

HIGH IMPACT REPORT ALERT:

Wednesday, 11/5/14

GBP Services PMI - Trap Trade				RISK: 2	6B 12-14
4:30 am Eastern / 1:30 am Pacific			Forecast: 58.5		
Avg 1st Peak: 23 ticks (0:00-0:08 sec)		Min: 8 ticks (MAY '14)		Max: 46 ticks (FEB '14)	
Avg Reversal: 20 ticks (0:07 - 0:42 after report)		Min: 13 ticks (JAN '14)		Max: 38 ticks (FEB '14)	
Last 6 Reports:	2 : Tier 1	0: Tier 2	3 : DULL (no fill)	1 : DULL (fill)	0 : STOPPED
Last 12 Reports:	6 : Tier 1	1: Tier 2	4 : DULL (no fill)	1 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier1: 20 +/-3 ticks	Tier2: 35 +/-3 ticks	15 Tick Stop	

This is the last of 3 PMI reports and least impacting of the three. It is also less stable and tends to have a shortly sustained peak and quick sizeable reversal making it a good candidate for the Trap Trade. Hence, the slippage that normally comes with the 6B is not a factor. In the last year, we have seen 6 reactions yield 20 - 32 ticks, 2 reactions of 35 and 46 ticks, and 4 reactions 8-15 ticks (gross). So we are going with large tiers to be conservative with the understanding that about a third of the opportunities will not cause a fill, but this factors out the risk of a large move stopping you with a small tier. If filled, look to exit after the reversal with 10-15 ticks net no later than 20 sec into the :31 bar as the reversal typically hovers and achieves max value at a point of support or resistance then pulls back in the direction of the original peak for at least 5-8 ticks after that.

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ADP Non-Farm Employment Change - Trap Trade		RISK: 2	6J 12-14		
8:15 am Eastern / 5:15 am Pacific		Forecast: 214K			
Avg 1st Peak: 16 ticks (0:03-0:18 sec)	Min: 9 ticks (MAR '14)	Max: 28 ticks (DEC '13)			
Avg Reversal: 14 ticks (0:30-3:00 after report)	Min: 6 ticks (AUG '13)	Max: 24 ticks (SEP '13)			
Last 6 Reports:	3 : Tier 1	1: Tier 2	2 : DULL (no fill)	0 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: 8-10 ticks	Tier 2: 18-20 ticks	12 Tick Stop	

A look at the last 6 months with reactions matching, small deviation, and large deviation, show a range of 9 to 28 ticks, with a quick acting reversal or naked tail/wick common.

*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 30 sec, cancel the order.**

Look for the initial spike to occur normally by 5 sec, but if a small deviation, could be as late as 30 sec. The reversal usually retreats about 2/3 to 3/4 of the way back to the origin as early as 30 sec or up to 3 min after the report.

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ISM Non-Manufacturing PMI			RISK: 2	6J 12-14
10:00 am Eastern / 7:00 am Pacific		Forecast: 58.2		
Avg 1st Peak: 19 ticks (1 min after report)	Min: 10 ticks (JAN '14)		Max: 23 ticks (FEB '14)	
Avg 2nd Peak: 25 ticks (6-40 min after report)	Min: 22 ticks (AUG '13)		Max: 33 ticks (FEB '14)	
Avg Reversal: 18 ticks (23-74 min after report)	Min: 10 ticks (OCT '13)		Max: 47 ticks (FEB '14)	
Last 6 Reports:	0 : SPK/REV	3 : 2ND PK	2 : DULL	1 : INDECISIVE
Last 12 Reports:	0 : SPK/REV	9 : 2ND PK	2 : DULL	1 : INDECISIVE
Recommended BracketDistance setting:			3	8 Tick Stop

A medium mover, but influential and reliable report. This report will be released separately from Factory Orders this time. We have been trading this on the 6J since July 2013 with all reactions except April being safe. With only 0.4 pts offset, the near match caused an indecisive situation. Then May and August saw a dull reaction that would have allowed an exit at breakeven and July would have been cancelled before a fill happened. All others have been safe, profitable, and achieved a 2nd peak of a few more ticks. Look for 10-15 ticks net on the spike, and if it hovers and reverses after about 20 sec, be sure to exit at or better than break even. Look for 10-25 ticks on the reversal and a 2nd Peak for an additional 5-10 ticks normally around 5-7 min is probable. We have also seen a trend lately where if we have a dull reaction (under 7 ticks), it has a strong chance of going for a 2nd peak in the next 15-40 min.

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Crude Oil Inventory			RISK: 3	CL 12-14
10:30 am Eastern / 7:30 am Pacific		Forecast(C/G/D): 1.90M/ -1.00M/ -1.95M		
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 entering the fall months (before the weather changes), we still see the Distillate reading marginalized 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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AUS Employment Change / Unemployment Rate		RISK: 3	6A 12-14	
7:30 pm Eastern / 4:30 pm Pacific		Forecast: 10.3K / 6.1%		
Avg 1st Peak: 46 ticks (1 min after report)	Min: 13 ticks (SEP '12)		Max: 86 ticks (JUN '13)	
Avg 2nd Peak: 62 ticks (26-50 min after report)	Min: 34 ticks (DEC '12)		Max: 98 ticks (JAN '14)	
Avg Reversal: 34 ticks (15-30 min after last Pk)	Min: 11 ticks (SEP '13)		Max: 96 ticks (JUN '13)	
Last 6 Reports:	4 : SPK/REV	2 : 2ND PK	0 : DULL	0 : INDECISIVE
Last 12 Reports:	6 : SPK/REV	4 : 2ND PK	0 : DULL	2 : INDECISIVE
Recommended BracketDistance setting:			8	20 Tick Stop

Parameters	
BracketDistance	8
Entry CancelledIfGapped	False
Entry Slippage Ticks	12
Entry StopLimit Orders	True
Entry Time	21:29:59
Mode	StrategyInternal
StrategyInternal Trading	
BreakEvenProfit Ticks	0
BreakEvenTrigger Ticks	0
Position 1 Size	1
Position 2 Size	0
ProfitTarget 1 Ticks	20
ProfitTarget 2 Ticks	0
ReverseIfStoppedOut	True
StopLoss Ticks	20

Based on the high slippage that often accompanies this report, I am recommending the stop limit orders with the settings to the left. Due to an occasional head fake, we recommend using the ReverseIfStoppedOut feature. The BreakEven and ProfitTarget are left to personal preference, but 20 ticks is a suggestion.

One of the bigger periodic AUS reports. April to June 2013 saw premature volatility and manipulation to make the report more risky while April and May were both indecisive. May and June would have seen a tripwire to cancel about 18 sec before the report and April presented an indecisive scenario with a premature spike 3 sec before just as the bracket was setting up. **Given these dynamics, set the activation time to :59 sec instead of :57 sec.** This approach has made the report safer to profit since June 2013. October 2013 was indecisive due to mixed results. In February 2014 we saw another head fake long before the true short move. Check the archive screen shot and caption to see what

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happened if you are unfamiliar. Due to the high slippage, we are looking for a better position fill after the initial move and retracement with the limit order settings. Very consistent spike of 25-60 gross ticks on the 1st bar except for June which garnered 86 ticks, then surrendered it fairly quickly. Lately, about half of the reports have seen a 2nd Peak reaction, but on every occasion except for a few, the 2nd peak has only garnered another 4-15 ticks. Since that is the case, be careful trading the reversal. It is better to wait for a trade against the grain and miss it, then go in too early and find yourself eating a loss. The 25-30 min area after the report is a good area to evaluate an entry for the reversal. Look for 20-40 ticks on the reversal.