

## HIGH IMPACT REPORT ALERT: Wednesday, 7/18/12

| <b>FED Chairman Bernanke Testifies</b>                     |                                |                      |                                 |                       |
|--|--------------------------------|----------------------|---------------------------------|-----------------------|
| <b>10:00 am Eastern / 7:00 am Pacific</b>                  |                                | <b>Forecast: n/a</b> |                                 |                       |
| <b>Avg 1st Peak: 30 ticks<br/>(2-6 min after report)</b>   | <b>Min: 7 ticks (OCT '11)</b>  |                      | <b>Max: 71 ticks (JUL '11)</b>  |                       |
| <b>Avg 2nd Peak: 148 ticks<br/>(4-40 min after report)</b> | <b>Min: 19 ticks (MAR '12)</b> |                      | <b>Max: 415 ticks (JUL '11)</b> |                       |
| <b>Avg Reversal: 94 ticks<br/>(7-40 min after last Pk)</b> | <b>Min: 25 ticks (FEB '12)</b> |                      | <b>Max: 161 ticks (MAR '12)</b> |                       |
| <b>Last 6 Reports:</b>                                     | <b>2 : SPK/RTC</b>             | <b>3 : 2ND PK</b>    | <b>0 : DULL</b>                 | <b>1 : INDECISIVE</b> |

FED Chair Bernanke is due to testify on the Semi-annual monetary policy report before the House Financial Services Committee in Washington D.C., one day after his testimony before the Senate. Has a potential to impact the markets depending on what is read, but most of the air has been let out of the balloon from earlier today. In a nutshell he said that the economy is in bad shape, but further easing would not help. There may still be some fireworks in the Q&A though. Normally has a peak in the 2-6 min range after the start, and often develops into a FAN. In this case look for comments on Quantitative Easing, Operation Twist, and economic projections to drive the reaction. Dovish statements will cause the CL to rally; Hawkish statements will cause the CL to plummet.

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| Crude Oil Inventory                                       |                                |                        |                                     |                       |
|---|--------------------------------|------------------------|-------------------------------------|-----------------------|
| <b>11:00 am Eastern / 8:00 am Pacific</b>                 |                                | <b>Forecast: +0.5M</b> |                                     |                       |
| <b>Avg 1st Peak: 39 ticks<br/>(1-3 min after report)</b>  | <b>Min: 13 ticks (3/28/12)</b> |                        | <b>Max: 93 ticks (4/4/12)</b>       |                       |
| <b>Avg 2nd Peak: 82 ticks<br/>(5-23 min after report)</b> | <b>Min: 26 ticks (5/2/12)</b>  |                        | <b>Max: 172 ticks (4/4/12)</b>      |                       |
| <b>Avg Reversal: 59 ticks<br/>(17-44 min after Pk)</b>    | <b>Min: 25 ticks (2/23/12)</b> |                        | <b>Max: 181 ticks<br/>(7/12/12)</b> |                       |
| <b>Last 10 Reports:</b>                                   | <b>2 : SPK/RTC</b>             | <b>6 : 2ND PK</b>      | <b>0 : DULL</b>                     | <b>2 : INDECISIVE</b> |

**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.**

12 out of the last 14 reports were safe. On 6/27 we got an indecisive double wicker. 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 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.

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| <b>Beige Book (ORANGE REPORT)</b>                          |                    |                                |                 |                                 |
|--|--------------------|--------------------------------|-----------------|---------------------------------|
| <b>2:00 pm Eastern / 11:00 am Pacific</b>                  |                    | <b>Forecast: n/a</b>           |                 |                                 |
| <b>Avg 1st Peak: 32 ticks<br/>(2-9 min after report)</b>   |                    | <b>Min: 11 ticks (JAN '12)</b> |                 | <b>Max: 57 ticks (OCT '11)</b>  |
| <b>Avg 2nd Peak: 89 ticks<br/>(24-42 min after report)</b> |                    | <b>Min: 32 ticks (APR '12)</b> |                 | <b>Max: 223 ticks (OCT '11)</b> |
| <b>Avg Reversal: 38 ticks<br/>(6-30 min after last Pk)</b> |                    | <b>Min: 23 ticks (JAN '12)</b> |                 | <b>Max: 48 ticks (SEP '11)</b>  |
| <b>Last 6 Reports:</b>                                     | <b>1 : SPK/RTC</b> | <b>4 : 2ND PK</b>              | <b>0 : DULL</b> | <b>1 : INDECISIVE</b>           |

A very influential Orange report to trade. This is the only publicly shared economic anecdotal data that the FED uses to make policy decisions. It is usually prone to a slower and longer developing reaction since it breaks later in the day after all other news is released. Look for 20 – 45 ticks on the initial spike in 2-9 minutes. A 2nd peak is more than likely for several more ticks with a variable time frame. Then the reversal will come at the end for about 30 – 40 ticks. The entire report including the reversal can take as little as 30 min or as much as 90 min to pan out.