

FUTURES 

TRADING VOLUME



WHAT IS FUTURES TRADING VOLUME?

Definition

The total number of futures contracts transacted between buyers and sellers within a single trading day.

Purchase
of a futures contract
by a buyer

+

Sale
of a futures contract
by a seller

=

One (1)
trading
volume

How it works?

Function

Used by traders for volume analysis to identify market participation and interest in the underlying product.

WHAT HIGH FUTURES TRADING VOLUME MEANS?

Market Sentiment

Higher volumes mean more active trading, suggesting higher market interest and activity for a particular futures contract.

Market Liquidity

Higher volumes also indicate better liquidity, making it easier to buy or sell a futures contract.

Price Efficiency

Futures orders are executed more efficiently with higher volumes, reducing the likelihood of price slippage.

FACTORS AFFECTING FUTURES TRADING VOLUME



Market News

News releases, geopolitical events and economic reports can impact trading activities as participants react to the news.



Time of Day

Volume is higher near the opening and closing of trading session due to increased participation from institutional and retail traders.



Expiry Dates

Participants will increase trading activities to roll over positions to the next contract month when the futures contract is almost expired.



Price Volatility

Increased volatility often leads to higher trading volume as participants capitalize on price movements.