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The Pre-Release Checklist

Ten questions to answer before any CPI report or Fed decision. If you cannot answer one, you are guessing.

- 1** Do I know the exact release time, converted to my own time zone?
CPI is published at 8:30 AM Eastern. Fed decisions at 2:00 PM Eastern, with the press conference at 2:30.
- 2** Do I know what economists expect, so I can tell a surprise from a non-event?
Markets react to the gap between the number and the forecast, not to the number itself.
- 3** For CPI, do I know which number I am watching first?
For most traders it is core CPI, month over month: prices excluding food and energy, for the latest month.
- 4** For the Fed, do I know what markets have already priced in: a hold, a cut or a hike, and by how much?
- 5** Is this a Fed meeting with new projections and a dot plot, or a statement-only meeting?
Projections come four times a year: March, June, September and December.
- 6** Do I have the previous Fed statement ready, so I can see exactly what changed?
- 7** Have I decided, in writing, whether I will hold a position through the release?
- 8** If I hold one, is its size something I can live with if price jumps past my stop?
During fast moves, orders can fill well past the level you set.
- 9** Have I planned for spreads widening, and for the first move reversing?
- 10** Am I reacting to the surprise, or to the headline everyone else is reading?

GO DEEPER

This checklist comes from *The CPI & Fed Decoder* by Kanin D. Alldredge: how to read both events, the language that moves markets, and how markets have typically reacted. Find it at currencynewssource.com.

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