

HIGH IMPACT REPORT ALERT:

Tuesday, 5/13/14

EUR German ZEW Economic Sentiment - Trap Trade				RISK: 1	6E 06-14
5:00 am Eastern / 2:00 am Pacific			Forecast: 41.3		
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 6 Reports:	4: Tier 1 fills	1: Tier 2 fill	1: DULL (no fill)	0: DULL (fill)	0 : STOPPED
Last 8 Reports:	5: Tier 1 fills	2: Tier 2 fill	1: DULL (no fill)	0: DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: 8-10 ticks	Tier 2: 15-20 ticks	12 Tick Stop	

Set your activation time to xx:59:15, then look to optimize your orders with key areas of support/resistance. If your order is not filled in the first 20 sec, cancel it. This report is prone to have a quick impulse for the 1st peak early in the :01 bar, then a strong pullback, potentially leaving a large naked wick/tail. It has only achieved 4 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. 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 return to the origin with the timeframe varying from 2 min to up to an hour at most. This is one of the few Trap Trades that we can be patient and wait for more profit, but be sure to trail your stop as more profit is secured. 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.

HIGH IMPACT REPORT ALERT:

Tuesday, 5/13/14

(Core) Retail Sales		RISK: 2	ZB 06-14	
8:30 am Eastern / 5:30 am Pacific		Forecast: 0.6% (Core)/ 0.5% (Reg)		
Avg 1st Peak: 9 ticks (1 min after report)	Min: 3 ticks (OCT '13)	Max: 22 ticks (JUL '13)		
Avg 2nd Peak: 20 ticks (4-40 min after report)	Min: 10 ticks (NOV '13)	Max: 44 ticks (JUL '13)		
Avg Reversal: 13 ticks (20-40 min after last pk)	Min: 9 ticks (JUL '13)	Max: 22 ticks (NOV '13)		
Last 6 Reports:	2 : SPK/REV	2 : 2ND PK	2 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:		3	4 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 (time will vary in the example).

A medium mover, but influential and reliable report that we continue to trade on the ZB due to current market dynamics. If the offset from the forecast is only 0.1% then it will likely be dull, but anything larger should allow at least 5 ticks or so net to be captured. A 2nd peak is highly likely for about 1.5-2x the 1st peak in a variable timeframe. We only have about 5 months of reliable statistical data on the ZB, since the period of influence has been brief. Now with the discussion of tapering of QE3, the ZB should be highly sensitive to all US economic news.

The ZN can also be traded for this report as it will have a similar reaction while allowing less risk with half of the tick value.