

HIGH IMPACT REPORT ALERT:

Friday, 7/5/13

Unemployment rate / Non-Farm Employment Change			RISK: 1	ZB 09-13
8:30 am Eastern / 5:30 am Pacific		Forecast: +163K jobs / 7.5%		
Avg 1st Peak: 31 ticks (1-3 min after report)	Min: 9 ticks (MAR '12)		Max: 69 ticks (FEB '12)	
Avg 2nd Peak: 47 ticks (4-65 min after report)	Min: 21 ticks (NOV '11)		Max: 78 ticks (SEP '12)	
Avg Reversal: 27 ticks (110-145 min after rpt)	Min: 8 ticks (JUL '12)		Max: 56 ticks (SEP '11)	
Last 6 Reports:	2 : SPK/REV	4 : 2ND PK	0 : DULL	0 : INDECISIVE
Last 12 Reports:	1 : SPK/REV	11 : 2ND PK	0 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:			3-4	5 Tick stop

***Due to the 4th of July Holiday, the volume will be reduced to an estimated 80% of normal. This will still release during the afternoon of the European session and the bonds have large trading volume, but we may see more slippage than normal. To deal with that, you may want to expand the stop loss to 8 to absorb any retreat after the fill.

***We now only recommend trading the ZB for the NFP report as it has outperformed all other indexes. The ZB has proven to be the best performer, giving a safe entry with minimal slippage, low margin, high value per tick, more stability, and remains at the peak of the spike longer making it easier to capture and achieve more profit. Keep in mind 1 tick on the ZB is \$31.25.

Be sure to select "Strategy Internal" in the JOBB settings to ensure your stop loss is not rejected. I recommend using a breakeven setting of 15.

Most of the reports in the last several months have been mixed bags for the economy, but March was unexpectedly strong. We saw a moderate 70-165K increase (barely keeping up with population growth) with variable changes in the rate until March came in at 236K. Then May was mildly positive and June was a mixed bag. Still, any drop in the rate has been primarily due to less people in the labor force, not sizable gains in hiring, so the jobs #s carry much more weight as the rate is discounted. This makes traders suspect of any positive news. The ADP

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report on Wednesday showed a moderately better than expected 188K jobs were created. While there is little correlation between the BOLS report and the ADP report, this is possibly a bullish indicator. Remember the # of jobs created carries more weight here than the U-3 % of unemployed, but if the rate change is divergent to the job #s, it can cause initial lack of conviction.

This continues to be our safest and most profitable trade for the program offering an average of about 20 ticks net to be captured with ease on the initial spike. There were 4 indecisive reports between SEP '11 and MAY '12 due to inconsistent results where the BOLS was cooking the results in the election season. Now the markets are wiser and the same precursors would not cause indecision as the last 13 reports have been safe. Any improvement in the rate with lackluster job #s is viewed negatively as a drop in the labor force.