

HIGH IMPACT REPORT ALERT:

Wednesday, 7/16/14

CAN BOC Rate Statement / Overnight Rate - Trap			RISK: 3	6C 09-14
10:00 am Eastern / 7:00 am Pacific		Forecast: 1.00% (no change)		
Avg 1st Peak: 28 ticks (0:00-0:59 sec)	Min: 12 ticks (DEC '13)	Max: 49 ticks (JUL '13)		
Avg Reversal: 32 ticks (0:03 - 2:40 after report)	Min: 10 ticks (SEP '13)	Max: 51 ticks (SEP '13)		
Last 6 Reports:	3 : SPK/REV	3 : DULL (no fill)	0 : DULL (fill)	0 : STOPPED
Recommended settings:	Tier 1: 20-30 ticks	Tier 2: n/a	20 Tick Stop	

This is the Bank Of Canada's periodic adjustment of monetary policy. As with other central bank news, we have shifted to the Trap Trade approach. This report is riskier though since it varies greatly on the size of its spikes. July 2013 fell about 50 ticks and then rebounded to recover all of it in 4 bars, but September 2013 only moved about 12 ticks on either side of the anchor point. I would still recommend a larger offset just to be safe, even though there is a good chance it will not fill. Expectations are for no change to the rate or big policy changes with easing, so as usual any move will be subject to the minutia. Look for a span of up to 50-60 ticks on the :01-04 bars from the high point to low point.

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Crude Oil Inventory			RISK: 3	CL 08-14
10:30 am Eastern / 7:30 am Pacific		Forecast(C/G/D): -2.03M/ 1.05M/ 1.88M		
Avg 1st Peak: 35 ticks (1-3 min after report)	Min: 11 ticks (3/27/13)		Max: 93 ticks (4/4/12)	
Avg 2nd Peak: 80 ticks (5-40 min after report)	Min: 25 ticks (10/11/12)		Max: 191 ticks (9/18/13)	
Avg Reversal: 68 ticks (17-44 min after Pk)	Min: 17 ticks (8/21/13)		Max: 211 ticks (5/15/13)	
Last 10 Reports:	1 : SPK/REV	6 : 2ND PK	1 : DULL	2 : INDECISIVE
Last 25 Reports:	7 : SPK/REV	14 : 2ND PK	1 : DULL	3 : INDECISIVE
Recommended BracketDistance setting:			10	15 Tick Stop

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. This report is 3-pronged (Crude oil, Gasoline, and Distillates - Heating Oil)

Now as we are in the summer 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.