

## Example 5.7: Going Short Using the T/K Cross Strategy



Figure 5.7: Going short in Indian Overseas Bank — the bearish T/K cross, the free Chikou, the trade entry point and the initial stop loss are indicated on the chart

## **Trade Set-up for Short Entry on 28 July**

**Tenkan / Kijun:** The price is below both Tenkan and Kijun, which is a bearish sign. Tenkan is below the Kijun, which is also bearish. The T/K cross occurred below the Kumo, something which is considered strongly bearish. Both Tenkan and Kijun will continue to drop as the stock goes down.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move down without much support coming in from the buyers.

**Current Kumo:** The current Kumo is bearish.

**Future Kumo:** The future Kumo is also bearish, confirming all the other indicators.

**Initial Stop:** The initial stop will be above the Kijun. This stop can be moved down as the price starts to head lower and draws the Kijun down with it.

## Trade Analysis

In this example there was a considerable lag between the T/K cross and the short entry point. What was the main reason for this delay? The Chikou was still wavering in the congestion zone of the price action during this time. It was clear on 28 July at the entry price point, that the Chikou would no longer face immediate resistance.

You can also see in [Figure 5.7](#) that four days after the entry, the Kijun would drop down because the 26-period high would drop. This would move the equilibrium price down, which is the desired goal of the short trade. Also notice how the Kijun provided resistance to the stock as it rallied two days after the entry point. Depending on the direction of approach, the flat Kijun offer an excellent resistance / support level for the stock.

Profits should be taken continuously as the stock moves down. The entire position can finally be stopped out once the price closes above the Kijun.

## Example 5.8: Going Long Using the T/K Cross Strategy

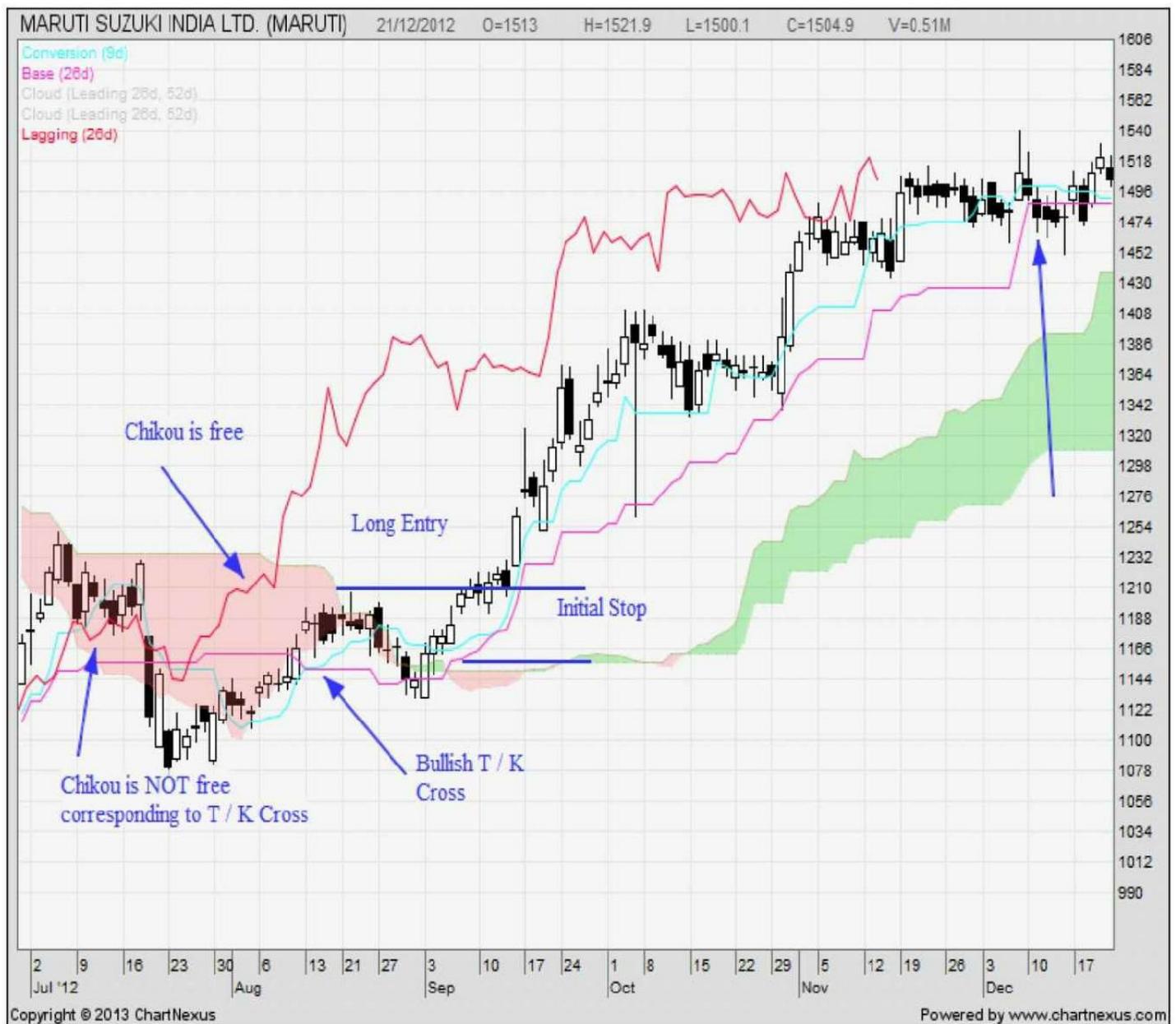


Figure 5.8: Going long in Maruti — the bullish T/K cross, the long entry point and the initial stop loss are indicated on the chart

## Trade Set-up for Long Entry on 8 September

**Tenkan / Kijun:** In the chart in [Figure 5.8](#) the price is above both Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. The T/K cross occurred below the Kumo, something which is considered weak bullish. The Tenkan and Kijun will continue to rise as the stock goes up.

**Chikou:** As shown in [Figure 5.8](#), the Chikou will be clear of any price interaction at the point of entry. This should help the price moving up without much resistance.

**Current Kumo:** The current Kumo is bearish, but very thin.

**Future Kumo:** The future Kumo is bullish and rising, indicating a possible trend in progress.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as prices start to move higher and draw the Kijun up.

## Trade Analysis

The first thing to notice in [Figure 5.8](#) is that when the T/K cross occurred, the Chikou was not free. Not only was it below the price, it was also bumping against it. Thus, it had no room to run, so to speak. In other words, as the current price was rising and approaching the prices from 26 days ago, the traders who had bought the stock then were selling out. They were getting out of the stock and providing the additional supply; not good if you are long.

As the bulls gave up, prices fell back and got attracted to the flat Kijun, the equilibrium. The next horde of bulls drove the price back up. This time around, the Chikou was free. There was not much additional supply of the stock. Buying above the high of 22 August assured the trader of both a rising Tenkan and a rising Kijun. A rising Kijun and Tenkan would get Senkou-A heading in the upward direction, too. Notice that the Kijun would get additional upward pressure as the 26-period low begins to climb.

Profits should be taken along the way as the price rockets up. The entire remaining position should finally be stopped out once the stock closes below the Kijun.

# Example 5.9: Going Long Using the T/K Cross Strategy

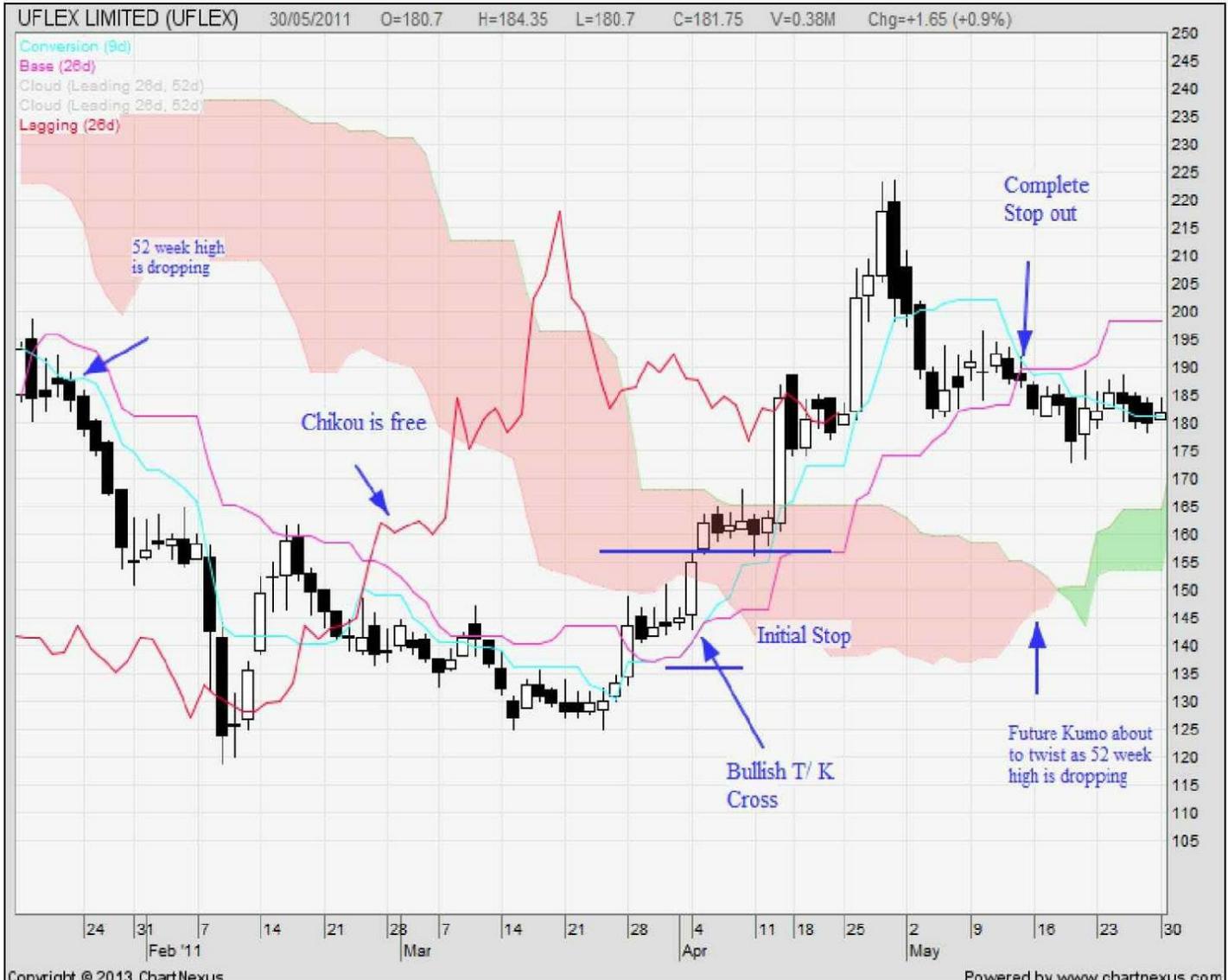


Figure 5.9: Going long in Uflex — the bullish T/K cross and initial stop loss points are indicated on the chart

## Trade Set-up for Long Entry on 5 April

**Tenkan / Kijun:** The price is above both Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. The T/K cross occurred below the Kumo, which is considered weak bullish (*see* [Figure 5.9](#)). The Tenkan and Kijun will continue to rise as the stock goes up.

**Chikou:** As [Figure 5.9](#) shows, the Chikou will be clear of any price interaction at the point of entry. This should help the price move up without much resistance.

**Current Kumo:** Price is above the current Kumo.

**Future Kumo:** The future Kumo is also bearish but as indicated in [Figure 5.9](#), a twist is possible in the next couple of days as the 52-period high keeps dropping.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as the price starts to move higher and draws the Kijun up with it.

## Trade Analysis

Notice that on the day of entry, the Tenkan is in a position to move up as the prior 9-period lows keep getting higher. So the stock will get supported by the Tenkan even if the price moves a little sideways. The Kijun, on the other hand, will have to wait for a few weeks before the 26-period lows start climbing. This is definitely not an ideal scenario, but still a bullish one. Also keep in mind that price will have to contend with a flat Kumo top. The flat Senkou B often provides resistance to a rising stock. If the stock fails at that point and closes below the Tenkan, one can expect the price to come back to the flat Kijun equilibrium. This scenario should not be ignored in such situations.

**In this case there is a clear level where the first profits should be taken.** If one knows that a flat Kumo will provide resistance, shouldn't one use that level to take some of the profits off the table? After the stock breaks above that level and continues moving up, one can keep taking partial profits along the way. Finally, the entire position should be stopped out when the stock closes below the Kijun.

# Example 5.10: Going Long Using the T/K Cross Strategy



Figure 5.10: Going long in Unitech — the bullish T/K cross, the free Chikou, long trade entry point and the initial stop loss are indicated on the chart

## Trade Set-up for Long Entry on 29 November

**Tenkan / Kijun:** The price is above both Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. The T/K cross occurred above the Kumo (*see* [Figure 5.10](#)), which is considered strongly bullish. The Tenkan and Kijun will continue to rise as the stock goes up.

**Chikou:** As you can see in [Figure 5.10](#), the Chikou will be clear of any price interaction at the point of entry. This should help the price move up without much resistance.

**Current Kumo:** The current Kumo is bullish.

**Future Kumo:** The future Kumo is also bullish.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be raised once the price starts to move higher and draws the Kijun up with it.

## Trade Analysis

As can be seen in [Figure 5.10](#), at the time of the T/K cross the stock closed below the Kijun but immediately bounced back up. Remember that the flat Kijun acts like a magnet. Once price closed back above the Tenkan, the trade still could not be initiated because of the Chikou not being free. The big bullish candle of November 28 brought the Chikou in open-sky territory. All the trader needs to do at this point is to set a buy stop at the high of the candle and get into the trade.

Partial profits should periodically be taken along the way as the price increases. The entire position should finally be stopped out once the stock closes below the Kijun.

# Example 5.11: Going Short Using the T/K Cross Strategy

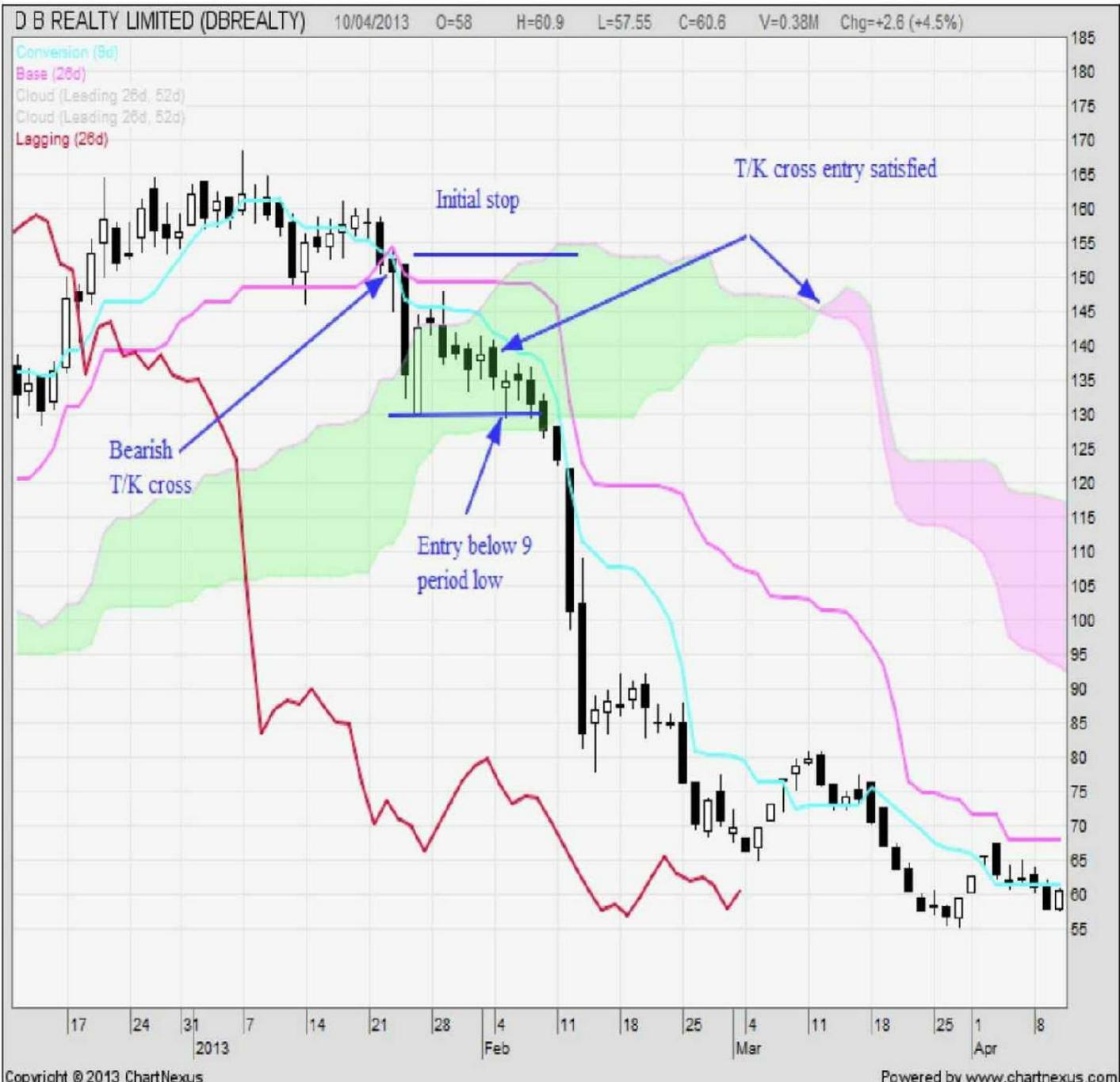


Figure 5.11: Going short in DB Realty — the bearish T/K cross, the trade entry and the initial stop points are indicated

## Trade Set-up for Short Entry on 5 February

**Tenkan / Kijun:** The price is below both Tenkan and Kijun, which is a bearish sign. Tenkan is below the Kijun, which is also bearish. As you would note in [Figure 5.11](#), the T/K cross occurred above the Kumo, which is considered weak bearish.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move down without much resistance.

**Current Kumo:** Price is consolidating in the Kumo.

**Future Kumo:** The future Kumo has turned bearish one day ago.

**Initial Stop:** The initial stop will be above the Kijun. This stop can be moved down as the price starts to move lower.

## Trade Analysis

At the point of the T/K cross, the Chikou is not free. A day after the cross, the stock drops hard and the Chikou crosses the price action from 26 days ago. However, the future Kumo is still bullish. Also note that price has now run away from the Tenkan and Kijun. At this point, the trader can wait for the conditions to set up for a short entry. As the future Kumo turns bearish, the trader can put in a sell order below the 9-period low, as indicated in [Figure 5.11](#). This ensures that Tenkan will be drawn down to guide the stock. In this case, the 9-period low is also the 26-period low. This means the Kijun will be drawn down as well. The trader does need to be cautious in the next couple of days as the current Kumo is flat beneath the stock and could provide support. However, in this case the stock is near the edge of the flat Senkou B and finds that point to break down. (It's amazing at how often this scenario occurs).

Profits should periodically be taken along the way as the price plummets following the Kumo break.

# Example 5.12: Going Long Using the T/K Cross Strategy



Figure 5.12: Going long in Electrosteel Casting — the bullish T/K cross, the long trade entry and the initial stop loss points are indicated on the chart

## **Trade Set-up for Long Entry on 11 October**

**Tenkan / Kijun:** The price is above both Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. The T/K cross occurred above the Kumo, which is considered strongly bullish. Both Tenkan and Kijun will continue to rise as the stock goes up.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move up without much resistance.

**Current Kumo:** Price is above the current Kumo.

**Future Kumo:** The future Kumo is bullish.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as the price starts to move higher and draws the Kijun up with it.

## Trade Analysis

Chikou became free of the price action when the stock rallied towards the end of September. However, the T/K cross happened a few days later to give the long entry signal. At this point, the trader should set the buy entry above the 9-period high. In this case, the 26-period high matches the 9-period high. Keeping the buy point above this price assures the trader that Tenkan and Kijun will move in the anticipated direction.

Profits should be taken along the way as the price rises. The entire position should finally be stopped out below the Kijun.

# Example 5.13: Going Long Using the T/K Cross Strategy

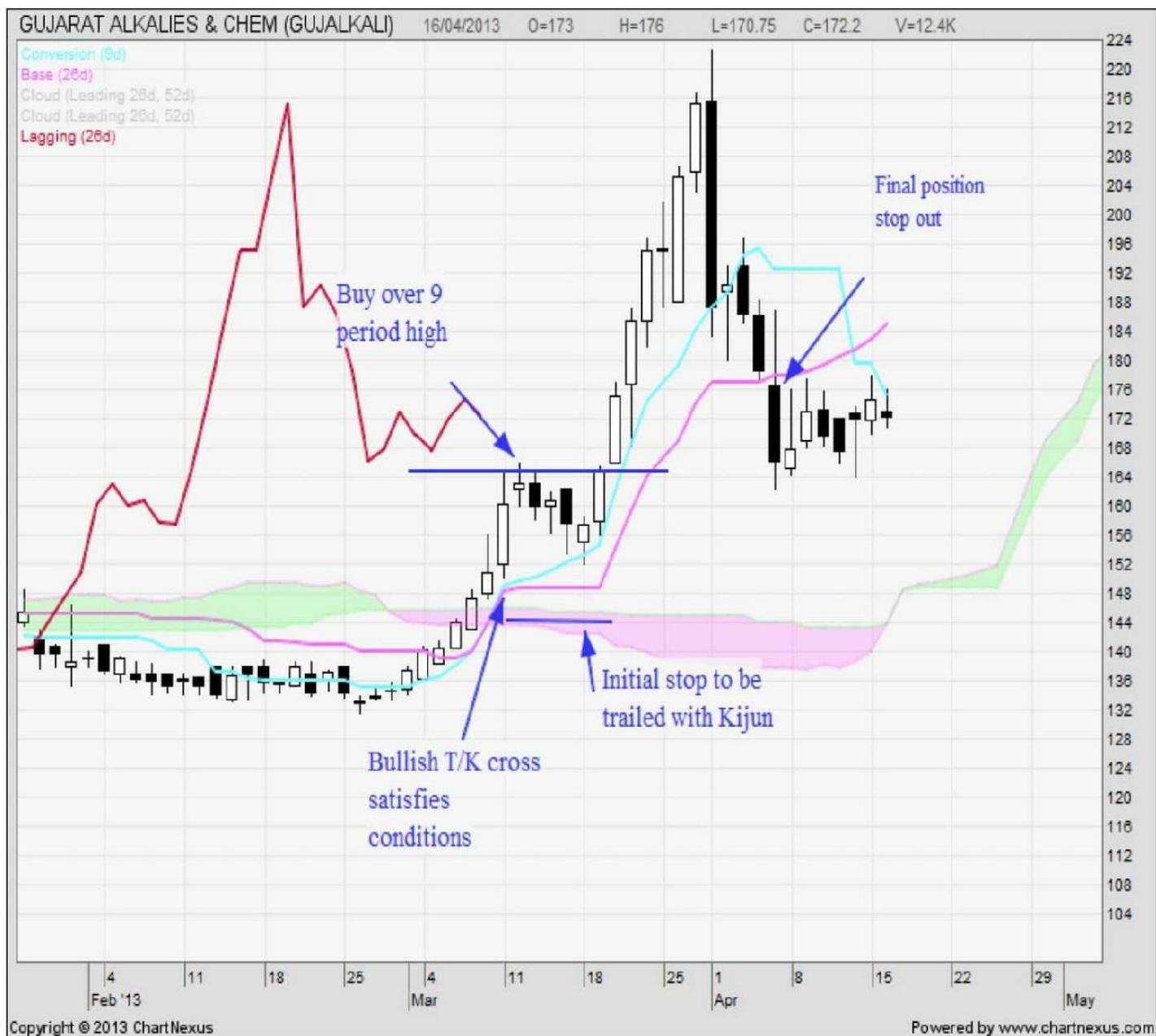


Figure 5.13: Going long in Gujarat Alkalies — note the bullish T/K cross, trade entry and initial stop loss points using the T/K cross strategy

## Trade Set-up for Long Entry on 12 March

**Tenkan / Kijun:** In the chart in [Figure 5.13](#), the price is above both Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. The T/K cross occurred above the Kumo, which is considered strongly bullish. Both Tenkan and Kijun will continue to rise as the stock price goes up.

**Chikou:** As you can see in [Figure 5.13](#), the Chikou will be clear of any price interaction at the point of entry. This should help the price move up without much resistance.

**Current Kumo:** The current Kumo is bearish, but the price, the Tenkan and Kijun are above it.

**Future Kumo:** The future Kumo is bullish and rising.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as the price starts to move higher and draws the Kijun up along with it.

## Trade Analysis

The Ichimoku components were all aligned at the point of entry. While the price was a little distant from the Tenkan and Kijun, but notice in [Figure 5.13](#) that the Tenkan would be moving up every day for the next 9 days as the 9-period lows keep moving higher. Another alternative entry point would have been on 20 March as the price broke above the 9-period high again. This time, the Kijun was moving up as well which provided added confidence in the trade.

This chart highlights perfectly why one needs to take profits on a continuous basis as the price moves in the anticipated direction. After hitting a peak at ₹ 222, the price fell to around ` 170, where the trade would have stopped out. That is a lot of profit wasted. It is imperative to follow good money management technique to capture profits on a regular basis. Only the final portion of the position should be the one to get stopped out below the Kijun if the trade has run in your favor.

# Example 5.14: Going Short Using the T/K Cross Strategy



Figure 5.14: Going short in Voltas — the bearish T/K cross, entry and initial stop loss point are indicated on the chart

## Trade Set-up for Short Entry on 16 January

**Tenkan / Kijun:** In [Figure 5.14](#), the price is below both Tenkan and Kijun, which is bearish. Tenkan is below the Kijun, which is also bearish.

The T/K cross occurred below the Kumo, which is considered strongly bearish. The Tenkan and Kijun will continue to fall as the stock price drops.

**Chikou:** As you can see in the chart in [Figure 5.14](#), the Chikou will be clear of any price interaction at the point of entry. This should help the price move down without much resistance.

**Current Kumo:** The current Kumo is bearish and the price, the Tenkan and the Kijun are below it.

**Future Kumo:** The future Kumo is bearish.

**Initial Stop:** The initial stop will be above the Kijun. This stop can be moved lower as the price starts to head down.

## Trade Analysis

The bearish T/K cross occurred on 20 December. At that point, the Chikou was not free as it would bump to the price in the next couple of days in case the price stagnated. The stock rallied back to test the flat Kijun and twice failed to close above it. The trader can get ready to go short when price closed back below the Tenkan on 9 January. Placing a sell stop below the 9-period low will work. However, note that there is only a slight difference between the 9-period low and the 26-period low. Why not then set the stop below the 26-period low! This way the trader is assured that the Kijun (equilibrium) also moves down along with the Tenkan.

As always, partial profits should be regularly taken as the price moves in the expected direction.

# Example 5.15: Going Short Using the T/K Cross Strategy



Figure 5.15: Going short in Wipro — the bearish T/K cross and the trade entry points are indicated on the chart

## Trade Set-up for Short Entry on 6 July

**Tenkan/ Kijun:** In the chart in [Figure 5.15](#), the price is below both Tenkan and Kijun, which is a bearish sign. Tenkan is below the Kijun, which is also bearish. The T/K cross occurred below the Kumo, which is considered strongly bearish.

**Chikou:** It's shown in [Figure 5.15](#) that the Chikou will be clear of any price interaction at the point of entry. This should help the price move down without much resistance.

**Current Kumo:** The current Kumo is bearish in [Figure 5.15](#) and the price, the Tenkan and the Kijun are below it.

**Future Kumo:** The future Kumo is also bearish.

**Initial Stop:** The initial stop will be above the Kijun. This stop can be lowered as the price starts to move down.

## Trade Analysis

The bearish T/K cross occurred on 5 July. All the Ichimoku components were then aligned for a short entry below the 9-period low. This would assure that Tenkan moves down with the stock price. It would also be a good idea to get in below the low of June 12 candle. This is the 26-period low and not much distant from the 9-period low. In this case, the trader pays a little insurance premium to ensure that the Kijun also moves in the anticipated direction to provide downside guidance to the stock. Partial profits should be taken regularly as the price moves in the expected direction. The final position should be closed out either when the price closes above the Kijun, or once it goes through the stop level above the Kijun.

You will notice in the chart in [Figure 5.15](#) that there are two more T/K crosses marked. It is pretty obvious why they do not satisfy the entry criteria. The first T/K cross, which is bullish, occurred on 6 June. What was the position of the Chikou then? The Chikou was trading in the congestion price area. This in itself negates any potential trade. Besides this, the future Kumo cloud was also bearish.

The second T/K cross occurred on 22 June. This was a bearish cross below the Kumo, a potentially strong shorting signal. However, there were two components which flashed a red signal to the trade. Look at the chart and analyze it before reading further.

In [Figure 5.15](#), the Chikou is above the price action from 26 days ago. If the price goes down, it could find support on the candles. That is why we need the Chikou to be below price action, in open territory. The second component which is not aligned is the price itself. The price is above both Kijun and Tenkan. For a bearish trade, the price should be below the Tenkan and Kijun.

# Example 5.16: Going Long Using the T/K Cross Strategy



Figure 5.16: Going long in Wockhardt Ltd. — the T/K cross and initial stop loss points are also indicated

## Trade Set-up for Long Entry on 23 October

**Tenkan / Kijun:** In [Figure 5.16](#), the price is above both Tenkan and Kijun, which is bullish. Tenkan is above the Kijun, which is also bullish. The T/K cross occurred above the Kumo, which is considered strongly bullish. The Tenkan and Kijun will continue to rise as the stock price goes up.

**Chikou:** As can be seen in [Figure 5.16](#), the Chikou will be clear of any price interaction at the point of entry. This should help the price move up without much resistance.

**Current Kumo:** The current Kumo is bullish, and the price, the Tenkan and the Kijun are above the price.

**Future Kumo:** The future Kumo is bullish and rising.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as the price starts to move higher and draws the Kijun up with itself.

## Trade Analysis

The T/K cross occurred on 12 October. At this time all Ichimoku components were aligned for a long entry. Notice, however, that the Chikou, even though above the price action from 26 days ago, clearly had the potential to bump into price action were the current price to stagnate for a couple of days. That interaction with price congestion could cause things to change and negate the bullish nature of the chart. In such cases it is best to wait a few days to ensure that the Chikou will be free. As soon as the trader sees that the Chikou will be in open skies, the trade can be entered above the 9-period high. In this case, the 9-period high would also be the 26-period high. Both Tenkan and Kijun will move up if the trade is triggered.

Partial profits should be taken on a continuous basis as the stock rises and the entire remaining position should be stopped out below the Kijun.

## Example 5.17: Going Short Using the T/K Cross Strategy

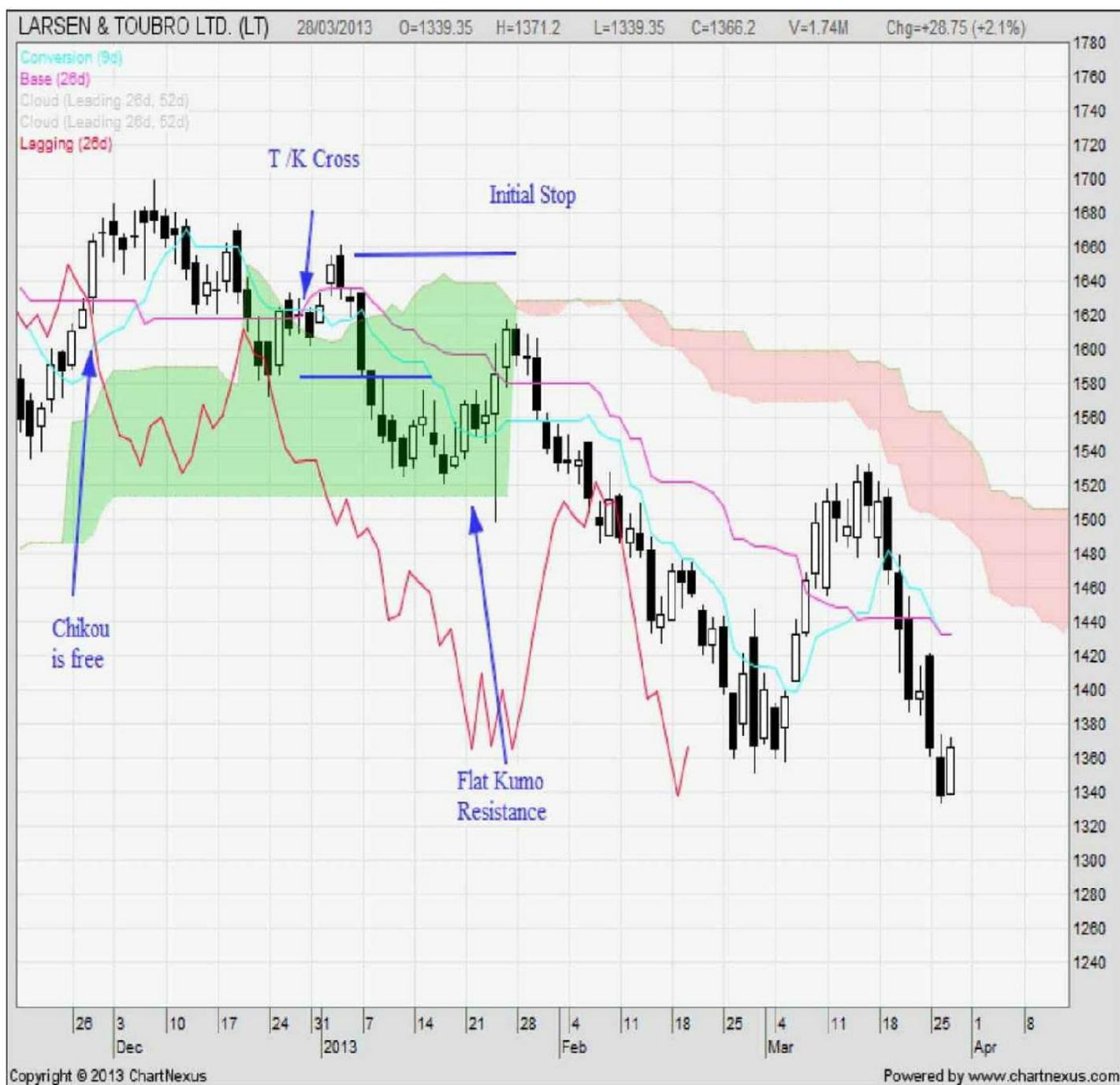


Figure 5.17: Going short in Larsen & Toubro — the T/K cross and initial stops are indicated on the chart

## Trade Set-up for Short Entry on 8 January

**Tenkan / Kijun:** In the chart in [Figure 5.17](#), the price is below both Tenkan and Kijun, which is a bearish sign. Tenkan is below the Kijun, which is also bearish. The T/K cross occurred above the Kumo, which is a weak bearish signal.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move down without much resistance.

**Current Kumo:** The current Kumo is bullish and the price, the Tenkan and the Kijun are inside it.

**Future Kumo:** The future Kumo is bearish.

**Initial Stop:** The initial stop will be above the Kijun. This stop can be moved lower as prices start to fall.

## Trade Analysis

The bearish T/K cross occurred on 31 December. At that time, the Chikou was still above price action from 26 days ago. Then on 7 January, the big bearish candle led to the price closing below the Tenkan and Kijun. At the same time, it cleared the Chikou of resistance. As can be seen in [Figure 5.17](#), a short entry below the 9-period low can be initiated at this point.

What does the trader need to be careful of in this chart? The obvious flat Senkou B!

This should alert the trader to take some profits off the table near the flat Kumo. The remaining portion would have been stopped out above the Kijun on 25 January. One strategy would be to completely close out the position at an obvious resistance point like in this case. The flat Senkou B would be the target of the trade and the entire position liquidated as soon as the target is hit.

# Example 5.18: Going Long Using the T/K Cross Strategy



Figure 5.18: Going long in Hero Motocorp — the bullish T/K cross, the entry and initial stop loss points are indicated

## Trade Set-up for Long Entry on 2 January

**Tenkan / Kijun:** In [Figure 5.18](#), the price is above the Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. The T/K cross occurred above the Kumo, which is considered strongly bullish. And the Tenkan and Kijun will continue to rise as the stock price goes up.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move up without much resistance.

**Current Kumo:** The current Kumo is bullish, and the price, the Tenkan and the Kijun are above it.

**Future Kumo:** The future Kumo is bullish.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as prices start to rise higher and draw the Kijun up.

## **Trade Analysis**

The T/K cross occurred on 19 December. At this point, the Chikou was still a day away from getting out of the price congestion area. The next day's candle aligned all the Ichimoku components for a buy entry above the 9-period high. This entry was triggered on 2 January. What happened next is an integral part of trading . . . a stop out with a loss! Do all trades work? No. Cutting your losses short and letting your profits run is the recipe for trading success.

# Example 5.19: Going Long Using the T/K Cross Strategy



Figure 5.19: Going long in IDFC — the bullish T/K cross and the initial stop are indicated on the chart

## Trade Set-up for Long Entry on 27 January

**Tenkan / Kijun:** The price is above both Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. As can be seen in [Figure 5.19](#), the T/K cross occurred below the Kumo, something which is considered weak bullish. The Tenkan and Kijun will continue to rise as the stock moves up.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move up without much resistance.

**Current Kumo:** The current Kumo is bearish. The price and Tenkan are above it, but the Kijun is still within the Kumo cloud.

**Future Kumo:** The future Kumo is bullish.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as the price starts to trend higher and draws the Kijun up with it.

## Trade Analysis

The T/K cross occurred on 12 January. At this point, the Chikou was still below the price action of 26 days ago and the future Kumo was bearish. This meant that the bullish trade could not be initiated. The Chikou became free on 17 January. The long candle formation on 20 January pulled the Tenkan and Kijun up, which in turn caused Senkou A to cross Senkou B to the upside. At this point, setting a buy order above this candle's high would be the right strategy to enter the trade.

As the trade progresses in the expected direction, partial profits should be taken continuously and the final position would be fully stopped out on 27 February as the candle closes below the Kijun.

You will notice in the chart in [Figure 5.19](#) that the day where the price broke above the flat Kumo. Isn't it interesting that the Kumo was running out of this strong flat attractive force, which helped the price to rally? The situation could have been completely changed had the Senkou B been flat for the next several days as the price was trying to break free of the Kumo.

# Example 5.20: Going Short Using the T/K Cross Strategy



Figure 5.20: Going short in Polaris — the bearish T/K cross and initial stop are indicated on the chart

## Trade Set-up for Short Entry on 25 April

**Tenkan/ Kijun:** The price is below both Tenkan and Kijun, which is bearish. Tenkan is below the Kijun, which is also bearish. The T/K cross occurred above the Kumo, which is considered a weak bearish sign. The Tenkan and Kijun will continue to fall as the stock price goes down.

**Chikou:** As can be seen in [Figure 5.20](#), the Chikou will be clear of any price interaction at the point of entry.

**Current Kumo:** The current Kumo is bullish. Price is below the Kumo, but the Tenkan and Kijun are still within the cloud.

**Future Kumo:** The future Kumo is bearish.

**Initial Stop:** The initial stop will be above the Kijun. This stop can be moved down as the price starts to drop lower and draws the Kijun down with it.

## Trade Analysis

The bearish T/K cross occurred on 13 April. A few days later, Chikou cleared the price congestion. However, one would need to wait for the future Kumo to turn bearish. This occurred on 24 April with the big bearish candle closing below the Kumo. The conditions for short entry were met at this point. A sell order below this candle's low would be the correct strategy to enter the trade. Entering the trade in this way would ensure that the Kijun and Tenkan are pulled down to guide the stock lower. Notice also in [Figure 5.20](#) how the price used the portion of Kumo flux to break down. If the bears had tried knocking the price down a couple of weeks earlier, the flat Senkou B would have provided support for the price and the bulls could have rallied off from there.

As the stock moves lower, the initial stop would be trailed down with the Kijun. Partial profits should be taken along the way and the final position should be fully stopped out as the price closes above the Kijun.

# Example 5.21: Going Long Using the T/K Cross Strategy

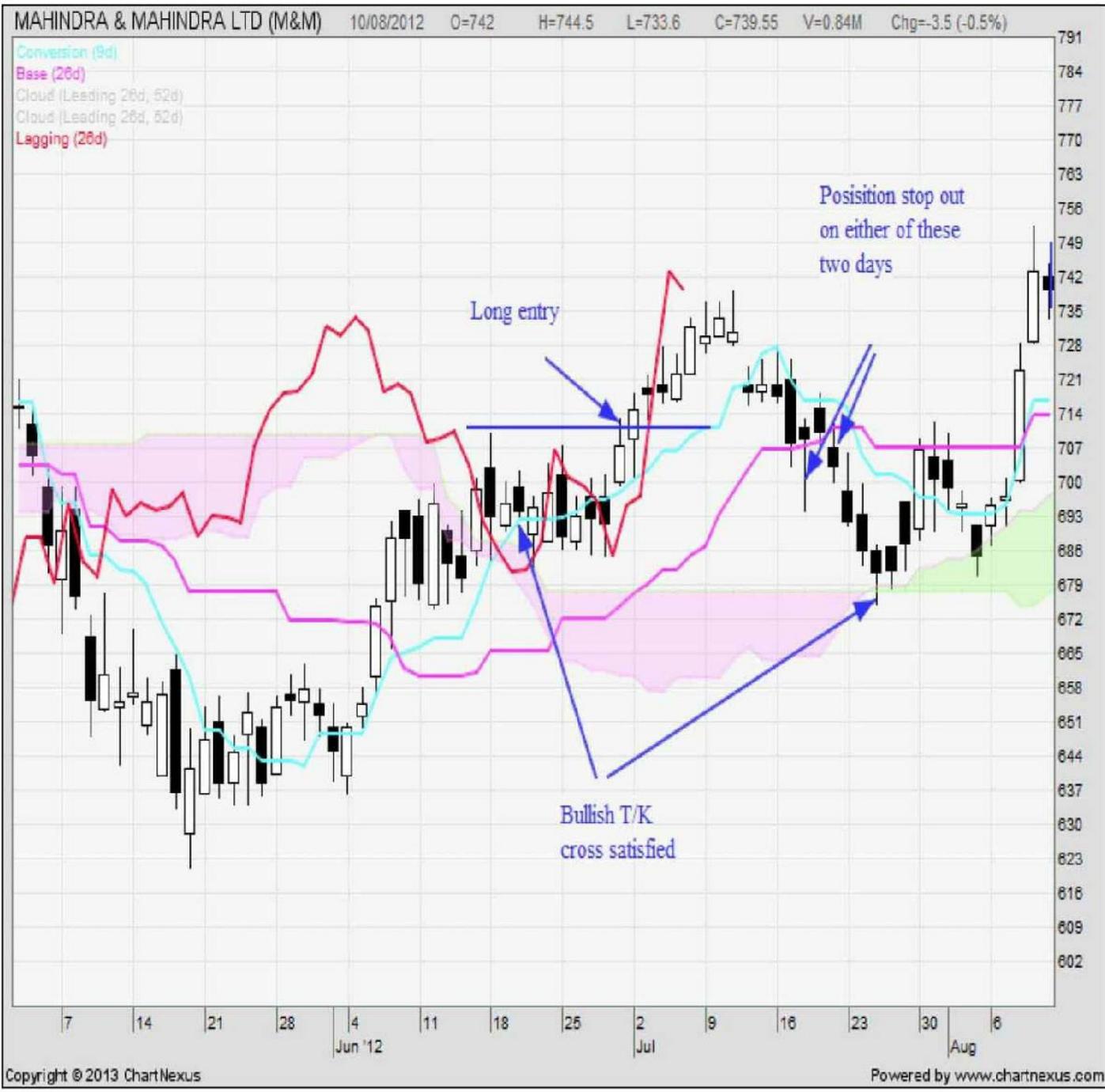


Figure 5.21: Going long in Mahindra & Mahindra — the bullish T/K cross and the entry point are indicated on the chart

## Trade Set-up for Long Entry on 29 June

**Tenkan / Kijun:** The price is above both Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. In [Figure 5.21](#), the T/K cross occurred below the Kumo, which is considered a weak bullish sign. The Tenkan and Kijun will continue to rise as the stock price goes up.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move up without much resistance.

**Current Kumo:** The current Kumo is bearish. Both the price and Tenkan are above it, but the Kijun is still within the cloud.

**Future Kumo:** The future Kumo is bullish.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as the price starts to rise higher and draws the Kijun up with it.

## Trade Analysis

As can be seen in [Figure 5.21](#), the bullish T/K cross occurred on 8 June. A week later, Chikou cleared the price congestion from 26 periods ago. The future Kumo had a bullish twist on 20 June, thus setting the stage for a long trade entry. A stop above the 9-period high would ensure that Tenkan would move up in support of the price action. The stop would have triggered on 29 June. Even though the 9-period high had dropped lower on 29 June, it would still be in the trader's interest to keep the buy stop order at the original point. The difference is minimal, but the advantage gained in terms of ensuring that the Kijun rises with the trade is huge.

This trade would most probably have resulted in a loss. But the loss would be small compared to the profits generated by winning trades in a trader's portfolio.

# Example 5.22: Going Long Using the T/K Cross Strategy



Figure 5.22: Going long in Allahabad Bank — the bullish T/K cross and the initial stop are indicated on the chart

## Trade Set-up for Long Entry on 5 December

**Tenkan / Kijun:** Price is above the Tenkan and Kijun, which is a bullish sign. Tenkan is above the Kijun, which is also bullish. In [Figure 5.22](#), the T/K cross occurred within the Kumo, which is considered a neutral signal. The Tenkan and Kijun will continue to rise as the stock price goes up.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move up without much resistance.

**Current Kumo:** The current Kumo is bullish and the price, the Tenkan and the Kijun are above the cloud.

**Future Kumo:** The future Kumo is bullish.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as the price starts to move higher and draw the Kijun up with it.

## Trade Analysis

The bullish T/K cross occurred on 4 December (*see* [Figure 5.22](#)). All the Ichimoku components were lined up for a long entry at this point. The trader has to decide whether to get in on the 9-period high or the 26-period high. As the difference is minimal, it would make sense to place the buy stop above the 26-period high. This would ensure that the Tenkan and Kijun move up to support the price.

The initial stop would then be trailed as the stock price moves up and draws the Kijun with it. Profits should be taken along the way and the final position stopped out as price falters and closes below the Kijun.

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With all the examples we have gone over in detail, the T/K cross strategy should be clear to the readers. There is no substitute for chart analysis on your own. Now that you are aware of the rules of this strategy, I would recommend visually observing as many charts as possible to determine entry and exit situations. It might take a little time and effort initially, but will get much easier as you get used to the analysis. And that will lead to profits.



# How to Trade Any Asset in Any Market Using the Ichimoku

**Ichimoku system can be used for trading any asset on any time frame.** As trading becomes globalized, it is not uncommon for traders to trade different asset classes from all over the world. Some might be doing this for diversification, while others do so to take advantage of good chart set-up opportunities. No matter what the market is, the Ichimoku trading principles remain the same.

Imagine a scenario for a trader in India waiting for the stocks to get out of consolidation. Why should his portfolio sit idle while waiting for a trade set-up in stocks. Why not trade gold or silver futures if their charts are set-up for a Kumo break strategy or a T/K cross strategy? Maybe a particular currency pair is showing a breakout possibility. With the knowledge and practice of Ichimoku chart analysis, nothing should hold you back from trading any asset. Keep in mind that the dominant forces at the very heart of any trading strategy are always fear and greed. These two emotions are universal. Most traders will panic sell at the bottom and buy exuberantly at the top, be it in India or in the US. Hopefully, the Ichimoku system will help you make trading decisions based on what you see on the chart and not what your emotions dictate.

In this chapter, we will consider of trading different securities in different countries, demonstrating how you can make money using the Ichimoku system trading any security, anywhere.

(Note: All prices in this chapter are in US Dollars)

# Example 6.1: Going Long in Gold Futures Using the T/K Cross Strategy



Figure 6.1: Bullish trade in gold futures — the bullish T/K cross and the entry points are indicated on the chart

## Trade Set-up for Long Entry on 21 August

**Tenkan / Kijun:** In the chart of gold futures in [Figure 6.1](#), the price is above both Tenkan and Kijun, which is a bullish signal. Tenkan is above the Kijun, which is also bullish. Also, the Tenkan and Kijun will continue to rise as the stock price goes up, thus offering support to the gold futures.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move up without encountering much resistance.

**Current Kumo:** The current Kumo is bullish.

**Future Kumo:** The future Kumo is also bullish, thus confirming all the other indicators.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as the price starts to move higher and draws the Kijun up with it.

## Trade Analysis

The initial bullish T/K cross in gold futures occurred on 25 July (*see* [Figure 6.1](#)). However, note that the Chikou was then below the price from 26 days ago. It broke free only with the candle of 27 July. Traders could set a buy order above the high of this candle as all Ichimoku components were now lined up for a bullish trade. Prices then wavered along, taking support on the Kijun before finally picking up steam. Notice that when the order would have triggered, one was actually buying above the 26-period high and not the 9-period high. It's just a small premium to pay for getting the Kijun on your side!

Partial profits should continuously be taken as the price moves up and finally the entire remaining position should be stopped out on 15 October as the Kijun was breached.

# Example 6.2: Selling Silver Futures Short Using the T/K Cross Strategy



Figure 6.2: Selling silver futures short — the bearish T/K cross and trade entry point are indicated on the chart

## Trade Set-up for Short Entry on 19 February

**Tenkan / Kijun:** In the chart in [Figure 6.2](#), the price is below both Tenkan and Kijun, which is a bearish sign. Tenkan is below the Kijun, which is also bearish. Both Tenkan and Kijun will continue to fall as the price goes lower, offering resistance to the futures.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move down without much support coming in.

**Current Kumo:** The current Kumo is bearish.

**Future Kumo:** The future Kumo is also bearish, thus confirming all the other indicators. Notice that this section is strongly trending down as Senkou A and Senkou B are both being drawn down.

**Initial Stop:** The initial stop will be placed above the Kijun. This stop can be moved down as the price starts to move lower and draws the Kijun down with it.

## Trade Analysis

In the chart in [Figure 6.2](#), the initial bearish T/K cross occurred on 13 February. All Ichimoku components, except the Chikou, were then lined up for a short entry. This happened on 15 February. A sell entry order should be placed below the low of this candle, which is the 9- as well as the 26-period low.

Partial profits should continuously be taken as the price moves down and the entire remaining position should be stopped out once the price closes below the Kijun.

# Example 6.3: Bullish Intraday Trade in Oil Futures Using Kumo Break Strategy



Figure 6.3: Long Intraday trade in oil futures — the bullish Kumo break and long entry point are indicated

## **Trade Set-up for Long Entry at 11.15 a.m. on 30 May**

**Tenkan / Kijun:** As you can see in the 5-minute chart of oil futures in [Figure 6.3](#), on 30 May the price is above the Tenkan and Kijun, this is a bullish sign. Tenkan is above the Kijun, which is also bullish. Both Tenkan and Kijun will continue to rise as the price of oil futures goes up offering support to the price.

**Chikou:** At the point of entry, the Chikou will be clear of any price interaction. This should help the price move up without encountering much resistance.

**Current Kumo:** The current Kumo is bearish and extremely thin.

**Future Kumo:** The future Kumo is also bullish, thus confirming all the other indicators.

**Initial Stop:** The initial stop will be below the Kijun. This stop can be moved up as prices start to move higher and draw the Kijun up.

## Trade Analysis

This example shows Ichimoku on a 5-minute chart of oil futures ([Figure 6.3](#)). A bullish Kumo break occurs at the close of the 11.00 a.m. 5-minute candle. Notice that the Chikou was facing resistance at this time from the candle of 26 (5-min) periods ago. One can visually analyze at this point that the Chikou will be free of price congestion on the next candle. A buy order above the candle would be the correct entry strategy for this Kumo break. This trade would have resulted in about a \$1 move in less than half an hour.

Partial profits should be taken as the price moves up and finally the entire remaining position should be stopped out below the Kijun.