

HIGH IMPACT REPORT ALERT:

Friday, 5/2/14

GBP Construction PMI		RISK: 2	6B 06-14	
4:30 am Eastern / 1:30 am Pacific		Forecast: 62.2		
Avg 1st Peak: 20 ticks (1-2 min after report)	Min: 12 ticks (OCT '13)	Max: 42 ticks (FEB '14)		
Avg 2nd Peak: 32 ticks (13-38 min after report)	Min: 14 ticks (OCT '13)	Max: 45 ticks (FEB '14)		
Avg Reversal: 23 ticks (6-35 min after report)	Min: 15 ticks (APR '14)	Max: 38 ticks (OCT '13)		
Last 6 Reports:	2 : SPK/REV	4 : 2ND Peak	0 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:		4	12 Tick Stop	

Parameters	
BracketDistance	4
Entry CancelledIfGapped	False
Entry Slippage Ticks	8
Entry StopLimit Orders	True
Entry Time	04:29:59
Mode	StrategyInternal

Due to the potential for high slippage, I am recommending the Limit Orders with settings to the left. The banding limit for the 6B is 20 ticks.

Newer Report for JOBB, as is all GBP news. This is the second of 3 PMI reports and less impacting than the Manufacturing report. **Due to the shifty nature of the 6B, and bid spread issues, set your activation time for xx:29:59 and ensure you have a precise clock synch.** 3 of the last 6 reports have generated 12-13 ticks, 2 yielded 20, 26 ticks, and the remaining report yielded 42. The smaller reactions typically come with an offset of 0.8 or less. 4 of the last 6 reports have achieved a 2nd Peak, yielding only a few ticks more than the 1st peak 13-38 min after the report. This is a good report to trade a reversal with about 15-20 ticks being surrendered after the 2nd peak by 20 or so min.

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Friday, 5/2/14

Unemployment Rate/Non-Farm Emp Change - Trap Trade		RISK: 2	ES 06-14		
8:30 am Eastern / 5:30 am Pacific		Forecast: +216K jobs / 6.6%			
Avg 1st Peak: 27 ticks (0:01-0:30 sec)	Min: 9 ticks (APR '14)	Max: 50 ticks (FEB '14)			
Avg Reversal: 31 ticks (0:30-3:00 after report)	Min: 12 ticks (APR '14)	Max: 104 ticks (FEB '14)			
Last 8 Reports:	2 : Tier 1	3: Tier 2	3 : DULL (no fill)	0 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: ~25 ticks	Tier 2: ~40 ticks	15 Tick Stop	

Due to the declining performance of the ZB and risk with market freezes and the tight banding limit, we are shifting to a Trap Trade on the ES. The ES is the most traded index in the world so it will be a much more stable platform. Most of the reports in the last several months have been mixed bags for the economy, with about 150-200K jobs added with the rate improving due to other circumstances or getting worse. About 125-150K jobs need to be created each month just to keep up with population growth. NOV to MAR would have each offered a great opportunity with 3 spikes of 39, 42, and 50 ticks to fill the outer tier and 2 spikes of 27 ticks each. Sometimes it has made a spike of 18 ticks after about 7 sec, then reversed for a fill on the opposite side around 25 sec. **So cancel the order if not filled after 30 sec.**

Any drop in the rate has been primarily due to less people in the labor force or gains in part time labor, not sizable gains in normal hiring, so the jobs #s carry much more weight as the rate is discounted. This makes traders suspect of any positive news. The ADP report on 4/30 showed a better than expected 220K jobs created earlier this week. There is little correlation between the BOLS report and the ADP report since the calculation metrics differ entirely. Remember the # of jobs created carries more weight here than the U-3 % of unemployed, but if the rate change is divergent to the job #s, it can cause initial lack of conviction.

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