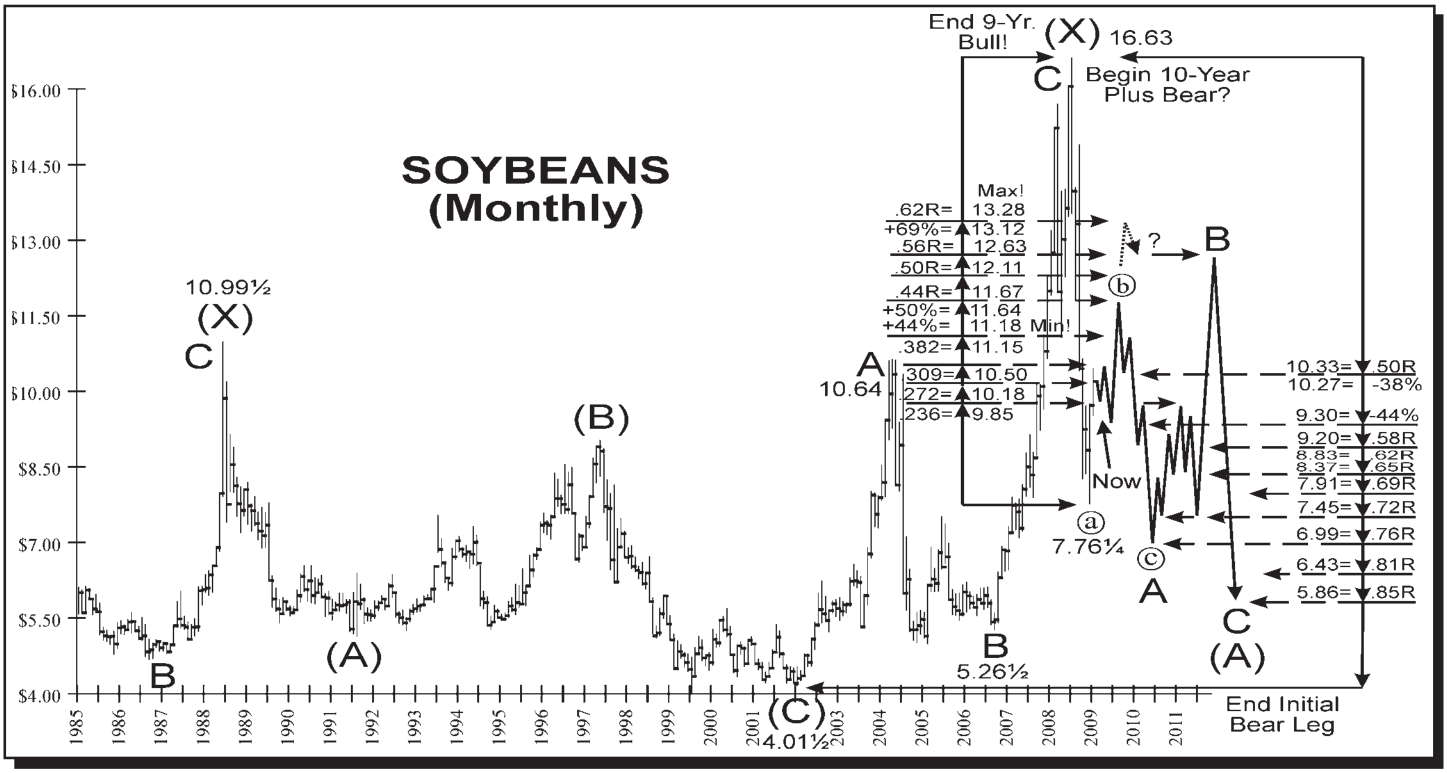
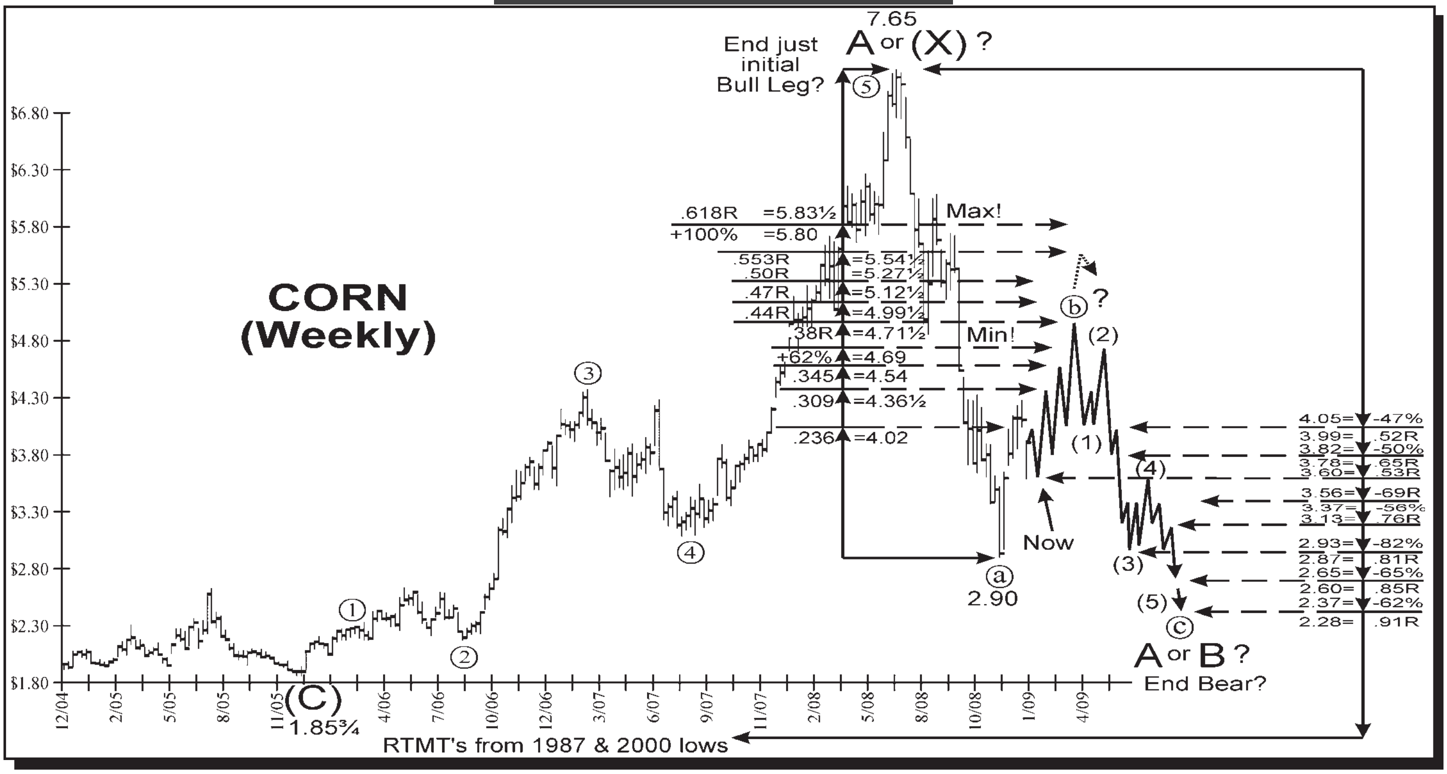
Brent Harris Elliott Wave Quarterly Report (Jan. 30, 2009)

SOYBEANS



Since the 1999-2008 advance in soybeans (4.01½-to-16.63) clearly completed a HUGE, A-B-C pattern, there is little doubt that a TREMENDOUS, NINE-YEAR, SUPER-CYCLE-WAVE-(X) HAS PEAKED. The implication of which, is that prices should now remain in a general, "down-trending pattern " for AT LEAST the next 10-years or so. However, because the patterns in BOTH corn and wheat suggest that a "re-test" of the 2008 highs could emerge, AFTER an ⓐ-ⓑ-ⓒ decline is traced-out (from the 2008 highs), I think that there's a pretty good chance we'll also see a SUBSTANTIAL RALLY develop in the soybeans...at that time. The only difference being, that it's UNLIKELY that the soybeans will make it back-up to the 16.63 high from last year ,i.e., anytime soon. So, at this point, our main focus will be aimed at tracking the development of the initial, ⓐ-ⓑ-ⓒ pattern down. To that end, since Primary wave-ⓐ clearly bottomed at the Dec. 2008 low of 7.76¼, and the intervening, wave-ⓑ "corrective-rally" is probably now about 50%-finished, it looks like traders could have pretty good opportunities to trade BOTH SIDES. Because it looks like we still need ONE MORE SHOT-DOWN near-term, in order to label a completed, wave-(b)-of-ⓑ decline from the Jan. 12/(a)-wave top, traders should attempt to buy near our BEST SUPPORT CLUSTER at 9.30-to-9.20. Then, once a wave-(b) drop ends, the pattern will call for a FINAL, wave-(c)advance, presumably to our MINIMUM, UPSIDE TARGET AT 11.09¾-11.18½. This area yields a 38.2%-retracement from the 2008 high, AND appreciations of 176.4% and 44.1% from the 1999 and 2008 lows. In the event the overall, Primary wave-ⓑ advance from the Dec. 2008 low unfolds into a DOUBLE-THREE, however, OR a (c)-wave "extension" occurs, then prices could certainly "accelerate" considerably higher. Note, that the next higher areas of KEY RESISTANCE are at 11.64½-11.68, 11.87¼-11.93½ and 12.10-12.19½. Anyhow, once a completed, Primary wave-ⓑ rally appears to be in place, we'll definitely want to "reverse" and go short. At that point, the pattern will call for a Primary wave-ⓒdecline to AT LEAST the 7.45½-7.33½ and/or 6.99¼-6.84¼ level(s).

CORN

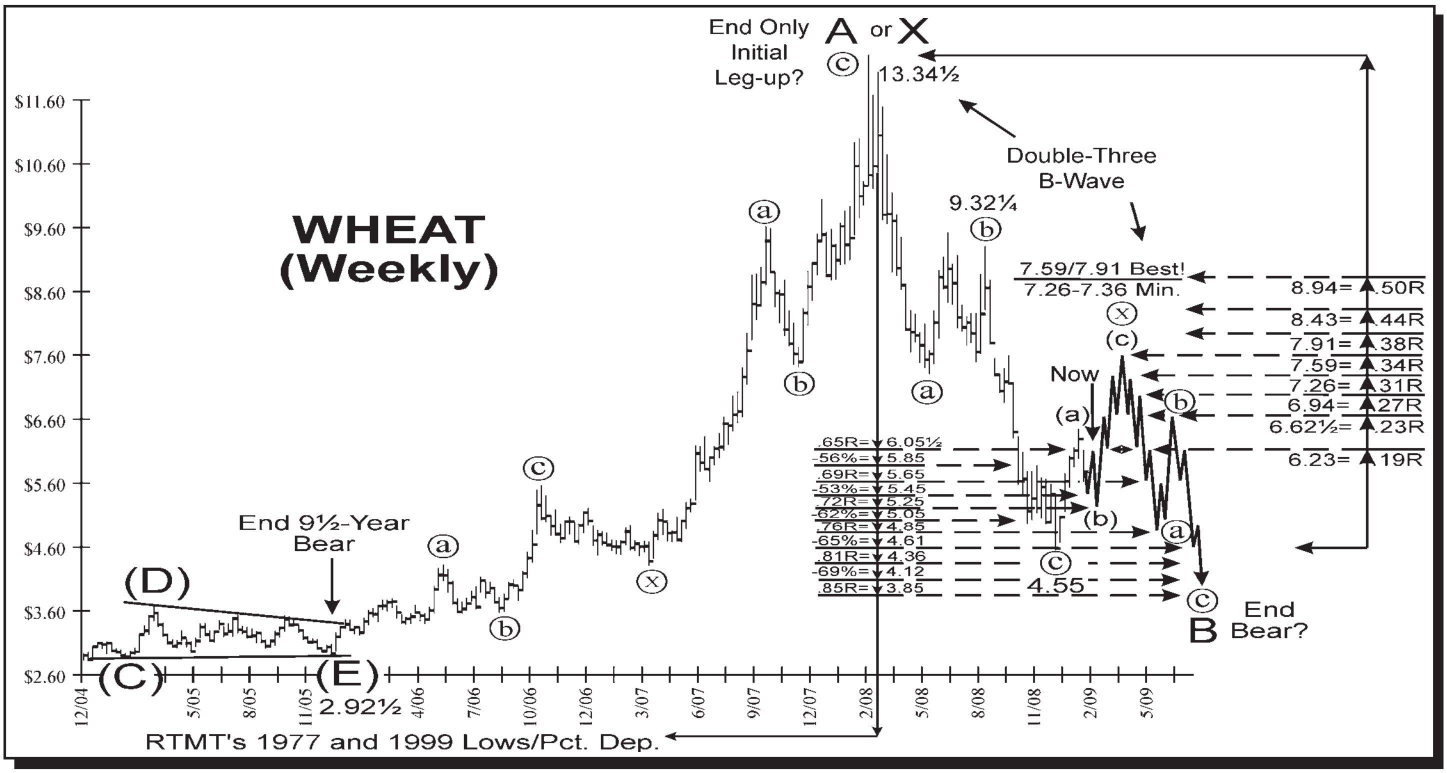


Although we probably WON'T see a highly bullish wave-position develop in the corn market until LATE THIS YEAR, Or early 2010, the intermediate-term formation should remain "moderately bullish" for at least another month or two ,i.e., BEFORE the stage will then be set for ONE MORE MAJOR DROP! Note, while there are basically TWO viable ways in which to label the wave-progression from the 2008 high (7.65), BOTH interpretations strongly indicate that we'll AT LEAST see a decline of THREE PRIMARY WAVES, or an ⓐ-ⓑ-ⓒ pattern down. Thus, since the INITIAL, ⓐ-wave section down clearly bottomed at the Dec. 2008 low of 2.90, and we are currently (probably) only about HALFWAY through the intervening, wave-ⓑ advance, it will likely take AT LEAST another 8-months or so BEFORE the FINAL, ⓒ-wave decline finishes. In the meantime, it looks like we should have GOOD OPPORTUNITIES TO PLAY BOTH SIDES. First, IF the wave-(b)-of-ⓑ pullback from the Jan. 6 high can produce ONE MORE SPIKE-DOWN here, preferably by the first or second-week in Feb., then we should have a pretty good chance to go long. In this case, while the Mar. contract could drop as low as the 3.38-3.34 ½ area, the BEST BUY-ZONES should be at 3.60-3.56¼ and 3.47 ½. At any rate, once a [wave-(b)] decline has finished, then prices should stage AT LEAST one more substantial advance...as a wave-(c)unfolds. Traders should be aware, however, that it's also quite possible that the overall advance from the Dec. low will unfold into a DOUBLE-THREE (as depicted on the weekly corn chart). In this case, prices could remain in a sideways-to-higher pattern well into the Spring 2009 period, as we'd then need to trace-out an (x)-wave pullback, and ONE MORE (a)-(b)-(c) rally. Either way, it looks like our MINIMUM, UPSIDE TARGET is probably at the 4.69¼-4.71½ level. This area yields a 38.2%-retracement from the 2008 top, and appreciations of 169.1% and 61.8% from the 2000 and 2008 lows. Finally, once it's possible to label a completed, Primary wave-ⓑ rally off the Dec. 2008 low, we will want to go short...as the Primary wave-ⓒ drop will likely project down to AT LEAST the 2.65-2.60 level ,i.e., by Fall/Winter 2009.

WHEAT

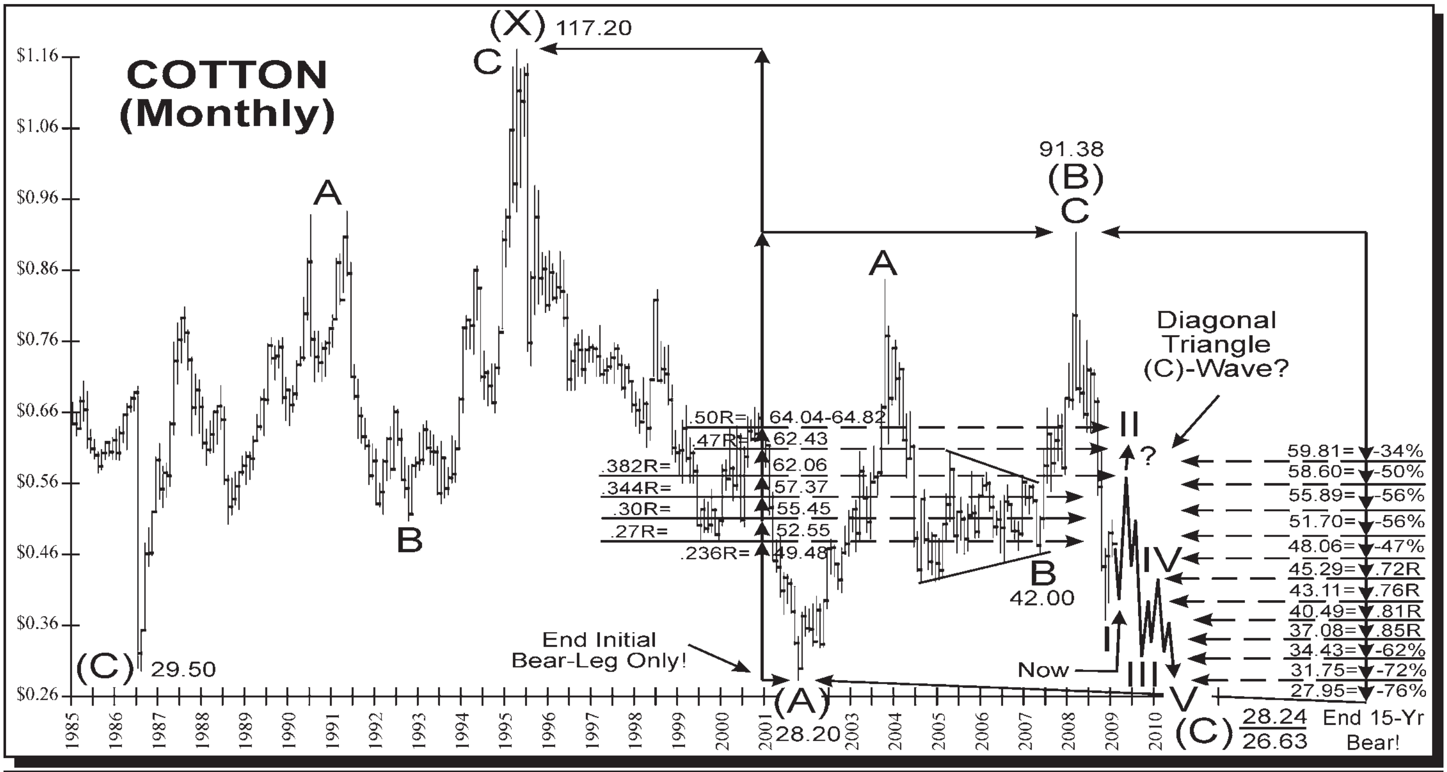
While it's UNLIKELY that a long-term bottom could have been hit this quickly in the wheat, as the February-to-December 2008 decline (13.34 ½-to-4.55) only lasted for about 10-months, it does look like a PRETTY BULLISH PATTERN WILL REMAIN IN FORCE UNTIL AT LEAST THE END OF FEBRUARY, 2009. Because the Dec.-Feb drop not only traced-out a very large, ⓐ-ⓑ-ⓒ pattern, but this decline also produced a rather "hefty" depreciation of about 66%, the current rally almost has to be of AT LEAST THE SAME-DEGREE AS THE MAY-AUGUST 2008 ADVANCE. In which case, prices should remain in a general UPTREND for about 3-months...MINIMUM. Of course, since it's also possible that we are in a CYCLE-WAVE-B advance here, of the same-degree as the entire Feb-Dec 2008 drop, we could certainly see a MUCH LARGER, AND LONGER-LASTING

ADVANCE. However, because this scenario does NOT fit well with either the corn, or soybeans, I'm inclined to focus on the more conservative count. To that end, my best guess here is that the larger movement off the Dec 2008 top is unfolding into a classic, DOUBLE-THREE formation. In which case, once the current, Primary wave-ⓧ rally off the December 2008 low is traced-out, prices should then stage a FINAL, ⓐ-ⓑ-ⓒ decline that will likely last for a similar duration to that of the first ⓐ-ⓑ-ⓒ drop, or about 10-months. So, while our longer term objective is to go short this market, the near-term formation looks pretty BULLISH...at least for another month or two. Note, because the Dec-Jan rally appears to have finished only an INITIAL, (a)-wave section up, we should have a good buying opportunity on the current, wave-(b) pullback. Once a wave-(b) decline ends, my BARE MINIMUM, UPSIDE TARGET for the ensuing wave-(c)rally is at about the 7.26¾-7.36¼ area. And, it's also possible that prices could stretch as high as the 7.52 ½-7.59 and/or 7.91-8.02½ MAXIMUM RESISTANCE AREAS. Anyhow, while I do have good support for the nearby March wheat at BOTH the 5.71½-5.66 AND 5.52-5.43 levels, OUR BEST BUY-ZONE (for a wave-(b) low) is at 5.30-5.22½.

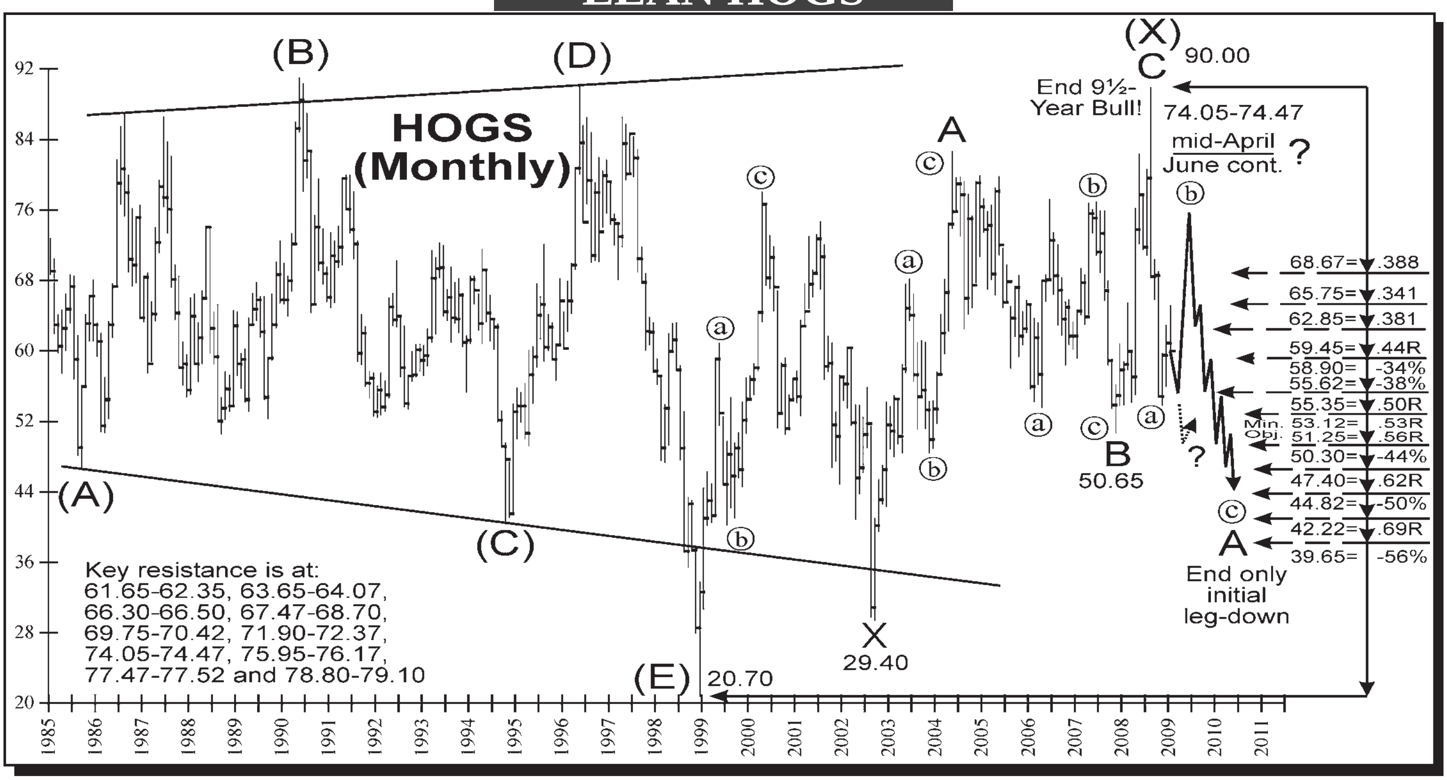


COTTON

Although the short-to-intermediate-term pattern in cotton has turned somewhat "positive", the longer-term formation is likely to remain QUITE BEARISH until at least LATE 2010. Because the decline from the Mar 2008 top (91.38) should be a SUPER-CYCLE-WAVE-(C), of the SAME-DEGREE/MAGNITUDE as the HUGE, 1995-2001/SUPER-CYCLE-WAVE-(A) drop (117.20-to-28.20), it stands to reason that the current BEAR will probably remain in force for AT LEAST HALF that duration ,i.e., about 3-years. Furthermore, since SCWAVE-(C)down should also unfold into FIVE-WAVES of CYCLE-DEGREE, and so far we are only about HALFWAY through the CYCLE-WAVE-TWO section up, we're effectively NOT EVEN TWO-FIFTHS, or 40%-finished. So, while traders may want to attempt a fairly short-term play on the long-side, IF we happen to see a decent pullback between now and about mid-February, our primary goal is to get short...once a CYCLE-WAVE-TWO rally appears to be ending. To that end, while our MINIMUM, UPSIDE TARGET for CYCLE-WAVE-TWO is at the 55.05-55.70 level, THE BEST SELL-ZONE is probably at 57.21-57.59. This area yields the 27.25%-38.2%-retracement combination from the 1995 and 2008 highs, as well as appreciations of 100% and 55.9% from the 2001 and 2008 lows. Finally, while our expected, CYCLE-WAVE-THREE decline probably WON'T take-out the 2008/CYCLE-WAVE-ONE low of 36.70 by more than 5.00-6.00-points, especially IF a DIAGONAL TRIANGLE/(C)-WAVE is actually unfolding here, the eventual MINIMUM, DOWNSIDE TARGET (for late 2010-early 2011) IS AT THE 28.24-26.63 LEVEL. This area yields the 72.75%-times SCWAVE-(A) projection, AND depreciations of 76.4% and 69.1% from the 1995 and 2008 highs.



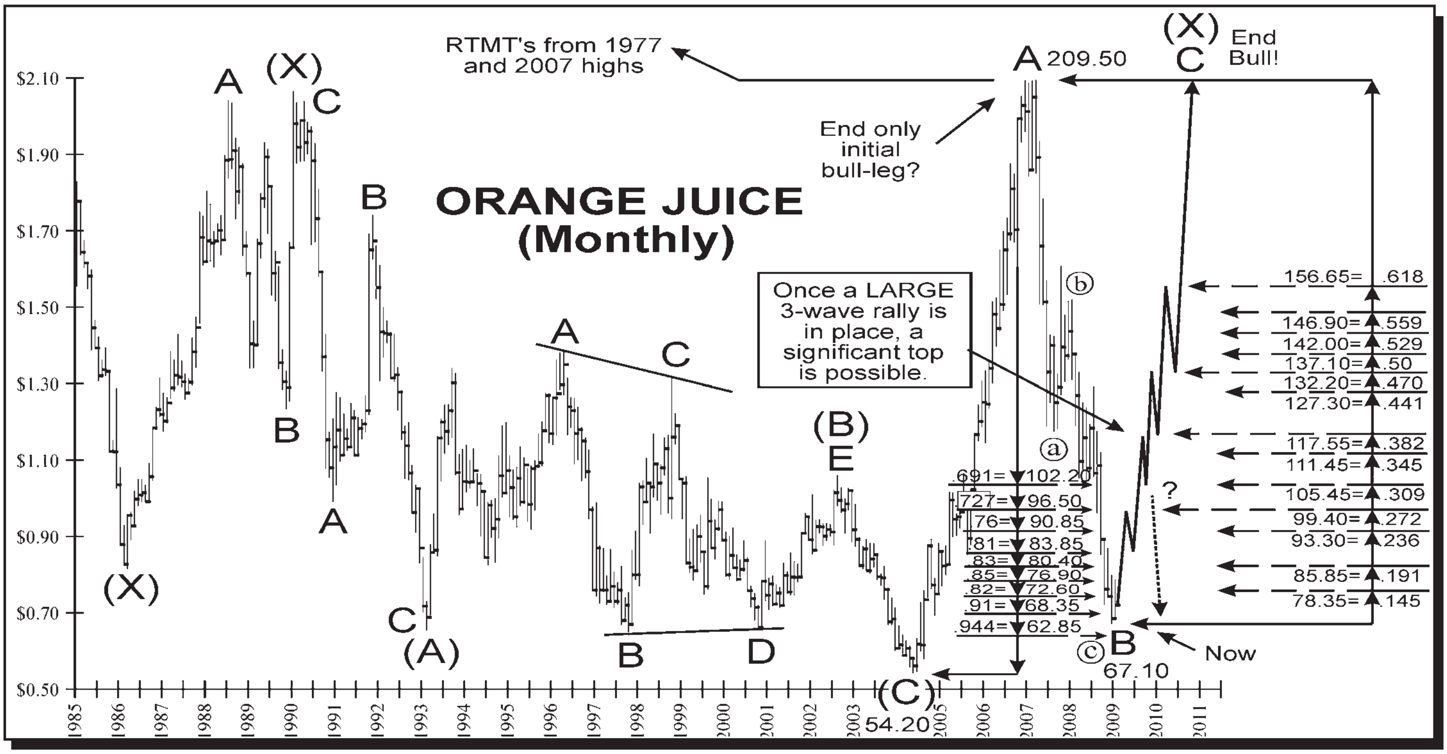
LEAN HOGS



While accurately forecasting the hog market is usually MORE CHALLENGING than ALL other commodities, due primarily to the HUGE-GAPS left on the continuation chart between the Fall-Winter contracts, versus the Spring-Summer months, the long-term count here appears to be QUITE BEARISH! In short, because we just ENDED a 9 ½-year Bull Cycle; at the August 2008 high of 90.00, and so far we may have only completed just an INITIAL, Primary wave-ⓐ section down, this market should have a LONG WAY TO GO...BEFORE A MAJOR BOTTOM IS AT HAND. Note, that a completed, CYCLE-WAVE-A decline will NOT be in place, until a LARGER, ⓐ-ⓑ-ⓒ decline is traced-out from the Aug top. So, once an intervening, Primary wave-ⓑ rally develops, traders/hedgers should have another GREAT OPPORTUNITY TO SELL THIS MARKET. To that end, IF the nearby Feb contract “holds” the November continuation chart low of 53.80, BEFORE expiring on Feb 13, then there’s a good chance that a FINAL, (c)-wave rally will peak-out by about mid-

April...probably around the 74.00 level in the May/June 2009 contracts. However, IF the nearby contract first breaks the 53.80 low, then things get a little MORE COMPLICATED. In this case, since our next major, downside target is at the 51.25-50.30 level, it's possible that Primary wave-ⓐ will NOT bottom for another month or so...in the soon-to-be-nearby April contract. In this event, given the HUGE PREMIUM that the Summer months are currently carrying, the subsequent, Primary wave-ⓑ "corrective-rally" may not peak on the continuation chart until MAY or June. However, this doesn't necessarily mean that prices will actually be much higher than current prices at that time...basis the May/June/July contracts. I told you it was complicated. Anyhow, the bottom line here, is that we want to be sellers...whenever the next ONE-MONTH-PLUS RALLY OCCURS-VIA THE CONTINUATION CHART. Note, that my eventual, downside target for CYCLE-WAVE-A is at 44.82 MINIMUM, with a drop to 42.22/39.65 also quite possible. These areas, however, probably WON'T be hit until the WINTER 2009/2010 time-frame.

ORANGE JUICE

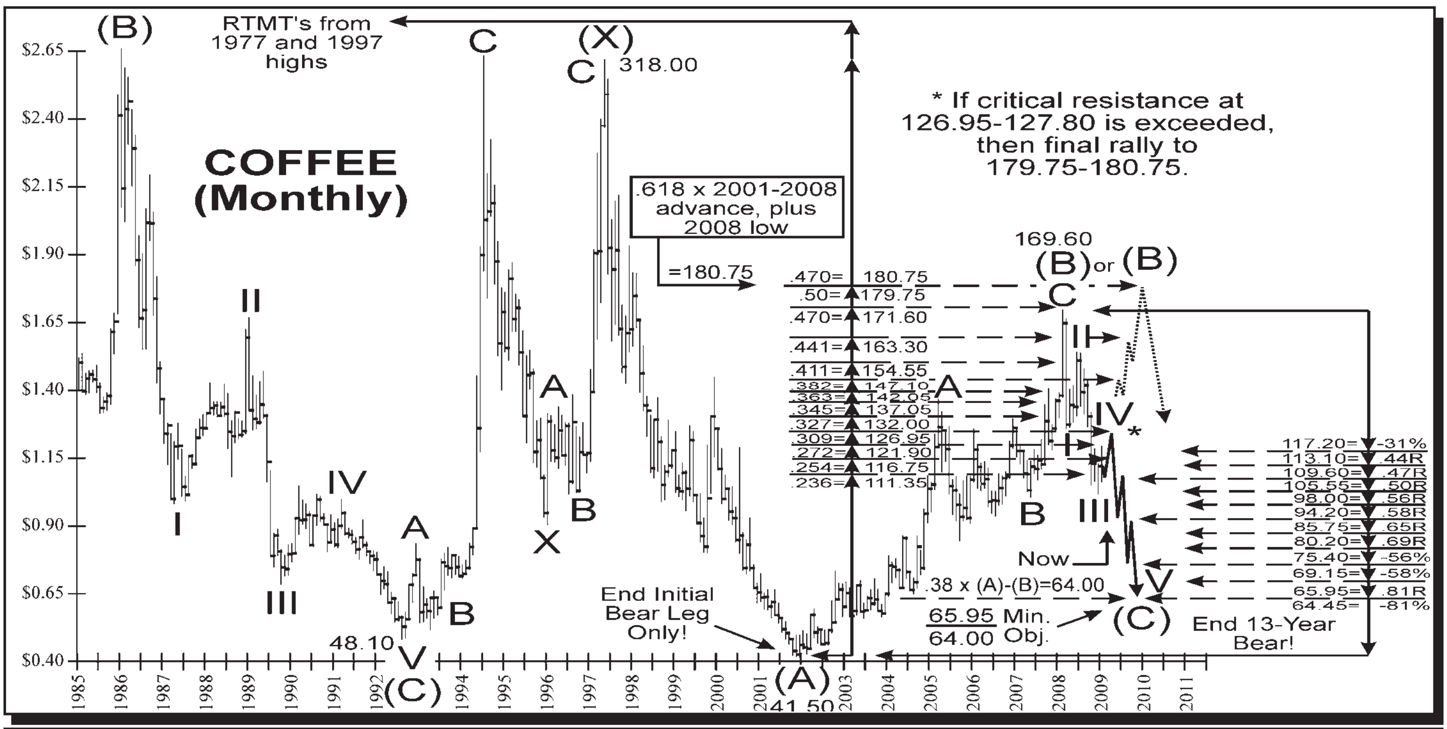


While there's still no way to be certain of the precise, long-term count in the OJ market, BOTH of the viable interpretations strongly indicate that the LARGEST RALLY since the 2007 top is either already underway, OR it will be very soon. Given our Preferred Count, which indicates that the 2004-2007 advance (54.20-to-209.50) ONLY completed an INITIAL, CYCLE-WAVE-A, the MOST BULLISH POSITION IN FIVE-YEARS should be at hand. Since this scenario indicates that we should now see a "good-trending", FIVE-WAVE ADVANCE of the same-degree as the entire 2004-2007/A-wave, it's likely that prices will AT LEAST RE-TEST THE 2007 TOP OF 209.50. Of course, since we're now pretty much past this year's "freeze-season", the real "acceleration phase" under this count may not occur until late 2009?? In assessing our Alternate Interpretation, which indicates that the 2007 top actually marked the end of a MUCH MORE SIGNIFICANT WAVE OF SUPER-CYCLE-DEGREE (SCYCLE-WAVE-(X)), we should now be at, or very close to ending an INITIAL, A-wave decline of at least CYCLE-DEGREE; if not SUPER-CYCLE DEGREE. In this case, while a LESS DYNAMIC RALLY is likely, a B-wave should still take prices back-up to AT LEAST A 38.2%-retracement of the A-wave decline, or 117.55 MINIMUM. Although, based on the "magnitude" of the drop from the 2007 top, I suspect that even a wave-B rally here will be MUCH LARGER than that. In any event, once a "three-wave rally" of the same-degree as the entire 2007-2008/2009 decline has been trace-out, then we'll have to be especially careful on the long-side. At that point, a MAJOR, DOWNWARD REVERSAL could occur? Until then, traders should focus on BUYING WEAKNESS. The KEY SUPPORT/BUY-ZONES are at 76.90-75.65, 72.60-70.90 and 68.55-66.15 MAXIMUM? Although I don't expect a close below 66.15 to occur, the next lower support would be at 64.75-62.85.

COFFEE

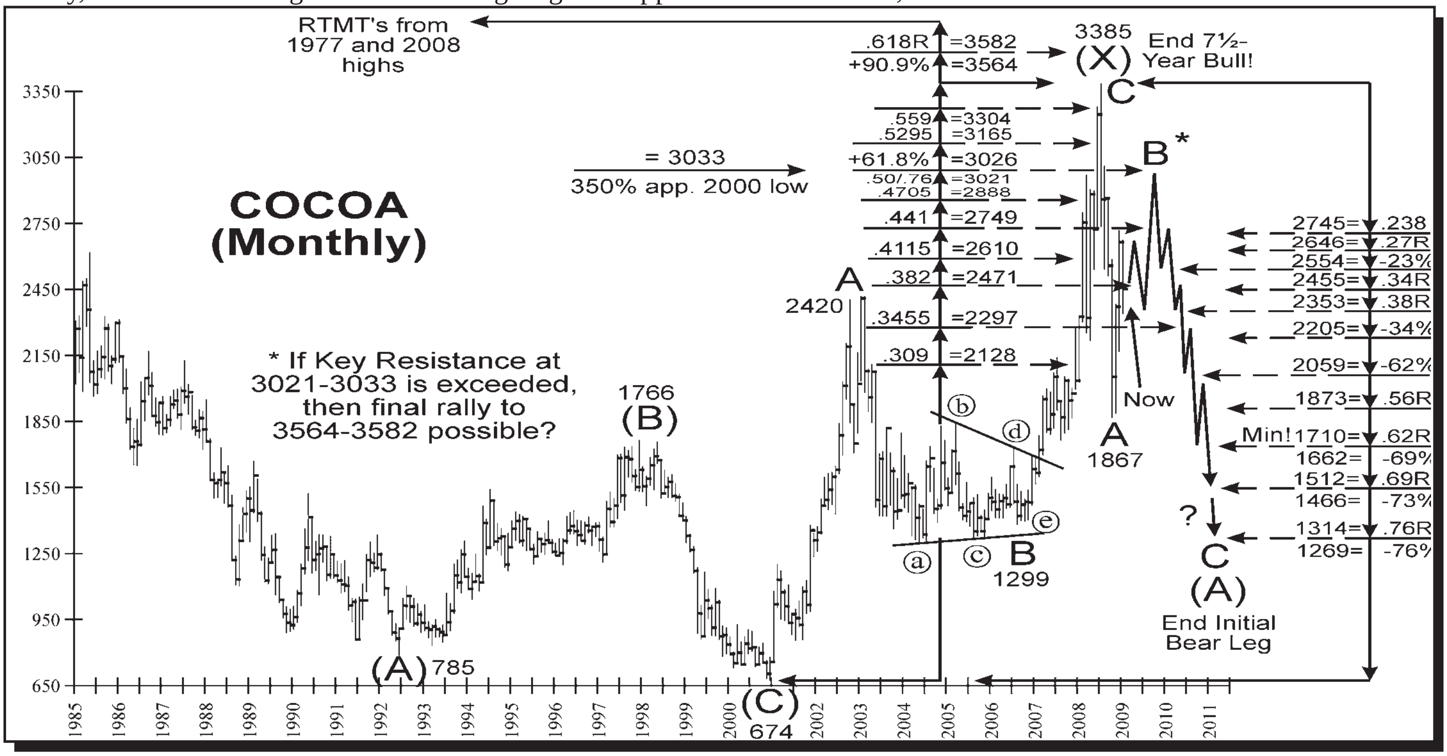
As long as the advance from the Dec 2008 low in coffee (101.60) DOES NOT EXCEED CRITICAL/MAXIMUM RESISTANCE AT THE 126.95-127.80 LEVEL, the wave-pattern will remain EXTREMELY BEARISH! In fact, because the current advance will EQUAL the 3-month duration of the CYCLE-WAVE-TWO RALLY AROUND LATE

FEBRUARY, it looks like MOST BEARISH POSITION SINCE THE 1997 TOP could be at hand within the next few weeks. In essence, because our Preferred Count indicates that the decline from the Feb. 2008 top (169.60) should be of the SAME-DEGREE as the HUGE 1997-2001/ SUPER-CYCLE-WAVE-(A) DROP (318.00-to-41.50), and it looks like we are just now about to enter the Primary wave-①, of CYCLE-WAVE-FIVE section down, one heck of an "acceleration" appears likely. Note, because we really haven't seen an "extension phase" yet, AND our MINIMUM (long-term), DOWNSIDE TARGET IS AT THE 65.95-64.00 LEVEL, we could be looking at a 55.00-to-60.00-cent drop...in just the next 6-to-12-months. Note, that this MINIMUM TARGET AREA yields the 38.2%-times wave-(A) projection, an 80.9%-retracement from the 2001 low, AND depreciations of 80.9% and 61.8% from the 1977 and 2008 highs. Anyhow, at present, our OPTIMUM RESISTANCE AREAS/SELL-ZONES ARE AT 121.00-122.60, 124.40-125.55 AND 126.95-127.80 basis the nearby contract. Of course, on the other side of the coin, in the event prices first CLOSE-ABOVE THE CRITICAL 126.95-127.80 RESISTANCE LEVEL, then we'll probably have to conclude that the Bull Cycle from the 2001 low is NOT OVER YET. Given this development, traders should quickly "shift-gears" and look to go long, as we'll probably see a FINAL, wave-C advance to new highs (+169.60). IF so, we'll not only have a good, quick play on the long-side initially, but then, an EVEN BETTER SELLING OPPORTUNITY. Note, that our OPTIMUM SELL-ZONE in this case, will then be at the 179.20-180.75 level. This area yields the 61.8%-times wave-A projection, the 47.05%-50%-retracement combination from the 1977 and 1997 highs, AND appreciations of 334.5% and 76.4% from the 2001 and 2008 lows. At any rate, based on the current configuration, whether or not I have the Preferred Count right, it seems highly likely that we are going to see some BIG MOVES develop over the next few months....EITHER WAY.

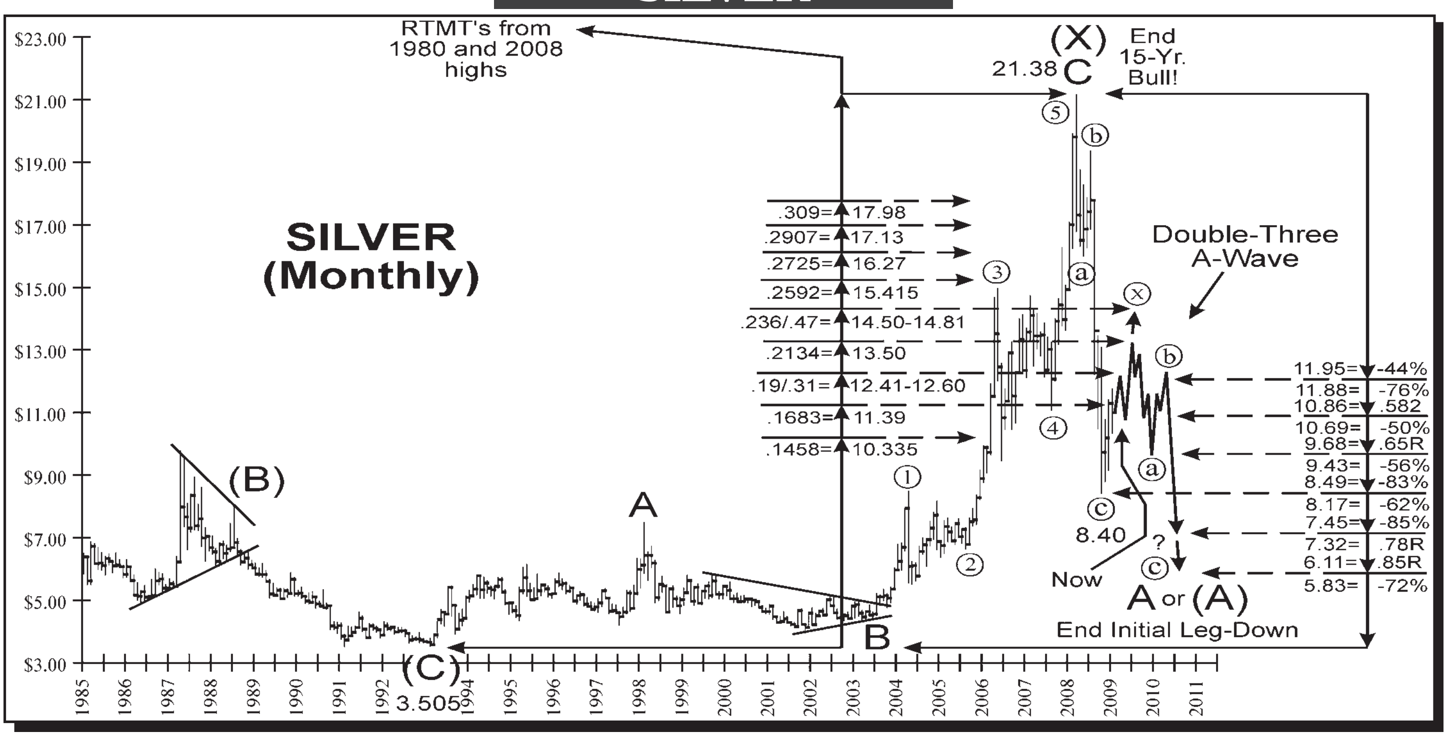


COCOA

Since the July-October 2008 decline in cocoa (3385-to-1867) failed to produce a highly bearish, "five-wave/impulse-pattern down", there's still a slight chance that the Bull Cycle from the 2000 low is still in force. In which case, BEFORE a super bearish position is actually at hand, prices could stage a FINAL ADVANCE TO NEW HIGHS (+3385). However, because the 2000-2008 advance did trace-out a "perfect", A-B-C pattern, complete with a B-wave/CONTRACTING TRIANGLE formation, I think the MORE LIKELY SCENARIO is that 7 ½-year, SUPER-CYCLE-(X) WAVE HAS ALREADY PEAKED. In which case, the only logical interpretation currently.... is that the advance from the October 2008 low (1867) is just a "corrective", CYCLE-WAVE-B. Thus, once an ⓐ-ⓑ-ⓒ advance (from the October 2008 low) is traced-out, the stage will be set for ONE HECK OF A DROP. Note, that the upcoming, CYCLE-WAVE-C decline should produce a move to AT LEAST the next support cluster that is BENEATH the 2008 bottom, or a drop to 1710-1662 MINIMUM. Given that we are currently trading around the 2800 level, that's a "downside potential" of MORE THAN $10,000 per contract. Anyhow, in looking at the more immediate pattern, the FINAL, ⓒ-wave section up appears to already be underway from the January 20 low (2340). In fact, since we now also appear to be in the "fifth-wave" section up, of a "nine-wave" count, it's conceivable that the FINAL, CYCLE-WAVE-B PEAK will be hit during the first, OR second-week in February. So, while I do have good resistance a BOTH the 2745-2805 and 2888-2916 levels, the BEST SELL-ZONE is probably at 3021-to-3063. This area yields the 50%-76.4%-retracement combination from the 1977 and 2008 highs, AND appreciations of 350%, 61.8% and 30.9% from the 2000, 2008 and 2009 lows. Finally, in the event a strong close ABOVE 3063 occurs, then we may have to figure that one more move-up to new highs is going to happen. In which case, the eventual top will likely be hit around the 3564-3582 level.



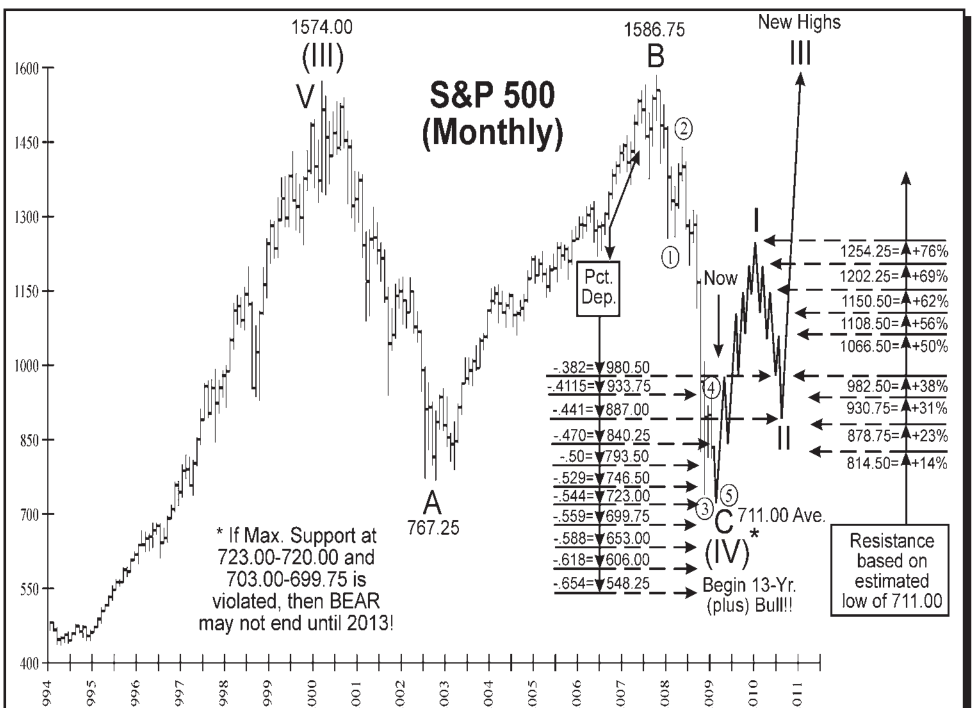
SILVER



While the wave-progression from the October 2008 low in silver (8.40) remains MODERATELY BULLISH...for now, the longer-term pattern suggests that by March or April 2009, a HIGHLY BEARISH POSITION will probably be at hand. In essence, because we only JUST ENDED A 15-YEAR BULL CYCLE in March of last year (at the 21.38 high), AND we are now only about HALFWAY-THROUGH the INITIAL, CYCLE-WAVE-A section down, it's highly likely that prices will have to AT LEAST "BLOW-0UT" THE OCTOBER 2008 LOW (-8.40), BEFORE the stage will be set for a longer-term rally. Thus, once it is possible to label a completed Primary wave-b, OR wave-x advance from the 8.40 low, traders should have a WHALE OF A SELLING OPPORTUNITY! To that end, since we now only need a "moderate" , 2-to-3-week pullback, AND THEN ONE MORE SHOT-UP TO NEW RALLY HIGHS, in order to effectively label a completed DOUBLE-THREE formation, I'm guessing that the FINAL TOP WILL OCCUR AROUND EARLY MARCH (2009). As far as key resistance is concerned, while I do have good numbers at BOTH the 12.41-12.60 and 13.36-13.59 areas, THE SINGLE-BEST CLUSTER IS AT 14.50-14.815. This area yields the 23.6%-47.05%-55.9%-retracement combination from the 1980, March 2008 and July 2008 highs, as well as appreciations of 314.58% and 76.4% from the 1993 and 2008 lows. Finally, since the overall decline from the 2008 top could be sub-dividing into EITHER a "single-three", OR a "double-three", the next "leg-down" could unfold into EITHER a good-trending, "five-wave" pattern, OR a more complicated, "three-wave" pattern (the latter of which is illustrated on the silver monthly chart). However, in either case, our MINIMUM DOWNSIDE TARGET WILL ALMOST CERTAINLY BE AT THE 7.49-7.32 LEVEL. This area incorporates the 76.4%-retracement projection from the 1993 low, AND depreciations of 85.4%, 65.45% and 61.8% from the 1980, March 2008 and July 2008 highs. By the way, IF a [double-three] is unfolding overall, AND the ⓐ-wave section down reaches the 7.49-7.32 level, then the FINAL LOW of CYCLE-WAVE-A could occur at the next lower support cluster, or 6.11-to-5.83?

S&P 500

While there is (so far) every reason to believe that our Preferred, long-term count in stocks is CORRECT, in that a TREMENDOUS, SUPER-CYCLE-WAVE-FOUR LOW is either already in place, OR it will be within the next month or so, the short-term pattern is at a rather CRITICAL POSITION...NOW! In short, because the November-January rally in the S&P (739.00-942.75) EQUALED the greatest duration of ANY other advance since the October 2007 high, AND a fairly sharp-drop immediately followed, the action over the next week or two should be very "telling". IF prices are UNABLE to close back ABOVE KEY RESISTANCE AT ABOUT 913.50-920.00 BY THE FIRST, OR SECOND-WEEK IN FEBRUARY, then we'll have to figure that a larger, Primary wave-⑤ decline is developing-off the January top. In which case, we should see ONE LAST DROP to new lows...probably by late Feb.-to-mid-March. Our OPTIMUM BUY-ZONES for which (under this scenario) will be at 723.00-720.25 and/or 703.00-699.75 MAXIMUM! On the other hand, however, in the event a close ABOVE 920.00 occurs first, then we'll have to figure that prices are going to ALSO EXCEED THE JANUARY TOP (942.75). Given this development, since a completed, C-wave decline from the October 2007 top will be STRONGLY CONFIRMED, we'd have to figure that the entire, 8 3/4-year Bear Cycle is already OVER ,i.e., at the November 2008 low of 739.00. Since this count suggests that we are just now entering a Primary wave-③, of a LARGER, CYCLE-WAVE-ONE ADVANCE, prices could really "explode" over the next few months. Anyhow, EITHER WAY, as long as we do NOT see a close BELOW 699.75 in the S&P, I'm BULLISH AS HECK ON STOCKS. IF a close BELOW 699.75 does occur, however, things could get A LOT UGLIER....as my "time-analysis" will then indicate a CONTINUING BEAR MARKET INTO 2013.



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