

**AEEIC GROUP**

Lesson 10  
by  
Malebo Malebo

Ichimoku Kinko Hyo



# Ichimoku **kinko Hyo**

The **Ichimoku Kinko Hyo** was developed by Goichi Hosoda, a Japanese newspaper writer, writing under the pen name "Ichimoku Sanjin." He developed this charting technique before World War II, and offered it to the public when he published his book in 1969.

Ichimoku translates as "**a glance**" or "**one look**". Kinko Hyo translates as "the table of equilibrium" or "balance table."

Hence a chart displaying this indicator provides a broad look at the prices in a single view. You should be able to look at the chart and know at a glance whether to buy or sell.

# Ichimoku **kinko Hyo**

Three **key time periods** are used to calculate the five individual plots used in the indicator. These times periods are based on the trading conditions at the time the indicator was created: Japan in the 1930's. At the time, a trading week was six days instead of the five days we are used to today. Some traders may wish to alter the time periods to reflect the change in **trading days**.

**9 periods = one and a half weeks (now 7.5 periods)**

**26 periods = one month (now 22 periods)**

**52 periods = two months (now 44 periods)**

# Ichimoku **kinko** Hyo Plots

**Tenkan-sen.** The standard line. The default periods for this plot is 9. The calculation for this plot is  $(\text{Highest High} + \text{Lowest Low})/2$ . The highest high is the highest high over the last specified number of time periods. By default, this is the highest high of the last 9 periods. The other highest highs and lowest lows are calculated the same way.

**Kijun-sen.** The turning line. The default periods for this plot is 26. The calculation for this plot is also  $(\text{Highest High} + \text{Lowest Low})/2$ . However, the values are taken from a 26 periods time frame instead of a 9 periods time frame.

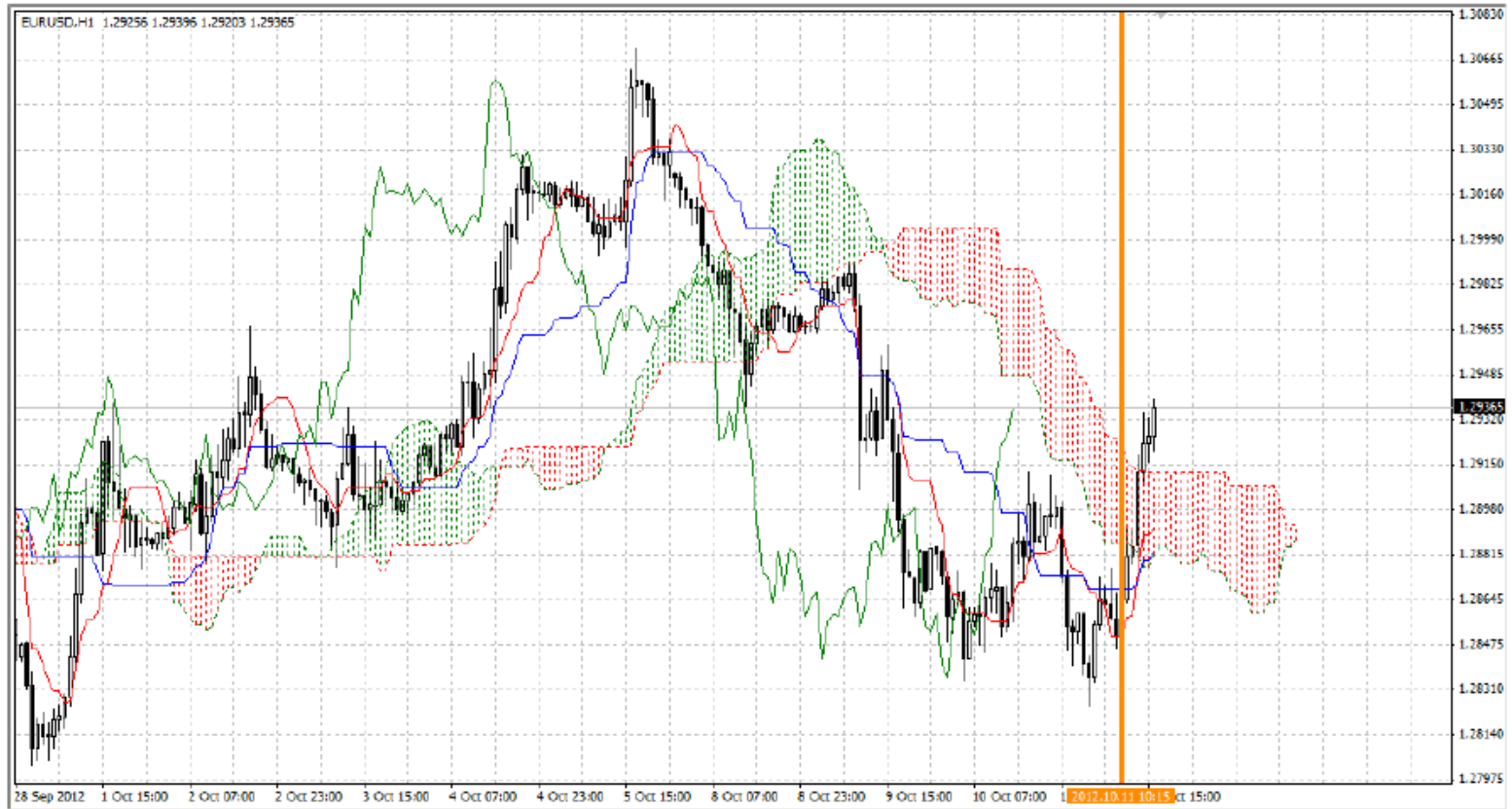
# Ichimoku **kinko Hyo** Plots

**Senkou Span A.** The first span. This plot creates the Kumo (cloud) when paired with Senkou Span B. The default periods for this plot is 52. The calculation for this plot is  $(\text{Tenkan-sen} + \text{Kijun-sen})/2$ . It is referred to as "Leading" because it is plotted 26 periods in the future and forms the faster Cloud boundary.

**Senkou Span B.** The second span. This plot creates the Kumo (cloud) when paired with Senkou Span A. The default periods for this plot is 52. The calculation for this plot is  $(\text{Highest High} + \text{Lowest Low})/2$ . This value is plotted 26 periods in the future and forms the slower Cloud boundary.

**Chikou Span.** The delayed line. This plot is simply the close plotted the desired number of time periods in the past. The default periods for this plot is 26. In this case, today's close would be plotted 26 days ago.

# Ichimoku **kinko Hyo**



# Ichimoku **kinko Hyo** Signals

## **Tenkan-sen / Kijun-sen.**

A buy signal is generated when the Tenkan-sen crosses **above** the Kijun-sen.

A sell signal is generated when the Tenkan-sen crosses **below** the Kijun-sen.

The Tenkan-sen and Kijun-sen can also be used as **support** and **resistance**.

# Ichimoku **kinko Hyo** Signals

**Senkou Span A / Senkou Span B.**

The area between the two Spans is the **Kumo**, or **cloud**. There are two ways to identify the trend using the Cloud:

Trend is **up** when prices are **above the Cloud**

Trend is **down** when prices are **below the Cloud**

Trend is **neutral** when prices are **in the Cloud**



# Ichimoku **kinko Hyo** Signals

## **Senkou Span A / Senkou Span B.**

The uptrend is strengthened when the Leading Span A (green cloud line) is rising and is above the Leading Span B (red cloud line). This situation produces a **green Cloud**.

The downtrend is reinforced when the Leading Span A (green cloud line) is falling and is below the Leading Span B (red cloud line). This situation produces a **red Cloud**.

Because the Cloud is shifted forward 26 days, it also provides a glimpse of future **support** or **Resistance**

# Ichimoku **kinko Hyo** Signals

## **Chikou Span / Close.**

A buy signal is generated when the Chikou Span crosses **above** the close 26 periods ago.

A sell signal is generated when the Chikou Span crosses **below** the close 26 periods ago.

The Ichimoku indicators are used together as one set of signals. If the signals do not agree, the chart is unreliable. **When all three signals are in agreement, the signal is strong.**

# Ichimoku **kinko Hyo** Signals

The trend-following signals focus on the Cloud, while the momentum signals focus on the **Turning and Base Lines**.

In general, movements above or below the cloud define the overall trend.

Within that trend, the Cloud changes color as the trend ebbs and flows.

Once the trend is identified, the **Tenkan sen and Kijun-sen** act similar to MACD for signal generation.

And finally, simple price movements above or below **the Kijun-sen** can be used to generate signals.

# Ichimoku **kinko Hyo** Signals

## **Bullish Signals:**

**Price moves above Cloud (trend)**

**Cloud turns from red to green (ebb-flow within trend)**

**Price Moves above the Kijun-sen (momentum)**

**Conversion Line moves above Base Line (momentum)**

## **Bearish Signals:**

**Price moves below Cloud (trend)**

**Cloud turns from green to red (ebb-flow within trend)**

**Price Moves below Kijun-sen (momentum)**

**Tenkan sen moves below Kijun-sen (momentum)**

# AEEIC GROUP

Madiba Malebo – Founder & Chairman

Mobile: +27611016871

Email: [aeicmadiba@gmail.com](mailto:aeicmadiba@gmail.com)

Website: [www.aeeic.site123.me](http://www.aeeic.site123.me)