My 15min per day Ichimoku Strategy

The Complete Guide

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A Trading Strategy that has Proved Consistent for me

Are you looking for a simple 15min per day Trading Strategy?

I'm going to share with you my simplified Ichimoku trading strategy. A system that has been quite successful for me over time.

It is inspired by Vince Vora, a trader that's part of the team at Tradingwins.com**.**

I have used the basics of his system and customized it to add a few features. That way I've made it more precise and useful to me.

The system relies mostly on the Ichimoku Kinko Hyo system. But it's stripped down version of it and has a few add-ons.

It is a simple system based on a few indicators that will tell you in a second whether you have a trade setup or not.

It can be traded with an extremely low risk level, I personally use a 1,5% risk on individual trades.

I'm assuming here that you are already familiar with Forex and Forex trading. **I will not teach you to trade Forex.**

If you're a beginner and need advice on how to start trading, you can read my Definitive Guide on How to Start Trading.

Now, let me take you through the characteristics of this system, which is basically a momentum catching Ichimoku strategy.

To trade this strategy easily, I recommend you setup your charts on the free trading platform at TradingView, by far the best charting platform.

Which market for this Ichimoku strategy ?

This system works on any market, any timeframe. I use it to trade forex on the H4. But you can use it to trade stocks, cryptos, indexes,etc...

Due to my day job, I can't afford to watch the market more than twice a day. Once early in the morning (around 7-8 AM GMT) and in the evenings (around 9-10 PM GMT).

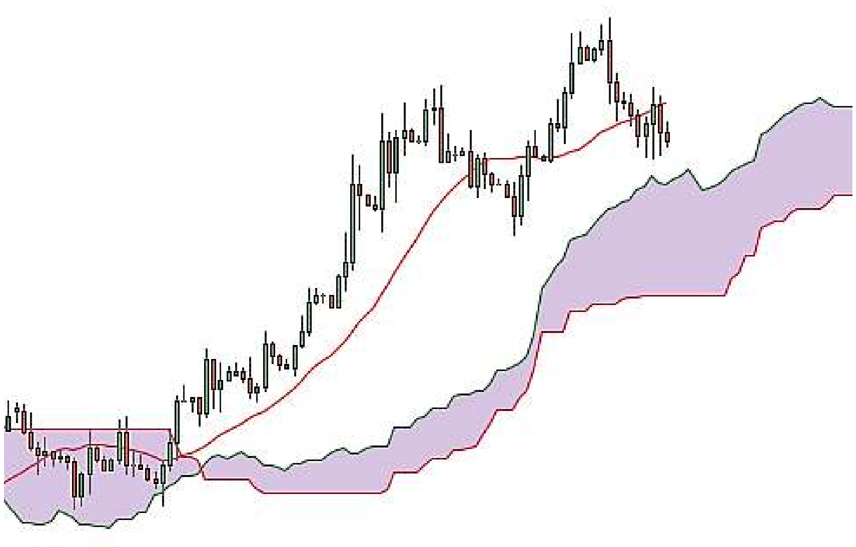
For that kind of trading, the **H4 is ideal**. It will give you a reasonable volume of trades and a good grip on the momentum moves without forcing you to keep a constant eye on your trades.

What market conditions are we looking for ?

Since this strategy aims at catching trending moves, we are looking for clean charts. We want to avoid cluttered pairs where volatility is high with unclear price directions, violent swings or spikes.

Two examples of what I mean below:

Clean chart, clear trend



Cluttered chart, high volatility, spikes, swings

What indicators will you need ?

The system uses five indicators. That might seem like a lot, but they all have a purpose. In fact, they are a tremendous visual aid for reading graphs and to me they make things much simpler.

The Ichimoku cloud and Kijun Sen

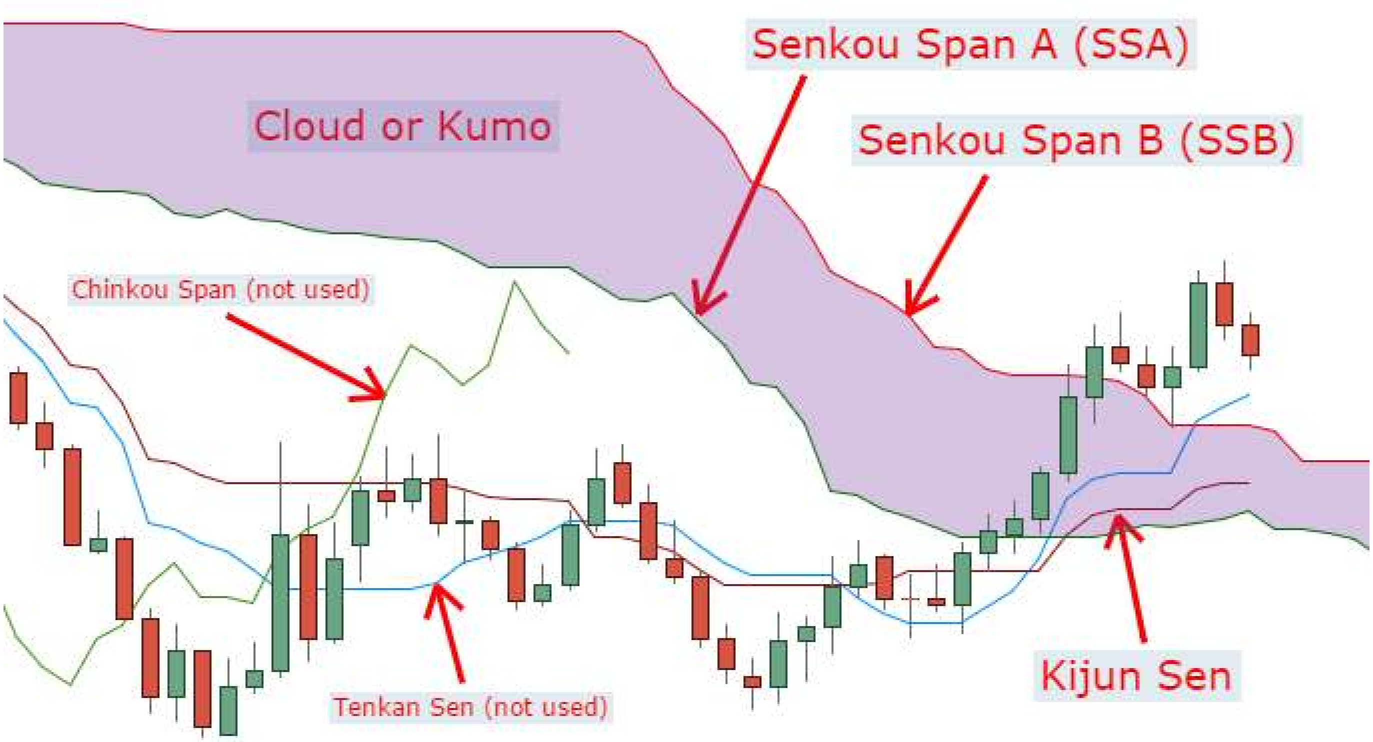
The Ichimoku Kinko Hyo system is a very elaborate but simple system. It was devised by a Japanese journalist named Goichi Hosoda in the late 1930s. He released it to the general public in the late 1960s after 30 years of testing and improvement.

It is a very complete system giving an instant view of market conditions. The system provides entries, exits, support and resistance levels and key past and future market levels.

Literally, Ichimoku Kinko Hyo translates as “one glance equilibrium chart”.

The original system consists of five lines named Tenkan-Sen, Kijun-Sen, Senkou Span A, Senkou Span B and the Chikou Span. The Ichimoku cloud is the area between the Senkou Span A and Senkou Span B, it is usually coloured.

Below is a representation of the system and the five lines that compose it (we only use three of them):



The Ichimoku system is a moving average based trade identification system. It is quite elaborate and novice traders might find it difficult to read.

However, in our trading system we are only using two of the core components. The Kumo cloud and the Kijun Sen. Why these two ? Because the information they provide is sufficient for the kind of market conditions we want to identify.

The Kumo cloud is the area between Senkou Span A (SSA) and Senkou Span B (SSB). Here are the formulas :

- SSA = (Tenkan Sen + Kijun Sen) / 2 plotted 26 periods ahead
- SSB = (highest high + lowest low) / 2 calculated over the past 52 periods and plotted 26 periods ahead

The Kijun Sen

The kijun Sen is defined as:

Kijun Sen = (highest high + lowest low) / 2 for the past 26 periods

And for reference only (because we do not use them) the other lines are defined as:

- Tenkan Sen = (highest high + lowest low) / 2 for the last 9 periods
- Chikou Span = today's closing price projected 26 periods back on the graph

What will the Ichimoku indicator tell us?

Basically, what the cloud and Kijun Sen will tell us is the following:

- **Kumo Cloud**: when price is above the cloud we have an uptrend (we only trade long). When it is below the cloud we have a downtrend (we only trade short). And when price is inside the cloud we have a neutral situation (no trade). The projected portion of the cloud can also be used as an indication of future market conditions. The height of the cloud is a representation of volatility. So a thinner cloud would indicate lower volatility, and a thicker cloud will represent stronger areas of support and resistance. The SSB is the stronger of the two lines and will generally form solid S/R levels. Markets are said to be bullish when SSA is above SSB, and bearish when SSA is below SSB. A crossing of SSA and SSB lines (usually triggering a change in the cloud color) is called a Kumo twist. It can be a sign of potential trend inversion.
- **Kijun Sen**: this line is used as a confirmation line and can be used as support or resistance. It is one the system's stronger lines and usually a good indicator of future price movement. Its slope is particularly important. We use it both as a confirmation of the trend and as a potential trigger for exits being a representation of significant support or resistance lines.

A 21 period Exponential Moving Average (21 EMA)

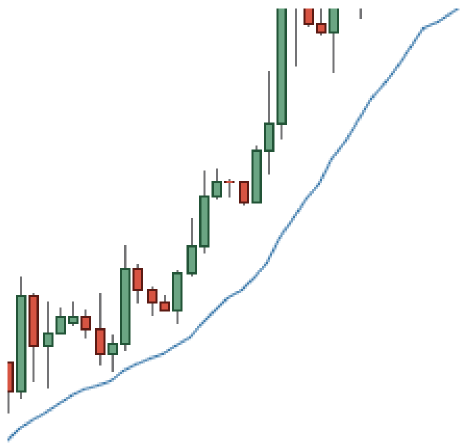
Moving averages are the single most used indicator in trading. However, they do not predict future price movement, they just represent the current direction of a trend.

There are many different forms of moving averages: simple (SMA), exponential (EMA), weighted (WMA) …). In this case, we use the 21 period EMA**.**

Exponential moving averages reduce the lag by giving more weight to recent prices. That's why I prefer it to SMA. It also tends to be one of the most widely used moving averages. So it's a kind of a self-fulfilling prophecy. A lot of traders are always going to react around it.

In this system, the 21 EMA is used to confirm a trend. I'll be looking for strong slopes as indicators of strong up or down trends.

Good slope



Weak slope (no trade)

The RSI set to 7 periods

The RSI is the **Relative Strength Index**. It was created by Welles Wilder in 1978. It is an *oscillator* type indicator that moves up and down on a scale from 0 to 100. The RSI identifies the speed and change of price movements.

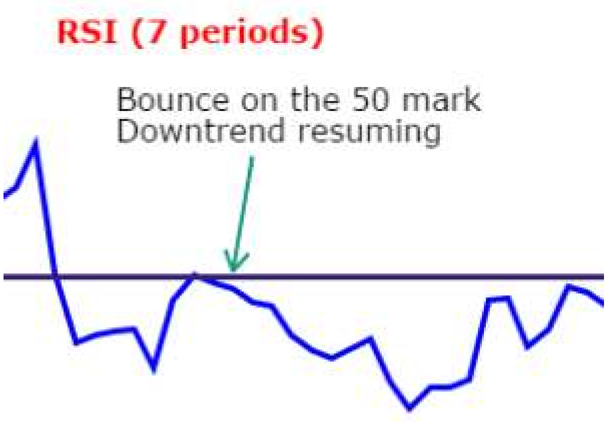
The formula to calculate the RSI is the following: RSI=100 – [100 / (1 + RS)] where RS is the Relative Strength = average gain / average loss

In the standard setting of the RSI, the average gains (loss) are calculated by adding all the gains (losses) for the past 14 periods.

I use it with a setting of 7 periods in order to trade quite a short cycle. Occasionally I will set the RSI to 4 periods if I want to make sure I detect an earlier signal. That might add a little risk but it's fine.

The RSI has the following index thresholds:

- **A reading of 30** or under is considered "oversold" and identifies potential price increase
- **70 or above** is "overbought" and identifies a potential price decrease
- **50 is considered neutral**, and crossing that mark is usually the indication that a trend is forming. In my system, I use the bounce on the 50 mark as a confirmation that a trend is resuming (see below)



Bill Williams Fractals

Fractals were developed by Bill Williams as part of a system that he created mixing the Chaos Theory with Human Psychology. Taken alone, fractals are indicators that actually break larger trends into smaller and simple reversal patterns. A fractal is composed of five or more bars, and there are two types of fractals:

Fractals

- **Up fractals:** a bullish turning point occurs when there is a pattern with the lowest low in the middle and two higher lows on each side
- **Down fractal**: a bearish turning point occurs when there is a pattern with the highest high in the middle and two lower highs on each side

The fractals are turning points. I'll use them for stop loss placements (initial and trailing). In a long trade, I'll place my stop at the most recent red fractal. In a short trade I'll place my stop loss at the most recent green fractal (see further down stop placement).

What are the entry rules?

Now that I've gone over the indicators and timeframe, let's take a look at the entry rules. Simple and easy to remember, they make the system very straightforward because 99% rule-based. A bit of trader discretion will always be necessary in any system:-)

The first thing you should do is check that no major market announcement is on the docket for the pair you're trading. Rate announcements, central bank conference, macro-economic figures release, …). They're all very important since they can bring uncontrolled volatility to the pair.

Long trade entry

For a **long trade**, the following conditions need to be met:

1. price should be above the kumo cloud, indicating an uptrend (no trade if price is in the cloud or below);
2. the 21 period EMA should have an upward slope (avoid flat) as illustrated previously. Ideally the Kijun Sen shouldn't be in a flat position either. That would mean we're not really making higher highs on a medium term perspective. There will however be some cases of entry when the Kijun is not yet sloping upwards; this will be a discretionary decision, the most important is the 21 EMA;
3. the idea is to catch a swing low on the uptrend and enter when the trend resumes. To time your entry, use the RSI as a gauge of speed and momentum of price movement. You need it to dip towards the 50 mark and bounce back up again after hitting it. The signal candle will be the one where the RSI goes back up.
4. Enter on a break of the high of the signal candle.

Short trade entry

For a **short trade**, things should be the exact opposite:

1. price should be below the cloud, indicating a downtrend (no trade if price is in the cloud or above);
2. the 21 period EMA should have on a downward slope (avoid flat) as illustrated previously. Ideally the Kijun Sen shouldn't be in a flat position either. That would mean we're not really making lower lows on a medium term perspective;
3. the idea is to catch a swing high on the downtrend and enter when the trend resumes. To time your entry, use the RSI as a gauge of speed and momentum of price movement. You need it to move towards the 50 mark and bounce down up again after hitting it. The signal candle will be the one where the RSI goes back up.
4. enter on a break of the low of the signal candle

In both long and short entries, it could happen that the RSI doesn't exactly hit the 50 mark. I think that can be ok if it remains in a reasonably tight zone around the 50 level. However all other conditions should be met, especially the slopes on EMA and Kijun. That is left to trader appreciation but I have found to miss significant market moves if I get too strict on an exact hit of the 50 mark.

Where should you put your stop-loss ?

For stop-loss placement I have already explained that I use fractals.

Again, it is a simple and straightforward rule. The reason for using fractals is that they represent key short term swing highs or lows.

If I'm going long and the previous up fractal (see above for definition) is broken by a downward move then my conditions for an uptrend are no longer met.

And the same goes for a short trade. If a down fractal is broken by an upward move then my conditions for a downtrend are no longer met.

How to manage your trade and where to exit?

I usually trail my stop to the next fractal. But since I try to keep my risk extremely low, sometimes I'll quickly move to break even if I'm up 1R let's say.

For exits, this is very discretionary. Several options to choose from. You can exit:

- when price crosses the Kijun or EMA, or
- if price hits the cloud, or
- at a certain level of gain. This is what I use most often. I usually exit around R3 (3 times my risk). More precisely, when price is around R3 I'll move my stop very close, leaving room for further gain.

All of this depends on your apetite for risk and the kind of R:R you are aiming for.

Risk management for this Ichimoku Strategy

I usually go with a 1,5% risk max on any given trade. That's quite reasonable and I like to keep it that way. I'm fully comfortable with risking 1,5% of my capital on any given trade.

Experience has proven that keeping losses at a minimum is absolutely crucial.

So I try to NEVER break that rule. I try to aim for 3R usually, which means 3 times my risk level. For example, if I have a 20 pip stop loss I'll aim for a 60 pips take profit.

What Forex Pairs can you trade with this Ichimoku Strategy?

Reading the market with this system is extremely simple. You only need a few seconds on each pair to know if you have a trade.

Here are the Forex pairs that I trade :

EUR/USD, GBP/USD, AUD/USD, USD/JPY, EUR/GBP, NZD/USD, EUR/JPY, XAG/USD, XAU/USD, GBP/JPY, EUR/AUD, GBP/AUD, USD/CAD, EUR/CAD, EUR/NZD, AUD/CAD, AUD/NZD, CAD/JPY => 18 pairs

All you need is 15min per day: trade with a day job

It really doesn't take me more than five minutes in the morning and five minutes in the evening to scan the market.

You might need a little more time if you have open positions. But basically that's it => this is a 15min max per day system. No interpretations and splitting hairs, you either have a setup or you don't.

Well, there you have it. That's my Simplified Ichimoku Strategy.

You can give it a go and give me your feedback. I'm sure this strategy can be improved, but so far it's working for me so that's all I need.

If you don't have the time or the energy to implement this strategy, you can also find some good Ichimoku traders on some social trading sites (like eToro). I recommend trying their CopyTrading function. You can get some decent returns if you carefully select the best traders.

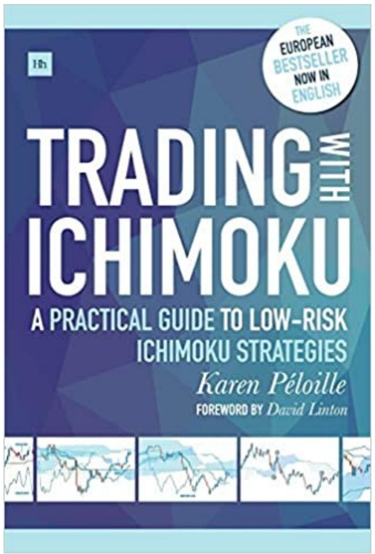
Safe trading to all.

One last thing, ... a fantastic Ichimoku book

Among the many books written on Ichimoku, there is one I definitely recommend if you want to take things further.

It will provide you with a lot of very valuable strategies, on all time frames. It has been written by Karen Peloille, a french specialist who has taught tons of traders in banks and financial institutions worldwide.

She is very renowned, straight to the point and known to be one of the most consistent traders around.



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If you want to thank me

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Video : My 15 Min per Day Ichimoku Strategy

I have made a complete video of the Strategy for those of you who find it easier with a visual representation.

Click on the video below to see it in Youtube.

Final words

I hope you have found this strategy useful.

Always be careful with the money you invest, you should always test any strategy on a demo account before you go live.

If you have any comment or addition, or if you want to tell me how the strategy works for you, let me know in the comment section on my Blog post.

Safe Trading to all.