

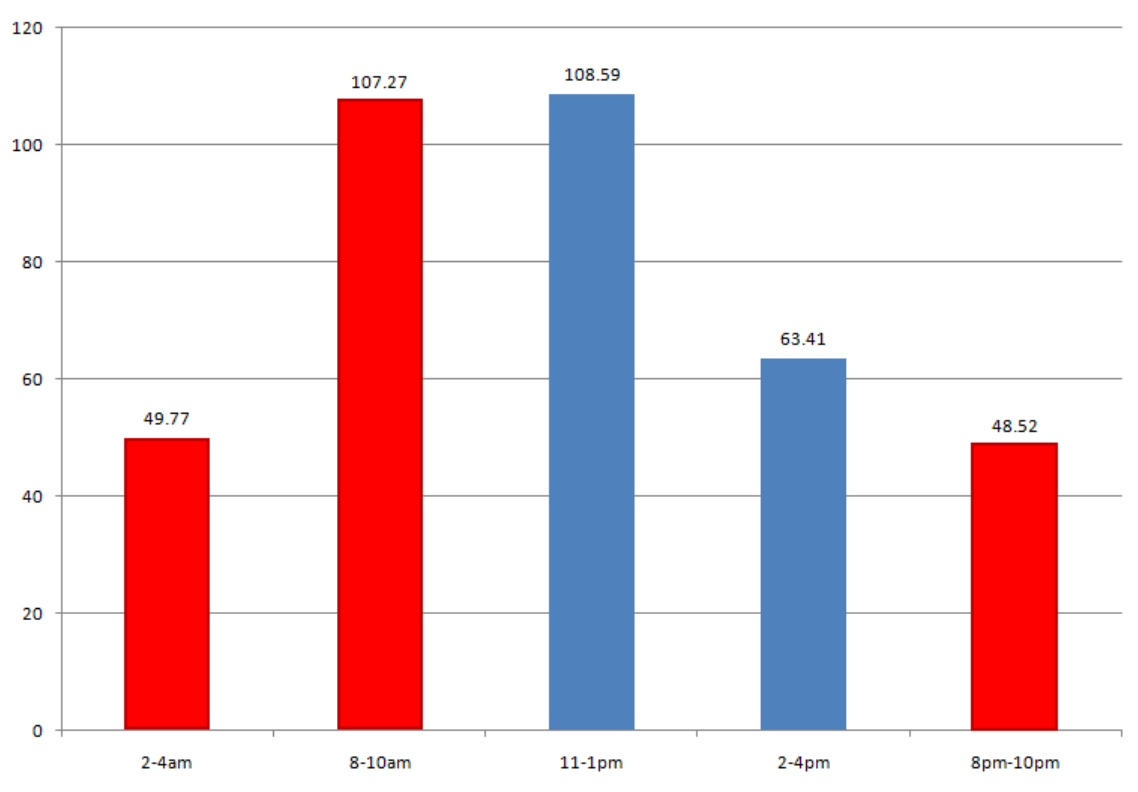
## An Inside Look at the Euro Future Contract

Last week we looked at the average daily movement of the mini S&P 500 versus the average daily movement of the currency futures. We identified the Euro and Yen as the biggest daily movers. However, in order to truly understand the price movement of the instrument we are trading, we also need to know when price movements occur.

For example, when trading the Euro, should we only trade the European and U.S. open or can we also trade the Asian session? Is there a particular session that gives us insight as to the volatility for the next trading period? Is high volatility really good for the Euro or can we make money in the low volatility areas, as well?

To answer some of these questions, let's actually look at a simple graph of the average range of movements for each session opening period, as well as the hours of the U.S. session, for the month of October 2009. For the purpose of this study, we used the following times for market openings:

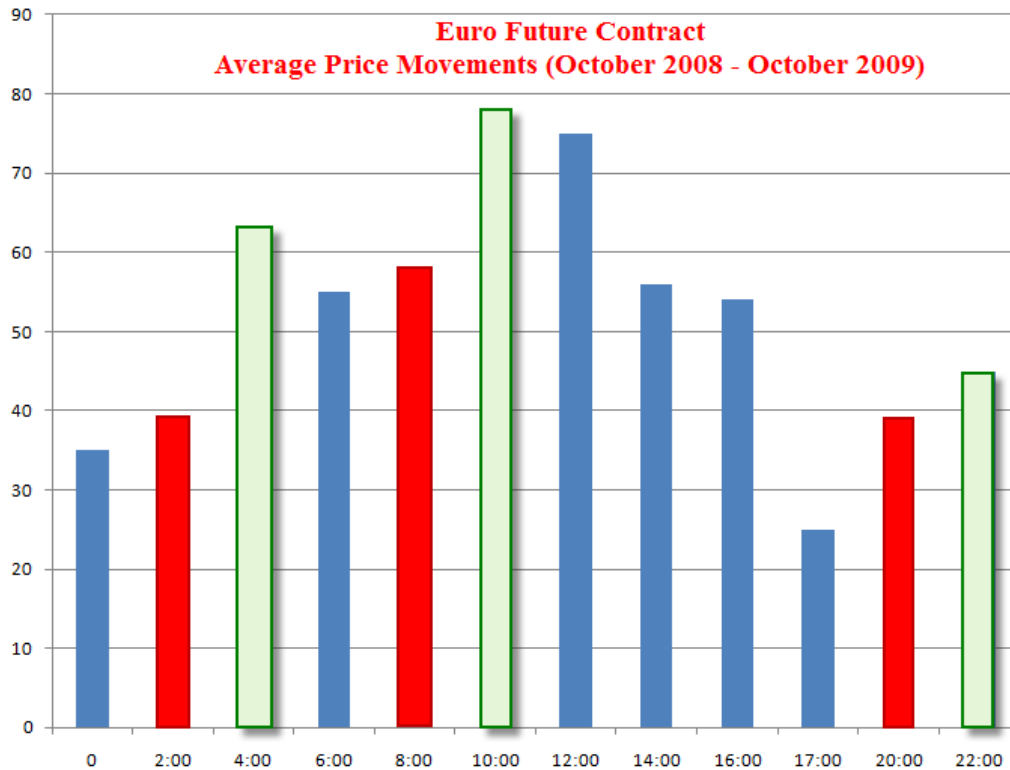
<u>Market</u>	<u>Hour(EasternTime)</u>
Asia	8pm - 10pm
Europe	2am - 4am
U.S.	8am - 10am



**Euro Average Price Movement during Market Openings and U.S. Session Time**

As you can see from the chart above, the Euro's biggest average movement is actually from 11am - 1pm, Eastern Time and the Euro's second biggest average movement is from 2pm - 4pm, Eastern Time -- neither of which is a market opening.

Since the data above is only for one month, should we analyze more data and more periods? The chart below is for the previous one year in 120 minute increments, October 2008 to October 2009, with each market opening highlighted in red.



Again, we see that the average highest range of movement is from 10:00am - Noon, the second highest average range of movement is from Noon to 2:00pm and the third highest average range of movement is from 4am - 6am. Again, none of the highest average range of movements are during the market openings. In fact, from the data above, it seems that the highest range of movement actually is after the market openings.

Another interesting fact -- each of the average ranges for the 120 minute time period post-market opening is greater than the actual market opening period (marked as light green bars). Now that we have identified the period of highest range movement, we can now incorporate these trading times into our trading plan for scalping.