

Free Lesson 1:

BEST TIMES TO TRADE FOREX



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Characteristics of Forex

- Largest market in the world
 - Approx turnover: \$1.5 trillion/day
- Open 24 hours a day
 - Sunday 5pm EST to Friday 4pm EST

Trading Zones

- Start of Trading:
 - Australia -> Asia -> Middle East -> Europe/UK -> USA
- UK and USA Sessions
 - account for over 50% of transactions
- London: largest dealing center
 - market share of 30% of transactions.

Trading Sessions

- New York session
 - 8am to 4pm EST
- Europe / London session
 - 2am to 12Noon EST
- Australian session
 - 7pm to 3am EST
- Tokyo session
 - 8pm to 4am EST

Market Sessions Overlap

- Heaviest Forex Activity:
 - when major markets overlap
- US/Europe Overlap: 8am - 12pm EST
 - Almost 2/3 of all NY trading happens here
- Europe/Asian Overlap: 2am - 4am EST

Tokyo Trading Session

- Duration:
 - 8am to 4am EST
- Average Trading Volume:
 - \$210 Bn
- First major market to open trading, but trading can be thin.

Tokyo Trading Session (cont)

- USD/JPY, AUD/USD, NZD/USD
 - (and their crosses) - good opportunities
- GBP-based pairs
 - Example: GBP/JPY, GBP/CHF
 - Major activity mostly concentrated here
- EUR-based pairs
 - Example: EUR/CHF, EUR/GBP, EUR/USD
 - Should be avoided until London session

London Trading Session

- Duration: 2am to 12pm EST
- Average Trading Volume: \$580 Bn
- London
 - Largest and most important dealing center in the world
 - Market share of at least 30%

London Trading Session (cont)

- Most Volatile Market
 - Vast number of market participants
 - High transaction value
- GBP- and EUR-based pairs
 - Good opportunities
- JPY-based pairs
 - should not be considered
 - volume declines after overlap period ends

New York Trading Session

- Duration: 8am to 5pm EST
- Average Trading Volume: \$330 Bn
- New York
 - 2nd most important market in FX
 - Approximately 16% of market volume
- Influenced by:
 - US equity, bond mkts, fundamental news

New York Trading Session (cont)

- USD-based pairs
 - USD/CHF, GBP/USD, USD/CAD, EUR/USD
- GBP/CHF and GBP/JPY
 - momentum spills over from prior session
 - comprises a good percentage in New York
- EUR/GBP and EUR/CHF
 - should be avoided
 - liquidity dissipates during overlap

Average Range Distribution of Major Currency Pairs

When to Trade: Hours of the Day (EST)

Hour	EUR/USD	GBP/USD	USD/CHF	USD/JPY
12:00:00 AM	10	11	15	14
01:00:00 AM	13	15	20	15
02:00:00 AM	21	25	30	20
03:00:00 AM	23	29	34	21
04:00:00 AM	20	27	29	20
05:00:00 AM	17	25	26	18
06:00:00 AM	17	24	26	18
07:00:00 AM	18	24	27	19
08:00:00 AM	26	31	39	25
09:00:00 AM	24	29	36	23
10:00:00 AM	30	34	45	26
11:00:00 AM	24	29	36	22
12:00:00 PM	20	25	31	19
01:00:00 PM	16	19	25	15
02:00:00 PM	16	18	24	15
03:00:00 PM	12	15	19	12
04:00:00 PM	9	11	14	10
05:00:00 PM	9	9	12	9
06:00:00 PM	8	9	12	11
07:00:00 PM	10	11	15	15
08:00:00 PM	11	11	16	17
09:00:00 PM	10	10	14	15
10:00:00 PM	10	12	16	13
11:00:00 PM	8	9	11	11

Average Daily Range

- Traders should be aware of:
 - Amplitude of currency's movements over a 24 hour day (across the 3 major markets)

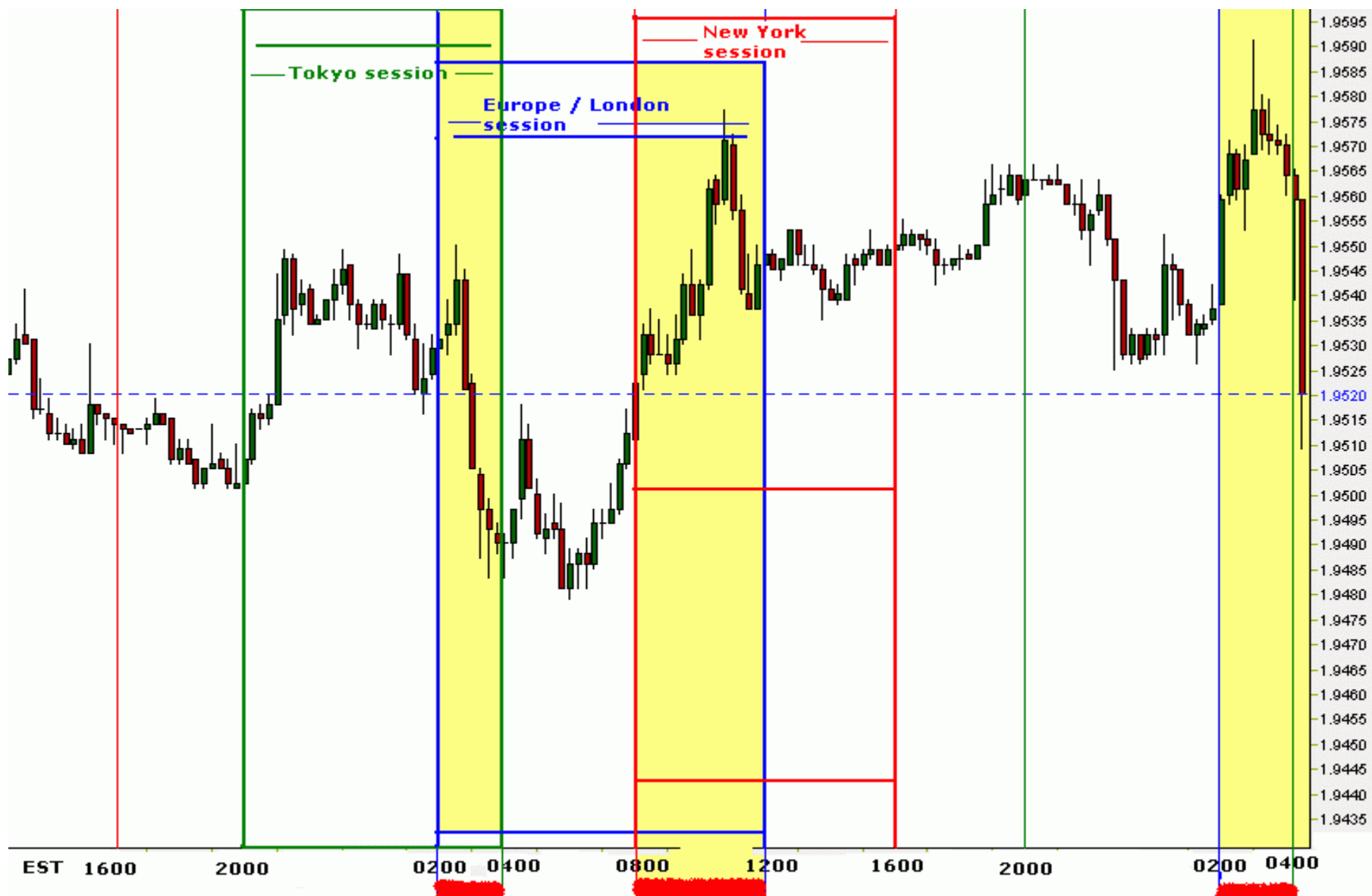
Average Daily Range (cont)

- EUR/USD Amplitude Probability:
 - Daily: 79.23% chance of 100-150 pip move
 - 3 Days: 78.01% chance of 100-250 pip move
 - 5 Day/Week - 81.97% chance of 100-300 pip move

Average Daily Range (cont)

- USD/CHF Amplitude Probability
 - Daily: 74.23% chance of 75-225 pip move
 - 3 Days: 74.56% chance of 150-375 pip move
 - 5 Day/Week: 45.43% chance of 225-375 pip move

Illustration of the Overlap



Conclusion

- Forex market volume peaks when:
 - Asian (including Australia & New Zealand)
 - European, and
 - U.S. markets are open simultaneously
- Two major market overlaps:
 - 2am to 4am EST (Asian/European)
 - 8am to 12pm EST (European/U.S.)

Conclusion (cont)

- If you want to find a great number of profitable trades:
 - focus on the hours when the markets tend to make their biggest moves
 - i.e., when the big markets overlaps