

HIGH IMPACT REPORT ALERT:

Wednesday, 10/22/14

CAN BOC Rate Statement / Overnight Rate - Trap				RISK: 3	6C 12-14
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 : Tier 1	0: Tier 2	3 : DULL (no fill)	0 : DULL (fill)	0 : STOPPED
Last 10 Reports:	4 : Tier 1	0: Tier 2	6 : DULL (no fill)	1 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: ~15 ticks	Tier 2: ~25 ticks	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. For example, 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 12-14
10:30 am Eastern / 7:30 am Pacific		Forecast(C/G/D): 2.63M/ -0.73M/ -1.13M		
Avg 1st Peak: 34 ticks (1-3 min after report)	Min: 11 ticks (3/27/13)		Max: 93 ticks (4/4/12)	
Avg 2nd Peak: 75 ticks (5-40 min after report)	Min: 25 ticks (10/11/12)		Max: 191 ticks (9/18/13)	
Avg Reversal: 65 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

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 still in the summer months (before the weather changes), 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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CNY HSBC Flash Manufacturing PMI			RISK: 2	HG 12-14
9:45 pm Eastern / 6:45 pm Pacific		Forecast: 50.2		
Avg 1st Peak: 21 ticks (2-3 min after report)	Min: 10 ticks (FEB '13)		Max: 37 ticks (MAR '13)	
Avg 2nd Peak: 40 ticks (16-20 min after report)	Min: 14 ticks (FEB '13)		Max: 91 ticks (MAR '13)	
Avg Reversal: 23 ticks (26-62 min after report)	Min: 8 ticks (FEB '13)		Max: 55 ticks (APR '13)	
Last 6 Reports:	1 : SPK/REV	5 : 2ND PK	0 : DULL	0 : INDECISIVE
Last 12 Reports	4 : SPK/REV	8 : 2ND PK	0 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:			3	10 Tick Stop

Parameters	
BracketDistance	3
Entry CancelledIfGapped	False
Entry Slippage Ticks	7
Entry StopLimit Orders	True
Entry Time	21:44:57
Mode	StrategyInternal

Based on the high slippage that often accompanies this report, I am recommending the stop limit orders with the settings to the left.

CNY HSBC Flash Manufacturing PMI			RISK: 2	6A 12-14
9:45 pm Eastern / 6:45 pm Pacific		Forecast: 50.2		
Avg 1st Peak: 29 ticks (1-3 min after report)	Min: 9 ticks (SEP '12)		Max: 64 ticks (FEB '14)	
Avg 2nd Peak: 34 ticks (16-20 min after report)	Min: 15 ticks (JUN '12)		Max: 66 ticks (JUL '13)	
Avg Reversal: 22 ticks (26-62 min after report)	Min: 9 ticks (FEB '14)		Max: 46 ticks (JUN '13)	
Last 6 Reports:	6 : SPK/REV	0 : 2ND PK	0 : DULL	0 : INDECISIVE
Last 12 Reports	9 : SPK/REV	3 : 2ND PK	0 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:			4	10 Tick Stop

Parameters	
BracketDistance	4
Entry CancelledIfGapped	False
Entry Slippage Ticks	10
Entry StopLimit Orders	True
Entry Time	21:44:57
Mode	StrategyInternal

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This is a monthly early indicator of China manufacturing activity. Trade on the HG or 6A since there is no index for CNY. This report performed exceptionally between March and September 2013 on the HG delivering 24-37 ticks. Since September, it has been safe, but yielding 12-23 gross ticks on the spike which often takes multiple bars to reach its peak. In Feb, the HG had an abnormal 11 ticks of slippage. So we are taking another look at the 6A to see how it will perform. In March and May, the HG slipped 2 and 7 ticks and the 6A would have slipped about 12-13 ticks, disallowing a fill. The HG would have allowed about 8-10 net ticks to be captured. April was a near matching report for no movement on the HG on the first bar with a delayed move following, but a small move of 11 ticks on the 6A. The HG still appears to be easier and safer after the last 3 months for the initial spike. The limit settings above are strongly advised to filter out a bad entry and get picked up on an intrabar retracement. On the HG, 8 of the last 12 reports have achieved a 2nd peak of 6-20+ ticks more than the 1st peak within 20 min after the release. Look for 20-50 ticks on the reversal. A reversal trade on the 6A after the initial spike is safe, while the HG usually goes for a 2nd peak.