perplexity

Why is late-night trading more associated with higher profits for disciplined traders

Late-night trading is more associated with higher profits for disciplined traders due to a combination of market dynamics and behavioral traits:

- **Lower Competition and Unique Volatility:**
  During late-night hours, overall trading activity is high among top performers but lower among the general trader population. This creates less competition for disciplined traders, who can capitalize on price inefficiencies and volatility patterns that are more predictable or less contested at these times[1].
- **Strategic, Calm Execution:**
  Profitable traders in late-night sessions tend to exhibit calm, strategy-driven behavior—waiting for planned entry prices rather than impulsively crossing the order book. This patience allows them to avoid suboptimal trades and exploit opportunities that arise from less disciplined participants making errors[1].
- **Consistent Market Exposure:**
  The most successful traders maintain high trade volumes across multiple time blocks, including late night. Their willingness to participate consistently, combined with disciplined execution, increases their chances of capturing rare but outsized profits that often occur during periods of heightened volatility or thin liquidity[1].
- **Adaptability to Market Conditions:**
  Top traders diversify their activity across the day, but late night remains a favored period due to the specific opportunities it presents. Their ability to adapt strategies to take advantage of late-night volatility, while maintaining risk controls, sets them apart from less profitable peers[1].

In summary:
Disciplined traders profit more during late-night trading because they combine patience, strategic execution, and adaptability to exploit unique market conditions—such as lower competition and specific volatility patterns—that are present during these hours. Their calm approach allows them to avoid impulsive losses and maximize gains when others are more likely to make mistakes[1].

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1. important-graphs.pdf