

The currency pairs that are heavily traded during the Asia Pacific session are USD/JPY, EUR/JPY and AUD/JPY. The financial centers active during the Asia Pacific session are Wellington, Sydney, Tokyo, Hong Kong and Singapore. Currency trading volumes in the Asia Pacific session account for about 21% of the total daily global volume. Most of the transaction involves JPY as Japanese companies are trying to convert Japanese Yen into other currencies in order to do business with the rest of the world.

News and data reports from Australia, New Zealand and Japan are going to be hitting the market during the session. In terms of the move actively traded currency pairs during the Asia Pacific trading session this news and data affects their price action.

Much of the action during this session is focused on the Japanese Yen currency pairs because of the size of the Japanese market and the importance of Japanese data to the market. The Japanese financial centers are most active during this session so you can get a sense of what the Japanese market is doing based on price movements.

European financial centers begin to open up and the market gets to its full swing about midway through the Asian trading day. European financial centers and London represent over 50% of the total global trading volume.

London, Bonn, Paris, Zurich and Geneva are important financial centers that are active during the European trading session. The forex market interest and liquidity is at its peak during the European session. The European session overlaps with half of the Asian trading day and half of the North American trading day.

London is the global forex center with the highest volume of foreign exchange transactions. As a result some of the biggest moves and the most active trading takes place in the European currencies (EUR, GBP and CHF) and the euro cross currency pairs (EUR/CHF and EUR/GBP).

The European trading session is the most important for currency traders. EUR/USD is the most heavily traded currency pair. This pair is influenced by the European as well as US economic and political news. The trading volumes are much bigger in the European Session because of the overlap between the North American and European trading sessions. Some of the biggest and most meaningful directional price movements take place during this crossover period.

The North American Session basically comprises New York and Chicago as financial centers. The North American trading session accounts for roughly the same share of the global trading volume as the Asia Pacific market, or about 22% of the daily global trading volume.

Most US data reports are released around 8:30 AM EST with others coming out later at around 9 AM and 10:00 AM EST. The North American morning is when US key economic data are released and the forex market makes many of its significant decisions on the value of USD.

However, there are some US economic reports that come out at noon or at 2:00 PM EST livening up the New York afternoon market. Canadian economic data reports are also released

between 7 and 9 AM EST. Most of this news affects the CAD/USD pair. There are news traders who try to trade around these specific times and take benefit from the volatility caused in the markets by the release of this news.

When the European trading session closes, most of the European traders try to close their open positions. The London or European close can bring volatile flurries of activity. London and European financial centers begin to wind down their daily trading operations around noon eastern time each day. The 12 to 15 hours before an important news announcement (i.e. the U.S. FOMC announcement or the U.S. Non-farm payroll) is a low volume time in the market as well because most banks and institutional traders are sitting on the sidelines waiting to see what the news will be. And as we just discussed, lower trading volumes lead to choppy, ranging markets. And again, choppy, ranging markets are one of the best times to scalp and pull pips out of the market.

On most trading days, market liquidity and interest falls off significantly in the New York afternoon this can make for challenging trading conditions. On quiet days, the generally lower market interest typically leads to stagnating price action.