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When to Trade

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One of the key elements of any trading system is market timing. Many traders fail to account for timing when making trading decisions, and those who do often rely on their instinct of market timing rather than empirical data. The sophisticated investor uses advanced timing techniques to optimize market entry and exit.

ANALYSIS

- Hour: Which hours of the day will produce the best trades?
- Session: Which trading session has the most action?
- Day: What is the range for particular days of the week?
- Month: Do the days of the month differ?

ACTION

- Correlate your engines to optimal trading ranges
- Test your engines according to a specific entry schedule

RELATED MATERIAL

Test-drive FX Engines for free online at www.fxengines.com to see the power of system building, system testing, and system automation.

FX Engines, Inc.

The world leader in automated forex trading. For more information and a 15-day free trial, visit:

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ABOUT THIS REPORT

The Forex Report is a periodic publication that investigates advanced strategies for superior trading performance in the foreign exchange markets. These reports utilize advanced statistical and econometric modeling techniques to create new insight into the trading strategy of the average trader. This Data Brief, When to Trade, is intended for all audiences, including those new to the forex market.

To learn more about The Forex Report or to register for delivery of all future reports by email, including Case Studies & Data Briefs, please visit www.fxengines.com.

ANALYSIS

When to trade? We wanted to be sure ourselves, so we took 4 years of historical tic data from a dealer and ran it through a rigorous econometric analysis. The most basic results of that analysis show the importance of understanding and employing timing in your entry and exit decisions.

WHEN TO TRADE: Hours of the Day

Average range in pips for the four majors, Eastern Time:

HOUR	EUR/USD	GBP/USD	USD/CHF	USD/JPY
12 AM	10	11	15	14
1 AM	13	15	20	15
2 AM	21	25	30	20
3 AM	23	29	34	21
4 AM	20	27	29	20
5 AM	17	25	26	18
6 AM	17	24	26	18
7 AM	18	24	27	19
8 AM	26	31	39	25
9 AM	24	29	36	23
10 AM	30	34	45	26
11 AM	24	29	36	22
12 PM	20	25	31	19
1 PM	16	19	25	15
2 PM	16	18	24	15
3 PM	12	15	19	12
4 PM	9	11	14	10
5 PM	9	9	12	9
6 PM	8	9	12	11
7 PM	10	11	15	15
8 PM	11	11	16	17
9 PM	10	10	14	15
10 PM	10	12	16	13
11 PM	8	9	11	11

WHEN TO TRADE: Trading Session

Average range in pips for the four majors:

Session	EUR/USD	GBP/USD	USD/CHF	USD/JPY
Australia	65	77	99	66
Japan	66	79	100	66
UK - London	80	99	121	74
USA - New York	67	78	101	60

WHEN TO TRADE: Day of the Week

Average range in pips for the four majors:

Day of Week	EUR/USD	GBP/USD	USD/CHF	USD/JPY
Sunday	24	31	36	25
Monday	92	110	141	95
Tuesday	102	128	162	104
Wednesday	101	123	158	106
Thursday	83	98	121	77
Friday	80	96	117	72

WHEN TO TRADE: Day of the Month

Average range in pips for the four majors:

Day	EUR/USD	GBP/USD	USD/CHF	USD/JPY
1	70	83	107	67
2	89	108	128	82
3	91	103	140	73
4	78	78	112	76
5	95	109	136	96
6	96	112	148	90
7	77	93	109	84
8	84	105	119	75
9	81	113	117	86
10	76	87	117	79
11	68	85	126	69
12	76	78	110	66
13	82	97	128	83
14	66	100	107	80
15	80	95	123	81

Day	EUR/USD	GBP/USD	USD/CHF	USD/JPY
16	86	97	121	78
17	88	111	129	86
18	83	103	118	78
19	86	105	133	97
20	85	111	124	87
21	76	108	115	86
22	86	97	129	79
23	87	103	130	84
24	89	105	140	78
25	65	85	107	61
26	77	101	134	81
27	73	90	123	76
28	72	89	110	68
29	80	92	111	80
30	75	91	124	85
31	80	90	125	79

IN-DEPTH STUDIES

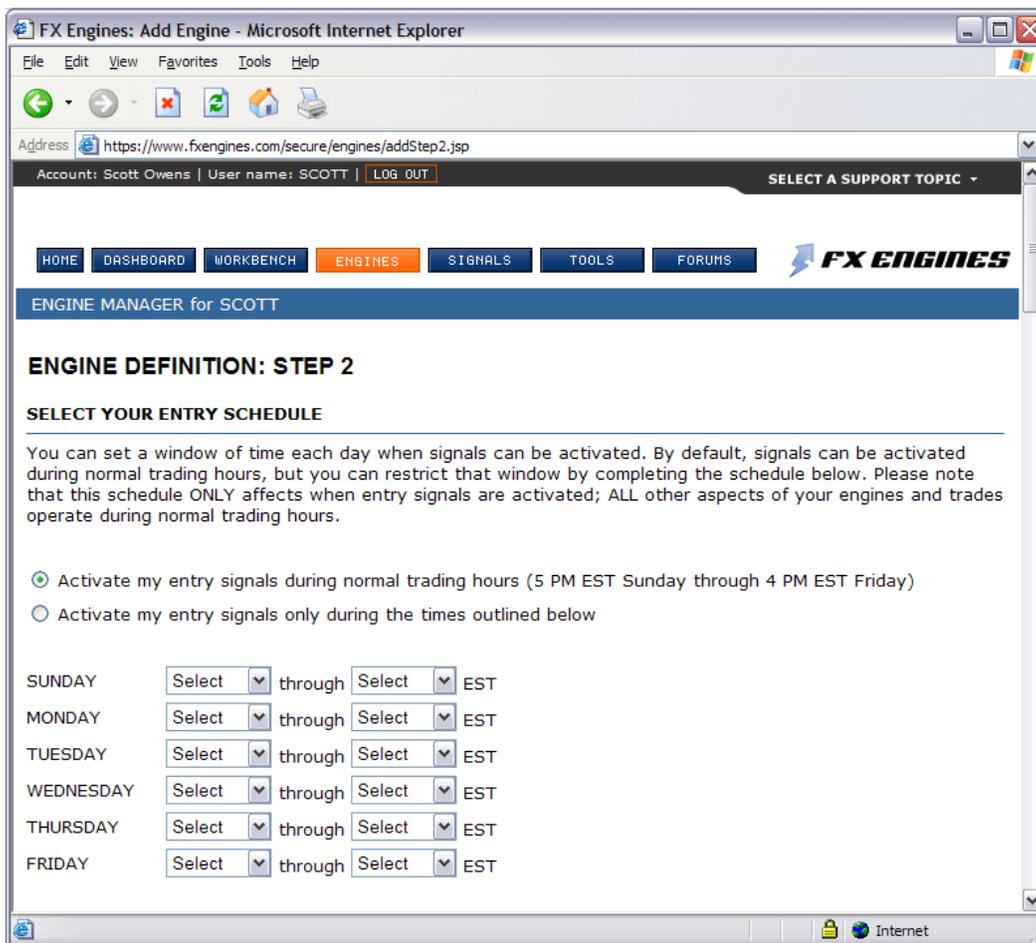
More advanced results from this study will be available in later Reports, Case Studies, and Data Briefs. Register at FX Engines for free to receive these future reports.

RELATED MATERIAL

For more information on “When to Trade” see **The Forex Report: The Six Forces of Forex**, at www.fxengines.com.

ACTION

Create trading systems that are timing-intelligent, test them, and roll them out into live trading. FX Engines' entry schedule tool gives you fine control over the entry of your trades, and allows you to use sophisticated trailing exits, fixed exits, limit exits, and/or exit signals to manage your exits.



The screenshot shows a web browser window titled "FX Engines: Add Engine - Microsoft Internet Explorer". The address bar shows "https://www.fxengines.com/secure/engines/addStep2.jsp". The user is logged in as "SCOTT" with the account name "Scott Owens". The page is titled "ENGINE MANAGER for SCOTT" and "ENGINE DEFINITION: STEP 2". The main heading is "SELECT YOUR ENTRY SCHEDULE". Below this, there is a paragraph explaining that the user can set a window of time each day when signals can be activated. Two radio buttons are present: "Activate my entry signals during normal trading hours (5 PM EST Sunday through 4 PM EST Friday)" (selected) and "Activate my entry signals only during the times outlined below". Below the radio buttons, there is a table with columns for the day of the week and time ranges. Each day has a "Select" dropdown menu, followed by "through", another "Select" dropdown menu, and "EST".

Day	Start Time	End Time
SUNDAY	Select	Select EST
MONDAY	Select	Select EST
TUESDAY	Select	Select EST
WEDNESDAY	Select	Select EST
THURSDAY	Select	Select EST
FRIDAY	Select	Select EST

Once you've created your engine with timing intelligence, begin historical and live tests. FX Engines will be offering live trading through a leading dealer shortly, so get started testing today with our Free Trial and be ready for our live trading launch, coming soon.

MORE INFORMATION

For more information about The Forex Report, visit www.fxengines.com or email info@fxengines.com. The Forex Report is available for distribution on third party websites as a co-branded offering. Contact us for more information.

THE FOREX REPORT

Analyzing statistical, econometric, and behavioral trends in the foreign exchange markets for insight into the optimal use of the FX Engines automated trading platform.

The information contained in this report is represented without warranty or any statement of its veracity. The contents of this report are intended to stimulate thinking on issues related to trading forex. This report does not suggest any particular action that could be utilized in live trading for profit or loss.

I can put it no better than Hoffer, who deferred to Montaigne:

“All I say is by way of discourse, and nothing by way of advice. I should not speak so boldly if it were my due to be believed.”