

HIGH IMPACT REPORT ALERT: Thursday, 7/5/12

Unemployment Claims				
8:30 am Eastern / 5:30 am Pacific			Forecast: 385K	
Avg 1st Peak: 18 ticks (1-2 min after report)		Min: 6 ticks (6/7/12)	Max: 47 ticks (4/12/12)	
Last 6 Reports:	4 : SPK/RTC	0 : 2ND PK	2 : DULL	0 : INDECISIVE

The forecast for claims is shifting higher. If the reading comes in above 400, or below 365 look for a big pop of 30 or more ticks. Otherwise, a quick 15-25 ticks with a pullback a few seconds later will likely be seen on a reading within 15 of the forecast – in that case move the stop loss to near break even and close/exit with a handful of ticks.

ISM Non-Manufacturing PMI				
10:00 am Eastern / 7:00 am Pacific			Forecast: 53.1	
Avg 1st Peak: 27 ticks (1-6 min after report)		Min: 15 ticks (DEC '11)	Max: 41 ticks (MAY '12)	
Avg 2nd Peak: 47 ticks (9-16 min after report)		Min: 34 ticks (DEC '11)	Max: 62 ticks (MAY '12)	
Avg Reversal: 32 ticks (8-31 min after report)		Min: 20 ticks (APR '12)	Max: 42 ticks (JAN '12)	
Last 6 Reports:	3 : SPK/RTC	3 : 2ND PK	0 : DULL	0 : INDECISIVE

Another medium mover with about half the typical yield of the Manufacturing PMI. It will seek a 2nd peak about half of the time. The 1st peak often takes more than 1 candle to hit its max. Reversal usually

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exceeds the peak. Look for 20–30 ticks on the spike and 20–40 ticks on the reversal.

Crude Oil Inventory				
11:00 am Eastern / 8:00 am Pacific		Forecast: -1.6M		
Avg 1st Peak: 38 ticks (1–3 min after report)		Min: 13 ticks (3/28/12)		Max: 93 ticks (4/4/12)
Avg 2nd Peak: 83 ticks (5–23 min after report)		Min: 26 ticks (5/2/12)		Max: 172 ticks (4/4/12)
Avg Reversal: 54 ticks (17–44 min after Pk)		Min: 25 ticks (2/23/12)		Max: 138 ticks (5/16/12)
Last 10 Reports:	1 : SPK/RTC	8 : 2ND PK	0 : DULL	1 : INDECISIVE

Trade with caution and ensure you understand the risk. Use a 10 tick buffer for this trade to avoid a premature fill in the wrong direction.

We had 9 safe reports in a row, then we got an indecisive double wicker last week. This was due to a matching forecast and near 0 reading. Look for 30–50 ticks on the spike, and 40–60 ticks on the reversal. If the initial spike pops for only 15–20 ticks, get out there if possible, because a reversal is likely forthcoming. Does not routinely abide by the laws of supply and demand.

Lately the report has been safer and less volatile as we move into the summer months. It is also a safe play to wait out the initial reaction to

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check the results and enter a manual trade 2-5 min after the report breaks. Paper trade this if you have not traded this report before.