

Sent: Wednesday, June 19, 2013 10:43 AM

Subject: RJOMRT: \$5.54+ Dec Corn Rebound Resurrects Base/Reversal Threat; \$5.73, \$5.27 Key Directional Triggers

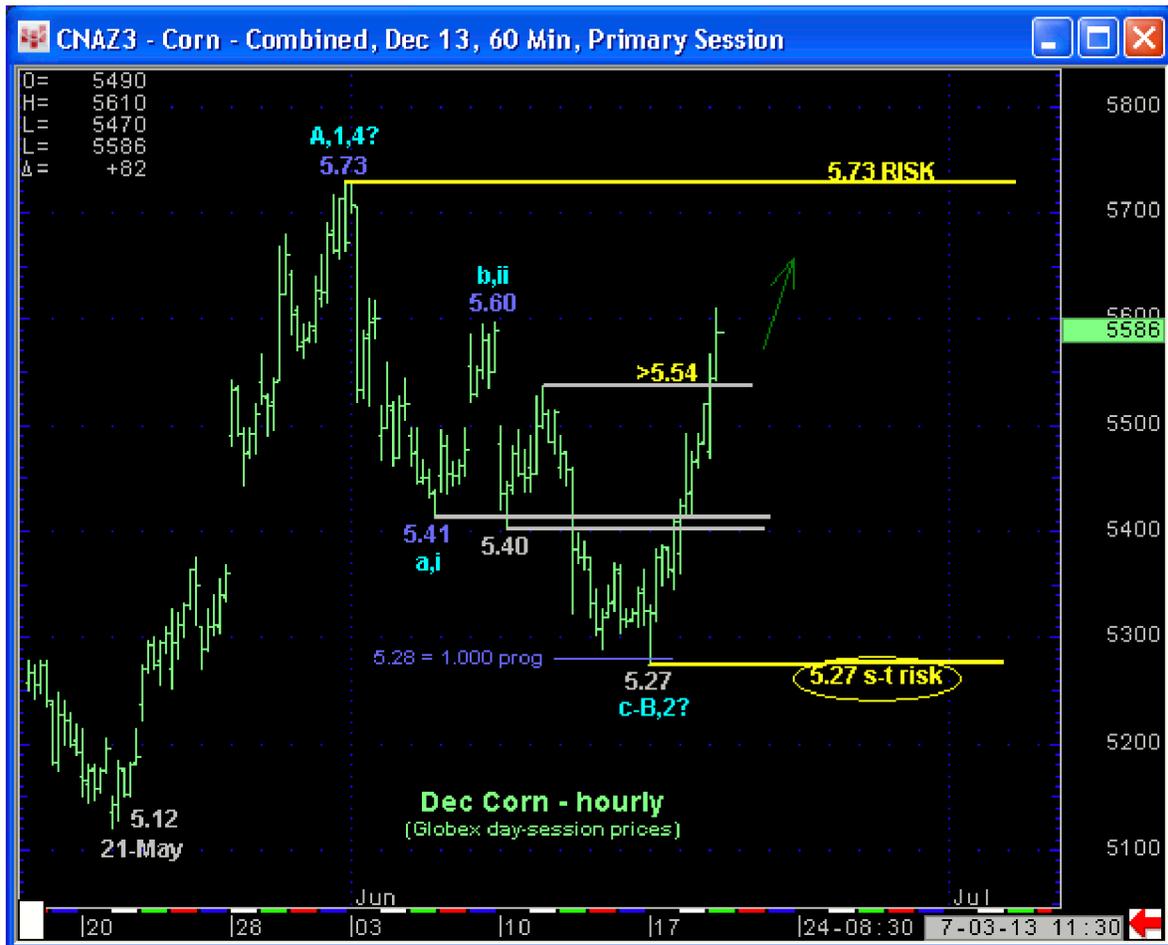
"These issues considered, shorter-term traders with tighter risk profiles have been advised to move to a neutral/sideline position following today's recovery above 5.54. Longer-term traders may want to pare bearish exposure to a more conservative level following today's 5.54+ rebound, but at least a cautious bearish policy remains advised while 03-Jun's key 5.73 high and risk parameter remains intact."



\$5.54+ Dec Corn Rebound Resurrects Base/Reversal Threat; \$5.73, \$5.27 Key Directional Triggers -by Dave Toth

In yesterday's Technical Blog we alluded to an alternate bullish count that contends that this month's sell-off attempt from 5.73 is a textbook example of a 3-wave and thus corrective structure consistent with a broader base/reversal threat from 21-May's 5.12 low. With yesterday and today's surprising spike above our short-term risk parameter at 5.54 detailed in the hourly chart below, the market has taken a key step towards this bullish count. 03-Jun's 5.73 high, resistance and key long-term risk parameter remains required to break the long-term downtrend and expose a reversal higher that could be major in scope.

As a direct result of this week's recovery the market has defined Mon's 5.27 low as an increasingly important low and risk parameter, the failure below which will mitigate this base/reversal threat and re-expose the major downtrend from last Sep's 6.65 high.



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Wed Jun 19 2013

The daily chart below shows the long-term downtrend and the pivotal importance of the 5.73-area resistance that has capped this market for the past three months. Any bullish count has to go through this gateway. Until such 5.73+ strength is proven and on the heels of the preceding plunge from last Sep's 6.65 high, the mere lateral price action since early-Apr is as arguably corrective/consolidative within an ongoing major bear trend as it is a reversal threat. Further strength above 5.73 will tilt the longer-term directional scales higher while a relapse below Mon's 5.27 low will reinforce the major downtrend.



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Wed Jun 19 2013

If there's an area to beware the end of a major correction, it's around that of the prior 4th-wave correction of lesser degree. And on a major weekly log active-continuation basis below, that level is Jun'12's 5.36 low. For the time being however and while the market remains constrained by 03-Jun's 5.73 high and resistance, it is premature to conclude a broader reversal higher.

These issues considered, shorter-term traders with tighter risk profiles have been advised to move to a neutral/sideline position following today's recovery above 5.54. Longer-term traders may want to pare bearish exposure to a more conservative level following today's 5.54+ rebound, but at least a cautious bearish policy remains advised while 03-Jun's key 5.73 high and risk parameter remains intact.



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Wed Jun 19 2013

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