

## HIGH IMPACT REPORT ALERT:

Wednesday, 5/14/14

<b>GBP BOE Inflation Report</b>			<b>RISK: 3</b>	<b>6B 06-14</b>
<b>5:30 am Eastern / 2:30 am Pacific</b>		<b>Forecast: n/a</b>		
<b>Avg 1st Peak: 56 ticks (:07-:29 sec after report)</b>	<b>Min: 30 ticks (MAY '13)</b>	<b>Max: 90 ticks (AUG '13)</b>		
<b>Avg Reversal: 132 ticks (4-35 min after report)</b>	<b>Min: 58 ticks (MAY '13)</b>	<b>Max: 287 ticks (AUG '13)</b>		
<b>Last 5 Reports:</b>	<b>4 : SPK/REV</b>	<b>1 : 2ND Peak</b>	<b>0 : DULL</b>	<b>0 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>6</b>	<b>20 Tick Stop</b>

Parameters	
BracketDistance	6
Entry CancelledIfGappe	False
Entry Slippage Ticks	10
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.

New Report for JOBB, as is all GBP news. This is the quarterly BOE Inflation report which does not have a forecast or statistical result. While the main consistent thread with this report is a strong reversal, it is not a good candidate for the Trap Trade approach due to the wide span of 1st peak results. We have seen 3 reports yield 30, 34, and 45 ticks in a cluster, then the remaining 2 yielded 83 and 90 ticks. Since the spikes tend to ratchet or step to the peak and reach the nadir within 10 sec, we can trade the spike and the reversal. **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.** Look to exit from the initial trade or enter a reversal 6-8 sec near a support/resistance barrier after the spike moves (FEB 14 started at 8 sec and reached a peak at 15 sec. Look for at least 15 ticks net on the spike and a potential for up to 70 ticks. The reversal has exceeded the peak by 2x in all cases except NOV 13. if trading the reversal, use a 20 tick stop and trail it below / above the 20 SMA. Look to exit when the MACD crosses or the first bar settles on the other side of the 20 SMA. If the first peak is large, look for the first settling when it encounters the 50 SMA. The reversals have peaked in 5 min in 2 cases, 34-35 min in 2 cases, and 86 min in the other case (that achieved 287 ticks).

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## **HIGH IMPACT REPORT ALERT:**

**Wednesday, 5/14/14**

<b>Crude Oil Inventory</b>			<b>RISK: 3</b>	<b>CL 06-14</b>
<b>10:30 am Eastern / 7:30 am Pacific</b>		<b>Forecast( C/G/D): -0.40M/ 0.32M/ 0.50M</b>		
<b>Avg 1st Peak: 35 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: 80 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: 68 ticks (17-44 min after Pk)</b>	<b>Min: 17 ticks (8/21/13)</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>14 : 2ND PK</b>	<b>1 : DULL</b>	<b>3 : 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. Downgraded to RISK "3" due to the ending winter season making the Distillate reading less impact. This report is 3-pronged (Crude oil, Gasoline, and Distillates - Heating Oil)**

Now as we are in the entering the warmer months, we have seen a transition where the Distillate reading will fall off the radar making the report more stable and safe. 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 10-20 ticks net on the spike, and 40-60 ticks on the reversal. If the initial spike pops for only a few ticks beyond your fill point and hovers, 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 after a reversal about 3 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. Also look for trend lines on the swings to use for favorable entries. Paper trade this if you have not traded this report before.

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