

## HIGH IMPACT REPORT ALERT:

Monday, 11/3/14

<b>GBP Manufacturing PMI</b>			<b>RISK: 2</b>	<b>6B 12-14</b>
<b>4:30 am Eastern / 1:30 am Pacific</b>		<b>Forecast: 51.5</b>		
<b>Avg 1st Peak: 30 ticks (1-2 min after report)</b>	<b>Min: 7 ticks (NOV '13)</b>		<b>Max: 46 ticks (DEC '13)</b>	
<b>Avg 2nd Peak: 42 ticks (9-33 min after report)</b>	<b>Min: 31 ticks (APR '14)</b>		<b>Max: 64 ticks (FEB '14)</b>	
<b>Avg Reversal: 21 ticks (6-35 min after report)</b>	<b>Min: 12 ticks (NOV '13)</b>		<b>Max: 32 ticks (AUG '13)</b>	
<b>Last 6 Reports:</b>	<b>3 : SPK/REV</b>	<b>3 : 2ND Peak</b>	<b>0 : DULL</b>	<b>0 : INDECISIVE</b>
<b>Last 12 Reports:</b>	<b>5 : SPK/REV</b>	<b>6 : 2ND Peak</b>	<b>1 : DULL</b>	<b>0 : INDECISIVE</b>
<b>Recommended BracketDistance setting:</b>			<b>5</b>	<b>15 Tick Stop</b>

Parameters	
BracketDistance	5
Entry CancelledIfGapped	False
Entry Slippage Ticks	12
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 first of 3 PMI reports and the most impacting. Release time has been changed to 0430 vice 0428. **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.** 9 of the last 12 reports have generated 28-46 gross ticks, and the remaining 2 have yielded 7, 10, and 22 ticks with near matching forecasts. An offset above 0.3 should cause a reaction of at least 20 ticks. 3 of the last 6 reports have achieved a 2nd Peak, but most garnered just a few ticks more while only 2 yielded about 30 ticks more than the initial peak 9-64 min after the report. This is a good report to trade a reversal with about 20 ticks being surrendered after the initial peak or 2nd peak by 24 min.

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<b>ISM Manufacturing PMI</b>		<b>RISK: 2</b>	<b>6J 12-14</b>	
<b>10:00 am Eastern / 7:00 am Pacific</b>		<b>Forecast: 56.5</b>		
<b>Avg 1st Peak: 16 ticks (1-2 min after report)</b>	<b>Min: 9 ticks (MAY '14)</b>	<b>Max: 37 ticks (FEB '14)</b>		
<b>Avg 2nd Peak: 26 ticks (10-21 min after report)</b>	<b>Min: 13 ticks (AUG '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 10-20 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 8-15 ticks gross. A potential 2nd peak should deliver about 10-15 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:

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AUS Retail Sales / Trade Balance - Trap Trade				RISK: 2	6A 12-14
7:30 pm Eastern / 4:30 pm Pacific			Forecast: 0.3% RTL / -1.78B Trade		
Avg 1st Peak: 16 ticks (0:00-0:31 sec)		Min: 8 ticks (MAY '13)		Max: 31 ticks (APR '12)	
Avg Reversal: 25 ticks (0:11 - 0:52 after report)		Min: 10 ticks (OCT '13)		Max: 53 ticks (AUG '13)	
Last 6 Reports:	3 : Tier 1	2: Tier 2	0 : DULL (no fill)	0 : DULL (fill)	1 : STOPPED
Recommended settings:		Tier 1: 15-20 ticks	Tier 2: n/a		10 Tick Stop

We have 4 booked results since the introduction of the Trap Trade with these reports double booked. Feb yielded a 16 tick spike, followed by a 50 tick reversal in 60 seconds as Retail matched and Trade Balance came in strongly bullish. Mar gave us a 43 tick spike to stop us out as both reports saw extremely strong consistent readings. April saw a 19 tick spike followed by a reversal back to the origin in 29 sec. Sept saw a 11 tick spike followed by a 9 tick reversal. While it did not breach the tier, it allowed an opportunity to manually enter and catch a handful of ticks on the reversal. We are only recommending one tier of 15-20 ticks to minimize the risk. There is a good possibility that the reaction will not breach the trap tier, but if it hovers for about 5 or more sec on a level of support/resistance, manually moving the order closer is advisable. Aside from March, the largest spike on Retail sales has been 33 ticks in the last 18 months, and there is a cluster in the 17-20 range, then another cluster in the mid to upper 20s. This should either be a whipsaw, or have a sharp pullback in the intrabar.

\*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.**

## HIGH IMPACT REPORT ALERT:

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<b>AUS Cash Rate / RBA Rate Statement - Trap Trade</b>				<b>RISK: 3</b>	<b>6A 12-14</b>
<b>10:30 pm Eastern / 7:30 pm Pacific</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>2 : Tier 1</b>	<b>1: Tier 2</b>	<b>3 : 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: 8-12 ticks</b>	<b>Tier 2: 18-22 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. 9 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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