

## HIGH IMPACT REPORT ALERT:

Wednesday, 3/26/14

<b>(Core) Durable Goods Orders - Trap Trade</b>		<b>RISK: 2</b>	<b>6J 06-14</b>
<b>8:30 am Eastern / 5:30 am Pacific</b>		<b>Forecast: 0.3% (Core) / 1.1% (Reg)</b>	
<b>Recommended settings:</b>	<b>Tier 1: 10-12 ticks</b>	<b>Tier 2: 18-20 ticks</b>	<b>12 Tick Stop</b>

\*For the Trap Trade an activation time of about 1 min to 45 sec before the news release is recommended to allow time to reposition the orders to adhere to a nearby area of support/resistance. **If you are not filled in the first 20 sec, cancel the order.**

After several reports were indecisive since the Spring of 2013, we shifted this report to the Trap Trade. It often sees matching results, a reading of 0.0%, or conflicting results on the core and regular readings that causes a whipsaw or a sharp pullback. This report is a smaller mover with the typical range of the initial spike being 10-16 ticks (8 of last 12 reactions). It has also had 4 reactions of 18 - 25 ticks. Look for the reversal to either be quick within 1-8 min or take up to 20 min and return to the area of the origin.

## **HIGH IMPACT REPORT ALERT:**

**Wednesday, 3/26/14**

<b>Crude Oil Inventory</b>			<b>RISK: 4</b>	<b>CL 05-14</b>
<b>10:30 am Eastern / 7:30 am Pacific</b>		<b>Forecast( C/G/D): 2.74M/-1.21M/-1.35M</b>		
<b>Avg 1st Peak: 36 ticks (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 (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: 69 ticks (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>6 : 2ND PK</b>	<b>1 : DULL</b>	<b>2 : INDECISIVE</b>
<b>Last 25 Reports:</b>	<b>7 : SPK/REV</b>	<b>12 : 2ND PK</b>	<b>2 : DULL</b>	<b>4 : 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 and look for a quick exit with around 5-10 ticks. Paper trade this if you have not traded this report before.

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