

HIGH IMPACT REPORT ALERT:

Tuesday, 5/7/13

| AUS Cash Rate / RBA Rate Statement | | RISK: 4 | 6A 06-13 |
|---|-------------------------|-----------------------------|-------------------------|
| 12:30 am Eastern / 9:30 pm Pacific | | Forecast: 3.00% (no change) | |
| Avg 1st Peak: 39 ticks (1-2 min after report) | Min: 10 ticks (MAR '12) | Max: 107 ticks (FEB '12) | |
| Avg 2nd Pk/Fan: 61 ticks (8-14 min after report) | Min: 33 ticks (DEC '12) | Max: 107 ticks (MAY '12) | |
| Avg Reversal: 36 ticks (9-35 min after report) | Min: 20 ticks (AUG '11) | Max: 75 ticks (FEB '13) | |
| Last 6 Reports: | 3 : SPK/REV | 1 : 2ND PK | 0 : DULL 2 : INDECISIVE |
| Last 12 Reports: | 6 : SPK/REV | 3 : 2ND PK | 0 : DULL 3 : INDECISIVE |
| Recommended BracketDistance setting: | | 7 | 15 Tick Stop |

| Parameters | |
|------------------------|----------|
| AtmStrategy | stop 1 |
| BracketDistance | 7 |
| Entry CancelledIfGap | False |
| Entry Slippage Ticks | 5 |
| Entry StopLimit Orders | True |
| Entry Time | 22:29:57 |

Based on the potential for high slippage, I am recommending the stop limit orders with the settings to the left with software V.4.

A reminder after the ECB Minimum Bid Rate report...if you see volatility increase dramatically in the waning seconds before the strategy activates, DISABLE JOBB in the control center strategies tab as it will prevent a loss in most cases.

One of the major AUS monthly reports that is also riskier. After bearish economic news hit the AUS economy in April last year, the RBA executed a drastic 50 BP rate cut. 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, then unexpectedly cut them 25 BP in October. In December, another 25 BP cut was instituted making the total rate cut 125 BP in 2012. There is small expectation of a rate cut this month as the consensus is seeing constant, but slow improvement in financial markets and consumer spending, but RBA Governor Stevens said further rate cuts may be an option in future months if required.

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This report is one of the riskier ones to trade. December saw an indecisive reaction prior to the OCO function logic and ATM strategy could place a stop loss on the chart. This resulted in a successful first test of the "Knife switch" built into v.3 of the software preventing additional undesired stop orders from executing.

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 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.