

## HIGH IMPACT REPORT ALERT:

Thursday, 7/3/14 **HAPPY 4<sup>th</sup> OF JULY !**

<b>GBP Services PMI - Trap Trade</b>				<b>RISK: 2</b>	<b>6B 09-14</b>
<b>4:30 am Eastern / 1:30 am Pacific</b>			<b>Forecast: 58.3</b>		
<b>Avg 1st Peak: 24 ticks (0:00-0:08 sec)</b>		<b>Min: 9 ticks (MAR '14)</b>		<b>Max: 46 ticks (FEB '14)</b>	
<b>Avg Reversal: 20 ticks (0:07 - 0:42 after report)</b>		<b>Min: 13 ticks (JAN '14)</b>		<b>Max: 38 ticks (FEB '14)</b>	
<b>Last 6 Reports:</b>	<b>2 : Tier 1</b>	<b>1: Tier 2</b>	<b>3 : DULL (no fill)</b>	<b>0 : DULL (fill)</b>	<b>0 : STOPPED</b>
<b>Last 9 Reports:</b>	<b>5 : Tier 1</b>	<b>1: Tier 2</b>	<b>3 : DULL (no fill)</b>	<b>0 : DULL (fill)</b>	<b>0 : STOPPED</b>
<b>Recommended settings:</b>		<b>Tier1: 20 +/-3 ticks</b>	<b>Tier2: 35 +/-3 ticks</b>	<b>15 Tick Stop</b>	

Newer Report for JOBB, as is all GBP news. This is the last of 3 PMI reports and least impacting of the three. It is also less stable and tends to have a shortly sustained peak and quick sizeable reversal making it a good candidate for the Trap Trade. Hence, the slippage that normally comes with the 6B is not a factor. In the last year, we have seen 6 reactions yield 20 - 32 ticks, 2 reactions of 35 and 46 ticks, and 4 reactions 8-15 ticks (gross). So we are going with large tiers to be conservative with the understanding that about a third of the opportunities will not cause a fill, but this factors out the risk of a large move stopping you with a small tier. If filled, look to exit after the reversal with 10-15 ticks net no later than 20 sec into the :31 bar as the reversal typically hovers and achieves max value at a point of support or resistance then pulls back in the direction of the original peak for at least 5-8 ticks after that.

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<b>EUR ECB Minimum Bid Rate - Trap Trade</b>			<b>RISK: 3</b>	<b>6E 09-14</b>	
<b>7:45 am Eastern / 4:45 am Pacific</b>			<b>Forecast: 0.15% (no change)</b>		
<b>Avg 1st Peak: 28 ticks (0:01-0:06 sec)</b>		<b>Min: 20 ticks (APR '14)</b>		<b>Max: 35 ticks (MAR '14)</b>	
<b>Avg Reversal: 42 ticks (0:06 - 1:26 after report)</b>		<b>Min: 18 ticks (FEB '14)</b>		<b>Max: 64 ticks (MAR '14)</b>	
<b>Last 5 Reports:</b>	<b>3 : Tier 1</b>	<b>2: Tier 2</b>	<b>0 : DULL (no fill)</b>	<b>0 : DULL (fill)</b>	<b>0 : STOPPED</b>
<b>Recommended settings:</b>		<b>Tier 1: 18-20 ticks</b>	<b>Tier 2: 28-32 ticks</b>	<b>15 Tick Stop</b>	

The last 5 months have shown great Trap Trade opportunities for this trade as the ECB is desperate to devalue the EURO with limited options. Prior to that this was a dull mover for several months. With the forecast rate cut last month, we just used the outer tier setting of an average of 30 ticks and it yielded a max of about 40 ticks. No change is expected this time in the rate, but the other actions by the ECB will be on watch. Look for the first peak to be reached quickly within 10 sec after the release, then the reversal to materialize between 6 sec on the :31 bar up to about 90 sec. The last 3 reactions have yielded 20, 28, and 35 ticks initially, with reversals of 45, 18, and 64 ticks. Try to optimize the location of the tier to be just outside of a Pivot, SMA, or HOD/LOD/OOD. **If you are not filled in the first 20 sec, cancel the order.**

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Unemployment Rate/Non-Farm Emp Change - Trap Trade		<b>RISK: 2</b>	<b>ES 09-14</b>		
<b>8:30 am Eastern / 5:30 am Pacific</b>		<b>Forecast: +214K jobs / 6.3%</b>			
<b>Avg 1st Peak: 27 ticks (0:01-0:30 sec)</b>	<b>Min: 9 ticks (APR '14)</b>	<b>Max: 50 ticks (FEB '14)</b>			
<b>Avg Reversal: 31 ticks (0:30-3:00 after report)</b>	<b>Min: 12 ticks (APR '14)</b>	<b>Max: 104 ticks (FEB '14)</b>			
<b>Last 10 Reports:</b>	<b>3 : Tier 1</b>	<b>3: Tier 2</b>	<b>4 : DULL (no fill)</b>	<b>0 : DULL (fill)</b>	<b>0 : STOPPED</b>
<b>Recommended settings:</b>		<b>Tier 1: ~25 ticks</b>	<b>Tier 2: ~40 ticks</b>	<b>15 Tick Stop</b>	

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. The good news is that the ES tends to offer a great Trap Trade setup no matter how the results pan out. 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 about 18 ticks after about 7 sec, then reversed for a fill on the opposite side around 25 sec, then backed off. **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 6/4 showed a worse than expected 179K jobs created earlier this week. There is little correlation between the BOLS report and the ADP report since the calculation metrics differ entirely.

US Trade Balance and unemployment claims will be released concurrently but will be vastly overshadowed. Then the ECB press conference will have a delayed impact. No greater risk for the Trap Trade approach.

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<b>ISM Non-Manufacturing PMI</b>			<b>RISK: 2</b>	<b>6J 09-14</b>
<b>10:00 am Eastern / 7:00 am Pacific</b>		<b>Forecast: 56.2</b>		
<b>Avg 1st Peak: 19 ticks (1 min after report)</b>	<b>Min: 10 ticks (JAN '14)</b>		<b>Max: 23 ticks (FEB '14)</b>	
<b>Avg 2nd Peak: 25 ticks (6-29 min after report)</b>	<b>Min: 22 ticks (AUG '13)</b>		<b>Max: 33 ticks (FEB '14)</b>	
<b>Avg Reversal: 18 ticks (23-74 min after report)</b>	<b>Min: 10 ticks (OCT '13)</b>		<b>Max: 47 ticks (FEB '14)</b>	
<b>Last 6 Reports:</b>	<b>0 : SPK/REV</b>	<b>4 : 2ND PK</b>	<b>1 : DULL</b>	<b>1 : INDECISIVE</b>
<b>Last 10 Reports:</b>	<b>0 : SPK/REV</b>	<b>8 : 2ND PK</b>	<b>1 : DULL</b>	<b>1 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>3</b>	<b>8 Tick Stop</b>

A medium mover, but influential and reliable report. This report will be released separately from Factory Orders this time. We have been trading this on the 6J since July 2013 with all reactions except April being safe. With only 0.4 pts offset, the near match caused an indecisive situation. Then last month saw a dull reaction that would have allowed an exit at breakeven. All others have been safe and achieved a 2nd peak of a few more ticks. Look for 10-15 ticks net on the spike, and if it hovers and reverses after about 20 sec, be sure to exit at or better than break even. Look for 10-25 ticks on the reversal and a 2nd Peak for an additional 5-10 ticks normally around 5-7 min is probable.

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<b>Natural Gas Storage (Yellow Report)</b>		<b>RISK: 5</b>	<b>NG 08-14</b>	
<b>10:30 am Eastern / 7:30 am Pacific</b>		<b>Forecast: 100B FT<sup>3</sup></b>		
<b>Avg 1st Peak: 64 ticks (1-2 min after report)</b>	<b>Min: 13 ticks (11/7/13)</b>	<b>Max: 170 ticks (5/2/13)</b>		
<b>Avg 2nd Peak: 108 ticks (4-20 min after rpt)</b>	<b>Min: 23 ticks (11/7/13)</b>	<b>Max: 257 ticks (6/14/12)</b>		
<b>Avg Reversal: 63 ticks (11-40 min after Pk)</b>	<b>Min: 16 ticks (3/8/12)</b>	<b>Max: 155 ticks (8/16/12)</b>		
<b>Last 10 Reports:</b>	<b>3 : SPK/REV</b>	<b>3 : 2ND PK</b>	<b>0 : DULL</b>	<b>4 : INDECISIVE</b>
<b>Last 25 Reports:</b>	<b>10 : SPK/REV</b>	<b>7 : 2ND PK</b>	<b>0 : DULL</b>	<b>8 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>10</b>	<b>20 Tick Stop</b>

**Trade with caution and ensure you understand the risk. THIS IS THE RISKIEST REPORT FOR JOBB. Occasionally prone to opposite direction spike 1-2 sec before report is released and slippage up to 30+ ticks (40-50 ticks on moves that gross over 100 ticks). USE of JOBB is highly risky due to the potential of the order filling in the wrong direction.**

**Set your bracket entry time only 1 second early (xx:29:59) and ensure a good clock synch.** A profit target of 20 ticks or less is safer, while also using a breakeven to move the stop to a more favorable position. This report is similar to the CL inventory, but it is prone to a decisive direction after the report release and about 15-30 ticks of slippage. Look for 20-40 ticks net on the spike after slippage, and a reversal that often exceeds the spike. If the offset between the result and the forecast is less than 10, trading the reversal is a safe proposition. If the results are matching or nearly matching, buying the dips and selling the tops is a good play.

Another reliable approach is to look for a reversal entry late in the :33 bar and look for 15-20 ticks. As long as there is a stable spike on the :31 bar, this is successful about 2/3 of the time with a stop of about 10 ticks.