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What is a Forex Trading Session? [Sydney, Tokyo, London, and New York Sessions]

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The operational hours of financial markets are broadly categorized into four **sessions** of **Sydney, Tokyo, London**, and **New York**.



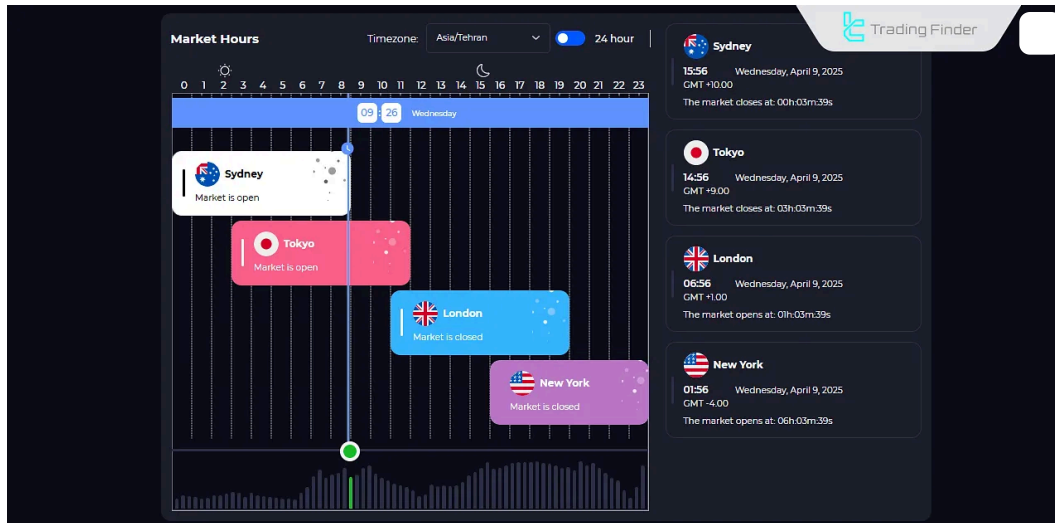
Trading hours in financial markets are generally divided into four sessions: Sydney, Tokyo, London, and New York

This division is based on the **working hours of major financial hubs** in **Asia, Europe**, and **America**, with each **session** differing in characteristics such as **trading volume**, **price volatility**, and **trading opportunities**.

What is a Trading Session?

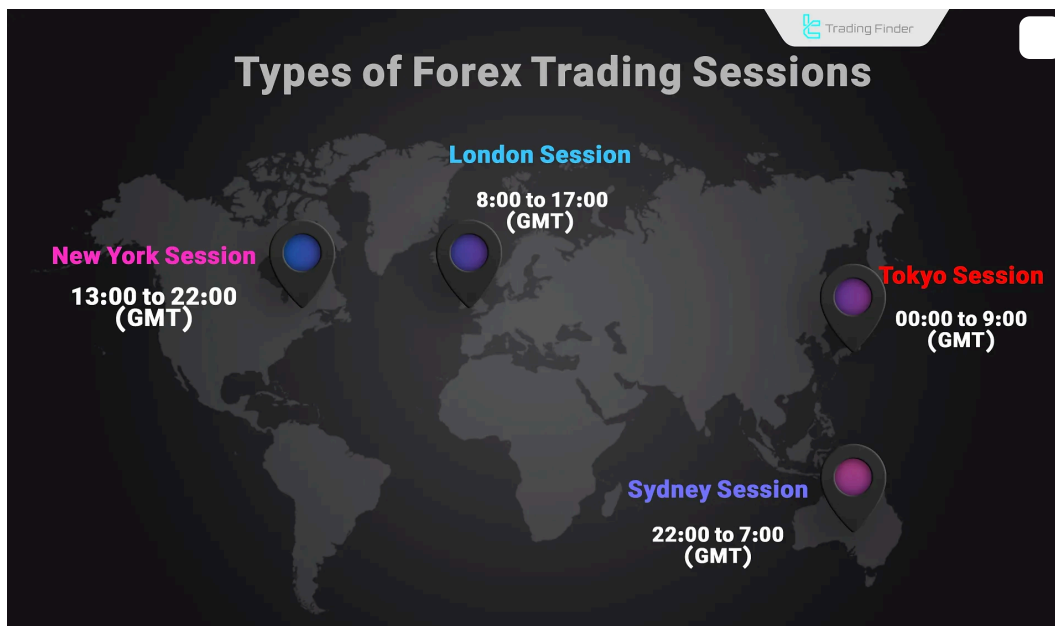
Trading sessions are specific time periods during a trading day when traders from different time zones engage in **Forex market** activities.

For example, during the **Tokyo session**, Japanese and Asian financial institutions are active. As a result, volatility and trading volume in **JPY currency pairs** increase.



An overview of Forex trading sessions and their opening/closing times. Source: TradingFinder

This image showcases the **Forex Market Sessions Tool** on the **TradingFinder** website. Traders can use this tool to monitor **sessions** and their current status (open/closed).



Forex sessions and their opening and closing times

Types of Forex Trading Sessions

Forex **trading sessions** are divided into four categories:

- ⚡ **Sydney Session:** The first **trading session** with the **lowest volatility** among all sessions. The **AUD** (Australian dollar) is the most watched currency;
- ⚡ **Tokyo Session:** Marks the opening of Japanese markets, increasing trading volume in Asian markets, especially the **JPY**;

⚡ **London Session:** The **London session**, overlaps with Asia and the US, sees the **highest Forex trading volume**, accounting for over **30%** of all transactions;

⚡ **New York Session:** The London-New York overlap offers peak liquidity and tight spreads, ideal for scalping.

Note: U.S. economic reports are released during the **New York session**. These reports cause short-term volatility in major USD pairs and influence **market sentiment** (risk-on/risk-off).

Why is Understanding Trading Sessions Important?

Trading sessions directly impact **trading volume**, **volatility**, and **strategies** (some work only in specific sessions). Understanding these **sessions** is crucial, especially for **short-term traders**.

Key Benefits of Knowing Trading Sessions:

- ⚡ **Optimal Trading Times:** The **London and New York sessions** offer high liquidity, making them ideal for scalpers;
- ⚡ **Economic Data Releases:** Economic indicators such as **inflation rate**, **NF Ts**, and **interest rates** are published during the **London/New York sessions**, enabling **news trading** or risk avoidance;
- ⚡ **Trader Psychology:** Asian sessions are cautious, while **London/New York sessions** are high-risk/high-reward.

Differences Between Trading Sessions

Forex sessions vary in **trading volume**, **price volatility**, **active strategies**, and **key currency pairs**.

Parameter	Sydney	Tokyo	London	New York
Hours (GMT)	22:00-06:00	00:00	08:00-16:00	13:00-21:00
Characteristics	Low volatility Start of day	Asian market peak Focus on JPY	Highest liquidity	High volatility U.S. reports
Key Pairs	AUD/USD, NZD/USD	USD/JPY, AUD/USD	GBP/USD, EUR/USD	GBP/USD, EUR/USD
Volatility	Low	Medium	High	High
Trading Style	Swing Trading	Range Trading	Scalping/Day	Scalping/Day

Technical Patterns in Forex Sessions

Certain technical patterns emerge in high-volatility **sessions** like **London** and **New York** due to **high trading volume** and reactions to **economic news**. These patterns help identify **reversals**, **fakeouts**, and **liquidity grabs**.

New York Reversal Pattern

A popular pattern, the **New York Reversal**, often forms in the latter half of the **New York session**, signaling **trend reversals** after strong initial moves.

Seek & Destroy Pattern

Another pattern, **Seek & Destroy**, appears in **London/New York sessions**. It involves **liquidity sweeps** and **fake breakouts** to trap retail traders.

Conclusion

Forex **sessions** (Oceania, Asia, Europe and America) are defined by **overlaps, trading volume, liquidity,** and **key currency pairs**.

Patterns like the **New York Reversal** and **Seek & Destroy** can identify short-term trends in **London/New York sessions**.

FAQs

What is a Trading Session? ∨

A **trading session** refers to active hours in global financial markets, influenced by major hubs like London and New York, impacting price volatility and trading volume. ∨

The Asian session is low-volatility, with a focus on **NZD, AUD, JPY**, and Asian indices.

What is unique about the London session? ∨

The **London session** overlaps with Asia/New York, has the highest trading volume, and sees intense activity at the opening.



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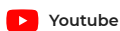
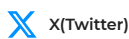


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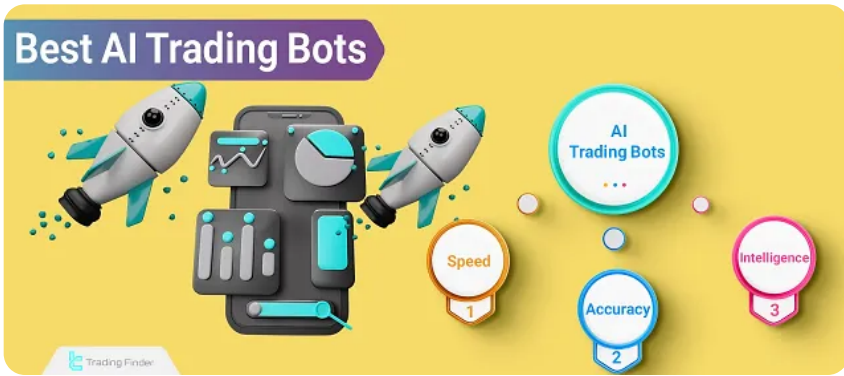
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