

## **HIGH IMPACT REPORT ALERT: Week of 01-05 October Schedule:**

**Busy week with beginning of the month reports and plenty of Central Bank news.**

Monday: ISM Manufacturing PMI – 10:00 AM EDT

FED Chairman Speech – 12:30 PM EDT

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

Tuesday: AUS Trade Balance – 9:30 PM EDT

Wednesday: ISM Non Manufacturing PMI – 10:00 AM EDT

Crude Oil Inventories – 10:30 AM EDT

Thursday: EUR Minimum Bid Rate – 7:45 AM EDT

EUR ECB Press Conference – 8:30 AM EDT

Factory Orders – 10:00 AM EDT

Natural Gas Storage – 10:30 AM EDT

Friday: Non-Farm Employment Change – 8:30 AM EDT

Notes:

1. We will not trade the Weekly Unemployment Claims this week since it will be released at the same time as the ECB press conference on Thursday at 8:30 AM EDT which will cause heavy volatility. Trading the reversal on a big breakout is still advisable.

2. The EUR ECB Press Conference is for advisory only.

3. The AUS Cash Rate / RBA Rate Statement releases at 12:30 AM EDT Tues / 9:30 PM PDT Mon.

## HIGH IMPACT REPORT ALERT: Week of 01-05 October Schedule:

Monday, 10/1/12

ISM Manufacturing PMI				
<b>10:00 am Eastern / 7:00 am Pacific</b>		<b>Forecast: 49.8</b>		
<b>Avg 1st Peak: 39 ticks (1-4 min after report)</b>	<b>Min: 7 ticks (AUG '12)</b>		<b>Max: 83 ticks (OCT '11)</b>	
<b>Avg 2nd Peak: 120 ticks (14-35 min after report)</b>	<b>Min: 66 ticks (JUN '11)</b>		<b>Max: 201 ticks (AUG '11)</b>	
<b>Avg Reversal: 46 ticks (8-11 min after report)</b>	<b>Min: 22 ticks (JUL '12)</b>		<b>Max: 73 ticks (MAR '12)</b>	
<b>Last 6 Reports:</b>	<b>3 : SPK/RVS</b>	<b>1 : 2ND PK</b>	<b>1 : DULL</b>	<b>1 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>7-10</b>	

A top tier report that usually delivers a large reaction. The forecast of 49.8 marks the fourth month of the lowest forecasts since last Fall, and a reading of less than 50 signals contraction. The last three months readings came in at 49.7, 49.8, and 49.6, but did not cause the expected shock factor initially. If it comes in less than 49, it should bring in the bears for a good dip, but if it comes in close to the forecast, look for a small 1st peak, but likely bigger 2nd peak as the bad news is absorbed by the market. 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.

## HIGH IMPACT REPORT ALERT: Week of 01-05 October Schedule:

<b>FED Chair Bernanke Speech</b>				
<b>12:30 pm Eastern / 9:30 am Pacific</b>		<b>Forecast: n/a</b>		
<b>Avg 1st Peak: 19 ticks (1 - 4 min after report)</b>	<b>Min: 7 ticks (FEB '12)</b>		<b>Max: 31 ticks (NOV '11)</b>	
<b>Avg 2nd Peak: 61 ticks (15 - 25 min after report)</b>	<b>Min: 36 ticks (SEP '11)</b>		<b>Max: 81 ticks (NOV '11)</b>	
<b>Avg Reversal: 32 ticks (6-16 min after last pk)</b>	<b>Min: 13 ticks (AUG '12)</b>		<b>Max: 62 ticks (AUG '12)</b>	
<b>Last 6 Reports:</b>	<b>2 : SPK/RTC</b>	<b>2 : 2ND PK</b>	<b>1 : DULL</b>	<b>1 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>5-7</b>	

FED Chair Bernanke is due to deliver a speech entitled "Five Questions about the Federal Reserve and Monetary Policy" at the Economic Club of Indiana in Indianapolis. Markets will be eyeing the speech for further insight into the recent FED maneuver to execute open ended bond purchases (QE3) to spur the sputtering recovery. This will either be a dull reaction (1 of the last 6 cases) or give you about 15-30 ticks depending upon what he says and the way investors perceive it (4 of the last 6 cases). The latter is more likely given the intensity of the topic. It is also prone to a delayed reaction with no statistical data present as the initial part of the speech is digested with the 1st peak taking up to 4 min to develop. Take that into consideration if a dull reaction appears to be panning out and you are debating canceling the JOBB order. We have had a lot of attention on the FED lately as the yearning for more stimulus was strong.

## HIGH IMPACT REPORT ALERT: Week of 01-05 October Schedule:

<b>AUS Cash Rate / RBA Rate Statement (Use 6A 09-12)</b>				
<b>12:30 am EDT (Tue)/9:30 pm PDT (Mon)</b>		<b>Forecast: 3.50%</b>		
<b>Avg 1st Peak: 39 ticks (1-2 min after report)</b>	<b>Min: 10 ticks (MAR '12)</b>		<b>Max: 107 ticks (FEB '12)</b>	
<b>Avg 2nd Pk/Fan: 65 ticks (8-14 min after report)</b>	<b>Min: 50 ticks (SEP '12)</b>		<b>Max: 107 ticks (MAY '12)</b>	
<b>Avg Reversal: 34 ticks (9-35 min after report)</b>	<b>Min: 20 ticks (AUG '11)</b>		<b>Max: 72 ticks (APR '12)</b>	
<b>Last 6 Reports:</b>	<b>3 : SPK/RVS</b>	<b>3 : 2ND PK</b>	<b>0 : DULL</b>	<b>0 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>7-10</b>	

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 in June. The RBA left rates unchanged in July, August, and September. RBA Governor Stevens said further rate cuts may be an option in future months if required. With inflation low 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 5 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

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move). If you see such precursors, beware of volatility right before the news release and the risks to using JOBB.

Look for 25-50 ticks on the spike, a possible slow developing 2nd peak for a few more ticks, and a longer slower reversal for 20-40 ticks.