

# Bloomberg

## General Overview Chart – (GOC) - (Ichimoku Cloud)

The General Overview Chart (GOC) displays the Ichimoku Kinko Hyo equilibrium analysis that was developed by Goichi Hosoda, and is commonly referred to as an Ichimoku Cloud chart. These charts combine three technical indicators to define a price trend. Ichimoku charts are a combination of a number of trending indicators, similar to a moving average technique. Close and mid prices are manipulated to generate a pattern of signals that are plotted 26 days in the past, 26 days in the future, and along with the current price data. Practitioners of the Ichimoku technique use these charts to identify short-term momentum, long-term trends, and price objectives.



## GOC Calculations

Element	Definition
<b>Conv</b>	Conversion Line: $\text{Conv} = (\text{Highest High over Period1} + \text{Lowest Low over Period1}) / 2$
<b>Base</b>	Base Line: $\text{Base} = (\text{Highest High over Period2} + \text{Lowest Low over Period2}) / 2$
<b>Lag</b>	Lag Line: $\text{Lag} = \text{Close Price lagged or shifted left by Period3}$
<b>Lead1</b>	Leading Span 1: $\text{Lead1} = (\text{Conversion Line} + \text{Base Line}) / 2 \text{ shifted right by Period5}$
<b>Lead2</b>	Leading Span 2: $\text{Lead2} = (\text{Highest High over Period4} + \text{Lowest Low over Period4}) / 2 \text{ shifted right by Period5}$

where:	
Period1	Period1 = Conversion Period; Conversion Period default = 9
Period2	Period2 = Base Line Period; Base Line Period default = 26
Period3	Period3 = Lag Period - 1; Lag Period default = 26
Period4	Period4 = 2 * Lead Period; Lead Period default = 26
Period5	Period5 = Lead Period - 1

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## Interpretation

The conversion line is the average price level between the high and low price for a selected number of periods. It is similar to a moving average, but it uses high and low prices rather than closing prices. While very little has been written about the Ichimoku approach, much has been passed on in Japanese markets through word of mouth. When the conversion line crosses the base line from below, it can indicate a buy signal. When the conversion line crosses the base line from above, it can indicate a sell signal. The conversion line also provides a measurement of the current market strength and the potential for any further rise or decline.