



Week 38
15th September 2008



Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + Standard & Poors 500
- + European DJ Stoxx 50
- + FTSE 100
- + Nikkei 225

Bonds

- + Ten year US treasury note
- + Ten year Euro Bund
- + Ten year Japanese Bond

Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Disclaimer



the technical trader's guide to major markets

Mark Sturdy

Authorised and regulated
by the FSA



summary

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Stay SQUARE
Stay SQUARE
Stay SQUARE
Stay SQUARE

Stocks

- + Standard & Poors 500
- + European DJ Stoxx 50
- + FTSE 100
- + Nikkei 225

Stay SHORT; **SELL** on a close beneath 1202 (Dec 08)
Stay **SHORT**; **ADD** beneath 3107 (Sep 08)
Stay **SHORT**; **ADD** beneath 5073 (Sep 08)
Stay SQUARE; **SELL** beneath 12210 (Dec 08) .

Bonds

- + Ten year US Treasury Note
- + Ten year Euro Bund
- + Ten year Japanese Bond

Stay **LONG** above 117- 4.5 (Sep 08)
Stay SQUARE; **BUY** above 115.57 (Dec 08)
Stay SQUARE

Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Stay **LONG** above 97.22 (Jun 09)
Stay SQUARE
Stay **LONG** above 94.9650 (Jun 09)

Commodities

- + Oil
- + Gold

Go SQUARE **SELL** on a break of \$95.38 (OCT 08)
Go SQUARE



Currencies: Dollar Euro

CURRENCIES: The Dollar has strengthened far and fast, as we anticipated, once it turned. But now, at these much lower currency levels, there is good evidence across the board that it's well-underpinned. And the predictable bounce of may go further. Sterling Euro has fallen back into the old long-established trading range.

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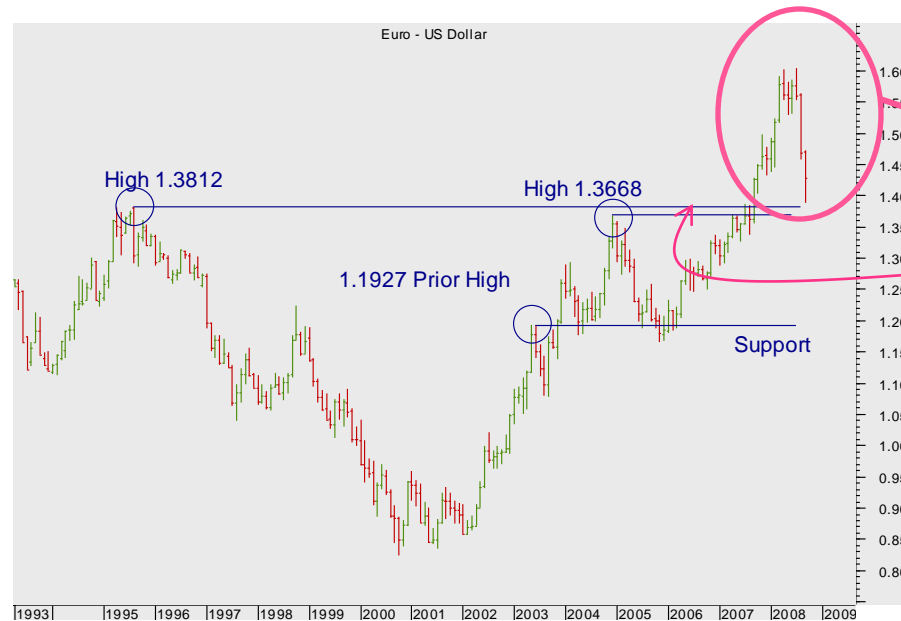
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Dollar Euro monthly spot cash chart

The pull back to the Prior Highs.

Only a breakdown through these powerful supports could encourage the Euro bears in the medium-term.

But with the first test of that support – it has held.

More



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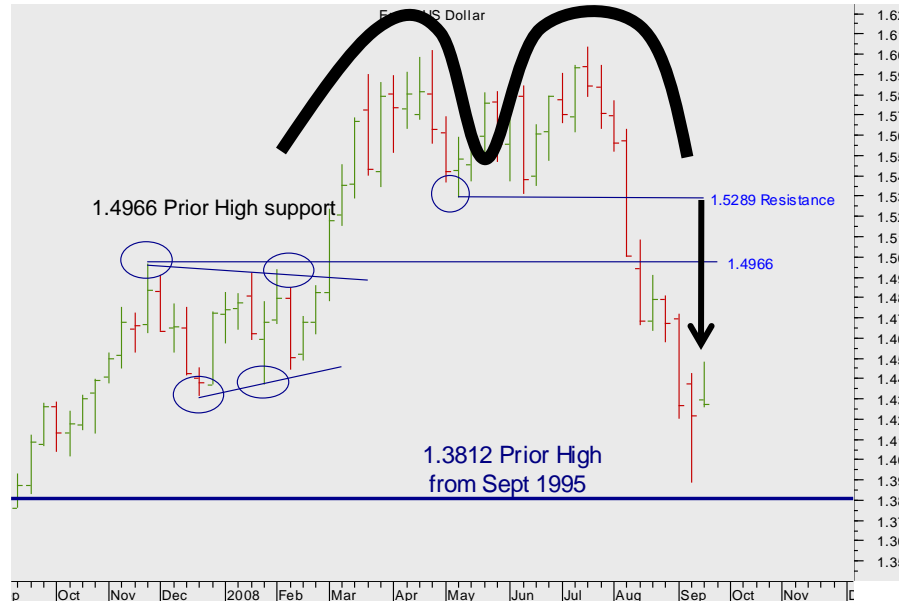
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Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

The market has completed a double Top.

The break down level was 1.5289.

The minimum target was about 1.45.

The market overshot and we have bounced.

Dollar Euro daily spot chart

Note well the powerful resistance at 1.5289 on any rally.

The impetus from the Double top has been exhausted.

Judge the power of the bounce from the reaction to the resistance at 1.4632.

Stand aside.

More



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Currencies: Dollar Sterling



Dollar Sterling monthly spot cash chart

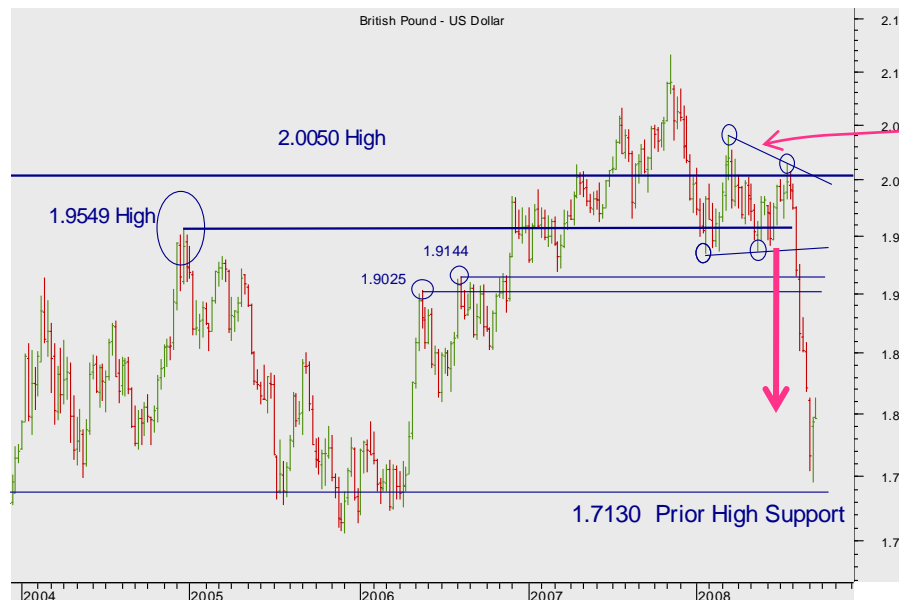
The fall back to the prior High support level of 1.9549 broke the bulls.

And

(1) The fall through the 1.9549 support.

(2) the breakdown through the channel diagonal.... Were compelling bear evidence.

But now the market has found support at the 1.7365 level.



Dollar Sterling weekly spot cash chart

A small continuation triangle added to the bearishness

The minimum target of which is down at 1.84 or so.

That was achieved.

Now study the bounce....

More



Currencies: Dollar Sterling

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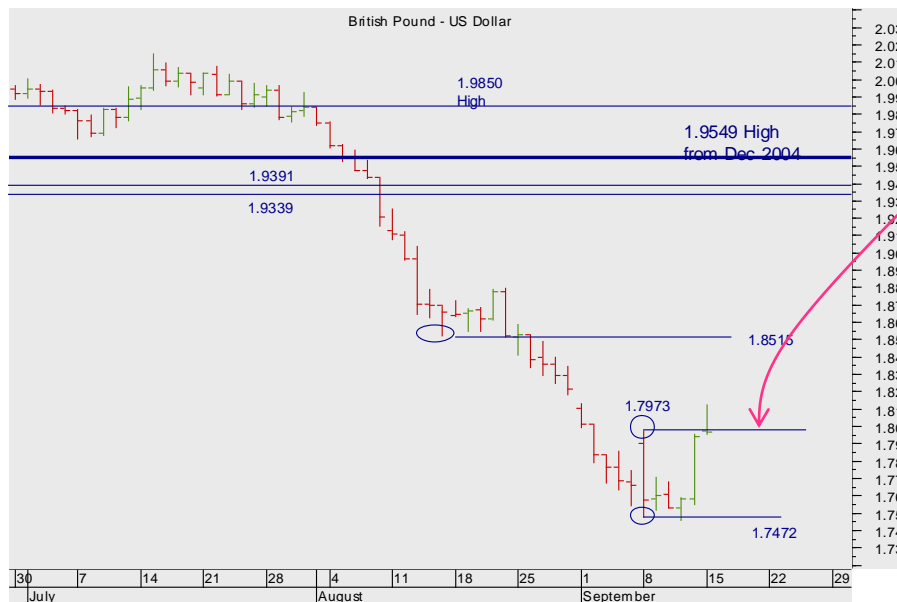


Dollar Sterling daily spot cash chart

The market was also driven by a Head and shoulders Top.

And the minimum target for that pattern - 1.75 was achieved as well.

So the impetus from that pattern has been exhausted too.



Dollar Yen daily spot cash chart

We were profit-takers.

And the rally needs to hold above the 1.7973 level to gain momentum.

Stand aside for greater clarity to develop.



Currencies: Dollar Yen

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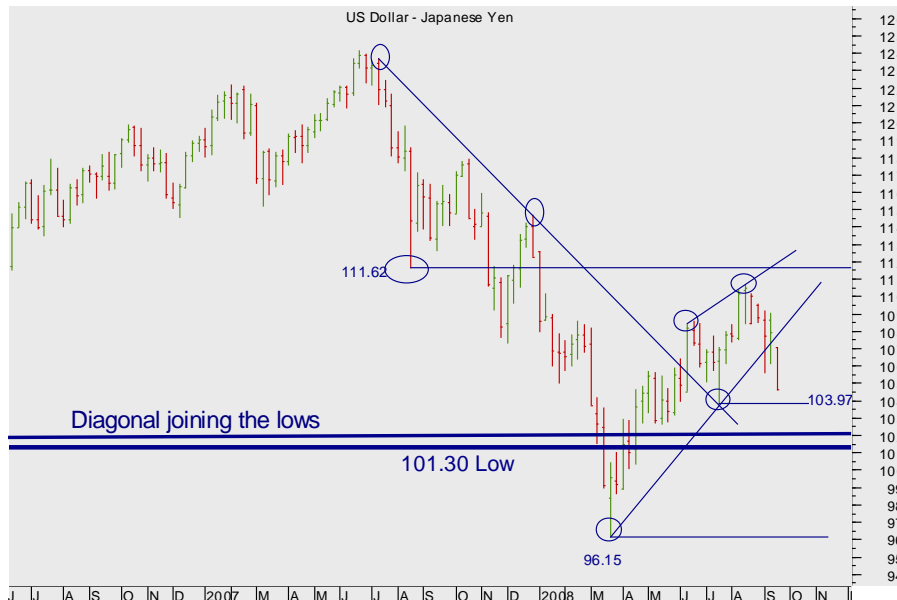
Commodities

- + Oil
- + Gold



Dollar Yen monthly spot cash chart

The failure to close beneath the 101.30 level was a big disappointment for the Yen bulls....



Dollar Yen weekly spot cash chart

But note the creation of a Bear Rising wedge.

Which suggests a revisiting of the lows....

Wait for a close beneath the recent low pivot at 103.97.

More



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Currencies: Dollar Yen



Dollar Yen weekly spot cash chart

The bears need a close below that level, until then **stand aside**.

More



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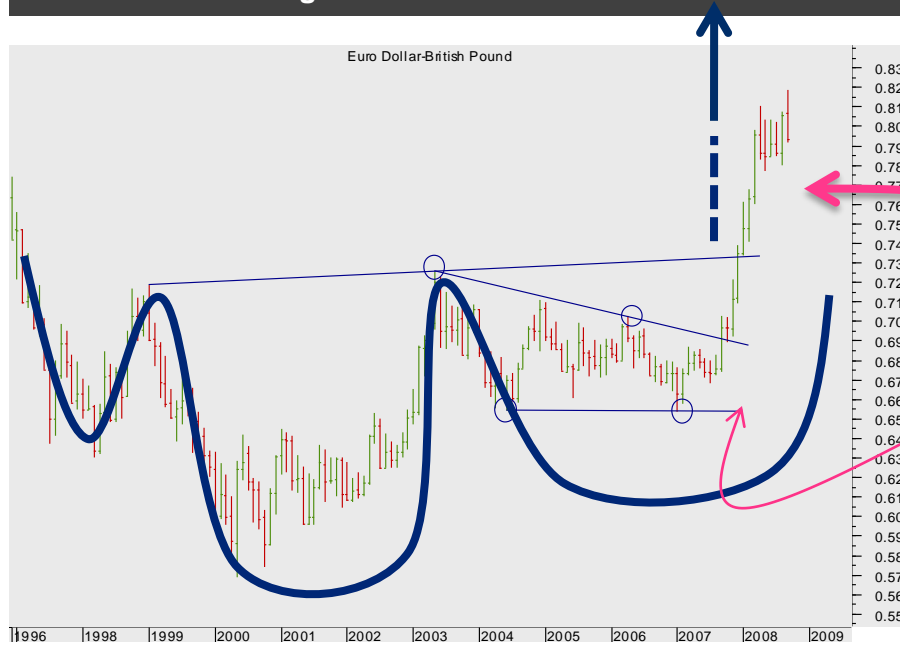
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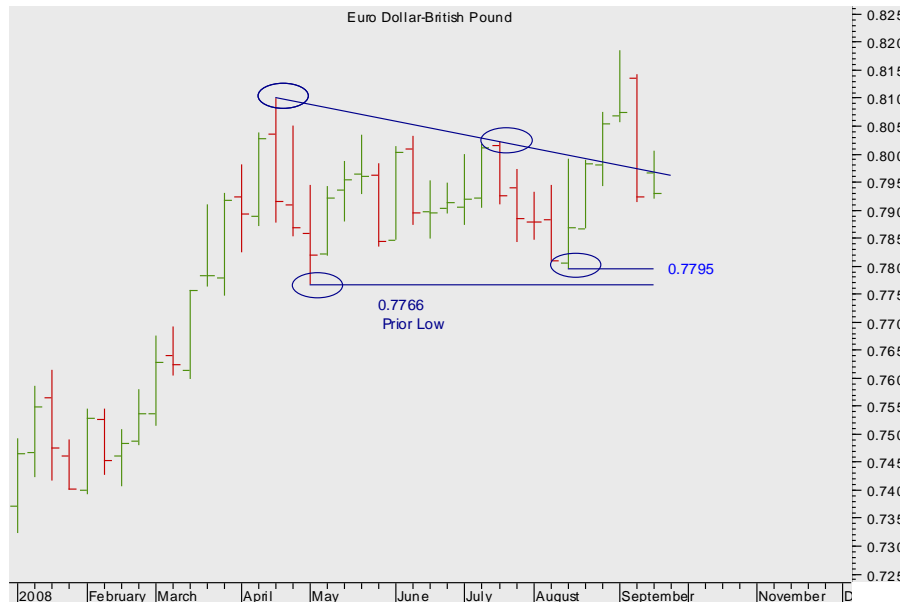
Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The completion of a massive Head and Shoulders bottom suggests moves up as far as 0.8850... eventually

The H&S completion was made possible by the Continuation Triangle whose minimum move was 0.7530 .



Sterling Euro weekly spot cash chart

But the recent completion of the continuation triangle – looks as if it has failed...

More



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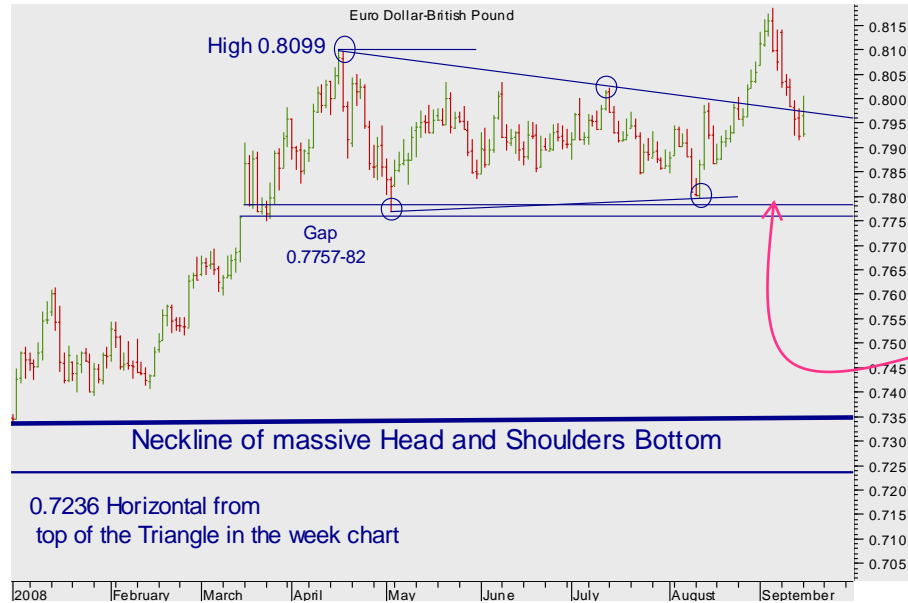
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Commodities

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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The market has pulled back into the triangle... but sellers of Sterling need a break down through the Gap support before getting excited.

Until then stand aside.



Stocks

STOCKS: We have long thought that these market looked fragile. There are good bear long and medium-term patterns in play. Especially in the EuroStoxx. But they all look as if they are going further.

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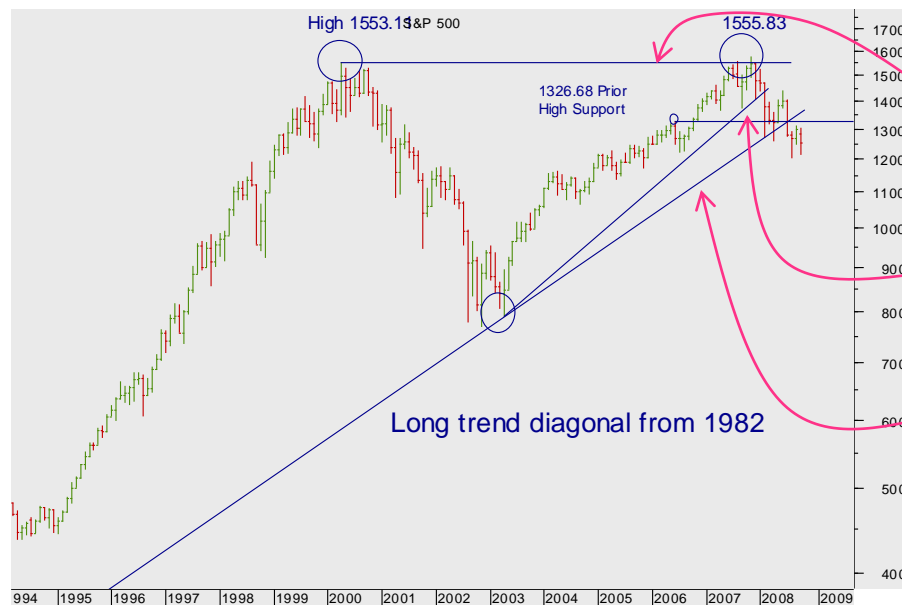
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Stocks: Standard & Poors 500



Standard & Poors 500 monthly cash chart

The CASH market tested that important High of 1553 from the past **and failed..**

The failure drove the market to the support from the prior High.....at 1326 and **that has broken down emphatically too.**

So too has the diagonal been broken.

So the overall long-term position is very grave.

More



Stocks: Standard & Poors 500

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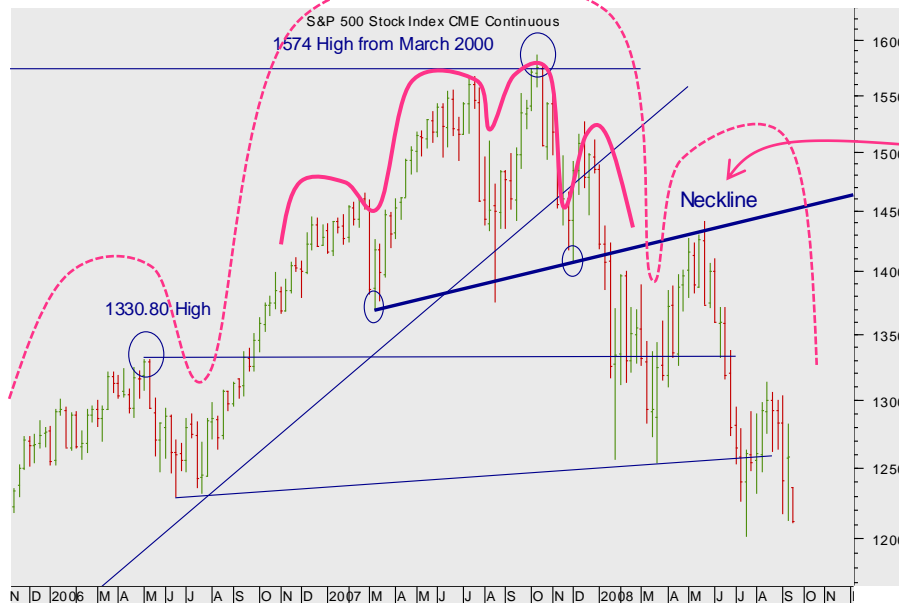


Standard & Poors 500 Weekly continuation Chart

The market has formed a nested double Head and Shoulders Top – set to drive it on down - but how far?

ABOUT 1000 – A DROP OF 25% FROM CURRENT LEVELS.

The price action pause around the Neckline was a worrying pause for the bears...



Standard & Poors 500 weekly Sep08 chart

We believe this latest pull back and failure to break back through the smaller H&S Neckline was a **CRUCIAL FAILURE.**

More



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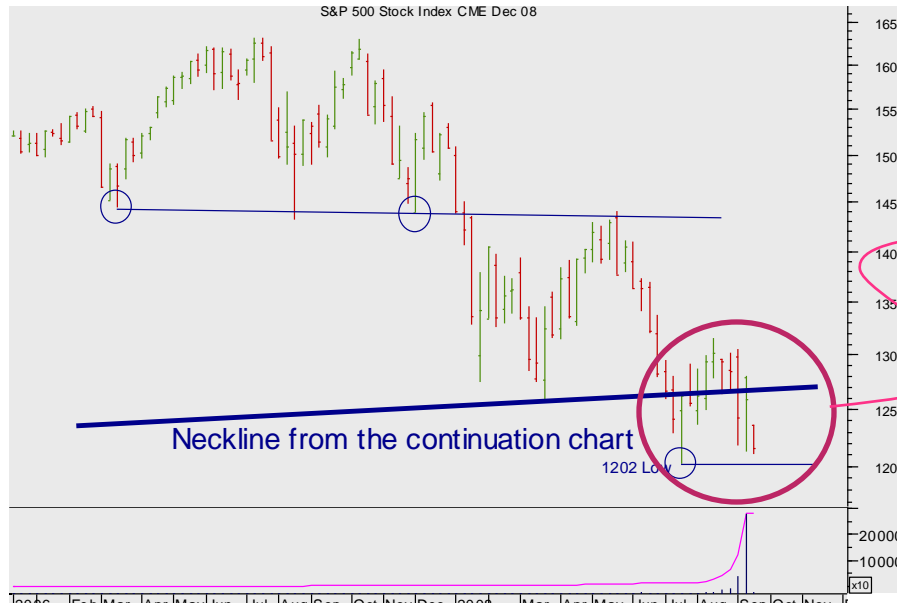
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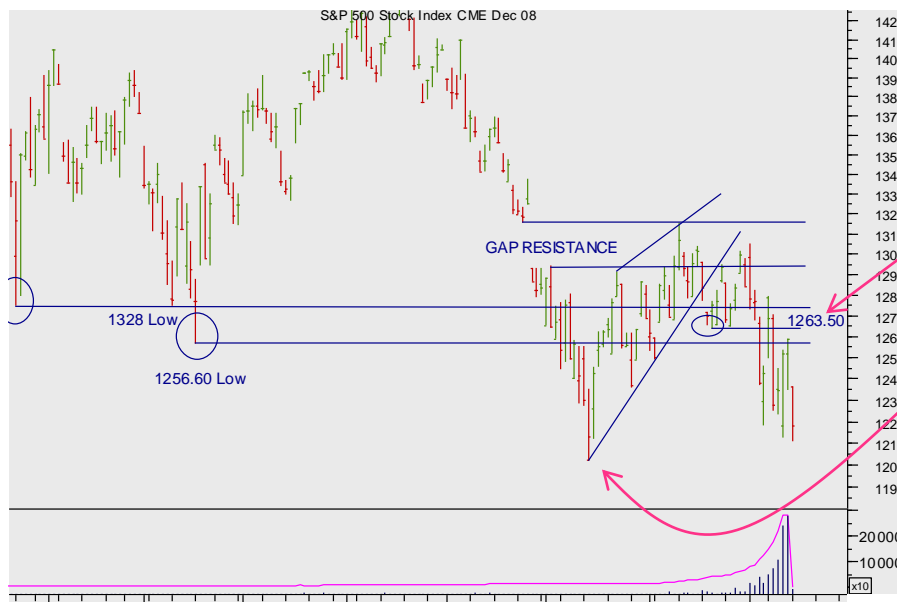
Stocks: Standard & Poors 500



Standard & Poors 500 daily SEP 08 chart

The clear failure of the market to establish support at the major neckline suggests the next leg down is imminent.

European DJ Stoxx 50 daily Sep 08 futures chart



Look closely at that wedge: It has completed,

And the market has responded by a pull back beneath the pivot at 1263.50.

The way is open for a retest of the near lows.



Stocks: Standard & Pools 500



European DJ Stoxx 50 daily Dec 08 futures chart

Bears should wait for a break of 1202 before adding.

Then sell hard.

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Stocks: DJ Euro Stoxx 50

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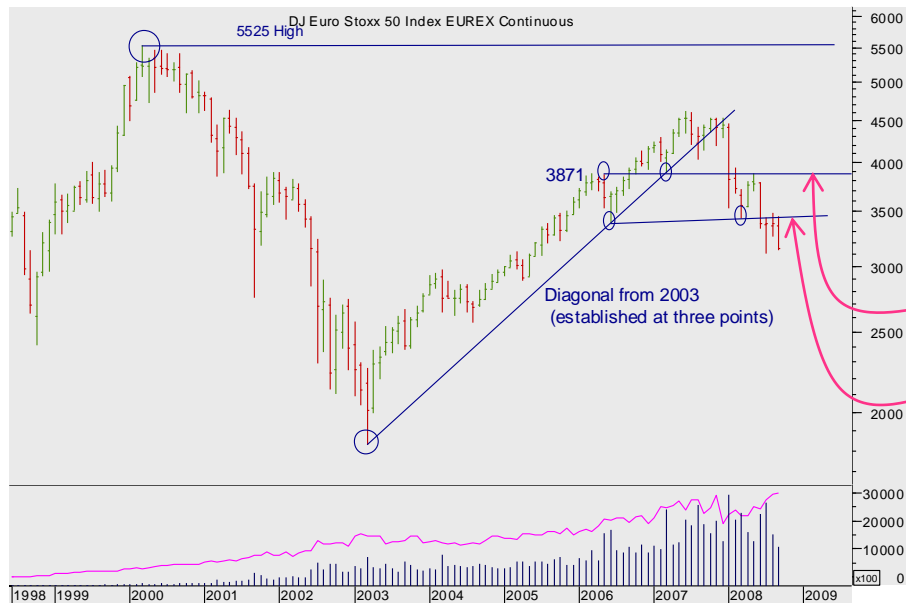
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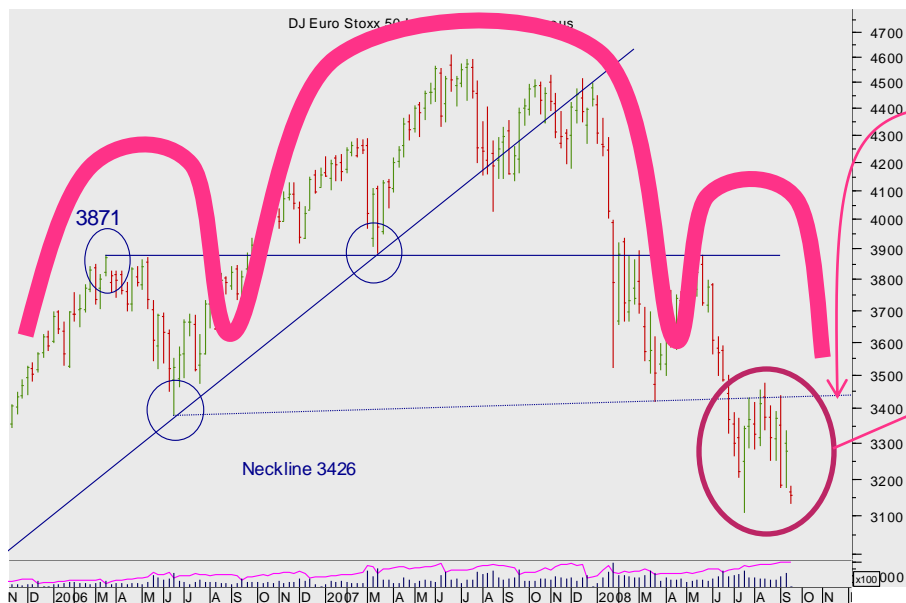


European DJ Stoxx 50 monthly continuation futures chart

The long rally of the market since 2002 fell well short of the market's Highs in 1999.

First it pulled back through support at 3871 from 2006.

And closed lower to complete a **Head and Shoulders Top.....**



European DJ Stoxx 50 weekly cont. futures chart

The Neckline at 3426 or so in the continuation chart that has proved good resistance – on the rally.

Minimum target 2600 or so.

The market has rallied back to the Neckline in the continuation chart – and then fallen.

Look closer.

More



Stocks: DJ Euro Stoxx 50

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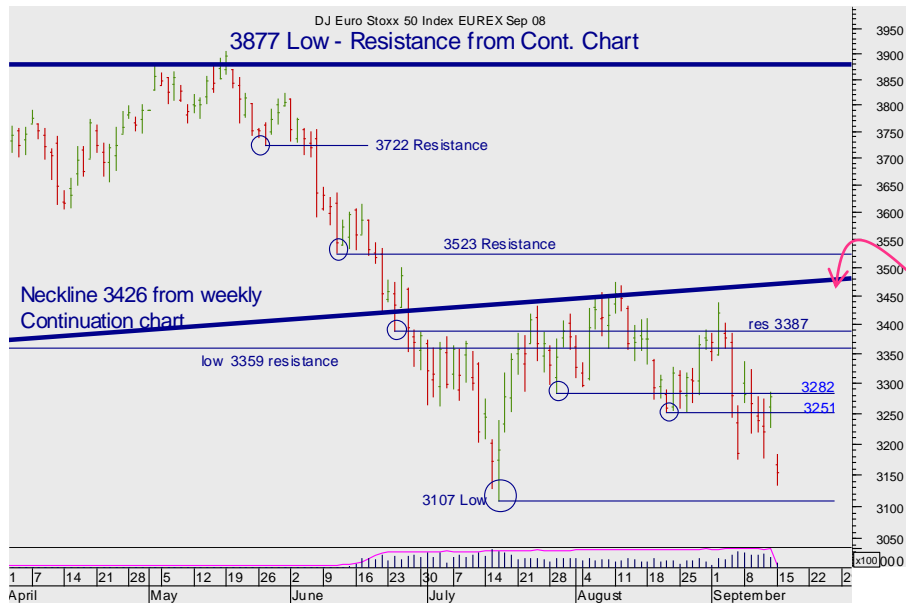
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European DJ Stoxx 50 daily Sep 08 futures chart

Using the sep 09 chart and superimposing the Continuation Neckline...

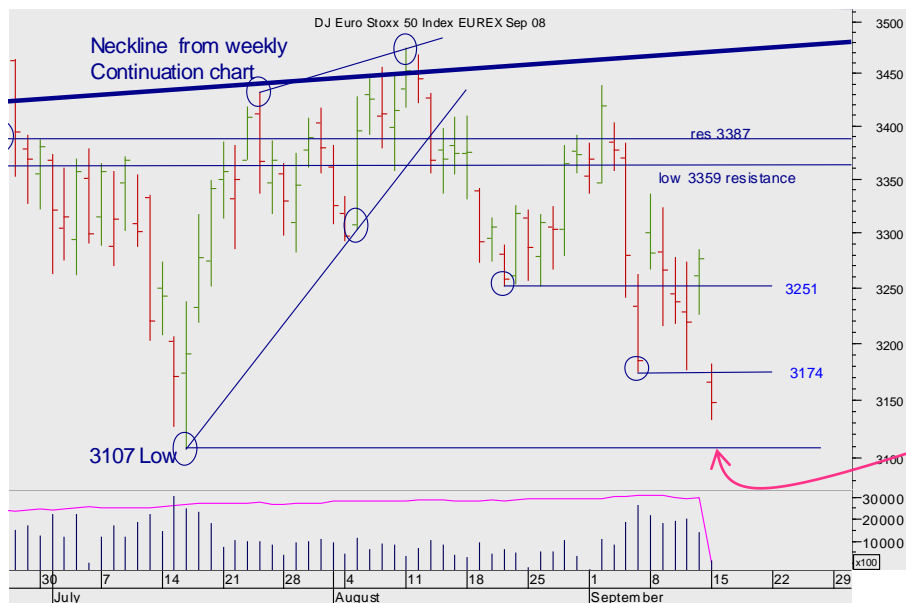
That Neckline is now powerful resistance to the current short-covering rally (Note well the declining volumes on the rally).

European DJ Stoxx 50 daily Sep 08 futures chart

And better still, there is a bear rising wedge in place.

It completed and the market has fallen – through 3251 was crucial

Now the bears are waiting for a break of the recent low at 3107 to add on to shorts.





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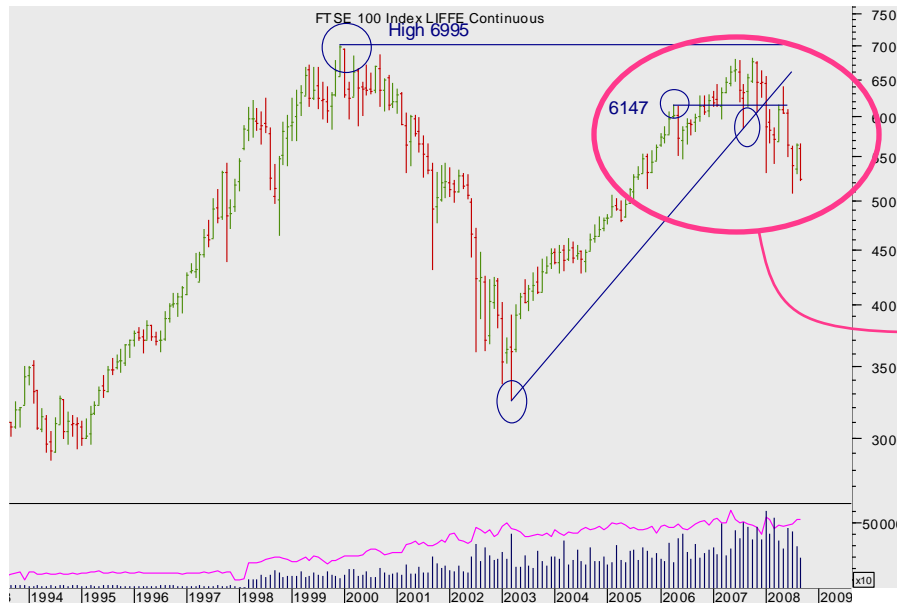
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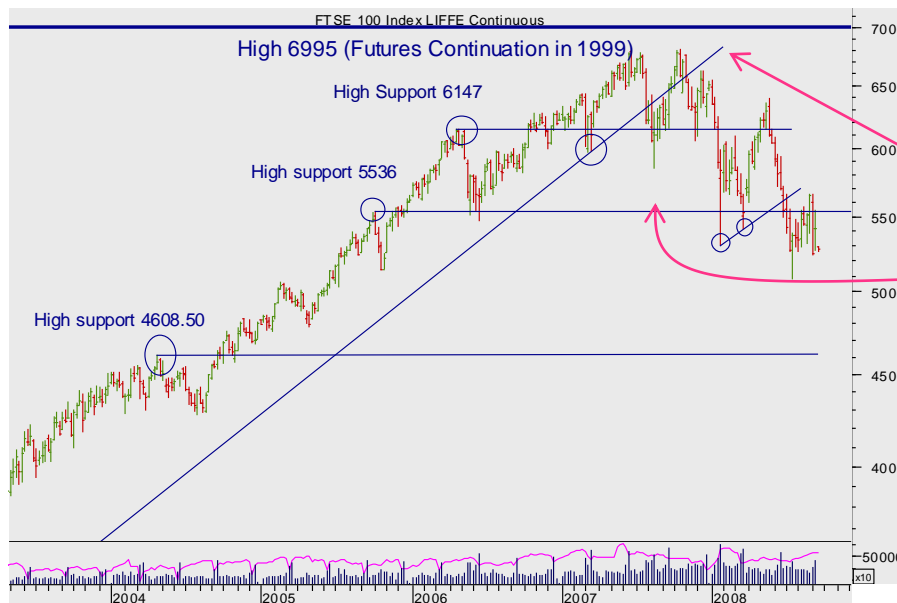
Stocks: FTSE 100



FTSE 100 monthly Continuation futures chart

The FTSE approached the prior High of 6995 ... but stalled and fell back.

Breaking the steep uptrend support.



FTSE 100 weekly Continuation futures chart

And the clear diagonal has been broken

The Prior High support at 5536 (continuation chart) has been smashed.

Now look closer still.

More



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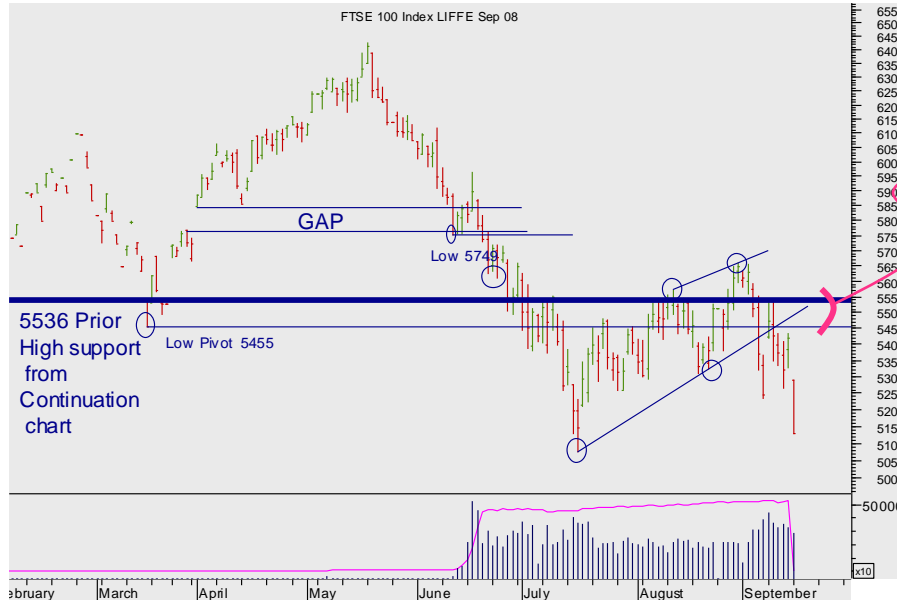
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Stocks: FTSE 100

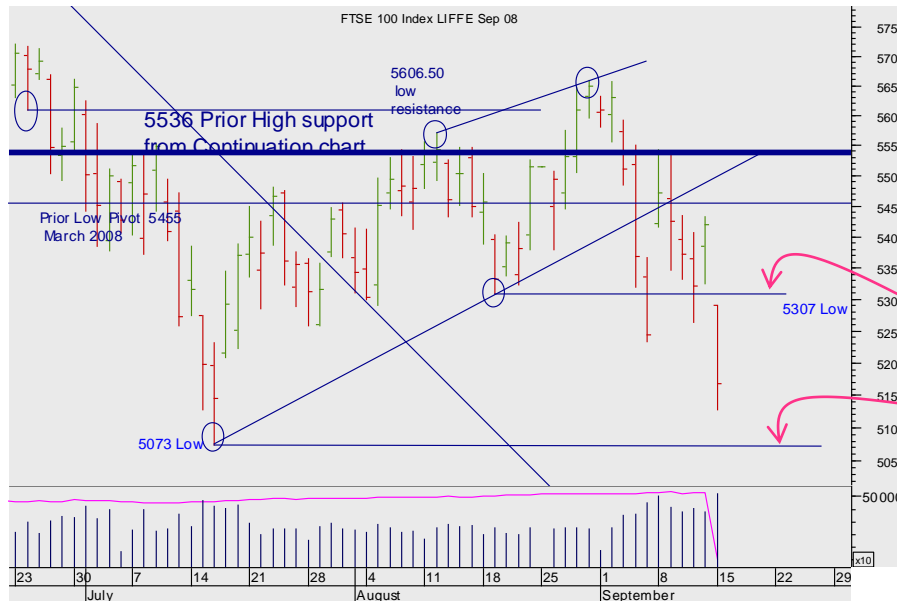


FTSE 100 daily Sep 08 futures chart

The rally from mid July pushed hard into the 5455-5536 band of medium-term resistance.

Then a bear rising wedge completed.

Look closer.



FTSE 100 daily Sep 08 futures chart

There has been a spirited rally back – but it failed to make headway into the wedge .

Use a break of the recent low 5307 to add to shorts.

Then add again on a break of 5073.



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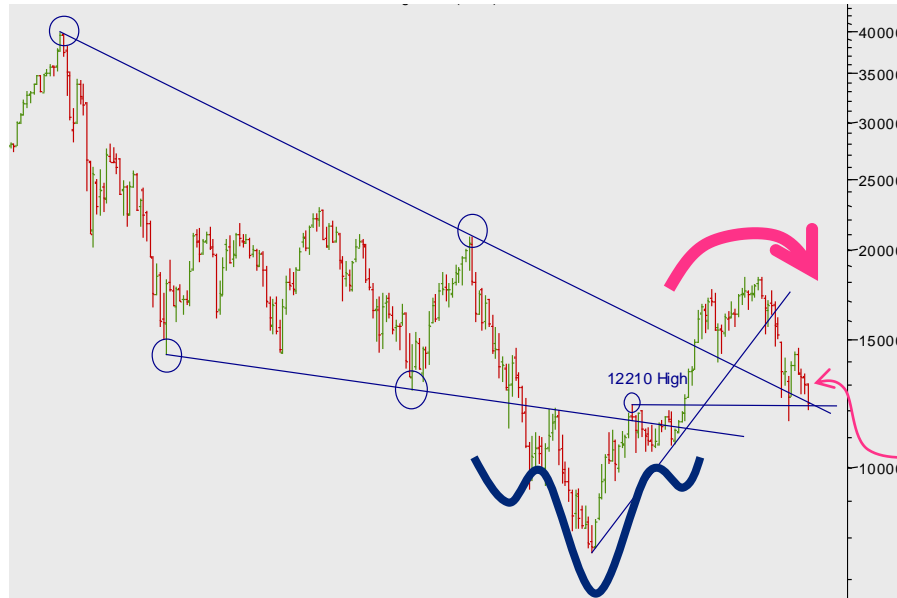
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Stocks: Nikkei 225



Nikkei 225 monthly Continuation futures chart

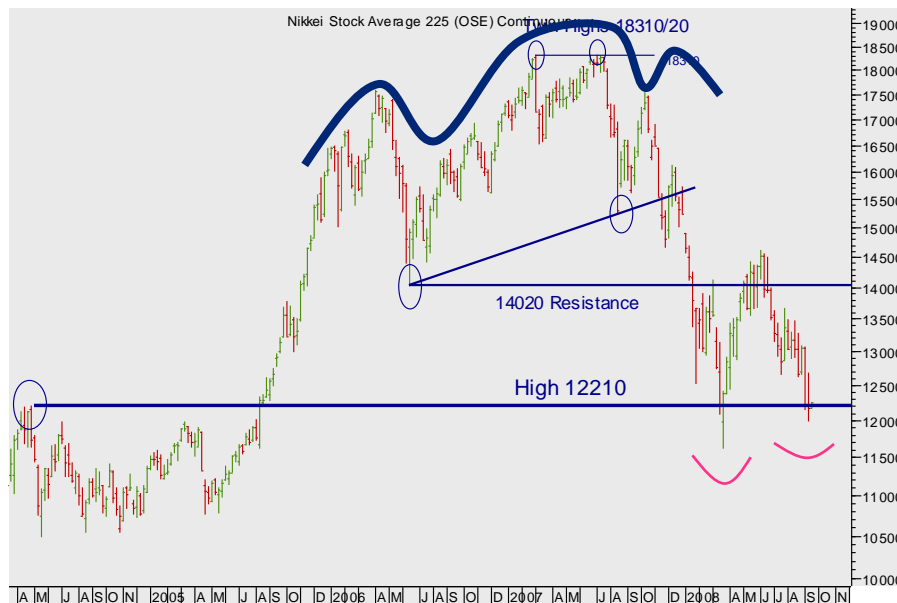
The market has driven up solidly from early 2003. From a completed Head and Shoulders Bottom in 2003.

(Whose target was achieved.)

Now look at the turn.

And note that the market has already come back to the diagonal and horizontal support.

Look closer.



Nikkei 225 weekly Continuation futures chart

Having been driven down by a completed Head and Shoulders Top, the **bounce off the major support at 112.10 - twice - was clear and powerful.**

More



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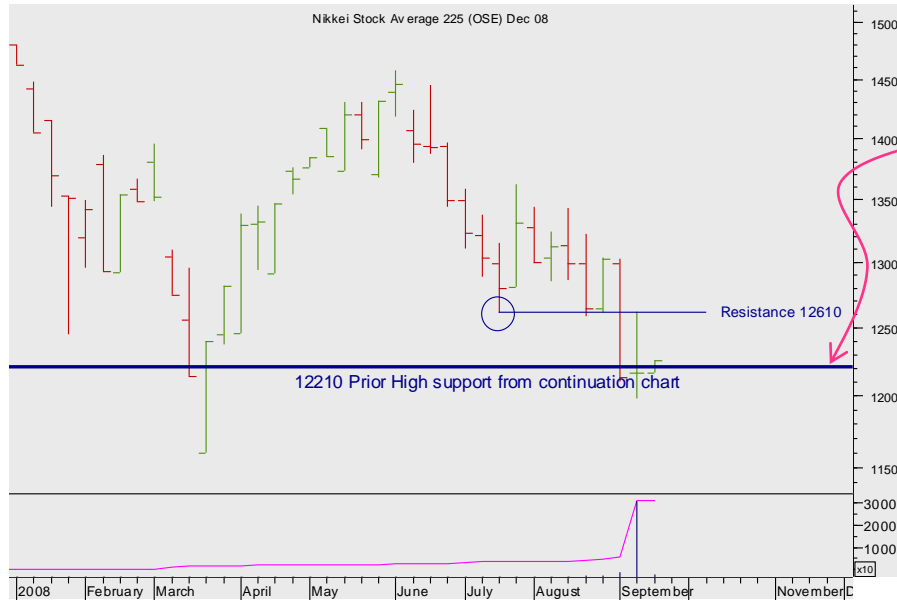
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Stocks: Nikkei 225



Nikkei 225 weekly Sep 08 futures chart

Watch the retest of the 12210 support.



Nikkei 225 daily Sep 08 futures chart

There's good short-term resistance above the market here.

Any rally needs to break clearly above that level to be considered substantial.

Stand clear.



Bonds

BONDS – We are bullish of bonds, in particular T Notes. The Japanese bonds seem least interesting.

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Bonds: Ten year US Treasury Note



Ten year US treasury note monthly futures continuation chart

The market's failure to breach the old prior High at 120-14 has been a major bear influence on the market and it remains so.

Look closer.

More



Bonds: Ten year US Treasury Note

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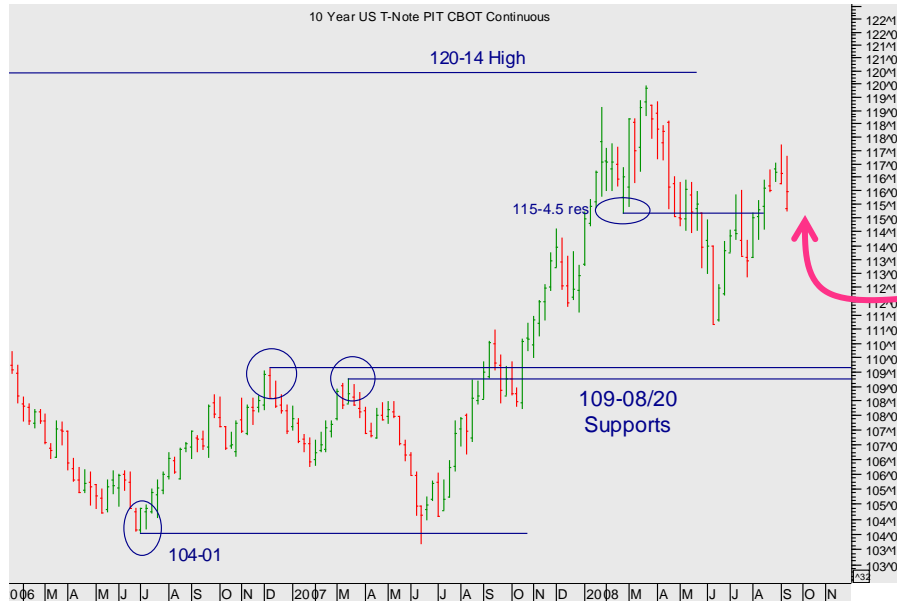
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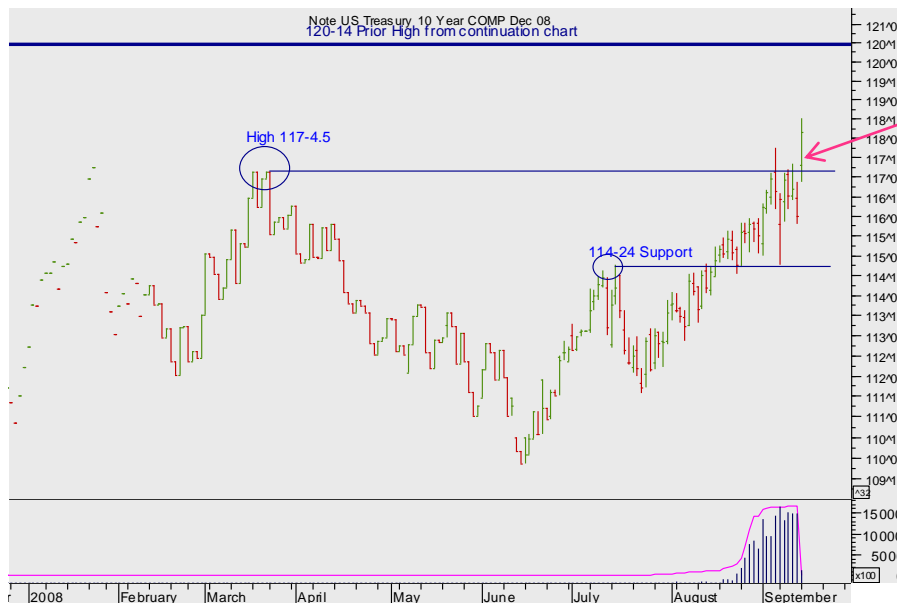
- + Oil
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Ten year US treasury note weekly futures continuation chart

There is no clear Top formation in place.

After the initial sell-off the market rallied hard.



Ten year US treasury note daily Sep 08 futures chart

In greater detail: The re-approach and break up through the 117-4.5 Pivotal resistance is impressive.

We are buyers here with stops beneath 117-4.5.



Bonds: Ten year Euro Bund

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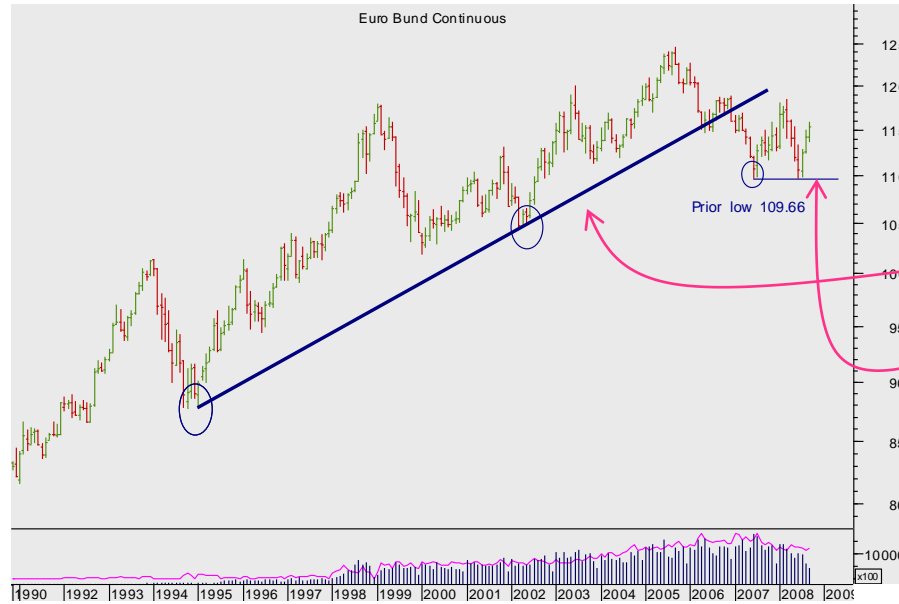
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Ten year Euro Bund quarterly futures continuation chart

The market lacks long-term clarity.

A weak trendline support has been smashed.

But the double bounce off that the 109.66 level is unquestionably bullish.



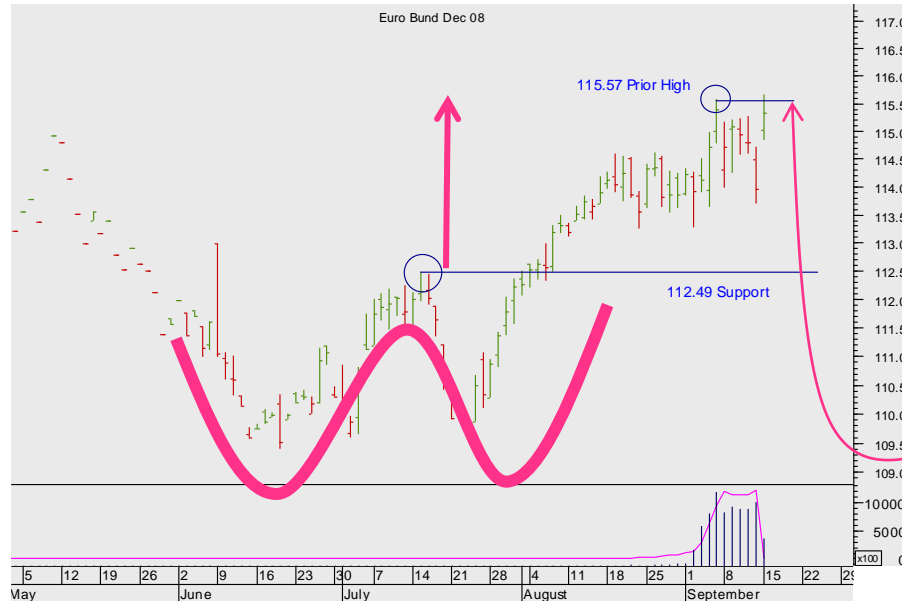
Ten year Euro Bund weekly futures continuation chart

A small Double bottom within that second bounce has helped propel the recent bullishness.

More



Bonds: Ten year Euro Bund



Ten year Euro Bund daily Sep 08 futures chart

The repeated bounce off the 109.65 Low created a Double Bottom

The market has driven better – and achieved the minimum target of the Bottom.

Bulls now need a clear break above the 115.57 high to get excited again.

Until then stand aside.

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Bonds: Ten year Japanese Bond

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- + Sterling Euro

Stocks

- + Standard & Poors 500
- + European DJ Stoxx 50
- + FTSE 100
- + Nikkei 225

Bonds

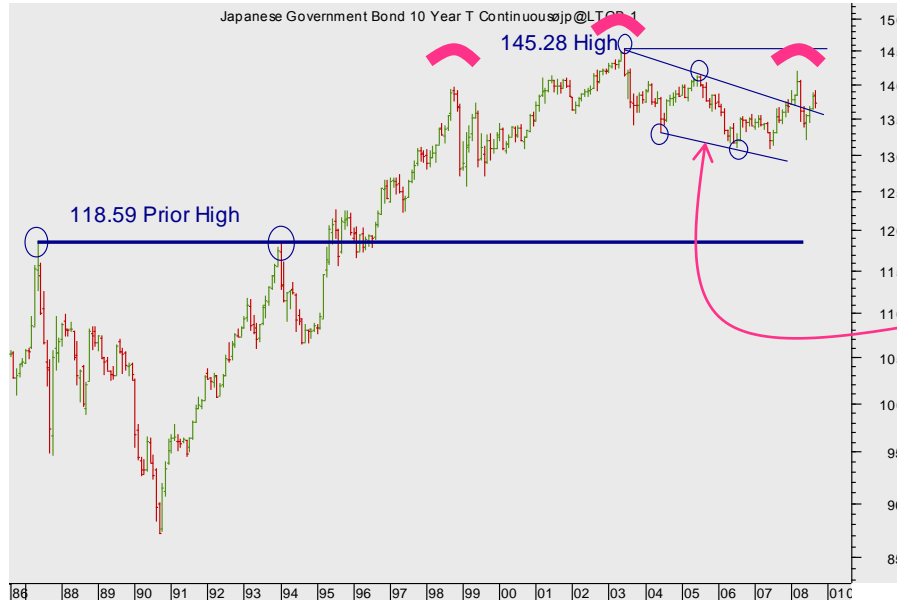
- + Ten year US Treasury Note
- + Ten year Euro Bund
- + Ten year Japanese Bond

Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

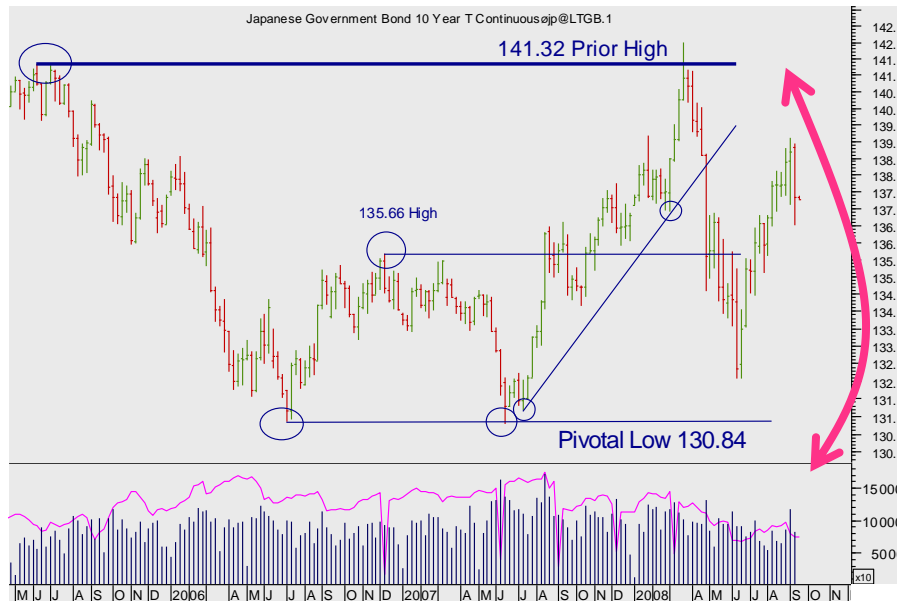


Ten year Japanese Bond monthly futures continuation chart

The repeated failures of the market at and above the 141 level look poor for the market.

There is no clear long-term formation except perhaps a bull falling wedge?

Look at the detail.



Ten year Japanese Bond weekly futures continuation chart

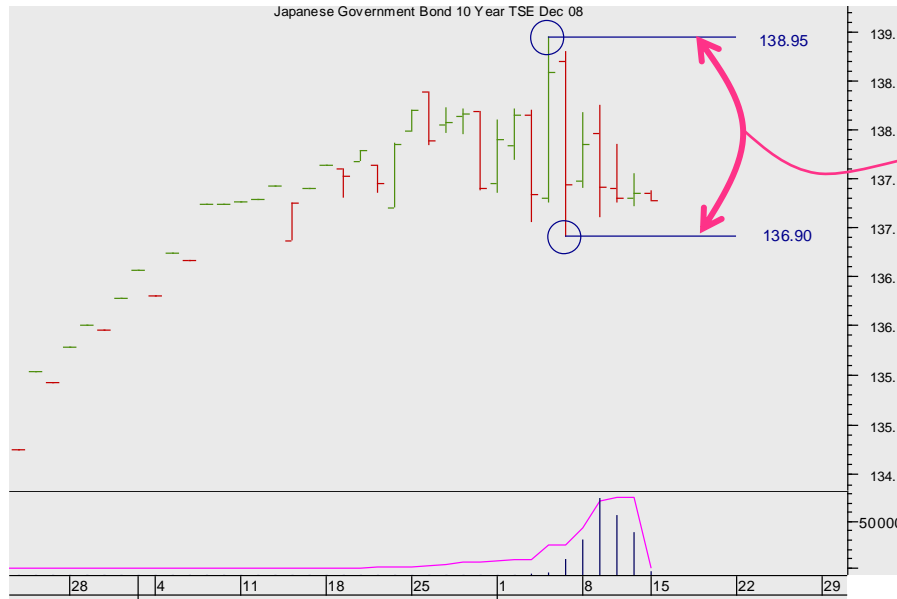
The range is clear but the structure within that range not at all.

Look closer.

More



Bonds: Ten year Japanese Bond



Ten year Japanese Bond daily Dec 08 futures chart

Use the range to stand back and watch.

Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

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- + European DJ Stoxx 50
- + FTSE 100
- + Nikkei 225

Bonds

- + Ten year US Treasury Note
- + Ten year Euro Bund
- + Ten year Japanese Bond

Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold



Interest rates

Short Interest Rate futures: All these markets are well-set. Our favoured bull is the Eurodollar. Euribor and Short Sterling are both hampered by short-term resistances.

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- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

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- + Standard & Poors 500
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- + FTSE 100
- + Nikkei 225

Bonds

- + Ten year US Treasury Note
- + Ten year Euro Bund
- + Ten year Japanese Bond

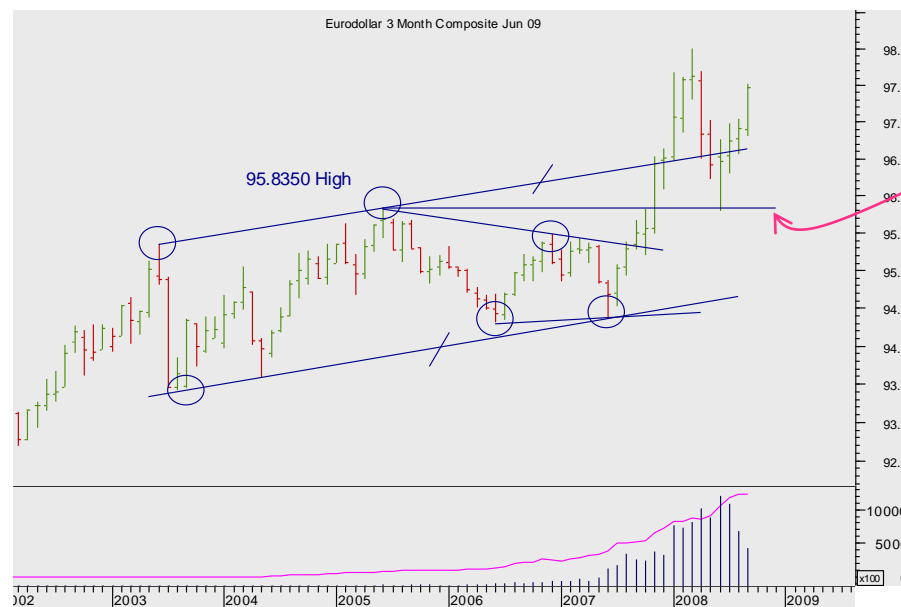
Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Dollar rates



Dollar rates monthly futures chart

The market found support at the horizontal from the High at 95.8350.

Look closer.

More



Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + Standard & Poors 500
- + European DJ Stoxx 50
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- + Nikkei 225

Bonds

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- + Ten year Euro Bund
- + Ten year Japanese Bond

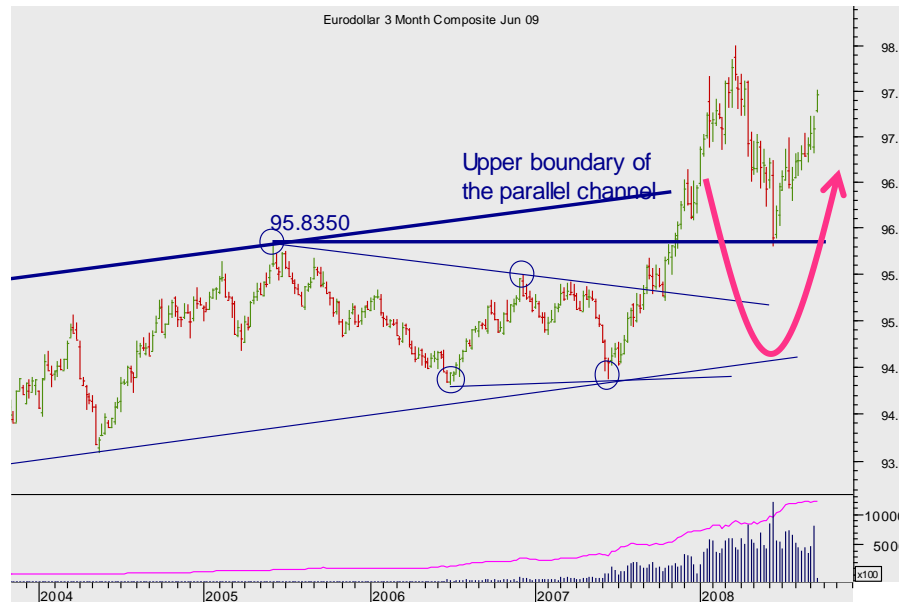
Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Dollar rates



Dollar rates weekly futures chart

That pull-back: check the detail.

Dollar rates daily futures chart

The market has completed the Head and Shoulders Reversal....and has surged as a result.

The minimum target? 98.20 minimum.

It's still worth buying here.

More



Summary

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- + Sterling Euro

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- + FTSE 100
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- + Ten year Japanese Bond

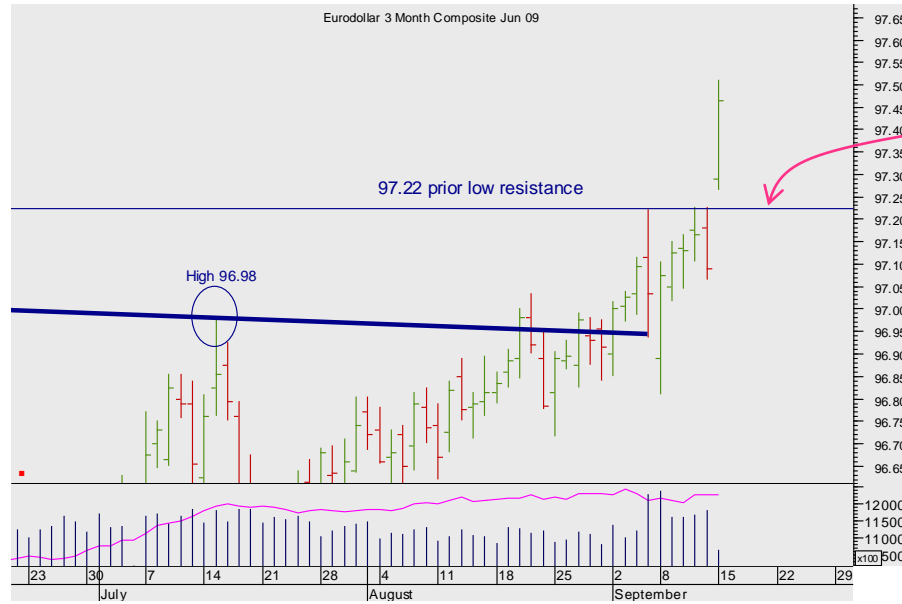
Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Dollar rates



Dollar rates daily futures chart

The break up through the 97.22 level is important – that will be good support on any pull back as well.



Summary

Currencies

- + Dollar Euro
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- + Sterling Euro

Stocks

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- + FTSE 100
- + Nikkei 225

Bonds

- + Ten year US Treasury Note
- + Ten year Euro Bund
- + Ten year Japanese Bond

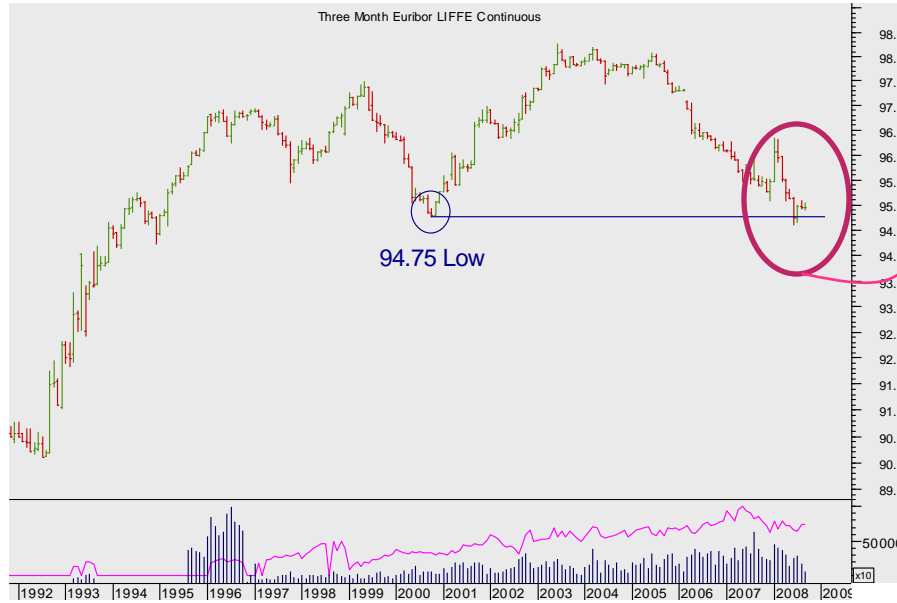
Interest rates

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- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Euribor rates

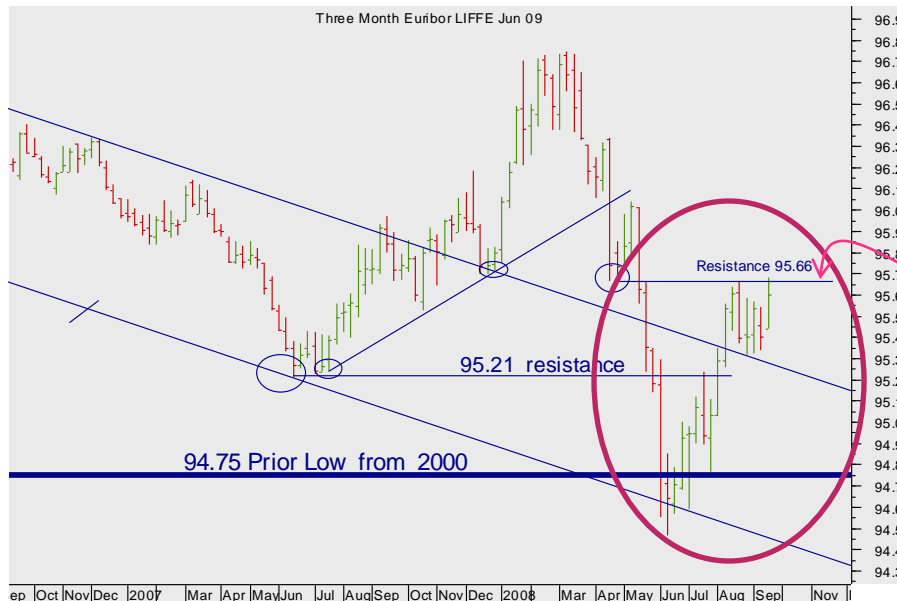


Euribor rates monthly futures chart

The market has fallen back to the recent low.

And bounced.

Look closer.



Euribor rates weekly futures chart

There's a bounce under way.

The bounce has smashed the resistance at 95.21 and now currently is testing the resistance at 95.66.

More



Summary

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- + FTSE 100
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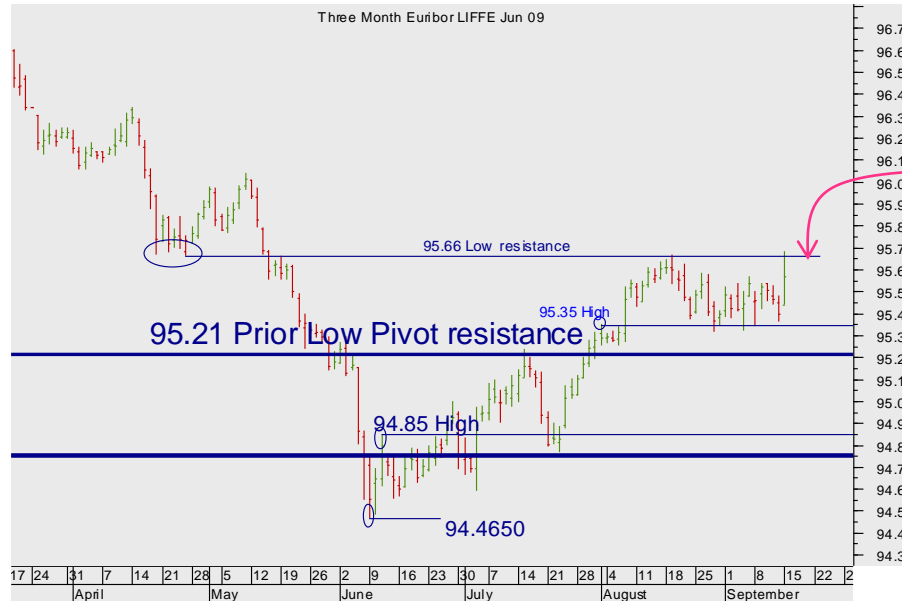
Interest rates

- + Dollar rates
- + **Euribor rates**
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Euribor rates



Euribor rates daily futures chart

But the market is now close to the powerful resistance at 95.63.

Only if that were broken would we be buyers.

Otherwise go square.



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Bonds

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Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Sterling rates



Sterling rates monthly futures chart

The central fact of the market is a massive trading range – with Double failures at both extremities.



Sterling rates daily Jun 09 futures chart

The bounce from 93.60 since Mid June has been solid.

Driven at first by the Head and Shoulders Reversal, the market is currently testing the resistance from the old low at 95.19-26.

More



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Stocks

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Bonds

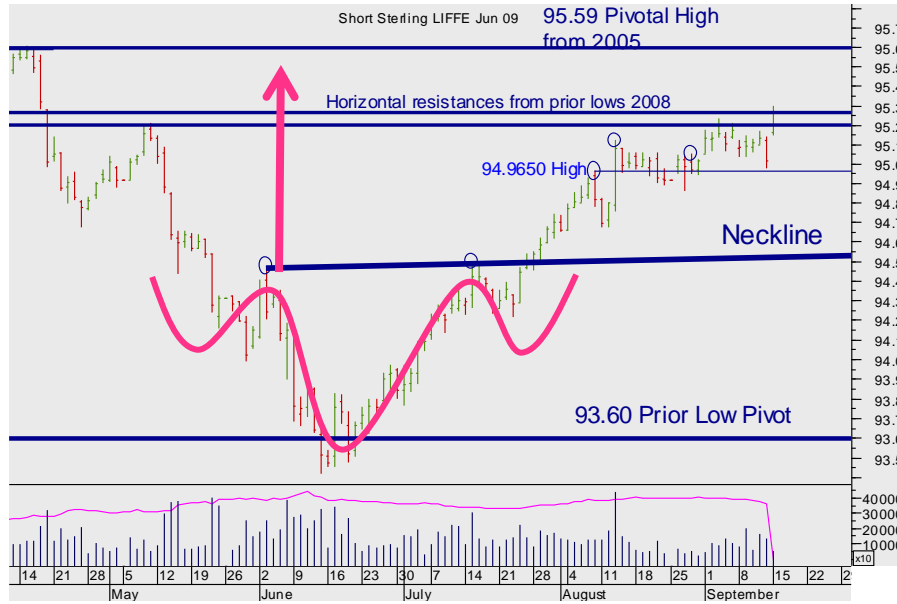
- + Ten year US Treasury Note
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Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

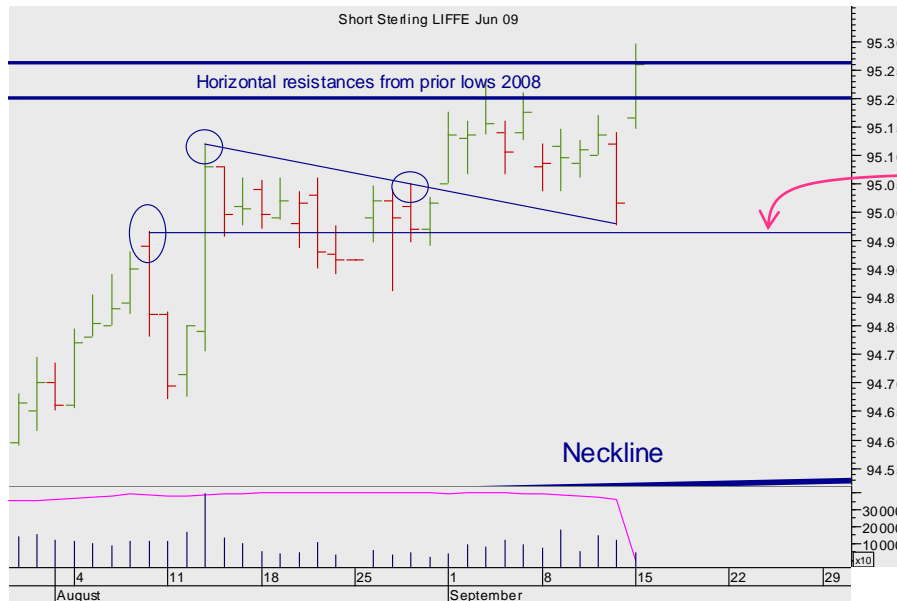
- + Oil
- + Gold



Sterling rates daily Jun 09 futures chart

And note the completion of a Head and Shoulders reversal ...

The minimum target for that Reversal? 95.59.



Sterling rates daily Jun 09 futures chart

The market has paused but found support from the channel and the near high at 94.9650.

Stay Long above 94.9650.



Commodities

COMMODITIES: We were bearish across the board and that has worked well. But now, at these lower levels, gold looks well-supported. Oil less so. Watch our levels carefully.

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Interest rates

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- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Commodities: Oil



Oil monthly futures continuation chart

The futures continuation chart is driving better – surpassing the old High of \$78.40.

The drama of the recent pull-back is put in perspective.

More



Commodities: Oil

Summary

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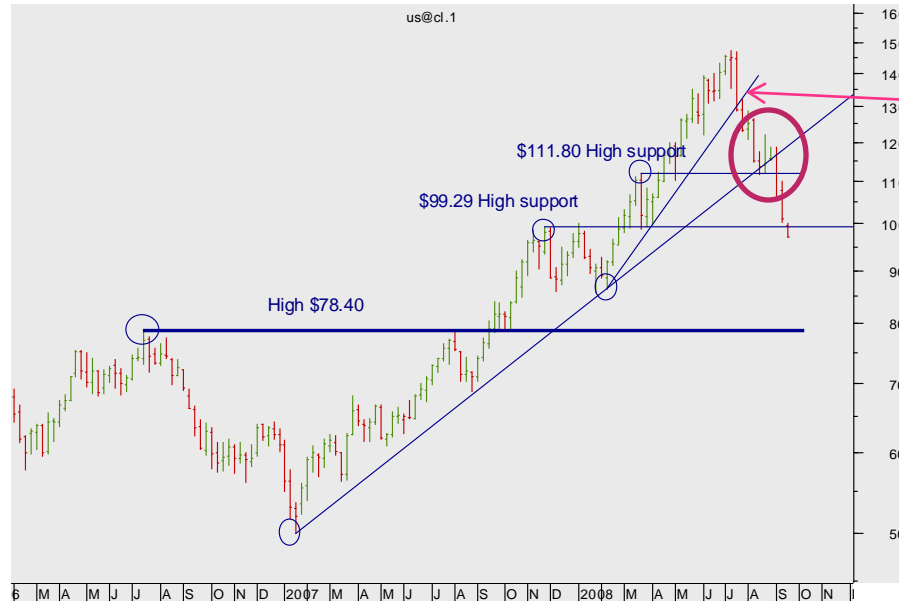
- + Ten year US Treasury Note
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Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold



Oil weekly futures continuation chart

The market has smashed the first – weak - trend support found good support a the longer term trendline support. Which coincided with the horizontal at 111.80

But that level has broken

Look closer.



Oil daily OCT 08 futures chart

The Oct contract has evidence of a small H&S Top.

And the recent rally failed to get back up through the Neckline.

The Top has driven the market down hard – and achieved the minimum target of 100.

Note the support close by at \$95.38.

Bears need a break of that before selling again. Otherwise go square.



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Interest rates

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- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Commodities: Gold



Gold monthly futures continuation chart

The market has completed a massive Continuation Triangle which has driven it up and through the all-time Highs.

But the pull-back of the last month looks poor.

Gold weekly cont. futures chart

That \$873 High was first support

And beneath that the first important support from a prior High is a good deal further still at \$732.

Look closer.

More



Summary

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Interest rates

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- + Sterling rates

Commodities

- + Oil
- + Gold

Commodities: Gold



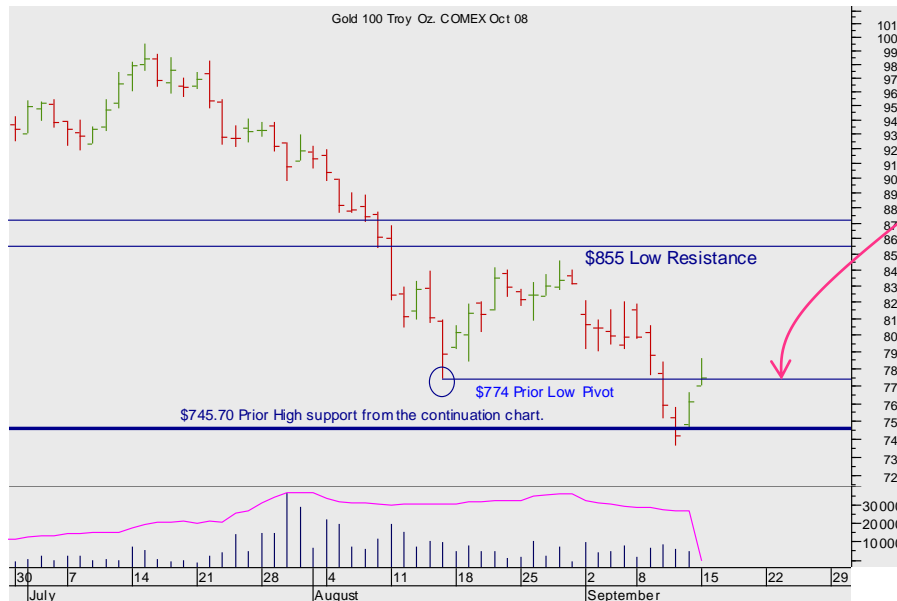
Gold daily Oct 08 futures chart

We said the trigger for fresh bear selling was the \$855 low and sure enough that was right.

The pull back through the 871-855 band has established massive resistance above the market on any retracement.

The bears were in charge as a result – but note the support at \$745.70.

Look closer.



Gold daily Oct 08 futures chart

The bounce from the support at \$745 has broken the resistance at \$774.

Stand aside.



Summary

The material and information set out in this research is not intended to be a quote of an offer to buy or sell any financial products. Any expression of opinion is based on sources believed to be reasonably reliable but is not guaranteed as to accuracy or completeness.

Currencies

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Interest rates

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Commodities