



CARNIVAL FINTECH  
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## Forex Trading Session

Now that you know what forex is, why you should trade it, and who makes up the forex market, it's about time you learned when you can trade and about the different forex trading sessions.



Yes, it is true that the forex market is open 24 hours a day, but that doesn't mean it's always active the entire day. You can make money trading when the market moves up, and you can even make money when the market moves down. BUT you will have a very difficult time trying to make money when the market doesn't move at all.

And believe us, there will be times when the market will be very still

This lesson will help determine when the best times of the day are to trade.



## Forex Market Hours

Before looking at the best times to trade, we must look at what a 24-hour day in the forex world looks like. The forex market can be broken up into four major trading sessions: the Sydney session, the Tokyo session, the London session, and the New York session. Historically, the forex market has three peak trading sessions.

Traders often focus on one of the three trading periods, rather than attempt to trade the markets 24 hours per day. This is known as the "forex 3-session system".

These sessions consist of the Asian, European, and North American sessions, which are also called Tokyo, London, and New York sessions. Since New Zealand is a major financial center, the forex markets open there on Monday morning, while it is still Sunday in most of the world.

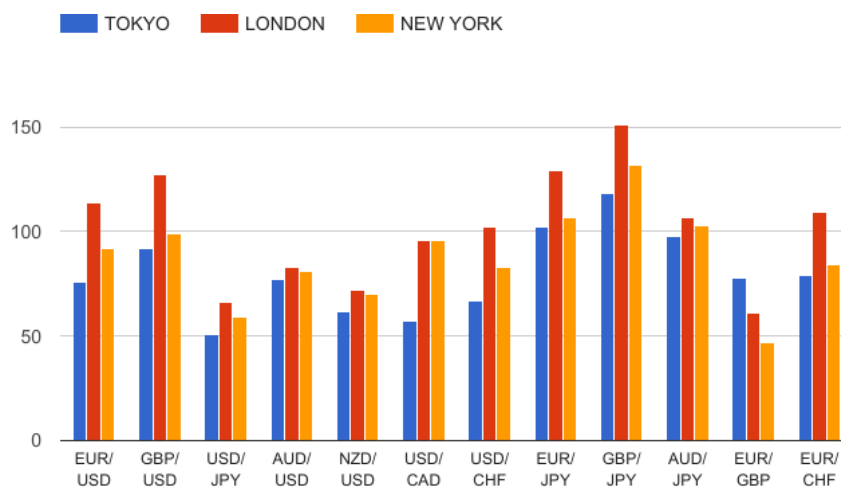
Until Friday, there is no time during the week when the market formally closes, although there is a brief lull in activity between about 19:00 and 22:00 GMT when most American traders have gone home and most Kiwi and Aussie traders are getting ready for work.

Other than the weekends, there are just two public holidays when the entire forex market is closed, Christmas and New Year's Day.

## Trading Session Overlaps

Also take notice that in between each forex trading session, there is a period of time where two sessions are open at the same time. For example, from 3:00-4:00 AM ET, the Tokyo session and London session overlap. And from 8:00 AM-12:00 PM ET, the London session and the New York session overlap. Naturally, these are the busiest times during the trading day because there is more volume when two markets are open at the same time.

This makes sense because, during those times, all the market participants are wheelin' and dealin', which means that more money is transferring hands. Now let's take a look at the average pip movement of the major currency pairs during each forex trading session.



## Best Times of Day to Trade Forex

### Tokyo – London Overlap

Liquidity during this session is pretty thin for a few reasons. Typically, there isn't as much movement during the Asian session so, once the afternoon hits, it's pretty slow. With European traders just starting to get into their offices, trading can be boring as liquidity dries up.

This would be an ideal time to take some time off or look for potential trades to take for the London and New York sessions.



## London – New York Overlap

According to the latest data from FXLIQUIDITY, an analytics service for the FX market, liquidity is at an optimum level around 10 am and 3 pm London time (10 am NY time).

This is when the real trading begins! This is the busiest time of day, as traders from the two largest financial centers (London and New York) begin trading in the market.

It is during this period where we can see some big moves, especially when news reports from the U.S. and Canada are released. The markets can also be hit by “late” news coming out of Europe.

If any trends were established during the European session, we could see the trend continue, as U.S. traders decide to jump in and establish their positions after reading up what happened earlier in the day.



## Best Days of the Week to Trade Forex

So now we know that the London session is the busiest out of all the other sessions, but there are also certain days in the week where all the markets tend to show more movement.

Know the best days of the week to trade forex.

Below is a chart of average pip range for the major pairs for each day of the week:

PAIR	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
EUR/USD	69	109	142	136	145	144
GBP/USD	73	149	172	152	169	179
USD/JPY	41	65	82	91	124	98
AUD/USD	58	84	114	99	115	111
NZD/USD	28	81	98	87	100	96
USD/CAD	43	93	112	106	120	125
USD/CHF	55	84	119	107	104	116
EUR/JPY	19	133	178	159	223	192
GBP/JPY	100	169	213	179	270	232

As you can see from the chart, it's best to trade during the middle of the week, since this is when the most action happens.

Fridays are usually busy until 12:00 pm EST and then the market pretty much drops dead until it closes at 5:00 pm EST.

This means we only work half-days on Fridays.

So based on all these, we've learned when the busiest and best days of the week to trade forex are.

## **Best Times to Trade**

When two sessions are overlapping of course! These are also the times where major news events come out to potentially spark some volatility and directional movements. Make sure you bookmark the Market Hours cheat sheet to take note of the Opening and Closing times. The European session tends to be the busiest out of the three.

The middle of the week typically shows the most movement, as the pip range widens for most of the major currency pairs.

## **Worst Times to Trade**

Sundays – everyone is sleeping or enjoying their weekend!

Fridays – liquidity dies down during the latter part of the U.S. session.

Holidays – everybody is taking a break.

Major news events – you don't want to get whipsawed!