OCTOBER 16, 2023

Market Trend News

REPORTING ON THE MARKETS SINCE 1993

Argentina Lithium Announces US$90Million Investment by Stellantis in ARS$ Equivalent

We are excited to have Argentina Lithium (LIT TSX-V) back in our newsletter after their huge announcement on September 27th!

Stellantis is one of the world's leading automakers and mobility providers with iconic brands including Abarth, Alfa Romeo, Chrysler, Citroën, Dodge, DS Automobiles, Fiat, Jeep®, Lancia, Maserati, Opel, Peugeot, RAM, Vauxhall, Free2Move and Leasys. [Read the full news release]

On the day of the announcement, the stock traded 5.3 million shares and closed up .255 to close at .485! (high of the day: .60)

This large investment, by a multinational automotive manufacturing company with a market cap of 59.8 billion Euro, certainly is a vote of confidence for a company looking to advance their lithium projects into production.

Have a great week!

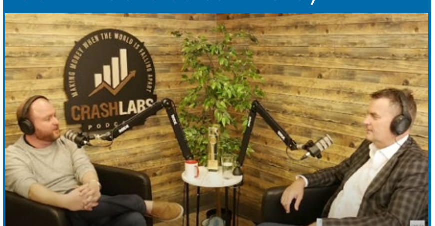
INFO

INTERESTING INTERVIEWS & ARTICLES

YouTube

Chat With Traders
Is Loss Control All It Takes to Become Consistent? Bryan Holdford

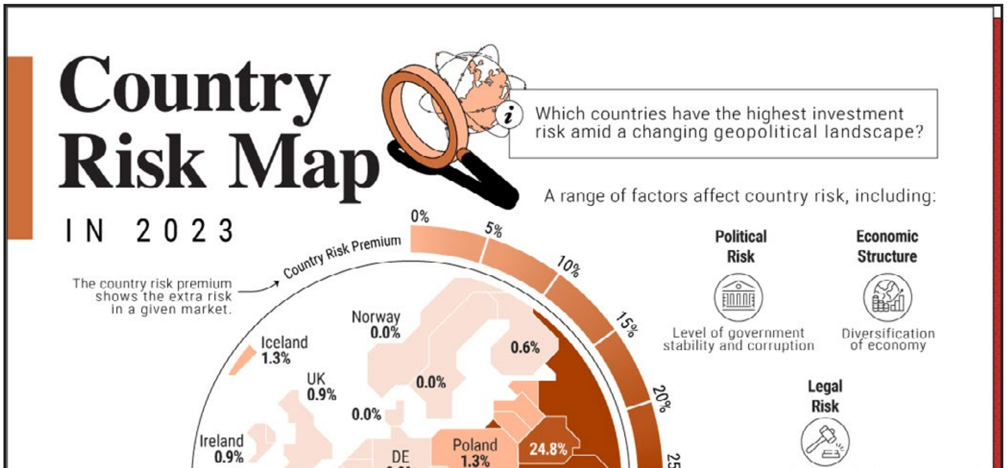
CrashLabs Podcast
#26 - Warren Irwin (Invest in Substance, Frothy Markets, Bre-X, Uranium, Gold, Commodities to Avoid)



Soar Financially
David Hunter: Gold to $3,000, SP500 to 7,000

Kitco Mining
'An excellent time to build or buy something' - Frank Giustra

Mapped: Investment Risk, by Country

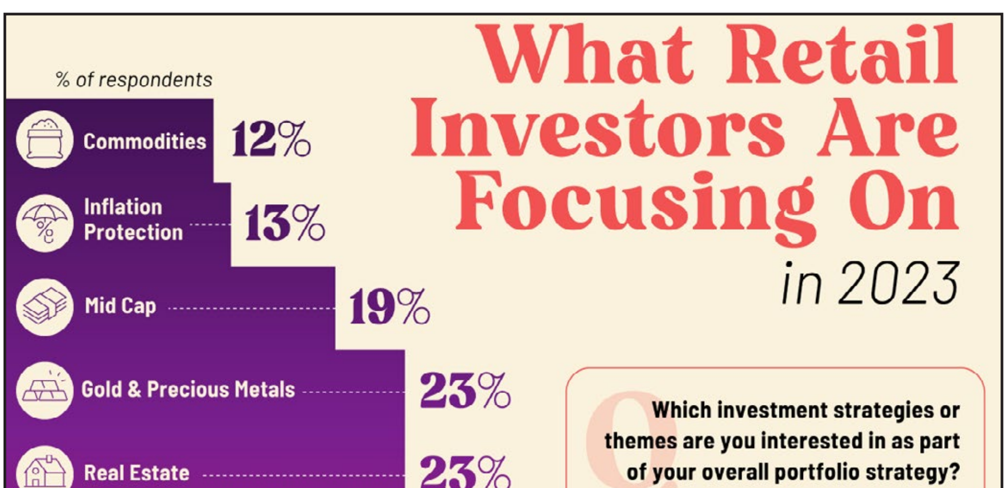


By: Dorothy Neufeld Read Full Story

Will the U.S. Get Hit With a Recession in 2024?

By: Dorothy Neufeld Read Full Story

Charted: What are Retail Investors Interested in Buying in 2023?

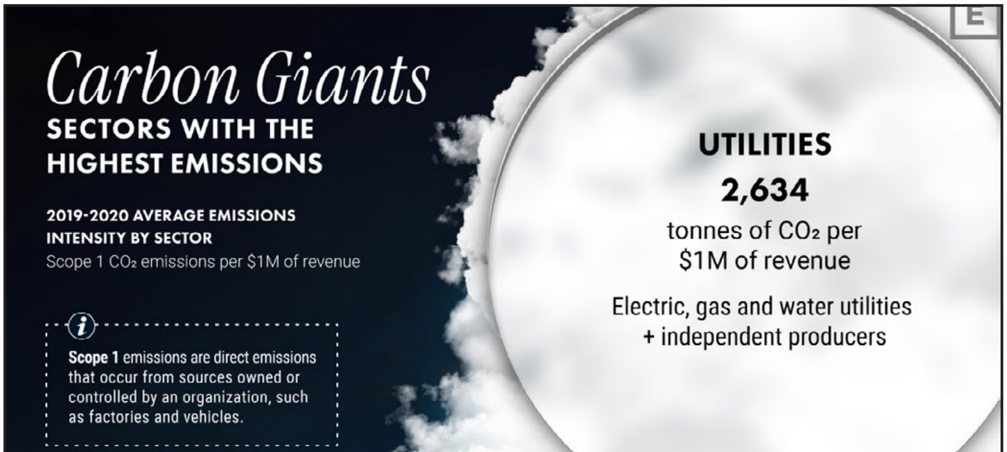


By: Pallavi Rao Read Full Story

INFO

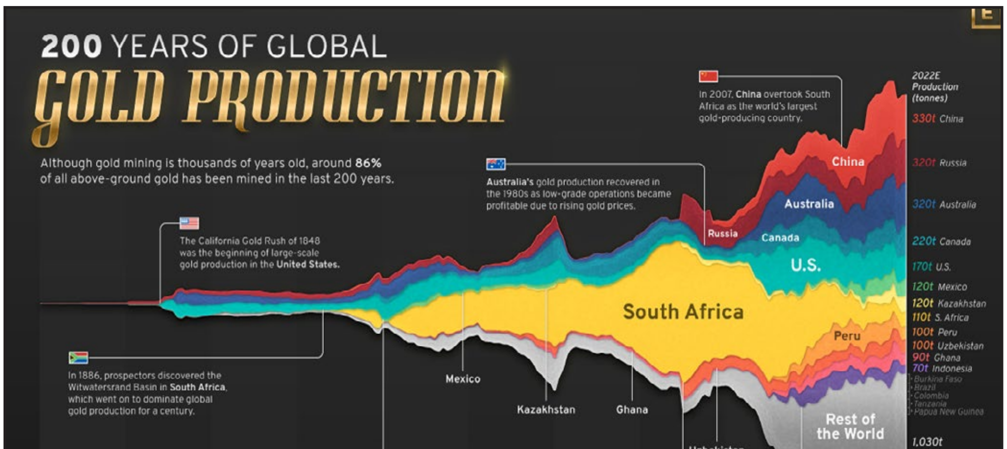
INTERESTING
INTERVIEWS
& ARTICLES

Ranked: The Most Carbon-Intensive Sectors in the World



By: Selin Oğuz   Read Full Story

200 Years of Global Gold Production, by Country



By: Govind Bhutada   Read Full Story

Charted: The World's Biggest Oil Producers

By: Pallavi Rao   Read Full Story

LIT

CORPORATE SPONSOR

ARGENTINA LITHIUM & ENERGY

Argentina Lithium & Energy is focused on acquiring high-quality lithium projects in Argentina and advancing them towards production to meet the growing global demand from the battery sector. The Company's management group has a long history of success in the resource sector of Argentina with a strong track record of government & community relations.

PARTNERED FOR GROWTH

STELLANTIS

Invested: US$90M (In ARS$ eq)

Ownership in LIT: 19.9%
(In Argentina subsidiary with exchange rights to LIT shares provided)

Offtake Guarantee: Up to 15,000tpa over 7 years, extendable

SEPTEMBER 27TH NEWS RELEASE

Four under-explored projects in the heart of the Lithium Triangle in Argentina.

OCTOBER 2023
19 PAGE PRESENTATION

2 PAGE FACT SHEET

LIT NEWS RELEASES

Projects

Rincon West

- 3,282 ha under option & 460.5 ha 100%-held
- Adjacent to Rio Tinto Ltd. and Argosy Minerals lithium development projects, with proven reserves*
- Excellent infrastructure including international highway, electric power corridor
- 1st drill program completed; results include: 287 to 402 mg/L Li in 258m interval (RW-DDH-009) (2 intervals not sampled, 42m & 33m) and 329 to 393mg/L Li in 153m interval (RW-DDH-006) and 334 to 382 mg/L Li in 132m interval (RW-DDH-004) and 337 to 367 mg/L Li in 123m interval (RW-DDH-002) (40m not sampled)
- 2nd drill program underway + permitting for pump tests

Pocitos

- +26,000 hectares under option
- Excellent infrastructure: International railway to Pacific ports crosses the property; Provincial highway and major gas pipeline nearby
- Limited historic exploration

Antofalla North

- 10,050 hectares of claims, 100% held & under option
- Major lithium producer Albemarle has large holdings starting 500m to the south
- Geophysical survey identified high-conductivity targets in upper 100 metres, additional targets at depth
- 110 line-km TEM survey planned to delineate brine targets, with drilling planned to follow in early 2024

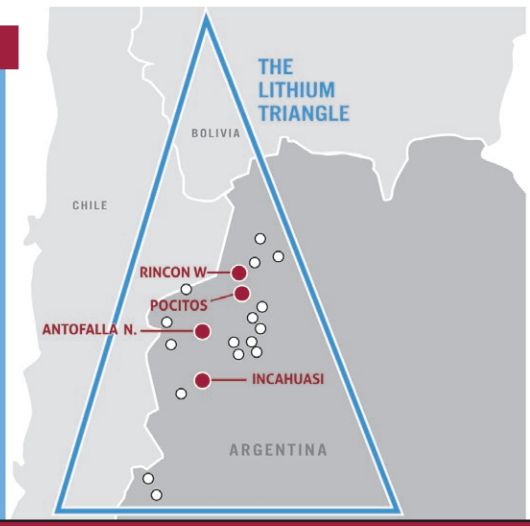
Incahuasi

- 100% interest in over 25,000 hectares
- Located north of Lake Resources' Kachi Project
- Maximum values 409 mg/L lithium and 1.56% potassium recovered in near-surface sampling (to 8m depth)
- 4 drill-holes confirmed lithium-bearing brines (average to date 109 mg/L Li, 6718 mg/L K)

Key Project Highlights

- +64,000 hectares of claims on four salars in the Lithium Triangle.
- Projects strategically located in pro-mining provinces Salta and Catamarca, near key infrastructure with year-round access.
- Aggressive exploration programs in 2023 including advancing toward first resource estimate at Rincon W.
- Recently completed first drill program at Rincon W returning moderate to high grades of lithium over long intervals, including:
  - 287 to 402 mg/L Li over 258m starting at 83m depth

INTRO TO LITHIUM



Symbol: LIT
Exchange: TSX-V
Shares Issued: 130.49M
Fully Diluted: 213.24M

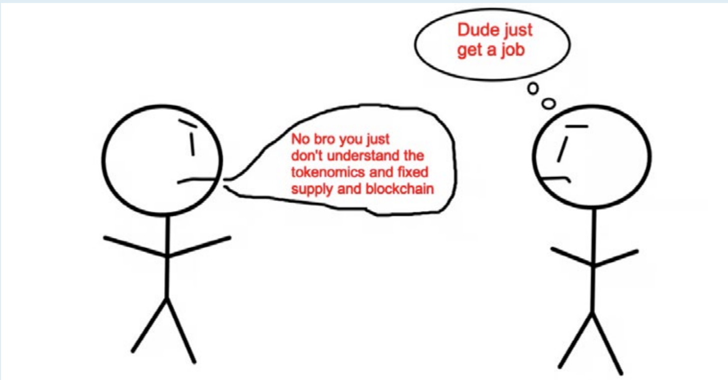
52 Week High: .63
52 Week Low: .19
TSX-V Close: .495

US Listing: PNXLF

LIT Chart by TradingView

MAGIC INTERNET MONEY
A FEW THOUGHTS ON CRYPTO IN THE WAKE OF THE SAM BANKMAN-FRIED TRIAL.

BY: JACK RAINES YOUNGMONEY.CO
OCTOBER 5, 2023



Allow me to explain how the stock market works.

Companies are entities that (typically) sell things to make money. Tesla sells cars (and occasionally carbon credits), Apple sells iPhones, McDonald's sells burgers, and Amazon sells everything. All of these companies that sell things are owned by someone, and sometimes these ownership stakes change hands:

- Smaller companies are bought and sold in private transactions, similar to you or me buying a house or car.
- Really big companies, on the other hand, have tons of owners who want to buy and sell their stakes at different times, so we needed a more efficient medium of exchange.

Enter: public markets.

Thanks to the stock market, buyers and sellers of companies' shares can transact in real-time. Maybe I think Amazon is overvalued, while you think it is undervalued. Through the stock market, I can instantly sell my stake in Amazon to you for $127 a share.

Of course, some would say, "*Wait, those 'stocks' are worthless unless they issue dividends!*" After all, without dividends, the stock is not providing me with any money. And when the only way to make money is by selling to someone else, aren't stocks just an example of Greater Fool Theory?

Not really, because your stock does actually represent the ownership of a real business.

An example: Let's wind back the clock to July 2022, when Twitter, a company that generates billions in advertising revenue, was worth $28B and trading for ~$37 per share, and let's say I own some shares in Twitter.

Around this time, Elon Musk decided that he wanted to (read: *was forced to after attempting to renege on his offer*) pay $43B, or $54.20 per share, to acquire the entire company.

Because I own some stock in this company, Musk has to pay me $54.20 for each of my shares in order to purchase this company, and he is now the sole owner of this platform and its profits (or lack thereof).

We can argue back and forth over whether Twitter was worth $43B, just like we can debate the value of real estate or the price of a vehicle, but you can't say that Twitter has 0 intrinsic value. It's worth something because it either A) makes money or B) has the potential to do so.

The stock market is a multi-trillion-dollar marvel of financial engineering built on top of the real economy to allow the transfer of ownership, and transactions that previously took days can now be completed in seconds. Pretty cool, right?

Sometimes, investors are willing to pay really high prices for stocks! Other times, investors are not willing to pay very much for stocks. **While prices fluctuate, the key is that these stock prices reflect what investors are willing to pay for an ownership stake in a real asset.**

Now, let's imagine that we have another financial market that is very similar to the stock market. We can trade all sorts of assets with all sorts of tickers on this market, and these assets appear to be very similar to stocks! Sometimes, investors are collectively willing to pay high prices for these other assets, and other times, investors are not willing to pay very much for these assets.

We'll call this market the crypto market.

The crypto market has all sorts of interesting assets, from "blue chips" like Bitcoin and Ethereum, to meme coins like Doge and Shiba Inu (which is, of course, a derivative of Doge), to scalable tokens like Avax and Solana.

Bitcoin is the OG cryptocurrency, and it was created in response to the poor central banking practices that caused the Great Financial Crisis. While the government has printed trillions and the dollar continues to devalue, Bitcoin's fixed supply makes it anti-inflationary, and the cryptocurrency can't be manipulated.

After Bitcoin hit the scene, crypto's second-biggest player, Ethereum, was created.

Ethereum is programmable money, a network that can execute the smart contracts that power decentralized finance. After Ethereum's launch, other scalable networks meant to be faster or more effective, such as Solana and Avalanche, were developed. And then other solutions were built on top of these preexisting networks, such as Polygon, a Layer 2 network built on top of Ethereum.

We also have "stablecoins", which are cryptocurrencies pegged to real currencies such as the US Dollar. These stablecoins use algorithms to remain pegged to their respective currencies, and they allow investors to exchange 1 stablecoin for $1 of their related cryptocurrency. 85 TerraUSD, for example, could have been exchanged for $85 in Luna, and Luna could be "burned" for 85 TerraUSD.

Some companies, such as Binance and FTX (Rest in pieces), issued their own tokens (BNB and FTT, respectively), that gave holders all sorts of benefits like discounted trading fees. Of course, these tokens didn't actually represent ownership or equity stakes in the exchanges.

Think of them more like "membership" tokens.

Collectively, all of these various cryptocurrencies are worth ~ one trillion dollars, kinda like a smaller stock market! However, there is one small difference between the crypto market and the stock market.

Stocks represent ownership of real assets. Cryptocurrencies? Not so much. In fact, the crypto world isn't really attached to the "real" economy at all.

So what determines the value of these assets? Stories, vibes, and ideas of what could be.

Inflation sucks thanks to the Fed, but Bitcoin is supposed to be a hedge! Let's buy $10,000 worth.

Ethereum is used to buy NFTs, and people are building all sorts of tools and protocols on the Ethereum blockchain. Since everyone is using Ethereum, might as well buy some Eth!

Oh, you can make 20% APY by "staking" your Luna? This is a much better return than simply depositing your cash in a savings account! Let's buy as much as possible.

The 20-something founder of a Bahamian crypto exchange sleeps on beanbags, loves gaming, refuses to shower, and might be on the spectrum? He must be a genius, let's give him billions.

Different narratives such as these have followed all sorts of cryptocurrencies, tokens, NFTs, and DeFi protocols. And investors who believed these narratives poured money into these assets, and the prices climbed as a result.

The end result? We have countless different "assets" worth billions of dollars.

Now what?

Well, we should be able to use these digital assets as collateral against loans so we can buy and trade even more digital assets, right? If a house can be collateral for a mortgage, why can't a cryptocurrency be collateral for buying more cryptocurrencies?

So the narratives keep growing, the money keeps flowing, the prices keep rising, and the party keeps roaring. Let the good times roll.

Now let's take a step back.

Remember, the stock market was created because we needed a more effective way to buy and sell ownership stakes in companies. There was a problem, public markets were the solution.

Crypto, on the other hand, is a collection of "solutions" still looking for problems. A trillion-dollar industry that is trying to find its "use cases".

Amazon is worth around a trillion dollars as well, could you imagine if we were trying to figure out its "use cases"? Or what about Tesla? Microsoft? Apple? You get the idea.

"But cryptocurrencies shouldn't be compared to companies!" you might say. Very true, perhaps we could compare them to commodities? What is the use case of copper, oil, or wheat? Ah, yes, we use those to power our electronics, vehicles, and bodies.

Sure, several "use cases" have certainly been proposed:

Bitcoin could be an inflation hedge, or maybe even a new currency. How about NFTs as exclusive tickets to events? Perhaps yield farming is a better alternative to a savings account, because the interest rates are much higher.

But so far bitcoin has neither hedged for inflation nor proven to be a viable currency, NFTs are basically dead because you could just, you know, buy a ticket on your phone (??), and it turns out that "yield farming" only works when more money is coming in than going out, because someone has to be the yield!

So basically, the only "use cases" have been tools and exchanges that allow you to trade, lend against, and build on top of other cryptocurrencies that are looking for use cases. So of course, we now have multiple billion-dollar exchanges that allow you to trade these assets, crypto-lenders that promise outsized returns, and a dozen tools that were created on top of Ethereum and other blockchains.

Cool.

Over the last decade, crypto became a trillion-dollar asset class despite never finding a real "use case" (*though I suppose you could buy drugs on the Silk Road for a while, and FTX single-handedly bankrolled half of the US's professional sports leagues for a year*). The prices went up as new money poured in, and people confused "price going up" for "value being created".

Engineers continued to build new assets and tools and protocols on top of these preexisting assets and tools and protocols. In the pursuit of ever-increasing yield, no one stopped to think "What is the endgame with this whole thing?" Why would they? The line goes up, it must be valuable.

And this whole thing works pretty well when prices are going up and interest rates are going down.

But stacking layer-upon-layer won't work forever when the foundational layer is powered by little more than FOMO, and when interest rates go up and prices go down, the whole system begins to collapse.

20% yields weren't sustainable, stablecoins weren't stable, and taking out loans against assets that weren't worth anything other than hopes, dreams, and FOMO was ill-advised.

It's like crypto is having its own '08 housing crisis, except the mortgaged homes were built in Minecraft instead of Miami.

Crypto came with a lot of promises.

It was supposed to eliminate the need for middlemen like banks.

It was supposed to hedge against inflation.

It was supposed to do a lot of things.

Instead, it failed at pretty much everything except enriching those who bought in early and sold near the top.

There are a lot of talented people working really hard to build something, anything, that does "work" in crypto. To find that use case that has some real staying power. But I think it's important to ask if we should even be trying to make this whole crypto thing work in the first place. **Just because you "can" do something doesn't mean you "should".**

Crypto is supposed to fix and improve an archaic, broken system. But does the system really need to be fixed?

The reality is that right now, you can pay next-to-nothing to invest your savings in a stock market that has historically averaged ~9% annualized returns.
Is there a better example of democratized assets than Vanguard's index funds? If you want to swing for the fences, you can concentrate your investments in a few individual companies.

You can get a 5% risk-free return on treasury bills, where you don't have to worry about a 17-year-old from St. Petersburg stealing your savings if you click a spam link on Whatsapp.

If your FDIC-insured bank goes insolvent, your $250,000 is protected.

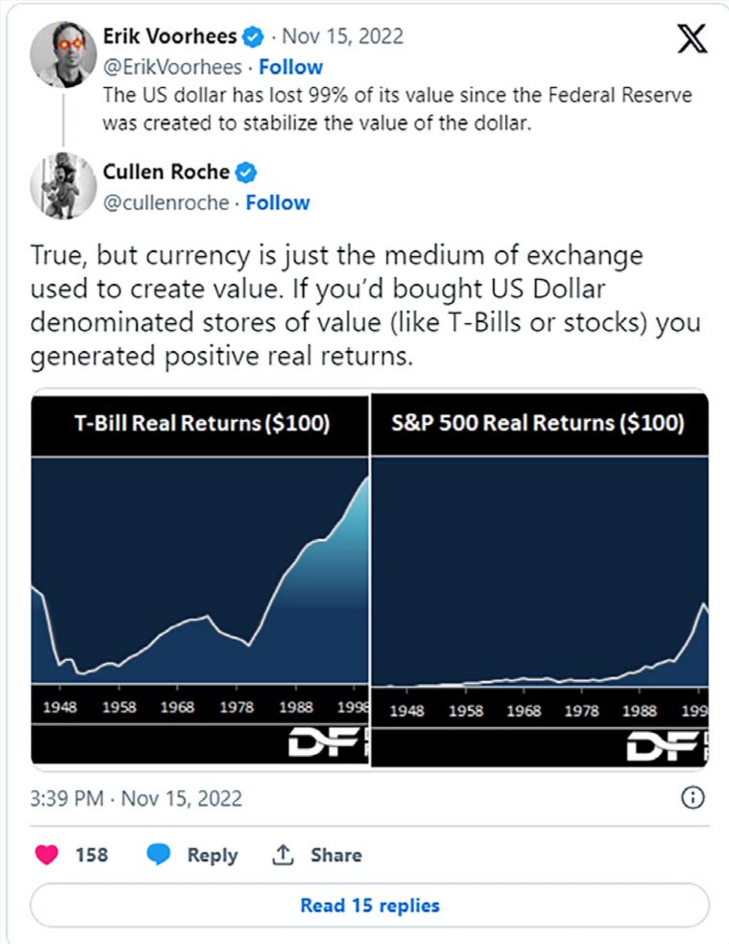
You can start a company that makes real money and sell it for real money, or you can work for a company that pays you real money to help it make real money.

And all of the "problems" with traditional finance? Those are features, not bugs.

The argument that "the dollar's value has collapsed by 99% over the last _____ years" completely misses how currencies are supposed to work in the first place. Nick Maggiulli explains it best:

Money is meant to be spent or invested, not held into perpetuity. It is a medium of exchange, not a store of value. You shouldn't be rewarded financially for holding a currency that doesn't do anything.

Of course, the idea that the dollar has collapsed by 99% isn't really all-that-true either, because your money would be just fine if you had bought T-Bills.



Yeah, there are some bad actors in "traditional" finance. Always have been, always will be. But we have FDIC insurance, heavily regulated financial markets, and a judicial system that prosecutes bad actors.

Crypto is the only sector that openly admits "Of course, 99% of our industry is grift and spam, but we aren't." Can you imagine if every single investor, consumer, and bank customer had to do their own due diligence about their checking and savings accounts to ensure that they wouldn't get rugpulled?

Crypto, in theory, works. In a perfect world, perhaps we could remove the middlemen, "own" our money, and ditch the government. But theory ignores reality. And reality is messy.

Byrne Hobart had a fantastic quote in a recent article:

"It's useful to distinguish between cryptocurrencies as a technology and the companies that use them. On the other hand, it's important not to draw that distinction too finely, since it amounts to distinguishing between crypto in theory and crypto in practice. ***It's like putting more weight on what Marx said a communist system would do than what Stalin or Mao actually did.*** *In other words, technologies have to be evaluated in terms of what they do, not just what they promise."*

Much like the Marxists in denial of the realities of communism, crypto's biggest supporters are quick to denounce every single NFT rugpull, stablecoin collapse, and exchange liquidity crisis by saying, "*Well that isn't the real crypto!*"

Well, what is the real crypto? How much longer is this going to take?

NASA was created in 1958, and we put a human being on the moon 11 years later. Bitcoin began circulating in 2009, and we can now do what? Buy a picture of a monkey for $500,000?

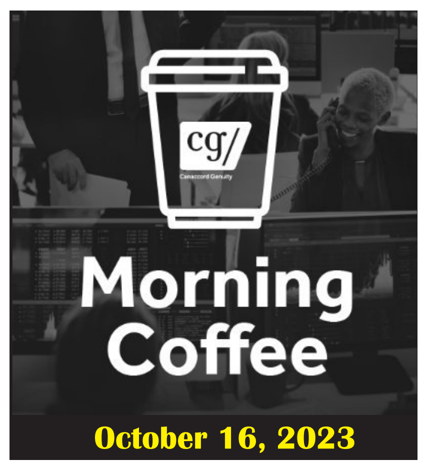
Are we really still "early"? Because crypto is almost old enough to get its driver's license, and so far, the "use cases" don't look so hot.

The real world is pretty simple: build useful stuff that makes money. So far, crypto has been a series of increasingly more elaborate ways to move the same money between different people, with no new value actually being created. It's a trillion-dollar zero-sum game.

Perhaps instead of trying to force a square peg in a round hole and recreate the greater financial system, we could simply embrace the functional one that we already have.

Or we could gamble on some dog coins.

- Jack



"Waiting helps you as an investor and a lot of people just can't stand to wait. If you didn't get the deferred-gratification gene, you've got to work very hard to overcome that."

- Charlie Munger

Drill Results Courtesy of Junior Mining Hub

JUNIOR MINING HUB

Top Gold Drilling Highlights

News	Date	Company	Project	Au (g/t)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	10/2/2023	Nevada King Gold Corp.	Atlanta	**11.64**	214.9	108.2	1259 Au total	$133.74M	Nevada, USA
	9/26/2023	Collective Mining Ltd.	Guayabales	**2.00***	0	503.25	1007 AuEq total	$304.02M	Colombia
	9/25/2023	Heliostar Metals Ltd.	Ana Paula	**8.57**	82.5	83.6	716 Au total	$46.67M	Guerrero, Mexico
	10/5/2023	Snowline Gold Corp.	Rogue	**1.20**	6.3	539.4	647 Au total	$718.52M	Yukon, Canada
	10/11/2023	Freegold Ventures Limited	Golden Summit	**5.42**	385.7	113.3	614 Au total	$168.66M	Alaska, USA
	10/10/2023	G2 Goldfields Inc.	OKO	**37.90**	148	11	417 Au total	$151.30M	Cuyuni-Mazaruni, Guyana
	10/11/2023	Endeavour Mining plc	Tanda-Iguela	**5.29**	138	71.5	378 Au total	$6.85B	Zanzan, Cote d'Ivoire
	10/9/2023	Ivanhoe Electric Inc.	Hog Heaven	**1.07***	162	311	333 AuEq total	$1.44B	Montana, United States
	9/27/2023	Tudor Gold Corp.	Treaty Creek	**1.45***	879	213	309 AuEq total	$190.15M	British Columbia, Canada
	10/11/2023	I-80 Gold Corp.	Granite Creek	**15.50**	465.9	19.7	305 Au total	$620.64M	Nevada, USA

Top Silver Drilling Highlights

Use Control + To Zoom

News	Date	Company	Project	Ag (g/t)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	10/12/2023	Aya Gold & Silver Inc.	Zgounder	**3065**	21.6	4.8	14712 Ag total	$849.09M	Morocco
	10/12/2023	Ridgeline Minerals Corp.	Selena	**175.20***	93.8	60.7	10635 AgEq total	$13.66M	Nevada, USA
	10/2/2023	Defiance Silver Corp.	San Acacio	**162.00***	191.3	36.7	5945 AgEq total	$27.46M	Zacatecas, Mexico
	10/4/2023	Equity Metals Corporation	Silver Queen	**755.00***	246.4	1.5	1133 AgEq total	$14.74M	British Columbia, Canada
	10/4/2023	Silver Mountain Resources Inc.	Reliquias	**588***	295.25	1.45	853 AgEq total	$15.22M	Huancavelica, Peru
	9/27/2023	Silver Mountain Resources Inc.	Reliquias	**1319.55**	105.25	0.6	792 Ag total	$15.22M	Huancavelica, Peru
	10/12/2023	Silver Mountain Resources Inc.	Reliquias	**682***	128.95	1.15	784 AgEq total	$15.22M	Huancavelica, Peru

Equivalency values are provided by news release and are not verified by Junior Mining Hub. Drilling results are not true width, but core length. "From" is represented by the top of interval, or vertical depth reported in the news release. Please click the news release link to confirm values (these are not guaranteed) and gain additional context. Junior Mining Hub does not provide investment advice or instructions, products or services. It is essential that you should not rely solely on the information contained on the platform, including information shared by other users of the platform and services. Click here to see our complete Terms of Use and Privacy Policy Agreements.

RESEARCH

RESEARCH AND REPORTS

JUNIOR MINING HUB

Top Copper Drilling Highlights

News	Date	Company	Project	Cu (%)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	10/5/2023	Faraday Copper Corp.	Copper Creek	3.29	24.38	219.46	722 Cu total	$109.10M	Arizona, United States
	10/10/2023	Doubleview Gold Corp.	Hat	1.09*	24.4	506.6	552 CuEq total	$119.48M	British Columbia
	10/11/2023	DLP Resources Inc.	Aurora	0.53*	111	970.7	514 CuEq total	$43.91M	Cusco, Peru
	10/3/2023	Aldebaran Resources Inc.	Altar	0.54*	764.2	649.4	351 CuEq total	$137.55M	San Juan, Argentina
	10/4/2023	Xanadu Mines Ltd.	Kharmagtai	0.42*	0.3	762.7	320 CuEq total	$84.74M	Omnogovi, Mongolia
	10/3/2023	Surge Copper Corp.	Berg	0.36*	22	756	272 CuEq total	$18.66M	British Columbia
	9/25/2023	C3 Metals Inc.	Bellas Gate	0.50*	64.1	390.7	195 CuEq total	$48.27M	Jamaica
	10/10/2023	Hercules Silver Corp.	Hercules	0.84	246	185.29	156 Cu total	$97.71M	NULL

Top Li_2O Drilling Highlights

Use Control + To Zoom

News	Date	Company	Project	Li_2O (%)	From (m)	Interval (m)	Grade x Width	Market Cap	Location
	10/12/2023	Li-FT Power Ltd. 8.08 0.08 (1.00%)	Yellowknife Lithium	1.08	117	21	23 Li_2O total	$317.07M	Northwest Territories, Canada
	10/4/2023	Li-FT Power Ltd. 8.08 0.08 (1.00%)	Yellowknife Lithium	1.50	38	14	21 Li_2O total	$317.07M	Northwest Territories, Canada
	10/5/2023	Snow Lake Resources Ltd 1.12 -0.04 (-3.45%)	Snow Lake	1.92	125.78	6.62	13 Li_2O total	$20.07M	Manitoba, Canada

Hold Forex Trades Overnight or Through the Weekend, or Close Them?

BY: CORY MITCHELLS TRADETHATSWING.COM

SEPTEMBER 27, 2023

Holding a forex trade through the weekend presents gap risk as well as large spreads on Friday evening and Sunday evening. Traders opting to hold through the weekend should learn how to navigate these potential dangers.

Each weekend, forex traders are faced with a decision. Swing traders can hold positions overnight, but weekends present additional risk.

Day traders close their positions daily, so they won't have any weekend trades. Although, if you ever have day trades on when New York closes (any day during the week) you'll definitely want to read this article as well.

During the week the forex market doesn't close. It has a brief lockdown for a few minutes at 5 pm EST—AND THERE ARE OFTEN SMALL PRICE GAPS AS A RESULT OF THIS—but other than that there are typically no large price gaps during the week because there is constant trading Sunday afternoon through to Friday afternoon (Eastern standard time).

Forex Weekend Gaps

At 5 pm EST on Friday the forex market closes and doesn't reopen until 5 pm EST on Sunday. This creates the opportunity for price gaps—when the opening price on Sunday is significantly different than it was at the Friday close.

A gap can go both ways. The price could gap in your favor improving your profitability, or it could gap against you.

Gaps usually aren't much of a problem. They're typically small and barely noticeable on a daily chart.

A problem occurs when there's a gap through a stop loss. Assume a trader bought the EURUSD at 1.1050 and placed a stop loss at 1.10. They are risking 50 pips. The price on Friday closes at 1.1025, 25 pips away from their stop loss.

On Sunday the opening bid price is 1.0950. The trader's order is executed at 1.0950, because it is the first price available at 1.10 or below. The trader has now lost 100 pips instead of the 50 they planned. Not devastating, but not ideal either (assuming a proper position size). The bigger the gap the bigger the potential problem.

It can also go the other way. Let's say the trader was short at 1.11 and had a target price at 1.10. The offer price at the close on Friday is 1.1030. On Sunday the market opens and the offer price is 1.0960.

The trader's limit order to buy will fill at 1.0960, because that is the first price to buy at below 1.10. In this case, they make an extra 40 pips.

Friday Closing and Sunday Opening Spreads

Another thing we need to consider before we can decide to hold through a weekend is how the spread widens in nearly all currency pairs heading into the Friday close and at the Sunday open.

Starting at about 4:30 pm EST, and especially by 4:54 pm EST, spreads start to widen. This can be drastic in some pairs, but will vary by broker. A pair that usually has a 3 pip spread may widen to 50 pips. [Day light savings time may alter some of the times discussed; check for opening and closing times based on your own time zone].

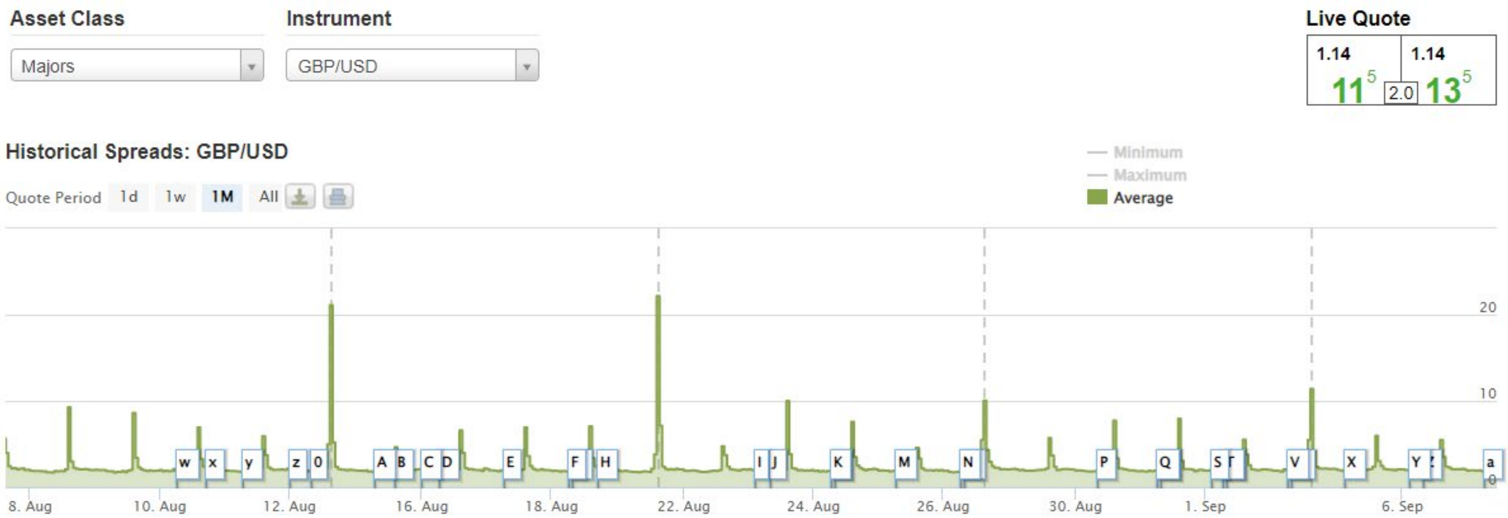
When I say "vary by broker" I mean it can vary drastically! I am looking at quotes from a Friday close, and some brokers are quoting a 10 pip spread in the EURNZD and other brokers are quoting a 70 pip spread, just as an example. GBPCAD has an 8 pip spread near the Friday close with one broker and a 43 pip spread with another. EURUSD has a 3.3 pip spread, while another has nearly a 20 pip spread….and these are brokers that typically quote a 0.1 or 0.2 pip spread.

THIS DOESN'T JUST HAPPEN ON FRIDAY AND SUNDAY. SPREAD WIDEN **EVERY DAY** AROUND 5 PM EST.

This is something to watch for when picking a forex broker. Picking a broker is discussed in the Forex Introduction Course.

During regular hours, these brokers may quote a very similar spread, like 0.2 pips in the EURUSD. But in late trading Friday and early trading Sunday you can see much larger spreads than usual, and some brokers are way worse than others.

On their non-commission account (they just charge a spread), Oanda typically has a GBPUSD spread of 2 pips. At around 5 PM that spread can swell to 25 pips on Friday and Sunday, and up to 12 pips during the week at 5 PM EST. If you have a tight stop loss, with a bit of movement and the spread, it's pretty easy to get stopped out (chart from 2022. The numbers change slightly over time, but the same thing happens week after week, year after year).



GBPUSD historical spread showing spikes at 5 PM EST on Oanada

Wide spreads during this time can trigger your stop loss orders (less likely to trigger profit target limit orders) because as soon as the stop loss price (or worse) is shown on the bid or ask, that stop loss order will be executed.

On Sundays, from 5 pm EST till about 6 pm EST, spreads also tend to be wide, gradually narrowing over the hour and then looking a little more normal after 6 pm EST.

Ideally, we don't want to be stopped out just because the spread widens. When the spread narrows again, the price may not have changed much.

The spread can be a killer at these times, so we need to account for it when determining whether to hold through the weekend.

How I Determine Whether to Hold Through a Weekend

Given that spreads may widen significantly heading into the Friday close, and they are also wide when the market re-opens Sunday, I want to make sure my stop loss is far enough away that I won't get triggered by the spread widening.

Therefore, if my stop loss is inside 40 pips from the current price before the spread starts widening, I will typically just close my position before the weekend and before spreads widen. I can always re-establish another position next week.

40 pips is just a guideline for majors pairs like the EURUSD, GBPUSD, and USDJPY. For other pairs you may want to use a guideline like 40x the normal spread. For example, in a pair where the spread is 5 pips, you probably want at least 200 pips of room.

This also helps avoid the situation of having the price gap through your stop loss order. 40x the spread isn't a big move. Most pairs move much more than that in a day. But it at least makes sure your stop loss is giving some room for the spread to widen or the price to gap a small amount.

For reference, most weekend gaps in the EURUSD are under 50 pips. Between 1999 and 2017, there were 7 weekends with gaps over 100 pips, but none more than 150 pips. That doesn't mean a bigger gap can't occur. Large gaps typically occur on big news announcements, and big news announcements are typically published in advance on an economic calendar.

So with at least a 40 pip stop loss, most weekends will be fine, and occasionally we may lose (or gain) a bit more than expected. Position sizes should not be so big that losing 2x or 3x times what you expect (in very rare cases) will seriously harm the account.

Here are some other guidelines to consider.

- If the current price looks very close to the stop loss on a daily chart, close before the weekend. You're probably going to get stopped out anyway.

- If the price is very close to your profit objective, close before the weekend. Taking most of the profit on a trade is better than taking on the risk of holding through a weekend.

- Never hold a trade through the weekend just for the sake of holding it. Your strategy must indicate you are supposed to be in that trade.

- Create rules in your trading plan for how you will handle a situation where you have a valid position heading into the weekend. Create rules that stipulate the conditions under which the trade will be closed and conditions for which it will remain open.

- If I have a profitable position that my strategy says to stay in, I will usually stay in it because my profit helps protect me from losses resulting from an adverse move. For example, if I am 150 pips in the profit and my target is 300 pips, I am not as concerned about the spread as I would be if I was only 20 pips in the profit.

- If in doubt, close it! You can always get back in. No trade is worth losing sleep over. If we lose sleep over a trade, we typically don't understand it, don't have a well-defined strategy, or we're risking too much.

- If you don't like holding through weekends, put this in your trading plan and never hold through weekends.

- There is nothing wrong with NOT holding through a weekend. I didn't hold through weekends for many years of my career. Some strategies work well with holding, especially longer-term trades (based on daily and weekly charts). For other strategies, especially shorter-term trades, closing is a viable option.

What I Do When I AM holding Through the Weekend

Most of my work is done. When I go through the above steps prior to the weekend, I can sit back and relax. I've given my trades enough room, and if they get stopped out, oh well. There isn't much I can do about it, losing trades happen.

There is a scenario where I need to take one other step.

Say I am short the EURUSD and my trailing stop loss (Renko charts can be used a trailing stop loss) is 30 pips away, and I have a nice profit on the trade already. I am going to hold that trade through the weekend if it still has further to go based on my analysis or profit target.

I may even hold it if my stop loss is closer, but only if the trend is strongly in my favor.

When this happens, I often cancel my stop loss order, and then make a note that I need to be at my computer on Sunday at 6 pm EST to re-establish it (once spreads start to narrow again). I often cancel all stop losses on open positions (if I have decided it is prudent to hold them) and then re-establish them the following week once the spread starts to narrow again.

This is to avoid getting stopped out by the widening spread. Come Sunday though, I need to re-establish my stop loss, and if the price has moved through it, I get out (I wait till the spread narrows back to normal). I tried to squeeze more profit out of the trade, and it didn't work so I get out and don't give it a second thought.

This takes discipline. I'm still going to get out if the price moves through my stop loss, but I'm avoiding getting stopped out just because of the temporarily widened spread.

This may not be advisable for everyone. You have to decide how you are going to handle these situations.

Hold Forex Trades Through the Weekend? Summary Points

Only hold trades through the weekend if your strategy allows it.

Create rules around when you will hold and when you will get out. Longer-term trades may be worth holding, while shorter-term trades may be better closed.

Spreads are wide in late Friday and early Sunday trading…. and every day around 5 PM EST. If holding, better to have the stop loss at least 40 pips or 40x the typical spread away from the price before spreads widen (minimum). If not, just close the position. Some pairs you get away with less. **Watch the spreads with your broker around these times to see what spreads are like and how much room you need to give.**

If I am in profit and using a trailing stop loss, I may hold a trade through the weekend if the distance between my trailing stop loss and the current price is less than 40 pips (or 40x spread). The trend direction must be strong in my favor. I will typically cancel my stop loss and make sure I am there around 6 pm EST on Sunday (once the spread narrows) to re-establish it or get out if needed.

Want to learn how to day trade forex? The EURUSD Day Trading Course shows what you need to know. to make a living or side income from this market.

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MTNEWS

THE GLOSSARY AND FINEPRINT

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Links

Tradingview
Tradingview is an excellent online charting platform as well as a social network for traders and investors to exchange ideas.

Glossary

Diamond Hands
Slang term for an investor who is ready to hold a position for the end goal, despite the potential risk, headwinds and losses.

Doji Candle
Doji Candles look like a cross because the financial instrument's open and close for the time period are close to equal.

Fibonacci Retracement (Fib)
These are levels in the chart where support and resistance are likely to occur. The levels are 23.6%, 38.2%, 61.8%, and 78.6%. 50% is often added but is not an official level. The levels are calculated from two points chosen by the user, usually an extreme low and an extreme high.

FLEM & DHEM
Fixed Loop Electromagnetic and Down Hole Electromagnetic Surveys

FOMC
The Federal Open Market Committee consists of 12 members and is the U.S. Fed's monetary policy making body. It is responsible for formulation of a policy designed to promote stable prices and economic growth.

FOMO
Fear Of Missing Out

Naked Shorting
It is the illegal practice of shorting stock that is not borrowed.

Nonfarm Payrolls
Is an official statistic released by the U.S. department of labor, usually on the first Friday of the month. It is a measure of the number of workers in the U.S. excluding farm workers and those employed in private households or non-profit organisations.

Shorting
Borrowing stock, selling it in the market to hopefully buy it back at a lower price, making profit from the difference in price, and then returning the borrowed stock.

Short Squeeze
When a company's stock starts to quickly rise because people shorting the stock are trying to cover their losing positions to prevent further loss.

YOLO
You Only Live Once