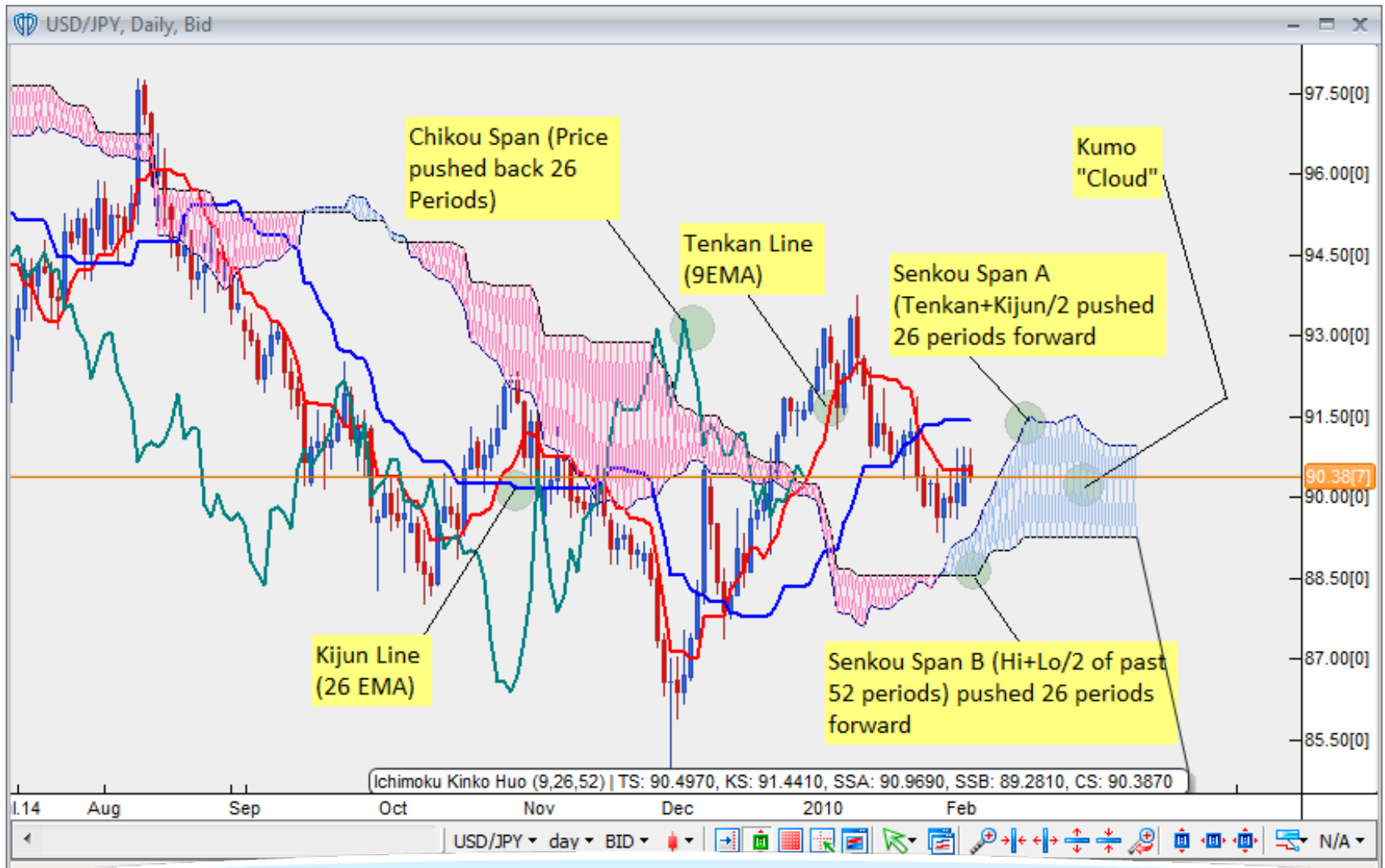
Components

- Tenkan Line (9 EMA) *Tenkan means “to change”*
- Kijun Line (26 EMA) *Kijun means “standard”*

- Chikou Span – Price action pushed back 26 days.
Chikou means late, after the fact

- Senkou Span (A/B) – Pushed forward 26 days
 - *Senkou means forward (opposite of Chikou)*
 - (A) : Mid-pt of Tenkan and Kijun
 - (B) : Mid-pt of Hi and Lo (of 52 periods)
 - *Creates kumo “cloud”*

Altogether



Trend Direction

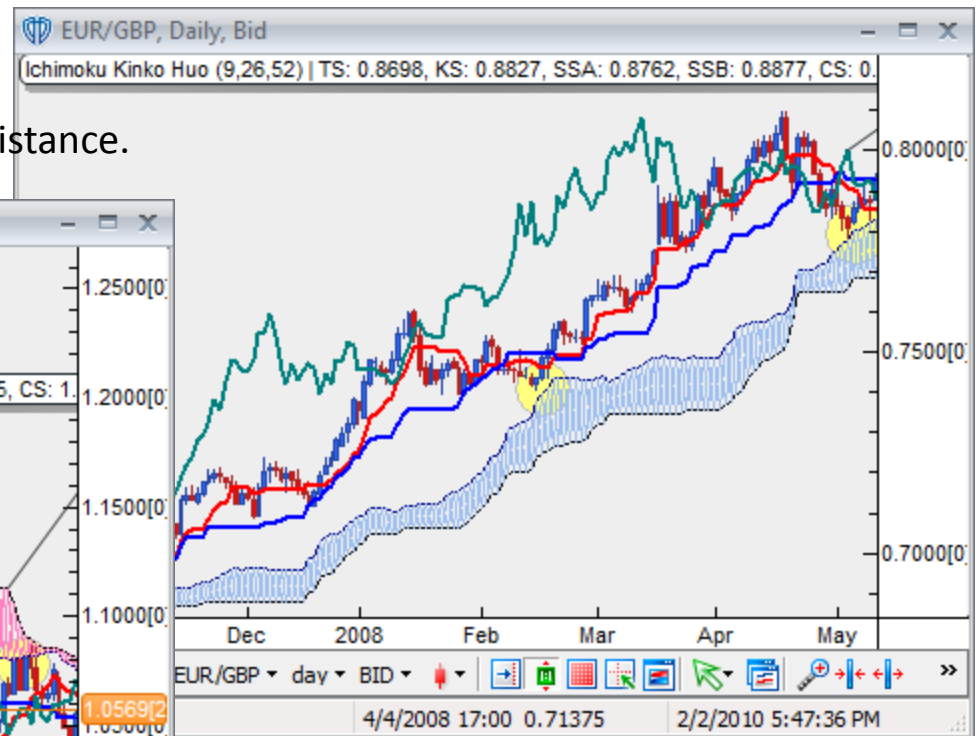
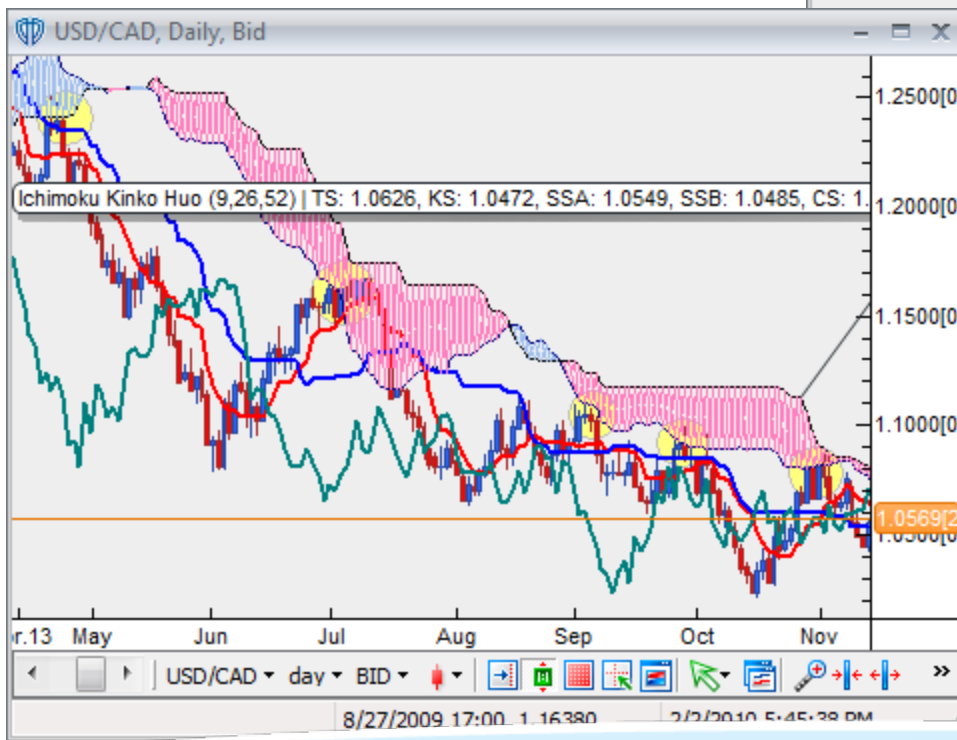
- When price is above the “cloud”, the trend is bullish
- When price is below the “cloud”, the trend is bearish
- When price is in the middle of the cloud, the trend is ambiguous, or ranging.



Support/Resistance Levels

When prices are above, the cloud top is support

When prices are below, the cloud base is resistance.



Entry/Exit Signals and Strength

- When Tenkan crosses Kijun from below : Bullish Signal
- When Tenkan crosses Kijun from above: Bearish Signal

Strength determined by:

1. Price action relative to cloud
2. Chikou Span relative to cloud
3. Cross-over relative to Cloud

Entry/Exit Signals and Strength

