

HIGH IMPACT REPORT ALERT:

Wednesday, 7/31/13

Parameters for ADP Payrolls and Advance GDP on the ZB (time will differ):

Parameters	
BracketDistance	3
Entry CancelledIfGapped	False
Entry Slippage Ticks	16
Entry StopLimit Orders	True
Entry Time	09:59:57
Mode	StrategyInternal

ADP Non-Farm Employment Change		RISK: 1	ZB 09-13
8:15 am Eastern / 5:15 am Pacific		Forecast: 179K	
Recommended BracketDistance setting:		3	5 Tick Stop

Newer Report for JOBB that we will trade on the ZB instead of the 6J. The last 2 months have seen 21 ticks in both occasions on the 1st peak, then a reversal of 13 or 17 ticks realized within a few min. I recommend using a profit target of 12 and exiting within 10 sec of the bar open. Look for 10-20 ticks on the spike and 10-15 ticks on the reversal.

Advance GDP		RISK: 2	ZB 09-13	
8:30 am Eastern / 5:30 am Pacific		Forecast: 1.1%		
Avg 1st Peak: 10 ticks (1-2 min after report)	Min: 7 ticks (OCT '12)	Max: 16 ticks (JAN '13)		
Avg 2nd Pk/FAN: 23 ticks (30-145 min after report)	Min: 11 ticks (OCT '11)	Max: 33 ticks (JUL '12)		
Avg Reversal: 15 ticks (15-40 min after last Pk)	Min: 7 ticks (APR '13)	Max: 30 ticks (JAN '13)		
Last 6 Reports:	3 : SPK/REV	1 : 2ND PK	2 : FAN	0 : INDECISIVE
Last 8 Reports:	3 : SPK/REV	1 : 2ND PK	3 : FAN	1 : INDECISIVE
Recommended BracketDistance setting:		3	5 Tick Stop	

We shifted to the ZB 3 months ago as a better performer than the CL for this report, and it should perform well with the current market dynamics. A rare extremely high impact report to trade that only comes 4 times a year. Due to the infrequent reporting and the gravity of the result, the influence is absorbed by the

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market over a long period. This report typically delivers a moderate spike 8-15 ticks on the :31 bar, then after a small correction will continue into a 2nd peak or FAN in the same direction for up to 2 hrs or more. OCT, '11 was indecisive with a 0.1% difference from the forecast on the :31 candle, but the other 7 reports archived have been safe over the last 2 yrs.

Keep an eye on the DX index along with the other indicators if you are staying in the trade for the long term. Remember the DX typically trends in the same way as treasuries.

Crude Oil Inventory			RISK: 3	CL 09-13
10:30 am Eastern / 7:30 am Pacific		Forecast: -2.1M		
Avg 1st Peak: 35 ticks (1-3 min after report)	Min: 11 ticks (3/27/13)		Max: 93 ticks (4/4/12)	
Avg 2nd Peak: 86 ticks (5-40 min after report)	Min: 25 ticks (10/11/12)		Max: 182 ticks (4/17/13)	
Avg Reversal: 65 ticks (17-44 min after Pk)	Min: 19 ticks (3/27/13)		Max: 211 ticks (5/15/13)	
Last 10 Reports:	1 : SPK/REV	7 : 2ND PK	0 : DULL	2 : INDECISIVE
Last 25 Reports:	5 : SPK/REV	14 : 2ND PK	1 : DULL	5 : INDECISIVE
Recommended BracketDistance setting:			10	15 Tick Stop

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. RISK lowered to "3" as of May due to the season shift.

Now that we are in the Summer months and beyond May, we have seen a transition where the Distillate reading drops in significance making the report more stable and safe. The January through April reports were volatile, but relatively safe, with small yields and only 2 indecisive reports, but then the last 2 weeks in April were also indecisive with an initial move in the wrong direction. Only 2 reports of the last 12 were indecisive since April. Look for 20-50 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.

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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.

FOMC Statement / Federal Funds Rate	RISK: 3	ZB 09-13
2:00 pm Eastern / 11:00 am Pacific	Forecast: n/a (<0.25%)	
Trap Trade (JOB B not recommended)		
Recommended offset	6-8 Ticks	6 Tick Stop

Due to the demand of bonds hinging completely on the FED asset purchases, the initial volatility is a guarantee. Traders and economists will be hanging on every word of the statement, as the last 2 meetings and testimony from the Chairman have put the economy on pins and needles and left much uncertainty. The Board is anything but unanimous, and the timeline of the impending tapering of QE3 is vague. The expectation for this meeting is for a continuation of the accommodative \$85B/month of QE3 and the Operation Twist policy, but more clarity on the recent commentary on scaling back in the near future. This report should break on time as they have for the last year, but prior to that it often broke early or late but hardly ever on time making the use of JOB B unsafe.

Keep an eye on the news, Bloomberg.com or the Marketwatch.com Breaking News ticker and watch for the announcement of the result as this is the reaction to the written statement and may be the catalyst of a FAN long or short driven by a large move on the Dollar index (DX). If you get in on the FAN, stay in for at least about 30 min and then keep an eye on the MACD and 13/20 SMAs for indications of the termination of the FAN usually by 60 min at the latest. If you see a large candle or series of 3-5 candles that yield 10 or more ticks, that is also a good spot to get out in the 30-60 min area. If you trade the reversal, wait to get in until the MACD crosses with angle, then go for about half as many ticks as the FAN maximum (if there is a pivot point or major SMA in the vicinity that is also a good place to exit).

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CNY Manufacturing PMI			RISK: 2	6A 09-13
9:00 pm Eastern / 6:00 pm Pacific		Forecast: 49.8		
Avg 1st Peak: 16 ticks (1-3 min after report)	Min: 7 ticks (APR '13)		Max: 33 ticks (MAY '12)	
Avg 2nd Peak: 29 ticks (13-30 min after report)	Min: 13 ticks (APR '12)		Max: 50 ticks (MAY '12)	
Avg Reversal: 22 ticks (50-100 min after report)	Min: 8 ticks (SEP '12)		Max: 46 ticks (MAY '12)	
Last 6 Reports:	2 : SPK/REV	3 : 2ND PK	1 : DULL	0 : INDECISIVE
Last 9 Reports:	2 : SPK/REV	6 : 2ND PK	1 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:			4-5	10 Tick Stop

A newer report for JOBB. RISK 2 due to limited data sample of only 8 reports along with the April and June reports being dull with a report matching the forecast, but no indecisive reactions yet. Due to 3 of 9 occurrences in the past where a source has released data up to 1 min early, set your bracket time for xx:58:57. This is a monthly early indicator of China manufacturing activity. Trade on the 6A since there is no index for CNY and the AUS economy is heavily correlated. This report always is reported on the last day of the month even if on a weekend, so several months do not offer an opportunity to trade. Three reports over the last year released 20, 55 and 58 sec early. This report has delivered a consistent 8-16 ticks on the spike for all except for 1 occasion when it yielded 33 ticks. 6 of the last 9 reports have achieved a 2nd peak of 5-17 ticks more than the 1st peak. Look for 10-30 ticks on the reversal born out over at least 50 min.

The HG 09-13 index will also move for this report, but is not as safe on the initial spike. It tends to spike, then retreat and make another big move on the :02 bar (short if disappointing / long if impressive). I recommend placing a follow on manual trade on the HG after the results are known and the offset from the forecast is greater than 0.5. Look for an entry as the :01 bar is expiring and set a target for 20-30 ticks by the :10 bar.