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RESEARCH ARTICLE

The profitability of Ichimoku Kinkohyo based trading rules in stock markets and FX markets

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Abstract

This paper examines the profitability of trading rules based on a Japanese technical analysis method called Ichimoku Kinkohyo. First, the trading strategies based on several entry and exit strategies of Ichimoku Kinkohyo charting were designed. Then, we investigated their profitability on four stock indices of the world's famous stock exchanges over 1995 to 2018, and on four important currency pairs over 2003 to 2018. By using the default parameter setting (9, 26, 52) of Ichimoku Kinkohyo, we found that although several profitable trading strategies were obtained for stock index trading and currency trading during the Subperiod 1, experimental results in the Subperiod 2 revealed that they failed to create values consistently. Finally, evidence from parameter sweep showed that several Ichimoku trading strategies may well prove to be profitable on stock index trading, but none was found for currency trading.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available in Yahoo Finance website at [https://finance.yahoo.com/], and Stooq website at [https://stooq.com/q/]. These data were derived from the following resources available in the public domain: [https://finance.yahoo.com/] and [https://stooq.com/q/].

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