

HIGH IMPACT REPORT ALERT:

Tuesday, 7/1/14

AUS Cash Rate / RBA Rate Statement - Trap Trade			RISK: 3	6A 09-14	
12:30 am Eastern / 9:30 pm Pacific (Mon)		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: 10 ticks (OCT '13)		Max: 53 ticks (AUG '13)		
Last 6 Reports:	3 : Tier 1	2: Tier 2	0 : DULL (no fill)	0 : DULL (fill)	1 : STOPPED
Last 10 Reports:	4 : Tier 1	2: Tier 2	2 : 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 9 reactions would have stopped you out. 5 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, but none since. The RBA is common to act in an unexpected manner, so the moves are rarely priced in. If there is a forecast rate cut, there will be more volatility and swings are expected. In this case, the tone is expected to be more neutral in line with the comments from last month.

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GBP Manufacturing PMI		RISK: 2	6B 09-14	
4:30 am Eastern / 1:30 am Pacific		Forecast: 56.7		
Avg 1st Peak: 30 ticks (1-2 min after report)	Min: 7 ticks (NOV '13)	Max: 46 ticks (DEC '13)		
Avg 2nd Peak: 46 ticks (9-33 min after report)	Min: 31 ticks (APR '14)	Max: 64 ticks (FEB '14)		
Avg Reversal: 21 ticks (6-35 min after report)	Min: 12 ticks (NOV '13)	Max: 32 ticks (AUG '13)		
Last 6 Reports:	3 : SPK/REV	3 : 2ND Peak	0 : DULL	0 : INDECISIVE
Last 10 Reports:	6: SPK/REV	3 : 2ND Peak	1 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:		5	15 Tick Stop	

Parameters	
BracketDistance	5
Entry CancelledIfGapped	False
Entry Slippage Ticks	12
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 first of 3 PMI reports and the most impacting. Release time has been changed to 0430 vice 0428. **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.** 7 of the last 10 reports have generated 28-46 ticks, and the remaining 2 have yielded 7, 10, and 22 ticks with near matching forecasts. An offset above 0.3 should cause a reaction of at least 20 ticks. Only 3 of the last 6 reports have achieved a 2nd Peak, but they yielded about 30 ticks more than the initial peak 9-64 min after the report. This is a good report to trade a reversal with about 20 ticks being surrendered after the initial peak or 2nd peak by 24 min.

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ISM Manufacturing PMI		RISK: 2	6J 09-14	
10:00 am Eastern / 7:00 am Pacific		Forecast: 55.6		
Avg 1st Peak: 21 ticks (1-2 min after report)	Min: 9 ticks (APR '14)	Max: 37 ticks (FEB '14)		
Avg 2nd Peak: 44 ticks (10-21 min after report)	Min: 38 ticks (NOV '13)	Max: 52 ticks (FEB '14)		
Avg Reversal: 18 ticks (6-35 min after report)	Min: 11 ticks (NOV '13)	Max: 21 ticks (FEB '14)		
Last 6 Reports:	2 : SPK/REV	2 : 2ND Peak	2 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:		4	8 Tick Stop	

Good medium impact report to trade. Unless the result deviates less than 1 point from the forecast, look for 20+ gross ticks on the initial spike and about 15 on the reversal as it usually delivers close to what the spike yields. A deviation of less than 1 pt should offer about 10-15 ticks gross. A potential 2nd peak should deliver about 15 more ticks than the initial peak on a large deviation. The peak can be shortly sustained, so a profit target is strongly recommended of about 7-10 ticks.

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AUS Trade Balance - Trap Trade		RISK: 2	6A 09-14
9:30 pm Eastern / 6:30 pm Pacific		Forecast: -0.21B	
Recommended settings:	Tier 1: 7-8 ticks	Tier 2: 14-16 ticks	10 Tick Stop

We traded this report by itself in May and June for the first time since January as the previous 3 months were double booked with AUS Retail Sales. May saw a 9 tick spike followed by an immediate 9 tick reversal to allow up to 5 ticks to be captured and June saw an 11 tick spike that reversed for 5 ticks allowing 3 ticks to be captured. Both December and January were indecisive with 8 and 9 tick spikes initially. Prior to that, we had reactions of 15-18 ticks in November and September that were initially stable and reversed quickly in the following few minutes. Look for the reversal to retrace to about 2/3 to all of the way back to the origin.

*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.**