C M A
COBERLY MARKET ANALYSIS
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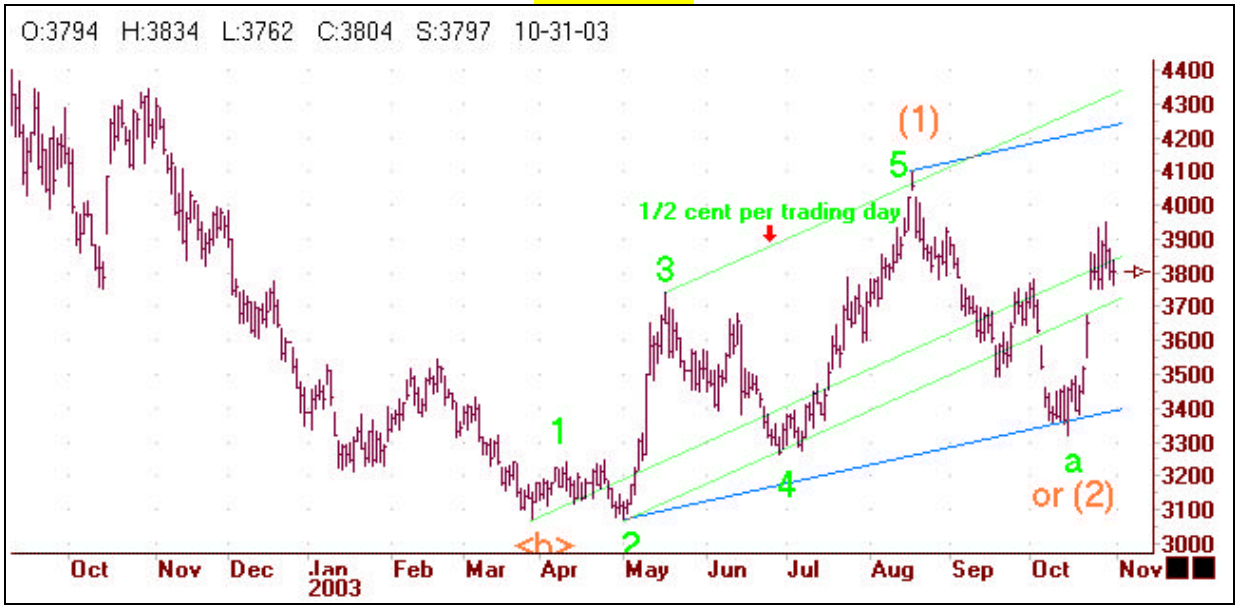
In a five-wave sequence, the fifth wave will frequently terminate along a resistance line from the top of wave three that is drawn parallel to a support line drawn between waves two and four.

March Wheat



In early to mid-July, it became clear the wave 4 corrective decline was complete and we could draw a support line between the bottoms of wave 2 and wave 4.

A parallel line was drawn from the top of wave 3. This resistance line became the target, or objective, for the wave 5 rally. In other words, when prices reached this resistance line, we needed to become very attentive to signs that the rally had topped.

As shown on the chart below, prices achieved this “target” line on August 18, 2003; prices reversed downward and the rally was complete.

The price high on August 18 was 410 ¼and the close that day was 405 ¾ The calculated value for the resistance line on that day was 406. Not bad in identifying a top.

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