



THE ROSE REPORT

Monday, September 29, 2014

Daily Wheat Brief – CME Contract

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Overview

The following analyses pertain to the CME wheat contract and are based on proprietary technical procedures developed by our firm. Many of these technical procedures involve the use of a multi-decade series of rolling front month futures data.

Executive Summary:

Dec wheat gained 7 cents today to settle at 481¼. Volume quickened considerably while OI was near unchanged D/D.

Fundamentally, the analysis for wheat remains bearish ahead of expected record world production. Weather remains favorable for both harvesting of spring wheat and sowing of winter wheat across most major US producing regions. The average trade estimate for the Sept 30 quarterly stocks report is 1.88B bu.

Demand remains sluggish even though wheat is believed to offer significant economic value near its current futures price level. Export inspections reflected tepid demand and were reported at 574K MTs (21.1M bu). Amid slow demand and expected bearish supply, it is thought that the report, or surprise, risk is bearish.

The standard technical analysis remains bearish, although momentum indicators continue to register oversold. Money flow into the front month remains bearish, as well, with relative money flow indicators remaining in a much oversold condition. The latest settlement is below most standard referenced SMA periods. Continued strength in US currency will likely keep the Dec contract under pressure.

Our proprietary analysis suggests that further medium- to longer-term downside movement is likely. Odds favor rallies vs breaks over a 5-day outlook period. Further, per our daily analysis:

- Prob. Higher Settle D/D: 63%
- Risk Downside = Risk Upside
- Volatility: Near unchanged

We see an opportunity for Dec to trade lower to near 470 and upward to near 490 without fresh fundamental news being made know to the market.

The following table provides the conditional probabilities and odds ratios for 50 and 100 cent moves over a 5-day period forward.

Wheat Conditional Odds of Breaks/Rallies - 5-D Outlook			
Magnitude of Move	Prob	Odds Break	Odds Rally
50 Cents	67%	-	2.8:1
100 Cents	19%	-	4:1

Buy/Sell Recommendation:

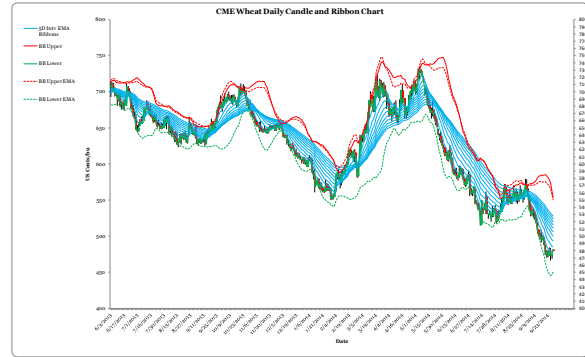
Day trades:

- Short: 490 – 500
- Long: None

Producer selling:

Any rallies near 500 should likely be considered selling opportunities, especially if strength in US currency persists

Charts:

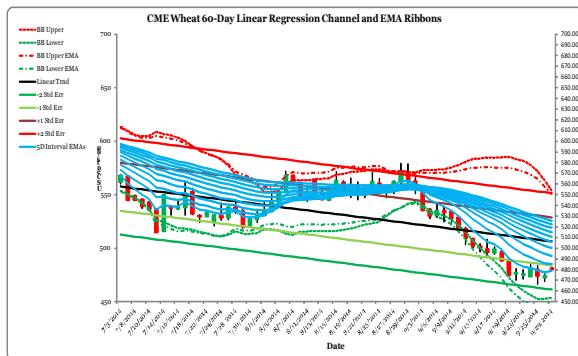


Moving Averages and Pivot Points:

CME Wheat Simple and Exponential Moving		
Period	SMA	EMA
5D	477 1/4	478 3/4
10D	482	485
20D	503 1/2	500
50D	530	527 1/2
100D	567 1/2	558
200D	601 1/2	592 3/4

CME Wheat Daily and Weekly Pivot Points			
Daily		Weekly	
Pivot Point(D):	481 1/4	Pivot Point(W):	473 3/4
PPD-S1: 480 1/2	PPD-R1: 481 3/4	PPW-S1: 466 3/4	PPW-R1: 481 1/4
PPD-S2: 480	PPD-R2: 482 1/2	PPW-S2: 459 1/4	PPW-R2: 488 1/4
PPD-S3: 479 1/4	PPD-R3: 483	PPW-S3: 452 1/4	PPW-R3: 495 3/4

S = Support Level, R = Resistance Level



Support and Resistance:

The table below shows levels of support and resistance ($S_1 - S_6$, $R_1 - R_6$) per levels of recent historic daily high and low values, as well as the latest settlement and subsequent session limits in relation to these values.

CME Wheat Recent Historical Hi-Lo Support and Resistance	
Hi-Lo R2	735
Hi-Lo R1	711
Hi-Lo S4	662 1/2
Hi-Lo S5	656 1/4
Hi-Lo S6	581 1/2
Hi-Lo R6	579 1/4
Hi-Lo S3	576 3/4
Hi-Lo R4	572
Hi-Lo R5	571
Hi-Lo R3	561 3/4
Lmt. Up	526 1/4
Hi-Lo S1	518 1/2
Hi-Lo S2	516 1/4
Settlement	481 1/4
Lmt. Down	436 1/4

The following table provides a linear series of shorter-term through longer-term support and resistance levels as well as major trading points for the most recent trading day and week for the front month.

CME Wheat Comprehensive Linear Support-Resistance Levels	
Support/Resistance Metric	Market Level
Hi-Lo R2	735
Hi-Lo R1	711
Hi-Lo S4	662 1/2
Hi-Lo S5	656 1/4
200D SMA	601 1/2
200D EMA	592 3/4
Hi-Lo S6	581 1/2
Hi-Lo R6	579 1/4
Hi-Lo S3	576 3/4
Hi-Lo R4	572
Hi-Lo R5	571
100D SMA	567 1/2
Hi-Lo R3	561 3/4
100D EMA	558
Bol Band Upper	553 3/4
50D SMA	530
50D EMA	527 1/2
Lmt. Up	526 1/4
Hi-Lo S1	518 1/2
Hi-Lo S2	516 1/4
20D SMA	503 1/2
20D EMA	500
Weekly Pivot Point-R3	495 3/4
Weekly Pivot Point-R2	488 1/4
10D EMA	485
Pivot Point-R3	483
Pivot Point-R2	482 1/2
10D SMA	482
Daily High	481 3/4
Pivot Point-R1	481 3/4
Settlement	481 1/4
Pivot Point	481 1/4
Weekly Pivot Point-R1	481 1/4
Previous Weekly Low	480 3/4
Daily Low	480 1/2
Pivot Point -S1	480 1/2
Pivot Point -S2	480
Pivot Point -S3	479 1/4
5D EMA	478 3/4
5D SMA	477 1/4
Previous Weekly Settlement	474 1/4
Weekly Pivot Point	473 3/4
Weekly Pivot Point-S1	466 3/4
Previous Weekly High	466 1/4
Weekly Pivot Point-S2	459 1/4
Bol Band Lower	453 1/2
Weekly Pivot Point-S3	452 1/4
Lmt. Down	436 1/4

Directional and Range Distribution Analysis:

The table below shows the conditional probability of realizing either a close higher or lower than the latest settlement, as well as the conditional probabilities associated with varying magnitudes of D/D gains or losses. The table further shows the conditional probability of realizing intraday high and low values of varying magnitudes.

Close Down		Close Up		Lo		Hi	
Level	Prob.	Level	Prob.	Level	Prob.	Level	Prob.
Clse. Dn	37.04%	Clse. Up	62.96%	<0, > (6)	100.00%	>0, < 6	100.00%
<= (6)	18.52%	>= 6	40.74%	<= (6)	33.33%	>= 6	77.78%
<= (11)	14.81%	>= 11	25.93%	<= (11)	18.52%	>= 11	59.26%
<= (17)	3.70%	>= 17	7.41%	<= (17)	11.11%	>= 17	22.22%
<= (22.5)	0.00%	>= 22.5	3.70%	<= (22.5)	3.70%	>= 22.5	14.81%
<= (28)	0.00%	>= 28	3.70%	<= (28)	0.00%	>= 28	7.41%
<= (34)	0.00%	>= 34	3.70%	<= (34)	0.00%	>= 34	7.41%
<= (39)	0.00%	>= 39	3.70%	<= (39)	0.00%	>= 39	7.41%
= (45)	0.00%	= 45	3.70%	= (45)	0.00%	= 45	3.70%

The following table contains average, median, minimum and maximum gains, losses, and expected daily high, low and settlement values from the most recent settlement based on our proprietary analysis of current market structure.

Parameter/Scenario	Average	Median	Min	Max
Range	18 1/2	18	0	46
Settlement	4	2 1/2	-21 1/2	45
Low	-6	-4	-24 3/4	0
High	14	12 1/2	0	45
Settlement (if lower)	-8	-8	-21 1/2	- 1/2
Settlement (if higher)	10 3/4	8 1/2	11/4	45

Price movements are in relation to latest settlement value

The following table provides the conditional probabilities of surpassing minimum low and maximum high values for a 5-day look back period with a 5-day period forward.

Period	Price	Period	Prob
Min Low 5-D Lookback	466 1/4	5-D Forward Below	37%
Max High 5-D Lookback	484 1/2	5-D Forward Above	37%

The following table provides probabilities from our proprietary analyses for the 1-through 5-day period beyond the current day, in which the conditional probabilities of realizing daily high, low and settlement values, relative to the most recent settlement (greater than or less than) are assayed.

Days Forward	Prob S < CS	Prob S > CS	Prob L < CL	Prob L > CL	Prob H < CH	Prob H > CH
Day 1	37.04%	62.96%	18.52%	81.48%	18.52%	81.48%
Day 2	25.93%	74.07%	18.52%	81.48%	14.81%	85.19%
Day 3	40.74%	59.26%	33.33%	66.67%	37.04%	62.96%
Day 4	37.04%	62.96%	29.63%	70.37%	22.22%	77.78%
Day 5	29.63%	70.37%	14.81%	85.19%	22.22%	77.78%

S = settle, L = low, H = high, CS = current settle, CL = current low, CH = current high

The following tables relay conditional probabilities for a 5-day forward period in which daily high, low and settlement values are either lower or higher D/D as the 5-day period progresses.

Days Forward	Prob S	Days Forward	Prob L	Days Forward	Prob H
1<CS	37.04%	1<CL	18.52%	1<CH	18.52%
2D<1D, CS	20.00%	2D<1D, CL	40.00%	2D<1D, CH	40.00%
3D<2D, 1D, CS	10.00%	3D<2D, 1D, CL	20.00%	3D<2D, 1D, CH	20.00%
4D<3D, 2D, 1D, CS	0.00%	4D<3D, 2D, 1D, CL	0.00%	4D<3D, 2D, 1D, CH	20.00%
5D<4D, 3D, 2D, 1D, CS	0.00%	5D<4D, 3D, 2D, 1D, CL	0.00%	5D<4D, 3D, 2D, 1D, CH	20.00%

S = settle, L = low, H = high, CS = current settle, CL = current low, CH = current high

Days Forward	Prob S	Days Forward	Prob L	Days Forward	Prob H
1>CS	62.96%	1>CL	81.48%	1>CH	81.48%
2D>1D, CS	41.18%	2D>1D, CL	59.09%	2D>1D, CH	50.00%
3D>2D, 1D, CS	23.53%	3D>2D, 1D, CL	22.73%	3D>2D, 1D, CH	27.27%
4D>3D, 2D, 1D, CS	5.88%	4D>3D, 2D, 1D, CL	13.64%	4D>3D, 2D, 1D, CH	9.09%
5D>4D, 3D, 2D, 1D, CS	0.00%	5D>4D, 3D, 2D, 1D, CL	0.00%	5D>4D, 3D, 2D, 1D, CH	9.09%

S = settle, L = low, H = high, CS = current settle, CL = current low, CH = current high

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