

## HIGH IMPACT REPORT ALERT:

Tuesday, 9/2/14

<b>AUS Cash Rate / RBA Rate Statement - Trap Trade</b>			<b>RISK: 3</b>	<b>6A 09-14</b>	
<b>12:30 am Eastern / 9:30 pm Pacific (Mon)</b>		<b>Forecast: 2.50% (no change)</b>			
<b>Avg 1st Peak: 17 ticks (0:00-0:31 sec)</b>	<b>Min: 10 ticks (DEC '13)</b>		<b>Max: 24 ticks (DEC '12)</b>		
<b>Avg Reversal: 22 ticks (0:11 - 0:52 after report)</b>	<b>Min: 6 ticks (JUL '14)</b>		<b>Max: 53 ticks (AUG '13)</b>		
<b>Last 6 Reports:</b>	<b>3 : Tier 1</b>	<b>1: Tier 2</b>	<b>2 : DULL (no fill)</b>	<b>0 : DULL (fill)</b>	<b>0 : STOPPED</b>
<b>Last 12 Reports:</b>	<b>6 : Tier 1</b>	<b>2: Tier 2</b>	<b>2 : DULL (no fill)</b>	<b>1 : DULL (fill)</b>	<b>1 : STOPPED</b>
<b>Recommended settings:</b>		<b>Tier 1: 10-13 ticks</b>	<b>Tier 2: 20-24 ticks</b>	<b>15 Tick Stop</b>	

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 12 reactions would have stopped you out. 7 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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<b>GBP Construction PMI</b>			<b>RISK: 2</b>	<b>6B 09-14</b>
<b>4:30 am Eastern / 1:30 am Pacific</b>		<b>Forecast: 61.5</b>		
<b>Avg 1st Peak: 19 ticks (1-2 min after report)</b>	<b>Min: 11 ticks (AUG '14)</b>		<b>Max: 42 ticks (FEB '14)</b>	
<b>Avg 2nd Peak: 28 ticks (13-38 min after report)</b>	<b>Min: 14 ticks (OCT '13)</b>		<b>Max: 45 ticks (FEB '14)</b>	
<b>Avg Reversal: 21 ticks (6-35 min after report)</b>	<b>Min: 15 ticks (APR '14)</b>		<b>Max: 38 ticks (OCT '13)</b>	
<b>Last 6 Reports:</b>	<b>4 : SPK/REV</b>	<b>2 : 2ND Peak</b>	<b>0 : DULL</b>	<b>0 : INDECISIVE</b>
<b>Last 12 Reports:</b>	<b>7 : SPK/REV</b>	<b>5 : 2ND Peak</b>	<b>0 : DULL</b>	<b>0 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>4</b>	<b>12 Tick Stop</b>

Parameters	
BracketDistance	4
Entry CancelledIfGapped	False
Entry Slippage Ticks	8
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.

This is the second of 3 PMI reports and less impacting than the Manufacturing report. **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.** 5 of the last 10 reports have generated 12-13 ticks, 4 yielded 18-29 ticks, and the remaining report yielded 42 ticks. The smaller reactions typically come with an offset of 0.8 or less. 4 of the last 10 reports have achieved a 2nd Peak, yielding only a few ticks more than the 1st peak 13-38 min after the report. This is a good report to trade a reversal with about 15-20 ticks being surrendered after the 2nd peak by 20 or so min.

## HIGH IMPACT REPORT ALERT:

Tuesday, 9/2/14

<b>ISM Manufacturing PMI</b>		<b>RISK: 2</b>	<b>6J 09-14</b>	
<b>10:00 am Eastern / 7:00 am Pacific</b>		<b>Forecast: 57.0</b>		
<b>Avg 1st Peak: 21 ticks (1-2 min after report)</b>	<b>Min: 9 ticks (APR '14)</b>	<b>Max: 37 ticks (FEB '14)</b>		
<b>Avg 2nd Peak: 44 ticks (10-21 min after report)</b>	<b>Min: 38 ticks (NOV '13)</b>	<b>Max: 52 ticks (FEB '14)</b>		
<b>Avg Reversal: 18 ticks (6-35 min after report)</b>	<b>Min: 11 ticks (NOV '13)</b>	<b>Max: 21 ticks (FEB '14)</b>		
<b>Last 6 Reports:</b>	<b>2 : SPK/REV</b>	<b>2 : 2ND Peak</b>	<b>2 : DULL</b>	<b>0 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>		<b>4</b>	<b>8 Tick Stop</b>	

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.

## HIGH IMPACT REPORT ALERT:

Tuesday, 9/2/14

<b>AUS Quarterly GDP</b>			<b>RISK: 4</b>	<b>6A 09-14</b>
<b>9:30 pm Eastern / 6:30 pm Pacific</b>		<b>Forecast: 0.4%</b>		
<b>Avg 1st Peak: 35 ticks (1-2 min after report)</b>	<b>Min: 8 ticks (DEC '12)</b>		<b>Max: 55 ticks (JUN '12)</b>	
<b>Avg 2nd Peak: 58 ticks (11-35 min after report)</b>	<b>Min: 11 ticks (DEC '12)</b>		<b>Max: 90 ticks (DEC '13)</b>	
<b>Avg Reversal: 24 ticks (26-51 min after report)</b>	<b>Min: 10 ticks (SEP '13)</b>		<b>Max: 48 ticks (MAR '14)</b>	
<b>Last 6 Reports:</b>	<b>1 : SPK/REV</b>	<b>2 : 2ND PK</b>	<b>1 : DULL</b>	<b>3 : INDECISIVE</b>
<b>Last 12 Reports:</b>	<b>2 : SPK/REV</b>	<b>6 : 2ND PK</b>	<b>1 : DULL</b>	<b>3 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>17</b>	<b>10 Tick Stop</b>

A rare and impacting report to trade that only comes 4 times a year. Due to the infrequent reporting, small offsets between the result and the forecast will yield several ticks; however 4 of the last 8 reports have seen premature spikes or indecisive moves of 11-15 ticks, so we are expanding the bracket to 17 ticks. This will filter out the threat of a wrong direction move initially, but still allow several ticks to be captured as the true spikes usually exceed 30 gross ticks. This report typically delivers a healthy spike of 25-50 ticks and has the potential to take more than 1 bar to reach the pinnacle. 5 of the last 12 reports have gone for a 2nd peak for another 10-20 ticks. Not the best report to trade the reversal as the yield is only about 15-20 ticks in 16 - 26 min after the last peak with a perfect entry.