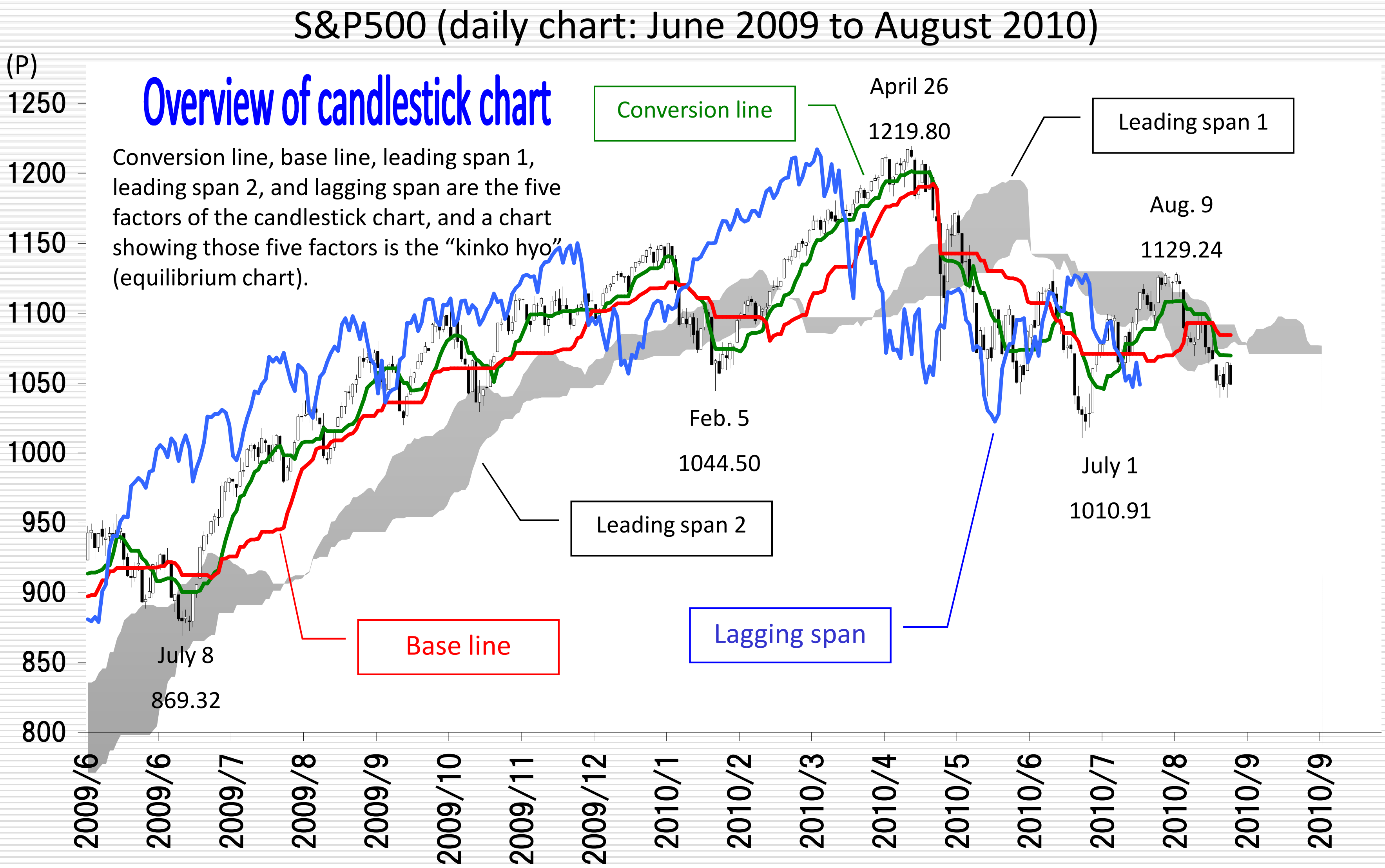
IFTA 23rd Annual Conference Friday, October 8, 2010

"Border Line" Pattern for the Ichimoku Kinko Hyo (Candlestick Chart)

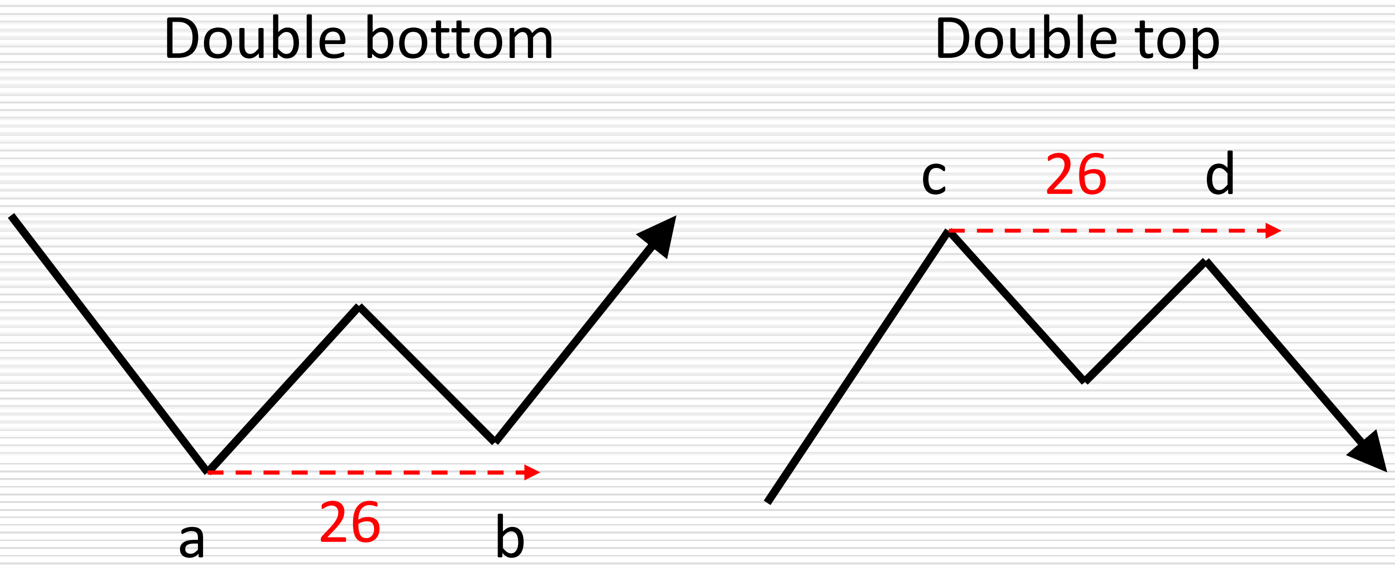
- Positioning with 26 Base Lines and Timing for Time-Based Loss Cutting-

Yukitoshi Higashino, MFTA

Five Factors of the Ichimoku Kinko Hyo (hereinafter Candlestick Chart)



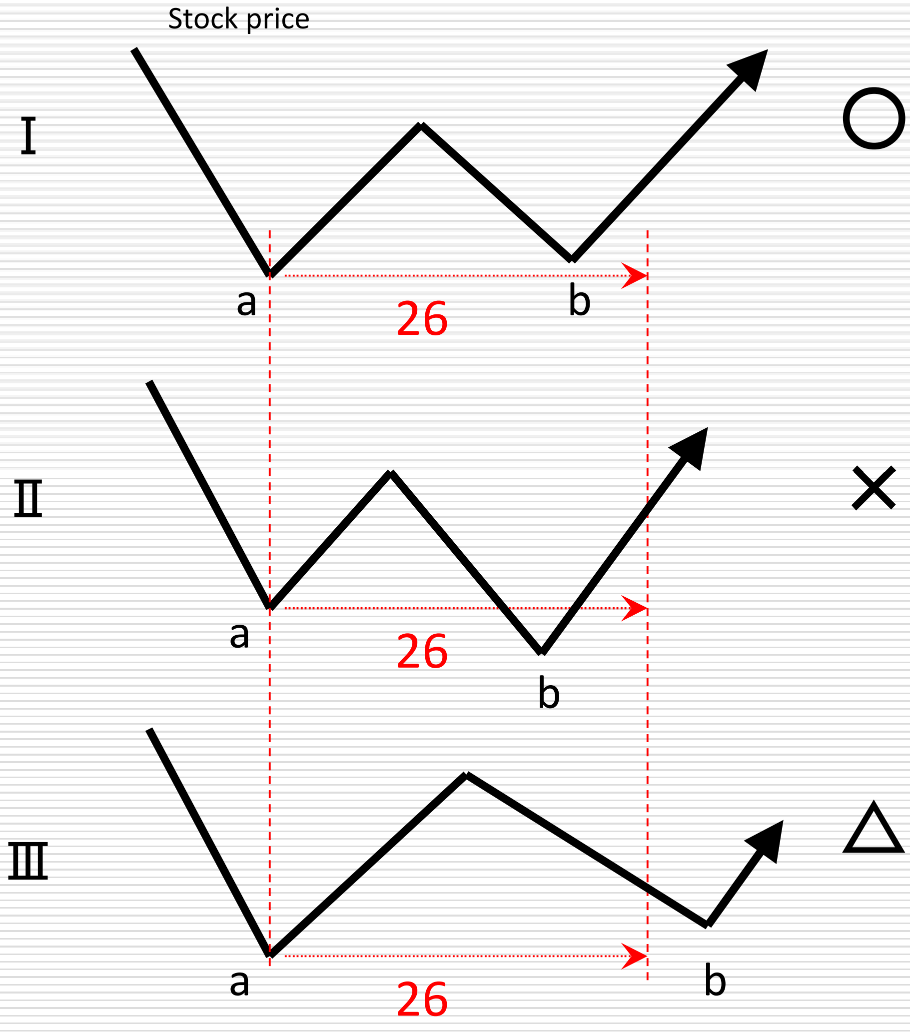
Ideal Top and Bottom Pattern in a Candlestick Chart



➢ The ideal period from a low price “a” to “b” and from a high price “c” to “d” is within 26 days.

Why?

Bottom Pattern Shifting from Fall to Rise

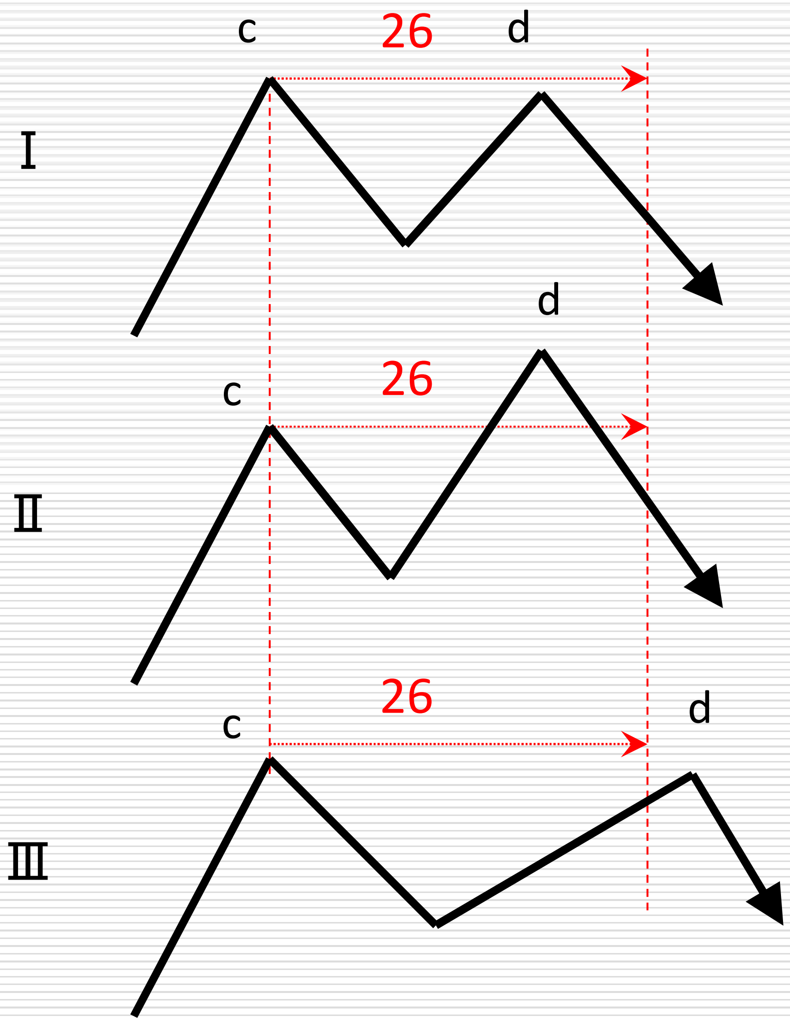


○ Within 26 days from the expected low "a," the price goes above “a” to “b” before turning upwards.

× Within 26 days from the expected low "a," the price goes below "a" to "b" before turning upwards.

△ Starting from the expected low "a," the price falls to "b" which is higher than “a” and then rises, but in a period that exceeds 26 days.

Ceiling Pattern for Shifting from Rise to Fall



○ The price goes to lower “d” than the expected high "c" within 26 days and then goes down.

× The price goes to the higher “d” than the expected high "c" within 26 days and then goes down.

△ The price does not exceed the expected high "c" and goes down after hitting "d" but in a period of over 26 days from "c."

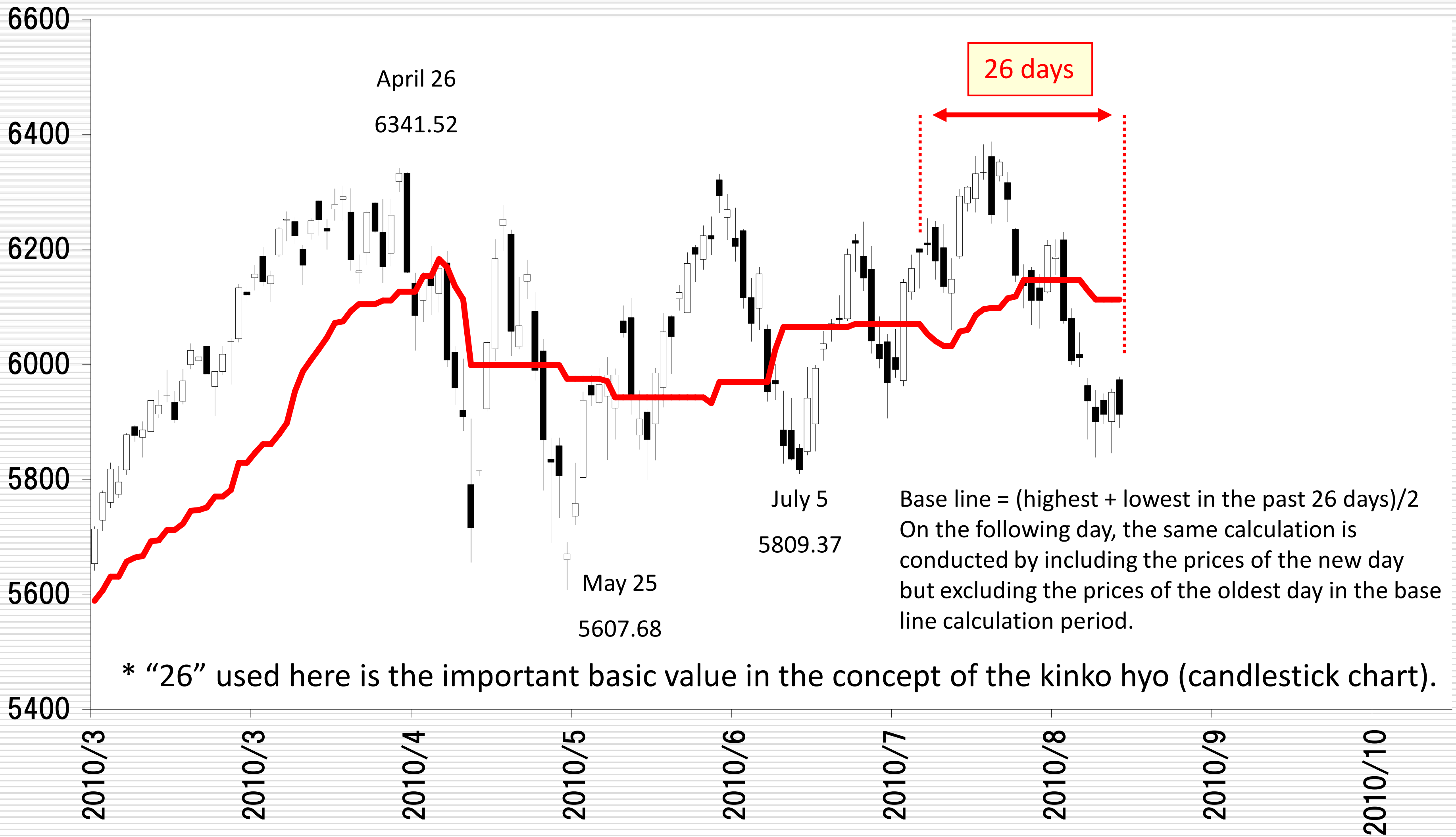
Important Points in Base line and Lagging Span

・"Border line" - The ideal top-bottom pattern that introduces the daily change concept of "26 days" from the base line to the lagging span.

- Base line: the middle price between the highest and lowest price in the past 26 days including the current day (highest price in a period of 26 days + lowest price in a period of 26 days) ÷2
- Lagging span: current day's closing price projected into the past by 26 days including the current day

What is the “Base Line”?

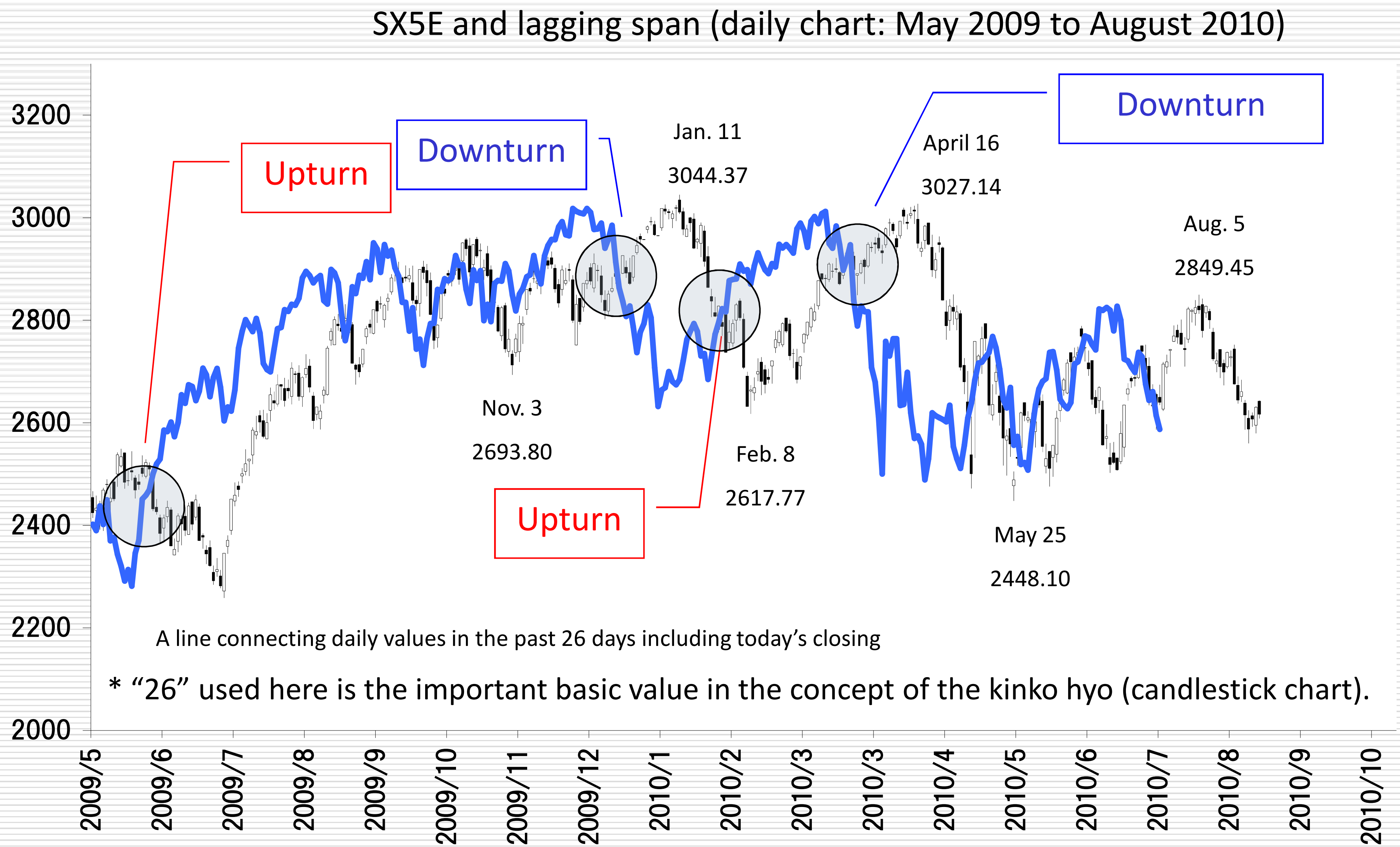
DAX and base line (daily chart: March 2010 to August 2010)



Base line = (highest + lowest in the past 26 days)/2
On the following day, the same calculation is conducted by including the prices of the new day but excluding the prices of the oldest day in the base line calculation period.

* “26” used here is the important basic value in the concept of the kinko hyo (candlestick chart).

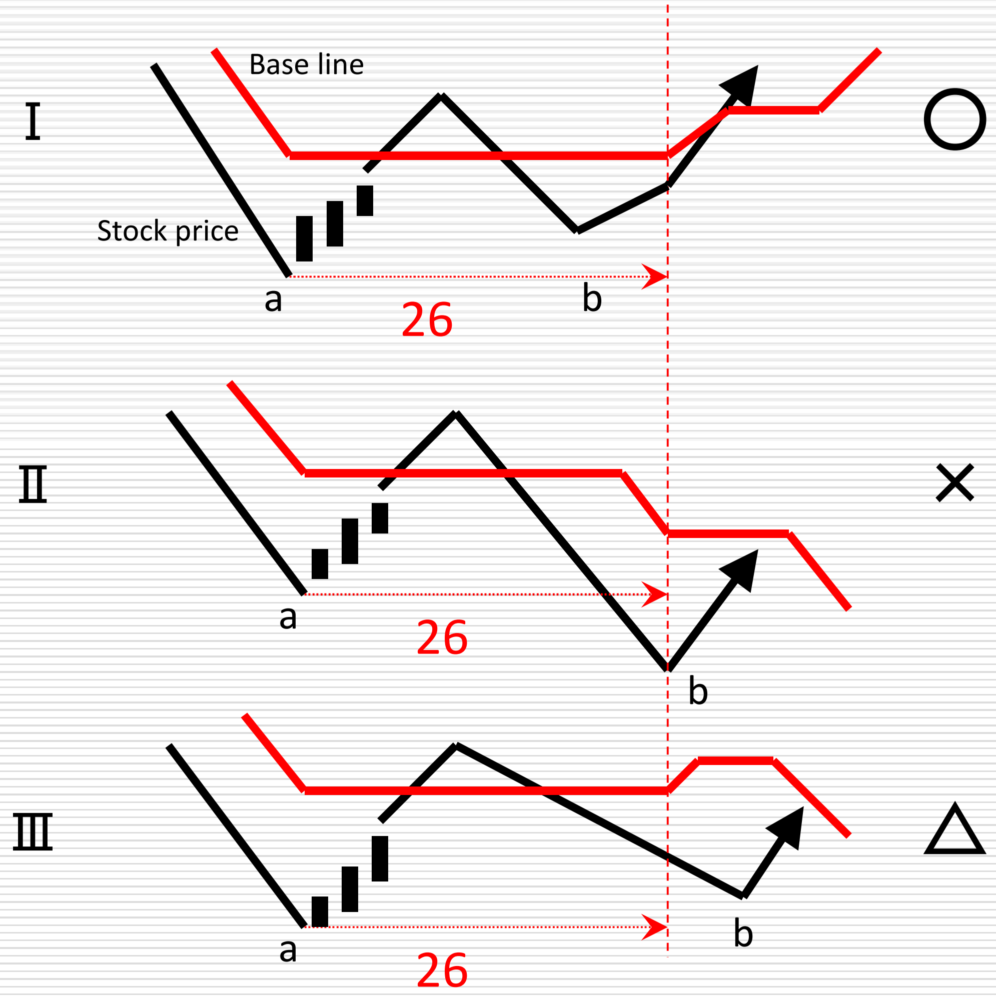
What is the "Lagging Span"?



* "26" used here is the important basic value in the concept of the kinko hyo (candlestick chart).

What the “base line” means in the border line.

▪Base line: (highest in 26 days + lowest in 26 days) ÷2

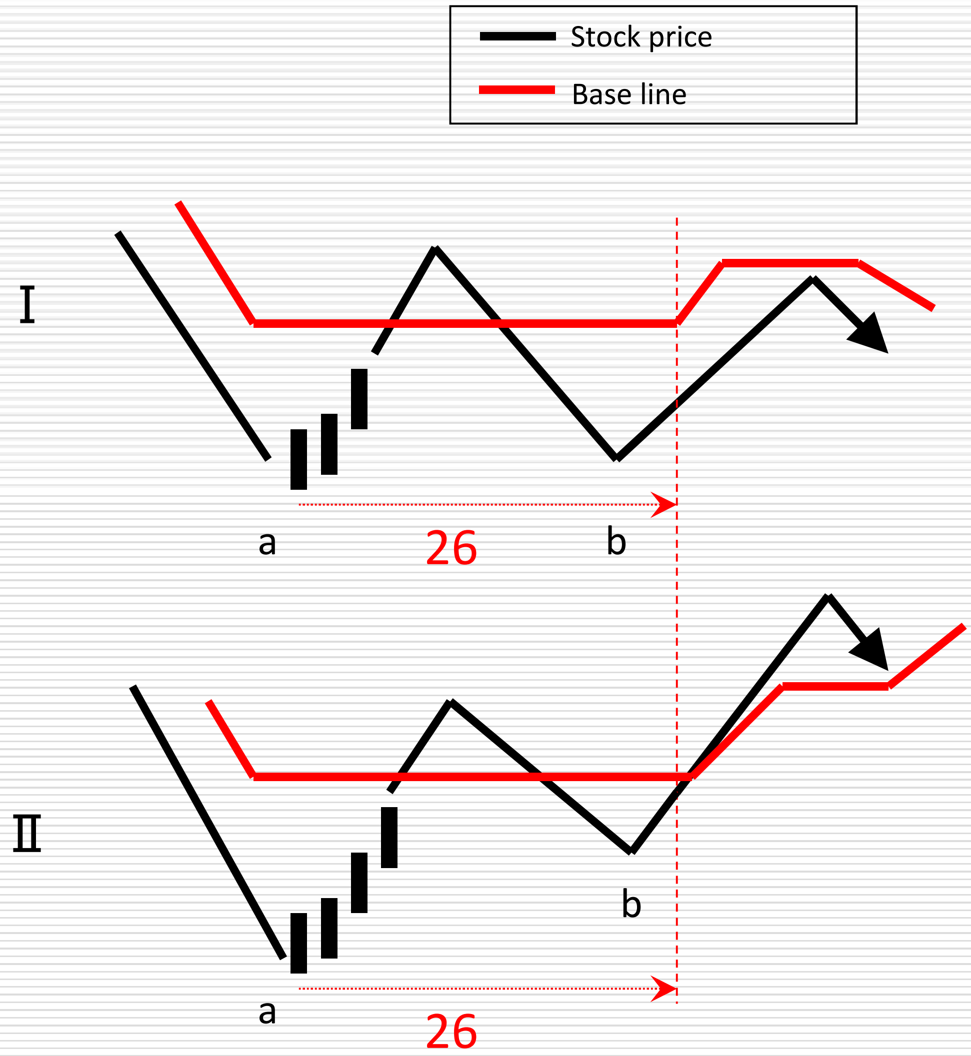


When the price makes an upturn within 26 days from the expected low "a," the base line goes up in 26 days from the expected low "a," and therefore stock prices tend to go up.

When the price goes below the expected low "a" within 26 days from "a," the base line cannot go up and provides resistance to the increase in stock prices, which increases the possibility of the price going down.

When the price does not go down below the expected low "a" and makes an upturn after a period of 26 days, the base line moves sideways and then drops to become resistant to the rising of stock prices.

The softer the downtrend, the stronger the market (base line). Why is that?

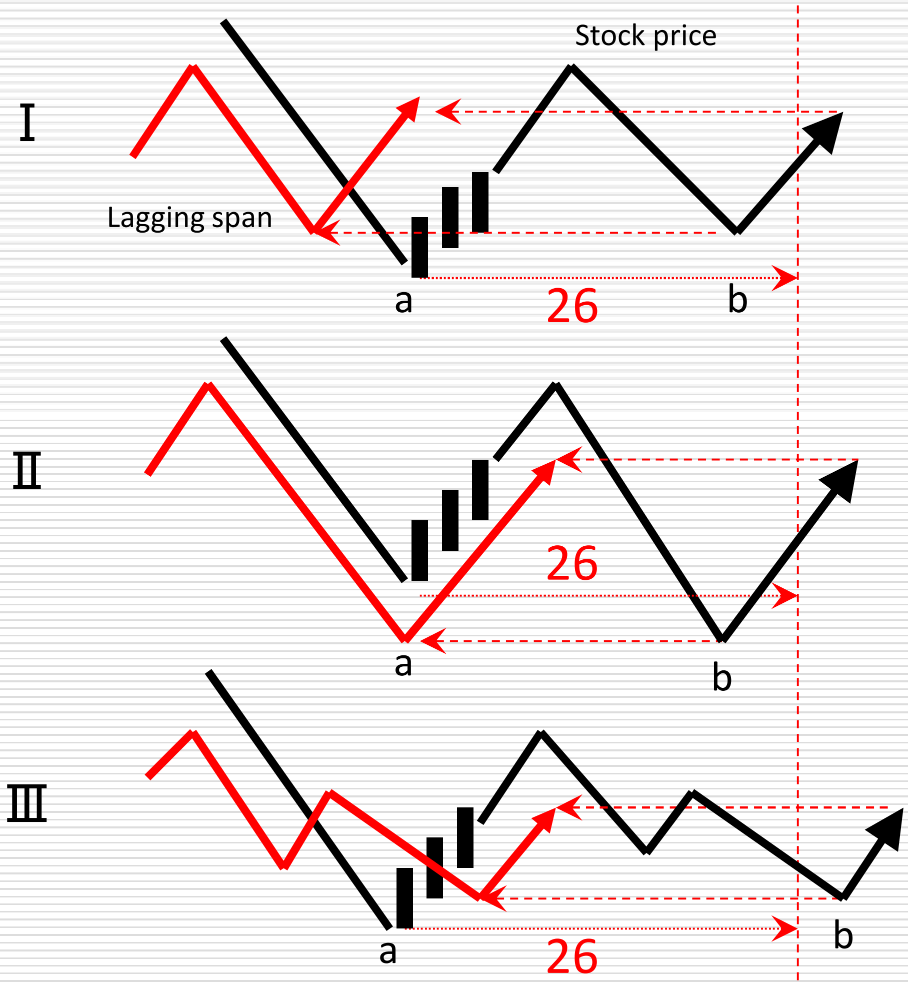


When a dip to "b" is strong relative to the expected low "a," the leveling period of the base line tends to be extended. In that period, if the stock price does not go back up and exceed the high, the high of the base line during the calculation period becomes lower, thereby causing the base line to drop again.

When a dip to "b" is weak relative to the expected low "a," it is relatively more likely that the price will go up above the recovery high. Therefore, the high of the base line during the calculation period go higher, and the uptrend of the base line continues, making it likely to create a stronger market.

What the “lagging span” means in the border line.

▪Lagging span: current day’s daily closing price projected into the past by 26 days

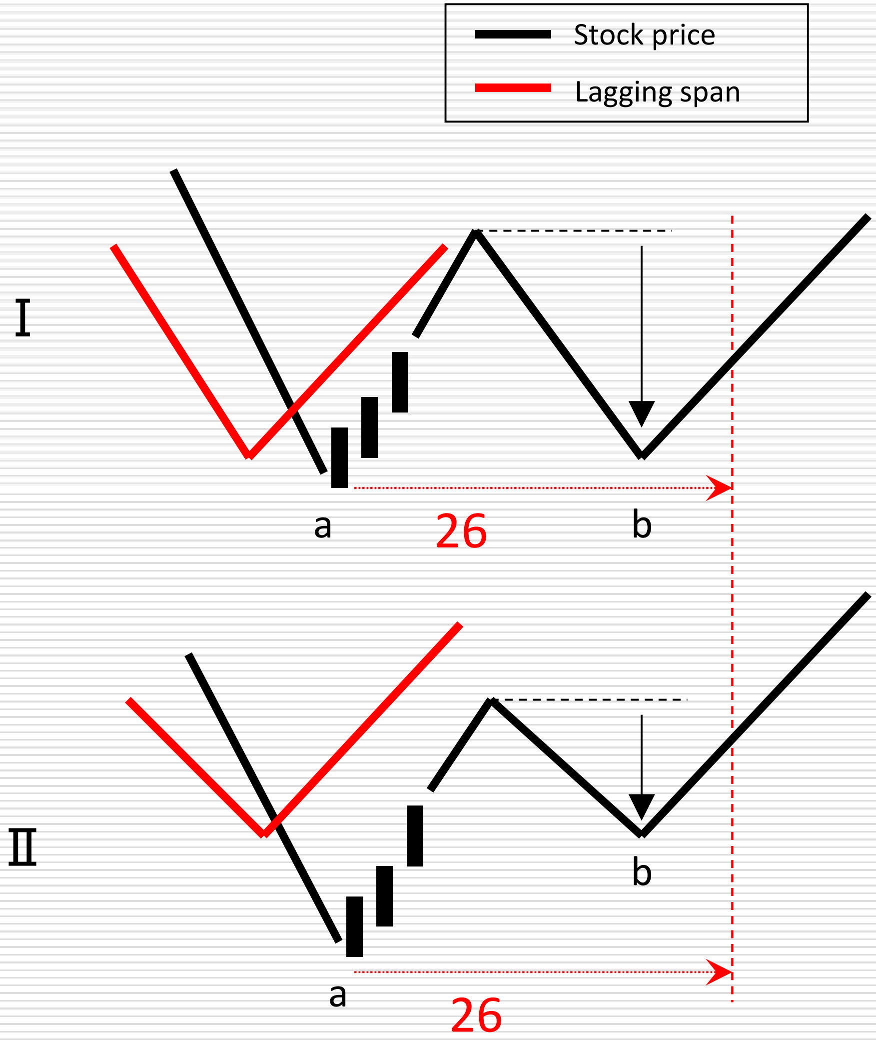


○ When the price makes an upturn within 26 days from the expected low "a" after hitting "b," then the lagging span exceeds the stock price. (upturn or buy signal).

× When the price hits "b," which is lower than the expected low "a" within 26 days from "a," then the lagging span remains below the stock price. (continued downturn or sell signal).

△ When the price does not go down below the expected low "a" but takes an upturn after hitting "b" in a period of over 26 days from "a," the lagging span is highly likely to go down below the stock price again. (downturn after upturn, sell signal).

The softer the downtrend, the stronger the market (lagging span). Why is that?

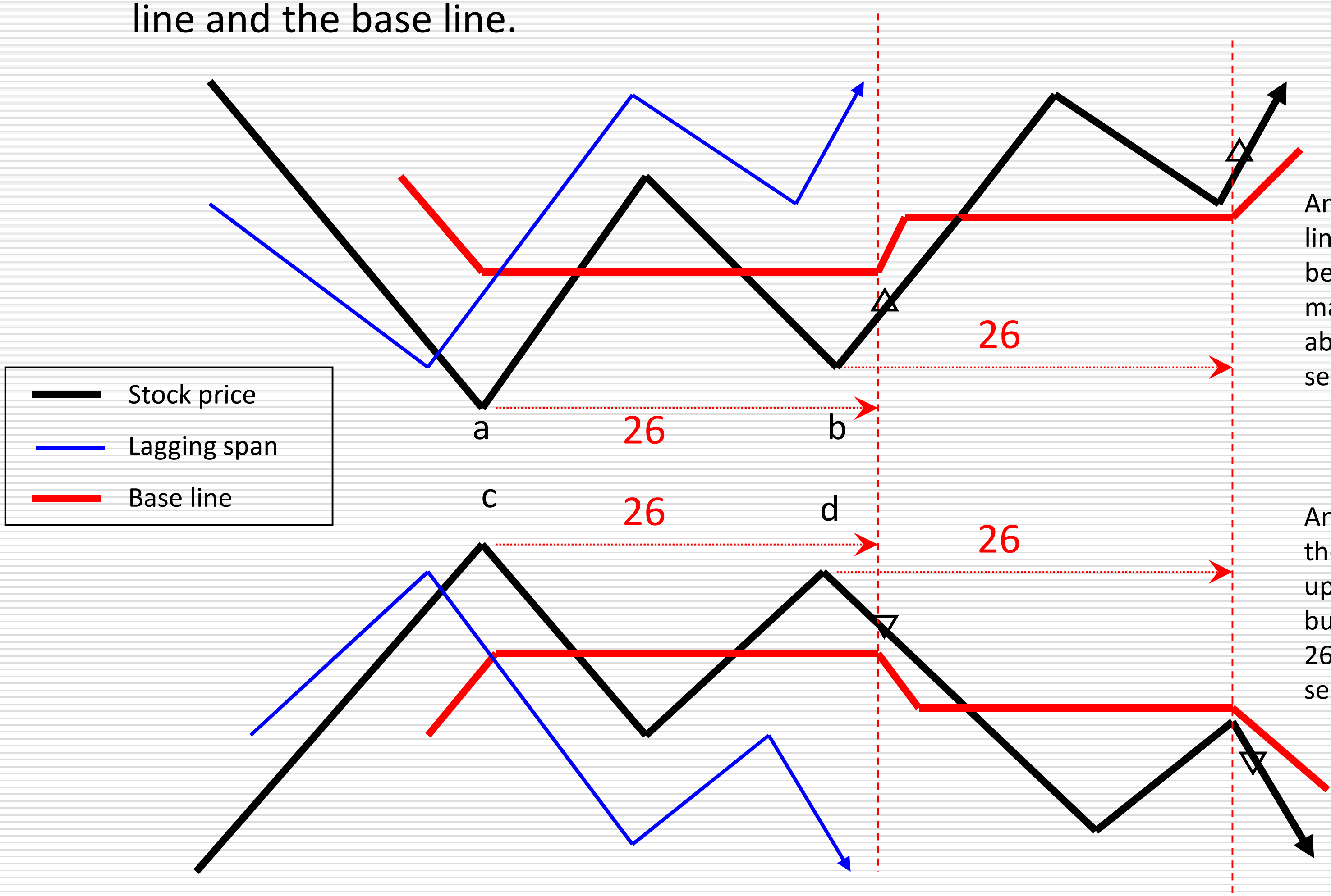


When the dip to "b" is strong relative to the expected low "a," the lagging span tends to touch the stock price of 26 days ago and thus is more likely to fall below the stock price. There is a high possibility of becoming a downturn.

When the dip to "b" is soft relative to the expected low "a," the lagging span tends not to touch the stock price of 26 days ago and is thus relatively less likely to fall below the stock price. There is a low possibility of becoming a downturn.

Basic Pattern for the Border Line

・The border line is composed of the ideal patterns of the lagging line and the base line.

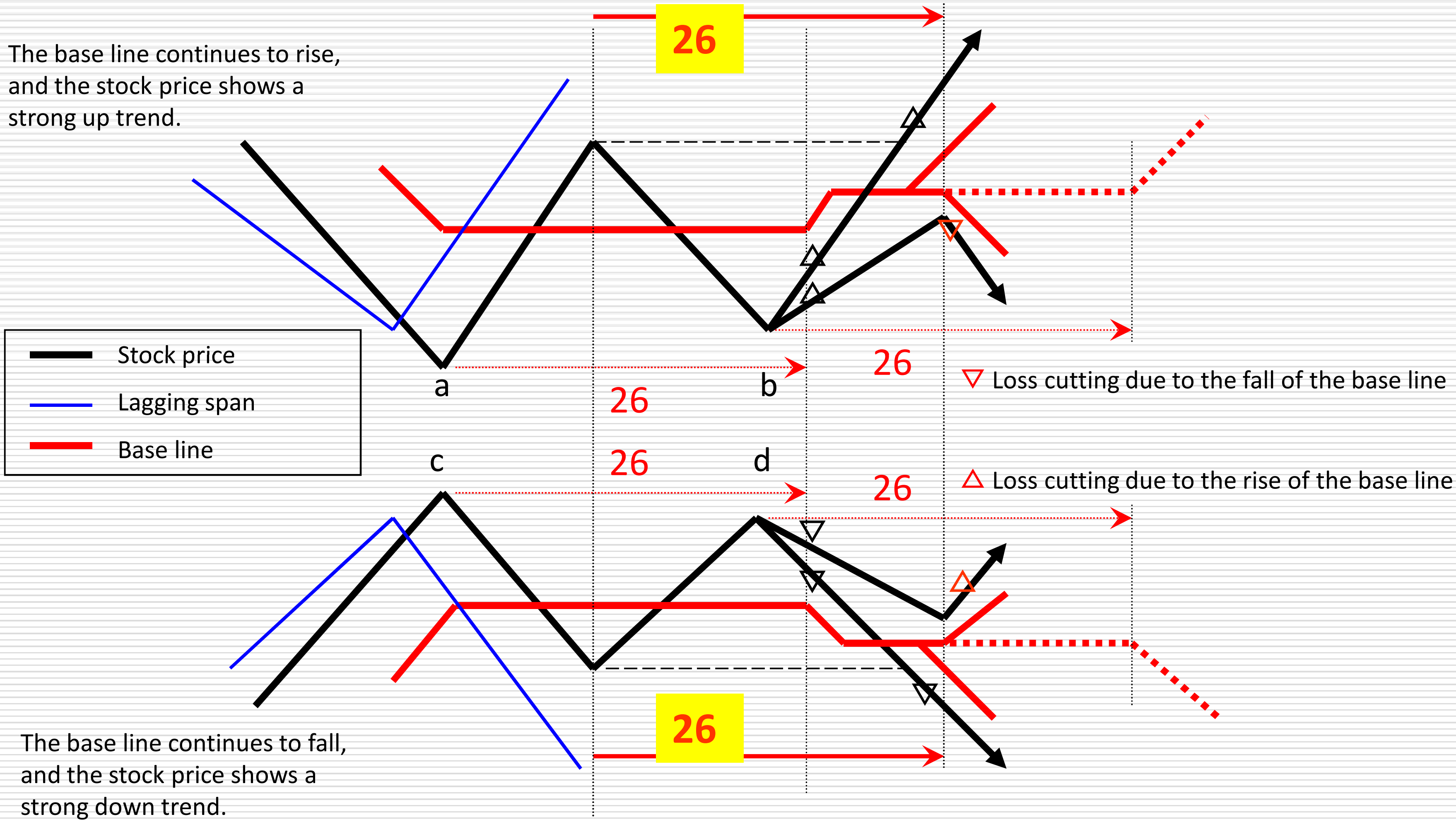


An ideal case is that the line does not go down below the base line and makes an upturn in about 26 days from the second lowest bottom.

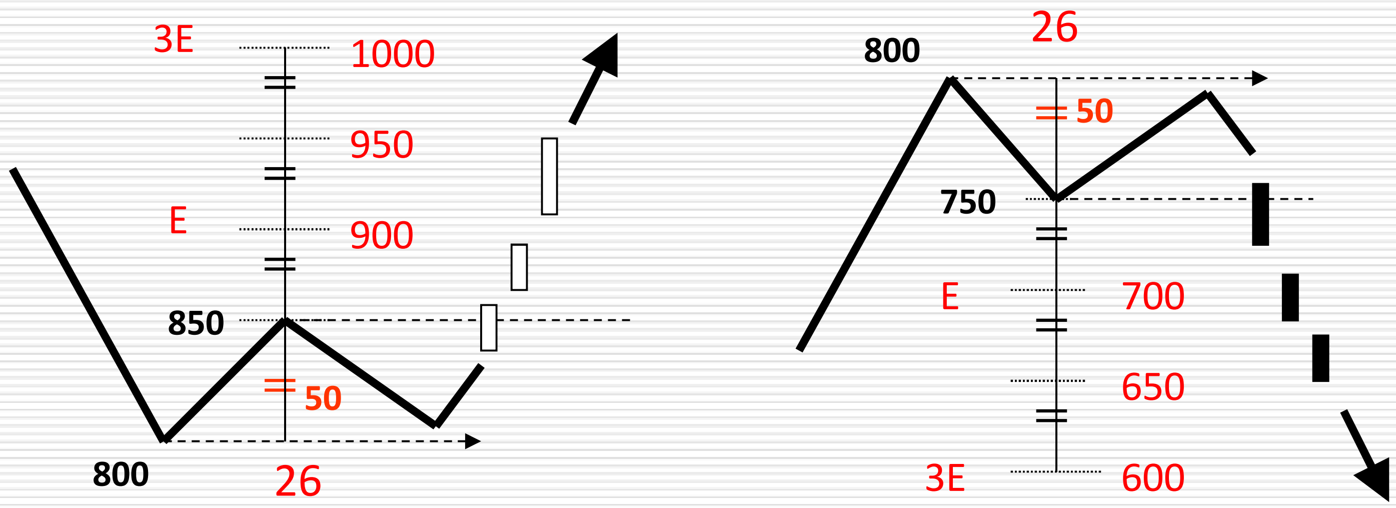
An ideal case is that the line does not go up above the base line but drops again about 26 days from the second highest peak.

The Strong Border Line Pattern and the Temporal Loss Cut

・The value goes above or falls below the recovery high or the immediate low within 26 days.



E Calculation after the Border Line (Setting of the Target)



➢ A rise from the second lowest bottom or a drop from the second highest peak is often accompanied by a gap.

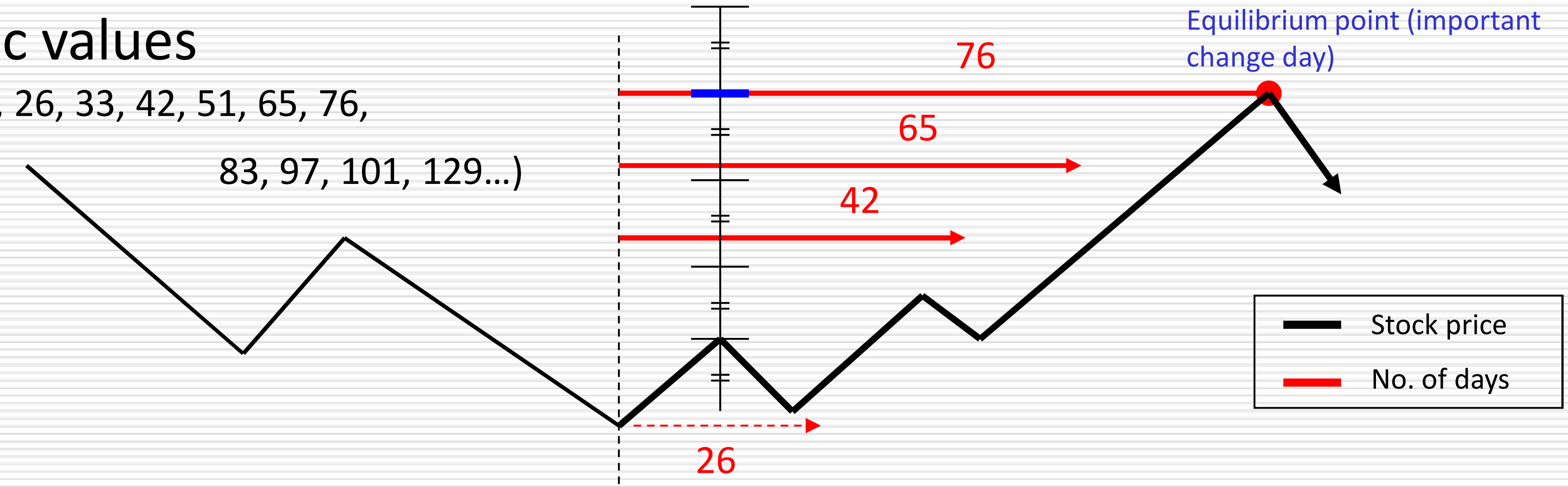
➢ Double of the increment or decrement of the initial move becomes an equilibrium point.

Equilibrium Point is the Arrangement of the Lateral Axis and Vertical Axis.

- Basic values

(9, 17, 26, 33, 42, 51, 65, 76,

83, 97, 101, 129…)

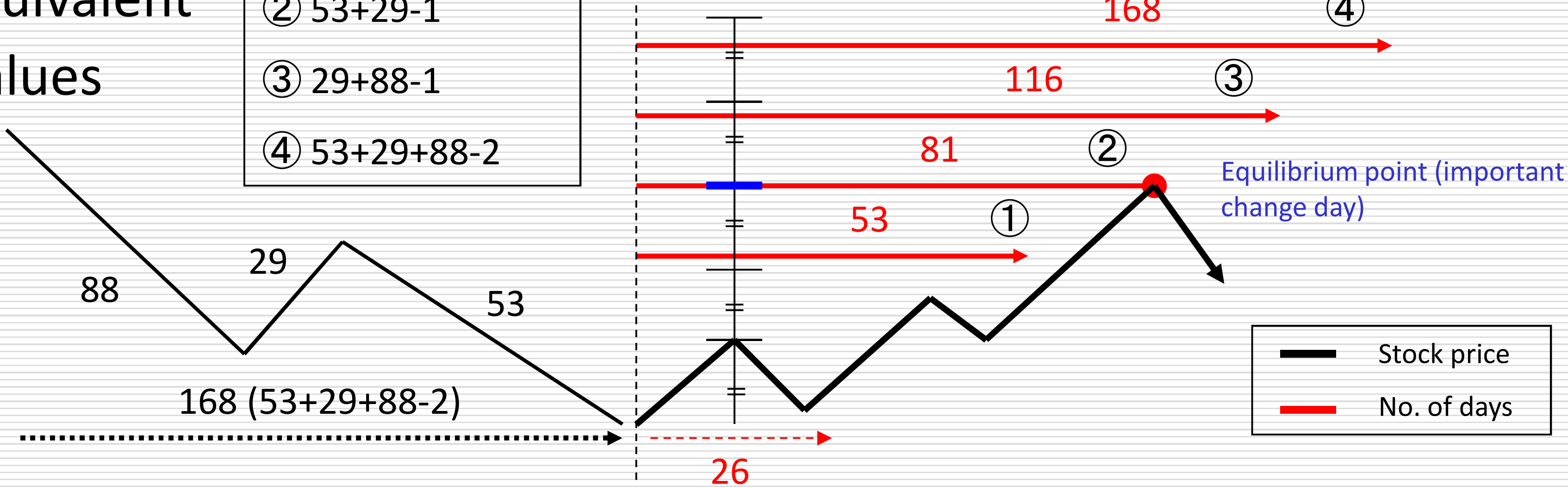


- Equivalent values

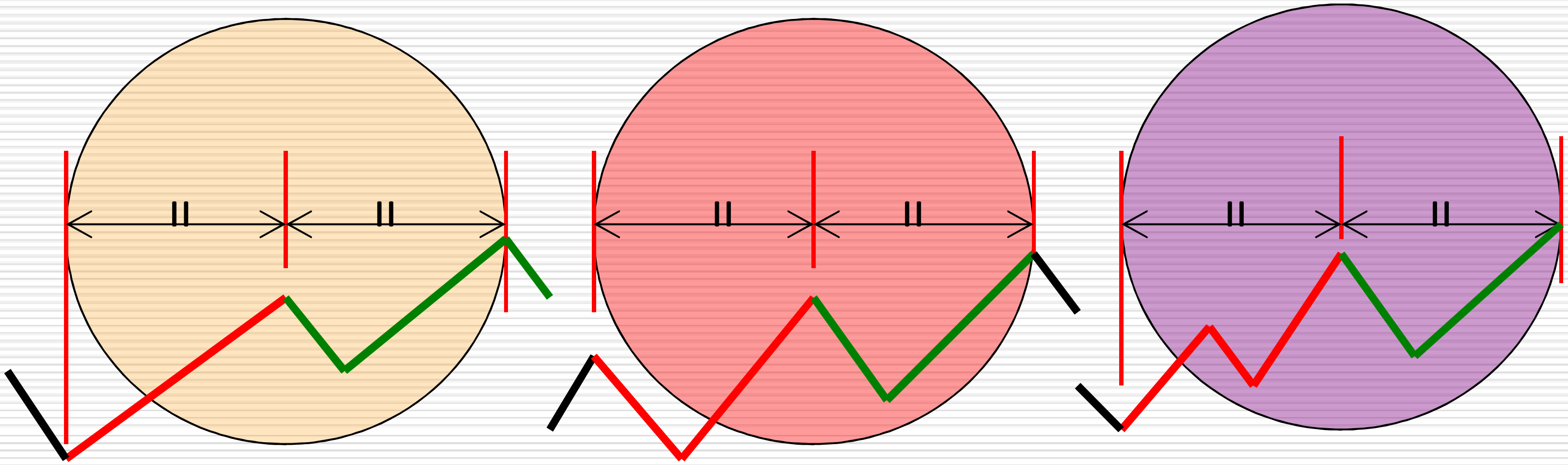
② 53+29-1

③ 29+88-1

④ 53+29+88-2

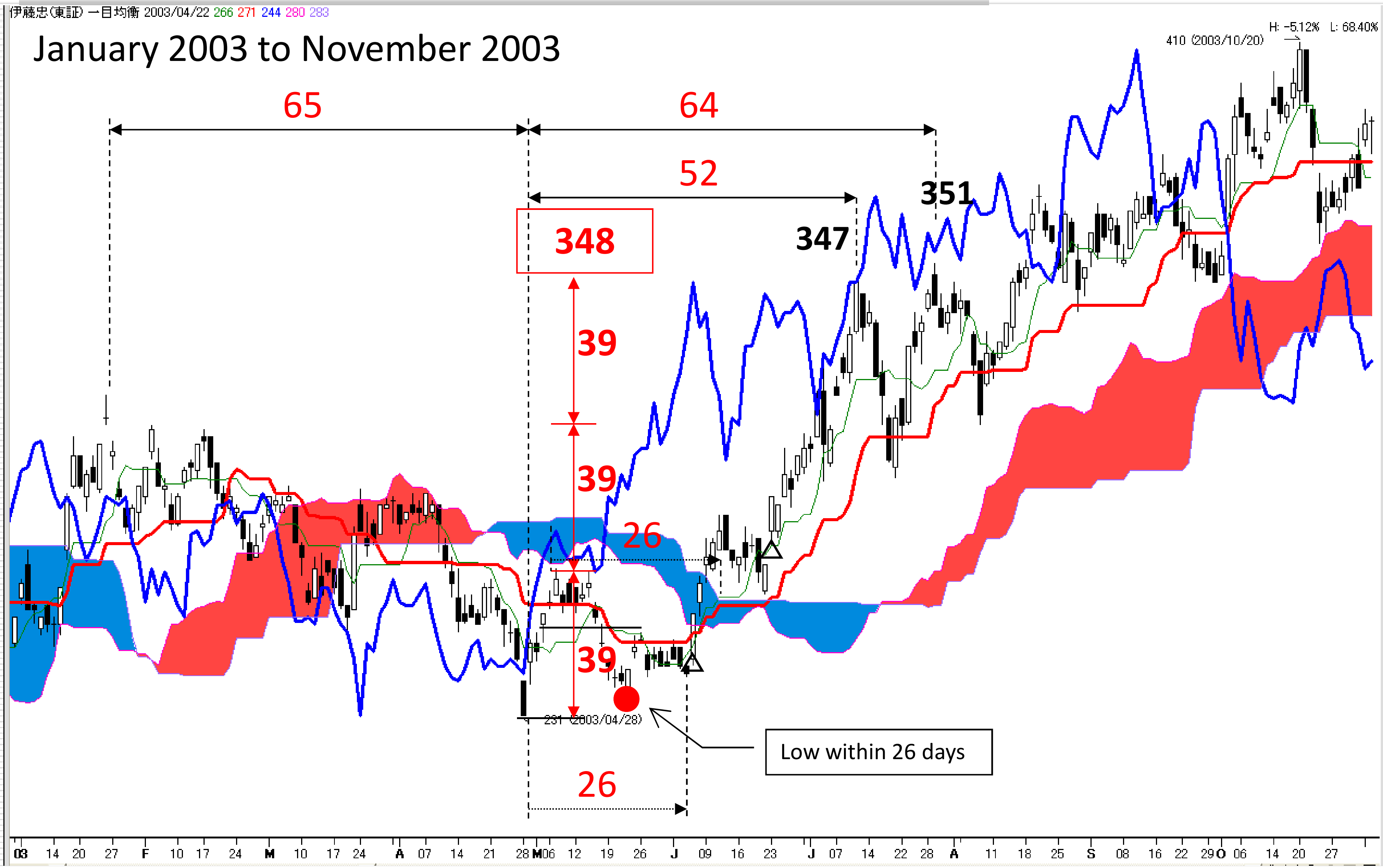


Time Theory (Concept of Equivalent Value)

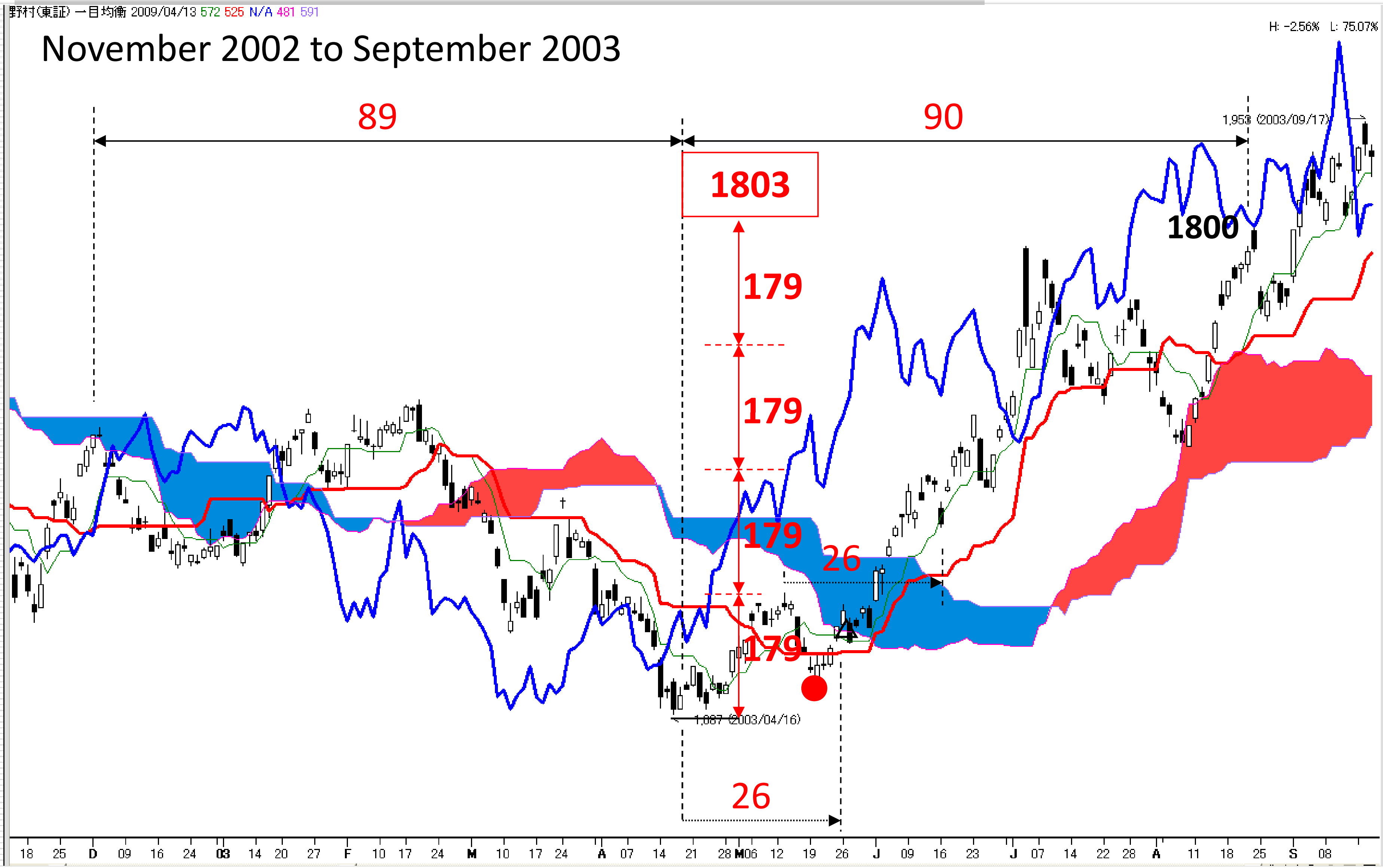


I ＝ I	I ＝ V	I ＝ N
V ＝ I	V ＝ V	V ＝ N
N ＝ I	N ＝ V	N ＝ N

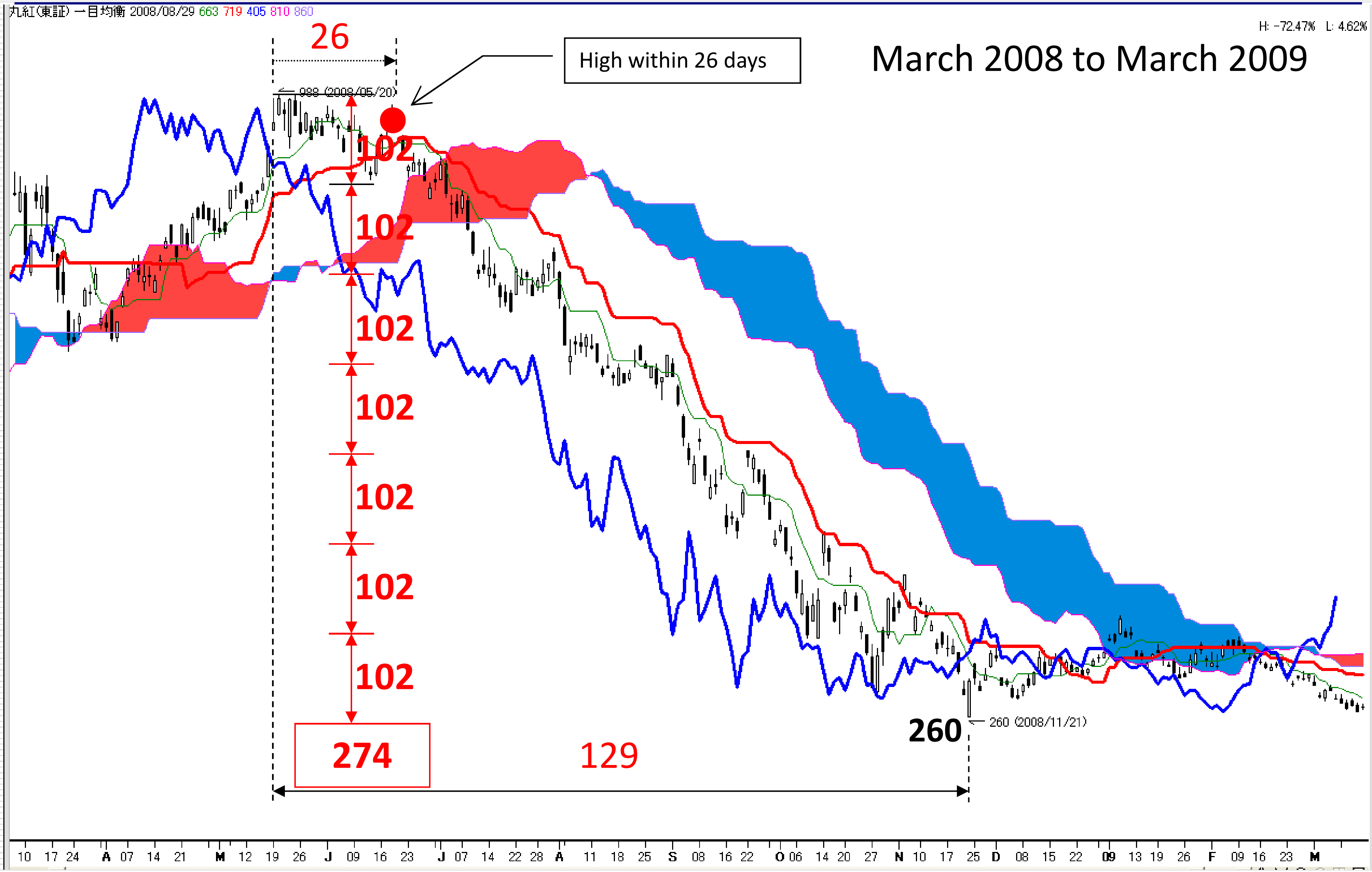
Itochu Corp. (8001, daily chart)



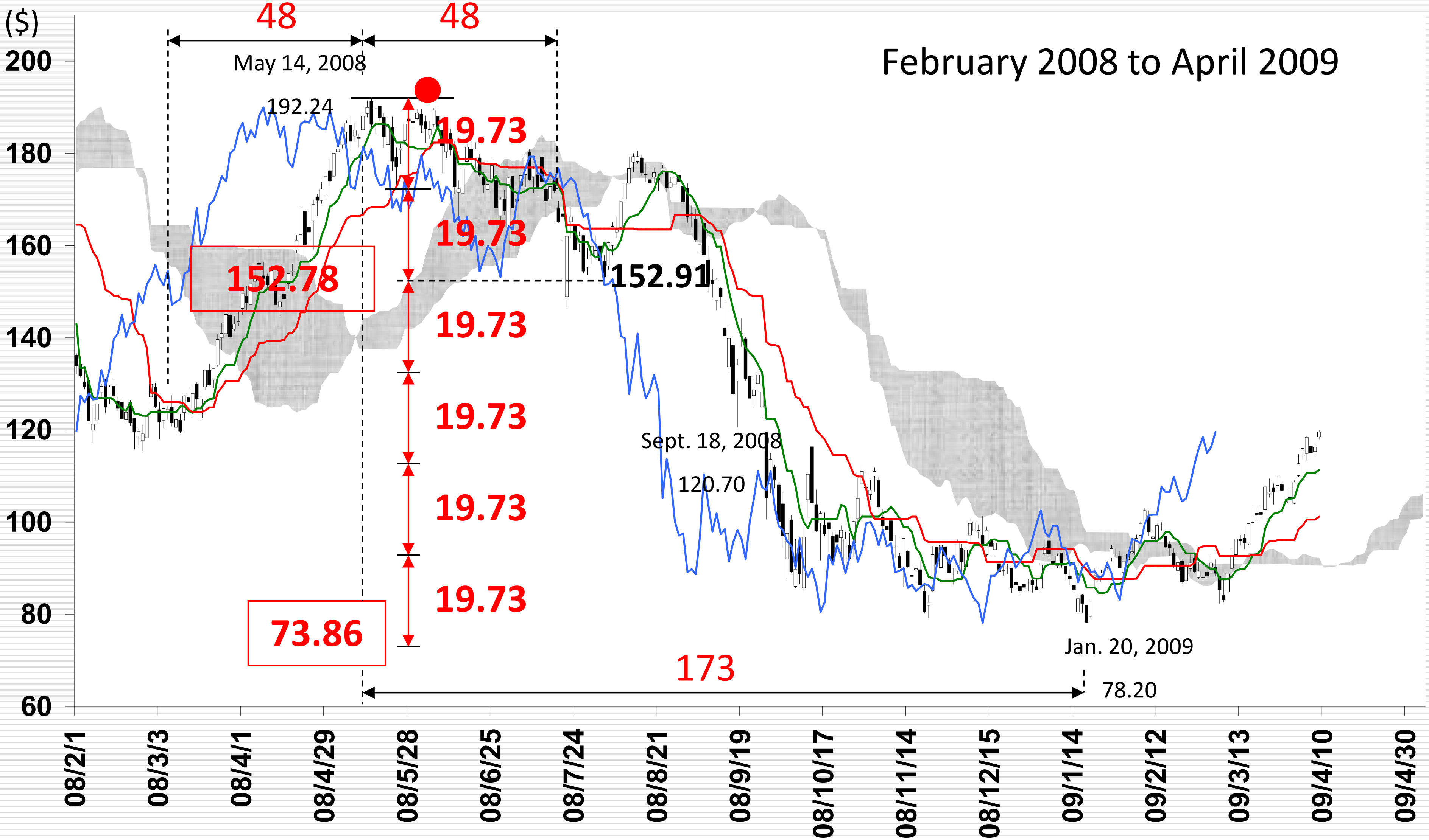
Nomura Holdings, Inc. (8604、daily chart)



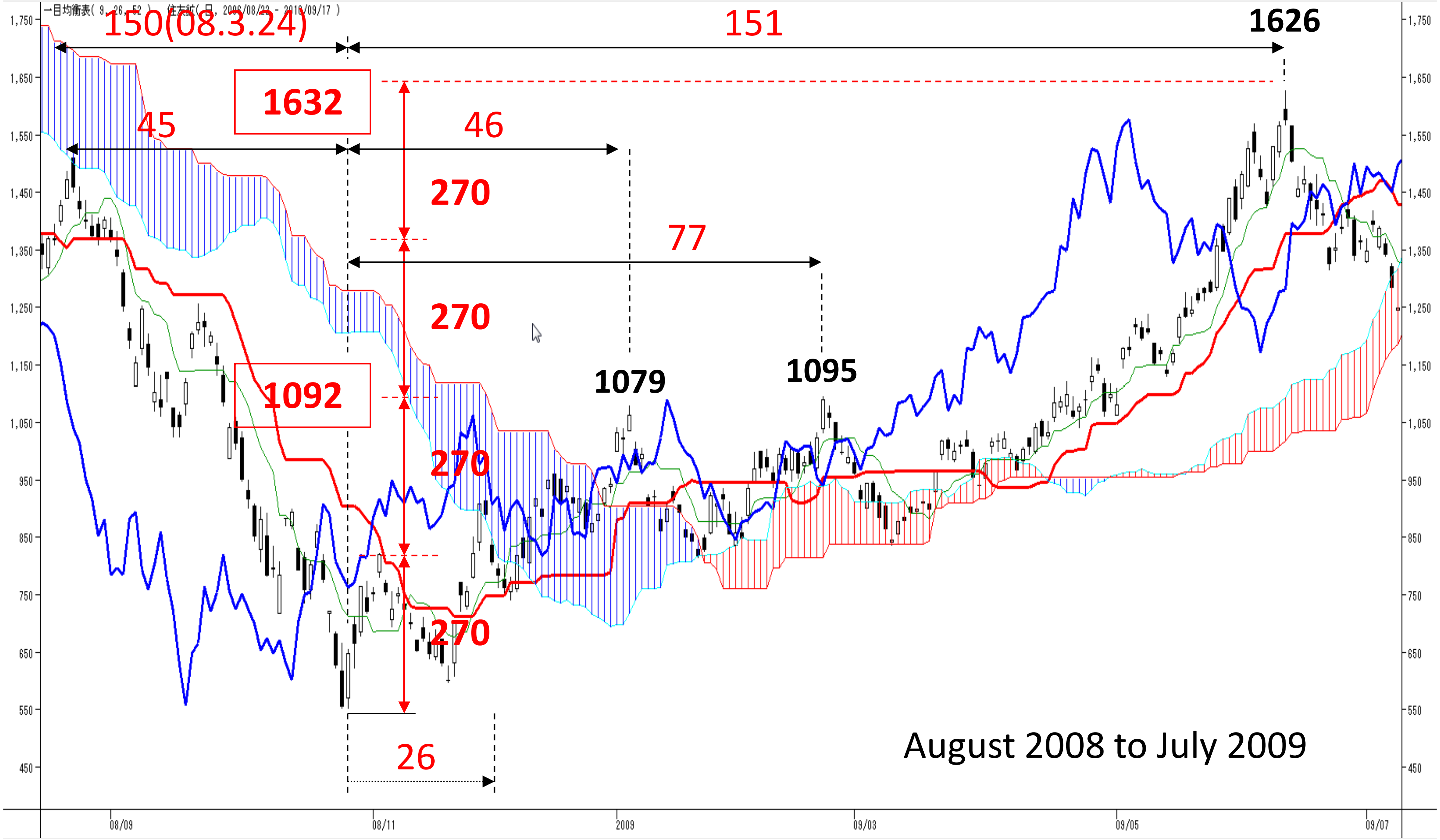
Marubeni Corp. (8002、daily chart)



AAPL UW (daily chart、Feb. 2008 to April 2009)



Sumitomo Metal Mining（5713、daily chart ）



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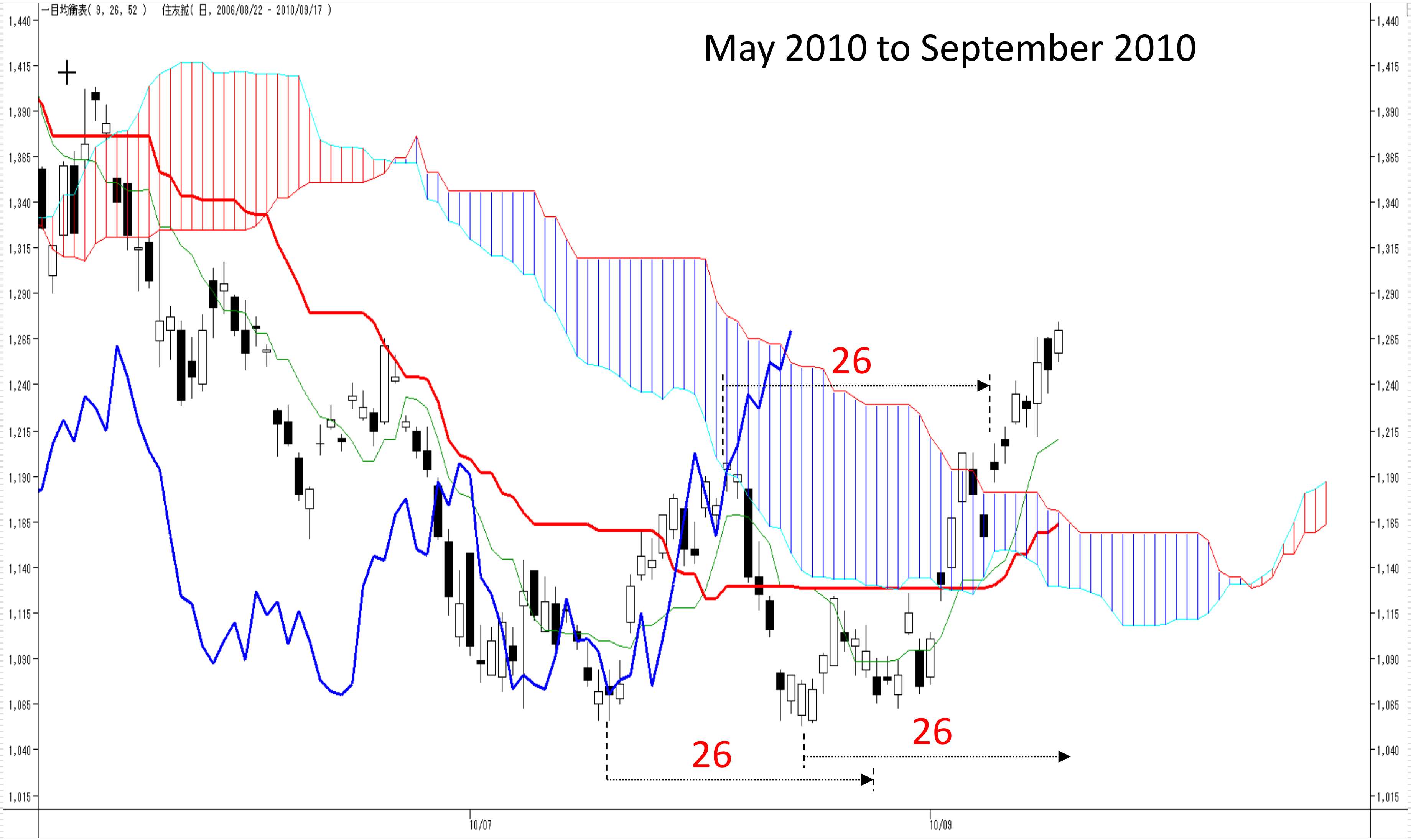
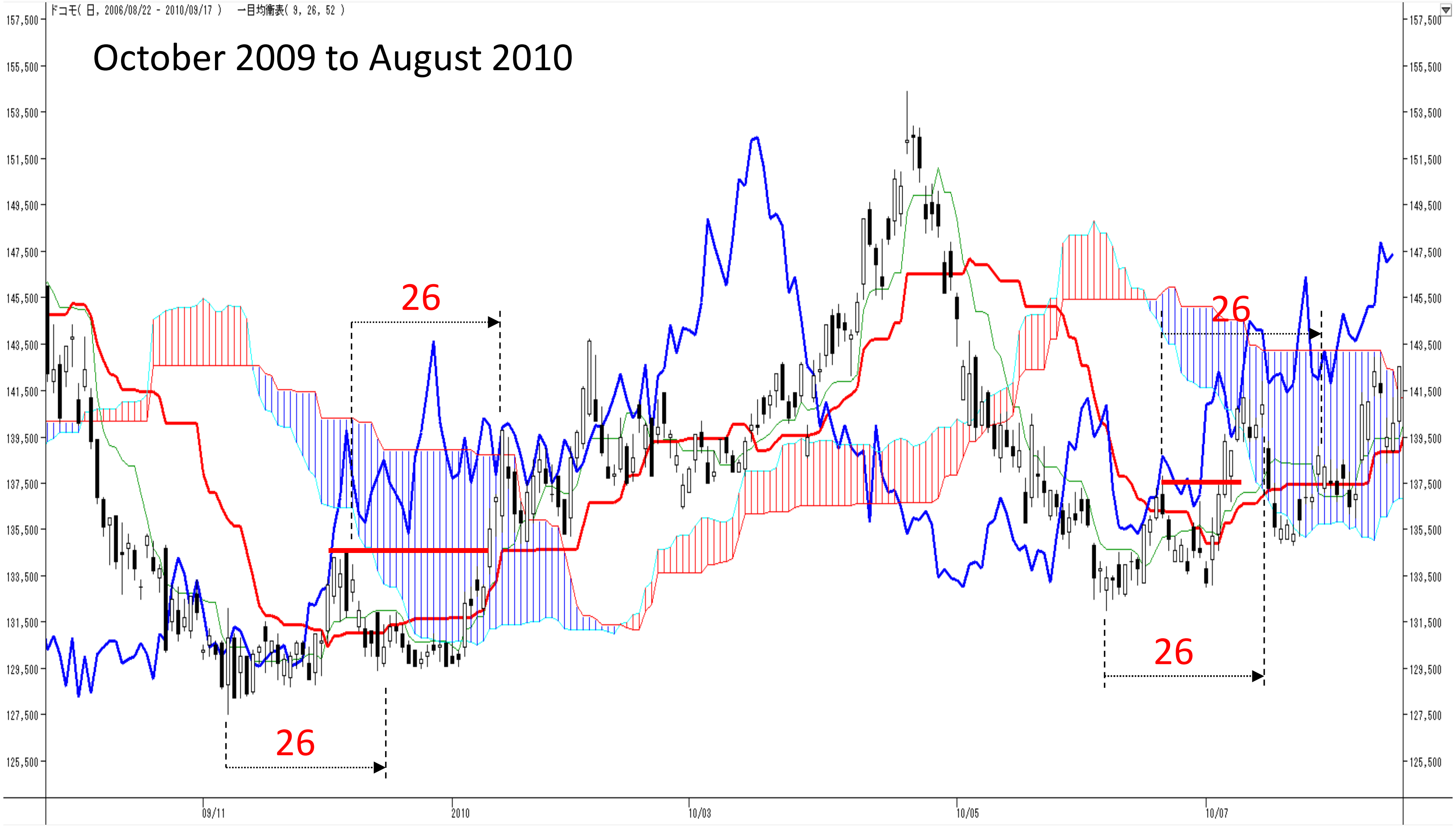
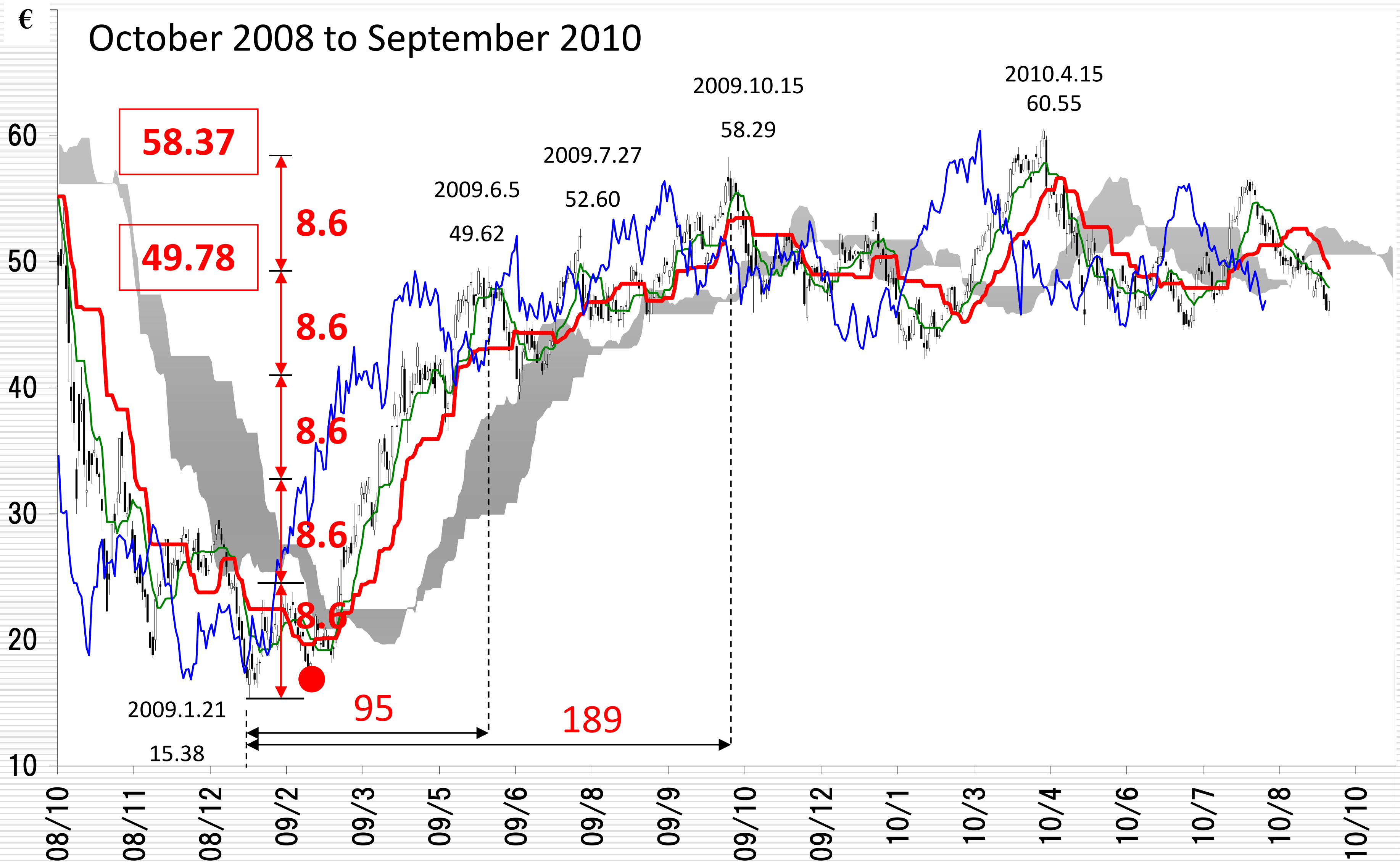


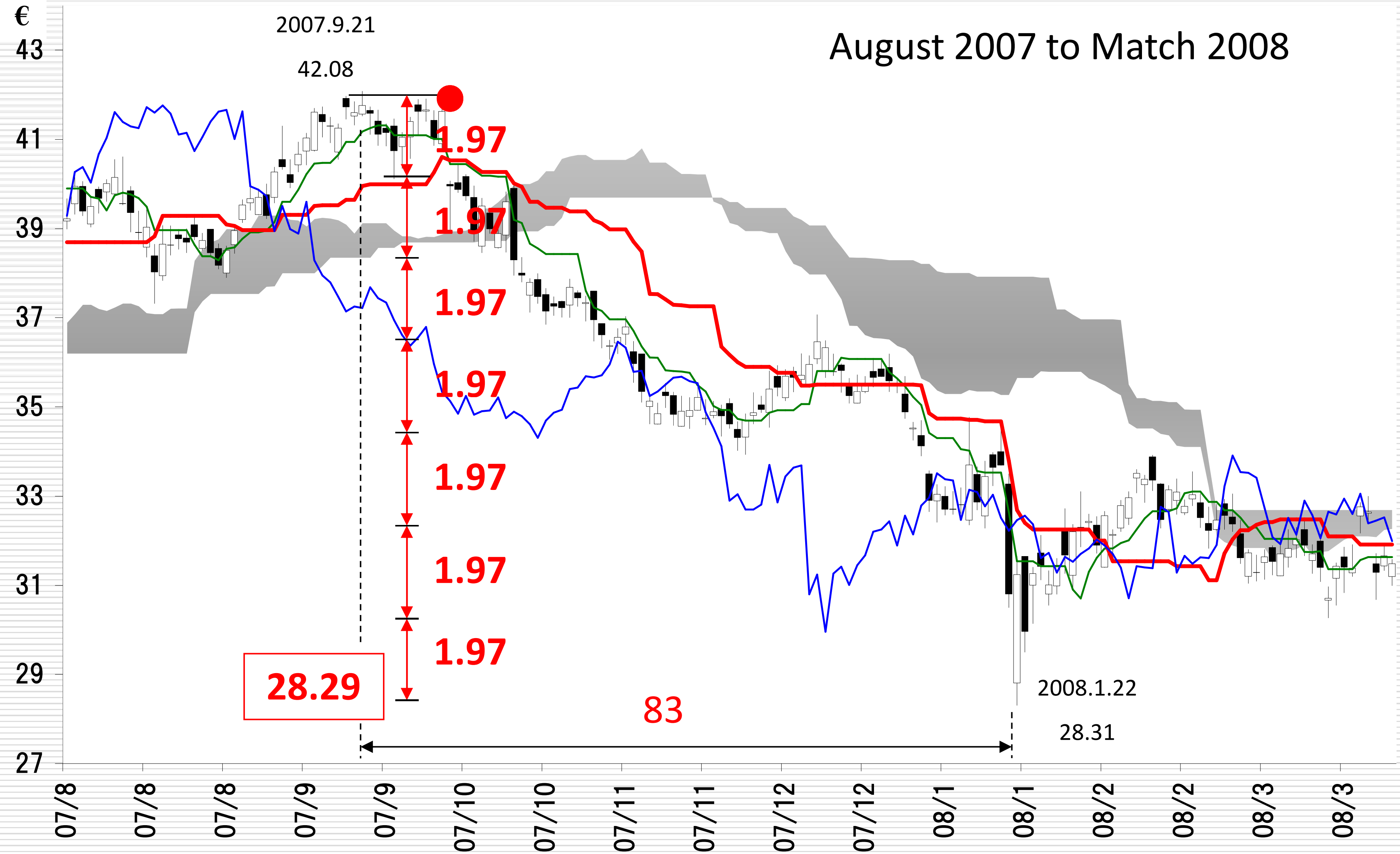
NTT DOCOMO（9437、daily chart ）



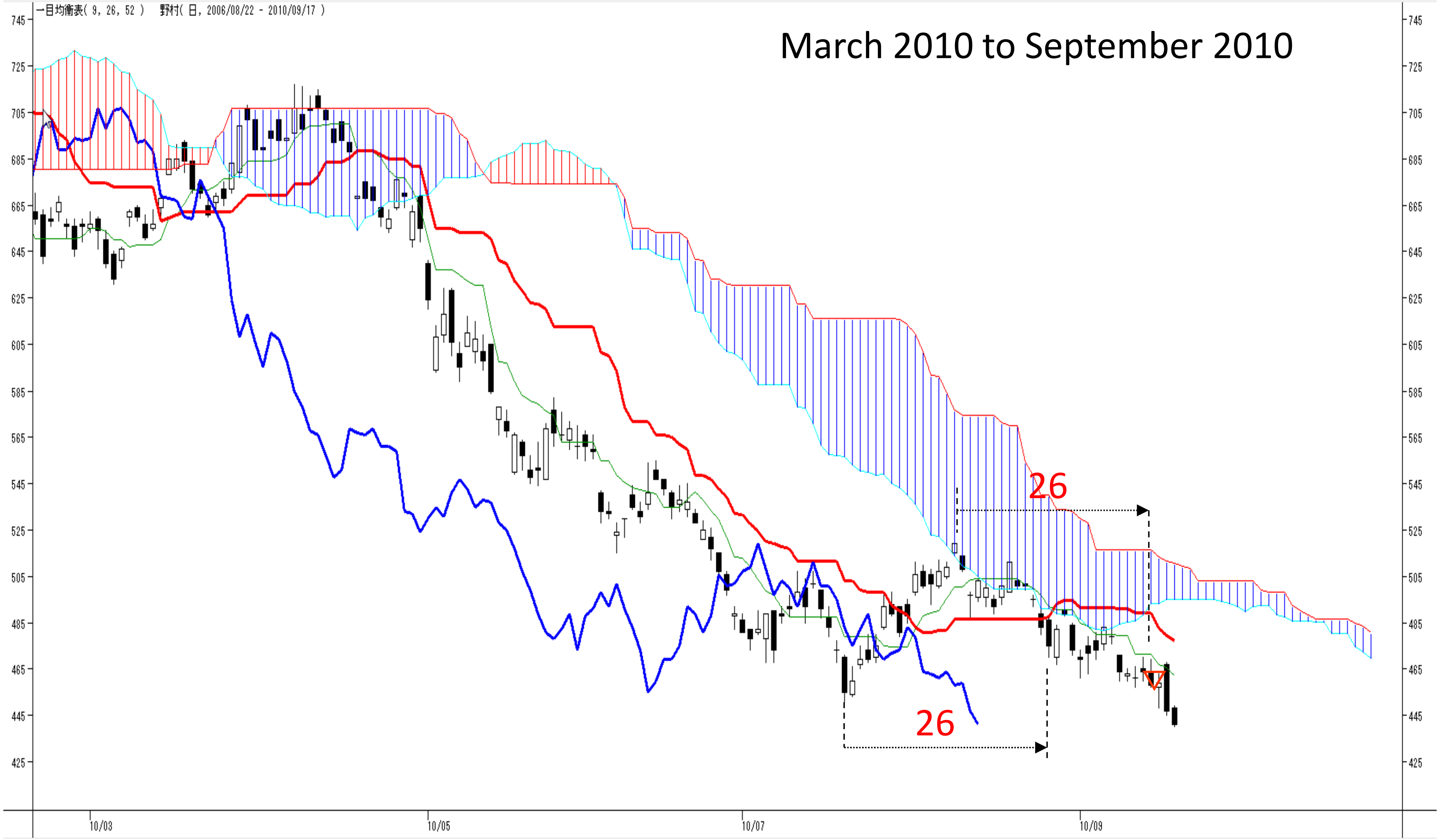
Deutsche Bank（ daily chart ）



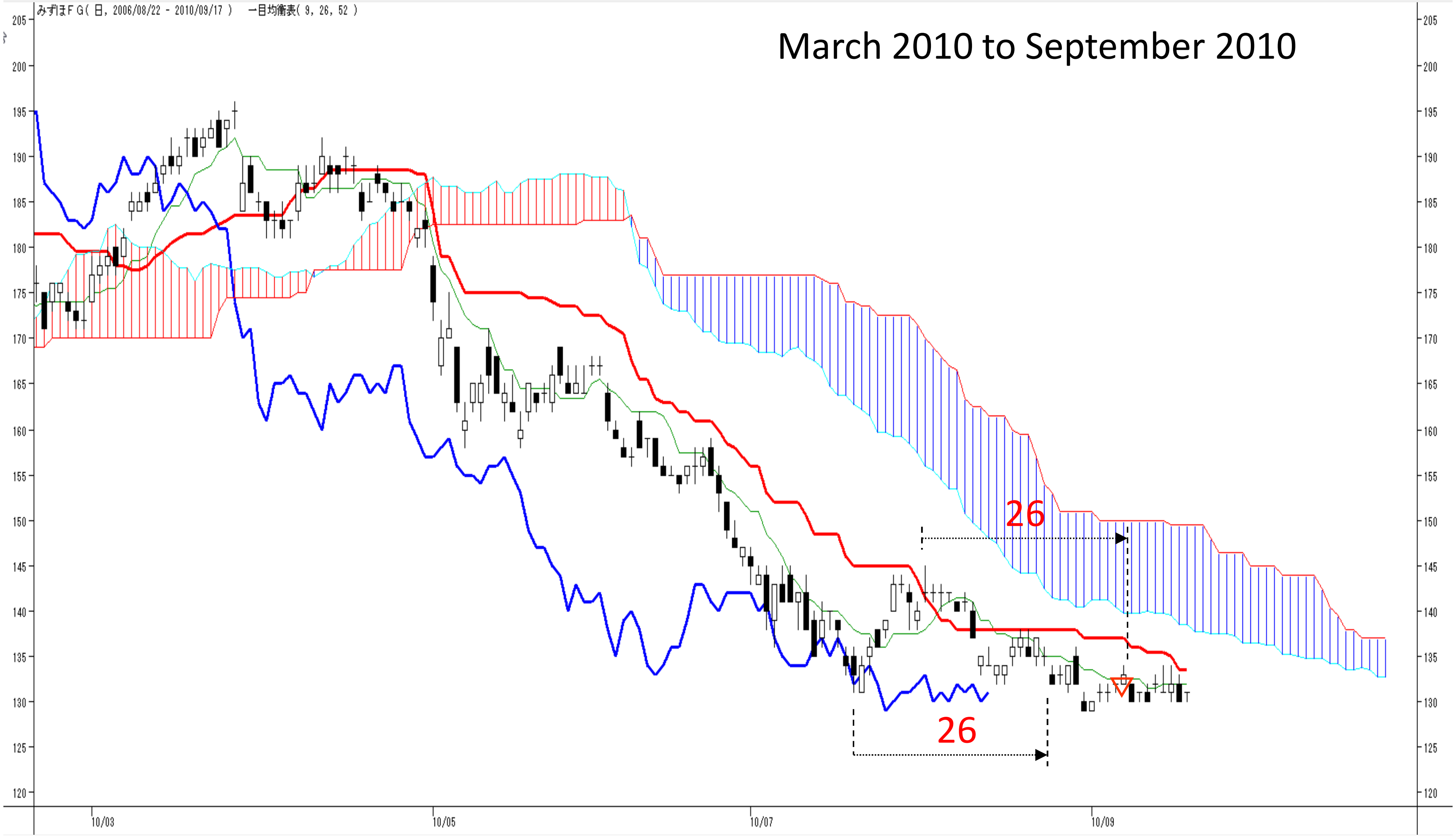
SAP (daily chart)



Nomura Holdings, Inc. (8604、daily chart)



Mizuho Financial Group（8411、daily chart ）



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