

HIGH IMPACT REPORT ALERT:

Monday, 3/31/14

Grain Stocks (Corn)			RISK: 2	ZC 05-14
12:00 pm Eastern / 9:00 am Pacific		Forecast: n/a (not on Forex Factory)		
Avg 1st Peak: 80 ticks (1-3 min after report)	Min: 13 ticks (JUN '13)		Max: 133 ticks (MAR '13)	
Avg 2nd Peak: 146 ticks (60min-just after new session opn)	Min: 42 ticks (SEP '13)		Max: 230 ticks (SEP '12)	
Avg Reversal: 32 ticks (50-60 min after last pk)	Min: 11 ticks (DEC '12)		Max: 54 ticks (JUN '13)	
Last 6 Reports:	0 : SPK/REV	4 : 2ND PK	0 : DULL	1 : INDECISIVE
Last 8 Reports:	1 : SPK/REV	6 : 2ND PK	0 : DULL	1 : INDECISIVE
Recommended BracketDistance setting:			6	15 Tick Stop

Parameters	
BracketDistance	6
Entry CancelledIfGapped	False
Entry Slippage Ticks	20
Entry StopLimit Orders	True
Entry Time	11:59:57
Mode	StrategyInternal

I am recommending the Limit Order settings at the left as excessive slippage is expected on this report and this gives us the best chance to get filled on an intrabar retracement.

This report is similar to the WASDE report, but quarterly in nature. This applies to corn, wheat and soybeans, but the Corn has the safest and most consistent reaction over the past 2 yrs. Since this is a seasonal report, it is reporting on the drawdown on stocks in the winter months along with the planting forecast for the Spring. Historically, the March report has been the biggest mover of the 4 reports each year and the best comparison. We only have a small data sample with 8 former reports due to historical data unavailable after the threshold exceeds 1 year. This is not found on Forex Factory and there is no forecast / result. We have had 2 unstable reports (June 2012 and June 2013), one a whipsaw, and the other a shortly sustained spike that reversed after 10 sec. All others have been safe. In 3 of the last 8 reports including both March reports, it has triggered a halt in trading due to exceeding 10% change from the open. On all of those occasions, when trading resumed on the following session, the price opens further in the profit with the final peak happening just a few min after the open. It has the high potential to seek a 2nd peak with 5 of the last 6 events. The 1st peak may take

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more than 1 bar to hit its max. Reversal is usually small and if it goes for a 2nd peak may be slow in coming. Look for 70-130 ticks on the spike, 30-100 more ticks on a potential 2nd peak, and 10-40 ticks on the reversal.

Note: If you have not opened a ZC chart before, you will have to set it up correctly. Open the Data series window on your chart and change the "session template" to "Default 24/7". Then hit okay. If you do not execute this step, your chart will not display historical data and SMA /Pivot data accurately.

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1079>

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CNY Manufacturing PMI			RISK: 2	6A 06-14
9:00 pm Eastern / 6:00 pm Pacific		Forecast: 50.1		
Avg 1st Peak: 20 ticks (1-3 min after report)	Min: 7 ticks (APR '13)		Max: 43 ticks (JUL '13)	
Avg 2nd Peak: 30 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:	3 : SPK/REV	2 : 2ND PK	1 : DULL	0 : INDECISIVE
Last 12 Reports:	4 : SPK/REV	7 : 2ND PK	1 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:			5	10 Tick Stop

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. RISK 2 due to potential for early release along with April and June 2013 being dull with results matching the forecast, but no indecisive reactions yet. **Due to 5 of 12 occurrences in the past where a source has released data up to 2:20 min early, set your bracket time for xx:57:30.** This report is always reported on the last day of the month even if on a weekend, so several months do not offer an opportunity to trade and the last opportunity was 10/31/13. 6 of the last 8 reports have delivered 13-26 ticks on the first peak. 7 of the last 12 reports have achieved a 2nd peak of 5-17 ticks more than the 1st peak. Look for 10-30 ticks on the reversal borne out over at least 50 min.

The HG (HG 05-14) index will also move for this report, but is not as safe on the initial spike. It tends to spike consistently with the 6A, 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, but move your stop up to +10 to capture that profit just in case.

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CNY HSBC Final Manufacturing PMI *NEW		RISK: 2	HG 05-14	
9:45 pm Eastern / 6:45 pm Pacific		Forecast: 48.5		
Avg 1st Peak: 13 ticks (1-3 min after report)	Min: 3 ticks (FEB '14)	Max: 34 ticks (MAR '14)		
Avg 2nd Peak: 26 ticks (20-35 min after report)	Min: 20 ticks (FEB '14)	Max: 39 ticks (MAR '14)		
Avg Reversal: 17 ticks (30-55 min after report)	Min: 6 ticks (SEP '13)	Max: 29 ticks (OCT '13)		
Last 6 Reports:	1 : SPK/REV	2 : 2ND PK	3 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:		3	8 Tick Stop	

This is the monthly final indicator of China manufacturing activity that follows the flash reading from a week ago. Trade on the HG since there is no index for CNY. This report has grown in influence in the past several months and is now reliable to trade. Even when offering a dull reaction, it allows for an easy exit near breakeven or slight profit. In addition on 2 of the dull initial reactions, it followed with a substantial 2nd peak about 20 min later. This will not normally cause a huge reaction, but is reliable to capture 3-10 ticks in most cases. The offset from the forecast is normally within 0.3 pts. 4 of the last 6 reactions have yielded 2nd Peaks with as many as 15 more ticks than the original peak. The reversals are not as routine, with varying time frames and tick yields.

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AUS Cash Rate / RBA Rate Statement - Trap Trade		RISK: 3	6A 06-14	
11:30 pm Eastern / 8:30 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	1 : DULL (no fill)	1 : DULL (fill)	1 : STOPPED
Recommended settings:		Tier 1: 10-13 ticks	Tier 2: 20-24 ticks	15 Tick Stop

This is one of the riskier Trap Trade that presents some risk due to the tendency of the RBA to shock the market and do or say something completely unexpected, but is still reasonably safe as only 1 of the last 6 reactions would have stopped you out. 2 Months ago we had a very decisive bullish reaction due to the RBA saying no further cuts to short term interest rates were being considered, even though no actual policy changes were implemented. I recommend using a two tier Trap Trade approach to trade the breakouts with a 15 tick stop loss. Since April 2012, the RBA has executed 6 rate cuts for a total of 175 BP. This includes the surprise cut in May 2013 down to 2.75% and the expected cut to 2.50% in August 2013. 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 in line with the comments from last month.