KISS FOREX

How to Trade ICHIMOKU System's profitable Signals

Keep It Simple Stupid Lessons

by Sofia Stavropoulou



FXholic.com
FOREX Addicts CLUB..

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How to Trade
ICHIMOKU System's
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To my Man for being my Alter Ego.

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Introduction

It is a fact that human brain responds better to organized and recognizable shapes than to chaotic images. Price Action Charts look chaotic unless we are trained to spot the “waves” or we use a System that enables us to decode “chaos”.

During my early years of Trading FOREX, I had no idea that an alternative way of looking at my charts might have the power of giving me a better understanding of Market’s Condition at any time.

ICHIMOKU KINKO HYO is such a System. The more I use it and integrate it to my

trading routine, the more confident I feel.

They say that setting your Exit Point –or Take Profit Target – is even more important than knowing when and how to Enter the Market. That's true. ICHIMOKU helps you notice Market's "intentions" and adjust your trade accordingly. As its name implies, ICHIMOKU helps you understand where Market is heading showing its "Equilibrium Status at a glance".

It applies on all time-frames and it's been especially designed for Trending Markets where it's extremely powerful when used on big time-frames (H4, Daily, Weekly).

Thanks to INTERNET, the Capital Markets with a daily turnover that touches 6 trillion USD, are accessible to any investor. The potential is huge but only to those who will educate themselves.

-Is FOREX Trading easy?

-No!

-Is it simple?

-Yes, if you know what you're doing.

-Why do I love ICHIMOKU more than any other Trading System or tool I know?

-Because of its simplicity.

-Why is simplicity so important?

-Because it leverages your results without exhausting your physical energy reserves. Feeling comfortable when trading is essential.

Success is the very boring process of doing repeatedly what is working. To my opinion, once you familiarize yourself with ICHIMOKU System, you'll hardly ever need any other Trading Tool in order to be consistently profitable with FOREX.

I'm not a Technical Analyst or an Expert of any kind. I'm just a FOREX Trader in a constant learning process and I'll gladly share with you what I have found profitable again and again. This book is part of my effort to scratch the surface of ICHIMOKU Trading "iceberg" sharing with you my way of interpreting its countless signals. Once you familiarize yourself with it, possibilities are literally limitless.

Following my favorite Paretto's Principle, I'm sharing with you this 20% of my ICHIMOKU SYSTEM Knowledge, which keeps giving me 80% of profitable results.

This Book is part of the FXholic Series.

If you are new to FOREX Trading interested in becoming a successful trader, join my Training Program especially designed for Beginners, http://forexid.com/academy/ at 27eur/month. VIDEOS with my Ichimoku trades setups you can find at

http://youtube.com/user/forexid/ and detailed posts you can find at Forexid.com You are also welcome to follow me on Instagram where I often post my Charts @fxholic. English is not my mother language, so your tolerance will be appreciated.

Kind Regards

Sofia Stavropoulou

1. Five Lines to Forex Riches

ICHIMOKU KINKO HYO is a Japanese Trading System especially designed for Trending Markets, which a Japanese newspaper Man, Goichi Hosoda, started developing well before the World War II with the assistance of many students who meticulously plotted the charts and graphs necessary for backtesting analysis at the time. It took more than twenty years of testing for the System to be completed and finally released to the public in 1968.

Since then, ICHIMOKU KINKO HYO which translates into “Equilibrium Chart at a glance” has been used with great success from Asian Traders in all kinds of tradeable instruments, while it remained a sort of a well kept “secret” to the Eastern World till 1990.

After its components and mechanics started being translated and explained in English, a constantly growing number of Western Markets Traders adopted it.

Its uniqueness lies at the fact that ICHIMOKU uses KUMO –the cloud- to represent the Market’s Equilibrium Zone where various data are combined to depict Resistance and Support as Kumo’s upper and lower boundaries.



Figure 1. Ichimoku System

In a nutshell, trader should look to enter Long when Price moves above the Kumo, if certain conditions are met and Short if Price moves below the Kumo, while staying out of the Market would be advisable while Price moves inside the Kumo in a zone that stands for absolute Equilibrium or Stasis.

The way Equilibrium as well as Support and Resistance are shown by ICHIMOKU, is quite unconventional and a lot less prone to false Signals than the traditional Charting

tactics of drawing Trendlines and making trading decisions when they're being broken by price action.

Price's relationship with the Kumo –defined by two lines- as well as with the other three lines of the System, gives a plethora of information regarding Market's Momentum, volatility and directional biases in a simple visual manner that even a five years old child can easily comprehend. Trader gets Market's sentiment as it evolves in the near future compared to its past status.

Although each one of ICHIMOKU System's Five Elements reflects a distinct trait of human behavior –always being expressed through cyclical patterns of psychology kept close to equilibrium zone or pushed away from it before it returns to the equilibrium state again- which is the backbone of Market's Sentiment as believed by Goichi Hosoda, they should be interpreted as integral parts of the System.

Therefore, we can safely say that ICHIMOKU is a "stand alone" Trading System.

- **Tenkan Sen**



Figure 2. Tenkan Sen (red line)

Tenkan Sen is calculated by finding the Average of the (HIGHEST HIGH + LOWEST LOW)/2 for the past 9 periods. By measuring the price's EXTREMES instead of its closing points –which is what a 9 SMA would do- ICHIMOKU System gives a better sense of price's Equilibrium Status as you can see in Figure 3.

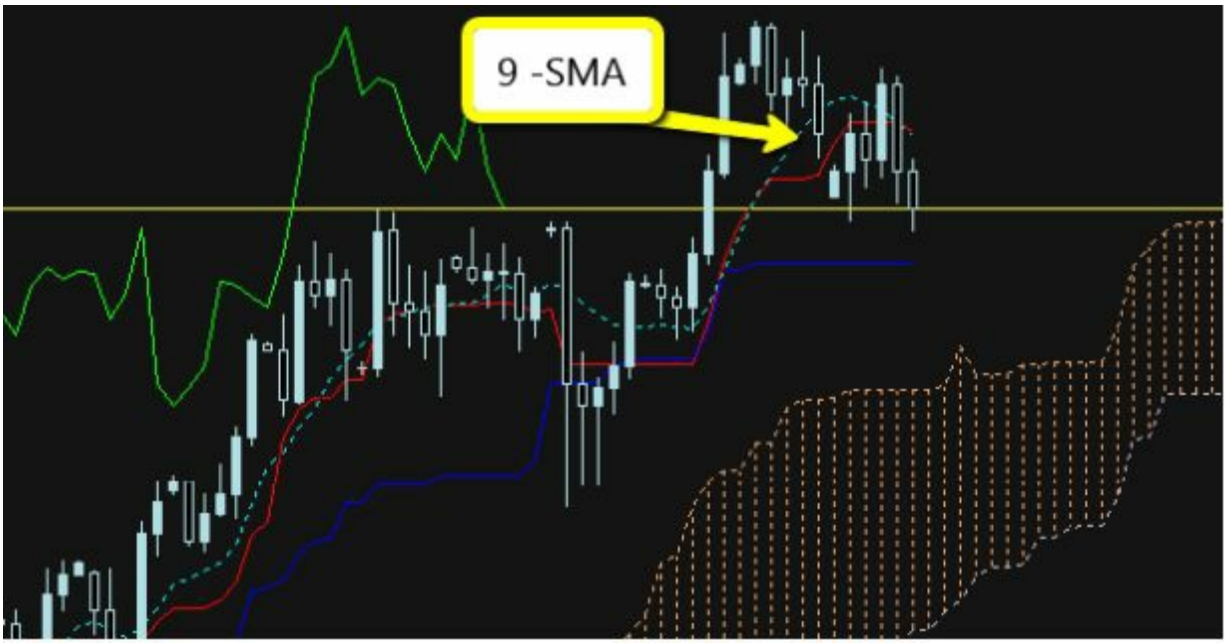


Figure 3. Tenkan Sen compared to 9-SMA

Tenkan Sen therefore provides a more reliable "Support" than 9-SMA (Simple Moving Average) and in trending Markets literally "contains" the price action.

Tenkan Sen's slope reflects the degree of trend's momentum. The steepest its upwards angle, the bigger the Bullish Momentum is. On the other hand, the steepest Tenkan Sen's downward angle, the stronger the Bearish Momentum is. Of course we can't base our trading decisions on Tenkan Sen alone, but this is a brief description of this line's role in the ICHIMOKU System.

• Kijun Sen

Kijun Sen is calculated by finding the average of (HIGHEST HIGH + LOWEST LOW)/2 for the past 26 periods. Because it's based on a longer period of time, its role as Support or Resistance becomes more significant than Tenkan Sen's. Every time Kijun Sen forms a flat line it means that price is at the same levels as the last 26 periods Average. When price goes above past 26 periods Average, Kijun Sen starts trending upwards and when it goes below, Kijun Sen starts trending downwards. It is observed that Kijun Sen's relationship with Price-Action manifests a periodical pattern of "rubber effect". Since Kijun Sen represents an Equilibrium Level, Price tends to return to it after it has trended away for a short period of time.



Figure 4. Kijun Sen (blue line)

- **Chikou Span**



Figure 5. Chinkou Span (green line)

Chikou Span is the current closing price shifted 26 periods backwards (into the past)

What this unique ICHIMOKU Line actually does is adding perspective to our view of

the Market helping us filter out trading decisions with an instant comparison of current price action to that of the recent past, thus validating the current trend.

- **The KUMO**



Figure 6. KUMO (the cloud)

The KUMO (meaning cloud in Japanese) is formed by the two lines : Senkou Span A and Senkou Span B. It is BULLISH when Senkou Span A is on top of it and Senkou Span B is below and it is BEARISH when the opposite happens.

- **Senkou Span A**

Senkou Span A is calculated by the average of Tenkan Sen and Kijun Sen [(TENKAN SEN + KIJUN SEN)/2]time-shifted forward (into the future) 26 periods. Therefore it is a fast moving line that mainly shows where the current Support or Resistance levels are and price's relationship with them in a visual manner that keeps price action and Support/Resistance level separate facilitating the eye to get a clearer view.



Figure 7. Senkou Span A

- **Senkou Span B**



Figure 8. Senkou Span B

Senkou Span B is calculated by (HIGHEST HIGH + LOWEST LOW)/2 for the past 52 periods time-shifted forwards (into the future) 26 periods. Essentially on a daily chart,

this slow-line stands for the "projection" of price extremes' average for the past two months, one month ahead. (Its analogue happens with other time-frames). Look at it as a double-time Kijun Sen shifted in the future for 26 periods. While Senkou Span A reminds me of the "stitch" on the "good" side of the fabric (Kumo), Senkou Span B is the "stitch" that once turned brings the "wrong" side of the fabric (Kumo) up. Because Senkou Span A is the fast-line, it faces price action most of the time either on the Bullish or Bearish territory, while Senkou Span B, being the slow-line, rarely faces price action and that happens only on KUMO Breakouts.

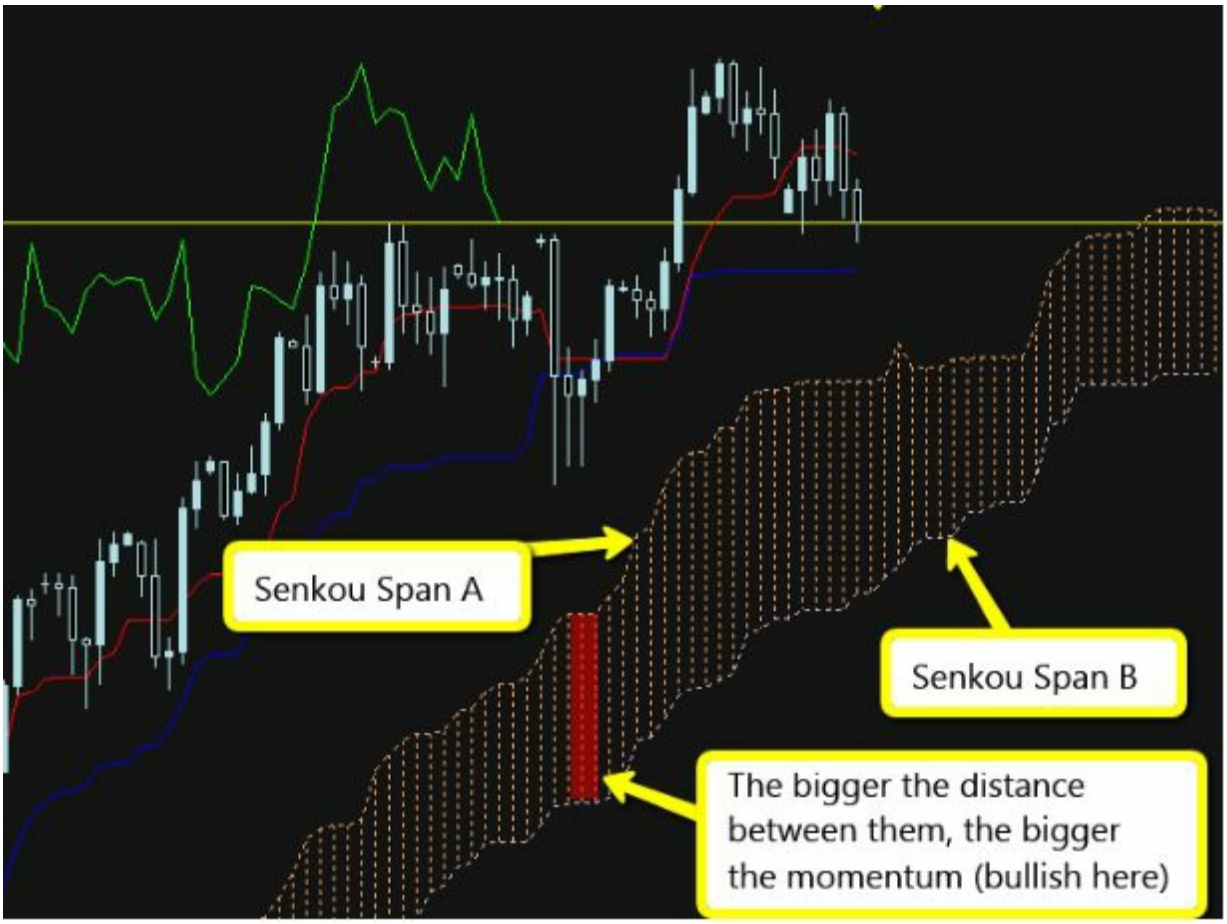


Figure 9. Senkou Span A , Senkou Span B and Momentum

The two lines, Senkou Span A and Senkou Span B being parts of the KUMO, are interconnected giving us a lot of information on Market's current condition. For a new Kumo to be created, these two lines must cross. If Senkou Span A is above Senkou Span B, the KUMO is Bullish, if Senkou Span A is below Senkou Span B, KUMO is Bearish. The Vertical Distance between the two lines gauges momentum, while their angles alone or combined lead us to solid conclusions about Market's dynamics. Senkou Span A and Senkou Span B are the variants that cause KUMO's morphology. Learning to interpret this morphology is of essential importance to a trader's success.

1. Talking Cloud

ICHIMOKU KINKO HYO is definitely a great System to be used on all Markets, all time-frames and literally every Market Condition, but since we want to make our life simpler, it's better to use it on Trending Markets, since that's why it was designed since the beginning.

Practice makes perfect so try to ALWAYS look at a pair through all time-frames using ICHIMOKU. You'll understand what's the major trend and at which stage Market currently is. Is it a strong impulsive wave to the direction of the main trend as bigger time-frames tell us or is it a minor corrective move against main trend's direction? Is the corrective move happening on a small time-frame or is it unfolding on H4 or Daily Chart?

-How does ICHIMOKU tell us about the main trend at one glance?
-We start by looking at the Monthly Chart of the pair

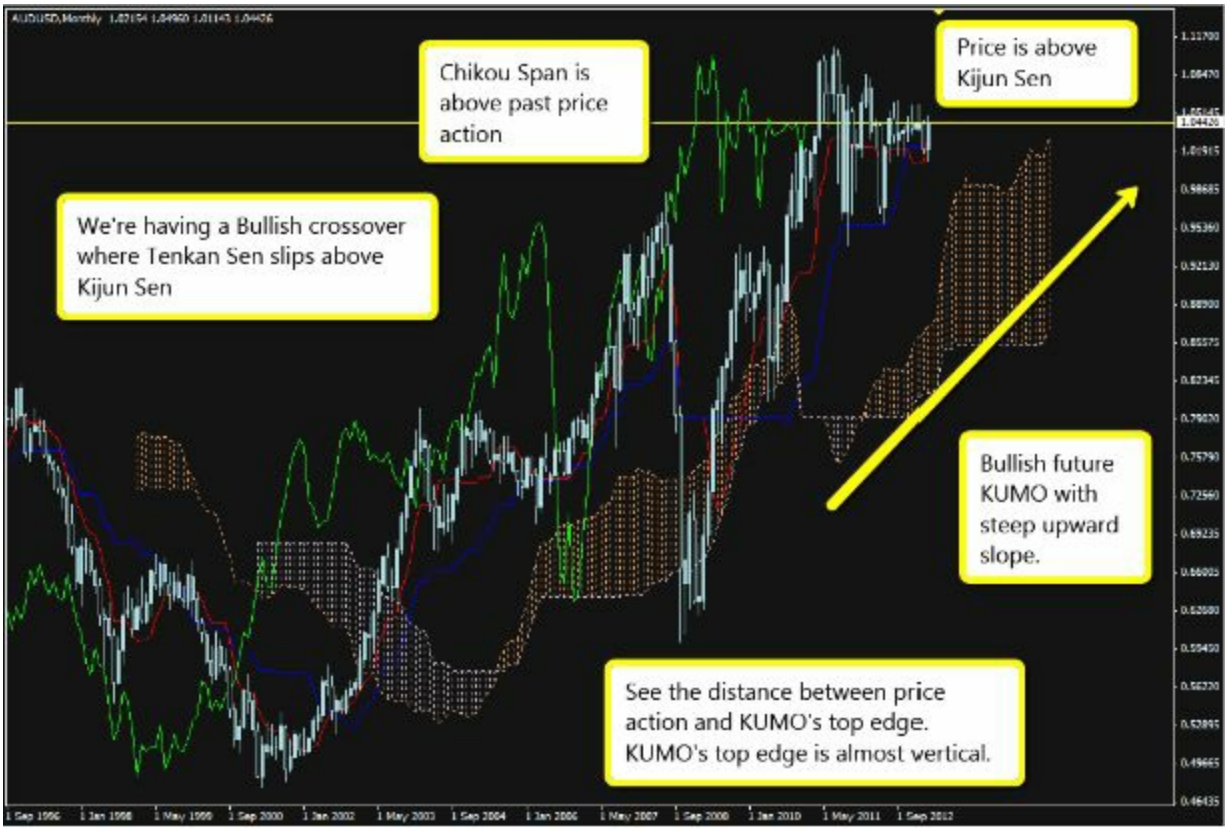


Figure 10. AUDUSD, Monthly Chart, 28/03/2013

-Next we go to the Weekly Chart of the pair

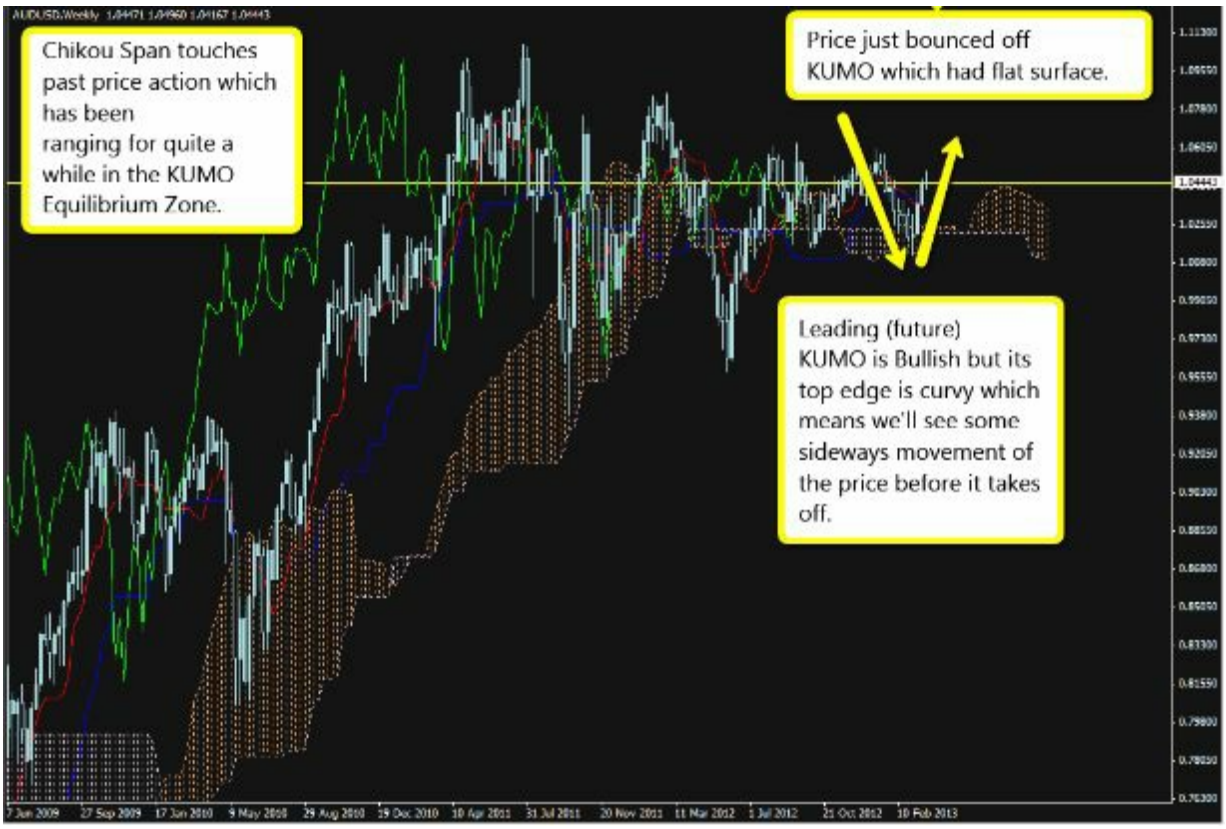


Figure 11. AUDUSD, Weekly Chart, 28/03/2013

-Then we move on to the Daily Chart

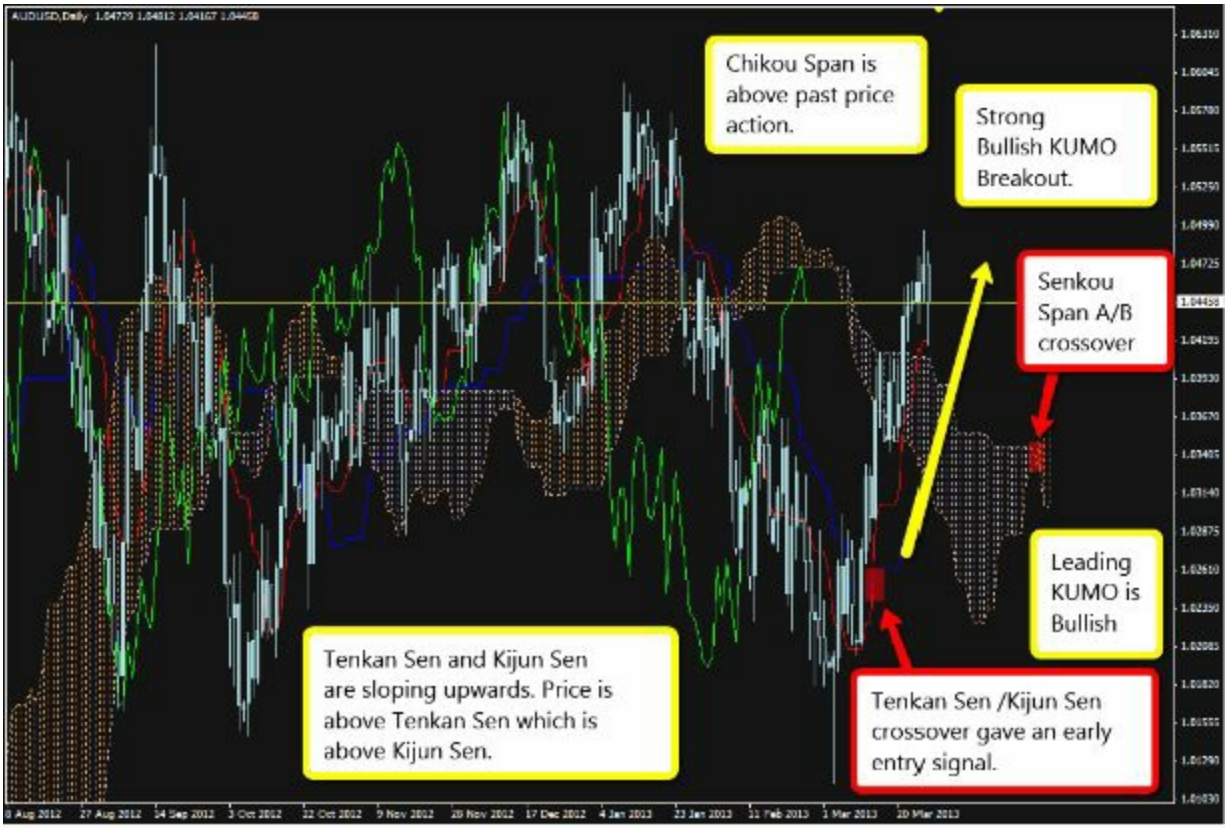


Figure 12. AUDUSD, Daily Chart, 28/03/2013

-Then we look at the H4 Chart of the pair



Figure 13. AUDUSD, H4 Chart, 28/032013 @23:54 GMT

- H1 Chart comes next



Figure 14. AUDUSD, H1 Chart, 29/03/2013 @00:02 GMT

-We end up at the M15 Chart from which we'll setup our trade and monitor it.



Figure 15. AUDUSD, M15 Chart, 29/03/2013, @00:11 GMT

Did you notice the relationship between KUMO morphology and the price action? In case you didn't have a look at the following images.

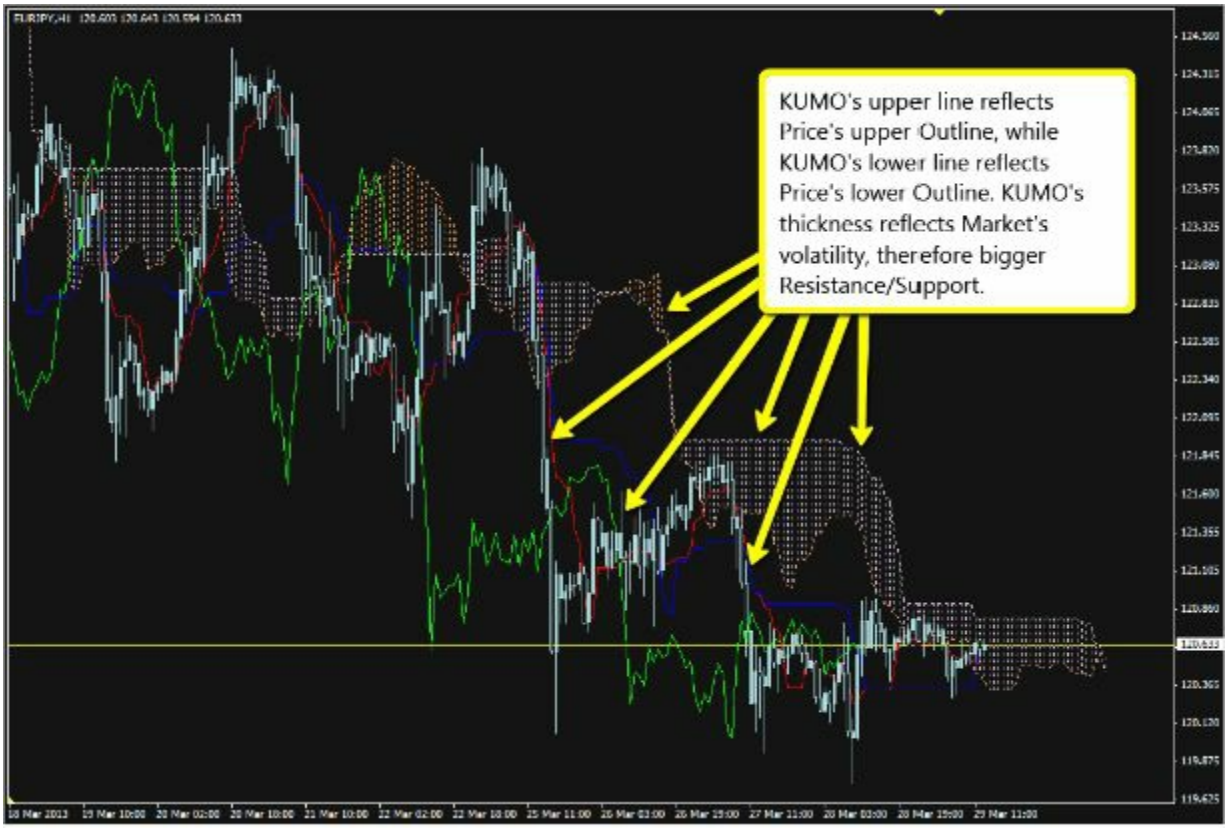


Figure 16. See how KUMO's upper/lower lines reflect Price's upper/lower outline?

See how KUMO imitates price's lower outline with its lower border which here is Senkou Span B.

Practice observing both upper and lower KUMO Borders as price action progresses in time. Soon you'll be able to "catch" the next big move by noticing the distinct details of Kumo's morphology, either being edges, tops, curves or indentations.

When price moves above KUMO, Market's environment is generally bullish. When price moves below KUMO, it's bearish. When price moves inside KUMO, there is actually stasis, due to the equilibrium represented by the KUMO.

If you're in a trending Market with a bullish environment on the H4 Chart, but you see price dipping down towards testing KUMO border –Senkou Span A in this case- there are three possible scenarios :

1. Bullish Scenario A: in this case, price starts moving sideways inside the KUMO for a while, we watch that after Tenkan Sen/Kijun Sen Bearish Crossover, Kijun Sen is now flat and so is KUMO's lower border (Senkou Span B) while KUMO's upper border (Senkou Span A) has curved downwards. A few

candlesticks later, price manages to emerge out of the KUMO, crosses with Tenkan Sen and finally slips above Kijun Sen resuming its upward course stronger than before. That means, Bulls were just taking some profits closing a few positions before they push the price higher.

2. Bullish Scenario B: in this case, price keeps moving sideways, while Kijun Sen remains flat and so does KUMO lower border –Senkou Span B-. Then, price manages to penetrate the KUMO and break out of it but as this happens, bearish move runs out of steam and we see a bullish candle forming followed by more that lead to a new KUMO breakout which is bullish this time and price resumes upwards with steel determination. That means, that Bulls needed to catch their breath after having climbed all those previous stairs, just like a person who is climbing a stair upwards, the more floors they have to pass up the more breaks they need to make on their way up.

3. Bearish Scenario : in this case, price continues moving sideways for a few more candles inside KUMO, when suddenly a strong bearish candle plunges downwards into a Bearish KUMO Breakout from the other side of the cloud. Before that happens, you'll see Kijun Sen suddenly sloping downwards and that's a sign you should close your Long Position minimizing your losses and open only Short Positions. If price found the strength to move through the KUMO fighting against its powerful support, it means that Bears are in control of the Market.

Another essential KUMO element that adds great importance to the ICHIMOKU SYSTEM's efficacy confirming its "stand-alone"value to the trader, is the visual way it represents Market's Volatility and Price's Momentum being in the same pane as price.

If you look closely to the KUMO's "fabric", you'll notice that it is made of thin dotted vertical lines that have the color of the line that is on top. So if Senkou Span A is on top, therefore we have a Bullish Kumo, thin dotted vertical lines run downwards from Senkou Span A TO Senkou Span B. In a Bearish Kumo, thin dotted vertical lines have the Senkou Span B color and run downwards from Senkou Span B TO Senkou Span A.

This "fabric" made from thin dotted vertical lines, actually shapes a very vivid and definitely not linear histogram. For every new price candlestick, a new "thread" is added to this fabric. Thread's length –height- depends on price's momentum and Market's volatility. Momentum is practically expressing Market's directional biases. It shows whether Bulls or Bears win the tug-war. More Bullish candlesticks than Bearish show Bullish Momentum. Volatility expresses transactions volume and reflects to the candlesticks size (range).

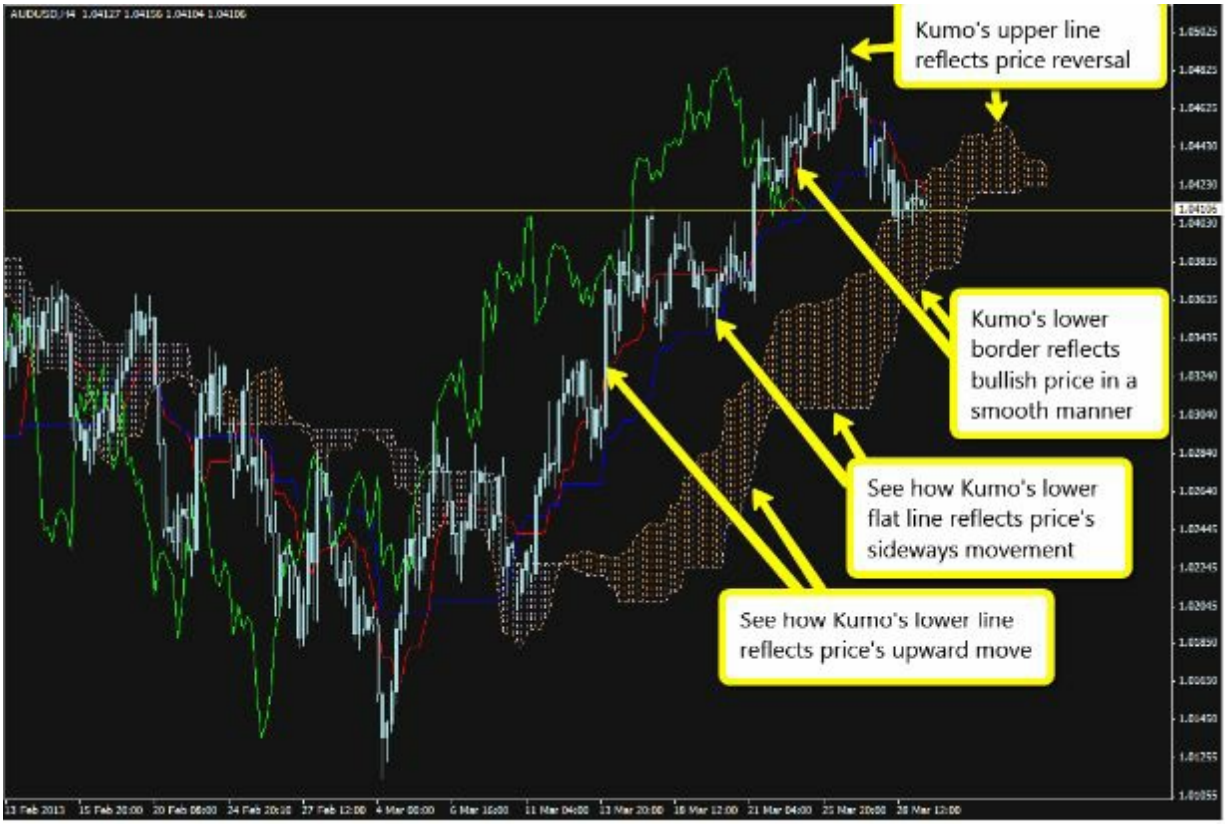


Figure 17. AUDUSD, H4 Chart : are we going to have a Bullish or Bearish Scenario?

On Figure 17 above, watch how the leading KUMO (the part of KUMO which is in the future) gets thinner as Volatility decreases –because price moves sideways in a consolidation mode forming small candlesticks- and as Bullish Momentum decreases too. Just an in MACD Oscillator, Bullish Momentum is measured by the thickness of the Histogram Above Zero Line, in ICHIMOKU System, Bullish Momentum is measured by the thickness of Bullish KUMO, translated into the distance between the upper line –Senkou Span A- and lower line –Senkou Span B. As leading Kumo turns into Bearish, after Senkou Span A crosses with Senkou Span B and plunges downwards, we now see Bearish Momentum increasing as Bearish Kumo builds up its "body" and Senkou Span A –lower border- hangs below Senkou Span B –upper border.

Another KUMO element that should always be checked before you make any trading decision, is angle.

The part of the KUMO you should always have your eyes nailed on is the LEADING KUMO, the one also called "future KUMO". Watching every single tiny detail that changes on the LEADING KUMO, can make all the difference between a loser and a winner trader.

We can observe the following types of LEADING KUMO Angles and Shapes :

1. Leading KUMO forms Strong Upward or Downward Angle with its top/bottom Edge being steep and sharp.



Figure 18. USDJPY Weekly Chart on March 31th 2013 showing a steep and sharp upward KUMO Angle

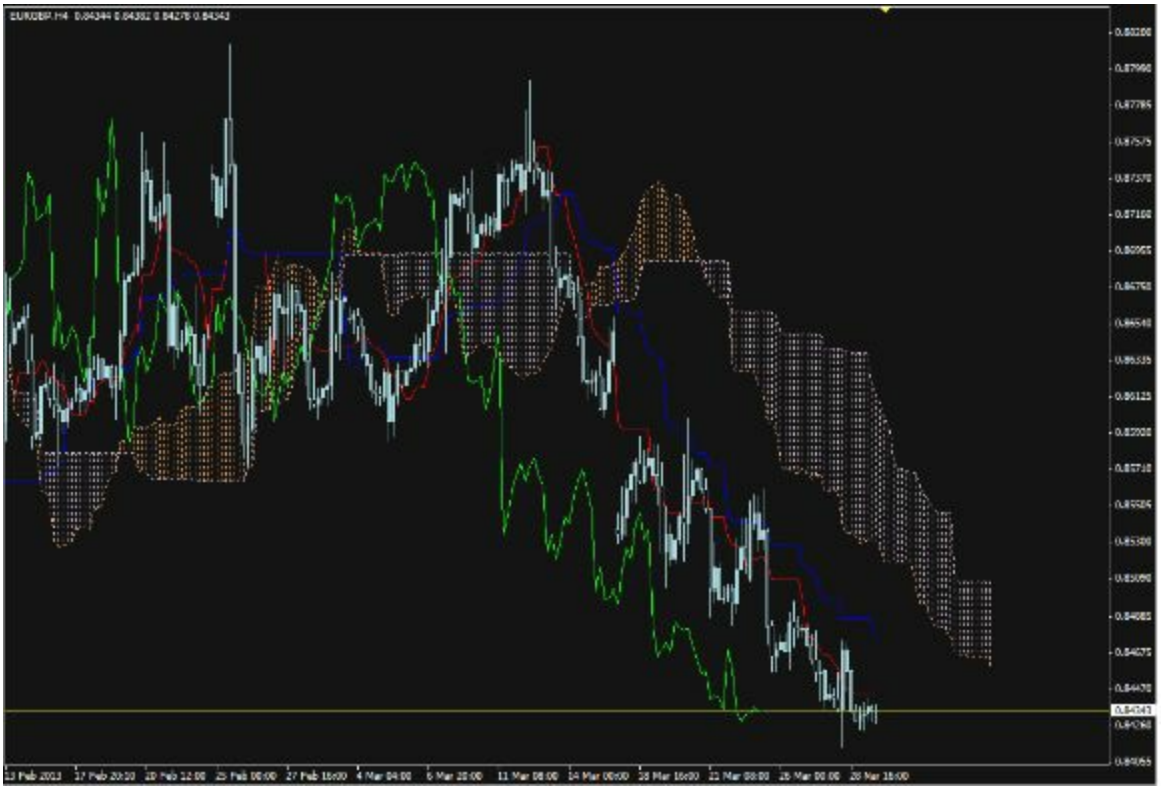


Figure 19. EURGBP, H4 Chart where we see a Bearish Kumo angling downwards with a sharp edge.

What does this mean?

-Strong Trend.

How do we confirm it?

-Chikou Span is above past price action in Bullish Trend and below past price action in Bearish Trend. Preferably, Chikou Span is angling or vertical. Additionally we can superimpose 65 and 200 EMA's to our Chart, although that would be the kind of excess my late grandma used to laugh about saying "don't use two wash-machines to place the washboard over". Last but not least, pay attention to the horizontal distance between price and KUMO. The bigger the stronger newborn trend will be.



Figure 20. 65 and 200-EMA's give a Bullish Confirmation.

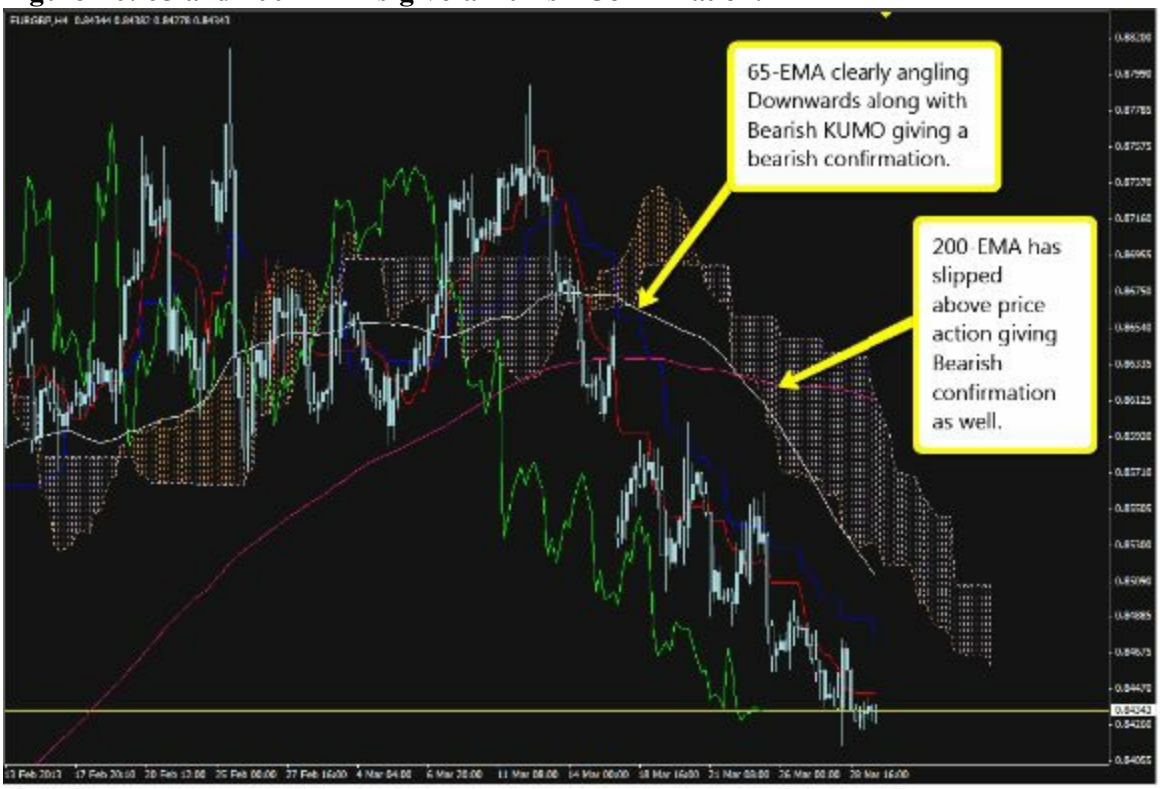


Figure 21. 65-200 EMA's giving Bearish Confirmation angling downwards along with Bearish KUMO

2. Leading KUMO's body is angling Upward or Downward but its top/bottom Edge is curved.



Figure 22 GBPUSD, Daily Chart, 01/04/13 : Bullish Price Reversal shown by a Curvy Leading KUMO edge

When leading KUMO's edge turns curvy, it means price is in a reversal mode. Will it go through or not? It depends. If the curve becomes complete (180 degrees) and we see a Senkou Span A with Senkou Span B Crossover giving birth to a new Kumo to the opposite direction, we know we have a new trend. Otherwise, curve will remain just that and Senkou Span A, will continue reflecting price's directional movement.



Figure 23 USDJPY, Dily Chart, 01/04/13 : Leading Kumo's Edge is curvy signifying reversal.

As we'll see in following chapters, there is a plethora of criteria inside the ICHIMOKU SYSTEM that we can use in order to make our trading decisions, as each and every element is just a part of an instrument of a well synchronized orchestra.

What does this mean?

-Reversal potential. Successful reversal should lead to a KUMO Breakout. If reversal is going to be completed, we should see the leading KUMO to gradually give birth to an opposite type of KUMO, after a Senkou Span A and Senkou Span B crossover.

How do we confirm it?

-We can confirm reversal both ICHIMOKU-wise and using non ICHIMOKU-related criteria. A reversal can be confirmed if we check the smaller time-frame and see a 100% change of Market's Sentiment. It can be confirmed if adding Transaction VOLUMES to our Chart we notice High Volumes below reversal top/bottom and much lower volumes after it creating the shape of a saucer. And of course we can confirm Bullish Reversal if price makes a Higher High which breaches last Lower High of Bearish Wave. A Bearish Reversal will create a Lower Low which will go below last Higher Low of the previous Bullish Wave.

3. Leading KUMO's body is horizontal.



Figure 24. GBPUSD, Weekly Chart, 02/04/13 See how Price oscillates above and below horizontal KUMO.

What does this mean?

-Stasis. This shows consolidation. Price is at Equilibrium. Sideways movement may last for a while.

How do we confirm it?

-When price enters KUMO, depending on the momentum, it usually takes some time to exit and start trending again. On a sideways movement, or stasis, Tenkan Sen and Kijun Sen move horizontally and so does Chikou Span which interferes with past price action.

4. Leading KUMO's body is horizontal with one of its surfaces (top/bottom) being Flat. (Belly up or Belly down formations)



Figure 25 Belly Down KUMO with flat top. When leading signals Bullish Trend.

Belly Down Kumo : Since we're ONLY watching the leading KUMO's morphology so we get an idea where price will go next, we'll examine "Belly Down" Kumo in this sense. But we'll also discuss price's relationship with this type of Kumo once it's above it.

Belly Down Kumo, means it's a flat top Kumo. The only one of the two KUMO Lines that becomes flat, is Senkou Span B. So a flat top Kumo has Senkou Span B on top, therefore it's Bearish. But although it's bearish, this Kumo, when leading, signifies a Bullish Trend which leads to reversal. While top remains flat –Senkou Span B- the Kumo's bottom line gradually forms a curve as Senkou Span A "shifts" upwards, following price's bullish dynamics. When price jumps above the Belly-Down Kumo, odds are it will be strongly attracted from Senkou Span B which represents the absolute equilibrium level for the average price during the past 52 periods. Therefore, this flat line will act as a magnet for the price.



Figure 26 Flat Top /Flat Bottom Kumos successively on EURGBP pair, H4 Time-Frame

Belly Up Kumo : We're always talking about the leading KUMO's morphology. So a "belly up" KUMO or otherwise a flat-bottom one, means that Senkou Span B shows stasis (equilibrium) of the price for the last 52 periods, while fast moving Senkou Span A draws a downward curve which describes price's Bearih reversal. As price continues to "travel" in time, after the Bearish breakout, odds are, flat-bottom acting as a strong magnet because of its equilibrium status, may attract the price upwards. Depending on "newborn" bearish trend's strength, price may come down stronger, defying the "magnet's" trap, or it may change its course again resuming its previous bullish trend going up.

What does this mean?

Trend reversal but not necessarily breakout.

How do we confirm it?

Reversal is complete when a new KUMO, opposite of the previous one has been born. This happens after a Senkou Span Cross. If Senkou Span A crosses Senkou Span B from the bottom up, we have a newborn bullish KUMO, and that follows a complete Belly-Down (flat top)Bearish KUMO. If Senkou Span A crosses Senkou Span B from the top down, we have a newborn bearish KUMO, and that follows a complete Belly-Up (flat bottom)Bullish KUMO.

The TYPE of KUMO's I described above aim at helping you categorize the infinite variations of the KUMO's shapes in your mind according to some basic criteria. There is no way we could "profile" all types of KUMO shapes. It's impossible.

3.Petting a cat or a tiger?

You'll probably read that ICHIMOKU is suitable for all time-frames of a Trending Market. In theory, this is true. But between theory and practice there is a whole ocean.

If you "play" a while with your charts switching time-frames and pairs, you'll notice that big strong trends form quiet waves that can give you huge profits if you enter early. On the other hand, smaller time-frames are full of noisy secondary trends inside the big ones.

Plus, when looking at smaller time-frames, you run the risk of falling in the trap of your own mind-games, because as very well Bill Wolfe describes in his Book, you may already have planned your excellent trade setup on the H4 Chart but are tempted to look at the M5 Chart which suddenly magnifies a minor secondary move against your intended position so much, it scares you and freezes you completely. You don't enter your well planned trade, only to notice a few hours later that you missed a great trade which unfolds exactly as you had planned it. This whole incident had its roots solely inside your mind. Zooming in a smaller time-frame makes you feel the cat you were petting has turned into a mighty tiger. Don't allow this effect to trick you out of your plan.

I'd suggest you use ICHIMOKU System on a Daily or even Weekly Chart.

If your trading capital and risk tolerance, don't allow you to go for the weekly or daily time-frames where you may have to hold on your position for month or even months, then make sure you trade in accordance with the main trend, or you're inside a very big correction which can be confirmed by three different time-frames (i.e. H4, H1 and M15).

Keep in mind that "there are no emergencies" in FOREX! Missing a great trade is not the end of the world and it definitely is way better than jumping in with a bad timing or no proper planning. Remember that as long as there are humans, Markets will be there and so will opportunities for great trades.

The same rule applies to patience. Nobody puts a gun to your head, forcing you to enter without all your conditions being met. It's a lot better to lose a few pips here and a few pips there, than risking to lose your whole equity by just being impatient.

4.Entry/Exit Signals

"Wide diversification is only required when investors do not understand what they are doing."

Warren Buffet

With ICHIMOKU System, all you need to be extremely profitable on a long term basis, is a well planed trade on a single pair at a time. If you respect the System's elements, its Signals are so powerful that your profits are almost guaranteed.

Before I present the six main categories of Entry/Exit Signals produced by ICHIMOKU System, I'd like to bring to your attention a basic principle which will make things a lot easier for you. When looking at an ICHIMOKU Chart, always keep in mind that there are three distinct zones in front of your eyes :

1. **The ZONE Above KUMO :** This ZONE reflects a Bullish Market Sentiment, therefore BUY Signals generated here are STRONG, while SELL Signals are WEAK.
2. **The ZONE Below KUMO :** This ZONE reflects a Bearish overall Market Sentiment, therefore SELL Signals generated within it are STRONG, while BUY Signals are WEAK.
3. **The KUMO :** When price moves INSIDE KUMO, it means it's in a Zone of Equilibrium, where both Buyers and Sellers believe pair's price is "fair" and they have no intense interest in pushing it higher or lower. The zone inside KUMO (the cloud), represent STASIS where price finds strong resistance against its move upwards and strong support against its move downwards. Therefore each Signal generated inside the KUMO, BUY or SELL is NEUTRAL because price action may reverse its course at any moment.

• Tenkan Sen/Kijun Sen Crossover

When does it happen?

-When Tenkan Sen crosses Above Kijun Sen it is Bullish and when it crosses Below

Kijun Sen it is Bearish.

Is it always a Strong Signal?

-This Cross is a Strong Signal when it is a BUY above the KUMO or a SELL below KUMO, it is Neutral when it happens inside KUMO and it is Weak when we have a Bullish Cross below the KUMO, or a Bearish Cross above it.



Figure 27 USDJPY, Daily Chart : Trading the T/K Sen Crossover



Figure 28 GBPUSD, Daily Chart : Trading the T/K Sen Crossover

Where are we looking to ENTER with Tenkan Sen/ Kijun Sen Cross Signal?

-We'll Enter to the direction of the Cross Signal (Long or Short) once a Candlestick has closed after it.

Which are the Entry Conditions?

- We must look at the Signal in conjunction with the rest of the ICHIMOKU elements. Is the leading KUMO's angle in line with Market's sentiment or is it horizontal? How is leading KUMO's edge? Is it sharp or curved? If Chikou Span is in accordance with the Signal, this adds validity to it. For example, if we have a Strong Bullish Tenkan Sen/Kijun Sen crossover and Chikou Span is almost vertical above past price action, our Signal becomes even stronger. If there is a KUMO Breakout taking place at the same time, our Signal becomes super-strong. We must also check if there are price consolidation levels close to our Entry Point. These levels of previous Support or Resistance must be our second thought before Entering.

Where do we place our Stop-Loss?

-SL placement depends on Market's Conditions, pair's volatility and average candlestick range, as well as each Trader's risk tolerance. It should be considered per case. As a general rule of thumb, I'd go for a "trailing stop" below/above Kijun Sen for a pair with small candlesticks and quiet trend. In case of a loud pair, I'd trail my stop below the next higher low or above the next lower high once price has confirmed it.

Where do we exit?

-We may exit if our Trailing Stop-Loss is hit, if a Tenkan Sen/Kijun Sen Cross is formed to the opposite direction, if we see a Reversal Candlestick formation or price pattern, if

we see an opposite Chikou Span Cross etc The combinations of signals in ICHIMOKU System are countless. Each Market Condition is unique.

• Price /Kijun Sen Crossover

When does it happen?
-When Price crosses Above Kijun Sen going from bottom up, it is Bullish and when Price crosses Below Kijun Sen going from top down it is Bearish.
Is it always a Strong Signal?
-This Cross is a Strong Signal when it is a BUY above the KUMO or a SELL below KUMO, it is Neutral when it happens inside KUMO and it is Weak when we have a Bullish Cross below the KUMO, or a Bearish Cross above it.
Where are we looking to ENTER with Price/Kijun Sen Cross Signal?
-We'll Enter to the direction of the Cross Signal (Long or Short) once a Candlestick has closed after it.
Which are the Entry Conditions?
- We must look at the Signal in conjunction with the rest of the ICHIMOKU elements. Is the leading KUMO's angle in line with Market's sentiment or is it horizontal? How is leading KUMO's edge? Is it sharp or curved? If Chikou Span is in accordance with the Signal, this adds validity to it serving as a very reliable Filter. For example, if we have a Strong Bullish Price/Kijun Sen crossover and Chikou Span is almost vertical above past price action, our Signal becomes even stronger. If there is a KUMO Breakout taking place at the same time, our Signal becomes super-strong. We must also check if there are price consolidation levels close to our Entry Point. These levels of previous Support or Resistance must be our second thought before Entering. (Sometimes, I may even super-impose Bollinger Bands to my ICHIMOKU Chart, checking if the Price/Kijun Sen Cross coincides with a Price's bounce off the upper or lower Band. The more confirmations I get for my Entry, the better.)
Where do we place our Stop-Loss?
-SL placement depends on Market's Conditions, pair's volatility and average candlestick range, as well as each Trader's risk tolerance. It should be considered per case. As a general rule of thumb, I'd go for a "trailing stop" below/above Kijun Sen for a pair with small candlesticks and quiet trend. In case of a loud pair, I'd trail my stop below the next higher low or above the next lower high once price has confirmed it.
Where do we exit?
-We may exit if our Trailing Stop-Loss is hit, if a Price/Kijun Sen Cross is formed to the opposite direction, if we see a Reversal Candlestick formation or price pattern, or if we see an opposite Chikou Span Cross. The combinations of signals in ICHIMOKU System are countless. Each Market Condition is unique.



Figure 29 AUDUSD, H1 Chart : Spotting Kijun Sen Cross Signals

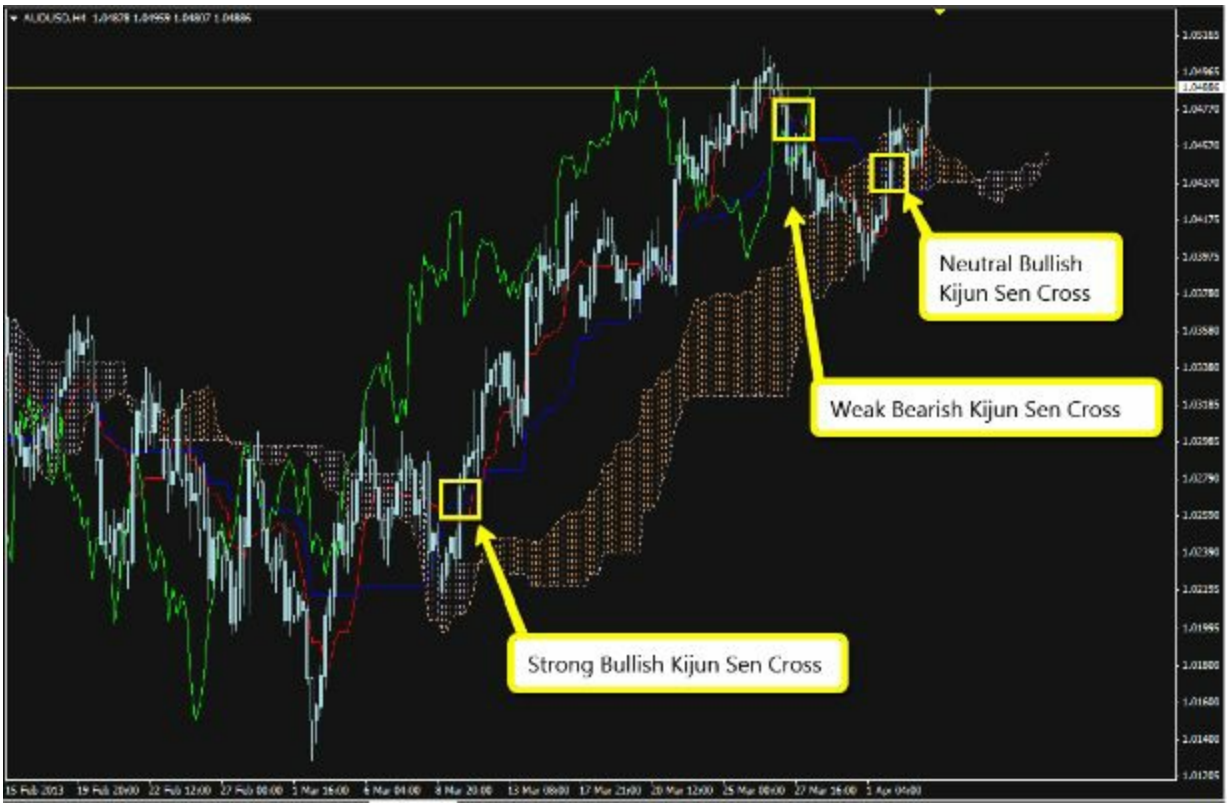


Figure 30 AUDUSD, H4 Chart : spotting Kijun Sen Cross Signals

- # Chikou Span Crossover

Chikou Span, being the default confirmation filter of most ICHIMOKU Signals, is also a standalone trade setup criterion .

When does it happen?

-When Chikou Span crosses with past price action from bottom up, rising Above it, we have a Bullish Chikou Span Crossover and when it crosses past price action from top down Below it, Chikou Span Crossover is Bearish.

Is it always a Strong Signal?

-This Cross is a Strong Signal when it is a BUY above the KUMO or a SELL below KUMO, it is Neutral when it happens inside KUMO and it is Weak when we have a Bullish Cross below the KUMO, or a Bearish Cross above it.

Where are we looking to ENTER with Chikou Span Cross Signal?

-We'll Enter to the direction of the Cross Signal (Long or Short) once a Candlestick has closed after it. Higher Time-Frames give more reliable Signals. There is too much noise and fluctuation in small Time-Frames due to volatility, so we'd rather go for the bigger time-frames if we'd like to trade Chikou Span Crossovers.

Which are the Entry Conditions?

- We must look at the Signal in conjunction with the rest of the ICHIMOKU elements. Is the Chikou Span moving free in an open space above or below KUMO? Is the leading KUMO's angle in line with Market's sentiment or is it horizontal? How is leading KUMO's edge? Is it sharp or curved? If there is a KUMO Breakout taking place at the same time, our Signal becomes super-strong. We must also check if there are price consolidation levels close to our Entry Point. These levels of previous Support or Resistance must be taken under consideration before Entering.

Where do we place our Stop-Loss?

-SL placement depends on Market's Conditions, pair's volatility and average candlestick range, as well as each Trader's risk tolerance. It should be considered per case. As a general rule of thumb, I'd go for a "trailing stop" below/above Kijun Sen for a pair with small candlesticks and quiet trend. In case of a loud pair, I'd trail my stop below the next higher low or above the next lower high once price has confirmed it. SL is basically at Trader's discretion per Trade Setup.

Where do we exit?

-We may exit if our Trailing Stop-Loss is hit, if a Chikou Span Cross is formed to the opposite direction, or if we see a Reversal Candlestick formation or price pattern. The combinations of signals in ICHIMOKU System are countless. Each Market Condition is unique.



Figure 31 AUDUSD, H4 Chart: We just had a Strong Bullish Chikou Span Cross Signal on previous candle



Figure 32 EURJPY, Daily Chart : We just had a Neutral Bearish Chikou Span Cross Signal

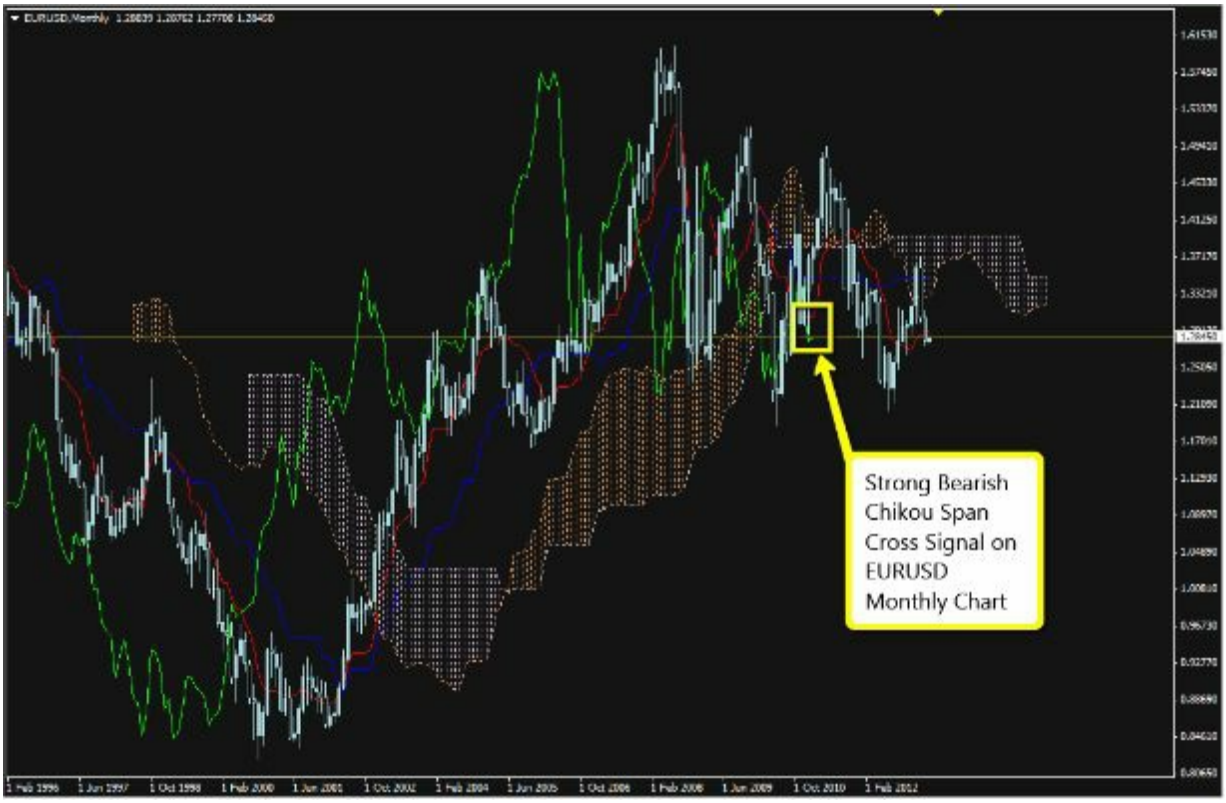


Figure 33 EURUSD, Monthly Chart, 03/04/13 : Strong Bearish Chikou Span Cross Signal

- ## Senkou Span A/Senkou Span B Crossover

When does it happen?

-When Senkou Span A crosses over and Above Senkou Span B going from bottom up, it is Bullish and when it crosses over and Below Senkou Span B going from top down, it is Bearish.

Is it always a Strong Signal?

-This Cross is a Strong Signal when it leads to the formation of an opposite KUMO with a significant Angle to the direction of the newborn trend, while it is Weak when the new KUMO is horizontal or very short lived.

Where are we looking to ENTER with Senkou Span Cross Signal?

-We'll Enter to the direction of the Cross Signal (Long or Short) once a Candlestick has closed after it.

Which are the Entry Conditions?

- We must look at the Signal in conjunction with Market's Sentiment on HIGHER Time-Frames and should avoid entering the Trade if the Market Sentiment on the time-frame we're looking to trade is not in accordance with the main trend as shown by higher time-frames. Is the "newborn" leading KUMO's angle in line with Market's sentiment or is it horizontal? How is leading KUMO's edge? Is it sharp or curved? If Chikou Span is

in accordance with the Signal, this adds validity to it. For example, if we have a Strong Senkou Span crossover and Chikou Span is almost vertical above past price action, our Signal becomes even stronger. If there is a KUMO Breakout taking place at the same time, our Signal becomes super-strong.

Where do we place our Stop-Loss?

-Since Trading this Signal goes hand in hand with the KUMO's morphology and dynamics, it would be advisable to place our Stop-Loss a few pips (10-20 pips) below or above the opposite KUMO Border which is Senkou Span B. We may trail it either following price action or placing it below/above Kijun Sen. I would rather go with price action, moving my SL below each new and validated by price action Higher Low on an uptrend, or above each new and validated by price action Lower High on a downtrend.

Where do we exit?

-We may exit if our Trailing Stop-Loss is hit, or if a Senkou Span Cross is formed to the opposite direction, if we see a Reversal Candlestick formation or price pattern, or if we see an opposite Chikou Span Cross etc The combinations of signals in ICHIMOKU System are countless. During the Trade we keep our eyes nailed on the Leading KUMO.

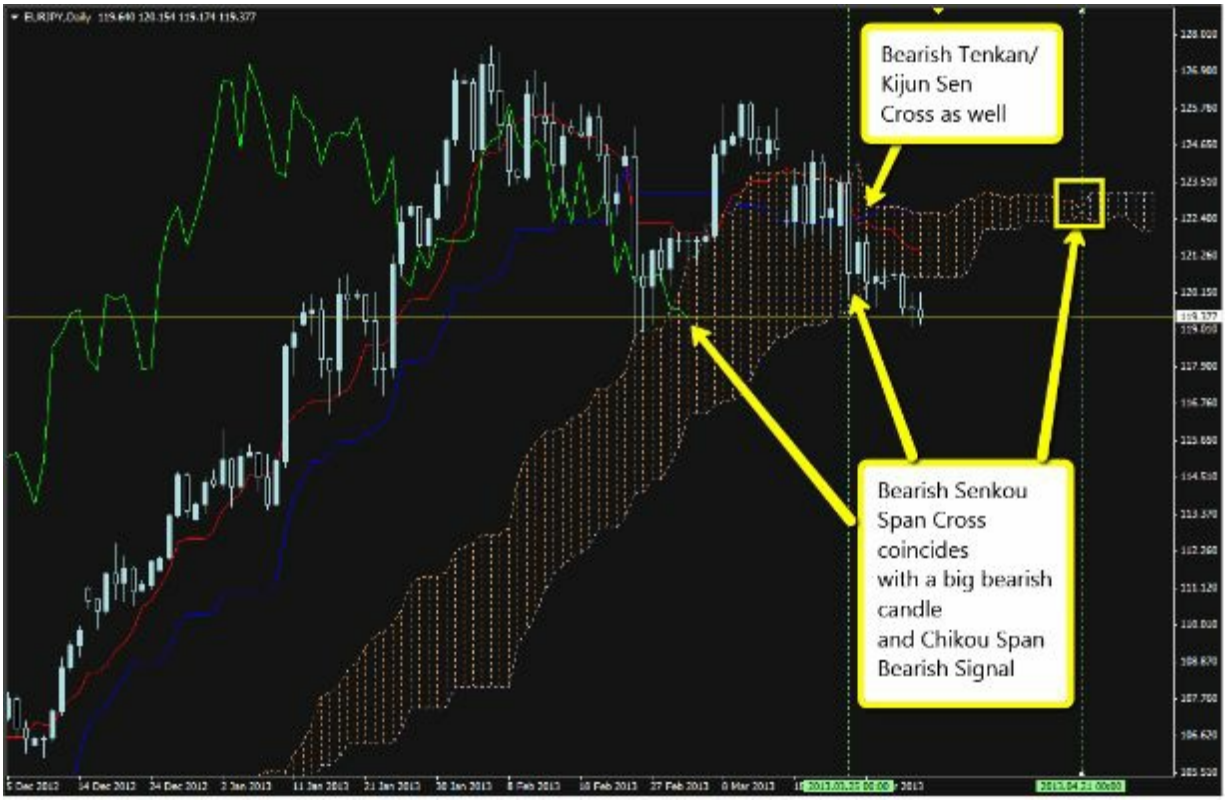


Figure 34 EURJPY, Daily Chart : Bearish Senkou Span Cross Signal

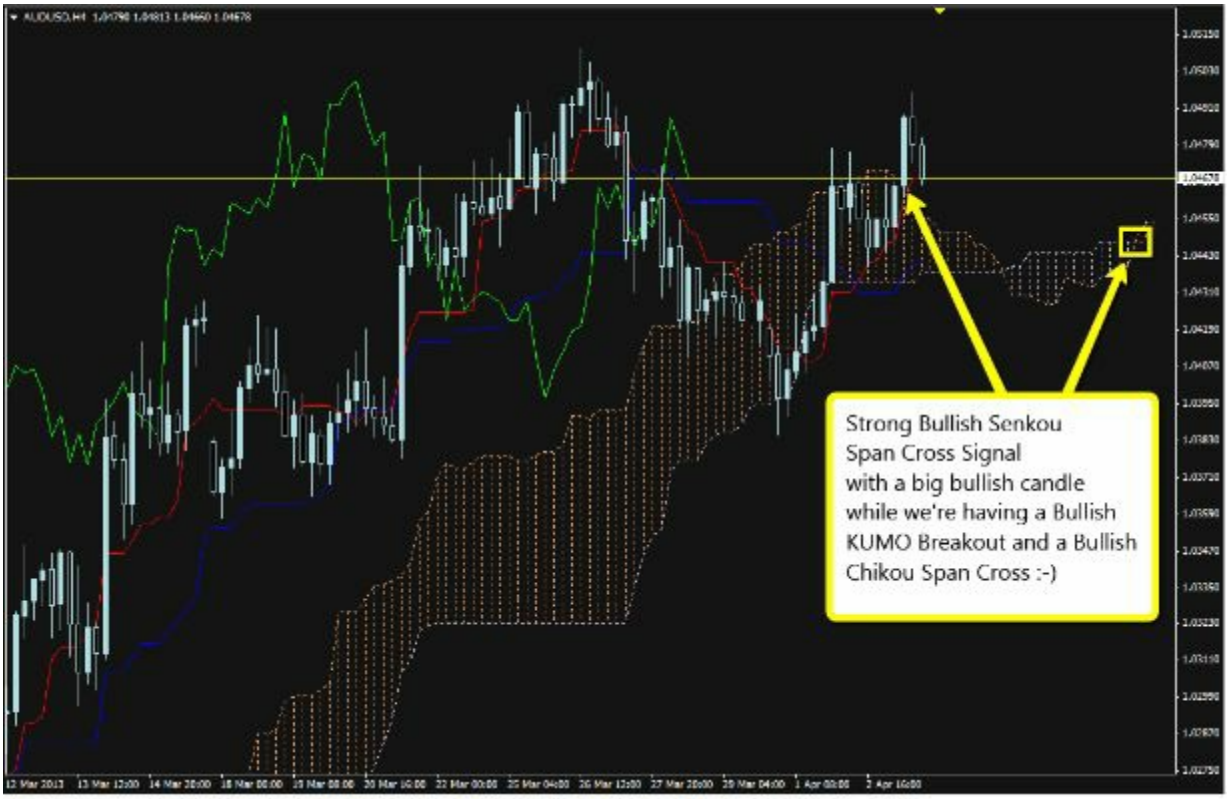


Figure 35 AUDUSD, H4 Chart, 03/04/13 : Strong Bullish Senkou Span Cross Signal

- # Kumo Breakout

When does it happen?

-When price breaks out of the KUMO in a strong upward move it is a Bullish KUMO Breakout and when price breaks out of the KUMO in a strong downward move it is a Bearish KUMO Breakout. This is a SIGNAL suitable for Position Traders who prefer to use higher time-frames (daily, weekly, monthly). It's big-picture trading based on price's correlation with KUMO, therefore it is primarily based on Market's Sentiment. KUMO is the absolute trade criterion in this case. We enter on a KUMO Breakout to one direction and exit when price crosses KUMO and breaks out to the opposite direction.

Is it always a Strong Signal?

-YES, it is a very strong signal on the condition we're trading on HIGH Time-Frames. The smaller the time-frame the less significant a KUMO Breakout is.

Where are we looking to ENTER with KUMO Breakout Signal?

-We'll Enter to the direction of the Cross Signal (Long or Short) once a Candlestick has closed after it.

Which are the Entry Conditions?

- Before entering, we must look at the Morphology of the KUMO price is breaking out from, making sure it's not a Flat-Top or Flat-Bottom KUMO, because these types of

KUMO act as price magnets and since we're trading on a high time-frame, we should avoid risking a huge price move against our position due to Flat Top/Bottom KUMO's "magnetic field". We should also make sure leading KUMO is angling towards the desired direction, its edge is sharp and Chikou Span gives us confirmation to enter.

Where do we place our Stop-Loss?

-KUMO and its relationship with price is the absolute criterion regarding the interpretation of a KUMO Breakout Signal. Therefore, we should place our Stop-Loss at a point where there is a barrier in between our entry and our Stop. Ideally – depending on our account's tolerance- SL must be placed 10-20pips below KUMO's lower border on a Bullish Kumo Breakout, or 10-20pips above KUMO's upper border on a Bearish Kumo Breakout. We should trail our Stop following leading KUMO's opposite border or price action. Following price action means we should move it upwards below the next validated by price action higher low on an uptrend, or above the next validated by price action lower high on a downtrend.

Where do we exit?

-We may exit if our Trailing Stop-Loss is hit or if a KUMO Breakout happens to the opposite side of the leading KUMO signifying a major and definite change in Market's Sentiment.



Figure 36 EURUSD, Daily Chart: We can see a very Strong Bearish KUMO Breakout

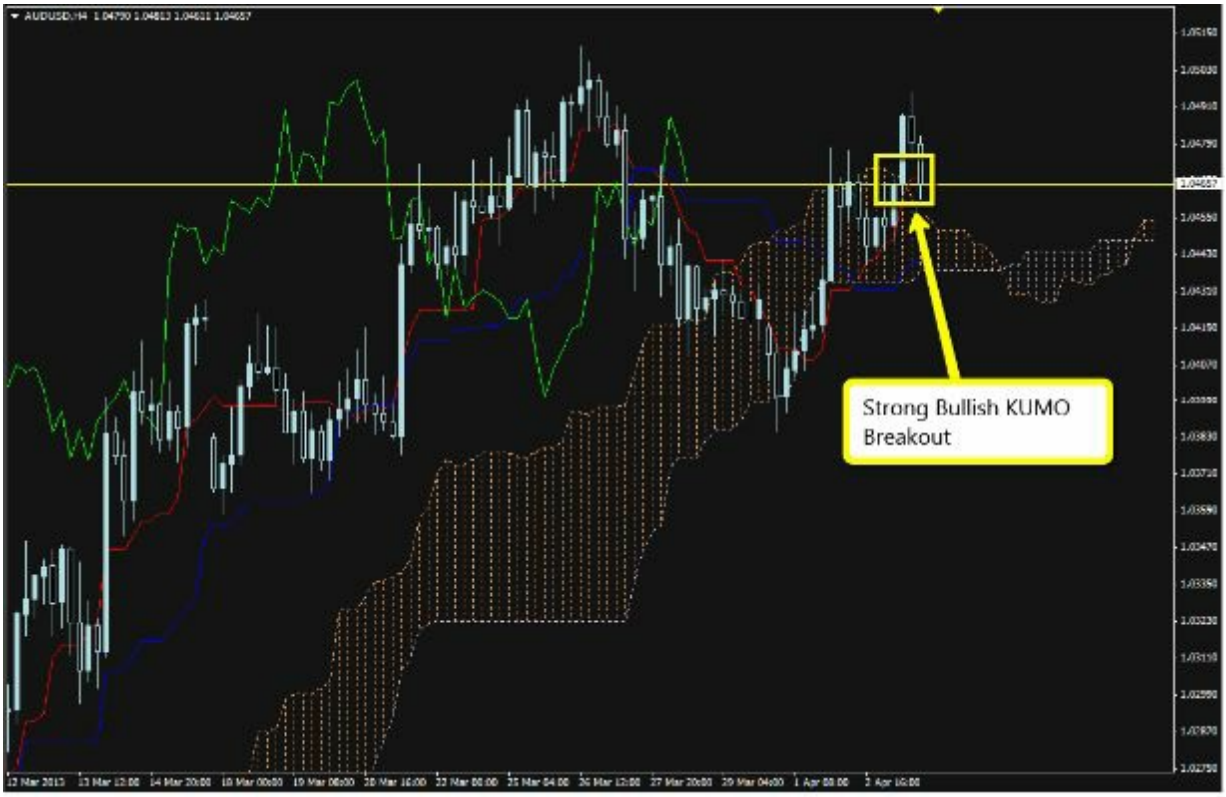


Figure 37 AUDUSD, H4 Chart, 03/04/13 : Strong Bullish KUMO Breakout

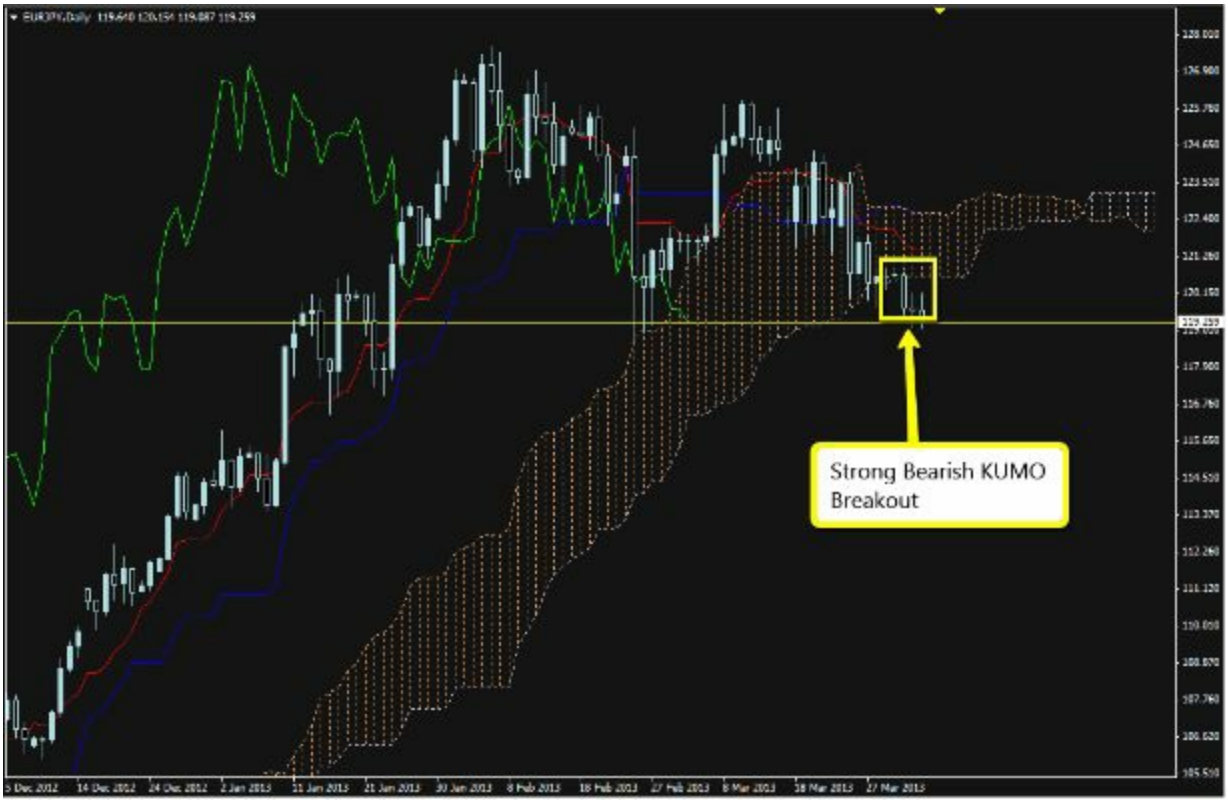


Figure 38 EURJPY, Daily Chart, 03/04/13 : Strong Bearish KUMO Breakout

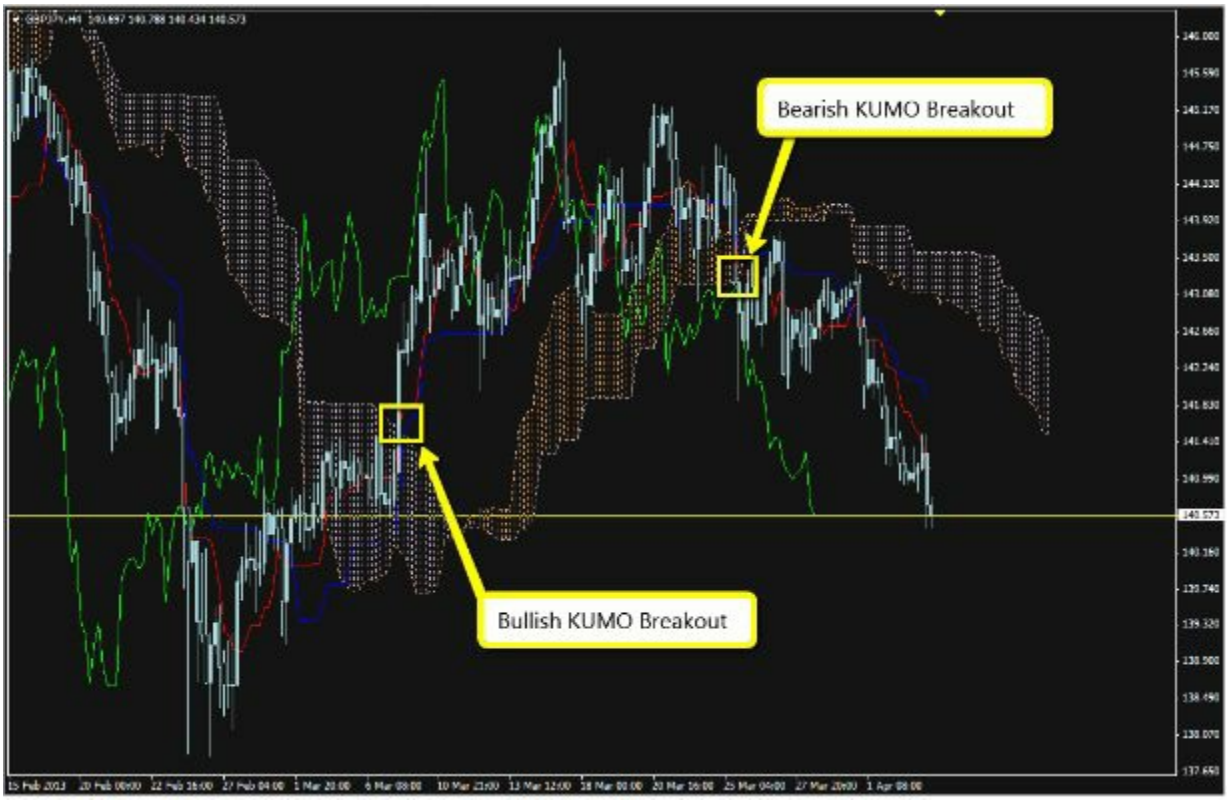


Figure 39 GBPJPY, H4 Chart, 03/04/13 : We can see here a Bullish and a Bearish KUMO Breakouts

5. ICHIMOKU Magic

ICHIMOKU System to me is absolute "magic". While I was thinking about the best way to represent here how I use it, wondering which would be the most straightforward manner, I decided to design a TOUR to many different Currency Pairs, looking for trade setups using ICHIMOKU Signals. My inner "dialogues" during this TOUR will be given in the form of Questions and Answers so you can easily "copy" my methodology of approaching the Market and making my trading decisions.

On this TOUR, I may refer to non-ICHIMOKU tools. Please don't be fast to critisize my choices. It's my money and your money at stake when making a trading decision. So there is no place for "taboos". The more confirmations we can get from different viewing angles, systems or tools, the better.

Guiding you through my thinking process, I'll pretend I had no previous knowledge of Market's Conditions for each pair and will explain all my moves towards acquiring all necessary info as if I just landed from another planet

Let the TOUR begin!

Thursday, 4th of April 2013

1. USDJPY

Q: Which time-frame should I look first at?

A: M15 so I can get the Market's "pulse" right now

Q : What do I see here?

A : I see an extreme bullish move which pushed the price 250pips high within 2 hours.

Q : Do the pair's Fundamentals support this move?

A : I search GOOGLE (or go through my GOOGLE email alerts for the pair) and see that Bank of Japan announced its monetary policy towards weakening YEN and boosting the competitiveness of Japan's exports.

Q : Is this "news release" going to affect the pair for long or is it a firework?

A : This development plays important role in shaping Japan's Currency Policy on a long-term basis and is among new Government's Top-Priorities.

Q: What do I see on the M15 Chart ICHIMOKU-wise?

A : I see a Strong Bullish KUMO Breakout, that coincided with a Strong Bullish Tenkan Sen/Kijun Sen Cross, a Strong Chikou Span Bullish Cross, a Strong Bullish Kijun Sen Cross and a Senkou Span Cross as well. The Chart screams : PAIR is taking off!



Figure 40 USDJPY, M15 Chart, 040413 @09:46 GMT

Q: What's the picture on Higher Time-Frames?

A : This strong Bullish Momentum gives me the confidence to trade the pair from a Higher Time-Frame going for big profits, since the trend is going to last.

Q: What's the picture on H1 Time-Frame?

A : Strong Bullish trend but I'd rather wait for a Bearish Candle to close before I enter. It's too risky to jump in the trade here because I have no safe point to place my Stop-Loss and make sure it's not going to be hit. All safe SL zones are 200pips away. I'll wait for the first group of Bulls to take some profits and see if London Market will push the pair down a bit so that Big Players jump in Long, or push it even higher before the NY Market wakes up.

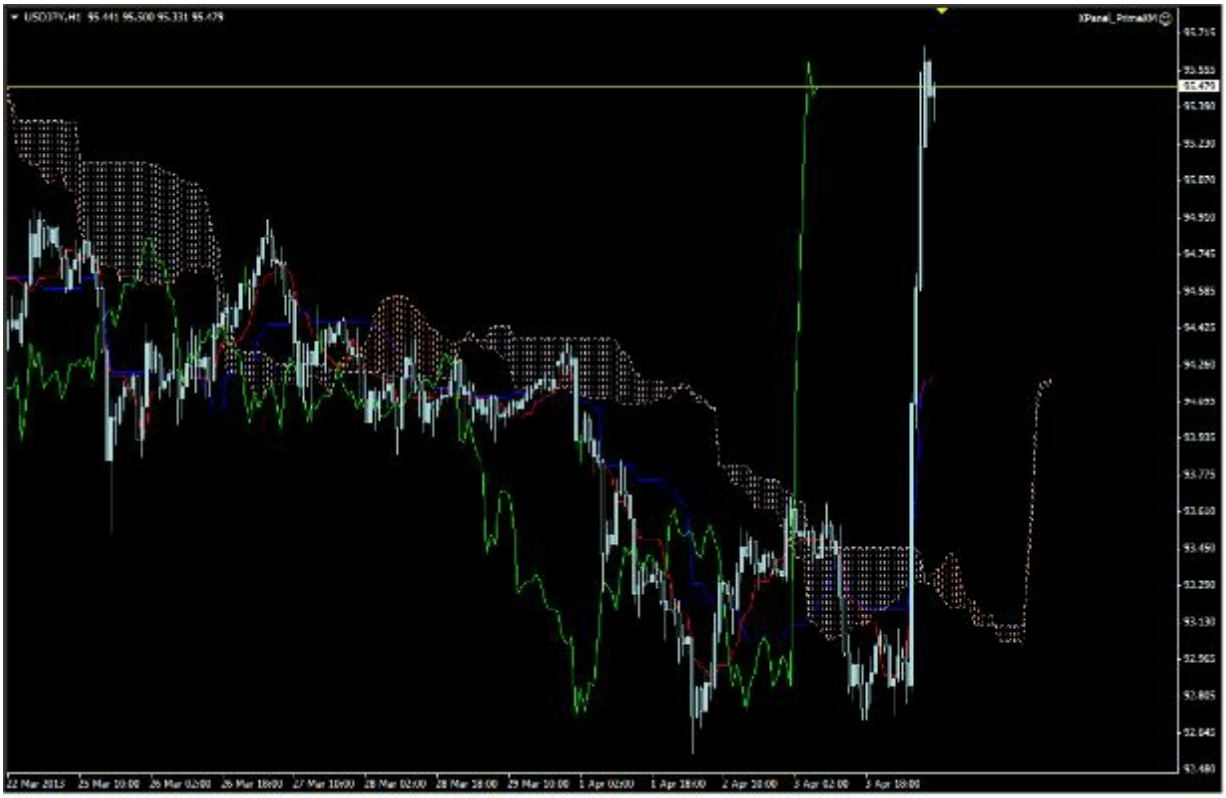


Figure 41 USDJPY, H1 Chart, 04/04/13 @10:48 GMT : Extremely Bullish Market.

Q: Should I set up the trade on H4 Chart?

A : I'd rather wait for this H4 Candlestick to close in order to enter Long, always keeping an eye on M15 Chart so I don't miss a new Bullish Rally.

Q: Where should I place my Stop-Loss?

A : I'll add transactions volumes to my H4 Chart so I can evaluate the potential of a deep bearish plunge. I see that there is HIGH VOLUME at the point where this 250pips rally upwards started. After that point, volumes went dramatically down and that's a reassuring sign that if I enter Long at the close of a H4 Bearish Candlestick placing my Stop Loss 20-30 pips below its lowest point, the odds of having my SL hit are extremely thin. It would be even better if I placed my SL on the upper border of the KUMO and it would be absolutely safe placing it a few pips below the lower border of the KUMO, using KUMO as a barrier in front of my SL.

Q: Where should I exit?

A : I will let the Market show me the exit. I'll be trailing my Stop-Loss a few pips below leading KUMO's lower border. Leading KUMO is about to be born in the shape of a Bullish one.

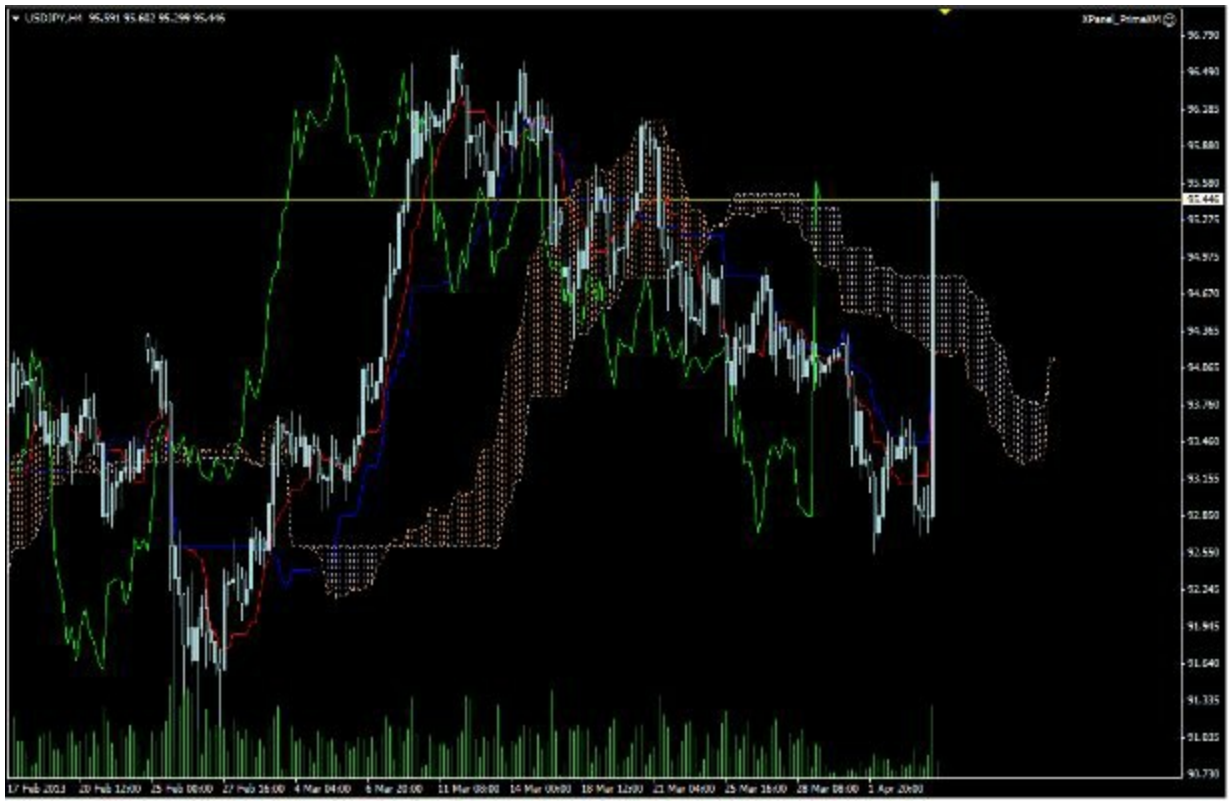


Figure 42 USDJPY, H4 Chart with Volumes, 04/04/13 @11:29 GMT

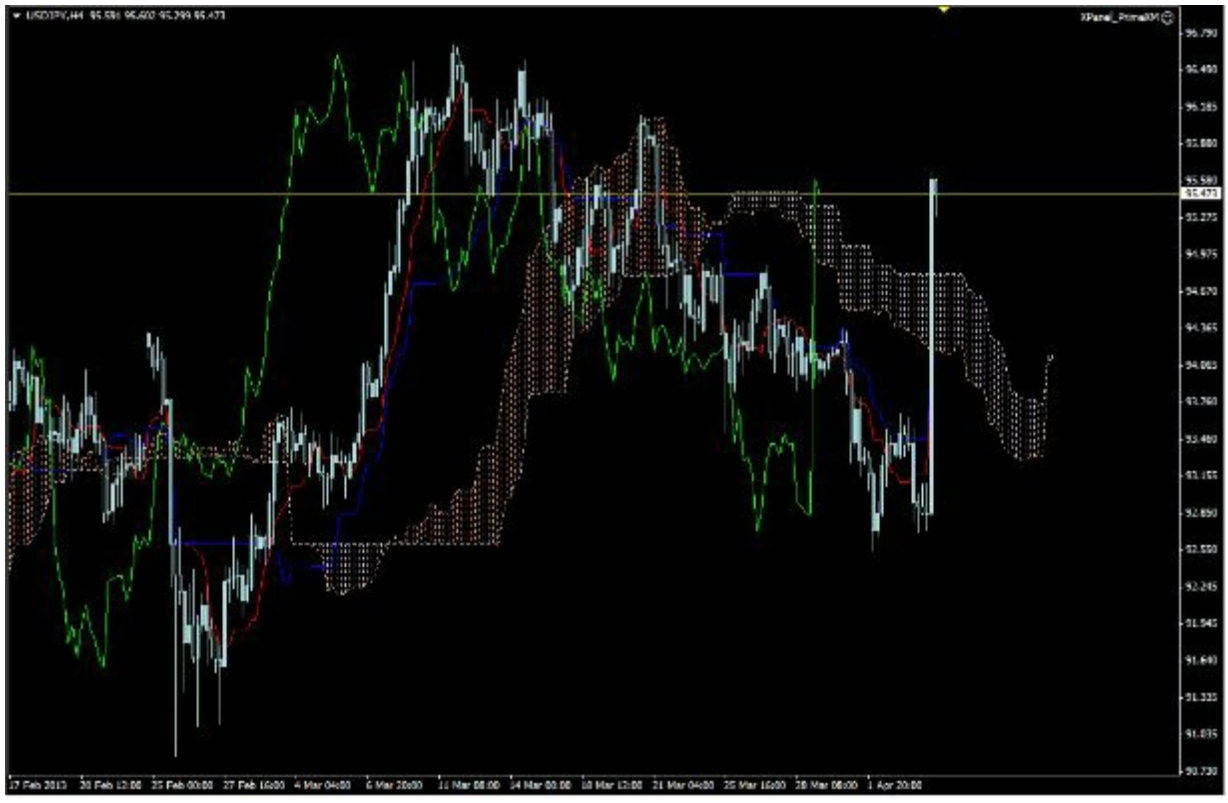


Figure 43 USDJPY, H4 Chart, 04/04/13 @10:51 GMT : Extremely Bullish Market



Figure 44 USDJPY, Daily Chart, 04/04/13 @10:54 GMT : Pair has resumed its Strong Uptrend. Leading KUMO's edge is angling sharply upwards.

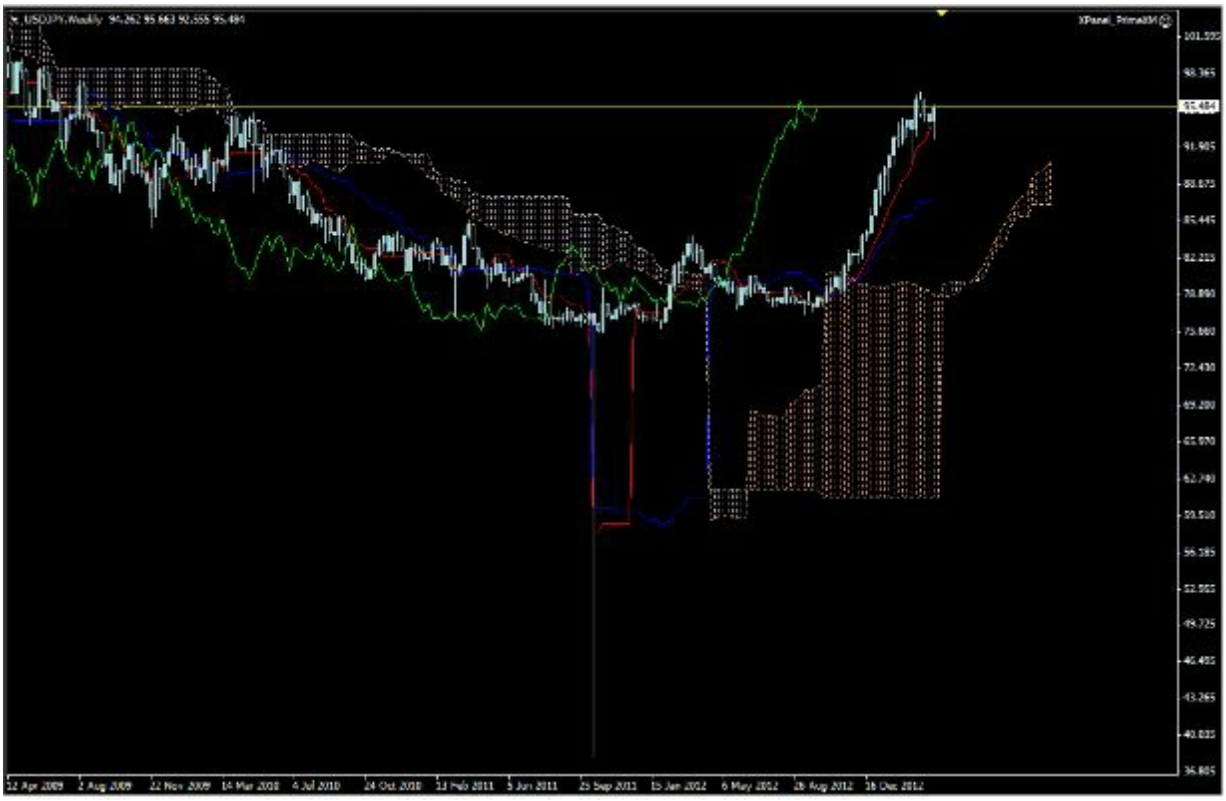


Figure 45 USDJPY, Weekly Chart, 04/04/13 @10:58 GMT : After three weeks of Bearish Correction, pair is now resuming its uptrend.

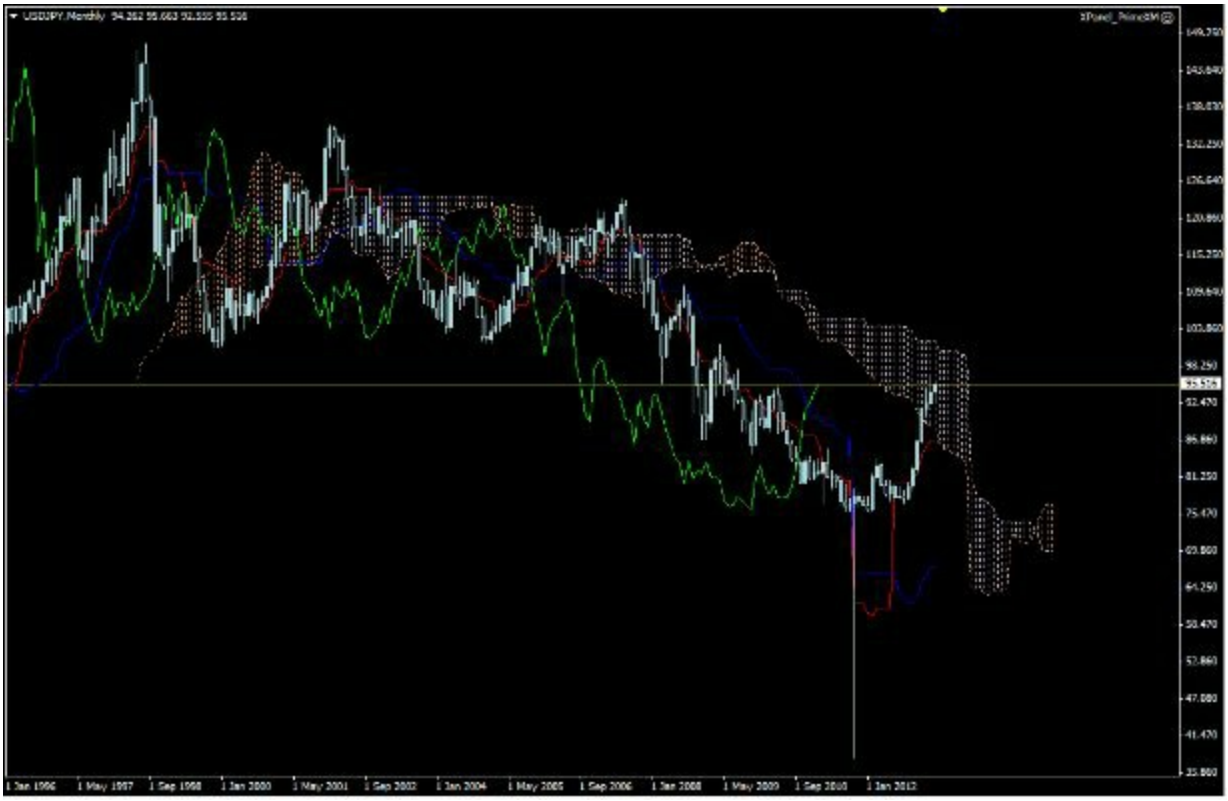


Figure 46 USDJPY, Monthly Chart, 04/04/13 @11:02 GMT : pair is continuing its upward move through the KUMO

Since YEN is the Counter or Quote Currency to more than one pairs, and since what happened today with Bank of Japan's Meeting affects YEN , it will definitely reflect to all the "YEN" pairs as well.

2. EURJPY

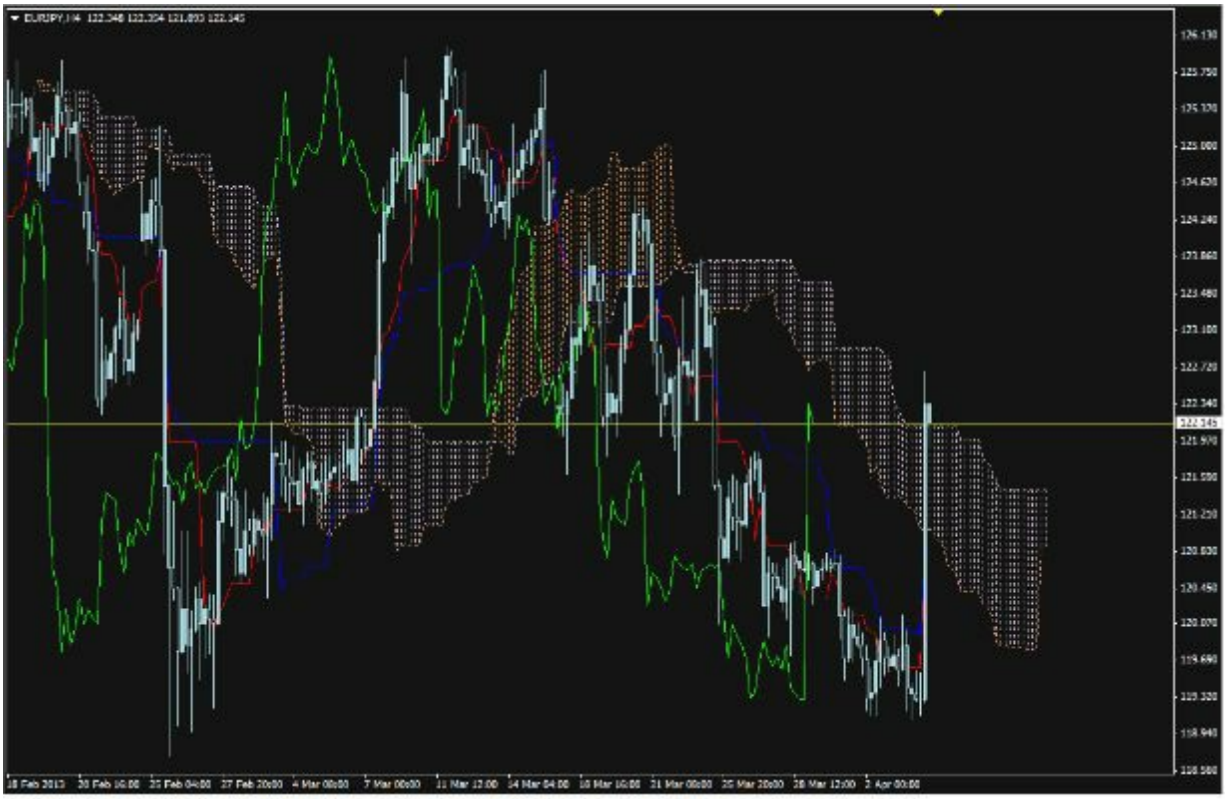


Figure 47 EURJPY, H4 Chart, 04/04/13 @12:30 GMT : A lot of similarities with USDJPY

3. GBPJPY

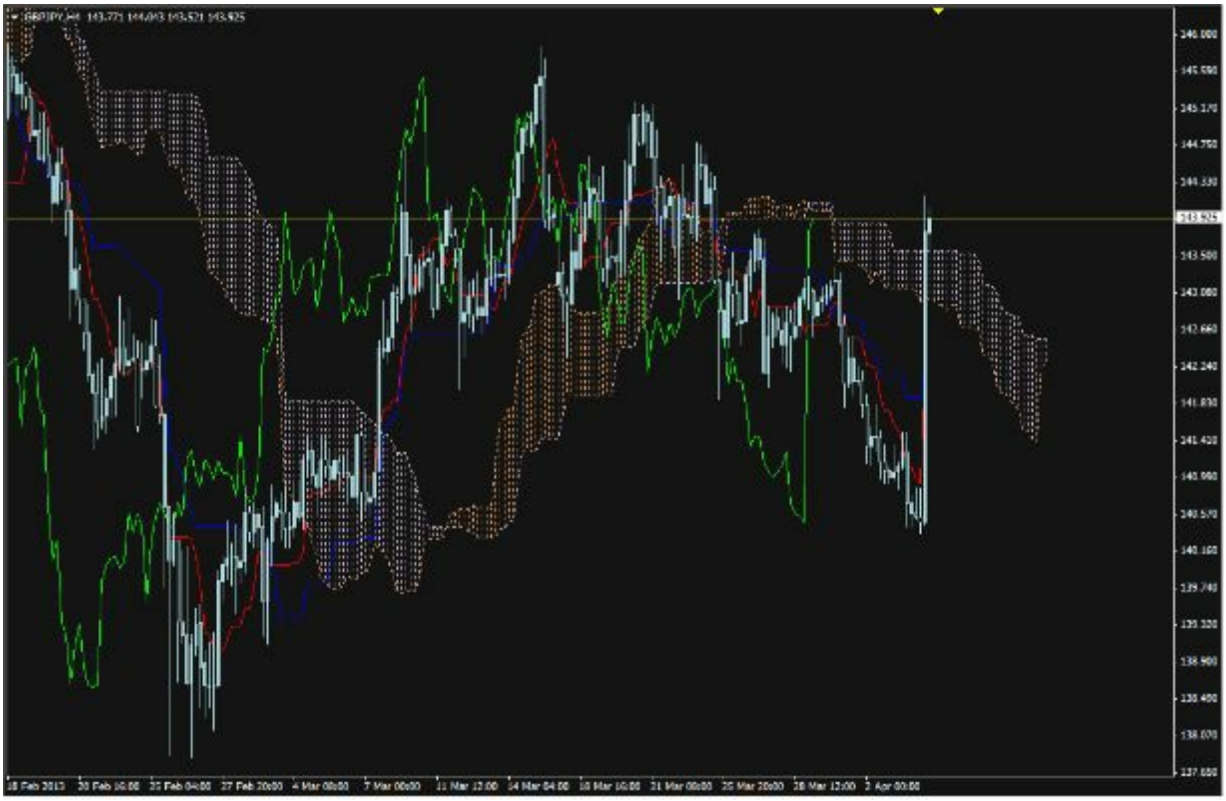


Figure 48 GBPJPY, H4 Chart, 04/04/13 @12:38 GMT : another MIRROR Pair of USDJPY

4. AUD JPY

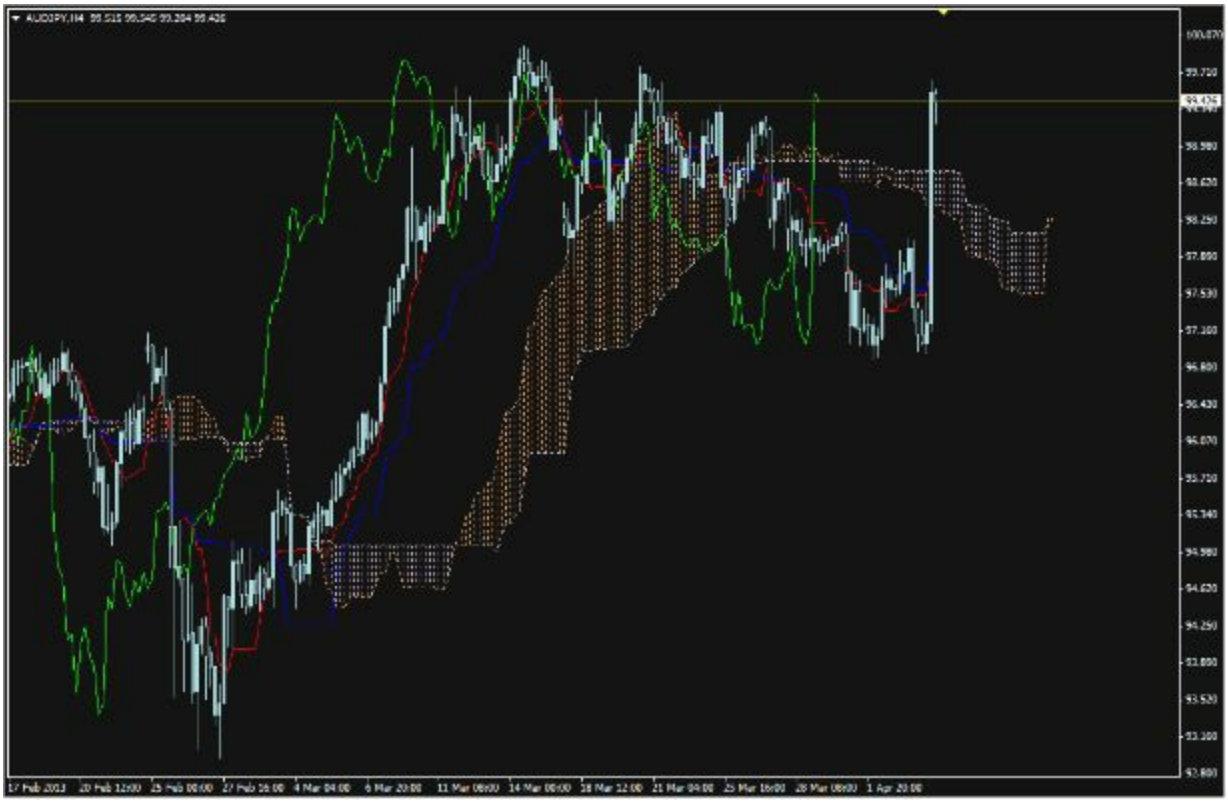


Figure 49 AUDJPY, H4 Chart, 04/04/13 @12:42 GMT : Another YEN Pair following the day's bullish pattern just like USDJPY, EURJPY and GBPJPY

It helps to note here, that quite often the YEN pairs have similar price action patterns. This adds leverage to your well-planed trades.

Now let's move on to the next pair.

5.AUDUSD



Figure 50 AUDUSD, M15 Chart, 04/04/13 @12:56 GMT : Bullish Reversal?

Q: What do I see here?

A : I see that the Market has a definitely Bullish Sentiment after a Bearish Corrective move. I see Chikou Span turned upwards, but hasn't slipped above past price action yet, so it doesn't give me any Signal. Price hasn't crossed over Kijun Sen yet, so I haven't got a Price/Kijun Sen Signal yet, Tenkan Sen has turned upwards but is not crossed with Kijun Sen yet, leading KUMO, although Bearish, has a curvy lower edge which is indicative of potential reversal, but this is not guaranteed yet. It is quite early to talk about Senkou Span Cross or expect a KUMO breakout, so I'd rather wait for the price/Kijun Sen Cross Signal to take place and maybe a Tenkan Sen/Kijun Sen Cross, before I enter Long placing my Stop Loss 10-20 pips below Kijun Sen.

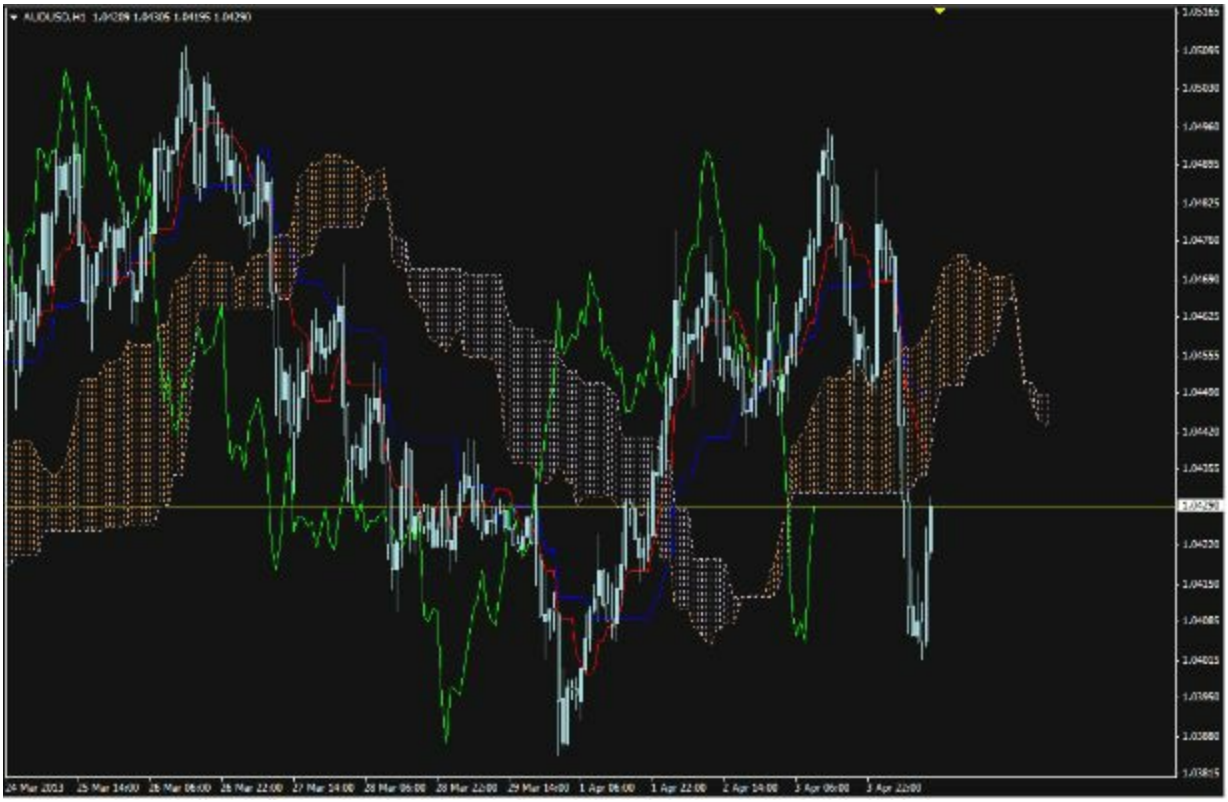


Figure 51 AUDUSD, H1 Chart, 04/04/13 @13:18 GMT

Q: What do higher Time-Frames show?

A : On H1 Chart I see that the last two candlesticks are big bullish ones showing a strong Bullish momentum in the Market. Again I'm getting the picture of a Bullish Reversal but I'm not getting any Signals yet so I can base my trading decision upon.



Figure 52 AUDUSD, H4 Chart, 04/04/13 @13:29 : pair is moving inside a Triangular Consolidation Zone

Q: What does H4 Chart show?

A : On H4 Chart I see that after a big bullish rally, the pair entered in a Consolidation phase with the characteristics of a coil. Price has been moving inside a triangle and it seems quite likely that it may reverse once it touches the upper trendline. So now I know, which my Take-Profit target will be –a few pips below upper trendline- as soon as I enter Long on M15 Chart after I get a Price/Kijun Sen Bullish Cross Signal. Odds are price will hit the lower trendline before it reverses again possibly breaking out of upper trendline. Usually trendlines are broken at the fourth "touch". I'll look at the Daily Chart trying to get the "bigger picture" of the Market.



Figure 53AUDUSD, Daily Chart, 04/04/13 @13:49 GMT

Q: What does the Daily Chart show?

A : On the Daily Chart I see that the pair is being ranging for quite a lot of time. I also see that although we have had a Bullish KUMO Breakout 12 Days ago, price hasn't escaped the vicinity of KUMO yet due to the fact that this is a Major Resistance Territory. The Market's Sentiment is definitely Bullish, Tenkan Sen and Kijun Sen are slopping upwards, leading KUMO has a sharp edge turned upwards and its body is angling upwards too, but Chikou Span, is "trapped" below lagging KUMO. Yes, Chikou Span is above past price action, but not FREE from KUMO yet and not in Bullish Zone. Look at Chikou Span as a little child that needs a lot of open space to run and play. The more open space it has, the further it goes!



Figure 54 AUDUSD, Weekly Chart, 04/04/13 : A Breakout is coming.

Q: What about the Weekly Chart?

A : The Weekly Chart of the pair, shows that price has been moving sideways for long, KUMO is horizontal showing STASIS and absolute EQUILIBRIUM, leading KUMO is Bullish increasing the odds of a Bullish Breakout, Tenkan Sen and Kijun Sen move in a horizontal mode and so does Chikou Span. Breakout is coming.



Figure 55 AUDUSD, Monthly Chart, 04/04/13 @14:39 GMT : a Price Consolidation before the Bullish Rally?

Q: What about the Monthly Chart?

A : The Monthly Chart of the pair, shows that price has been moving sideways for long, in a clearly Bullish Environment, leading KUMO being Bullish with its top edge being almost sharp pointing upwards. Tenkan Sen, Kijun Sen and Chikou Span have been moving horizontally. A Bullish Breakout is expected to push the pair high.

On to the next pair of our TOUR.

6.GBPUSD



Figure 56 GBPUSD , M15 Chart, 04/04/13 @15:00 GMT : Bullish KUMO Breakout

Q: What does M15 Chart show?

A: M15 shows that a Strong Bullish KUMO Breakout happened a candlestick ago. Leading KUMO has an almost vertical slope upwards and its top edge is sharp. Chikou Span has risen above past price action and even broke free from KUMO, and is now ready to run "wild" up to the sky.

Q: Will I setup my trade here?

A: Not before I have a look to the higher time-frames. But if higher time-frames confirm the Bullish Market's Sentiment, I'll come back to M15 Chart and plan my Long Entry at a pullback price point –maybe with a little help from M5 Chart- placing my Stop Loss a few pips below the lower border of the leading KUMO.



Figure 57 GBPUSD, H1 Chart, 04/04/13 @15:11 GMT : Another almost vertical Bullish KUMO Breakout happening here

Q: What does the H1 Chart tell me?

A: I see an almost Vertical Aggressive Bullish KUMO Breakout here with a plethora of ICHIMOKU Signals. Tenkan Sen/Kijun Sen Cross happened just before Price/Kijun Sen Cross took place, Chikou Span couldn't be more vertical than that, but it still needs to rise over above KUMO in order to be 100% Bullish. KUMO that price has just pierced, is a flat-top one, so I should be very cautious of potential pullbacks as it will act as a magnet attracting the price to it.

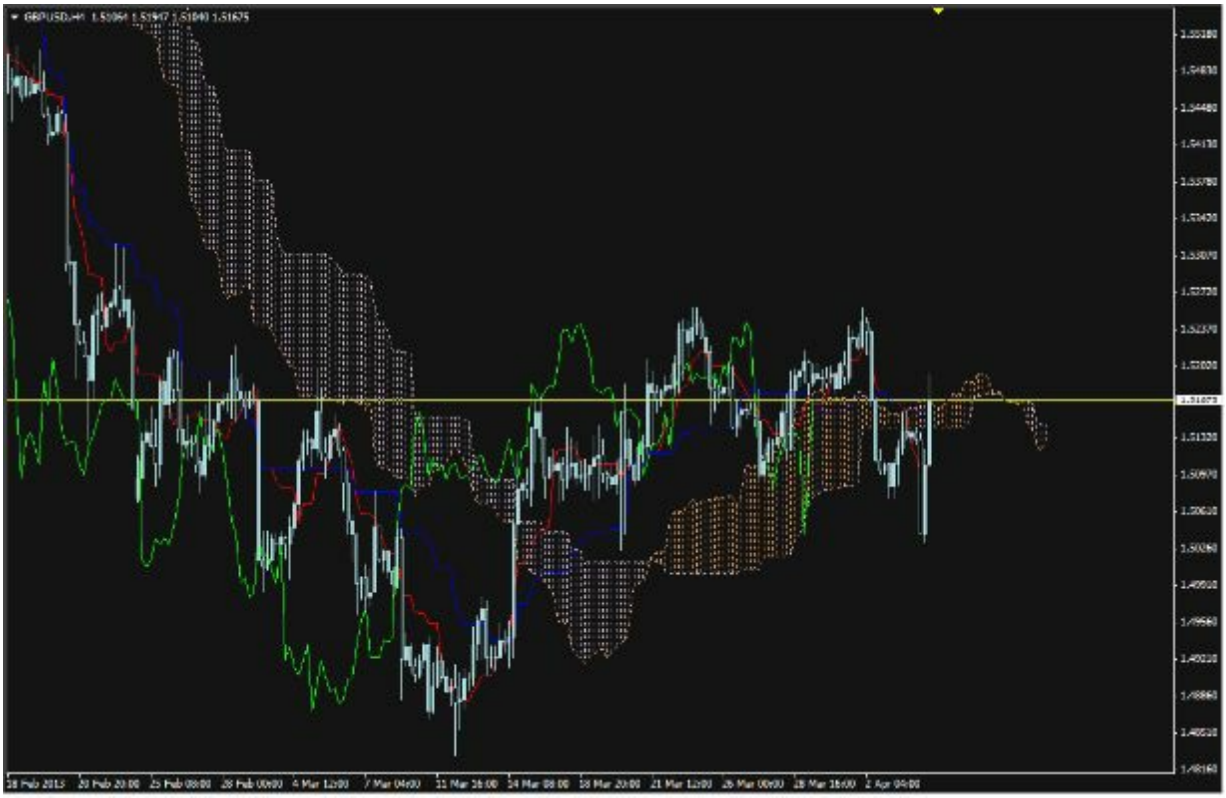


Figure 58 GBPUSD, H4 Chart, 04/04/13 @15:19 GMT : Bullish KUMO Breakout a while before the Big BOOM!

Q: What does the H4 Chart tell me?

A: I'm seeing a Strong Bullish KUMO Breakout here as well, with leading KUMO being a small Bearish one, which has a rounded lower edge signifying bullish reversal. Chikou Span has turned upwards but hasn't managed to pass above past price action yet neither to free up from KUMO. It looks like it will happen soon. Definitely an excellent Trade Setup can be planed from the H4 Chart as well (not only from the M15 one)



Figure 59 GBPUSD, Daily Chart, 04/04/13 @15:25 GMT: Bullish Reversal?

Q: What does the Daily Chart of the pair show?

A: It's obvious here, that the pair has been moving upwards for a few days now after a Bearish Rally. After a price/Kijun Sen Bullish Cross Signal 12 days ago, it started moving sideways and hasn't broken that range yet. Chikou Span still touches the past price moving horizontally but it looks like it is now ready to turn upwards. Leading KUMO is Bearish and its lower border has been curvy but I'm concerned by a downward sharp edge at its outer point. Will the price make it upwards? I wouldn't place any order based on what I see here. But I'll check the higher time-frames to get the bigger picture.

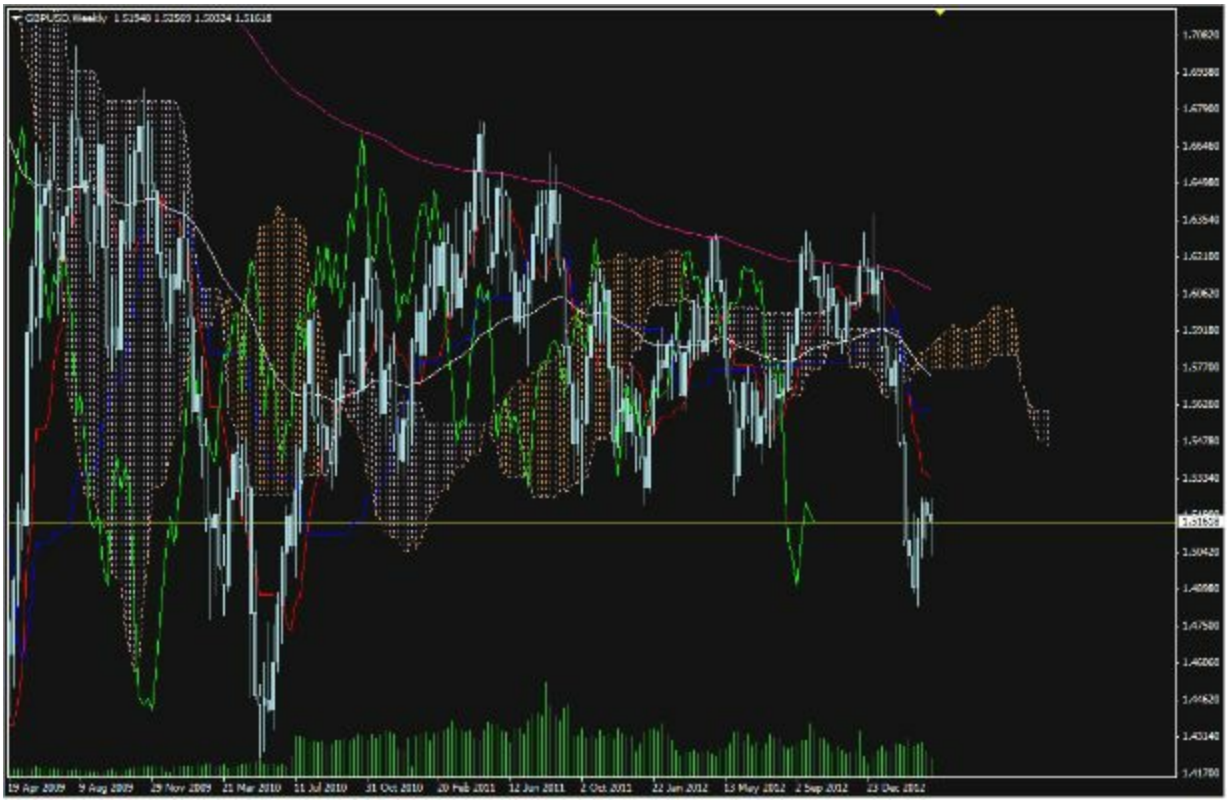


Figure 60 GBPUSD , Weekly Chart, 04/04/13 @15:43 GMT : Will price make it up to the 200-EMA ?

Q: What does the Weekly Chart of the pair show?

A: When I saw this array of horizontal KUMOS and the "ranging" mood of the Market, I added the volumes (green histogram at chart's footer) in order to gauge the strength of the reversal attempt. I'm seeing a slightly increased volume below the reversal and a volume decrease after it. Let's see if it will keep decreasing. I then added the 200-EMA (hot pink line) and the 65-EMA (white line) to help me get into investors' minds. It seems like Bulls will try to push the price high as close to the 200-EMA as possible, where even Bears agree that it is a fair level (KUMO Equilibrium Zone). Whether it will manage to jump higher, remains to be seen and it's something Market's dynamics will reveal pretty soon. Although a first look at the pair on the Weekly Chart gives a Bearish Impression, devil hides in the details and details whisper that there is a Market's Sentiment Change in the air.



Figure 61 GBPUSD, Monthly Chart, 04/04/13 @15:56 GMT : Pair feels pushed down for long and cries for "justice" :-)

Q: What story does the Monthly Chart tell me?

A: It looks like a Giant Threw the Pair low down and put a KUMO gravestone above it. Pair struggled to dig its way out to freedom, through the hard stone with little success, but its perseverance eventually started bringing results as a Bullish Leading KUMO is born. 65 and 200 EMA's are not an illusion anymore , they're at a relatively close proximity for the pair's price. Bulls seem to be in control of it now. This story may have a "happy end" for the pair which is being fighting for …."justice".

I will not guide you through the EURUSD pair's Charts as an act of protest for the way Cyprus was treated by EUROGROUP being a country-member of the European….so called "Union".

Should you need further case studies leave your message to my BLOG at http://forexid.com asking for Charts or VIDEOS or contact me on INSTAGRAM (@fxholic) and twitter (@forexid, @fxholic).

6.Make it happen!

Not all of us traders are patient enough or have robust "seed-capital" in our accounts in order to follow a Trade which may last days, weeks or even months. Of course, being patient or having the sufficient Account Margin to follow up with a trade based on ICHIMOKU Signals on a Big time-frame would be rewarding to the ultimate degree. Because of the fact that a majority of traders are Intraday Traders, I'm going to share with you below an excellent trade setup suitable for both big and small time-frames, which I learned about in ForexFactory.com Forum and modified a bit to fit my trading style. This Setup alone has been very profitable for me and I'm sure it will give you great results.

If you want to implement it on higher time-frames, you can setup your trade on H4 Chart using Daily and Weekly for Confirmation. Same rules apply.

System's Name	ICHIMOKU Trade Setup on M15 Chart
What Trading Style/s is it Suitable for?	Intraday , Swing Trading
When to Use it?	When Market is Trending
How much Capital to Risk?	Don't risk more than 3-5% of your Trading Capital which means that if your capital is for example $1000, you shouldn't risk more than $50 when placing your Stop-Loss
What Leverage to Use?	1:4 is the ideal for ZERO Risk. Don't exceed 1:10.
How Many Positions to Open?	Open 1 Position.
What Time Frame?	Trade from M15 Time-Frame having got Confirmations from H1 and H4
Tools to be Used?	ICHIMOKU KINKO HYO
Trade Setting Condition?	M15 is 100% Bullish/Bearish and so are H1 and H4
Entry Condition?	Close of a Bearish Candlestick if Market is 100% Bullish or of a Bullish Candlestick if Market is 100% Bearish
Entry Confirmation?	Price must be above 65-200-EMA's if we enter Long or below them if we enter Short. EMA's mus angle to the direction of the trend. Chikou Span must be above past price action if we enter Long o below past price action if we enter Short. Leading

	Kumo must be Bullish with Sharp Edge and upward angle if we enter Long, or Bearish with Sharp Edge and downward angle if we enter Short.
Where to place Stop?	At Kijun Sen level.
Exit Confirmation?	Price crosses Tenkan Sen and Kijun Sen.

7. PowerfulTrade Setups with ICHIMOKU KINKO HYO

If you think I would let you go without sharing with you my well-tested and studied favorite setups, you're wrong

Below you'll find the details of three Setups using four Time-Frames in conjunction with ICHIMOKU Signals, as confirmation filters.

The basic concept of the SETUP is the evolution of price action in time. We first make sure there is a clear main trend sign on the biggest Time-Frame and price's cross with Tenkan Sen gives that. Then we are looking for a "newborn" KUMO Breakout to this direction on the next smaller Time-Frame, then we look for a confirmation of price's momentum on the next smaller Time-Frame and last we wait for a correction to happen and finish on the fourth smaller Time-Frame before we enter.

I'm giving you three different Setups : one ideal for intraday Trading which may last a few hours, another ideal for swing Trading which may last a few days and another one ideal for position Trading which may last weeks or more.

Why am I giving three different Setups?

Forex Trading –like any kind of trading- is about timing. If conditions for the Big Setup are not met, you should focus to the next Smaller Setup and if conditions are not met there, go for the smallest of the three.

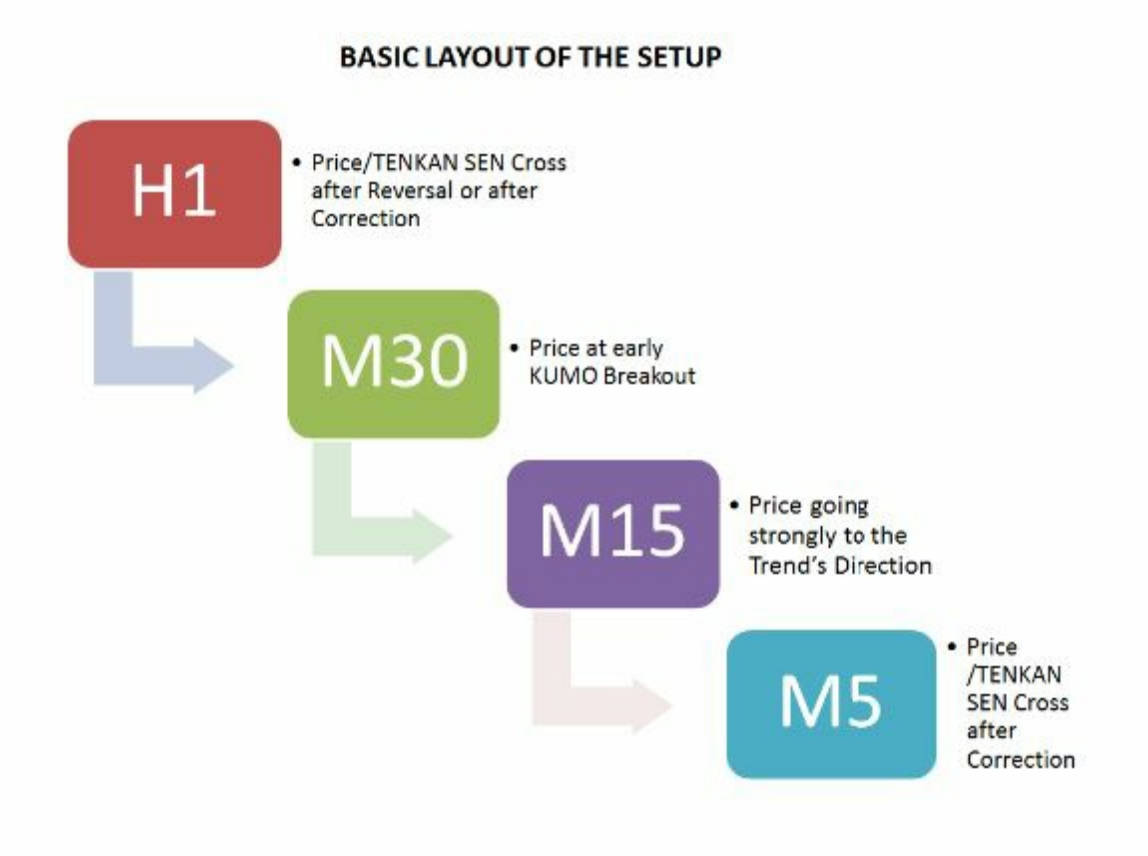
M5, M15, M30 and H1 Trade Setup

The Setup's Principle :

Before we enter the Trade :

1. We want to know the Main Trend's direction

2. We want the Price's Move towards this direction to be clear and strong
3. We want to pin point our entry with as high accuracy as possible
4. FIRST we look at Monthly, Weekly and Daily Time-Frames and make sure that the pair is TRENDING and about its Trend's Main Direction .
5. #1 Condition is met by seeing Price/ TENKAN SEN Cross on the highest Time-Frame of the four : H1
6. #2 Condition is met by the KUMO Breakout on the smaller Time-Frame, M30 and by price's strong trend on the third smaller Time-Frame, M15
7. #3 Condition is met by using the smallest Time-Frame and entering just after a corrective move is finished and we see a Price/TENKAN SEN Cross to the Direction of the Main Trend on the smallest Time-Frame, M5 from which we ENTER.





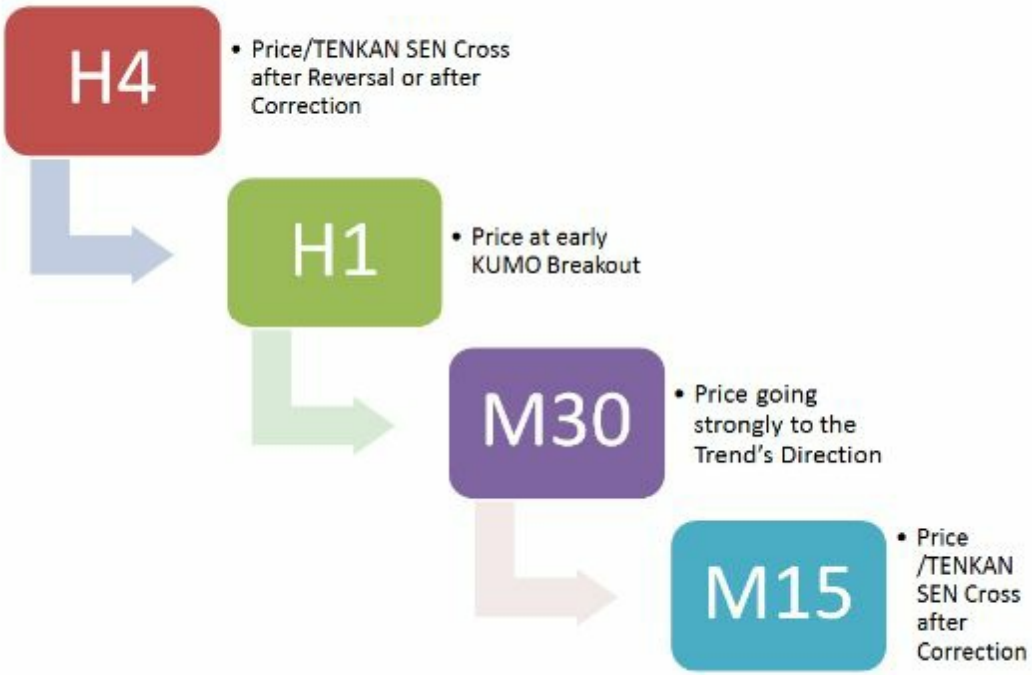
M15, M30, H1 and H4 Trade Setup

The Setup's Principle :

Before we enter the Trade :

1. We want to know the Main Trend's direction
2. We want the Price's Move towards this direction to be clear and strong
3. We want to pin point our entry with as high accuracy as possible
4. FIRST we look at Monthly, Weekly and Daily Time-Frames and make sure that the pair is TRENDING and about its Trend's Main Direction .
5. #1 Condition is met by seeing Price/ TENKAN SEN Cross on the highest Time-Frame of the four : H4
6. #2 Condition is met by the KUMO Breakout on the smaller Time-Frame, H1 and by price's strong trend on the third smaller Time-Frame, M30
7. #3 Condition is met by using the smallest Time-Frame, M15, entering just after a corrective move is finished and when we see a Price/TENKAN SEN Cross to the Direction of the Main Trend on the smallest Time-Frame, M15 from which we ENTER.

BASIC LAYOUT OF THE SETUP





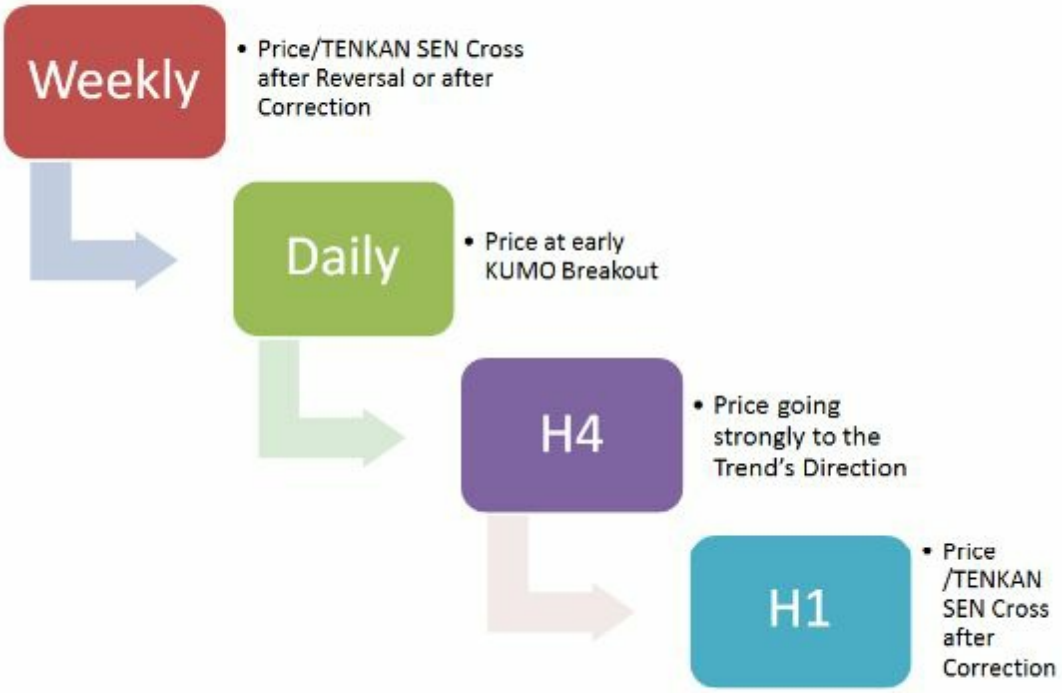
H1, H4, Daily and Weekly Trade Setup

The Setup's Principle :

Before we enter the Trade :

1. We want to know the Main Trend's direction
2. We want the Price's Move towards this direction to be clear and strong
3. We want to pin point our entry with as high accuracy as possible
4. FIRST we look at Monthly, Weekly and Daily Time-Frames and make sure that the pair is TRENDING and about its Trend's Main Direction .
5. #1 Condition is met by seeing Price/ TENKAN SEN Cross on the highest Time-Frame of the four : Weekly
6. #2 Condition is met by the KUMO Breakout on the smaller Time-Frame, Daily and by price's strong trend on the third smaller Time-Frame, H4
7. #3 Condition is met by using the smallest Time-Frame, H1, entering just after a corrective move is finished and when we see a Price/TENKAN SEN Cross to the Direction of the Main Trend on the smallest Time-Frame, H1 from which we ENTER.

BASIC LAYOUT OF THE SETUP





8. Reversal in Slow ICHIMOKU Motion

There is a Sequence in the way ICHIMOKU elements interact with each other when price changes direction and there is also a Sequence in the way price progresses during a fresh move either it is a correction or a reversal.

I believe that ICHIMOKU has a unique way to show us exactly when a corrective move has finished and because of the importance of this set of conditions, I decided to bring it to your attention with a set of examples.

I will describe the steps of a reversal process after a corrective Bearish Move in a Bullish Market. The steps are EXACTLY the same –but reversed- after a corrective upward move in a Bearish Market.

1. Price falls down forming a Bearish KUMO with a very thick falling body and a sharp edge pointing downwards.
2. As fall slows down, the edge of the leading KUMO becomes rounded.
3. Gradually price makes its first attempt for a Bullish KUMO Breakout on M1 Time-Frame, crossing above Tenkan Sen and then above Kijun Sen.
4. Odds are a first Bullish KUMO Breakout on M1 TF will happen but it will be cancelled till KUMO becomes thin and Horizontal.
5. Price engages in a consolidation or ranging mode of action up and down around or through the Horizontal KUMO.
6. A Strong Bullish KUMO Breakout happens on M1 TF validated by Chikou Span.
7. **Next a Strong Bullish KUMO Breakout happens on M5 Time-Frame.** I have found again and again this being a powerful REVERSAL Criterion.
8. We see price crossing and closing above Tenkan Sen on M30 Time-Frame.
9. Pair has reversed!

There is a particular MORPHOLOGY in the reversal pattern regardless of the Financial Instrument we're trading.

Initially just after the big fall, and after the first strong reversal candlesticks on M1 Time-Frame, price starts moving Horizontally for quite a bit of time. Once the first two critical KUMO Breakouts happen on M1 and M5 Time-Frames, price starts making bigger candlesticks and moving more vertically as it approaches the price level where correction started from.



Figure 62 : EURAUD, 20/12/13 M1 Time-Frame

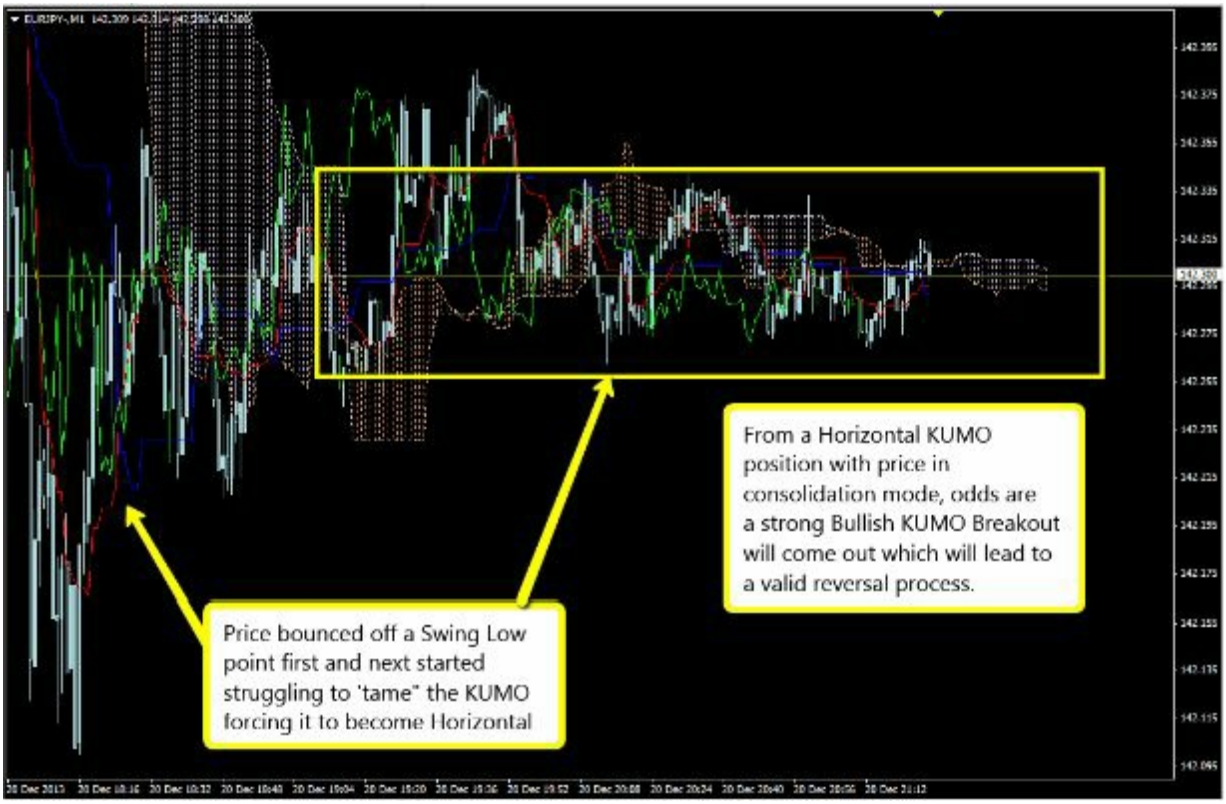


Figure 63 EURJPY, 20/12/13, M1 Time-Frame



Figure 64 USDJPY, 20/12/13 , M1 Time-Frame

9. Giving Back

Maybe you didn't expect this kind of advice on a Forex Trading book, but since ICHIMOKU System is based on a holistic perception of the Market, I believe we should look at FOREX Trading through a holistic perception about Life.

You belong to a privileged minority of people who have access to cutting edge technology and advanced knowledge. That's a blessing. Most people live their whole lives deprived from basic human rights, in poverty and constant struggle for survival.

Always keep in mind that money is like electrons. For the current to be on, electrons must be in constant flow. Once you get into the Markets' rhythms –and ICHIMOKU is a great tool for that purpose- you must realize that part of your profits must go to other people, adding value to their lives. Sustaining the electrons flow, you are guaranteed to enjoy affluence.

Money is a useful tool that can make people's lives better. Becoming a successful Trader, you'll break the code of making more money easier than most people. That's a gift that has been given to you requiring your ethical commitment to use money in a meaningful manner.

Try to offer at least 10% of your FOREX Trading profits to the community. Wealthy is not the one who possesses but the one who gives. Be a truly wealthy person bringing smiles to people's faces and sweet warm feelings in their hearts.

Our time on earth is extremely brief. Let's make it worthy.

Thank You!

Thank you for going through this book and I hope it has been a revealing and interesting read for you. Most of all I hope it caused a stir in your thinking and will effectively guide you through the fascinating world of Forex Trading using an amazing System that gives you strong and reliable Signals to base your Trading Decisions upon, for big and consistent profits.

If you found it useful, please leave your REVIEW on book's page on AMAZON : http://www.amazon.com/dp/B00C78K7VA so that more people benefit from it.

I apologize for my not so perfect English, Greek being my mother-language.

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Each Signal is a small LESSON. I'm helping you get the bigger picture of the Market, explaining why you should enter and to which direction, which tools will help you confirm your entry, how you should determine your exit while managing your risk effectively. I'll always be an INSTAGRAM message away (@fxholic).

Happy pips!
Sofia Stavropoulou

RESOURCES

Books I found valuable

- Emotional Intelligence – Daniel Goleman
- Forex Patterns and Probabilities – Ed Ponsi
- The Little Book of Currency Trading – Kathy Lien
- Chart Your Way to Profits – Tim Knight
- Getting Started in Forex Trading Strategies – Michael Duane Archer
- Way of the Turtle – Curtis M. Faith
- Trade Your Way to Financial Freedom - Van K. Tharp
- The Complete Turtle Trader - Michael W. Covel

Sites I love visiting

- BabyPips.com
- ForexFactory.com

Bloomberg.com/news/currencies/
Bloomberg.com/markets/currencies/
http://2ndskiesforex.com/
http://www.kumotrader.com/ichimoku_wiki/index.php?title=Main_Page
http://investopedia.com

My Forex Sites

Forexid.com : Forex Training Site. Here you can signup for the Newsletter, join ForexID Academy and join our Group of Friends in SKYPE Room at the tiny Monthly Membership Fee of 27eur.

FXholic.com : Forex e-Magazine. Soon to be released on iPAD NEWSSTAND. Here you can join the Community, and the big FXHOLIC Contest.

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