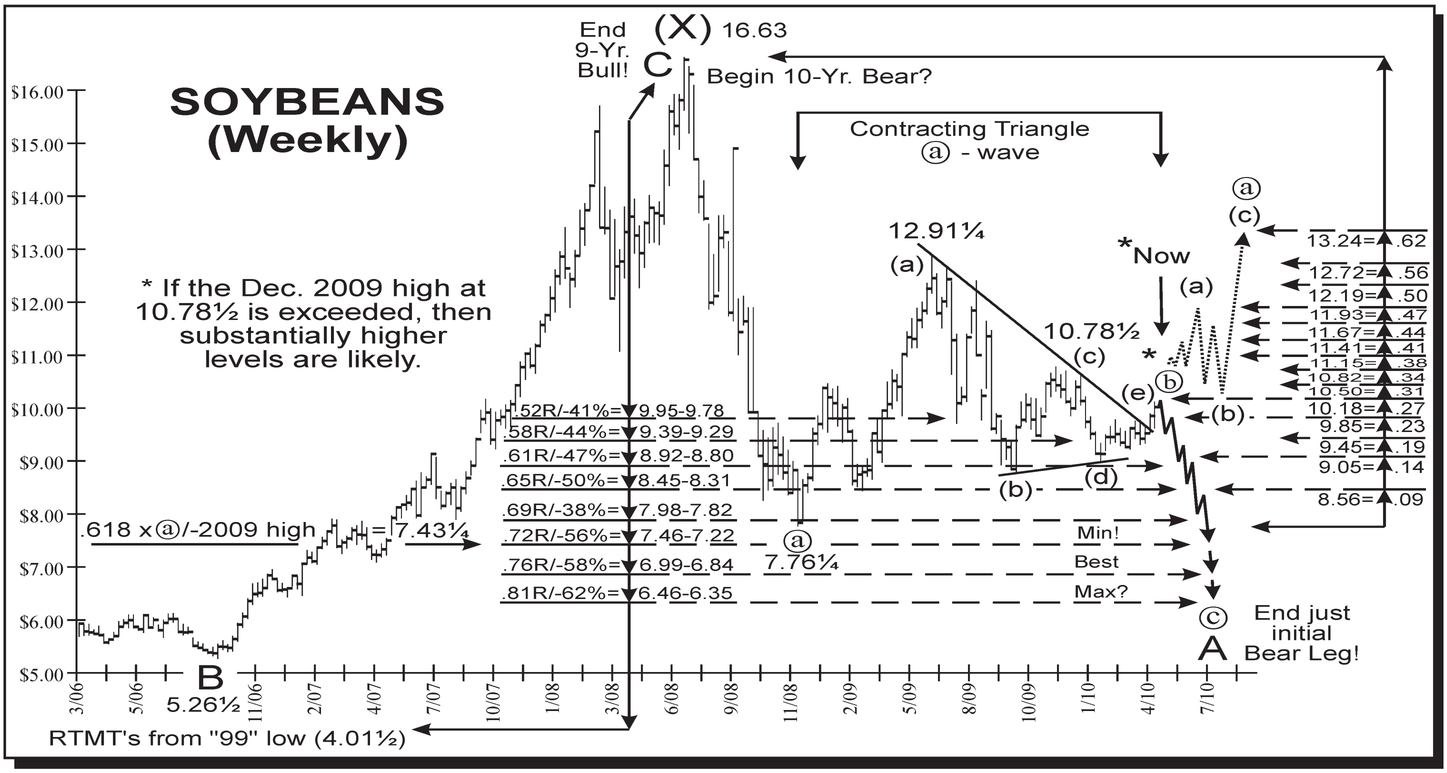
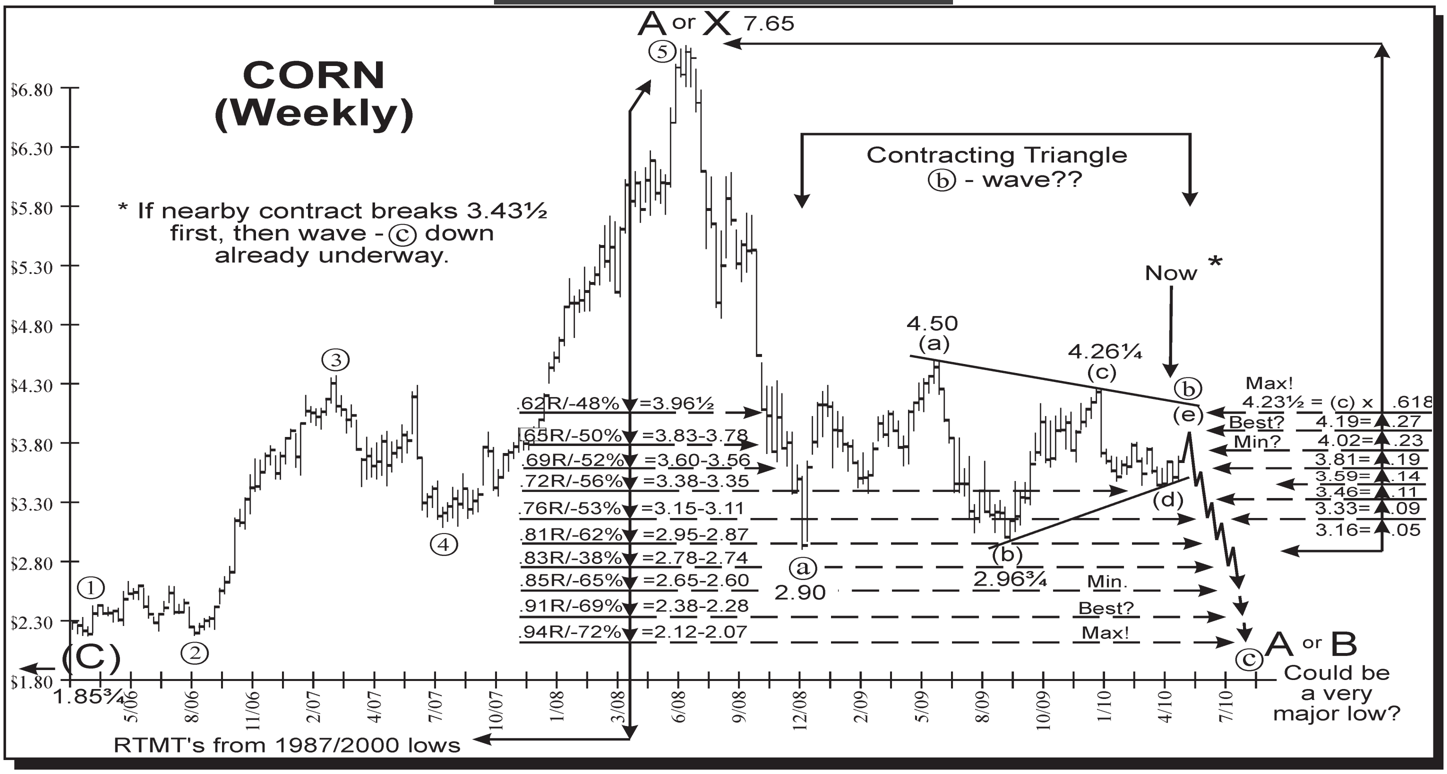
Brent Harris Elliott Wave Quarterly Report (May 6, 2010)

SOYBEANS



Since the long-term pattern in soybeans continues to strongly indicate that the July-Dec 2008 drop (16.63-to-7.76¼) should have terminated ONLY an INITIAL, ⓐ-wave section down, within a LARGER, ⓐ-ⓑ-ⓒ decline, there's little doubt that the overall position remains QUITE BEARISH. However, because ALL of the movements over the past 11-months have been "three-wave patterns", AND each of theses moves have also been successively SMALLER in size, this market has been VERY DIFFICULT TO PREDICT. Based on the action over the past few months, however, it now looks like the precise wave-position has been revealed. In short, IF a Contracting Triangle formation has been developing ever since the Dec 2008 low, then the FINAL, (e)-wave section up (from the Feb 2010 bottom) should now be VERY CLOSE TO ENDING. In fact, as I write, it looks like the FINAL TOP has probably already been hit; at the April 26 high of 10.09 ½. In which case, considering that we should just now be entering the INITIAL, wave-(1) section down, of what should eventually translate into a MUCH LARGER, (5)-wave/Primary wave-ⓒ decline, an AWFULLY BEARISH POSITION ought to be at hand. Note, because "ⓒ-waves" generally EXCEED the termination point of their "ⓐ-wave" counterpart, our MINIMUM, DOWNSIDE TARGET here should be at the next closest support area THAT IS BELOW THE 2008 BOTTOM (-7.76¼). Which, in this case, happens to be at the 7.46-7.22 level. However, because "triangles" are generally followed by pretty "dynamic-moves", called THRUST-WAVES, and they often travel a distance that is EQUAL to the largest portion of the "triangle formation", I think EVEN LOWER PRICES are likely. Note, while the actual "thrust-wave projection" here yields a target of $4.94, I seriously doubt we'll see a decline of this magnitude. However, IF you take the length of the June 2009-Oct 2009 drop, AND SUBTRACT IT from the April 2010/(e)-wave top at 10.09½, an eventual objective near the $6.00 level is indicated. Thus, since this level is not far from some other KEY SUPPORT FIGURES, I'm betting that this year's low will be at EITHER the 6.99-6.84, OR 6.46-6.35 support area(s). Finally, in the UNLIKELY event soybeans EXCEED the Dec 2009 high at 10.78½, then we'd have to conclude that the "triangle" actually occurred in the ⓐ-wave position. In which case, we'd need to see a MAJOR, (a)-(b)-(c) advance, BEFORE a very bearish formation would (again) be in place.

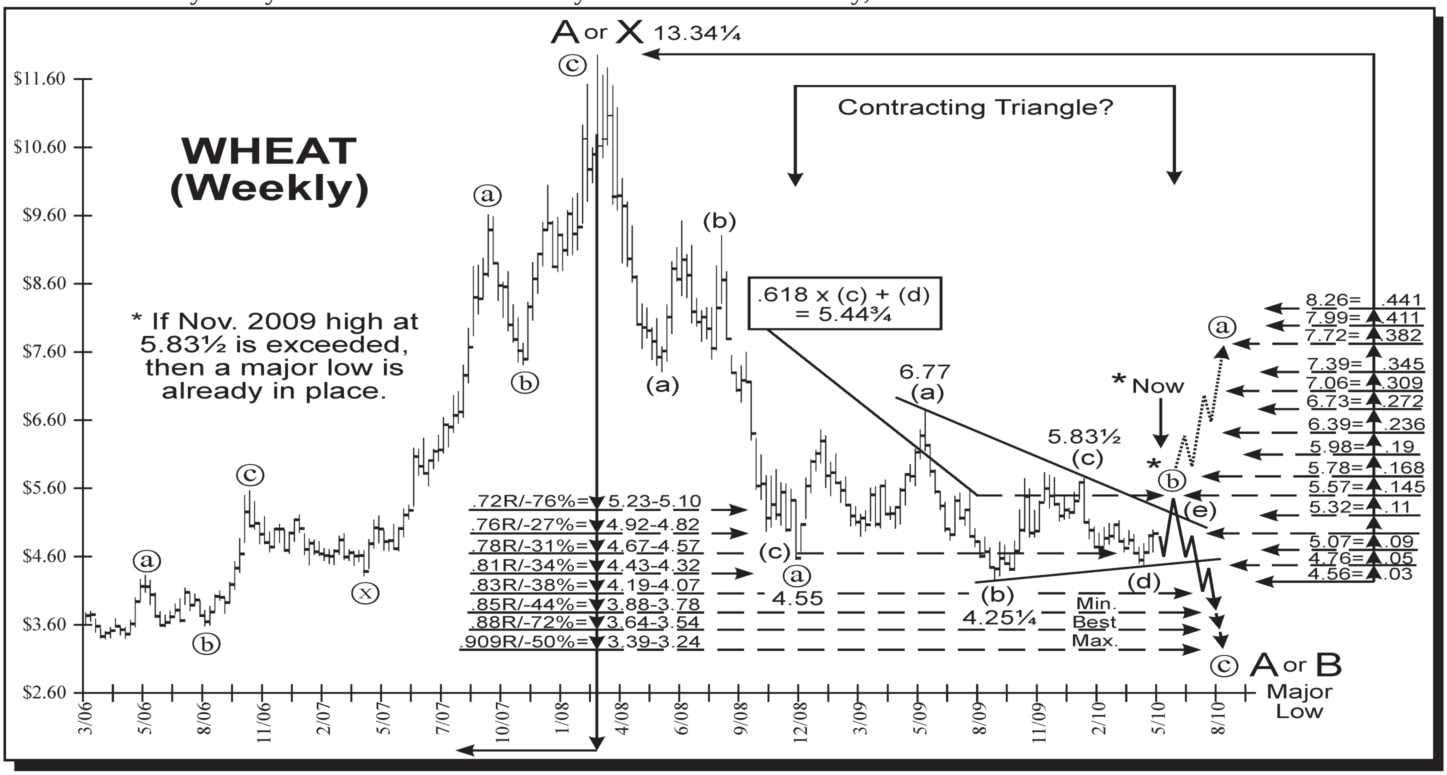
CORN



Although there are currently TWO VIABLE WAYS in which to label the intermediate-term pattern in corn, BOTH COUNTS SHOULD HAVE BEARISH RESULTS. Thus, when you add to the mix the fact (?) that the long-term formation also REMAINS VERY BEARISH, we obviously want to be a SELLER of this market. Note, because the June-Dec 2008 decline (7.65-to-2.90) should have marked the completion of ONLY an INITIAL, ⓐ-wave section down, once the intervening, Primary wave-ⓑ advance finishes, we ought to see a BIG, Primary wave-ⓒ decline of the SAME MAGNITUDE AS THE 2008 MOVE. To that end, while it is highly likely that a MAJOR TOP is already in place here "price-wise";at the Jan 2010 high of 4.26¼, the "orthodox peak" of Primary wave-ⓑ may NOT have been hit (yet). Note, IF a Contracting Triangle formation has also been developing-off the 2008 low in corn, then we probably still need to see ONE MORE MODERATE SHOT-UP...BEFORE the FINAL, (e)-wave section up from the April 1 low is finished. In which case, the MINIMUM TARGET should be at the KEY 3.77½-3.81 RESISTANCE AREA, with the OPTIMUM SELL-ZONE probably at 3.99-4.02½ (nearby contract). In the event prices FIRST DROP BELOW THE APRIL 1 BOTTOM AT 3.43½, however, then we will almost certainly confirm that the Primary wave-ⓑ top is already in place; at the Jan 2010 high of 4.26 1/4. Under this count, traders/hedgers will probably want to jump-in short right away, as prices would presumably then be poised to enter the "heart" of a SUPER BEARISH, wave-(3)-of-Primary wave-ⓒ decline. Anyhow, EITHER WAY, probably by LATE-SUMMER, I still think we're looking at a MINIMUM, DOWNSIDE TARGET AT ABOUT THE 2.65-2.60 LEVEL. This area yields the 80.9%-85.4%-retracement combination from the 1987 and 2000 lows, as well as depreciations of 65.45%, 41.15% and 38.2% from the 2008, 2009 and 2010 highs. However, due to the "size" of the 2008/ⓐ-wave decline, AND depending on whether or not we're actually in a MORE BEARISH, "Contracting Triangle" here, CONSIDERABLY LOWER LEVELS are probably the BETTER BET. Note, that the next two lower areas of EXCELLENT SUPPORT are at 2.38-2.28 (best?), and 2.12-2.07 (maximum?).

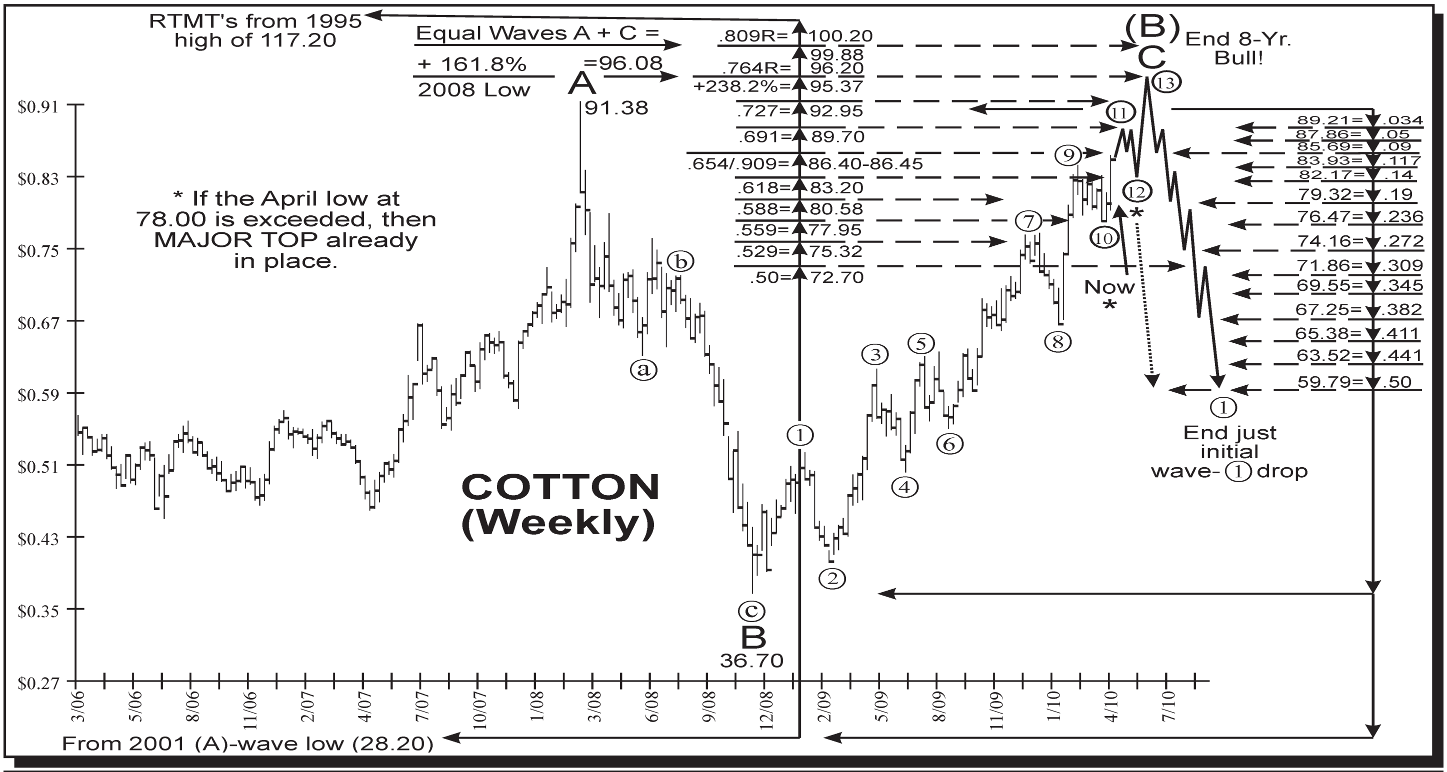
WHEAT

Since the wheat obviously DID NOT take-out the 2009 low of 4.25¼ during our OPTIMUM TIME-FRAME for a major low, or about late Feb/early Mar, we've clearly confirmed a "change" in the Preferred Count. In short, because there's still NO GOOD WAY to make a case for a completed decline (of CYCLE-DEGREE) off the 2008 high (13.34½), AND we can now no longer make an argument for what had been a perfect, Double-Three formation, the overall position REMAINS BEARISH. The ONLY real area of question, however, is how to label the advance from the April 2010 low (4.47). Well, in light of the possible Contracting Triangle formations evident in BOTH the corn and beans, I guess it stands to reason that a similar pattern is also occurring in the wheat. If so, then it would appear likely that the rally from the April 1 low in wheat is ALSO the FINAL, (e)-wave section up. In which case, IF the nearby contract can manage a rally to our OPTIMUM TARGET AT 5.44 3/4-TO-5.58 ½, traders and hedgers ought to have an EXCELLENT SELLING OPPORTUNITY. Note, that this area yields the 14.58%-52.95%-76.4%-retracement combination from the 2008, June 2009 and Nov 2009 highs, the 61.8%-times wave-(c) advance; PLUS the April 2010/ wave-(d) low, AND appreciations of 150%, 30.9% and 23.6% from the 1999, 2009 and 2010 lows. Anyhow, depending on "where" the final top of [wave-(e)] actually occurs, it looks like our BARE MINIMUM, DOWNSIDE TARGET FOR THIS YEAR WILL BE AT THE 3.88-3.78 LEVEL. This key area yields the 85.4%-retracement projections from BOTH the 1977 AND 1999 lows, as well as depreciations of 70.925%, 44.1% AND 34.55% from the 2008, June 2009 and Nov 2009 highs. By the way, IF wave-(e) happens to peak near the mid-point of our key resistance, or about 5.51, then a 30.9%-depreciation from that area would also occur right at the 3.88-3.78 target; actually at about 3.81. Finally, in the UNLIKELY EVENT that the nearby contract first EXCEEDS the Nov 2009 top at 5.83½, then I guess we'd be forced to conclude that a SIGNIFICANT, CYCLE-WAVE-A DECLINE has indeed bottomed. In which case, BEFORE a bearish-position is again at hand, prices would need to trace-out a SUBSTANTIAL, ⓐ-ⓑ-ⓒ rally.

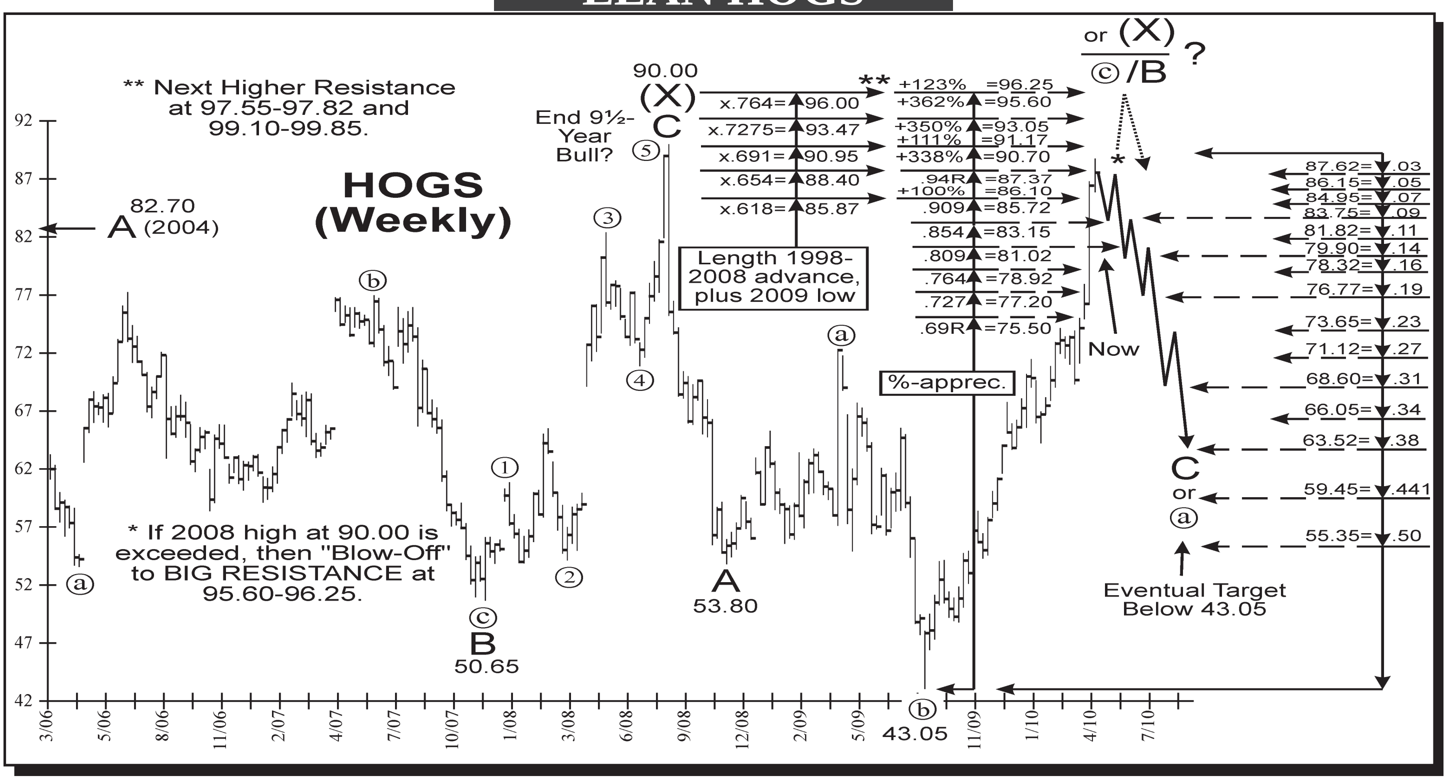


COTTON

Since we've now confirmed that the advance-off the 2008 low in cotton (36.70) is a BULLISH, "impulse-pattern", as opposed to a "corrective", ⓐ-ⓑ-ⓒ, our scenario of ONLY a CYCLE-WAVE-TWO has been proven WRONG. However, because the longer-term count still strongly indicates that the advance from the 2001 low (28.20) is ONLY a SUPER-CYCLE-WAVE-(B), it sure looks like this market may well present the SINGLE-BEST SELLING OPPORTUNITY OF ANY COMMODITY OUT THERE; except, maybe the coffee. Note, that once a several-week, "twelfth-wave" setback (which may be underway now?) is followed by a FINAL, "thirteenth-wave" advance to ONE MORE NEW RALLY HIGH (+85.10), then it will be possible to label not only a completed, CYCLE-WAVE-C advance from the 2008 low, but more importantly, a completed, SUPER-CYCLE-WAVE-(B) from the 2001 bottom. At which point, the pattern will call for a SUPER-CYCLE-WAVE-(C) decline that is AT LEAST 61.8%-as large at the TREMENDOUS 1995-2001/SCWAVE-(A) DROP (117.20-to-28.20). OR, a decline of AT LEAST 55.00-CENTS from the top ($27,500 per contract?). Anyhow, depending on "where" [wave-twelve] bottoms, it looks like our MINIMUM UPSIDE TARGETS/SELL-ZONES will be at 86.40-86.45 and/or 89.58-89.70. However, because "final-waves" do have the tendency to EXCEED EXPECTATIONS, I do think there's a chance prices could achieve our MAXIMUM RESISTANCE CLUSTER AT 95.37-96.20. This KEY AREA yields the 76.4%-retracement projection from the 1995 top, the 94.43%-times CYCLE-WAVE-A projection, AND appreciations of 238.2%,161.8% and 23.6% from the 2001, 2008 and April 2010 lows. Traders should be aware, however, that in the event the nearby contract first DROPS BELOW THE APRIL 9 BOTTOM AT 78.00, then the odds will INCREASE DRAMATICALLY in favor of an already completed advance. In this case, especially IF accompanied by a "five-wave pattern down", we'll probably want to get short....right-away. Once the "leg-up" from the 2008 low finishes, we ought to not only see a BIG DROP, but a VERY GOOD-TRENDING PATTERN is also likely to remain in force for MANY WEEKS.



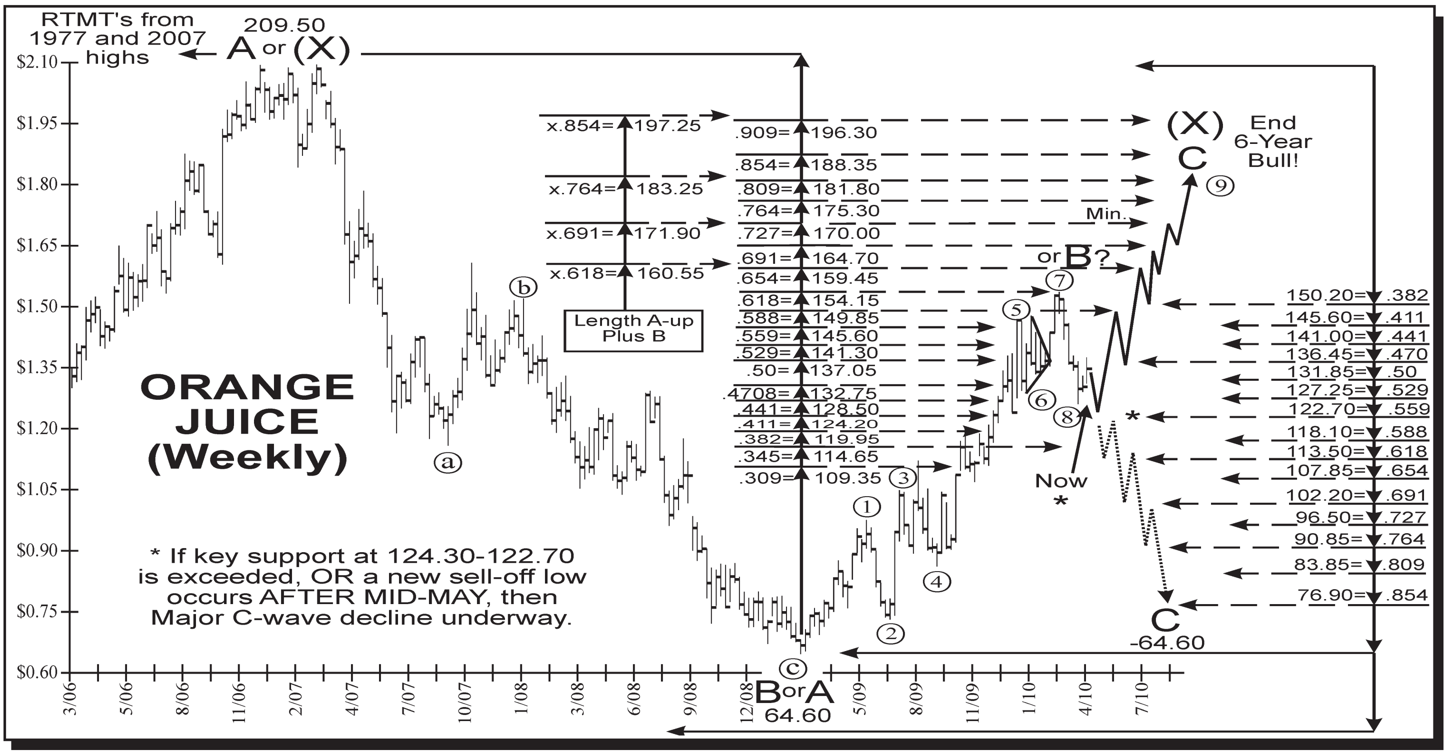
LEAN HOGS



Although we've known (?) for sometime now that the advance-off the August 2009 low in hogs (43.05) was a pretty bullish, "five" or "nine-wave" impulse-pattern, I never imagined that prices would make it all the way back-up to the 2008 top (90.00). Note, because it looked like a 9½-year Bull Cycle should have ENDED back in 2008, there was (and still is) really NO VIABLE WAY to make a case for a completed Bear Cycle. In a "normal" market, you would generally need to stage a FINAL, C-wave decline of similar magnitude to the A-wave (or in this case a drop similar to the 2008-2009 decline), BEFORE the stage would be set for a HIGHLY BULLISH POSITION. Of course, the hogs are NOT a "normal market", AND we're now actually trading slightly ABOVE the 2008 top (90.00) in the May contract. Thus, UNLESS an immediate "downturn" of substance occurs here, I suppose prices could "blow-off" to what I consider to be the

MAXIMUM UPSIDE RESISTANCE AREA; or about 95.60-to-96.25. This key area yields a rally from the 2009 low that is 76.4%-the length of the entire 1998-2008 advance, as well as appreciations of 361.8%, 123.6% AND 38.2% from the 1998, 2009 and Mar 2010 lows. Anyhow, at this point, since we ONLY need to see a drop in excess of 3½-weeks, in order to confirm a MAJOR TOP, I don't know that I'd attempt to pick the high...at least NOT in the nearby contract. However, in looking at the MORE ACTIVE June contract, we've actually already had a "timing sell-signal". Thus, as long as JUNE DOES NOT TRADE ABOVE THE APRIL 22 HIGH OF 87.80, traders AND hedgers should REMAIN SHORT. Finally, while I'm NOT quite sure IF there will be a "change" in our Preferred Count, we ought to see A HECK OF A DROP EITHER WAY...once the FINAL, "ninth-wave" section up from the Mar low ends. And, of course, IF my Preferred Count is right, which indicates that this rally is ONLY an Irregular Flat/CYCLE-WAVE-B, then our eventual downside target will be BELOW the 2009 bottom (-43.05); presumably within the next year?

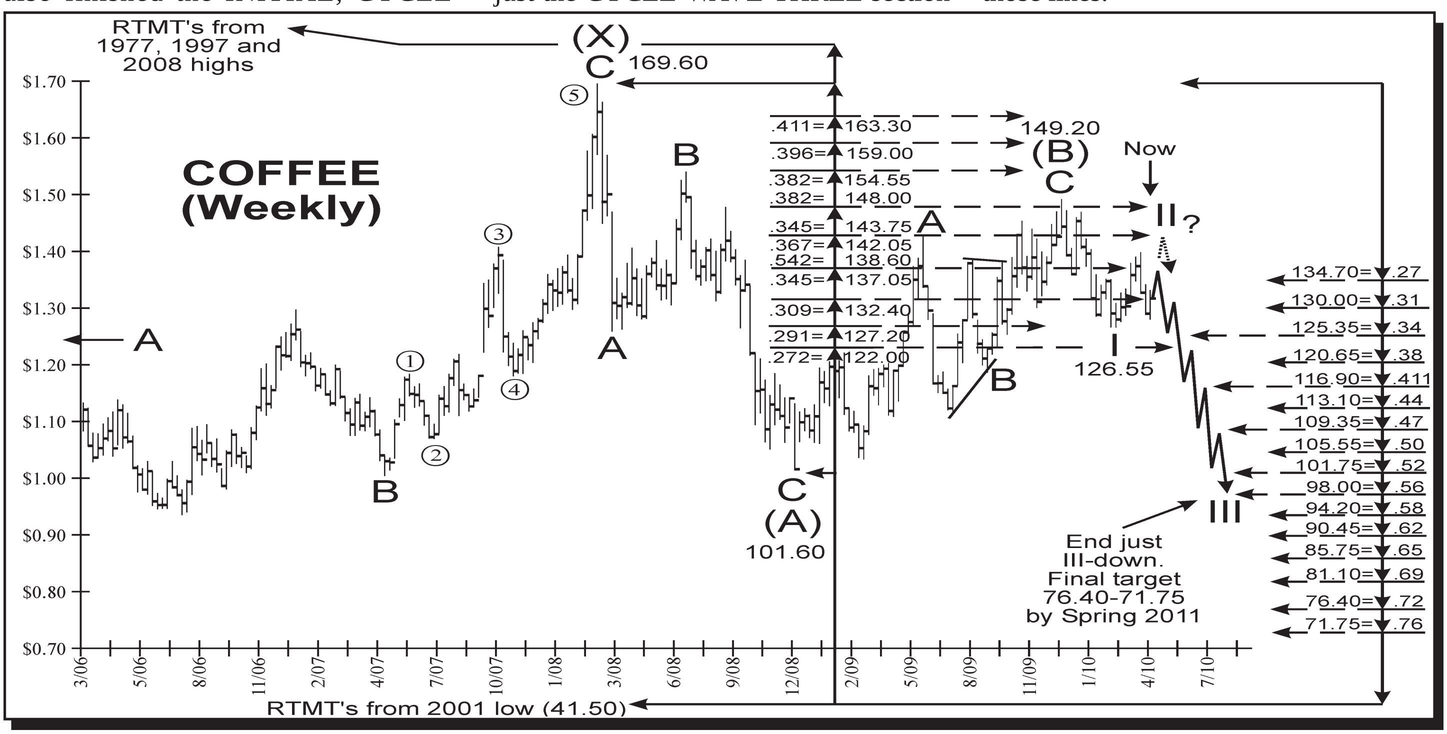
ORANGE JUICE



Given that the drop from the Mar 8 continuation chart high in OJ (153.65) has now EQUALED the greatest duration of ANY OTHER correction since the Feb 2009 low (64.60), it looks like the "action" between now and about May 14 will be VERY CRITICAL. IF a completed, (a)-(b)-(c) decline can be labeled by then, AND prices also "hold" KEY SUPPORT AT 124.30-122.70, then our SLIGHTLY Preferred Count will continue to suggest that the advance from the 2009 low is a CYCLE-WAVE-C, of the same-degree as the BIG 2004-2007 rally. In which case, since we'd still need to trace-out a SUBSTANTIAL, "ninth-wave advance", BEFORE CYCLE-WAVE-C completes, the MOST BULLISH PHASE of the entire move could lie directly ahead. Based on the length of the 2004-2007/A-wave, AND the length of waves ①-through-⑦, I'm guessing that the MINIMUM TARGET under this count would have to be at the 170.00-to-171.90 level. However, a rally to the 196.30-197.25 area (OR HIGHER) would also be quite possible. On the other side of the coin, however, in the event the nearby contract EITHER breaks key support at 124.30-122.70, OR a new sell-off low occurs AFTER ABOUT Monday, May 17, then we'll almost certainly confirm that the advance from the 2009 low was ONLY a "corrective", Double-Three. In this case, the LEAST BEARISH COUNT will indicate that a wave-ⓑ decline of the same magnitude as the 2009-2010 rally is underway. Which, ought to produce a drop to AT LEAST THE 98.60-96.50 level. However, because it's also possible; if not probable, that the 2009-2010 rally actually completed a LARGER, CYCLE-WAVE-B, A FAR MORE NEGATIVE WAVE-POSITION could be at hand. Under this interpretation, a CYCLE-WAVE-C decline of the same-degree as the BIG 2007-2009/A-WAVE drop should be underway. In which case, IF [CYCLE-WAVE-C down] achieved just the MINIMUM 61.8%-relationship to [CYCLE-WAVE-A], the MINIMUM DOWNSIDE TARGET WOULD BE BELOW THE 2009 BOTTOM, or about 64.10.

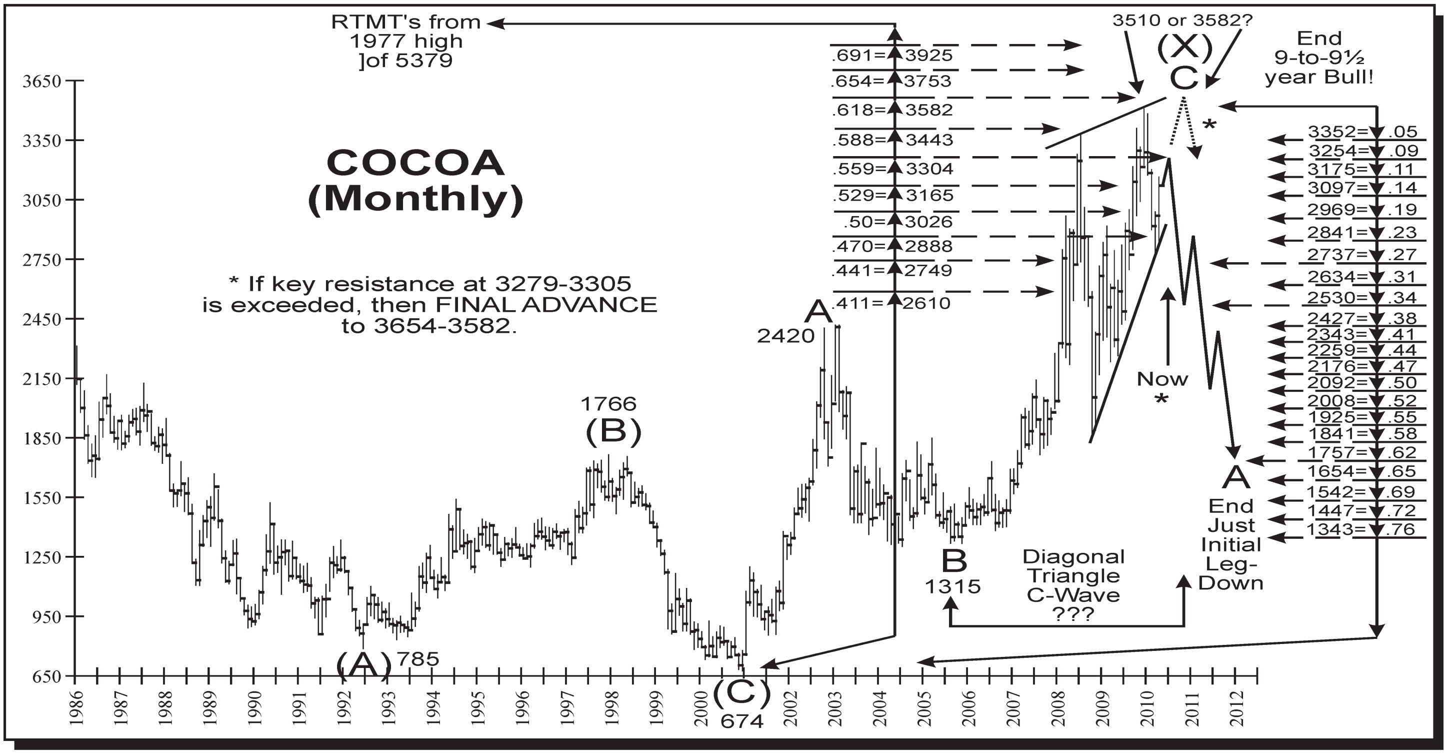
COFFEE

Although the coffee market has stayed in a pretty "tight" trading-range over the past 9-months or so, the short, intermediate AND long-term patterns now ALL strongly indicate that a POWERFUL DECLINE is about to be unleashed! In short, because the longer-term formation continues to indicate that an (A)-(B)-(C)decline, of the SAME-DEGREE AS THE HUGE 1997-2001 DROP ought to be underway (from the Feb 2008 high of 169.60), AND we've already completed BOTH the INITIAL, (A)-wave section down (at the 101.60 low), AND the (B)-wave advance (at the 2009 high of 149.20), the ONLY thing left is what should be a TREMENDOUS, SUPER-CYCLE-WAVE-(C)DECLINE. To that end, considering that we should have also finished the INITIAL, CYCLE-WAVE-ONE drop (of the larger SCWAVE-(C)); at the Mar low of 126.55, AND the CYCLE-WAVE-TWO BOUNCE now also appears to be VERY CLOSE to ENDING, the MOST DYNAMIC PHASE ought to be at hand within the next week or two. Note, assuming the Mar low at 126.55 is EXCEEDED fairly soon, the BEST COUNT will indicate that we are entering the "heart" of a CYCLE-WAVE-THREE, OF SCWAVE-(C)DECLINE. So, while I suppose there's a chance that prices could still "spike-up" to our MAXIMUM RESISTANCE AT 142.05-143.85, the BEST SELL-ZONES are probably at 137.05-138.60 AND 139.85-140.60. Anyhow, while our primary objective is currently geared towards capitalizing on just the CYCLE-WAVE-THREE section down, which currently projects to AT LEAST THE 98.25-96.65 LEVEL, the longer-term target ought to be SIGNIFICANTLY LOWER. Based on the "size" of the 1997-2001 decline, the related retracements, AND the depreciations from ALL past highs of significance, I'm guessing that the eventual target will be at about the 76.40-71.75 level; probably by the Spring of 2011. Finally, while I DON'T really have an "Alternate Count" that makes ANY SENSE here, a MOVE-ABOVE the Dec 2009 high at 149.20 would definitely call into question my BEARISH COUNT. In fact, in the UNLIKELY EVENT 149.20 is "violated", my guess is we've probably had a SERIOUS FROST in South America...or something along those lines.

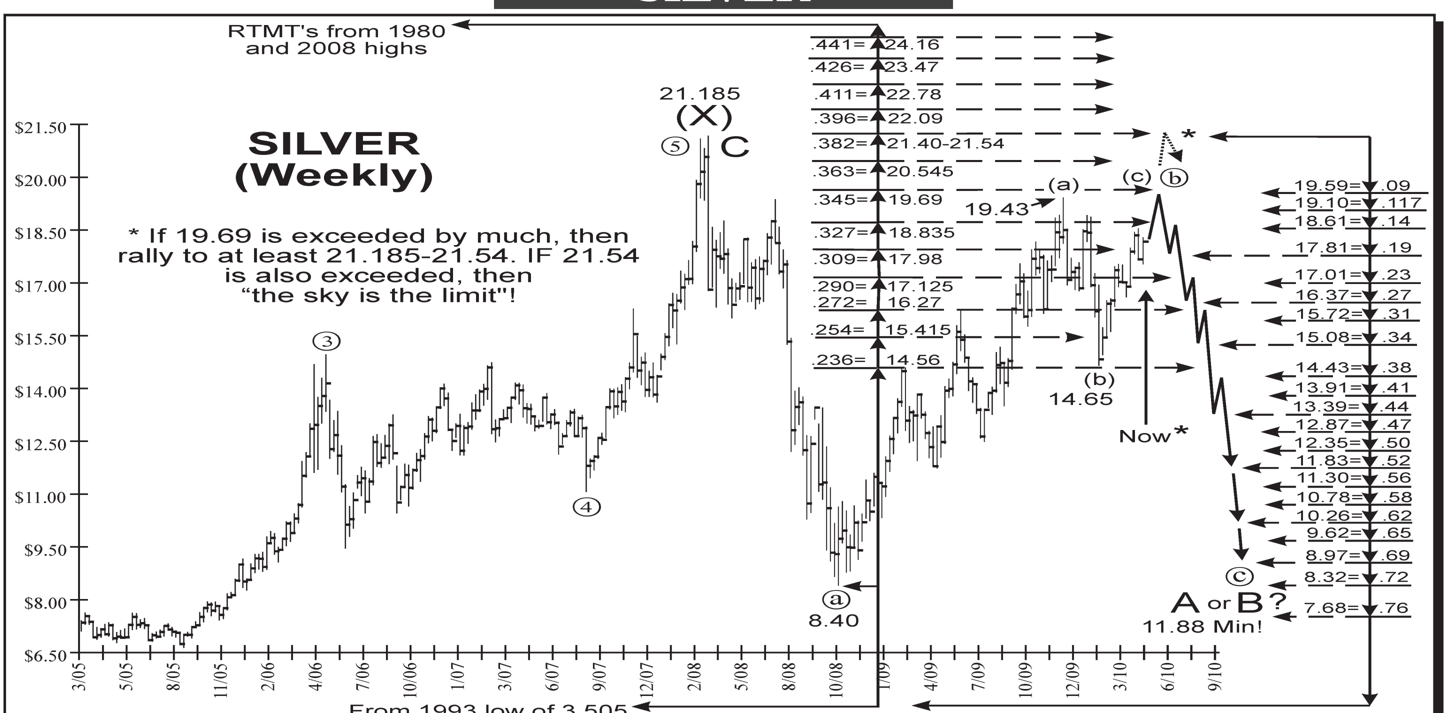


COCOA

Given that the drop from the Dec 2009 high in cocoa (3510) clearly EXCEEDED the greatest "magnitude" of ANY other decline since the Contracting Triangle formation ended in May of 2009, our Slightly Preferred Count indicates that a 9 ½-year Bull Cycle has ENDED. In which case, since the Dec 2009-Mar 2010 decline (3510-to-2761) should have finished ONLY the INITIAL, Primary wave-ⓐ-section down, of a MUCH LARGER CYCLE-WAVE-A DECLINE, traders really have to take a shot at SELLING the current rally. Note, that the next "leg-down", or Primary wave-ⓒ, ought to project to AT LEAST the 2554-2530 LEVEL. And, by the time a Double-Three formation completes the larger, CYCLE-WAVE-A; probably by MID-2011, prices should reach AT LEAST THE 1859-1755 LEVEL. This key area incorporates the 61.8%-76.4%-retracement combination from the 2000 and 2004 lows, as well as depreciations of 65.45% and 50% from the 1977 and 2009 highs. It should be duly noted, however, that in the event the advance from the Mar low FIRST produces a "penetration" of KEY RESISTANCE AT 3279-3306 (by much?), then we'll have to give MUCH STRONGER CONSIDERATION to the Alternate Count. Note, because it is possible that the FINAL, CYCLE-WAVE-C ADVANCE from the 2005 low (1315) has been developing into a "Diagonal Triangle" formation, we may still need to see ONE MORE MODERATE ADVANCE TO NEW HIGHS (+3510) ,i.e., BEFORE the Bull Cycle from the 2000 low actually TERMINATES. Under this count, the OPTIMUM, UPSIDE TARGET/SELL-ZONE WILL BE AT THE 3564-3614 LEVEL. This key area yields the 61.8%-retracement projection from the 1977 top, the upper boundary-line from the "Diagonal Triangle", the 50%-times wave-③ projection, AND appreciations of 430.9%, 176.4%, 90.9% and 30.9% from the 2000, 2004, 2008 and 2010 lows.



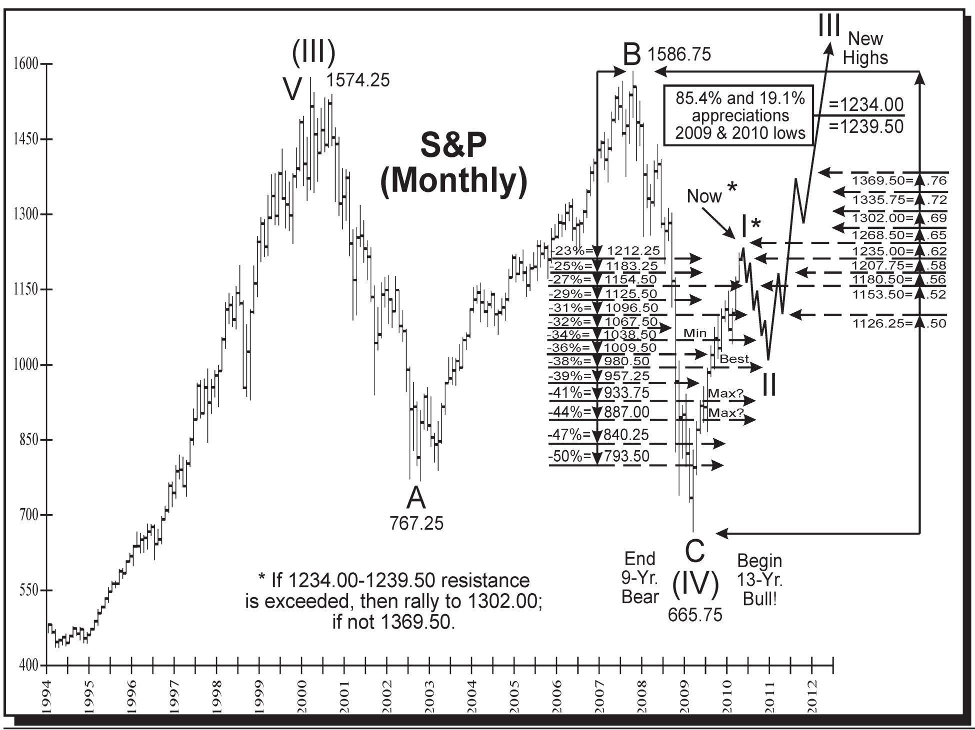
SILVER



While the wave-progressions from the Oct 2008 low in silver, AND more specifically the Feb 2010 low, have been VERY DIFFICULT TO PREDICT, the longer-term pattern continues to strongly indicate that a MAJOR DECLINE will begin...at ANYTIME! In essence, because the Mar-Oct 2008 drop in silver (21.185-to-8.40) was considerably LARGER than any other decline since the 1993 bottom, it seems like a virtual guarantee that a Bear-movement of AT LEAST CYCLE-DEGREE has to have begun. Thus, since there's NO WAY to make a legitimate argument for a Bear-Move of this "magnitude" completing in JUST 7-MONTHS, it appears highly likely that the 2008 low has marked the end of just an INITIAL, Primary wave-ⓐ. In which case, once the Primary wave-ⓑ advance (from the 2008 low) runs it's course, the stage should be set for a SUBSTANTIAL, Primary wave-ⓒ DECLINE. Note, because "ⓒ-waves" almost always travel a distance that is AT LEAST 61.8%-the length of their "ⓐ-wave" counterpart, we ought to see a drop to AT LEAST THE 11.88-11.435 LEVEL...presumably within the next few months. This key area also yields the 52.95%-69.1%-retracement combination from the 1993 and 2008 lows, as well as depreciations of 76.4%, 44.1%, 41.15% and 38.2% from the 1980, 2008, 2009 and 2010 highs. So, while it's rather obvious that I believe we should focus on getting short this market, the tough-part is figuring-out "when" and "where". To that end, since it's possible that the advance off the Feb 2010 low (14.65) is a larger, but FINAL (c)-wave, prices could still "spike-up" to just ABOVE the Dec 2009 top of 19.43; probably to the next KEY RESISTANCE AREA AT 19.69. However, because this week's SHARP-DROP (as I write...), has just confirmed a completed "leg-up" from the Feb low, I think traders have to attempt to get short, NOW! Note, while I DON'T KNOW whether the decline from the 2008 top is going to end-up subdividing into a SINGLE, ⓐ-ⓑ-ⓒ pattern, OR a Double-Three (back-to-back ⓐ-ⓑ-ⓒ patterns), BOTH interpretations indicate that the NEXT DECLINE will be a very good-trending, "five-or-nine-wave", ⓒ-wave movement. Which, basically should take the shape of the "ⓒ-wave decline" that's illustrated on the SILVER WEEKLY CHART. Anyhow, at present, it looks like the OPTIMUM RESISTANCE AREAS/ SELL-ZONES for the July silver are at 17.55, 17.98-18.19 (BEST?), and 18.405-18.48 MAXIMUM? IF 18.48 is EXCEEDED, however, then look for a FINAL "shot-up" to about the 19.69 area.

S&P 500

Since we've now confirmed a completed advance of Primary-degree off the Feb low in the S&P; at the April 26 high of 1216.75, it looks like there's SLIGHTLY BETTER THAN A 50%-CHANCE that we've also finished a MAJOR, CYCLE-WAVE-ONE ADVANCE from the 2009 low. In which case, prices should now remain in a LOWER-TREND FOR AT LEAST THE NEXT SEVERAL-MONTHS, with a BARE MINIMUM, DOWNSIDE TARGET AT 1046.50-1038.50. It should be duly noted, however, that based on past WAVE-TWO corrections of CYCLE-DEGREE, a MUCH LARGER RETRACEMENT is also quite possible; if not probable. In this case, it looks like the BEST TARGET will be at 990.00-to-980.50, with the MAXIMUM at 933.75-925.00. In the event the current decline DOES NOT EXCEED the OPTIMUM TARGET for a Primary wave-⑧ low, however, at about 1111.50-1107.00, then there's still a chance that we may need to see a FINAL, "ninth-wave advance" to ONE MORE NEW HIGH ,i.e., BEFORE A MAJOR CYCLE-WAVE TWO DECLINE ACTUALLY BEGINS. In this case, probably by the EARLY SUMMER time-frame, the BEST UPSIDE TARGET/ SELL-ZONE will clearly be at the 1234.00-1239.50 level. This area yields the 61.8%-retracement projection from the 2007 top, AND appreciations of 85.4%, 42.625%, 19.1% and 11.795%(?) from the Mar 2009, July 2009, Feb 2010 and May 2010 (?) lows.



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