THE ROSE REPORT

Monday, October 27, 2014

Daily Corn Brief

Overview

The following technical analyses are based, in large part, 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 corn gained 10 cents to settle at 363. Volume quickened while OI contracted D/D. DCE-traded corn futures in China settled mostly lower.

Fundamentally, the overall analysis remains bearish ahead of expected record US production, with generally favorable harvest weather expected to continue over the near-term. For the week ending Oct 16, US harvest progress advanced 15 percentage points W/W to 46% complete, but remains well below the 5-year rolling average pace of 65%.

Commercial demand remains evident within the market. Ethanol margins remain positive, but continue to come under pressure from crude oil prices. Export inspections were off 2% W/W 702K MTs (27.7M bu). US currency value weakened modestly D/D, but remains relatively strong.

The daily standard technical analysis remains bullish with the market in an overbought condition. Money flow into the front month remains bullish, as well. The latest settlement is above the 5-, 10-, 20- and 50-day SMAs. Longer-term momentum quickened D/D.

Our proprietary analysis suggests that further upside movement is quite possible over the near-term; however, technical odds favor breaks vs rallies over a 5-day outlook period. Further:

- Prob. Higher Settle D/D: 46%
- Risk Downside = Risk Upside
- Volatility: Increasing

The following table provides expected ranges for the intraday low, high, settlement values as well as the expected inside and outside daily trading ranges based on a 90% confidence interval.

Corn Predicted Ranges - 90% Confidence		
Parameter	**Low**	**High**
Range	9 1/2	13 1/2
Settlement	360 3/4	365 3/4
Low	355 3/4	358 3/4
High	367 3/4	371 1/4
Inside Range	358 3/4	367 3/4
Outside Range	355 3/4	371 1/4

We see an opportunity for Dec to trade lower to near 345 and upward to near 370 without fresh fundamental news being made known to the market.

US harvest progress and associated hedge pressure will likely increase somewhat over the near-to medium term.

The following table provides the conditional probabilities and odds ratios for 20 and 35 cent moves over a 5-day period forward.

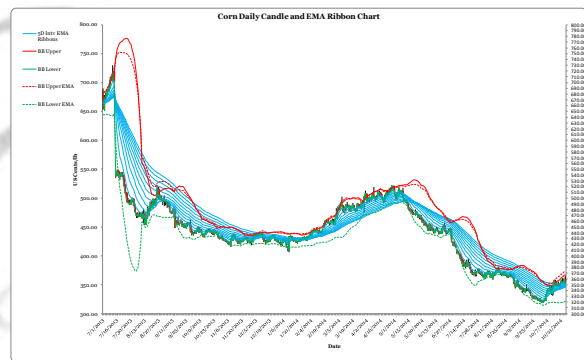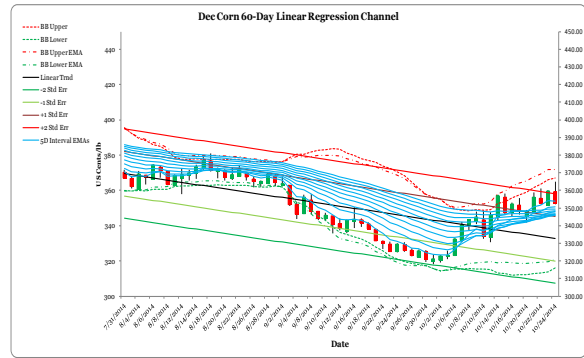| Corn Conditional Odds of Breaks/Rallies - 5-D Outlook			
Magnitue of Move	**Prob**	**Odds Break**	**Odds Rally**
20 Cents	62%	1.18:1	-
35 Cents	18%	1.33:1	-

Buy/Sell Recommendation:

Day trades:

- Short: 370 - 375
- Long: 338 – 345

Producer selling:

The current rally should be seriously considered as a selling opportunity.

Charts:

Moving Averages and Pivot Points:

Corn Simple and Exponential Moving Averages		
Period	**SMAs**	**EMAs**
5D	357	357
10D	353 3/4	353
20D	343 1/4	348
50D	347	352 1/2
100D	374 1/2	374 3/4
200D	424 1/4	411 3/4

Corn Daily and Weekly Pivot Points							
Daily				**Weekly**			
Pivot Point(D):		358 1/2		Pivot Point(W):		352	
PPD-S1:	353	PPD-R1:	368 1/4	PPW-S1:	343	PPW-R1:	362.00
PPD-S2:	343 1/4	PPD-R2:	373 3/4	PPW-S2:	333	PPW-R2:	371.00
PPD-S3:	337 3/4	PPD-R3:	383 1/2	PPW-S3:	324	PPW-R3:	381.00
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.

Corn Recent Historical Hi-Lo Support and Resistance	
Hi-Lo R1	522
Hi-Lo R2	457 1/4
Lmt. Up	398
Hi-Lo R5	381
Hi-Lo R3	377 3/4
Hi-Lo R4	374 3/4
Hi-Lo S6	364 1/4
Settlement	363
Hi-Lo S3	361 3/4
Hi-Lo S5	361
Hi-Lo S4	358
Hi-Lo R6	350 1/2
Hi-Lo S2	335 3/4
Lmt. Down	328
Hi-Lo S1	318 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.

Corn Comprehensive Linear Support-Resistance Levels	
Support/Resistance Metric	Market Level
Hi-Lo R1	522
Hi-Lo R2	457 1/4
200D SMA	424 1/4
200D EMA	411 3/4
Lmt. Up	398
Pivot Point-R3	383 1/2
Weekly Pivot Point-R3	381
Hi-Lo R5	381
Hi-Lo R3	377 3/4
100D EMA	374 3/4
Hi-Lo R4	374 3/4
100D SMA	374 1/2
Pivot Point-R2	373 3/4
Weekly Pivot Point-R2	371
Bol Band Upper	369 1/4
Pivot Point-R1	368 1/4
Hi-Lo S6	364 1/4
Daily High	363 3/4
Settlement	363
Weekly Pivot Point-R1	362
Hi-Lo S3	361 3/4
Previous Weekly High	361
Hi-Lo S5	361
Pivot Point	358 1/2
Hi-Lo S4	358
5D SMA	357
5D EMA	357
10D SMA	353 3/4
Pivot Point -S1	353
Previous Weekly Settlement	353
10D EMA	353
50D EMA	352 1/2
Weekly Pivot Point	352
Hi-Lo R6	350 1/2
Daily Low	348 1/2
20D EMA	348
50D SMA	347
Pivot Point -S2	343 1/4
20D SMA	343 1/4
Weekly Pivot Point-S1	343
Previous Weekly Low	342
Pivot Point -S3	337 3/4
Hi-Lo S2	335 3/4
Weekly Pivot Point-S2	333
Lmt. Down	328
Weekly Pivot Point-S3	324
Hi-Lo S1	318 1/4
Bol Band Lower	317 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.

Corn Conditional Probabilities for Daily Hi – Lo - Settle							
Close Down		Close Up		Lo		Hi	
Level	Prob.	Level	Prob.	Level	Prob.	Level	Prob.
Clse. Dn	53.85%	Clse. Up	46.15%	<0, > (4.5)	100.00%	>0, < 4.5	100.00%
<= (4.5)	25.64%	>= 4.5	33.33%	<= (4.5)	43.59%	>= 4.5	58.97%
<= (9)	20.51%	>= 9	15.38%	<= (9)	30.77%	>= 9	25.64%
<= (13)	10.26%	>= 13	7.69%	<= (13)	10.26%	>= 13	17.95%
<= (17.5)	5.13%	>= 17.5	2.56%	<= (17.5)	5.13%	>= 17.5	7.69%
<= (22)	2.56%	>= 22	2.56%	<= (22)	2.56%	>= 22	5.13%
<= (26)	0.00%	>= 26	2.56%	<= (26)	0.00%	>= 26	2.56%
<= (30.5)	0.00%	>= 30.5	0.00%	<= (30.5)	0.00%	>= 30.5	0.00%
= (35)	0.00%	= 35	0.00%	= (35)	0.00%	= 35	0.00%

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.

Corn Adjusted Historical Price Movement Based on Conditional Probability				
Parameter/Scenario	Average	Median	Min	Max
Range	11 1/2	9 3/4	0	39 1/2
Settlement	1/4	- 3/4	-22	26 1/4
Low	-5 3/4	-3	-26	0
High	6 1/2	4 1/2	0	26 1/4
Settlement (if lower)	-6 3/4	-4 1/4	-22	- 3/4
Settlement (if higher)	8 1/4	6 1/2	1	26 1/4
Price movments 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.

Corn Conditional Probability of Surpassing Recent Highs and Lows			
Period	Price	Period	Prob
Min Low 5-D Lookback	347	5-D Forward Below	23%
Max High 5-D Lookback	365	5-D Forward Above	77%

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.

Corn Conditional Probability for High - Low - Settlement 1 -5 Days Forward						
Days Forward	Prob S < CS	Prob S > CS	Prob L < CL	Prob L > CL	Prob H < CH	Prob H > CH
Day 1	53.85%	46.15%	10.26%	89.74%	23.08%	76.92%
Day 2	51.28%	48.72%	20.51%	79.49%	41.03%	58.97%
Day 3	53.85%	46.15%	41.03%	58.97%	46.15%	53.85%
Day 4	53.85%	46.15%	43.59%	56.41%	48.72%	51.28%
Day 5	69.23%	30.77%	46.15%	53.85%	46.15%	53.85%
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.

Corn Conditional Probability 5-Day Outlook Trend - Down					
Days Forward	Prob S	Days Forward	Prob L	Days Forward	Prob H
1<CS	53.85%	1<CL	10.26%	1<CH	23.08%
2D<1D, CS	42.86%	2D<1D, CL	75.00%	2D<1D, CH	66.67%
3D<2D, 1D, CS	33.33%	3D<2D, 1D, CL	75.00%	3D<2D, 1D, CH	66.67%
4D<3D, 2D, 1DS	23.81%	4D<3D, 2D, 1D, CL	75.00%	4D<3D, 2D, 1D, CH	44.44%
5D<4D, 3D, 2D, 1D, CS	23.81%	5D<4D, 3D, 2D, 1D, CL	75.00%	5D<4D, 3D, 2D, 1D, CH	22.22%
S = settle, L = low, H = high, CS= current settle, CL = current low, CH = current high					

Corn Conditional Probability 5-Day Outlook Trend - Up					
Days Forward	Prob S	Days Forward	Prob L	Days Forward	Prob H
1>CS	46.15%	1>CL	89.74%	1>CH	76.92%
2D>1D, CS	33.33%	2D>1D, CL	54.29%	2D>1D, CH	36.67%
3D>2D, 1D, CS	5.56%	3D>2D, 1D, CL	28.57%	3D>2D, 1D, CH	13.33%
4D>3D, 2D, 1DS	0.00%	4D>3D, 2D, 1D, CL	11.43%	4D>3D, 2D, 1D, CH	3.33%
5D>4D, 3D, 2D, 1D, CS	0.00%	5D>4D, 3D, 2D, 1D, CL	5.71%	5D>4D, 3D, 2D, 1D, CH	3.33%
S = settle, L = low, H = high, CS= current settle, CL = current low, CH = current high					

Disclaimer: This publication is presented for informational purposes only. While the information contained herein is believed to be accurate and factual, the possibility of error exists. Hypothetical models have known limitations and may diverge from actual market behavior. Past performance, whether actual or indicated by simulated historical tests of strategies, is not necessarily indicative of future results. Commodity trading is an inherently risky proposition and there is no guarantee that trades based on the information enclosed herein will result in profitable outcomes.