

## HIGH IMPACT REPORT ALERT:

Friday, 9/5/14

|  |                         |                             |                    |                 |             |
|--|-------------------------|-----------------------------|--------------------|-----------------|-------------|
| Unemployment Rate/Non-Farm Emp Change - Trap Trade |                         | RISK: 2                     | ES 09-14           |                 |             |
| 8:30 am Eastern / 5:30 am Pacific                  |                         | Forecast: +226K jobs / 6.1% |                    |                 |             |
| Avg 1st Peak: 27 ticks<br>(0:01-0:30 sec)          | Min: 9 ticks (APR '14)  | Max: 50 ticks (FEB '14)     |                    |                 |             |
| Avg Reversal: 31 ticks<br>(0:30-3:00 after report) | Min: 12 ticks (APR '14) | Max: 104 ticks (FEB '14)    |                    |                 |             |
| Last 10 Reports:                                   | 3 : Tier 1              | 4: Tier 2                   | 4 : DULL (no fill) | 0 : DULL (fill) | 0 : STOPPED |
| Recommended settings:                              |                         | Tier 1: ~25 ticks           | Tier 2: ~40 ticks  | 15 Tick Stop    |             |

We now recommend 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 150-220K 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. The last several months have offered many great opportunities with 4 spikes of 35, 39, 42, and 50 ticks to fill the outer tier and 3 spikes of 27, 27, and 31 ticks. The remaining few were just short of the inner tier. 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.