

## HIGH IMPACT REPORT ALERT:

Wednesday, 1/15/14

|   |                                 |  |                                 |                       |
|---|---------------------------------|--|---------------------------------|-----------------------|
| <b>Crude Oil Inventory</b>                                |                                 |  | <b>RISK: 4</b>                  | <b>CL 02-14</b>       |
| <b>10:30 am Eastern / 7:30 am Pacific</b>                 |                                 | <b>Forecast( C/G/D): 0.50M/2.70M/1.63M</b> |                                 |                       |
| <b>Avg 1st Peak: 36 ticks<br/>(1-3 min after report)</b>  | <b>Min: 11 ticks (3/27/13)</b>  |  | <b>Max: 93 ticks (4/4/12)</b>   |                       |
| <b>Avg 2nd Peak: 82 ticks<br/>(5-40 min after report)</b> | <b>Min: 25 ticks (10/11/12)</b> |  | <b>Max: 191 ticks (9/18/13)</b> |                       |
| <b>Avg Reversal: 71 ticks<br/>(17-44 min after Pk)</b>    | <b>Min: 19 ticks (3/27/13)</b>  |  | <b>Max: 211 ticks (5/15/13)</b> |                       |
| <b>Last 10 Reports:</b>                                   | <b>1 : SPK/REV</b>              | <b>7 : 2ND PK</b>                          | <b>1 : DULL</b>                 | <b>1 : INDECISIVE</b> |
| <b>Last 25 Reports:</b>                                   | <b>7 : SPK/REV</b>              | <b>14 : 2ND PK</b>                         | <b>1 : DULL</b>                 | <b>3 : INDECISIVE</b> |
| <b>Recommended BracketDistance setting:</b>               |                                 |  | <b>10</b>                       | <b>15 Tick Stop</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. RISK raised to "4" due to the season shift. This report is 3-pronged (Crude oil, Gasoline, and Distillates - Heating Oil)**

Now as we are in the winter, we have seen a transition where the Distillate reading gains in significance making the report less stable and safe. The reports are still profitable, but are more difficult to make a safe exit. Quick and large reversals are common, so I recommend using a breakeven and profit target. Be sure and exit if you see the price action hovering for more than 5 sec as it will likely reverse strongly. 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.

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 or use a Trap Trade with an offset of 20-25 ticks. Paper trade this if you have not traded this report before.

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|  |                                |                                 |                     |                       |
|--|--------------------------------|---------------------------------|---------------------|-----------------------|
| <b>Beige Book (ORANGE REPORT)</b>                          |                                | <b>RISK: 3</b>                  | <b>CL 02-14</b>     |                       |
| <b>2:00 pm Eastern / 11:00 am Pacific</b>                  |                                | <b>Forecast: n/a</b>            |                     |                       |
| <b>Avg 1st Peak: 21 ticks<br/>(3-9 min after report)</b>   | <b>Min: 6 ticks (AUG '12)</b>  | <b>Max: 57 ticks (OCT '11)</b>  |                     |                       |
| <b>Avg 2nd Peak: 67 ticks<br/>(24-42 min after report)</b> | <b>Min: 21 ticks (JUN '13)</b> | <b>Max: 223 ticks (OCT '11)</b> |                     |                       |
| <b>Avg Reversal: 36 ticks<br/>(6-30 min after last Pk)</b> | <b>Min: 13 ticks (MAR '13)</b> | <b>Max: 73 ticks (JUL '13)</b>  |                     |                       |
| <b>Last 6 Reports:</b>                                     | <b>1 : SPK/REV</b>             | <b>3 : 2ND PK</b>               | <b>2 : DULL</b>     | <b>0 : INDECISIVE</b> |
| <b>Last 12 Reports:</b>                                    | <b>2 : SPK/REV</b>             | <b>6 : 2ND PK</b>               | <b>3 : DULL</b>     | <b>1 : INDECISIVE</b> |
| <b>Recommended BracketDistance setting:</b>                |                                | <b>5</b>                        | <b>10 Tick Stop</b> |                       |

A very influential Orange report to trade, but lately it has been more of a dull mover on the initial reaction. 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 and takes multiple bars to peak. I recommend waiting at least 2 bars for a fill before cancelling the order. Look for 10 - 25 ticks on the initial spike in 3-9 minutes, 35-100 ticks on a likely 2nd peak in 20-40 min, and 20-45 ticks on the reversal. 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 20 - 45 ticks. The reversal usually exceeds the spike. The entire report including the reversal can take as little as 30 min or as much as 90 min to pan out.

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|   |                         |                         |              |                |
|---|-------------------------|-------------------------|--------------|----------------|
| AUS Employment Change / Unemployment Rate           |                         | RISK: 3                 | 6A 03-14     |                |
| 7:30 pm Eastern / 4:30 pm Pacific                   |                         | Forecast: 10.3K / 5.8%  |              |                |
| Avg 1st Peak: 45 ticks<br>(1 min after report)      | Min: 13 ticks (SEP '12) | Max: 86 ticks (JUN '13) |              |                |
| Avg 2nd Peak: 54 ticks<br>(26-50 min after report)  | Min: 34 ticks (DEC '12) | Max: 76 ticks (MAR '13) |              |                |
| Avg Reversal: 35 ticks<br>(15-30 min after last Pk) | Min: 15 ticks (DEC '12) | Max: 96 ticks (JUN '13) |              |                |
| Last 6 Reports:                                     | 2 : SPK/REV             | 3 : 2ND PK              | 0 : DULL     | 1 : INDECISIVE |
| Last 12 Reports:                                    | 5 : SPK/REV             | 4 : 2ND PK              | 0 : DULL     | 3 : INDECISIVE |
| Recommended BracketDistance setting:                |                         | 8                       | 15 Tick Stop |                |

One of the bigger periodic AUS reports. April to June saw premature volatility and manipulation to make the report more risky while April and May were both indecisive. May and June would have seen a tripwire to cancel about 18 sec before the report and April presented an odd and devastating indecisive scenario with a premature spike 3 sec before just as the bracket was setting up. **Given these dynamics, set the activation time to :59 sec instead of :57 sec.** This approach has made the report safer to profit since June. October was the first indecisive report since May due to mixed results. Check the archive screen shot and caption to see what happened if you are unfamiliar. Very consistent spike of 25-50 ticks on the 1st bar except for June which garnered 86 ticks, then surrendered it fairly quickly. Lately, more reports have seen a 2nd Peak reaction, but on every occasion except for once, the 2nd peak has only garnered another 4-15 ticks. Since that is the case, be careful trading the reversal. It is better to wait for a trade against the grain and miss it, then go in too early and find yourself eating a loss. The 25-30 min area after the report is a good area to evaluate an entry for the reversal. Look for 20-40 ticks on the reversal.

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