

HIGH IMPACT REPORT ALERT:

Wednesday, 9/17/14

Crude Oil Inventory			RISK: 3	CL 10-14
10:30 am Eastern / 7:30 am Pacific		Forecast(C/G/D): -1.75M/ -0.50M/ 0.38M		
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:	2 : SPK/REV	5 : 2ND PK	2 : DULL	1 : INDECISIVE
Last 25 Reports:	7 : SPK/REV	14 : 2ND PK	1 : DULL	3 : INDECISIVE
Recommended BracketDistance setting:			10	15 Tick Stop

*****We are right on the fence of contract rollover between the 10-14 and 11-14 contracts. If volume is near equal do not trade as liquidity will be split and thin.**

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.

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FOMC Statement / Federal Funds Rate - Trap Trade				RISK: 3	ZB 12-14
2:00 pm Eastern / 11:00 am Pacific			Forecast: n/a (<0.25%)		
Recommended settings:		Tier 1: 7-8 ticks	Tier 2: 15-16 ticks	8 Tick Stop	
Avg 1st Peak: 10 ticks (0:09-0:41 sec)		Min: 6 ticks (JUL '13)		Max: 16 ticks (MAR '13)	
Avg Reversal: 14 ticks (0:38 - 2:54 after report)		Min: 8 ticks (11/21/13)		Max: 26 ticks (12/12/13)	
Last 5 Reports:	3 : Tier 1	1: Tier 2	1 : DULL (no fill)	0 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: 7-8 ticks	Tier 2: 15-16 ticks	8 Tick Stop	

*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.**

All of the FOMC Statements and FED Meeting minutes since January have shown great Trap Trade setups causing a spike one way followed by a reversal within about 2-3 min. The last report fell short of the tier by 1 tick, but it still reversed strongly as expected. **Look to exit on the first reversal NLT 4 min and do not hold the trade longterm as the longterm reaction is unpredictable and driven by commentary / Q&A.**

When the FED finally commenced tapering QE3 from \$85B/month at the December 2013 meeting, we saw a decisive short move. Now that the mystery and surprise is gone, every FOMC event since (minutes or statement) has been a great trap trade setup as they continue on the steady pace of \$10B/month reduction to \$15B/month with no additional action. Given the lack of drama, all eyes will be on any hint on longer term projections with the timing of rate hikes or other changes to policy.

Keep an eye on the news, Bloomberg.com, or Talking-Forex and watch/listen for the announcement of the result as this is the reaction to the written statement.