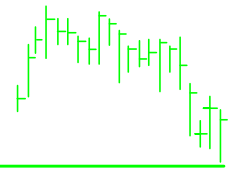


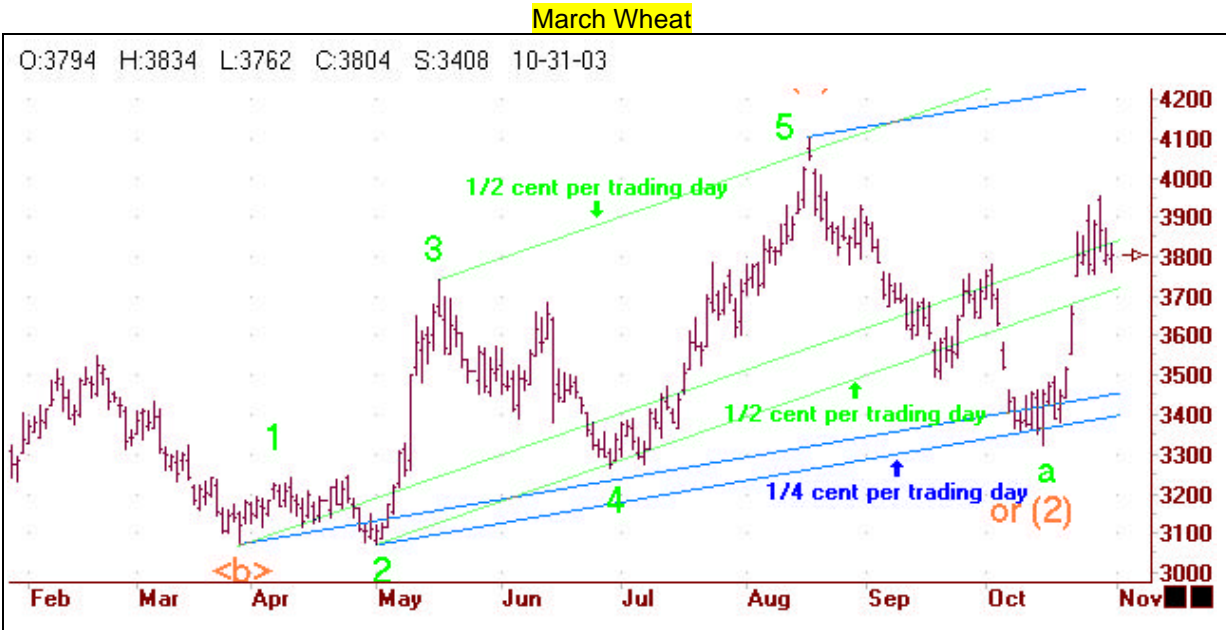
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Corrections of a five-wave rally sequences tend to terminate along a Gann support line drawn from the beginning of wave one or the bottom of wave two.

Further, the Gann line that terminates the corrective decline will often be one degree less steep than the Gann support line drawn between the bottoms of wave two and wave four.



In wheat, some of the important Gann support lines are 1 cent per trading day, 1/2 cent per trading day and 1/4 cent per trading day.

In applying the guidelines outlined above we note that the 1/2 cent per day Gann line drawn from the wave 2 low supported the wave 4 decline. Thus, we could anticipate that the 1/4 Gann support line drawn from the wave 2 or wave 1 low was likely to terminate the correction of the larger five-wave sequence.

As shown on the chart above, in early October the correction of the five-wave sequence reached the 1/4 per trading day Gann support line drawn from the wave 2 low. Probabilities were then very high that the corrective decline was nearly complete. On October 15, wheat momentarily and marginally moved below the support line, but quickly recovered and closed well above giving a very strong signal that the corrective decline was complete.