

HIGH IMPACT REPORT ALERT:

Tuesday, 1/21/14

EUR German ZEW Economic Sentiment - Trap Trade		RISK: 2	6E 03-14		
5:00 am Eastern / 2:00 am Pacific		Forecast: 63.4K			
Avg 1st Peak: 16 ticks (0:03-0:25 sec)	Min: 9 ticks (NOV '13)	Max: 23 ticks (JUN '13)			
Avg Reversal: 16 ticks (1:22 - 7:58 after report)	Min: 9 ticks (NOV '13)	Max: 26 ticks (OCT '13)			
Last 4 Reports:	3: Tier 1 fills	1: Tier 2 fill	0: DULL (no fill)	0: DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: 8-10 ticks	Tier 2: 15-20 ticks	12 Tick Stop	

New chart format for Trap Trades...The rows showing peak and reversal statistics are similar, but the time markers differ. This report is prone to have a quick impulse for the 1st peak early in the :01 bar, then a strong pullback, leaving a large naked wick/tail. It has only achieved 3 2nd peaks in the last 18 months, which were realized over an hour after the report, so this report is ideal for the trap trade approach. Look for the first peak to be reached by 25 sec after the release at the latest, though it usually is reached within 10 sec. Look for the reversal to yield 10-25 ticks by the :08 bar (8 minutes). We have had Over the last 18 months, this report has yielded 9-13 ticks on 10 occasions and 15-23 on 8 occasions, so use a 2 tier approach with 1 trap at about 8-10 ticks offset and the outer tier at 15-20 ticks offset. Try to optimize the location of the tier to be just outside of a Pivot, SMA, or HOD/LOD/OOD. **If you are not filled in the first 30 sec, cancel the order.**

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AUS Quarterly CPI		RISK: 3	6A 03-14	
7:30 pm Eastern / 4:30 pm Pacific		Forecast: 0.5%		
Avg 1st Peak: 46 ticks (1-5 min after report)	Min: 12 ticks (JAN '12)	Max: 103 ticks (JUL '11)		
Avg 2nd Pk/Fan: 63 ticks (11-65 min after report)	Min: 42 ticks (APR '13)	Max: 124 ticks (JUL '11)		
Avg Reversal: 34 ticks (80-100 min after report)	Min: 17 ticks (APR '13)	Max: 83 ticks (JUL '13)		
Last 6 Reports:	4 : SPK/REV	2 : 2ND PK	0 : FAN	0 : INDECISIVE
Last 12 Reports:	6 : SPK/REV	4 : 2ND PK	1 : FAN	1 : INDECISIVE
Recommended BracketDistance setting:		7	15 Tick Stop	

Parameters	
AtmStrategy	stop 1
BracketDistance	7
Entry CancelledIfGapp	False
Entry Slippage Ticks	10
Entry StopLimit Orders	True
Entry Time	19:29:57

Based on the high slippage that caused an undesirable entry in OCT '12, I am recommending the stop limit orders with the settings to the left (time will vary).

The most impacting AUS report based on average tick yield. Due to the unique quarterly reporting frequency where most countries report CPI results monthly, this report has much bigger impact, similar to water building behind a dam then released. Even if the report matches the forecast, it will still deliver a reliable spike (OCT '11). The only situation that is a recipe for a bad report is a reading of 0.0% (JAN '12). This caused the indecisive reaction even with a forecast of 0.2%. 0% CPI brings out the jitters in the market as it is the borderline between deflation and inflation. With a forecast of 0.5%, the risk of a 0% reading is low, but possible. Look for at least 25-35 ticks on the spike (gross), with a potential for much more. The initial spike can take up to 4-5 minutes to hit its peak. Good chance of a second peak in the 11 minute area with the potential to be far later for about 15-25 more ticks. The Reversal is very long and slow developing...I would not advise trading it unless you have the patience and discipline to ride it out.

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