

Title:

Forex Time Zones and Currency Relationships

Word Count:

553

Summary:

Learn the best times to trade the Forex and what currency pairs trend parallel and inverse to each other.

Keywords:

forex, currency trading, fx, 4x, make money, strategy, stocks, commodities, investing, futures, options, euro, success

Article Body:

Knowing when to enter the market is crucial to exercising a good technical trading strategy. There are many pitfalls that inexperienced traders experience because they are entering the market when the probability for making a successful trade is reduced. So when is the best time to look for a trade and why?

The best time to look for a trade is when there is heavy volume in the currency markets. Since the Forex market is open 24 hours per day, it's best to find the times when multiple countries markets are trading at the same time. Every Forex market in the world operates from 8 a.m. to 4 p.m. in their respective time zones. In order to take advantage of the chance of many trades developing, one needs to look at when the Forex market times in different countries overlap. In the overlapping times when multiple markets are open, generally there is the most volume and pip movement.

For instance, it is best to trade the EUR/USD, USD/CHF, or GBP/USD between 8am EST and 12pm EST because the US market is just opening at 8am EST while the European market is finishing up for the day. Another good time to trade is in the middle of the night from 1am EST to 3am EST as many trades develop as the Asian markets are closing and the European markets are opening. The Australian and Asian Markets overlap between 7pm and 10pm EST as well which offer good opportunities. Generally speaking, one can just shut off their computer and not bother looking for trades from 4pm-6pm EST as the US markets close and there are no overlapping markets in those times, so although there may be profitable trades one could enter, the volume is much lower and it is far less likely great trades will develop. The Canadian market does not play a big role in affecting

the markets so just trade along with the US market times when the European, Asian, or Australian markets are open.

Many currency pairs tend to trend in the same direction (parallel) or opposite directions (inversely). Traders can use this information to plan to trade more than one pair knowing that they have a high probability of moving in the same or inverse direction.

The general rule is that these pairs listed below tend to trend in parallel relationships. The Euro and Cable tend to move together the most.

EUR/USD and GBP/USD
USD/CHF and USD/JPY
AUD/USD and NZQ/USD

And, these pairs below tend to move inversely the most. The Euro and the Swissy tend to move inversely the most.

EUR/USD and USD/CHF
GBP/USD and USD/JPY
AUD/USD and USD/CAD

Lastly, remember that when trading, Bulls and Bears make money, but pigs get slaughtered. Don't be too greedy. Trade with proper equity management and never risk more than 2% of your trading account on a single trade. Look for 10%-30% pip gains and move on to the next trades. Building small consistent profits will add up to large long-term gains. Trade during times when markets overlap, and use information on parallel and inverse relationships to determine whether or not to enter on trades on multiple currency pairs at the same time.

Wishing You Success!
David Molina