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Day Session vs. Night Session in USD Futures Market

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Abstract

Thailand Futures Exchange (TFEX) launched USD Futures on June 5th, 2012. TFEX's USD Futures is available for regular trading weekday during 9:45 am – 4:55 pm. After taking into account the practices of major international markets, TFEX has extended trading hours for its USD Futures until 11:55 pm, starting from September 27, 2021. Using daily data from January 2, 2020 to December 30, 2022, this study compares USD Futures market volatility before and after the introduction of night session trading by conducting the independent samples t-test with unequal variance. The results show that USD Futures market has become substantially more volatile after adding night trading session. By performing the dependent samples t-test to assess volatility difference between day session trading and night session trading for the period from September 27, 2021 until December 30, 2022, USD Futures market is more volatile in day session than in night session as measured by the natural logarithm of the ratio of high price to low price due to high trading volume in day session. Therefore, it would make sense for TFEX to respond to increased volatility by increasing margin requirements after adding night trading session. Traders should also be aware of greater fluctuations than during night session.

Keywords: Currency Futures, Volatility, Day Trading Session, Night Trading Session, Thailand