

# What role does time-of-day trading behavior play in overall profitability trends

Time-of-day trading behavior significantly shapes overall profitability trends by influencing when traders are most likely to achieve gains or incur losses. Several key patterns emerge from the data:

- **Morning trades yield the highest average profit and the lowest average loss** for all traders, even though fewer trades occur during this period. This suggests that market conditions in the morning—such as clearer sentiment signals, higher liquidity, and less noise—favor more disciplined, strategic trading and better decision-making<sup>[1]</sup>.
- **Night trading is associated with the highest average losses**, despite having the lowest trade volume. This indicates that market conditions at night—potentially lower liquidity, higher volatility, and increased impulsiveness—make it a riskier period, leading to more frequent and larger losses<sup>[1]</sup>.
- **Late night is the most active trading period**, especially among top-performing traders, but it does not correspond to the highest profitability. This suggests that while some traders seek opportunities during late-night volatility or lower competition, the returns do not necessarily match the increased activity<sup>[1]</sup>.
- **Top profitable traders diversify their activity across multiple time blocks**, not restricting themselves to one period. This adaptability to different market conditions and time-based opportunities is a key factor in driving long-term profitability<sup>[1]</sup>.
- **Behavioral discipline is more effective in favorable time windows:** Calm, strategy-driven trades are more profitable, especially during periods like the morning, while aggressive, impulsive trades tend to result in losses, particularly at night<sup>[1]</sup>.

## In summary:

Time-of-day trading behavior plays a crucial role in profitability. Success is more likely in the morning due to favorable market conditions, while trading at night is riskier and more loss-prone. Profitable traders recognize these patterns, adapt their strategies accordingly, and maintain discipline, maximizing returns by aligning their activity with the most advantageous time windows<sup>[1] [2]</sup>.



1. important-graphs.pdf
2. interests.trading\_analysis