HIGH IMPACT REPORT ALERT:

Wednesday, 11/19/14

Building Permits / Housing Starts		RISK: 2	6J 12-14
8:30 am Eastern / 5:30 am Pacific	Forecast: 1.04M / 1.03M		
Avg 1st Peak: 12 ticks (1-2 min after report)	Min: 4 ticks (JAN '14)	Max: 42 ticks (JUL '13)	
Avg 2nd Peak: 28 ticks (17-26 min after report)	Min: 11 ticks (NOV'13)	Max: 28 ticks (JUL '13)	
Avg Reversal: 16 ticks (7-80 min after report)	Min: 10 ticks (AUG '13)	Max: 21 ticks (DEC '13)	
Last 6 Reports:	3 : SPK/REV	2 : 2ND PK	1 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:			3	8 Tick Stop

This is a small moving pair of reports that usually release concurrently with results in alignment. We sat this out since May as it was released with CPI and PPI or unemployment claims. Before that a dull reaction of 4 ticks in January allowed an exit with 1 tick loss. Look for 5-10 ticks net on the spike. A 2nd Peak has about a 50% probability of occurrence with about double the yield of the 1st Peak around 17-26 min. Look for 10-20 ticks on the reversal around 10-30 min after the last peak.

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Crude Oil Inventory			RISK: 4	CL 01-15
11:00 am Eastern / 8:00 am Pacific	Forecast(C/G/D): -1.15M/ 0.50M/ -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 the weather is changing, we will see the Distillate reading gaining influence making the report less stable and safe as the reaction has to consider all 3 parameters. 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 Meeting Minutes - Trap Trade		RISK: 2	ZB 12-14
2:00 pm Eastern / 11:00 am Pacific	Forecast: n/a		
Avg 1st Peak: 6 ticks (0:04-0:27 sec)	Min: 3 ticks (JUL '14)	Max: 8 ticks (AUG '14)	
Avg Reversal: 8 ticks (0:55 - 3:30 after report)	Min: 5 ticks (APR '14)	Max: 22 ticks (JAN '14)	
Last 6 Reports:	4 : Tier 1	1: Tier 2	1 : DULL (no fill)	0 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: 5 ticks	Tier 2: 8-9 ticks	5 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 July fell short of the tier by 2 ticks, 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. A target of about 4-5 ticks is safe.**

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. The Minutes are a detailed report of the FED decision from 3 weeks ago, so there is less surprise and the move is smaller.

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.

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Wednesday, 11/19/14

CNY HSBC Flash Manufacturing PMI		RISK: 2	HG 12-14
8:45 pm Eastern / 5:45 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 CancelledIfGappe	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
8:45 pm Eastern / 5:45 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 CancelledIfGappe	False
Entry Slippage Ticks	10
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.

Wednesday, 11/19/14

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 6 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.