Short, medium and long term SZCZUPAK SYSTEM

In a nutshell:

“You can’t kill a mosquito with a hammer”

Short, medium and long term trading in forex need different tools…

Requirements:
1. VT – it is very precise; avoid MT for this system.
2. Ichimoku – colours are TS blue, KS red, CS violet, SSA brown, SSA; set parameters to 7,22,44
3. DMS – use 14 (default)
4. CCI (14) – (should be default)

The system is based on 4 main instruments:
1. Ichimoku – for medium and long term investment (forex is always short term but it’s a matter of proportions)
2. Dms – for short term; more frequently used while trading
3. Mountain Trip Method – a CCI (14) method (used to confirm positions while insecure)
4. EMA 100 – used to see significant changes – look for “remorse” + ADX to confirm the trend is on (not the direction)

Ad. 1

Chart: 1 hr
Use standard colours used in VT. Ichimoku must be interpreted like:

http://www.fx-strategy.com/a30.asp

http://www.prosticks.com/education/ikh.php

You must use wider SL and SP trading medium or long term with this method

Ad. 2

Chart: 30 min
Use DMS as described in moneytec:
http://www.moneytec.com/forums/showthread.php?s=&threadid=4795&perpage=8&pagenumber=1

But remember not to trade if ADX is under 20 or 25 (depends how comfortable you are) as it is non trending movement;

The basic Directional Movement trading system involves comparing the 14-day +DI ("Directional Indicator") and the 14-day -DI. This can be done by plotting the two indicators on top of each other or by subtracting the +DI from the -DI. Wilder suggests buying when the +DI rises above the -DI and selling when the +DI falls below the -DI.

Ad.3

Chart: 1 hr
Confirmation (partial – as you must also check ADX)
Use a CCI (14); The CCI typically oscillates between 100. To use the CCI as an overbought/oversold indicator, readings above +100 imply an overbought condition (and a pending price correction) while readings below -100 imply an oversold condition (and a pending rally).
Mountain Trip method is a little bit more complicated; I will write about in the nearest future.

Ad. 4

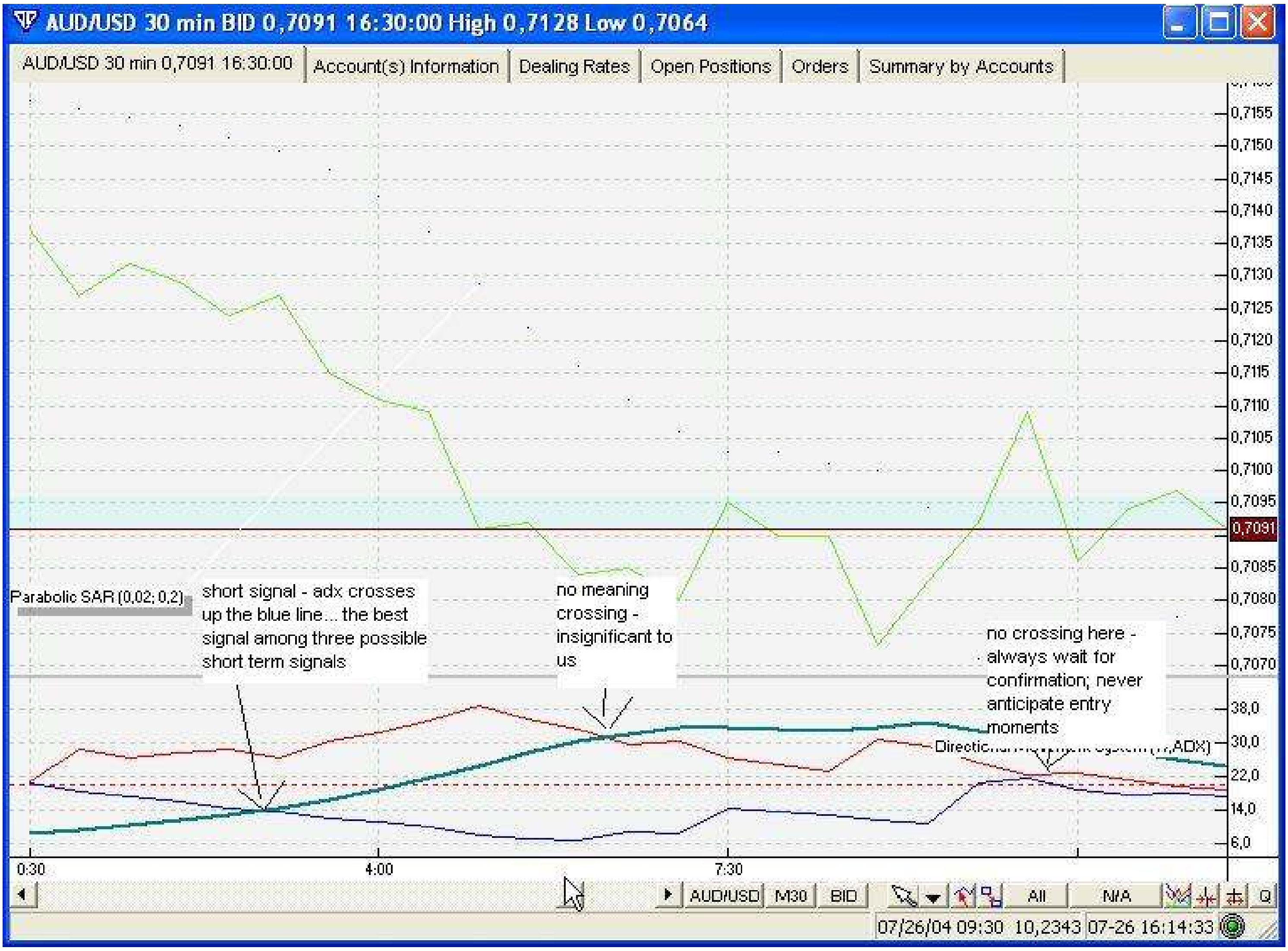
Chart: 1 hr
EMA 100 – pay attention to bouncing off this moving average; it had bot psychological and technical significance. (usually you don’t have to bother too much)

Chart: 30 min (the same chart of DMS)
This indicator promotes searching of tendency force. If ADX raises, it means that the market tendency becomes stronger. At such times, it is desirable to conclude the bargains only in the direction of the

tendency. When ADX falls, it means that the tendency is questionable.
The meaning of the directional analysis is in the fact that it traces changes in mass optimism and pessimism.
Attached Images

Using the system
I've been asked by a forex company set in Germany to sell this system for 4000$ but i refused to as i believe in solidarity among traders and i prefer not to make money at all costs... by the way you can't be greedy in forex... it's a pleasure to share systems... this one really works (look at charts if you don't believe me or ask some of my firends on chat) but i don't want to charge you with any money for it...
i'm a student studying economics and if you are willing to contribute to my TA and macroeconomic studies feel free to contact me.. my e-mail address is ddmaca@poczta.fm I'm not looking for big bucks but only small sums (20-30$) to buy books and contribute to the development of a much more educated forex community... i alredy have 3 persons who contributed and they are happy as the can be assisted personally at given hours... they show me charts on trades they did in the past to comment on and we set regualr online meetings to trade together sticking to the system... if you want to contribute contact me by e-mail. Thanks

Attached Images



xtsunami

22-05-2003, 19:26

Ichimoku charts were developed by a Japanese newspaper reporter. The charts are popular because at one glance you can see the price action and trend. By the way, ichimoku means one glance.

There are five parts to the charts:

1.standard line
2.turning line
3.delayed line
4. first span
5. second span

(forgive me for not using the Japanese terms)

the standard line is a calculation of the highest high+lowest low/2 over 26 periods.

the turning line is the same calc. high high+lowest low/2 but over 9 periods these are plotted on a chart like a moving average.

the first span is the turning line+standard line/2 with the results displaced forward by 26 periods

the second span is the highest high+lowest low/2 over the past 52 periods and displaced forward 26 periods.

the delayed line is the closing price 26 periods behind the current period.

I am sure you are wondering by now how you use them to trade, so here you go:

1. when the turning line crosses the standard line from below, go long, if it crosses the standard line from above go short.

2. if the price action is above the span lines it is an up trend, if below a down trend.

3. the span lines create support (in up trend) and resistance points (in down trend). if price moves through the "cloud" (the space between the two spans) from the bottom go long, if from above go short.

as an example:

the daily imichoku for the Euro/$ shows an uptrend with support at 1.0797. Entry for a trade would have been placed at 1.0912 on
4.17.03 with a break of the cloud to the upside.

OK, hope this helps if I didn't confuse you too much in the verbage.

xtsunami
Chinkou span- the delay line
Tenkan sen- turning line
Kijun sen- standard
Senkou span A- span 1
Senkou span B span

Ichimoku Kinko Hyo

Characteristic:	Support & Resistance Indicator		
Parameter Defaults:	ST Period	26	controls the measurement period for the Kijun Sen
	TL Period	9	controls the measurement period for the Tenkan Sen
	DL Period	52	controls the measurement period for the Senkou Span
Plots:	ST	Kijun Sen	(Base Line)
	TL	Tenkan Sen	(Conversion Line)
	DL	Chikou Span	(Lagging Span)
	Span 1	Senkou Span	(Leading Span 1)
	S2	Senkou Span 2	(Leading Span2)

The term “Ichimoku” can be translated from Japanese as “instant view’ or “one glance”, “Kinko” is the equivalent of “equilibrium” or “balance” and “Hyo” means “chart”. Hence the full name “Ichimoku Kinko Hyo” actually means “one glance cloud chart” or more appropriately “Instant view of the balance chart”. Goichi

Hosoda developed Ichimoku Kinko Hyo in the early Showa era (1926-1989) and copyright is owned by Kabushiki Kaisha Hendou Souken. However, Hosoda, a Japanese newspaper writer, only published his findings in 1969 and from that point forward Ichimoku Kinko Hyo has become a permanent feature in Japanese trading rooms.

The series of lines are very similar to moving averages and are based upon high and low prices. The two Senkou Span (leading) lines are pushed forward in time to represent past support and resistance – similar in concept to the idea that once established, support will continue to provide support until broken when it becomes resistance. The area between the two Senkou Span lines is shaded to make it look like a cloud. This “cloud” not only defines the trend but acts as support and resistance for price. A very basic precept is: if price is above the cloud then the trend is higher and vice versa.

However, the relative positions of the Kijun Sen and Tenkan Sen are also important. (“Sen” is the same word that is used in “Shinkansen” – the Japanese Bullet train – having the meaning “line”) Broadly, a crossing of the Tenkan Sen above the Kijun Sen is bullish and a crossing of the Tenkan Sen below the Kijun Sen is bearish. To the positions of price against the cloud and the crossing of the Tenkan Sen and Kijun Sen the relative position of today’s price against that of 26 periods prior determines the strength of the signals. The Chikou Span (lagging span) is today’s price moved back 26 periods. If the Chikou Span (today’s price) is below that of 26 periods ago and a sell signal occurs, it is a stronger signal than had it been above the close of 26 periods ago. Equally the opposite is true for buy signals.

The chart above is of the daily USDCHF market during the long US Dollar decline starting in March 2002. The Tenkan Sen crossed below the Kijun Sen while price was still above the cloud but with the Chikou Span being below price of 26 periods ago. It was a weak sell signal. However, subsequently price declined below the cloud and then rallied into the middle of the cloud which provided resistance. The following move lower again caused both Tenkan and Kijun Sen to move lower with the Chikou Span being well below the price of 26 periods ago. This added to the bearishness of price.

Later, when the Tenkan Sen crossed above the Kijun Sen the Chikou Span was not clearly above the price of 26 periods prior and provided only a weak buy signal. Indeed, price moved sideways for some time.

Ichimoku Kinko Hyo Trading Technique

Ichimoku Kinko Hyo

The names of mathematicians and statisticians dominate the list of technical analysis innovators; it's not often we see newspaper writers on this list, but Tokyo newspaper writer Goichi Hosoda is an exception to the rule. In the years before World War II, Hosoda--with the help of several assistants--developed the Ichimoku Kinko Hyo, or "equilibrium-chart-at-a-glance technique." Released in 1968, the technique was designed to illustrate where prices were likely to go and when to trade. In this article, we look at this extraordinary technique and how you can apply it to enhance your trading.

Constructing an Ichimoku Chart
First, let's take a look at an Ichimoku chart so we have a visual point of reference. The Ichimoku chart consists of three lines, which are color-coded on the chart below, and a "cloud":

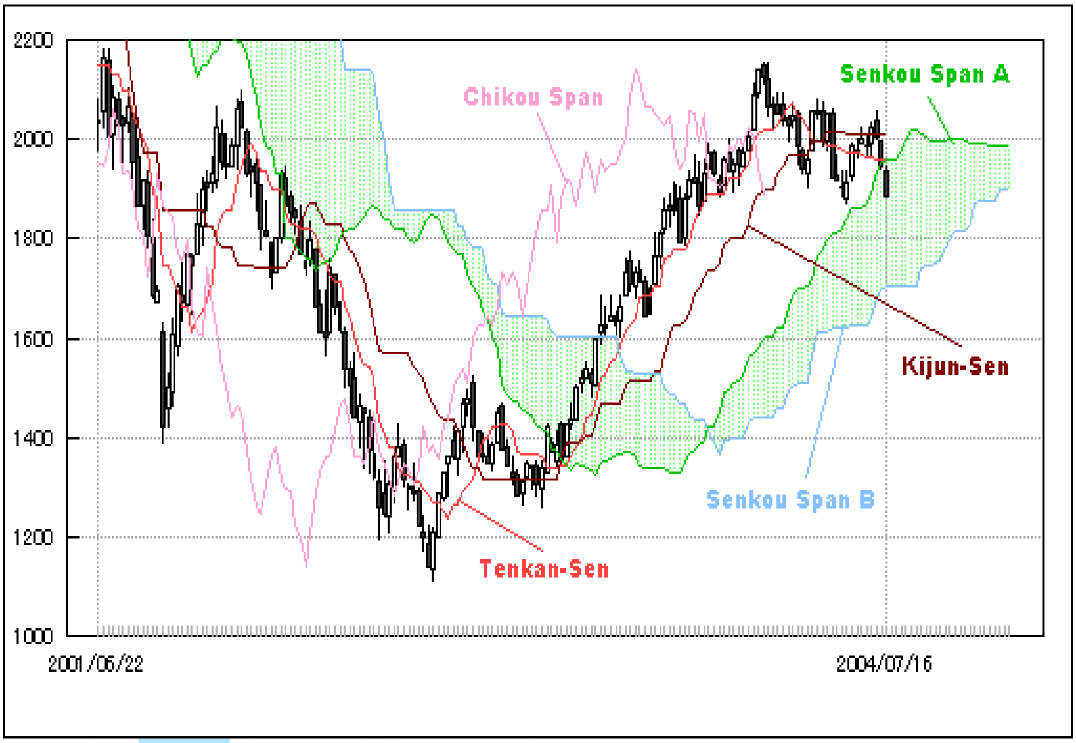


Figure 1: EUR/USD Ichimoku Chart. Provided by ForexWatcher.com.

Let's see what these lines represent, and how they are plotted:

1. ***Tenkan-Sen, or conversion line*** (**red**) - (Highest high + lowest low) / 2, calculated over the past seven to eight time periods.

2. ***Kijun-Sen, or base line*** (**maroon**) - (Highest high + lowest low) / 2, calculated over the past 22 time periods.

3. ***Chikou Span, or lagging span*** (**pink**)- The most current closing price plotted 22

time periods behind (optional).

4. ***Senkou Span A*** (**green**)- (Tenkan-Sen + Kijun-Sen) / 2, plotted 26 time periods ahead.

5. ***Senkou Span B*** - (**blue**) (Highest high + lowest low) / 2, calculated over the past 44 time periods. Plot 22 periods ahead.

The "cloud," known as the Kumo, is the space between Senkou Span A and Senkou Span B. The time period is most often measured in days; however, this can be modified to be any time unit as long as it is consistent throughout all calculations. We should note that, due to the shortened trading week (which used to be six days long), the time period values shown here are revised versions of the ones that Hosoda used in 1968.

To calculate these figures manually, you can use a spreadsheet program like Excel (with formulas to speed up the process), and then plot the points on a time series chart. There are also several commercial charting programs that have this technique installed by default and can automatically show the Ichimoku chart in real time.

Interpreting the Chart
Now that we have a chaotic chart filled with colorful lines and strange clouds, we need to know how to interpret it. The Ichimoku chart can be used to determine a variety of things. Here is a list of signals and how you can spot them:

- ***Strong signals*** - A strong buy signal occurs when the Tenkan-Sen crosses above the Kijun-Sen from below. A strong sell signal occurs when the opposite occurs. The signals must be above the Kumo.

- ***Normal signals*** - A normal buy signal occurs when the Tenkan-Sen crosses above the Kijun-Sen from below. A normal sell signal occurs when the opposite occurs. The signals must be within the Kumo.

- ***Weak signals*** - A weak buy signal occurs when the Tenkan-Sen crosses above the Kijun-Sen from below. A weak sell signal occurs when the opposite occurs. The signals must be below the Kumo.

- ***Overall strength*** - Strength is shown to be with the sellers if the Chikou Span is below the current price. Strength is shown to be with the buyers when the opposite is true.

- ***Support/resistance levels*** - Support and resistance levels are represented by the presence of the Kumo. If the price is entering the Kumo from below, then the price is at a resistance level. If the price is falling into the Kumo, then there is a support level.

- **Trends** - Trends can be determined by simply looking at where the current price is in relation to the Kumo. If the price stays below the Kumo, then there is a downward trend (bearish). Alternatively, if the price stays above the Kumo, then there is an upward trend (bullish).

The Ichimoku charts give us a rare opportunity to predict market timing, support/resistance levels, and even false breakouts, all in one easy-to-use technique.

Why Isn't Everyone Making Money?

Although it was created back in 1968, this charting technique did not gain international attention until the 1990s. It has since been applied by traders worldwide. Despite its success, the Ichimoku chart still has some drawbacks.

- ***Empirical decision making*** – As with most technical analysis, empirical decision making is required when determining the time period to use. Keep in mind that the time periods are the only thing making this technique different from a moving average analysis, so it is critical to fine-tune (optimize).

- ***24-hour markets*** – Markets which operate 24 hours a day, like the currency market, are without an actual set open and close price. To get around the problem, traders often make the calculations in real-time or use the open and close times that are closely associated with the currency pair being traded. For example, for the EUR/USD, it would be wise to use the New York open and close since that is when the majority of trading occurs.

- ***Occasional short time between trades*** – There will be times when the buy and sell signals occur within close proximity. In a world without commissions or bid/ask spreads, this would not be a problem; however, quick trades like this can cause commissions to eat into your profits.