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Forex E-micro Futures - Ichimoku Clouds vs. MACD

Cornelius Luca, President
Luca Global Research

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Trading Forex E-Micro Futures Around the World

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"Create technology to provide liquidity on better terms. Compete on price, speed, size, diversity of global products and advanced trading tools."

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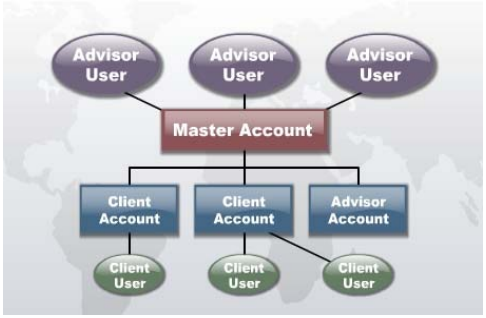
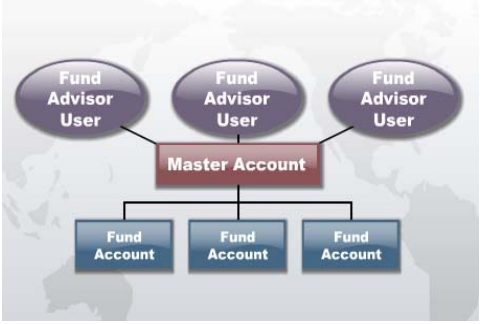


HEDGE / MUTUAL FUND



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SEPARATE TRADING LIMIT ACCOUNTS

NON - DISCLOSED BROKER

Interactive Brokers Facts & Figures

- Interactive Brokers has been building direct access trading technology for 31 years to deliver real advantages to trading professionals.
- Interactive Brokers Group currently holds $4.4 billion in equity capital
- Interactive Brokers has automated every aspect of the trade process in-house, enabling us to offer lower commissions, lower margin interest rates and higher interest paid.
- Trader Workstation provides electronic access on more than 80 market centers worldwide to stocks, options, futures, forex, bonds and more from a single, IB Universal Account.
- With the exception of foreign exchange, we trade only exchange listed products that are cleared through central clearing houses and are marked daily to external closing prices disseminated by the exchanges
- Interactive Brokers‘ customers are protected by $30 million securities account protection

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IB Key Highlights

- Low Costs
- Risk Control (real-time margin system)
- IB Universal Account[SM]
- IB SmartRouting[SM]
- Flexible & Customizable Trading System
- IB Risk Navigator (market risk)
- White Labeling

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Global Market Access

Stocks, Futures Options, FX, Bonds, ETF's and Warrants trading from **one single Universal Account**.

American Stock Exchange (AMEX)
Boston Options Exchange (BOX)
Chicago Board Options Exchange (CBOE)
Chicago Board of Trade (CBOE)
Chicago Mercantile Exchange (CME)
CBOE Futures Exchange (CFE)
International Securities Exchange (ISE)
National Association of Securities Dealers (NASDAQ)
New York Stock Exchange (NYSE)
NYSE Arca, BTRADE, INET (ISLAND), DirectEdge
OneChicago (ONE)
Pacific Exchange (PCX)
Philadelphia Stock Exchange (PHLX)
New York Mercantile Exchange (NYMEX)
National Stock Exchange (NSX)
Montreal Exchange (ME)
Toronto Stock Exchange (TSX)
Toronto Venture Exchange (TSXV)

New:
Mexican Stocks and derivatives
Spanish Stocks
US Treasury Securities and Mutual Funds

Eurex Deutschland (formerly DTB)
Eurex Schweiz (formerly SOFFEX)
XETRA (formerly IBIS)
EDX London Limited (formerly OMLX, Sweden)
Euronext Amsterdam
Euronext Brussels
Euronext Liffe
Euronext Paris
Euronext LIFFE, London
Intercontinental Exchange, ICE (formerly IPE)
London Stock Exchange (LSE)
Stockholm Fondbors (SFB)
Swiss Exchange (SWX, VirtX)
Spanish Futures & Options Exchange (MEFF)
Italiana Borsa (IDEM division)

Hong Kong Futures Exchanges (HKFE)
Stock Exchange of Hong Kong (SEHK) (SEOCH)
Australian Stock Exchange (ASX)
Sydney Futures Exchange (SFE)
Singapore Exchange (SGX)
Tokyo Stock Exchange (TSE.JPN)
Korea Stock Exchange (KSE)
Osaka Securities Exchange (OSE.JPN)

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IB's Trader Workstation (TWS)
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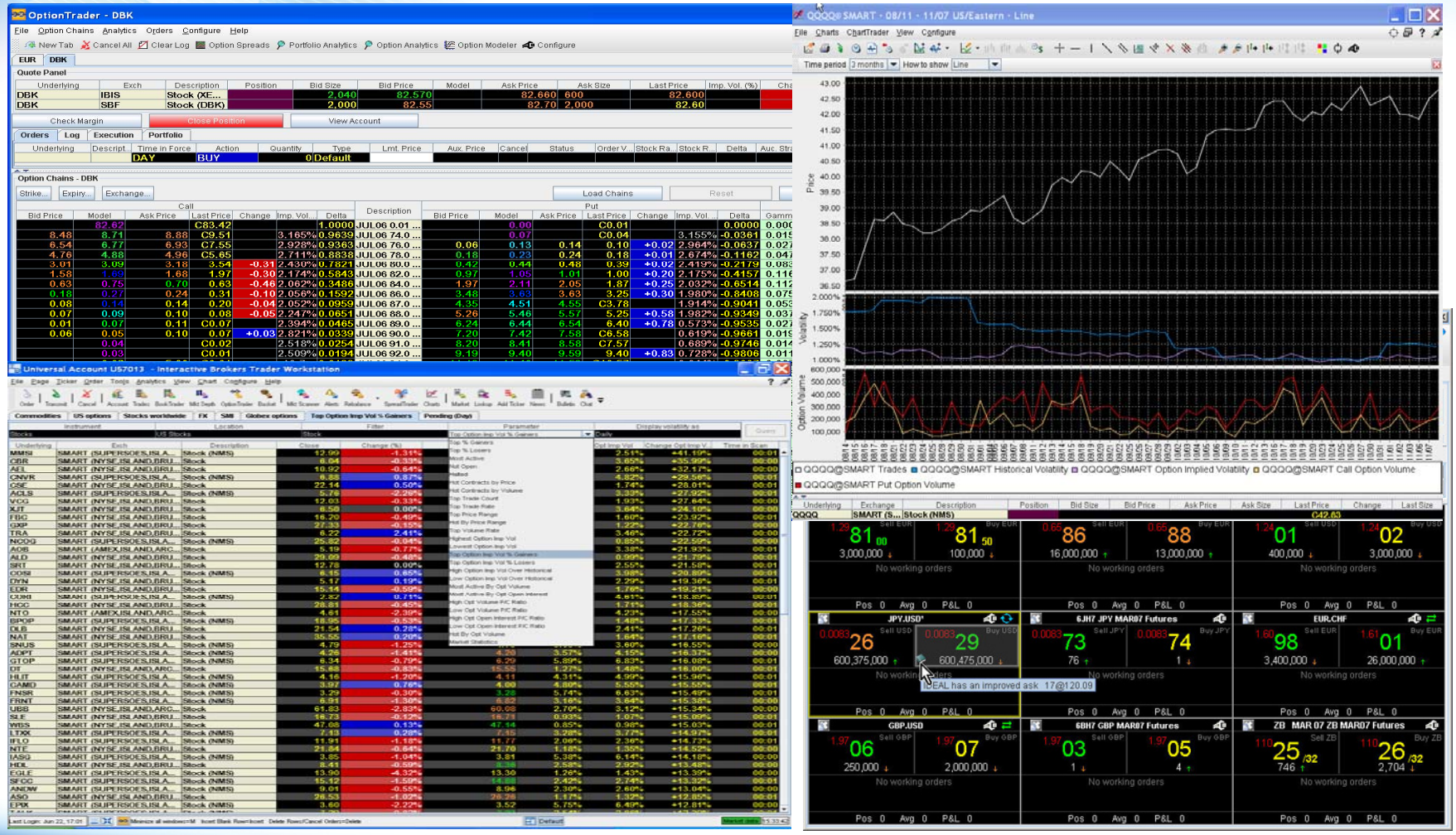

Thank You!

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Forex E-micro Futures - Ichimoku Clouds vs. MACD

David Emerick, CME Group

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Forex E-micro Futures

Available Forex E-micro futures contracts: EUR/USD, USD/JPY, GBP/USD, USD/CAD, AUD/USD, USD/CHF

Benefits:

- **Trading in a Regulated market**
  - Credibility of Quotes & Executions vs. Margined FX Platforms
- **Fully Transparent Markets**
- **Investor Protections**
  - Counterparty Credit Risk Virtually eliminated by the CME Clearing House
  - Segregation/ Safety of Customer Funds at US-based FCM's
- **Fair & Level playing field for all participants**
- **Trade exclusively on CME Globex – delivering millisecond response time**
- **Standardize Quarterly Rolls vs. Cash Rolls every 2 days**

For more information, visit www.cmegroup.com/forexmicros .

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Forex E-micro Futures Contract Specs

• Six currency pairs • 1/10th the standard contract size • Quoted in Interbank terms

	E-micro EUR/USD Futures	E-micro USD/JPY Futures	E-micro GBP/USD Futures	E-micro USD/CHF Futures	E-micro USD/CAD Futures	E-micro AUD/USD Futures
Contract Size	12,500 euros	10,000 U.S. dollars	6,250 British pounds	10,000 U.S. dollars	10,000 U.S. dollars	10,000 Australian dollars
Delivery	Cash-settled					
Minimum Tick Size	0.0001 USD/EUR (=US$1.25)	0.01 JPY/USD (=¥100)	0.0001 USD/GBP (=US$0.625)	0.0001 CHF/USD (=1.25 CHF)	0.0001 CAD/USD (=1.00 CAD)	0.0001 USD/AUD (=US$1.00)
Contract Value	If USD/EUR=1.3000 then contract = $16,250 (=€12,500 x $1.3000/€)	If JPY/USD=93.00 then contract = ¥930,000 (=$10,000 x 93.00¥/$)	If USD/GBP=1.5000 then contract = $9,375 (=£6,250 x $1.5000/£)	If CHF/USD=1.2000 then contract = 12,000 CHF (=$10,000 x 1.2000 CHF/$)	If CAD/USD=1.2500 then contract = 12,500 CAD (=$10,000 x 1.2500 CAD/USD)	If USD/AUD=0.6600 then contract = US$6,600 (=10,000 AUD x US$0.6600/AUD)
Contract Months	2 months in the March quarterly cycle (Mar, Jun, Sep, Dec)					
Last Trade Date/Time	9:16 a.m. Central Time (CT) on the 2nd business day immediately preceding the 3rd Wednesday of contract month (usually Monday), except for E-micro **USD/CAD** futures which is on the business day immediately preceding the 3rd Wednesday of the contract month (usually Tuesday).					
Trading Hours	Trades exclusively on CME Globex electronic trading platform: Sundays: 5:00 p.m. – 4:00 p.m. Central Time (CT) the next day. Monday – Friday: 5:00 p.m. – 4:00 p.m. CT the next day, except on Friday - closes at 4:00 p.m. and reopens Sunday at 5:00 p.m. CT.					

For more information, visit www.cmegroup.com/forexmicros .

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Forex E-micro Margins*
1/10 the size of current standard contracts

- Euro FX (EUR/USD) - (M6E) $473.00 Margin Per Contract
- Japanese Yen (USD/JPY) - (M6J) 36,450 Yen Margin Per Contract
- British Pound (GBP/USD) - (M6B) $270.00 Margin Per Contract
- Canadian Dollar (USD/CAD) - (M6C) 567 CAD Margin Per Contract
- Swiss Franc (USD/CHF) - (M6S) 513 SF Margin Per Contract
- Australian Dollar (AUD/USD) - (M6A) $473.00 Margin Per Contract

*Margins may fluctuate due to market conditions

*Exchange Initial Margin Rates as of 5/02/09; broker margins may differ

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Forex E-micro Futures - Ichimoku Clouds vs. MACD

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Ichimoku versus the MACD – as applied to the Forex E-micro contracts

Cornelius Luca

Ichimoku Kinkou-Hyo

Ichimoku

- Method developed by Goichi Hosoda (a.k.a. ***Ichimoku*** Sanjin) in the 1930s
- The system itself was finally released to the public in 1968, after decades of testing.

Ichimoku

Ichimoku = "one look"

Ichimoku kinkou-hyou = One-look at the equilibrium prices

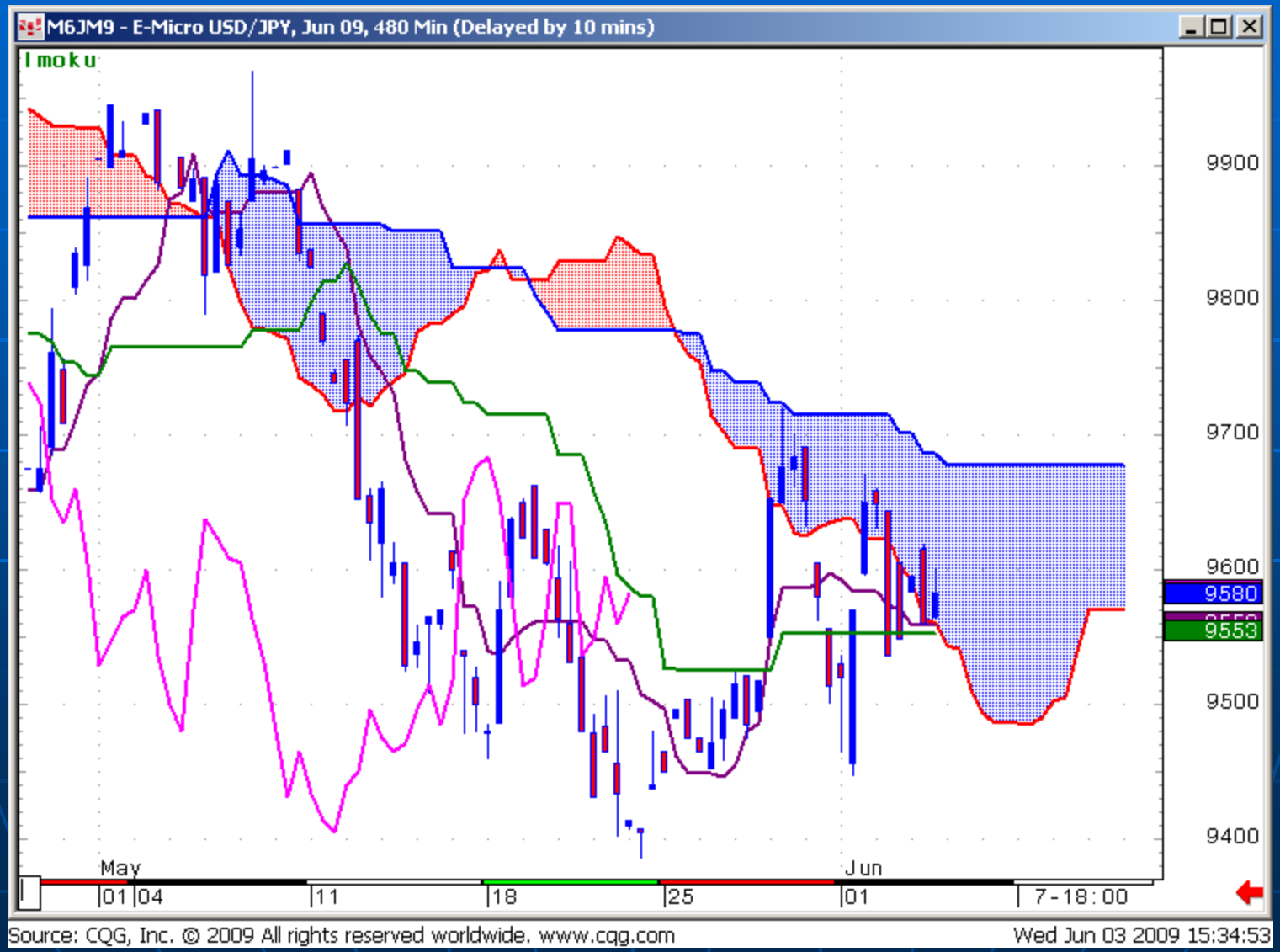
Ichimoku consists of 5 lines:

- **Trend Line** (Kijun)
- **Signal Line** (Tenkan)
- **Lagging Line** (Chiku)
- **Cloud** (Senkou Span A and B)

Ichimoku

- **Trend line** - buy the E-micros when if the Trend line is advancing and sell them if the Trend line is declining.
- **Signal line** - buy the E-micros when it crosses above the Trend line; sell when it crosses below the Trend line.
- **Lagging line** - buy the E-micros if both the Lagging line and the price are rising.
- The cloud - two lines form an area of support or resistance.

Ichimoku


M6JM9 - E-Micro USD/JPY, Jun 09, 480 Min (Delayed by 10 mins)
Ichimoku
9900
9800
9700
9600
9580
9553
9500
9400
May
Jun
01
04
11
18
25
01
7-18:00
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Trend line

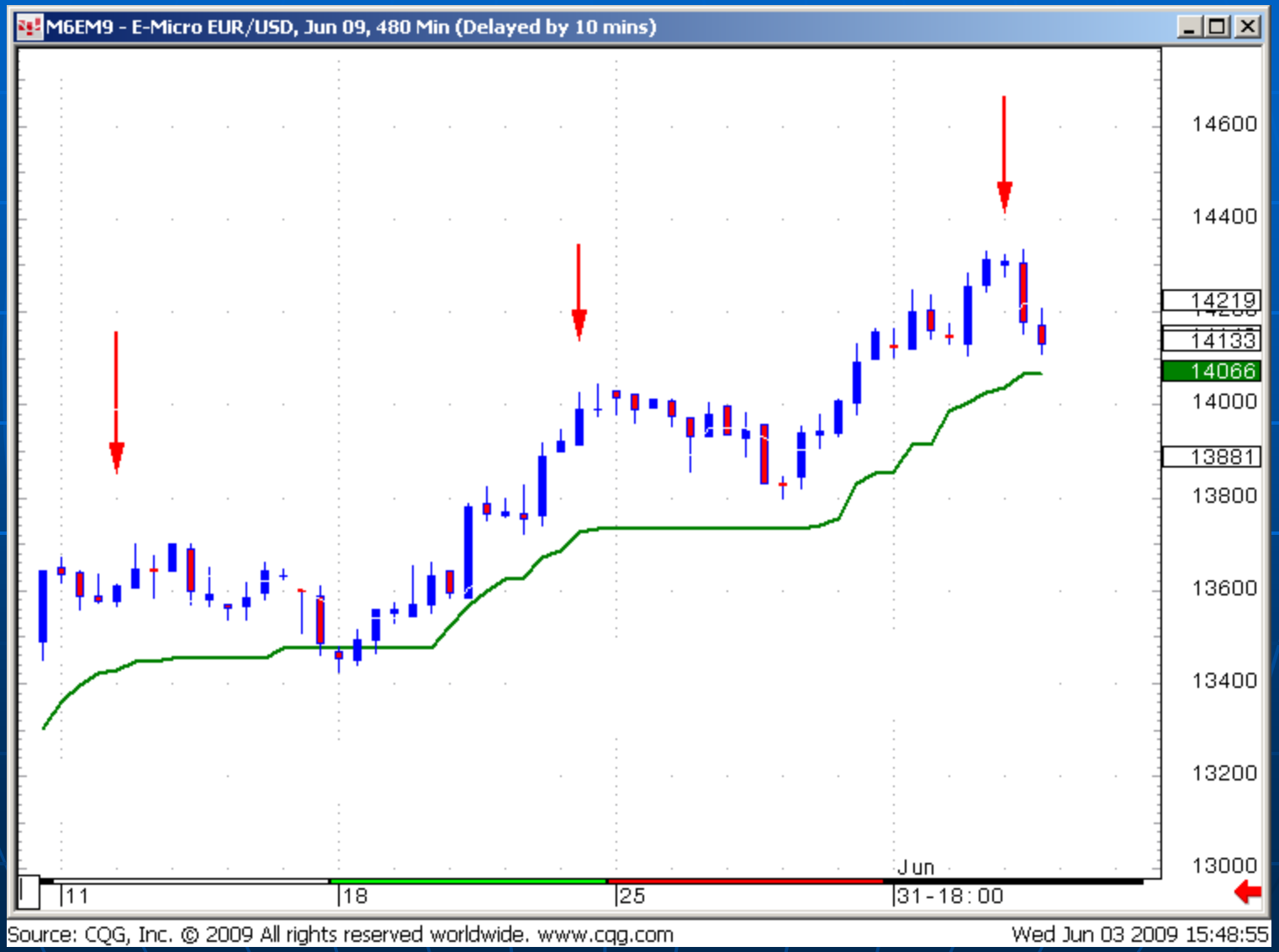
Trend line (Kijun).

- If the trend line is heading down, this gives a selling signal;
- If the kijun line is advancing, this suggests a buying signal.

Trend line = (highest high+ lowest low)/2

for the past 26 days

Trend line


M6EM9 - E-Micro EUR/USD, Jun 09, 480 Min (Delayed by 10 mins)
14600
14400
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13000
Jun
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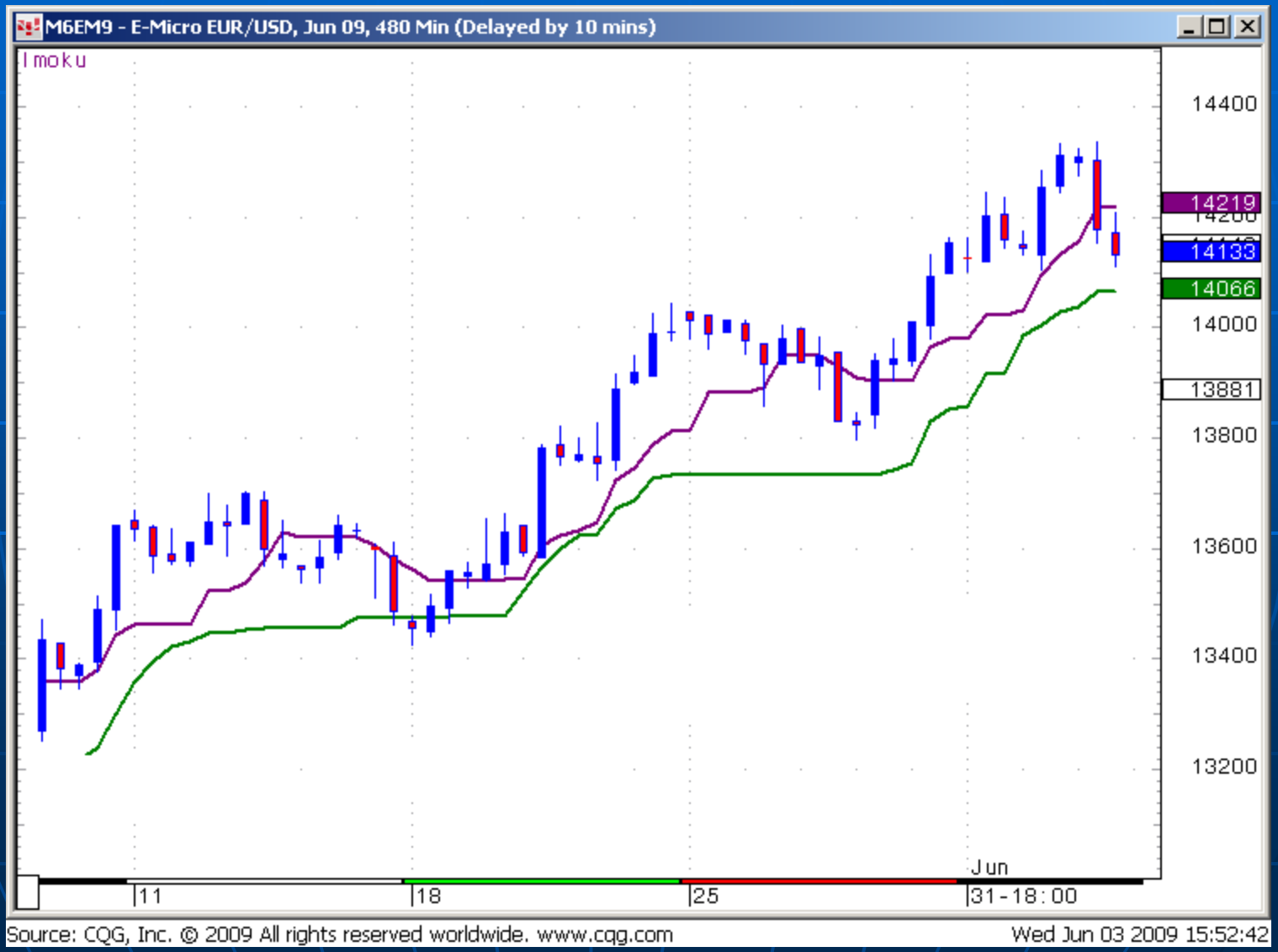
Signal Line

The Signal Line works best in conjunction with the Trend Line

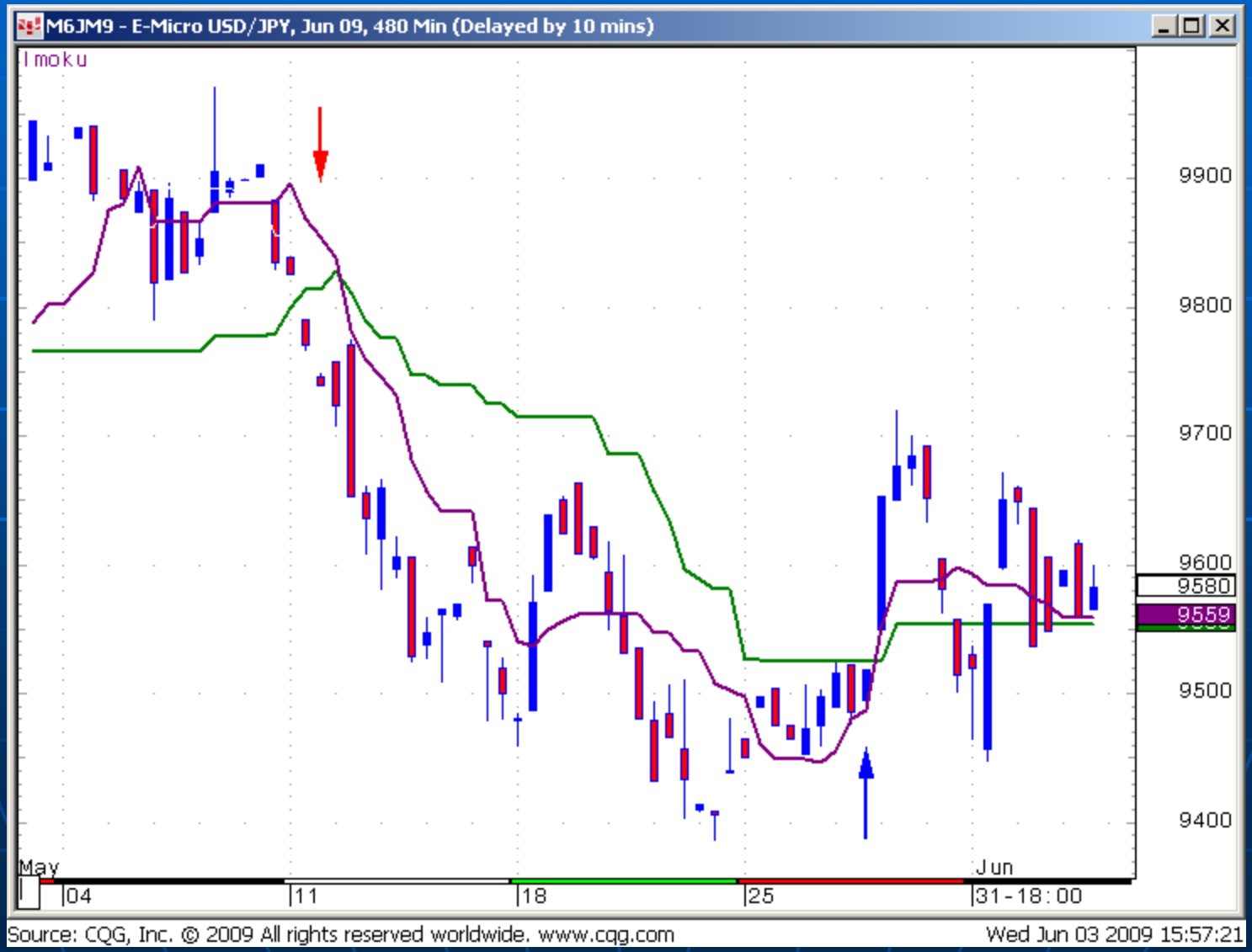
- A crossover above the trend line gives a buy signal
- A crossover below the selling line provides a sell signal.

Signal Line (Tenkan) = (highest high+ lowest low)/2 for the past 9 days

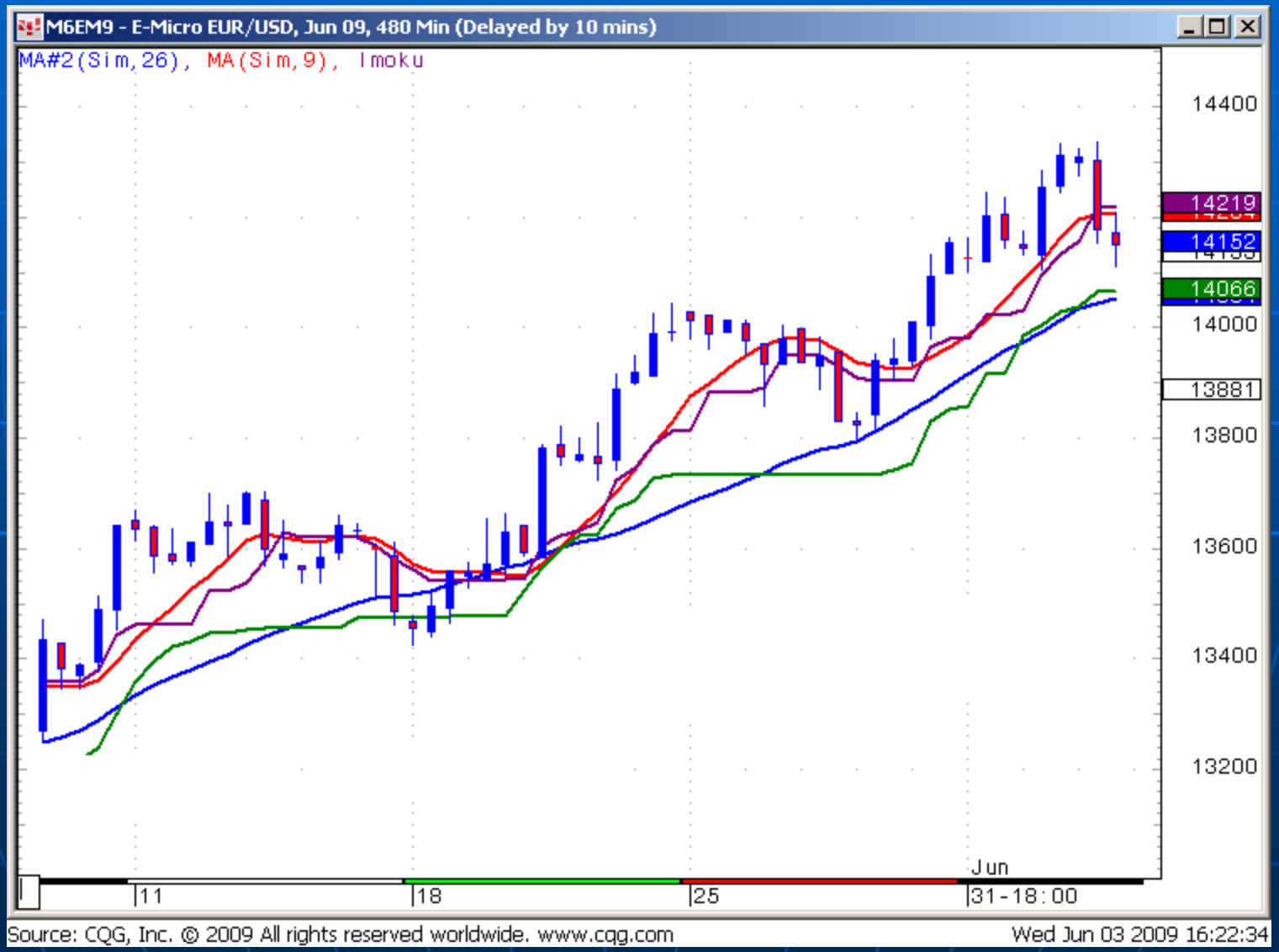
Signal + Trend Lines



Signal + Trend Lines



Signal Line + Trend Lines Vs. MAs



Lagging Line

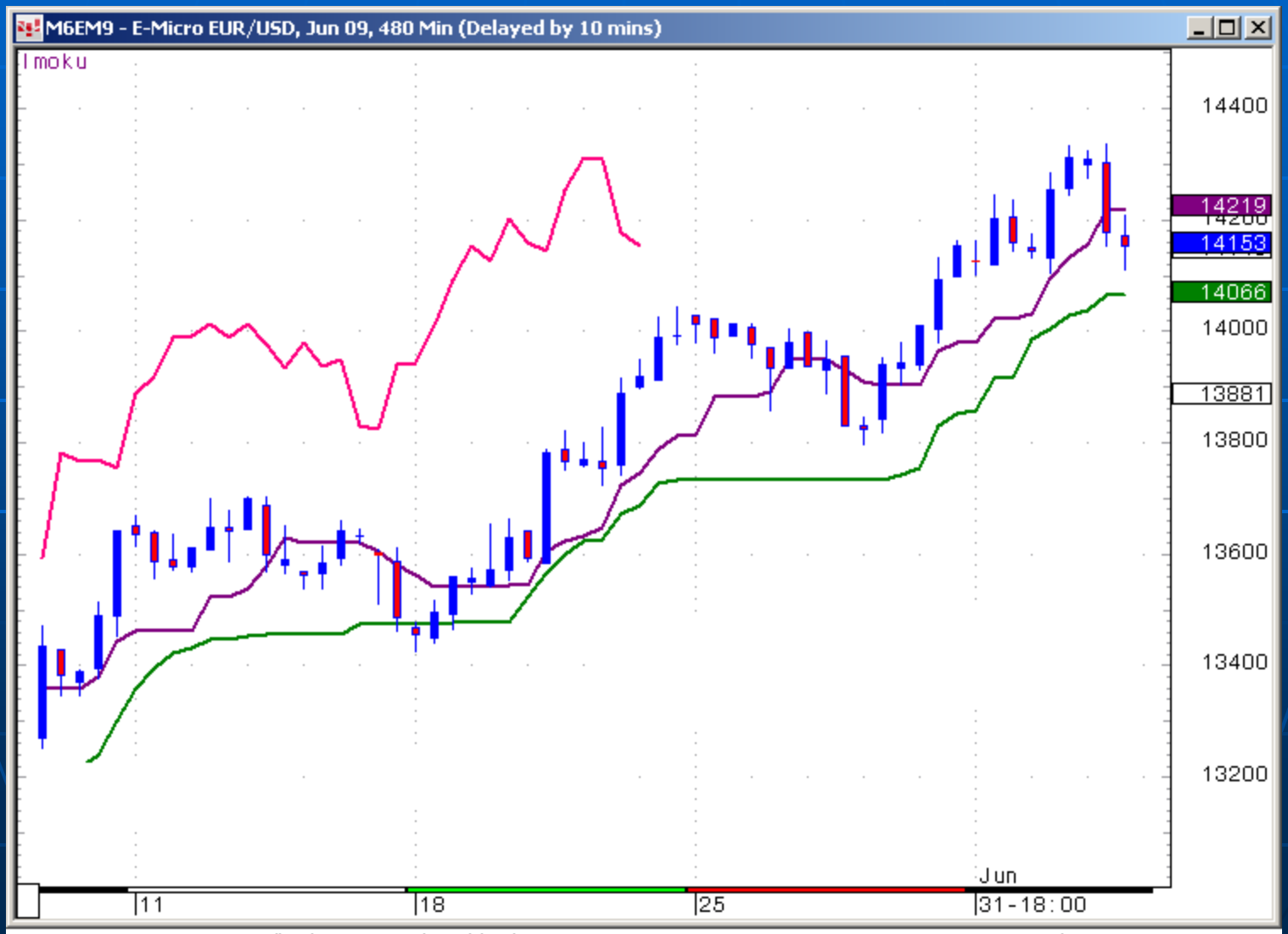
The Lagging Line is the current close plotted 26 periods behind.

- If both the Lagging line and the E-micro price are in an uptrend, then this is a buy signal
- If both the Chiku line and the E-micro price are in an downtrend, then this is a sell signal

Lagging Line

- If a selling signal occurs while the lagging line is plotted below the current closing price, then this signal gains more technical strength.
- If a bullish signal is formed while the Lagging line floats above the closing line, then this signal is more important.

Lagging Line

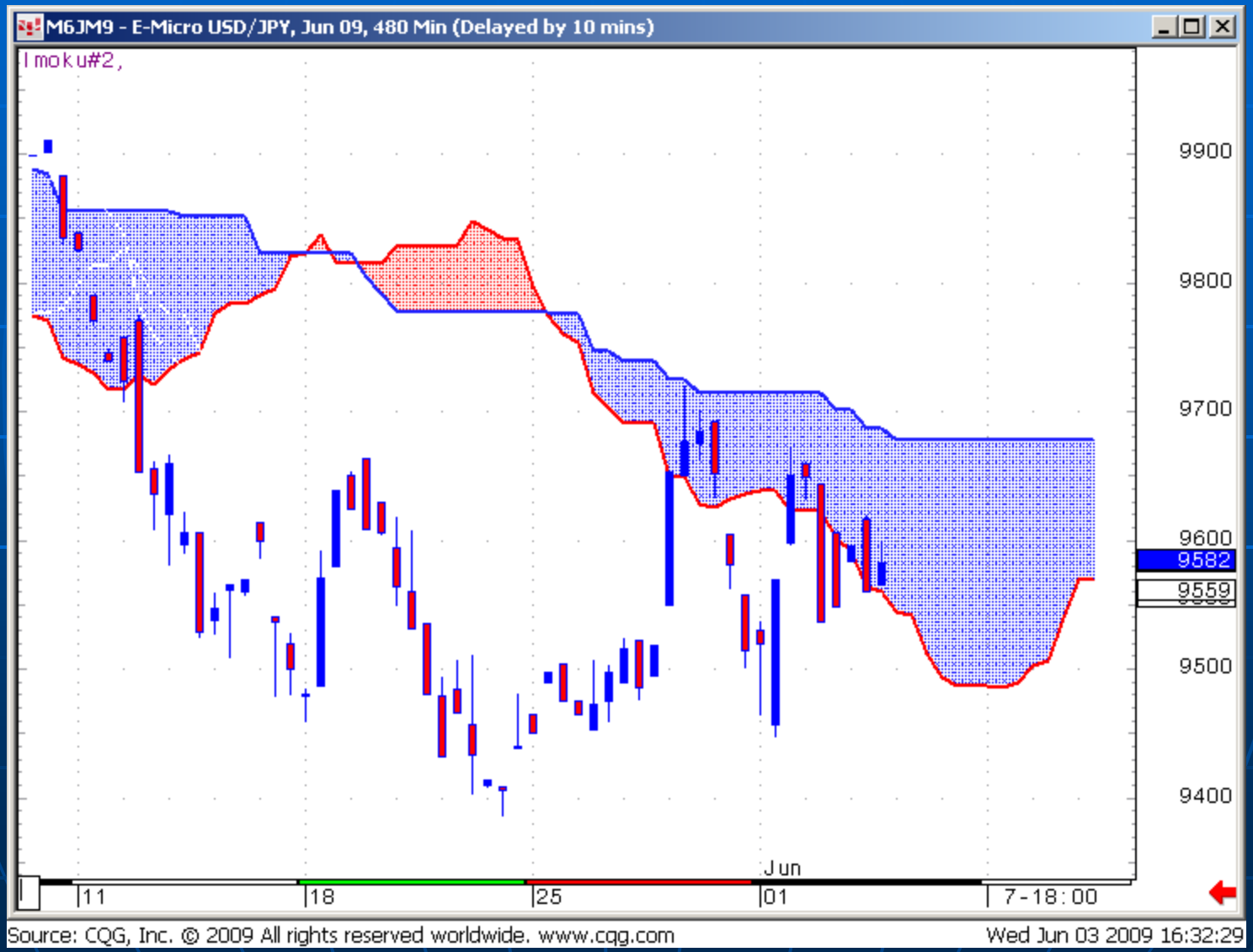


Cloud

The Cloud is an area of either support or resistance

- The E-micros must break above the Cloud to give a buy signal
- The E-micros must break below the Cloud to give a sell signal.
- **The leading line A = (Trend line + Signal line)/2, plotted 26 periods ahead**
- **The leading line B = (Highest high + Lowest low)/2 for the past 52 periods, plotted 26 days ahead**

Cloud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Ichimoku#2,
9900
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9400
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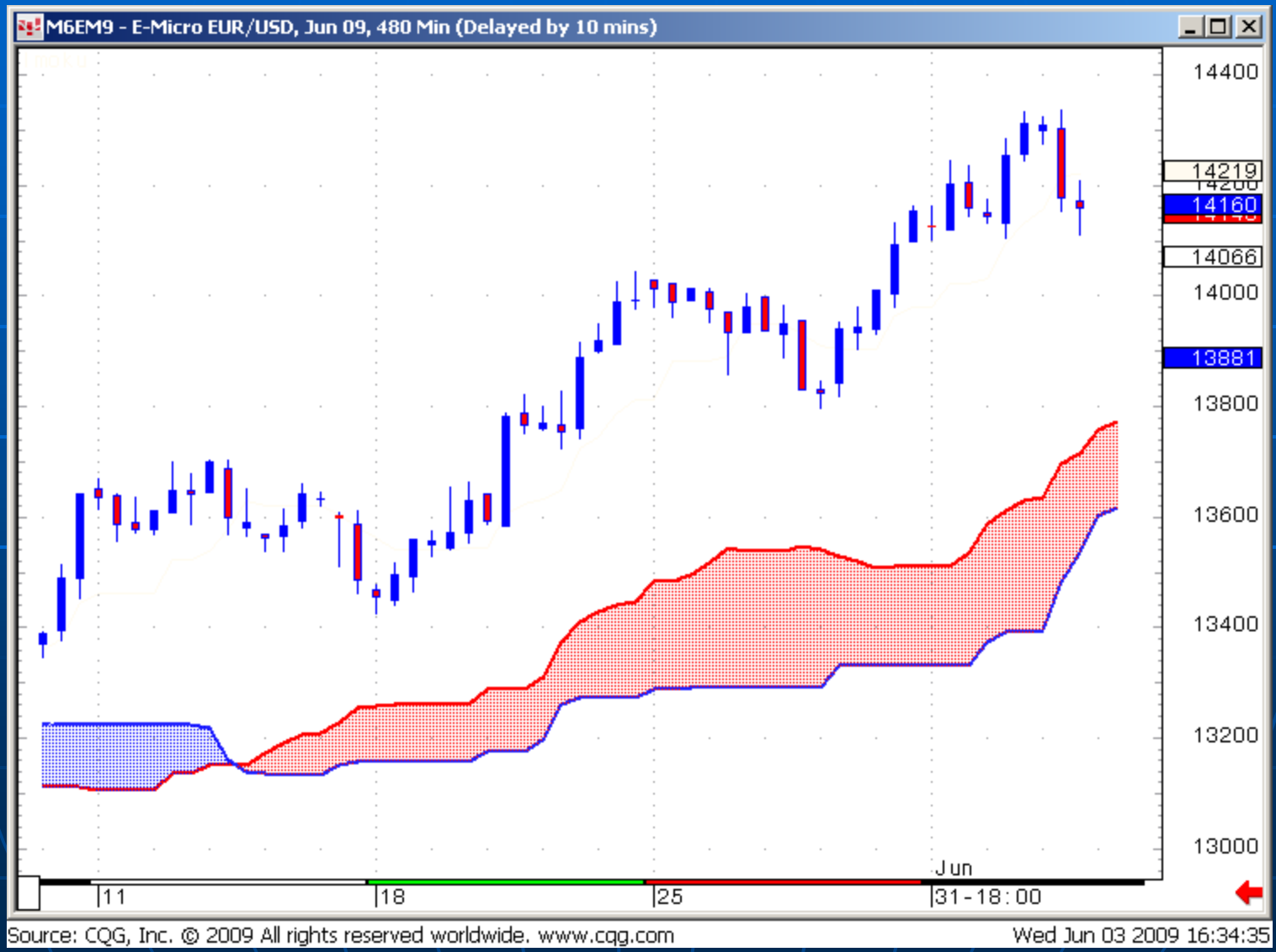
Cloud


M6EM9 - E-Micro EUR/USD, Jun 09, 480 Min (Delayed by 10 mins)
14400
14219
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Cloud

- The Cloud has different levels of thickness.
- Overall, a thick Cloud means good support or resistance and increased volatility.
- A thin Cloud signals a period of low volatility, so the E-micros should trade sideways

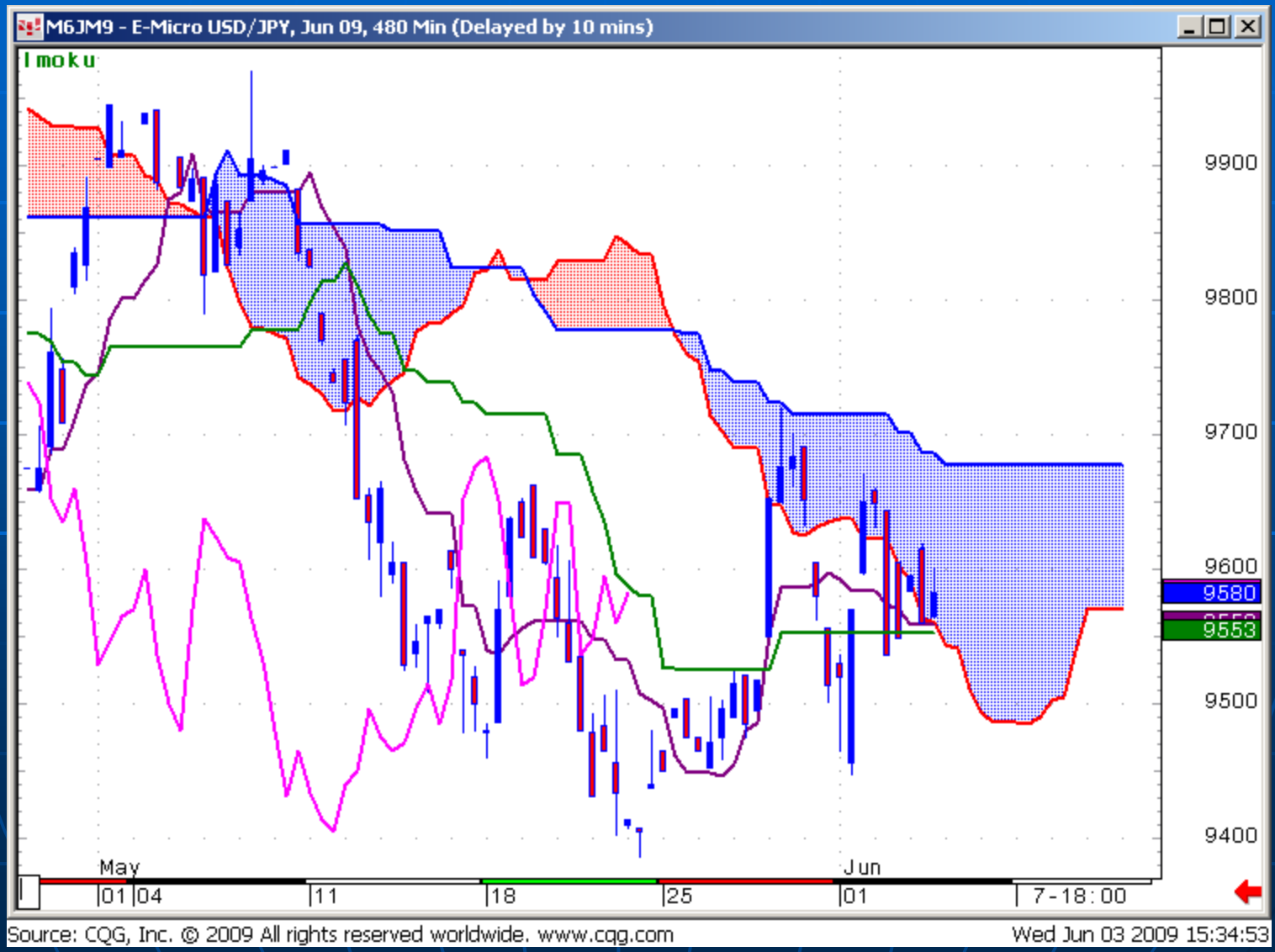
Relative Strength Signals

- A bullish crossover above the Cloud is a very strong buying signal
- A bearish crossover below the Cloud is a very bearish signal
- If the crossover occurs within the Cloud, then the buy or sell signals are normal

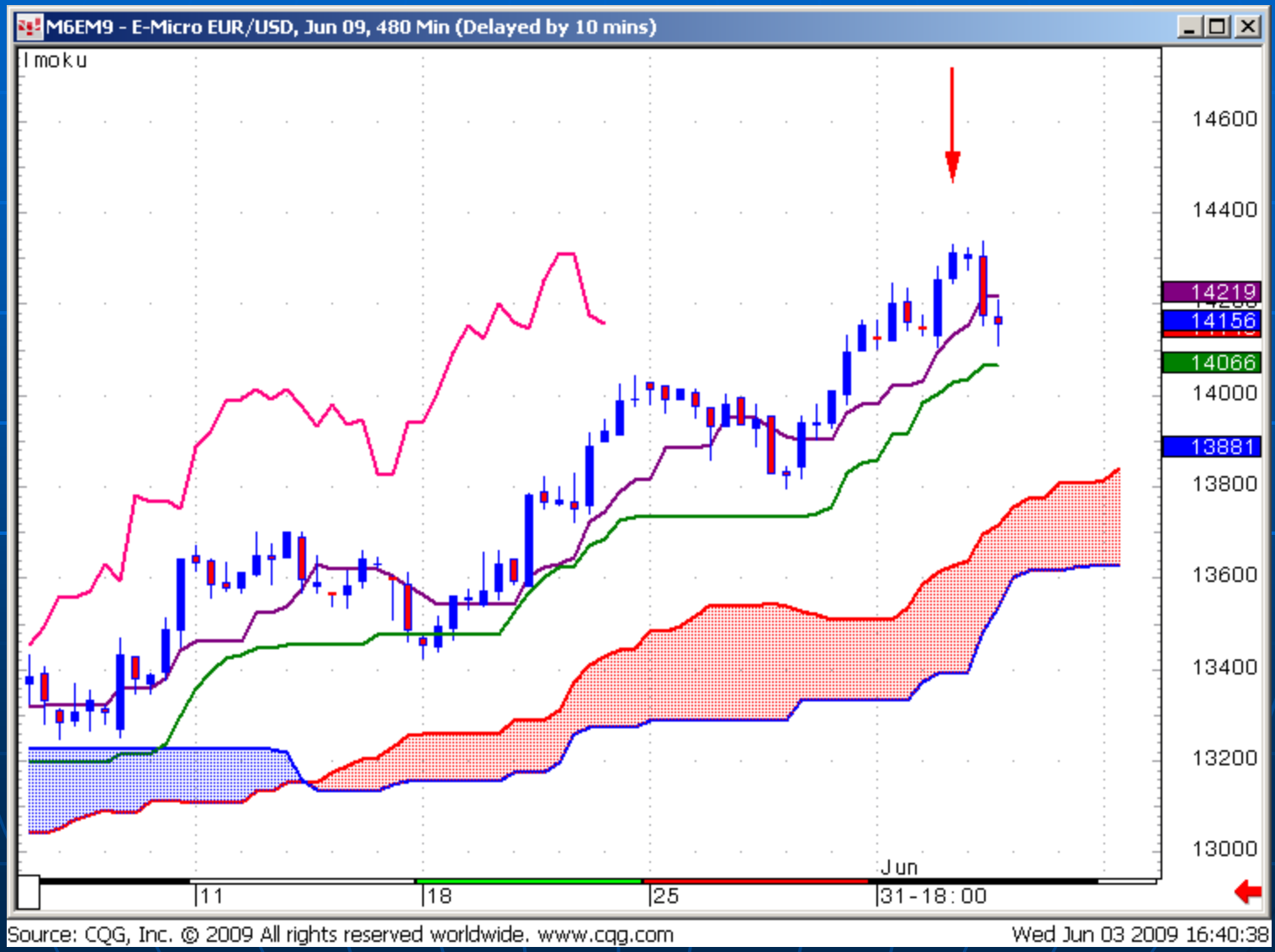
Relative Strength Signals

- A bullish crossover becomes a weak buy signal if below the Cloud formation
- A bearish intersection above the Cloud loses technical significance
- The Cloud is plotted ahead of the market, so it provides support and resistance in advance, and possibly direction
- Markets above the Cloud are generally in an uptrend,
- Markets below the Cloud are typically in a downtrend.

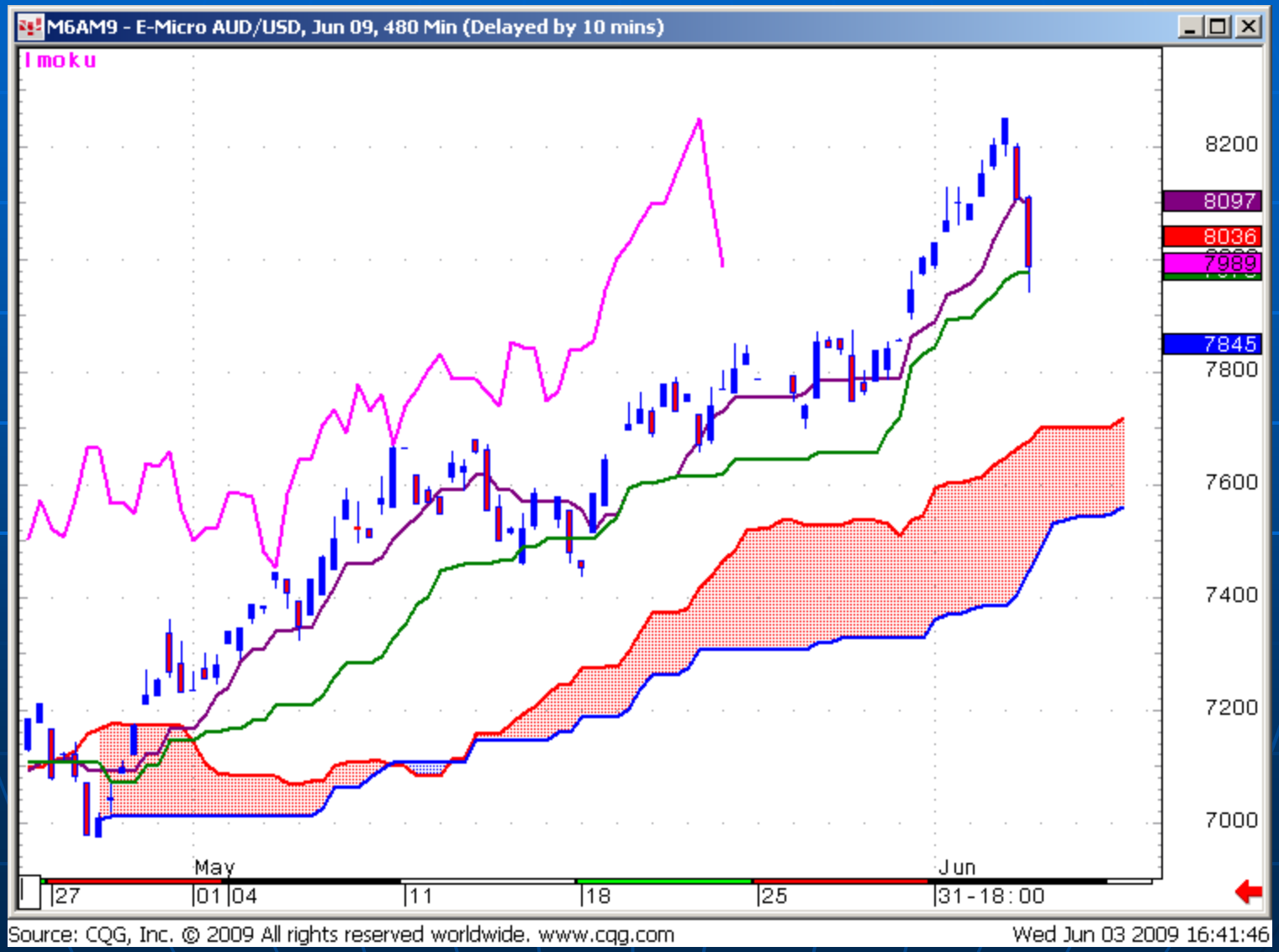
Ichimoku – M6JM9



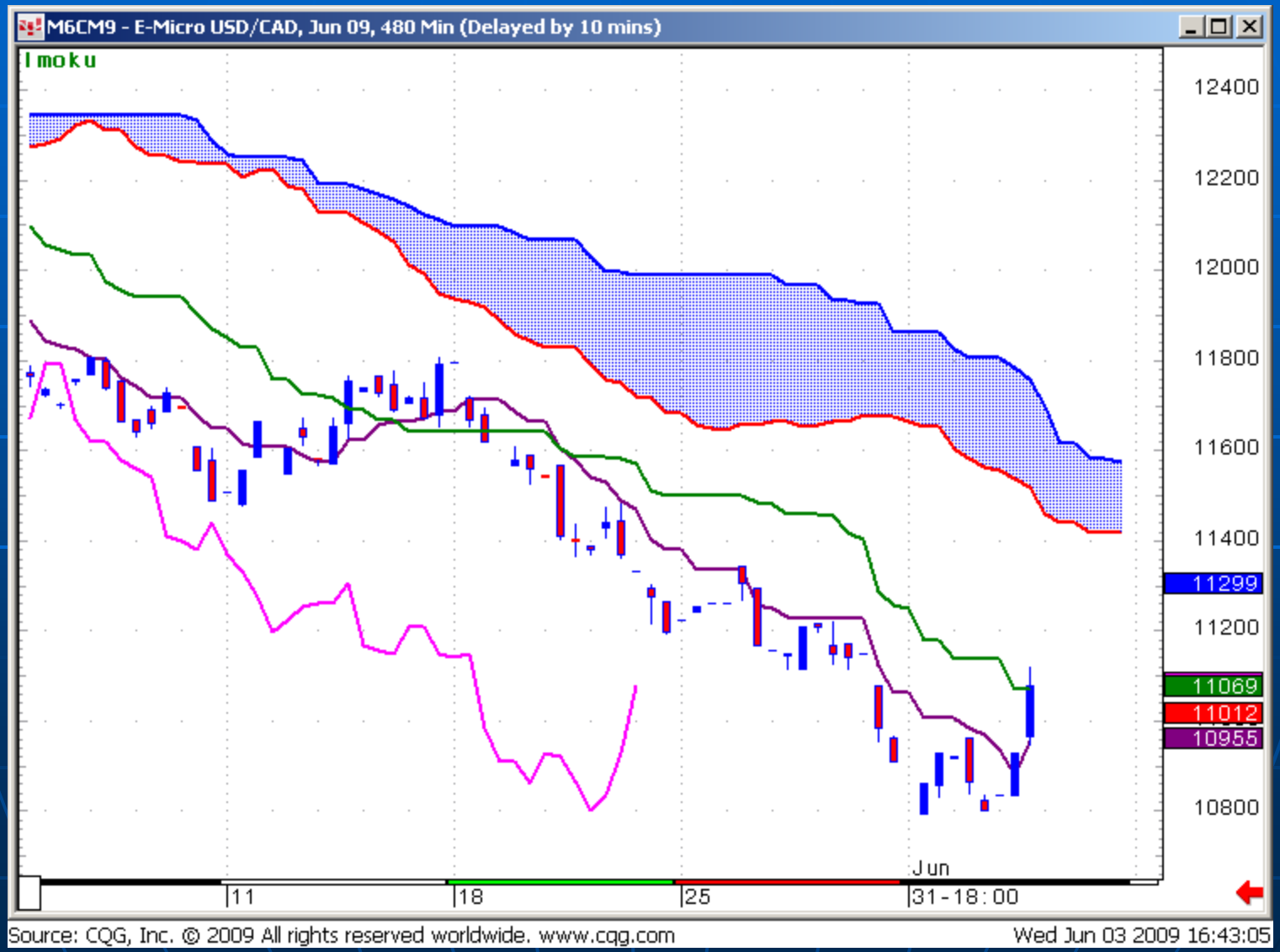
Ichimoku – M6EM9



Ichimoku – M6AM9



Ichimoku – M6CM9



MACD

- In the mid 1960s George Appel designed the Moving Average Convergence Divergence indicator (MACD) for entry and exit points, and for measuring the momentum of the trend.
- Hosoda used three key time periods for its input parameters: 9, 26, and 52.
- Appel, in turn, used 9, 12, and 26.

MACD

The MACD consists of two lines:

- 1. The difference between two exponential moving averages on 12-day and 26-day, and
- 2. A 9-day exponential moving average = trigger or signal line

MACD

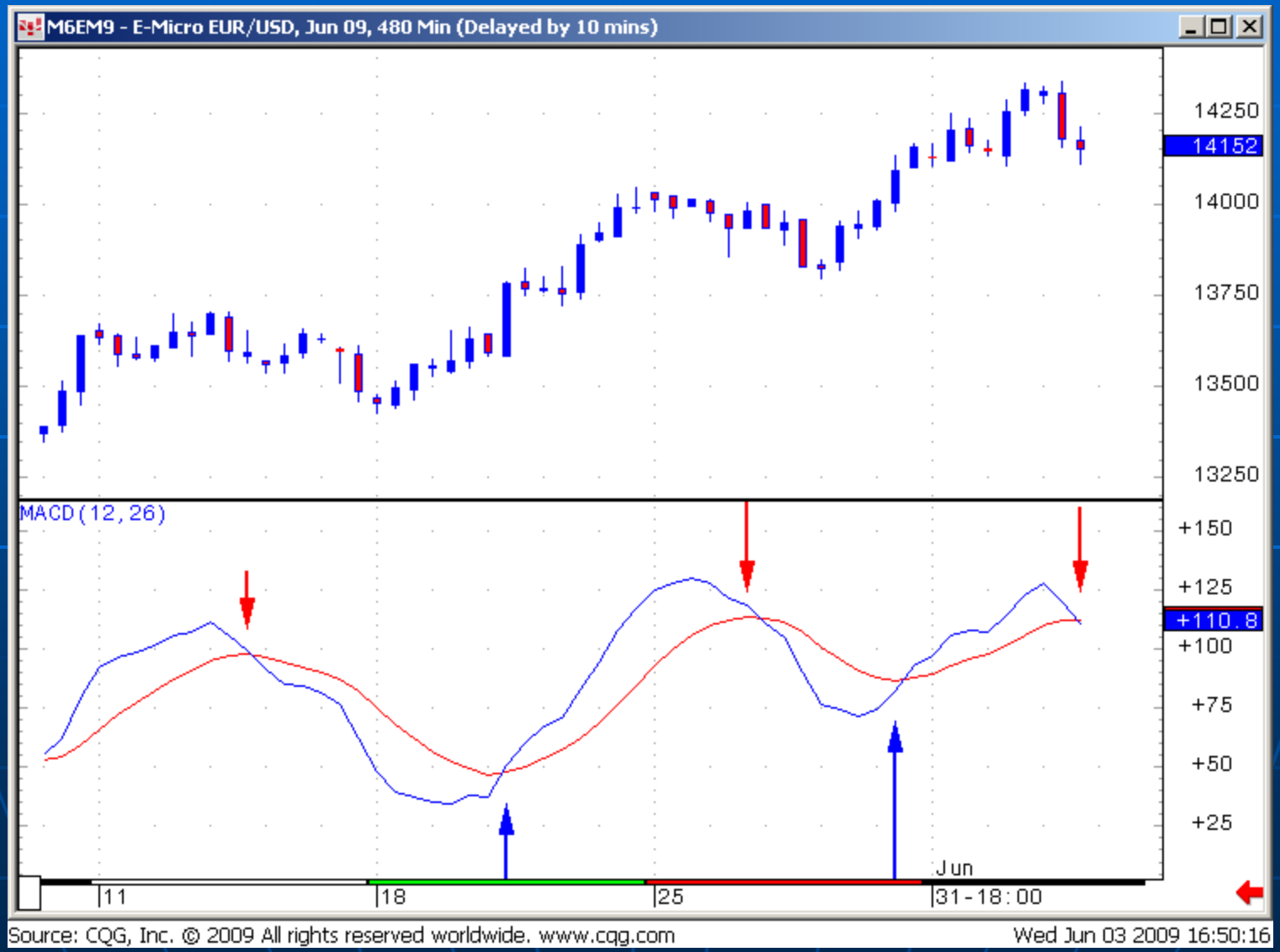
The MACD gives buying signals when:

- It rises above the zero line
- The trigger line is above the difference between the 12-day and 26-day averages
- Bullish divergence with the E-micros

The MACD provides selling signals when:

- It falls below the zero line
- The trigger line falls below the difference between the 12-day and 26-day averages
- Bearish divergence with the E-micros

MACD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14250
14152
14000
13750
13500
13250
MACD(12,26)
+150
+125
+110.8
+100
+75
+50
+25
Jun
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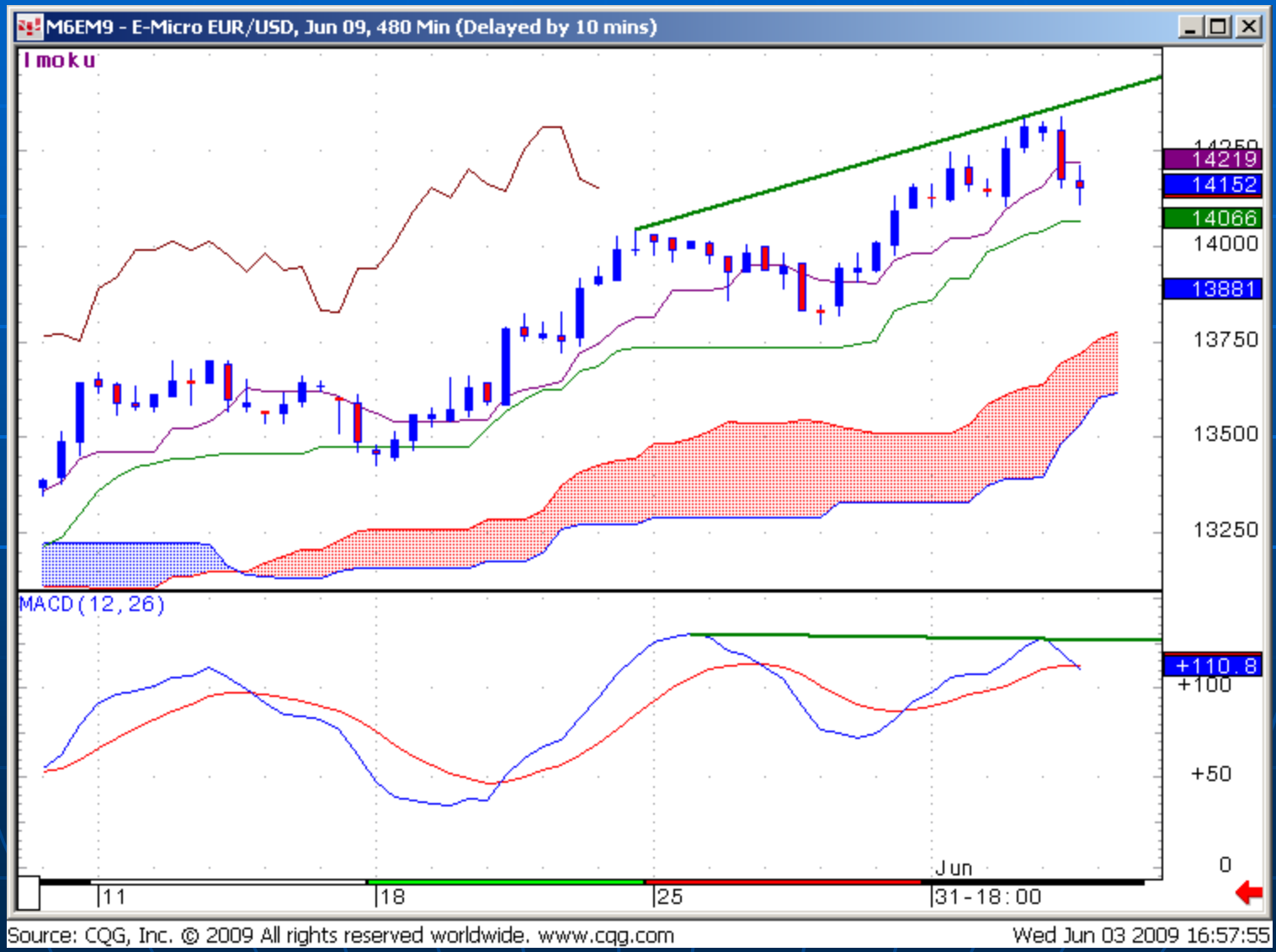
Ichimoku Vs. MACD



Ichimoku Duration

When Ichimoku was designed, a trading week was six days long. Its parameters are:

- one and a half business week (9 days),
- one business month (26 days), and
- two business months (52 days)

Ichimoku Duration

Since the trading week is five days, you may want to modify the parameters to:

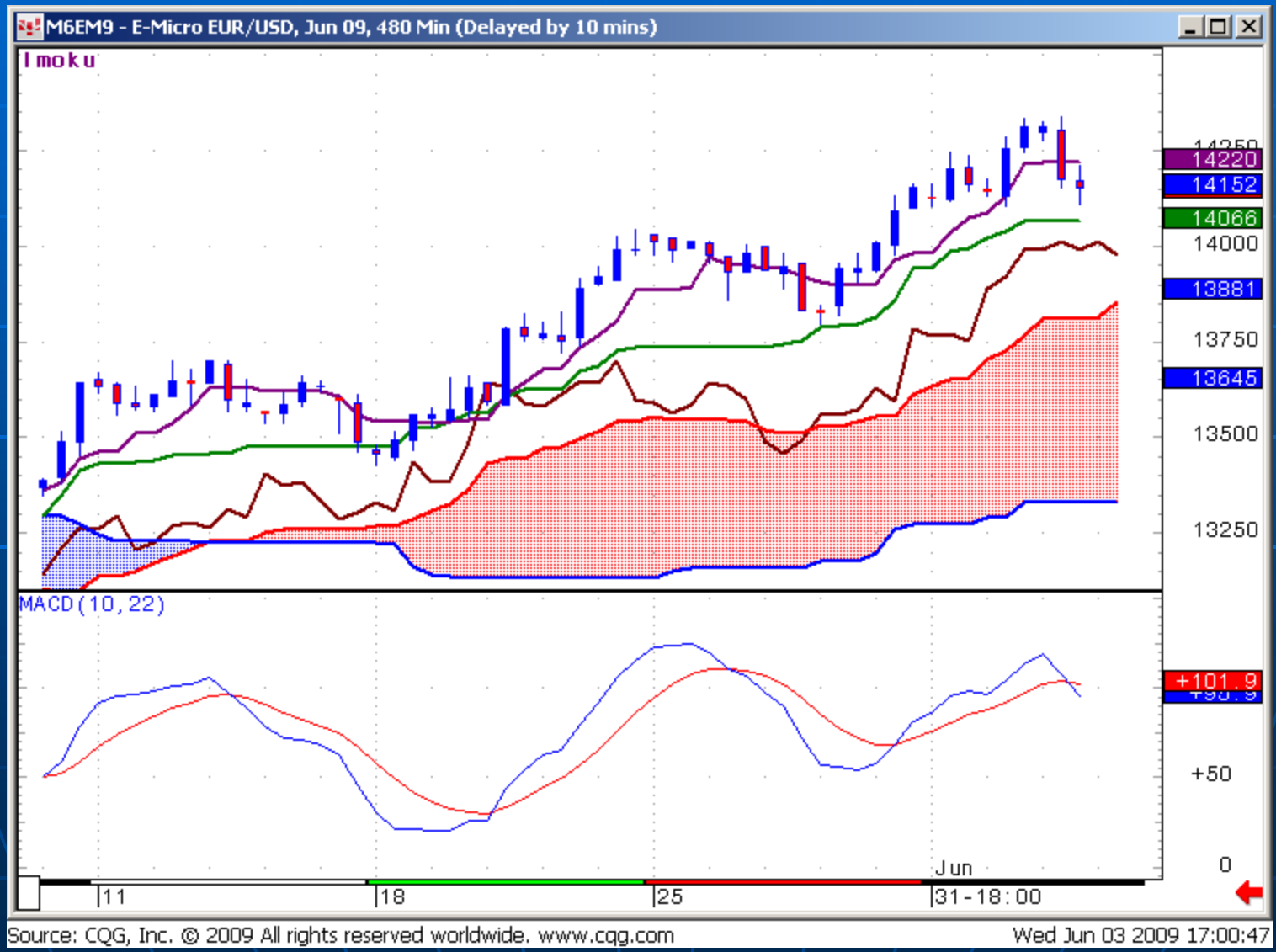
- 7 from 9,
- 22 from 26, and
- 44 from 52.

MACD Duration

The MACD parameters should be changed to:

- 7 from 9,
- 10 from 12, and
- 22 from 26.

Ichimoku and MACD New Duration



Thank you and good luck!

Question & Answer Period

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