

HIGH IMPACT REPORT ALERT: Week of 2 – 6 July Schedule:

Busy week with anomaly of the 4th of July Holiday on Wednesday...

Monday: ISM Manufacturing PMI – 10:00 AM EDT

AUS Cash Rate / RBA Rate Statement – 12:30 AM EDT (Tues)

Tuesday: Factory Orders – 10:00 AM EDT

AUS Retail Sales – 9:30 PM EDT

Wednesday: Nothing (holiday)

Thursday: Unemployment Claims – 8:30 AM EDT

ISM Non Manufacturing PMI – 10:00 AM EDT

Natural Gas Storage – 10:30 AM EDT

Crude Oil Inventory – 11:00 AM EDT

Friday: Non Farm Employment – 8:30 AM EDT

HIGH IMPACT REPORT ALERT: Week of 2 – 6 July Schedule:

Friday, 6/1/12

ISM Manufacturing PMI				
10:00 am Eastern / 7:00 am Pacific		Forecast: 52.1		
Avg 1st Peak: 48 ticks (1–4 min after report)	Min: 9 ticks (APR '11)		Max: 83 ticks (OCT '11)	
Avg 2nd Peak: 131 ticks (14–35 min after report)	Min: 66 ticks (JUN '11)		Max: 201 ticks (AUG '11)	
Avg Reversal: 49 ticks (8–11 min after report)	Min: 23 ticks (DEC '11)		Max: 73 ticks (MAR '12)	
Last 6 Reports:	4 : SPK/RTC	0 : 2ND PK	1 : DULL	1 : INDECISIVE

A top tier report that almost always delivers a large reaction. The forecast of 52.1 is the lowest since last Fall, and a reading of less than 50 signals contraction. Lately the peak has been on the :01 bar and the forecast deviations have been smaller. If the report deviates more than 3.0 from the forecast, look for a second peak around 14–16 minutes after the release of about 50% more ticks than the initial peak. Look for 20–50 ticks on the spike. The Reversal usually yields 30–60 ticks and is finished by 15 minutes after the last peak.

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AUS Cash Rate / RBA Rate Statement (Use 6A 09–12)				
12:30 am Eastern / 9:30 pm Pacific			Forecast: 3.50%	
Avg 1st Peak: 46 ticks (2–6 min after report)		Min: 10 ticks (MAR '12)		Max: 107 ticks (FEB '12)
Avg 2nd Pk/Fan: 67 ticks (8–14 min after report)		Min: 51 ticks (DEC '11)		Max: 107 ticks (MAY '12)
Avg Reversal: 37 ticks (9–35 min after report)		Min: 20 ticks (AUG '11)		Max: 72 ticks (APR '12)
Last 6 Reports:	3 : SPK/RTC	3 : 2ND PK	0 : DULL	0 : INDECISIVE

One of the major AUS monthly reports. After bearish economic news hit the AUS economy in April, the RBA executed a drastic 50 BP rate cut in April. Then the European crisis and the slowdown of the Chinese economy had ripple effects on the AUS \$ in May prompting the RBA to cut rates another 25 BP. RBA Governor Stevens said further rate cuts may be an option in future months if required. With inflation nowhere near a concern and plenty of room to cut, another rate cut is possible, but the less likely scenario. The more likely play is to leave rates unchanged and allow the 75 BP total big cut in the last 2 months to continue to play out. Still, there are 2 possible outcomes: No change, or a 25 BP rate cut. This time a cut would be a big surprise and the status quo is much more likely.

If you see a trend long or short in the 2–3 hrs before the report, the market is likely pricing in an expectation of a cut (if short move) or no change (if long move). If you see such precursors, beware of volatility right before the news release and the risks to using JOBB.

Look for 40–60 ticks on the spike, a possible slow developing 2nd peak for a few more ticks, and a longer slower reversal for 20–40 ticks.