

FUTURES LINGO

OVERNIGHT TRADING



WHAT IS OVERNIGHT TRADING?

Definition

A medium-term trading where open positions are carried overnight to the next day or until the contract expires.

Time Frame

Overnight trading may occur in one night, few days or even up to weeks.

Purpose

To take advantage of news and events that happen while the markets are closed.

WHY CHOOSE OVERNIGHT TRADING?



Respond to News and Events

More time to respond to news like geopolitical events and earning reports that occur after the market closes.



Larger Market Moves

Overnight positions can capture significant price movements when the market reopens on the next trading day.

EXAMPLE

17 September 2024

You buy one lot of FCPO @ 3,734, expecting the price of crude palm oil to rise due to adverse weather affecting palm production.

19 September 2024

Two days later, the price of FCPO increases to the profit target and you close your position @3,780, making a profit of RM1,150.

The transaction involves holding position to the next trading day, thus is defined as overnight trading.

Note: Minimum fluctuation of FCPO is 1 pt = RM 25

