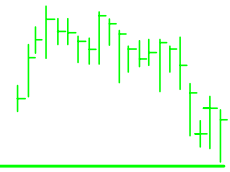


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In an “abc” corrective pattern “b” waves will frequently terminate near a Fibonacci retracement percentage (38.2%, 50% or 61.8%) of the corresponding “a” wave.

Most frequently, wave “b” will retrace 61.8% of the corresponding “a” wave.



The 75-minute corn chart above illustrates this principle. Following the high of October 30, 2003 corn started an “a” wave decline. This decline finished on November 5.

Applying Elliott Wave theory, we then anticipated the development of a three-wave “b” pattern that was likely to retrace 61.8% of the wave “a” decline. This projected a top for wave b’ of about 249 ¾.

On November 13, corn fulfilled this objective, peaking at 250 ½ and then starting the wave c’ decline.

Another Elliott/Gann feature on this chart is the gap opening above a declining Gann resistance line on November 12. This was strong price action and confirmed the wave a’ decline was complete.