

HIGH IMPACT REPORT ALERT:

Monday, 2/3/14

ISM Manufacturing PMI		RISK: 2	ZB 03-14	
10:00 am Eastern / 7:00 am Pacific		Forecast: 56.2		
Avg 1st Peak: 15 ticks (1-4 min after report)	Min: 6 ticks (JUL '13)	Max: 26 ticks (SEP '13)		
Avg 2nd Peak: 24 ticks (39-60 min after report)	Min: 10 ticks (OCT '13)	Max: 37 ticks (SEP '13)		
Avg Reversal: 12 ticks (6-35 min after report)	Min: 8 ticks (OCT '13)	Max: 16 ticks (JUL '13)		
Last 6 Reports:	2 : SPK/REV	4 : 2ND Peak	0 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:		3	5 Tick Stop	

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

Be sure to select "Strategy Internal" mode in the JOBB settings to ensure your stop loss is not rejected on the ZB. It is also recommended to use limit orders with a slippage setting of 16 or less to bypass the CME restrictions.

Good medium impact report to trade. We continue to trade this on the ZB after a healthy yield in the last 6 months of 6-26 ticks and can now offer tabulated statistics. Now with the tapering of QE3, the ZB should be highly sensitive to all US economic news. Unless the result deviates less than 1 point from the forecast, look for 10+ ticks on the initial spike and about 10 on the reversal as it usually delivers about the same as the spike. A potential 2nd peak should deliver 5-15 more ticks than the initial peak. A weak reading will cause the ZB to rally and strong reading will cause the ZB to fall.

HIGH IMPACT REPORT ALERT:

Monday, 2/3/14

AUS Cash Rate / RBA Rate Statement - Trap Trade		RISK: 2	6A 03-14	
10:30 pm Eastern / 7:30 pm Pacific		Forecast: 2.50% (no change)		
Avg 1st Peak: 16 ticks (0:00-0:31 sec)	Min: 10 ticks (DEC '13)	Max: 24 ticks (DEC '12)		
Avg Reversal: 25 ticks (0:11 - 0:52 after report)	Min: 16 ticks (JUL '13)	Max: 29 ticks (AUG '13)		
Last 6 Reports:	3 : SPK/REV	2 : DULL (no fill)	1 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: 10-13 ticks	Tier 2: 20-24 ticks	15 Tick Stop

Now with about 6 months of data on the Trap Trade Approach, we have our first consolidated statistics out. I recommend using a two tier Trap Trade approach to trade the breakouts with a 15 tick stop loss. One of the major AUS monthly reports that is also riskier. Since April 2012, the RBA has executed 6 rate cuts for a total of 175 BP. This includes the surprise cut in May down to 2.75% and the expected cut to 2.50% in August. The RBA is common to act in an unexpected manner, so the moves are rarely priced in. With a forecast rate cut, there will be more volatility and swings are expected. In this case, the tone is expected to be more hawkish with the strong CPI results out last week, so the odds of a rate cut are very slim.