

The main trends for markets are unlikely to be affected significantly by yesterday's terrorist attacks on the US.

Perpetrators - At the time of writing we do not yet know who is responsible for the attacks. However state-sponsored terrorism would obviously have more serious international consequences than acts by a single group of perpetrators operating in isolation.

Stock markets - The main trends are downwards but markets are also oversold on a short-term basis. Therefore I would expect any additional near-term weakness to be limited and followed by technical rallies and/or ranging phases over the next few weeks. However, it would be premature to talk about an end to the bear market. Obviously investors will remain nervous about Wall Street's reopening but the Federal Reserve would support the market, if necessary, to prevent an overreaction.

Long-dated government bonds - These have been moving inversely to stock markets and this pattern is likely to continue.

The US dollar - The greenback remains in a medium-term ranging corrective phase against the euro. The next significant

move versus the yen is likely to be upwards.

Oil - Charts continue to suggest that a top building process is underway but prior to yesterday's events, prices had been rallying within these formations since the July reaction lows. Oil prices will inevitably be affected in proportion to any additional tension in the Middle East. However, OPEC would be under considerable pressure to increase supplies in the event of any further rise in oil prices.

Gold - There are more deflationary than inflationary pressures, due to overcapacity and the global economic slowdown. Therefore upside potential is probably limited to temporary spikes, such as occurred yesterday, albeit within what looks like a long-term base formation.

The US economy - Wall Street faces administrative difficulties but the attacks will cushion rather than exacerbate US economic problems. A previously divided Congress is now unified. There is likely to be an increase in fiscal spending, on infrastructure, the military and intelligence surveillance. Most importantly, yesterday's shocking and tragic events will foster the 'can do' spirit.

Best regards - David Fuller