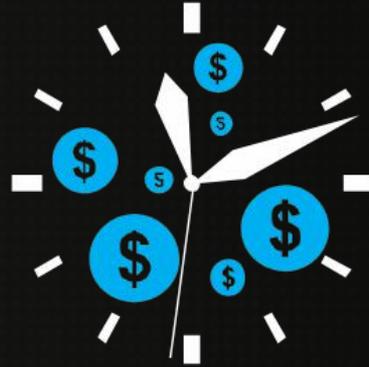


Module 2: Getting Started with Forex Trading

6 - 7

6. Forex Market Hours



Market Sessions

❖ London Session (3am EST - 12pm EST),

This session dominates European market movements. Roughly 30% of all market transactions take place in the London Session. Note:

- It overlaps with other major sessions and boosts Forex transactions, creating high liquidity.
- It is also known to be specifically volatile for the EUR/USD as high impact European news is released shortly after session open.
- Major movements from the London Session often continue into the New York Session.
- The best time to trade EUR/USD and GBP/USD is during the London-New York session overlap.

Market Sessions

❖ New York Session (8am EST -5pm EST),

The New York Session starts at 8 AM EST and is the most traded session, driven by high impact fundamental data. Commonly traded pairs include USD/JPY, EUR/USD, XAU/USD or Gold. Note:

- High amounts of economic data is released in the beginning.
- Nearly every major global transaction involves the USD. Significant news affecting the USD often triggers drastic movements in related markets.
- The New York Session significantly slows down after 1 PM EST.
- There is almost little or no movement Friday afternoons as Asian and London traders are done for the weekend

Market Sessions

❖ Sydney Session (5pm EST - 2am EST),

The Sydney Session opens the trading week, running from Sunday 5 PM EST to Friday 5 PM EST. It focuses on AUD pairs (e.g. AUD/USD, GBP/AUD, AUD/JPY) but typically has lower volatility compared to other sessions.

Market Sessions

❖ Tokyo Session (7pm EST - 4am EST),

The Tokyo Session or Asian Session is a moderately volatile session. Around 21% of total forex transactions occur during this session. Note:

- The USD/JPY is the most traded pair during the Tokyo session.
- Liquidity can be low, making the session less active and sometimes boring.
- Movement is more common in Asia Pacific pairs like AUD/USD and NZD/USD.
- Most action occurs early in the session, particularly with major economic data, often causing significant movement in the AUD/USD.

Additional

For major volatility, focus on when two trading sessions overlap.

Avoid trading on Fridays after 2pm and Sunday evenings at market open as these can be risky.

Never hold a trade over the weekend, as market gaps can occur when the market opens on Sunday due to news released while the market was closed.

The only exception is if the trade is part of a longer-term strategy.

7. Forex Terminology



Common Terms

- **Spread:** Difference between the bid (buy) and ask (sell) prices.
- **Leverage:** Borrowed funds to increase trade size, e.g., 1:100.
- **Margin:** The amount required to open a trade.
- **Stop-Loss:** Order to limit losses.
- **Take-Profit:** Order to secure profits.

Common Terms

Understanding Lot Sizes:

➤ Lot Sizes:

- **Standard Lot (1.0)** = 100,000 units.

If trading EUR/USD, 1 lot means you're buying or selling 100,000 Euros.

Where 1 pip movement = \$10 profit or loss.

- **Mini Lot (0.1)** = 10,000 units.

Where 1 pip movement = \$1 profit or loss.

- **Micro Lot (0.01)** = 1,000 units.

Where 1 pip movement = \$0.10 profit or loss