

Top Searches

1. Stock Picking
2. Forex
3. Options Trading
4. Credit Crisis

Dictionary

Articles

- Investing Basics
- Stocks
- Mutual Funds
- FOREX
- ETFs
- Active Trading
- Bonds
- Economics
- Financial Careers
- Financial Theory
- Fundamental Analysis
- Insurance
- Options & Futures
- Personal Finance
- Professional Education
- Real Estate & Mortgages
- Retirement
- Taxes
- Young Investors
- FAQs

Exam Prep

Exam Quizzer

Tutorials

Ask Us

Simulator

Financial Edge

Stock Ideas

Free Tools

Calculators

Free Newsletters

INVESTMENT QUESTION



What is the best time of the day to trade?

Unlike traditional investing, trading, or [day trading](#), has a very short-term focus. Analysis may be broken down to days, hours and even minutes. Because day trading focuses on such short time frames, the time of day in which a trade is made can be an important factor to consider.

First thing in the morning, market [volumes](#) and prices can go wild. The opening hours represent the window in which the market factors in all of the news releases since the previous [closing bell](#), which contributes to price [volatility](#). A skilled trader may be able to recognize the appropriate patterns and make a quick profit, but a less skilled trader could suffer serious losses as a result of this volatility. If you are a skilled trader, then you may want to consider trading immediately following the [opening bell](#), but if you are less skilled as a trader, you may want to avoid trading during these volatile hours.

The middle of the day tends to be the most calm and stable period of most trading days. This is the time of day when people are waiting for further news to be announced. Because most of the day's news releases have already been factored into stock prices, many are watching to see where the market may be heading for the remainder of the day. Because prices are relatively stable during this period, it's a good time for a beginner to place trades, as it may assist in more predictable returns.

In the last hours of the trading day, volatility and volume increase again. During this part of the day, traders may be trying to close some of their trades, or they may be attempting to join a late-day rally in the hope that the momentum will carry forward into the next trading day.

The time of day in which a trader enters into a position can affect the outcome of the trade. Inexperienced traders or those who want to steer clear of the price volatility of trading early or late in the day should consider placing their trades in the middle of the trading day.

To learn more, please read [Day Trading Strategies For Beginners](#).

Rate this FAQ: Your Rating: ☆☆☆☆☆ Overall Rating: ★★★★★

[Get A FREE Options Investing Kit](#)

 [Ask Us A Question!](#)

MARKET PLACE

- FREE TOOLS
- [Free Portfolio Diversification Book](#)
 - [Free Options Trading Manual](#)

Enter Keyword

