

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: U.S. RevPAR +4.3% y/y last week; holiday comp tailwinds

Overall U.S. RevPAR was +4.3% y/y for the week ending 12/7/2024, per STR/CoStar, above the prior week's result of -10.5% y/y and above the trailing 10-week average of +3.5% y/y.

A few dynamics impacted last week's results. Most impactful to us are two holiday calendar shifts. Chanukah was in last year's comp (starts on Christmas Day this year); there was strong weekend headline RevPAR y/y of ~+12-13%. Second is continued impact from Thanksgiving's shift later by a week -- largely positive to Group last week post-holiday but with lagging business travel after the holiday. Finally, we see a continuation of hurricane-related displacement demand.

Las Vegas RevPAR was +36.7% y/y last week which impacted the above-average national headline growth figures. Results for top markets ex-Vegas was mixed but on average Group RevPAR of +6.2% (ADR was 6.3%) is encouraging at the headline.

We are not sure to what extent there is a continuation of lower business travel for the week after a major holiday as has been the case for several quarters since COVID and was astutely called out first to our recollection by Pebblebrook (PEB, Hold, Miller). We assume given weaker workweek results right after Thanksgiving weekend that there was lower business travel following Thanksgiving weekend. Occupancy was -6.3% y/y on Monday and -2.5% on Tuesday and particularly softer for the business-heavy chain scales of Upper Upscale and Upscale.

Major RevPAR statistics presented below:

- Luxury RevPAR: +6.9% y/y
- Upper Upscale RevPAR: +3.1% y/y
- Upscale RevPAR: +1.0% y/y
- Upper Midscale RevPAR: +3.7% y/y
- Midscale RevPAR: +5.0% y/y
- Economy RevPAR: +7.3% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: +4.1% y/y; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +6.2% y/y vs. -70.3% prior week;
 - Transient: +3.7% y/y vs. +7.1% prior week;
- Las Vegas RevPAR: +36.7% y/y
 - **As a caveat, we note that many large Strip casino hotel operators do not participate in STR's survey.**

Last week's RevPAR details and sequential trends (all comparable information on new STR methodology):

- **Headline RevPAR** was +4.3% y/y vs. the running 28-day average of +5.2% y/y.
- **Occupancy:** Absolute occupancy was 59.0% vs. 58.0% for the running 28-day average.
- **Absolute Group occupancy:** 20.6% last week vs. 17.8% for the running 28 days.

The Lodging stocks:

- **Bottom line for the hotel companies/stocks:** We do not see RevPAR growth itself as a catalyst for the lodging sector though results for most of the C-Corps should reaffirm the compounding earnings drivers of modest RevPAR growth + **mid-single digit net rooms growth** (a very high margin business) + share repurchases combined with margin growth. Any outsized earnings growth for the C-Corps and any earnings growth for the hotel REITS (Ryman Hospitality Properties (RHP, Buy)) excluded) will need to come from other sources such as net rooms growth (C-Corps) and share repurchases. We look generally favorably on the hotel C-Corp sub-sector given their

multiple drivers of earnings growth, and **we see shares of Wyndham Hotels (WH, Buy) as the stand-out value name in the group** though acknowledge it may be at least several more quarters before we see a shift to positive Economy segment RevPAR growth.

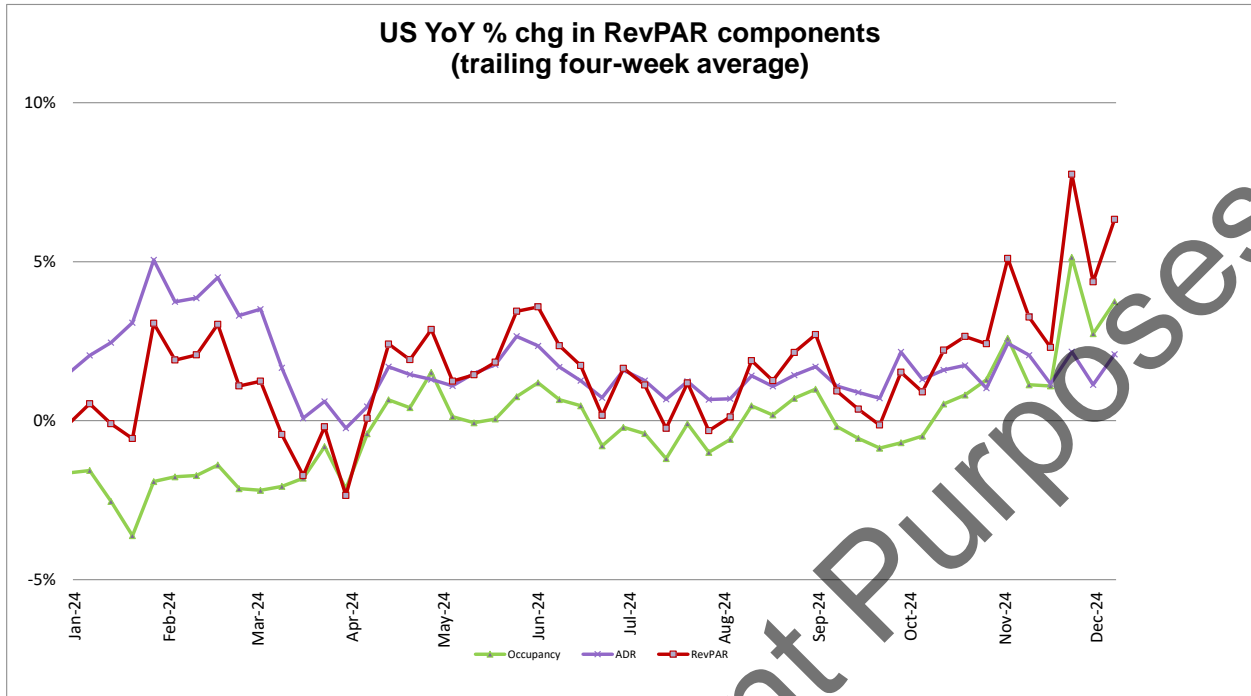
- Hotel REITS, with the notable exception of RHP, will, in our view, continue to be challenged by cost increases slightly higher than revenue growth. Hotel REITS could have opportunity for earnings growth if they were to sell assets, which for the most part are valued higher on a stand-alone basis than as a part of the REIT (parts greater than the sum), and subsequently repurchase shares - though we do not envision this happening. Rather for the hotel REITS, we continue to see the primary opportunity for stock upside driven by investor sentiment around [interest rate cuts happening sooner than expected](#) (Source: Skift). While we are generally lethargic-to-unfavorable on the hotel REIT sector and as discussed further **see 2H24 and 2025 consensus RevPAR growth expectations around 50-100 bps too high**, [we are positive](#) on Ryman Hospitality (RHP) given its heavy exposure to Group (~70% of RHP's Hospitality segment EBITDA) and differentiated and [proven business model](#). Additionally, recent news around [expansion at the Rockies property](#) (Source: Denver Business Journal) and what we see as a high ROIC investment initially sound encouraging.
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Not for Investment Purposes

Weekly RevPAR Summary

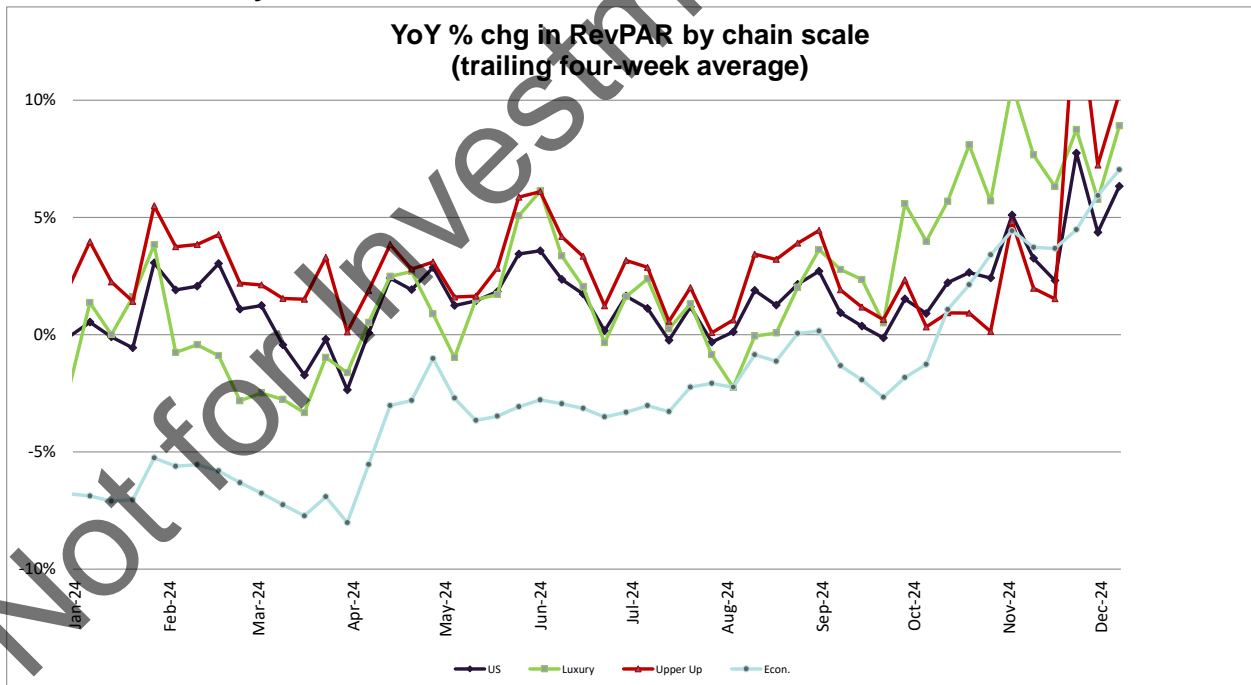
YoY % change in RevPAR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
7/20/2024	3.4%	0.7%	3.6%	4.2%	3.3%	2.1%	-0.1%	2.7%	1.6%	6.4%	2.8%	10.1%	-2.3%
7/27/2024	0.9%	1.1%	2.2%	0.9%	0.4%	-0.6%	-2.2%	0.4%	0.8%	13.7%	2.7%	9.8%	2.3%
8/3/2024	1.3%	-1.5%	3.2%	2.5%	1.3%	0.0%	-2.0%	-0.5%	1.1%	1.9%	-10.7%	15.5%	6.7%
8/10/2024	1.9%	-0.6%	4.6%	2.1%	1.1%	1.3%	0.9%	0.1%	10.0%	10.3%	-12.2%	27.8%	3.7%
8/17/2024	0.9%	1.2%	2.8%	0.7%	0.2%	-0.3%	-1.2%	-0.7%	-2.4%	4.0%	-4.3%	18.7%	0.8%
8/24/2024	4.5%	8.9%	5.0%	4.9%	4.0%	4.1%	2.5%	2.0%	5.1%	9.5%	0.7%	51.1%	3.1%
8/31/2024	3.6%	4.9%	5.4%	4.3%	2.5%	1.0%	-1.5%	2.2%	5.8%	8.8%	-2.5%	23.8%	8.7%
9/7/2024	-5.2%	-4.0%	-5.5%	-5.6%	-5.0%	-5.1%	-5.0%	-6.7%	-1.4%	-18.3%	-0.4%	2.2%	-10.5%
9/14/2024	-1.4%	-0.5%	-0.2%	-1.1%	-2.5%	-2.0%	-3.7%	-3.6%	-6.6%	-5.1%	11.0%	20.5%	8.8%
9/21/2024	2.5%	1.5%	2.9%	1.9%	2.5%	1.3%	-0.4%	1.2%	-14.5%	16.7%	10.0%	5.1%	5.4%
9/28/2024	10.2%	25.3%	12.2%	10.3%	6.6%	4.3%	1.8%	7.6%	70.1%	19.0%	13.7%	25.5%	4.8%
10/5/2024	-7.7%	-10.4%	-13.5%	-7.3%	-3.6%	-1.2%	-2.8%	-9.2%	-8.7%	-7.8%	-12.0%	-25.8%	-12.6%
10/12/2024	3.8%	6.4%	2.2%	4.0%	5.1%	6.5%	5.7%	0.7%	10.9%	0.7%	-6.5%	10.5%	3.2%
10/19/2024	-4.2%	11.1%	2.8%	3.7%	4.0%	4.9%	3.8%	1.5%	16.7%	6.1%	-4.2%	17.3%	12.2%
10/26/2024	9.3%	15.7%	9.0%	9.1%	9.8%	9.4%	6.9%	5.4%	13.1%	16.0%	6.1%	16.3%	21.1%
11/2/2024	3.1%	9.5%	5.2%	4.5%	4.1%	2.8%	1.3%	-3.4%	20.7%	11.7%	-6.5%	12.1%	6.2%
11/9/2024	-3.5%	-5.6%	-9.1%	-5.8%	-1.2%	1.5%	2.9%	-2.4%	-7.3%	-20.2%	-12.3%	16.5%	-27.9%
11/16/2024	0.4%	5.7%	1.0%	2.7%	2.0%	3.0%	3.6%	-1.1%	14.1%	-4.8%	6.5%	9.9%	-8.0%
11/23/2024	31.1%	25.5%	61.9%	46.6%	29.6%	16.4%	10.1%	9.1%	27.3%	100.1%	30.7%	115.7%	104.0%
11/30/2024	-10.5%	-2.4%	-24.9%	-17.9%	-7.9%	1.8%	7.1%	-5.5%	-17.3%	-21.6%	-6.2%	-28.2%	-30.9%
12/7/2024	4.3%	6.9%	3.1%	1.0%	3.7%	5.0%	7.3%	4.1%	6.7%	-11.0%	-0.3%	42.9%	-0.7%
RevPAR acceleration into the weekend													
Economy and Luxury led chain scales													
Chicago and New York led the top 5 markets													
10/19	1.5%	-0.7%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%
10/26	1.1%	1.1%	0.5%	0.7%	1.7%	2.4%	-1.8%	4.5%	1.6%	5.1%	1.1%	5.1%	1.3%
30/19	0.7%	1.3%	1.1%	-0.5%	-1.0%	-1.0%	-0.9%	1.6%	-2.2%	-0.4%	-0.2%	-2.2%	4.5%
40/19	0.7%	3.6%	1.0%	-0.6%	1.0%	-2.7%	-1.5%	2.3%	-4.1%	-11.6%	1.1%	-0.7%	5.2%
10/22	18.2%	102.3%	66.7%	51.0%	38.2%	24.3%	58.3%	97.1%	137.1%	116.2%	85.1%	56.1%	68.1%
2022	38.8%	70.2%	82.9%	46.6%	26.2%	15.4%	8.8%	27.7%	141.2%	172.1%	51.0%	109.5%	145.7%
30/22	16.6%	27.7%	36.6%	22.5%	10.8%	3.5%	0.0%	11.3%	67.4%	59.9%	21.4%	48.1%	54.6%
40/22	16.3%	19.7%	30.1%	20.5%	11.7%	5.1%	1.4%	12.3%	50.8%	35.6%	11.4%	37.3%	53.2%
10/23	18.7%	4.8%	0.8%	22.9%	13.4%	4.8%	4.8%	46.8%	35.0%	11.8%	26.6%	7.1%	56.1%
2023	2.5%	-2.3%	5.1%	5.8%	3.8%	-0.4%	-3.8%	-0.6%	13.3%	11.2%	1.2%	12.1%	17.4%
30/23	1.7%	0.1%	3.9%	3.7%	1.7%	-1.0%	-3.5%	0.2%	16.4%	8.0%	1.2%	-1.9%	11.5%
40/23	0.4%	-0.3%	2.9%	0.1%	-2.1%	-4.5%	-6.9%	-0.2%	11.6%	9.7%	4.3%	1.9%	3.3%
11/24	0.2%	-0.3%	2.9%	0.1%	-2.1%	-4.5%	-6.9%	-0.2%	11.6%	9.7%	4.3%	1.9%	3.3%
2024	2.5%	2.0%	3.8%	3.1%	2.1%	1.4%	-2.0%	0.4%	8.6%	7.9%	-3.4%	3.0%	5.5%
YoY % change in ADR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
7/20/2024	2.4%	-2.1%	2.1%	2.4%	2.5%	1.8%	-0.4%	2.2%	2.7%	5.0%	0.5%	5.1%	-1.2%
7/27/2024	1.3%	1.1%	0.5%	0.7%	0.6%	1.1%	-0.7%	0.6%	1.4%	10.9%	2.7%	9.8%	3.1%
8/3/2024	0.6%	-3.5%	0.9%	0.7%	0.6%	0.5%	-1.4%	-0.5%	0.0%	1.9%	-8.5%	10.7%	3.9%
8/10/2024	1.4%	-0.8%	2.7%	1.3%	1.0%	1.3%	-0.1%	0.4%	3.1%	7.1%	-8.9%	13.8%	2.0%
8/17/2024	1.0%	-0.2%	1.7%	0.6%	0.7%	0.6%	-0.9%	0.1%	-2.0%	4.4%	-4.1%	12.9%	-0.3%
8/24/2024	2.7%	3.3%	3.2%	2.4%	2.3%	2.5%	1.4%	1.0%	1.1%	6.8%	-3.1%	41.8%	1.8%
8/31/2024	1.6%	-1.9%	0.4%	1.4%	1.0%	0.9%	-0.4%	1.0%	2.8%	6.5%	-4.4%	11.8%	2.9%
9/7/2024	-1.0%	-0.2%	-0.5%	-1.2%	-1.1%	-1.0%	-2.0%	-2.3%	1.0%	-7.7%	-2.8%	3.6%	-2.4%
9/14/2024	0.2%	-3.7%	0.3%	0.6%	0.0%	0.5%	-1.2%	-1.8%	-3.2%	0.3%	1.3%	15.5%	5.6%
9/21/2024	2.9%	2.5%	2.9%	1.9%	2.1%	1.5%	0.1%	0.8%	-11.9%	11.5%	5.4%	12.2%	8.1%
9/28/2024	7.5%	14.3%	7.9%	6.6%	4.2%	2.7%	1.6%	5.9%	52.8%	13.7%	5.6%	13.6%	3.8%
10/5/2024	-4.4%	-4.6%	-6.2%	-3.8%	-2.0%	-0.6%	-1.7%	-5.5%	-6.2%	-3.5%	-4.8%	-16.6%	-4.2%
10/12/2024	1.4%	3.3%	1.5%	1.6%	2.2%	2.4%	1.6%	-0.6%	6.5%	1.0%	-3.6%	7.8%	-1.0%
10/19/2024	7.3%	7.7%	2.7%	2.5%	2.3%	2.5%	1.4%	1.0%	10.9%	5.9%	0.4%	12.4%	8.1%
10/26/2024	4.6%	9.6%	5.3%	4.6%	4.7%	3.5%	2.4%	1.6%	9.8%	10.6%	0.5%	8.6%	15.1%
11/2/2024	1.2%	3.0%	2.0%	2.4%	2.0%	0.9%	0.3%	-3.8%	11.1%	8.5%	-5.5%	8.4%	6.5%
11/9/2024	-0.1%	2.5%	-0.5%	-0.5%	1.5%	1.1%	1.6%	0.5%	-2.6%	-8.6%	-5.7%	13.9%	13.4%
11/16/2024	-1.1%	-0.8%	0.3%	1.3%	1.5%	2.0%	1.6%	-9.5%	7.8%	-2.6%	2.4%	7.3%	-0.3%
11/23/2024	8.6%	-8.3%	10.8%	10.9%	7.4%	4.3%	2.7%	1.1%	12.9%	36.0%	10.9%	36.8%	39.9%
11/30/2024	-3.0%	15.9%	-5.1%	-5.5%	-1.4%	4.1%	4.8%	-2.9%	-14.9%	-10.9%	-8.6%	-16.8%	-17.3%
12/7/2024	3.8%	5.4%	4.2%	2.6%	3.1%	3.3%	3.0%	3.7%	7.0%	-7.2%	1.2%	21.4%	1.7%
10/19	1.1%	2.2%	2.5%	1.0%	0.8%	-0.2%	-0.3%	1.0%	-3.8%	0.7%	-1.0%	5.4%	1.5%
20/19	1.2%	2.5%	1.4%	0.6%	0.7%	-0.2%	0.6%	1.7%	-1.0%	3.2%	0.6%	-1.7%	0.2%
30/19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.5%	1.6%	-1.9%	1.0%	-0.2%	-2.8%	4.0%
40/19	0.7%	2.4%	1.0%	-1.0%	-1.0%	-1.0%	1.9%	1.7%	-3.7%	-6.2%	0.7%	-2.2%	2.3%
10/20	-4.0%	-1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-2.3%	3.0%	-6.2%	2.7%	-2.6%	6.6%
20/20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.8%	-52.3%	-56.9%	-40.5%	-53.7%	-48.8%
30/20	-34.1%	-11.6%	-26.4%	-21.6%	-16.9%	-11.6%	-9.4%	-21.6%	-47.3%	-45.1%	-32.0%	-45.2%	-42.6%
40/20	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-10.4%	-5.9%	-20.9%	-54.3%	-45.5%	-29.2%	-44.8%	-40.7%
10/22	37.5%	21.0%	39.7%	34.1%	27.3%	20.8%	17.3%	14.0%	52.2%	39.5%	61.8%	41.1%	31.7%
20/22	26.2%	14.3%	29.0%	27.1%	18.9%	14.8%	11.8%	20.6%	69.0%	33.6%	32.9%	53.6%	60.6%
30/22	11.6%	8.7%	12.6%	13.3%	7.6%	5.9%	4.2%	5.8%	30.0%	14.2%	25.4%	35.4%	39.2%
40/22	12.0%	6.5%	12.6%	13.7%	8.7%	6.2%	4.2%	10.2%	28.0%	20.5%	8.4%	20.2%	27.9%
10/23	10.2%	-1.9%	8.4%	11.0%	8.1%	4.7%	3.8%	9.1%	13.4%	15.6%	3.8%	11.5%	24.4%
20/23	3.2%	-1.2%	2.5%	4.3%	3.5%	1.6%	-0.9%	0.1%	9.6%	5.8%	2.5%	8.5%	11.8%
30/23	2.2%	-1.4%	1.3%	2.2%	2.2%	0.3%	0.0%	2.1%	9.8%	3.8%	0.2%	-2.1%	6.2%
40/23	2.9%	-2.3%	2.7%	2.5%	1.8%	-0.3%	-1.3%	3.7%	9.6%	7.0%	0.0%	0.7%	3.5%
11/24	2.9%	-2.3%	2.7%	2.5%	1.8%	-0.3%	-1.3%	3.7%	9.6%	7.0%	0.0%	0.7%	3.5%
2024	1.6%	-2.2%	1.5%	1.6%	1.3%	0.6%	-1.4%	0.7%	4.6%	3.6%	-3.1%	0.3%	3.6%
YoY % change in Occupancy													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
7/20/2024	1.0%	2.9%	1.5%	1.7%	0.7%	0.2%	0.3%	0.5%	-1.0%	1.3%	2.3%	4.8%	-1.1%
7/27/2024	-0.4%	3.0%	0.4%	0.1%	-0.4%	-1.6%	-1.6%	-0.8%	-0.8%	2.4%	1.6%	1.0%	-0.9%
8/3/2024	0.8%	2.1%	2.3%	1.8%	0.7%	-0.5%	-0.6%	0.0%	1.1%	0.0%	-2.5%	4.3%	2.6%
8/10/2024	0.5%	0.2%	1.9%	0.8%	0.2%	0.0%	1.0%	-0.9%	6.8%	3.0%	-3.6%	12.2%	1.3%
8/17/2024	-0.2%	1.5%	1.1%	0.1%	-0.5%	-0.9%	-0.4%	-0.8%	-0.5%	-0.4%	-0.3%	5.1%	1.0%
8/24/2024	1.7%	5.4%	1.7%	2.4%	1.7%	1.5%	1.1%	1.0%	3.9%	2.5%	3.9%	6.5%	1.4%
8/31/2024	1.9%	7.0%	5.8%	2.8%	0.9%	0.1%	-1.1%	1.2%	2.9%	2.2%	2.0%	10.8%	5.8%
9/7/2024	-4.2%	-3.0%	-5.1%	-4.4%	-3.0%	-4.2%	-3.1%	-4.5%	-2.4%	-11.4%	2.4%	-1.3%	-8.0%
9/14/2024	-1.7%	8.4%	-6.5%	-1.7%	-2.5%	-2.5%	-2.5%	-1.9%	-3.5%	-5.4%	9.5%	4.4%	3.3%
9/21/2024	0.5%	4.6%	0.6%	1.2%	0.3%	-0.1%	-0.6%	0.4%	-2.9%	4.7%	6.3%	1.2%	0.2%
9/28/2024	2.9%	9.6%	4.0%	4.4%	2.3%	1.5%	0.2%	1.6%	11.4%	4.7%	7.7%	10.5%	9.9%
10/5/2024	-3.4%	-6.1%	7.9%	3.6%	-1.6%	-0.6%	-1.1%	-4.0%	-2.6%	-4.4%	-7.5%	-11.0%	-8.1%
10/12/2024	2.4%	3.0%	0.7%	2.4%	2.8%	4.0%	4.0%	1.3%	4.1%	-0.3%	-3.1%	2.5%	4.3%
10/19/2024	8.6%	3.1%	3.6%	0.9%	1.5%	2.8%	2.3%	1.7%	5.3%	0.2%	0.8%	4.5%	5.1%
10/26/2024	4.5%	5.6%	3.6%	4.3%	4.9%	5.7%	4.4%	3.7%	3.0%	4.9%	5.5%	8.0%	5.1%
11/2/2024	1.8%	6.3%	3.1%	2.1%	2.1%	1.9%	1.0%	0.4%	8.6%	3.0%	-1.0%	3.4%	-0.3%
11/9/2024	-3.5%	-7.9%	-6.6%	-5.3%	-2.7%	0.3%	1.3%	-2.6%	-4.8%	-12.7%	-1.0%	4.0%	-16.7%
11/16/2024	5.1%	6.5%	0.7%	1.4%	0.5%	1.0%	1.9%	1.5%	5.8%	-2.0%	5.9%	4.4%	-6.8%
11/23/2024	20.7%	38.3%	46.2%	32.2%	20.7%	11.6%	7.2%	8.0%	12.8%	47.1%	19.4%	48.7%	46.0%
11/30/2024	-7.7%	-15.8%	-20.8%	-13.1%	-6.5%	-2.2%	2.3%	-2.7%	-2.8%	-12.0%	-2.7%	-15.1%	-16.4%
12/7/2024	6.5%	1.4%	-1.0%										

RevPAR Component Trends



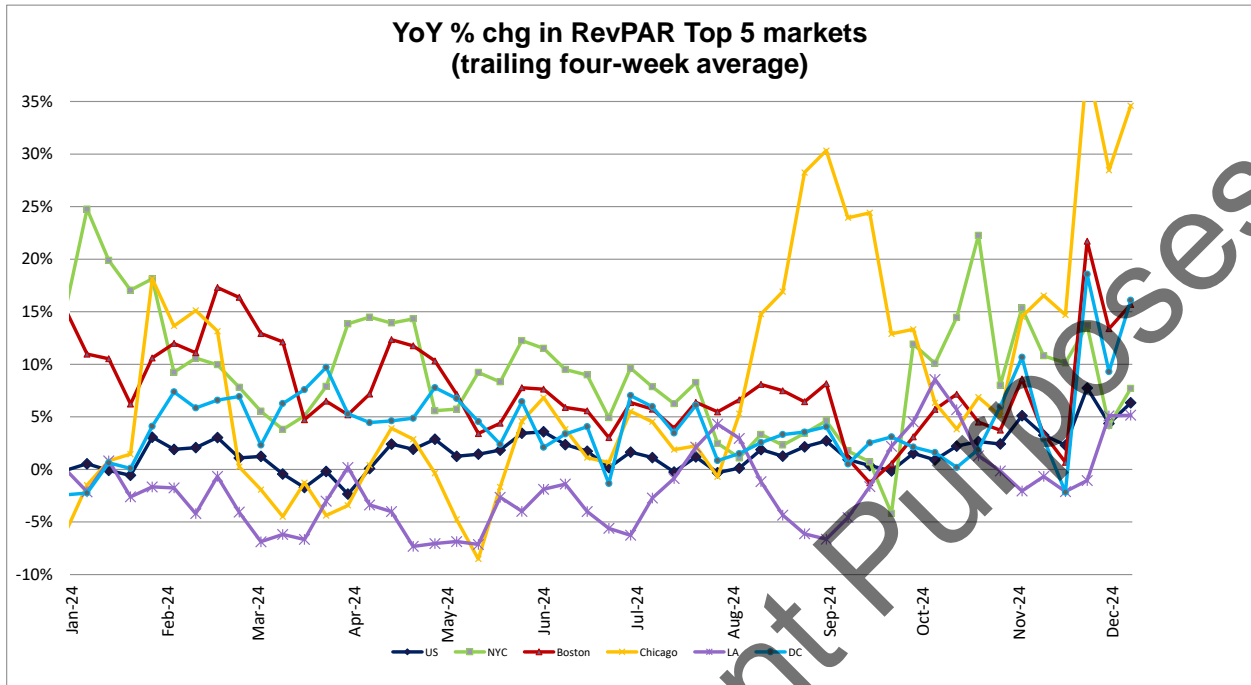
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



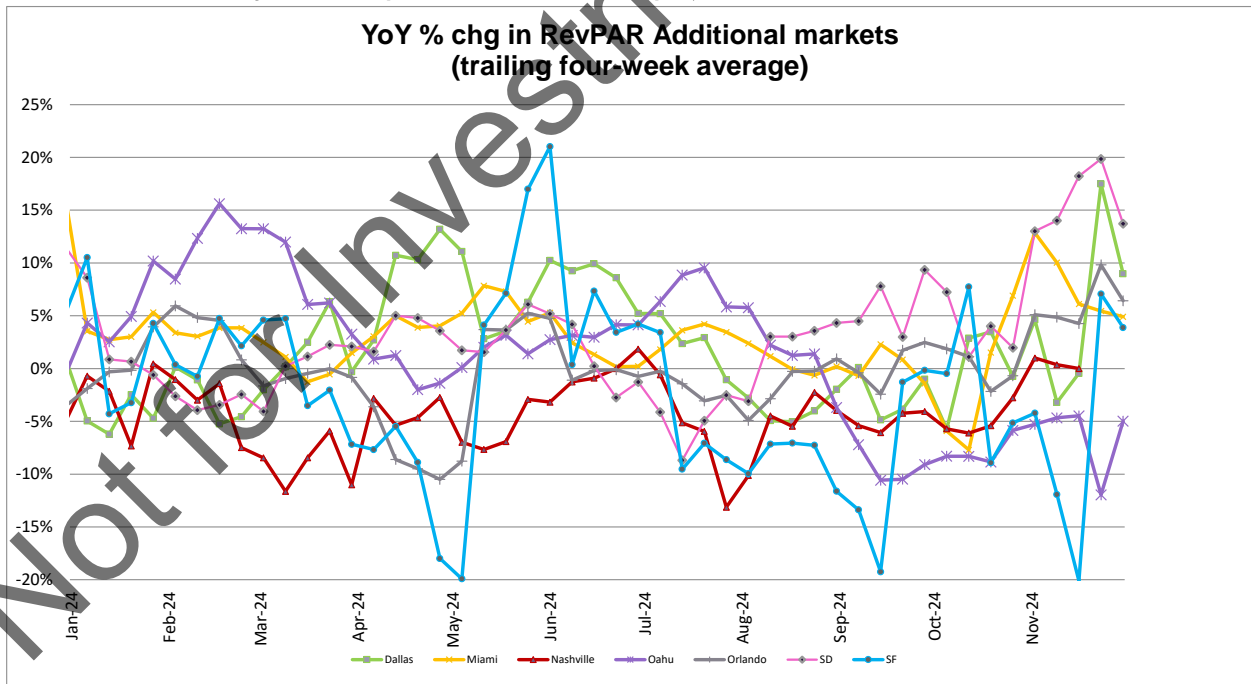
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



Source: STR data, Truist Securities research

RHP: Valuation and Risks

Our price target of \$136 for RHP is derived by applying a 13.0x target EV/EBITDA multiple to our estimate for 2026 lodging EBITDA and a 16.0x multiple to our Opry/attractions estimate. We view the multiple assignments as appropriate for the quality and unique nature of the portfolios (slight premium to REIT peer average of ~12.0-12.5x on Hospitality).

Risks to our rating and price target include: Group demand returns slower than expected. Property-specific risks given a small portfolio. General macroeconomic downturn.

WH: Valuation and Risks

Our price target of \$105 for WH is based on a 15.0x target EV/EBITDA multiple (in line with portfolio quality/RevPAR relative to peers) of our 2025 EBITDA estimate.

Risks to our rating and price target: Slowdown in development opportunities. Macro demand/pipeline headwinds.

Companies Mentioned in This Note

- Pebblebrook Hotel Trust** (PEB, \$14.94, Hold, Gregory Miller)
- Ryman Hospitality Properties, Inc.** (RHP, \$117.48, Buy, C. Patrick Scholes)
- Wyndham Hotels & Resorts, Inc.** (WH, \$101.44, Buy, C. Patrick Scholes)

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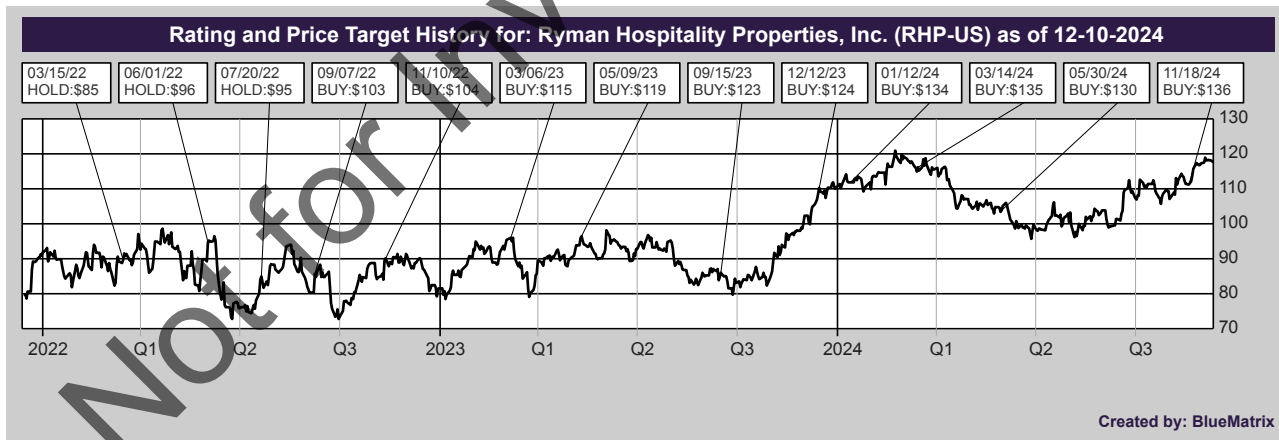
Required Disclosures

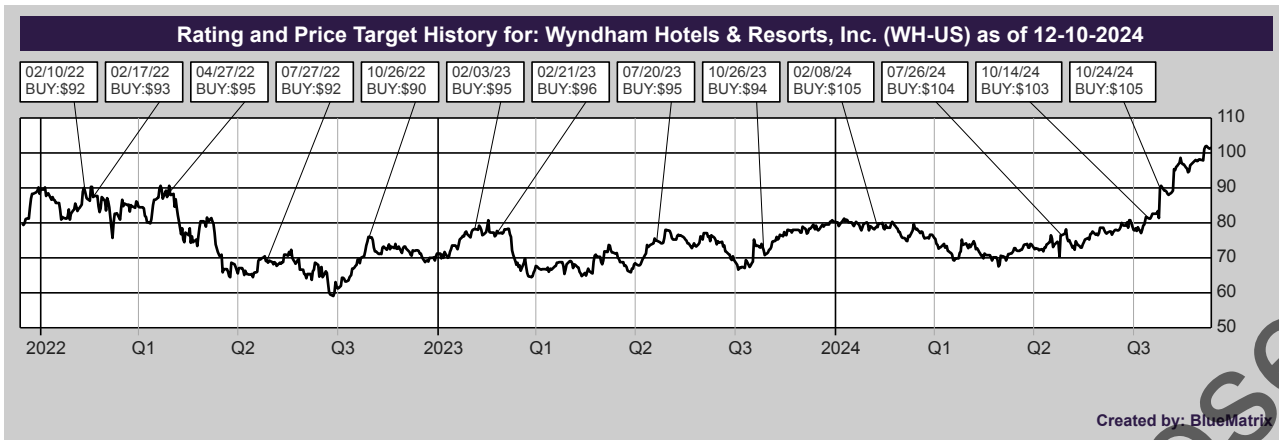
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Hold (H) – the stock's total return is expected to perform in line with the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

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S = Sell

D = Drop Coverage

CS = Coverage Suspended

NR = Not Rated

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Coverage Universe			Investment Banking Clients Past 12 Months		
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Sell	2	0.30%	Sell	0	0.00%

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