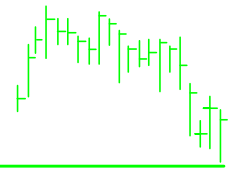
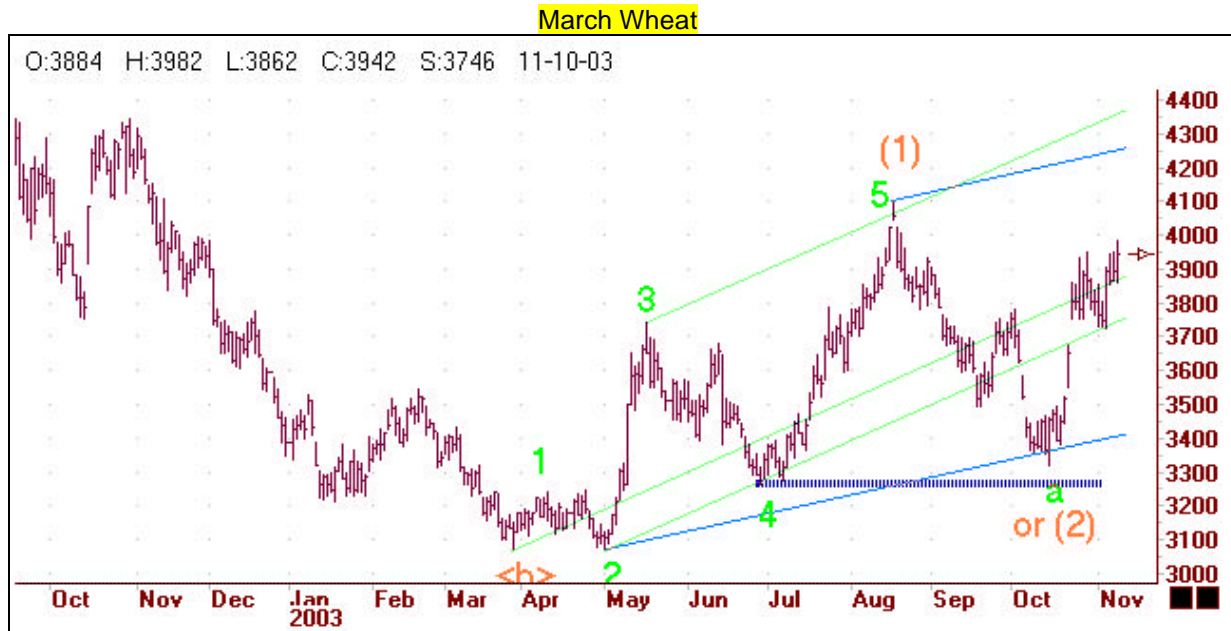


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A correction will often terminate near the end of wave four of the five-wave sequence being corrected.



An Elliott Wave “rule of thumb” is that corrective waves tend to terminate in the price range traveled by the fourth wave of the rally (or decline) being corrected, and most often will terminate near the end of wave four.

Applying this “rule of thumb” to the wheat market illustrated above, when it was clear wave (5) had peaked, we expected a three-wave corrective decline that would most likely terminate near the price level where wave 4 bottomed.

Wave 4 bottomed at $326 \frac{1}{2}$ The actual end of the three-wave decline from the high was $332 \frac{1}{4}$ -- reasonably close to $326 \frac{1}{4}$ when you consider the three-wave decline covered 78 cents.