

## **GLOBAL INVESTING: Troops and traders alike take to working after hours**

*By Lauren Foster*

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After-hours trading is making a comeback. Over the past few weeks, volume has soared by up to 50 per cent as investors take advantage of war-induced volatility to trade outside regular market hours.

As the war progresses, after-hours trading is expected to gain more momentum and remain volatile, market participants said.

After-hours - or extended-hours - trading takes place between 7am and 9.30am eastern time and 4pm and 8pm, outside the usual 9.30am to 4pm sessions set by the New York Stock Exchange and the Nasdaq.

Brooks McFeely, chief executive of Boston-based MidnightTrader, an online service that tracks after-hours trading for investors, said volume had picked up from the historical average of 70m shares traded a day, to up to 100m shares on some days last week, based on figures from the firm and Nasdaq.

"We're seeing participants return to the market. The pre-market and after-hours will be much more active in coming weeks as global political events play out," Mr McFeely said.

Archipelago, the second-largest electronic communications network (ECN) in the US, has also seen volume rise. "After-hours volume has doubled in the last two weeks but overall the after-hours is still a small percentage of total volume," said Margaret Nagle, spokeswoman.

One stock that has seen brisk trade is Boots & Coots International Well Control, a small company that fights fires in oil and gas wells. Its shares have increased 588 per cent this year as of Monday's close. "This stock has been hyperactive in the off-hours leading up to - and since the beginning of - the war," said Mr McFeely.

Last Tuesday, 300,000 Boots & Coots shares traded on Instinet, the largest ECN in the US, during the pre-market session. The next day it was up to 1.8m shares, said Michael Plunkett, managing director of Instinet's hedge fund segment. Boots & Coots traded an average of 80m shares a week during the pre-market sessions in February compared with about 160m in the pre-market last week, according to Instinet.

The increased volume, and thus liquidity, of the stock helps lure more investors into the market. "It starts to act like an intra-day stock," said Mr Plunkett.

Overall, he said, volume in the pre- and post-market hours has spiked in the past few weeks compared with the past six to nine months.

After-hours trading volume see-saws with the fortunes of the big exchanges. "As market volumes have dropped, the after-hours market hasn't grown but it has maintained at a stable level," said Mr McFeely.

While institutions have traded in this market for more than 30 years, retail investors have only been able to do so since 1999, when the big exchanges agreed to extend after-hours and pre-market trading to individual investors as well.

There are risks - and advantages - associated with after-hours trading. Because volume is usually much thinner, prices can be more volatile than during regular trading hours, giving rise to wider spreads between bid and ask prices. But investors are somewhat protected by a Securities and Exchange Commission requirement that all after-hours trades be placed as a "limit" order - in other words, a stipulated number of shares as well as a buy and sell price. Also, after-hours trades are limited to the current after-hours session - trades that are executed are cancelled.

The attraction of trading after-hours is that it offers potentially higher rewards in return for higher risk. "If you are on the right side of the trade you have the chance to increase your return - but it works both ways," said Mr Plunkett.

And unexpected events - good or bad - can break at any time. After-hours trading gives investors the opportunity to take advantage of the news.

"Investors are looking for ways to get an edge on the rest of the market," said Mr McFeely. "The after-hours market is one of the cutting edges of trading. It offers an opportunity for investors to get in and trade before the majority of the market participants."

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