

Heikin Ashi Cheat Sheet

1. Formulas (calculate on every closed bar)

HA Close = (Open + High + Low + Close) / 4

HA Open = (previous HA Open + previous HA Close) / 2

first bar: HA Open = (Open + Close) / 2

HA High = max(High, HA Open, HA Close)

HA Low = min(Low, HA Open, HA Close)

2. Reading the candles



Strong uptrend

green body,
no lower wick



Strong downtrend

red body,
no upper wick



Indecision

small body,
long wicks both sides



Possible turn

first opposite colour
after a run: wait for a 2nd bar wick appears in an uptrend



Weakening trend

smaller body, a lower
wick appears in an uptrend

3. Key facts from real data (BTCUSDT daily, Jan 2024 - Oct 2026, Binance)

- Average run of same-colour bars: 1.9 regular vs 4.2 Heikin Ashi
- Colour changes: 512 regular vs 239 Heikin Ashi (about half the noise)
- HA close differs from the real close by 0.63% (median), up to 8.0%
- HA reacts later than price: every value is an average of past bars

Heikin Ashi Cheat Sheet - strategy & testing

4. Trend-following rules (a starting template, not advice)

Entry long: 2 consecutive green HA bars after a red run,
and price above a slower filter (e.g. 50-period EMA of real closes).

Entry short: mirror image (2 red HA bars, price below the filter).

Exit: first HA bar of the opposite colour, or a body with an
opposite wick after a long run (trend weakening).

Stop loss: on REAL price (e.g. below the last swing low), never on HA values.

Size: risk a fixed % of the account per trade; HA does not change risk.

5. The backtest trap

HA Open and HA Close are averages - nobody can trade at them.

A backtest that fills orders at HA prices invents profit.

Fill at the next REAL open, add fees and slippage.

6. Pre-trade checklist

- [] Trend direction confirmed on a higher timeframe
- [] Two HA bars of the same colour (one is often noise)
- [] Real-price stop placed and position size calculated
- [] Backtest used real prices, fees and slippage
- [] Not used for latency/HFT decisions (needs raw ticks)

Same rules, two backtests (BTCUSDT daily, fee 0.1%/side):

Rules	Naive (HA fills)	Realistic
1 HA bar , long & short	+3796%	-16%
1 HA bar , long-only	+841%	+37%
2 HA bars, long & short	+51%	-42%
2 HA bars, long-only	+87%	+18%
Buy & hold over the same period:	+85%	

Educational material. Past results do not guarantee future results. Trading involves risk of loss.