

What's Due?

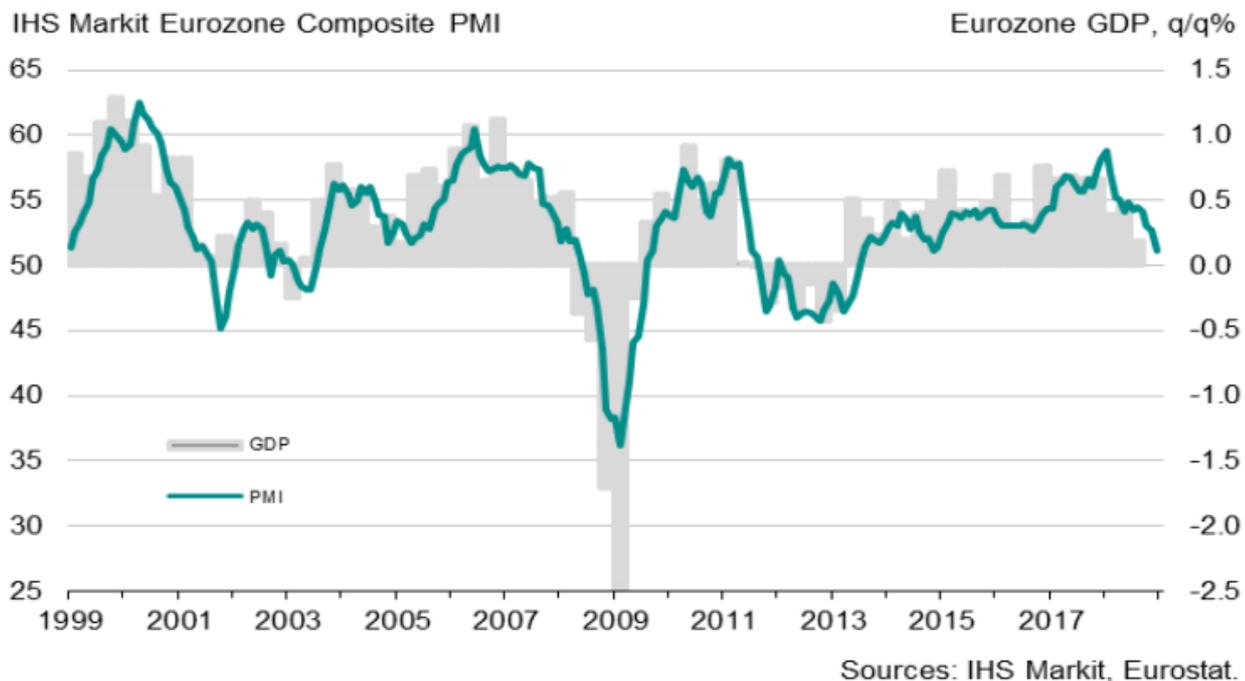
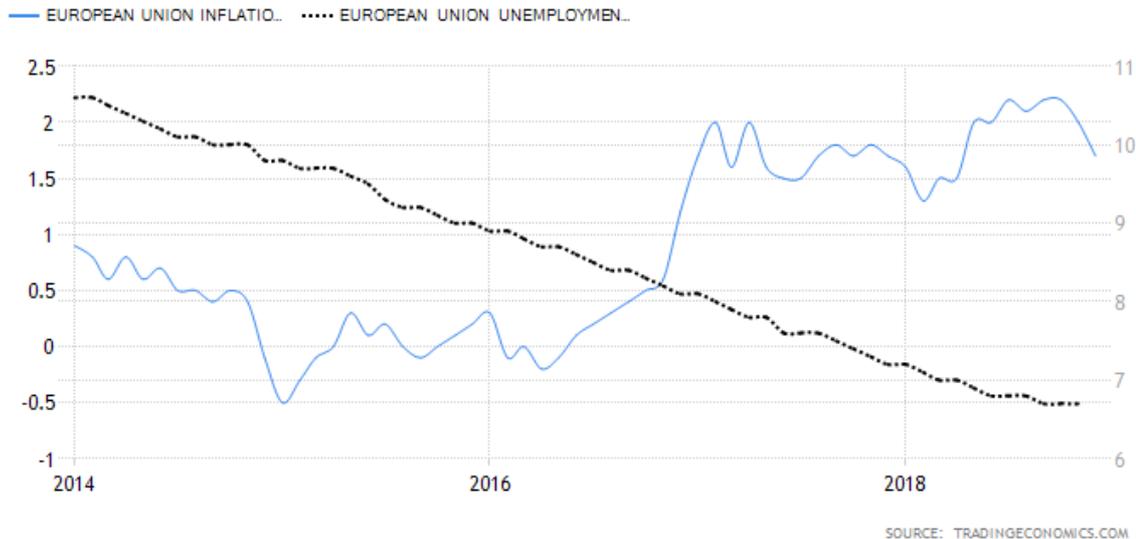
ECB Rates Decision

What's Expected?

The ECB is expected to remain on hold in terms of forward guidance and rates.

A look at the Data:

We would argue that downside risks to the economy have strengthened. However, this does not mean that QE/Asset purchases should commence once more (because they just stopped them, and because it wouldn't help). We would suggest Draghi will be a bit more dovish than last month but won't change anything.

**Trade Scenarios:**

Remain flexible. Central Bank decisions are influential and we must simply wait to see what happens. Give the market 3 minutes to process the headlines that accompany the decision at 13:45 CET before judging the reaction. But more likely, we will need to wait for Draghi's press conference in order to see some volatility.

*Now onto a few preliminary warnings for those members that may be expecting magic formulas, holy grails & the like. Trading the reaction to certain market movers can offer an edge. This does not mean it always offers an edge. In particular, what we will be utilizing to stack the odds are:

- a significant deviation from expectations (over & above a threshold value that is unique to each release)
- an equally significant reaction from the market (so we expect the high frequency models to be doing the exact same work we are, and we use it as confirmation of our own hypothesis)
- the current trend of the market (one news event can't change the nature of an established trend, unless we're talking NFP or Central Bank meetings)
- volatility (in particular, the amount of space covered during the day/week)
- the trade management component of the equation. These intraday trades need to have a sufficient ex-ante risk-reward, and a quick trailing stop mechanism to lock in gains on the market's initial reaction.

- the *money management aspect* of these trades. Given that they are aggressive, short term opportunistic in nature, the risk per trade naturally needs to be small. Think 0.25% for starters.