

Twitter Thread by JayneshKasliwal



JayneshKasliwal

@JayneshKasliwal



How to use HEIKINASHI CANDLESTICK Charts ? Trading Strategy and Its Rules

A thread ■

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What is Heikin Ashi?

1. Heikin-Ashi, also called Heiken-Ashi, is translated as an "average bar" in Japanese.
2. The Heikin Ashi strategy is a useful tool used in identifying market trends and predicting the future prices of assets.

2/N

3. The Heikin Ashi can be used alone or in conjunction with candlestick charts.
4. These charts can be very useful as they make it easier to read candlestick charts and analyze market trends , without noise

3/n



Heikin Ashi vs Candlestick

1. The Heikin Ashi has a few differences with the traditional candlestick chart. The candles on traditional candlesticks usually change from green to red (up or down), making it difficult for some traders to interpret.

Candlestick vs Heikin Ashi chart



2. However, the candles on a Heikin Ashi chart display more consecutive colored candles, making it easy for traders to identify past price movements and current

trends.

3. With Heikin Ashi, charts usually stay green in an uptrend and red in a downtrend.

Calculation Shared

5/n

Heikin Ashi Calculation

Heikin Ashi shares some features with the normal candlestick charts.

The open-high-low-close (OHLC) candles of regular candlesticks are also present in Heikin Ashi techniques. However, Heikin Ashi uses an altered formula of close-open-high-low (COHL), which is;

$$\text{Close} = \frac{1}{4} (\text{Open} + \text{Close} + \text{Low} + \text{Close})$$

(The average price of the current bar)

$$\text{Open} = \frac{1}{2} (\text{Open of Previous Bar} + \text{Close of Previous Bar})$$

(The midpoint of the previous bar)

$$\text{High} = \text{Max} [\text{High}, \text{Open}, \text{Close}]$$

$$\text{Low} = \text{Min} [\text{Low}, \text{Open}, \text{Close}]$$

How to Use Heikin Ashi to Identify Trends and Trend Strength

1. Because Heikin Ashi candlesticks are calculated using averages, the candlesticks have smaller shadows or wicks compared to the regular candlesticks.

6/n



TradingView

2. However, similar to the regular candlesticks, the smaller or shorter the shadow or wick in Heikin Ashi, the stronger the trend.

7/n



TradingView

3. Heiken Ashi is designed to show you the direction of a trend with the help of its color-coded candles. A green candle indicates that the trend is up, while a red candle is a sign that the trend is down.

8/n



TradingView

4. Green candles without upper shadows show a strong uptrend, while red candles without lower shadows indicate a strong downtrend.

5. How to Apply it in Tradingview

#StockMarket #investing

@MarketScientist

9/n

L258.10 C260.95 +0.80 (+0.31%)

- Heikin Ashi
- Bars
- Candles
- Hollow Candles
- Line
- Area
- Baseline
- Heikin Ashi**
- Renko
- Line Break
- Kagi
- Point & Figure
- Range

