LAST WEEK SUMMARY

Wall Street closed the week with a modest gain, breaking a four-week losing streak.
The S&P 500 managed to enter positive territory, recovering from the correction levels reached the previous week. At the close of the week, the S&P 500 rose 0.51%, the Dow Jones Industrial Average gained 1.20% , and the Nasdaq advanced slightly, up 0.17%.

A key factor behind the recovery was the Federal Reserve's monetary policy decision on Wednesday, which kept interest rates unchanged, in line with expectations. The updated dot plot reflected lower GDP growth projections, elevated core PCE inflation expectations, and no change in the projected path for interest rates.

However, it was Chairman Jerome Powell's remarks after the meeting that captured the market's attention. Powell stated that any inflation stemming from former President Donald Trump's tariffs would likely be "transitory," a comment that markets interpreted as dovish and supportive of risk assets.

Corporate results also influenced the week's outcome. FedEx, Micron Technology, and Nike presented financial reports that were analyzed by investors. FedEx lowered its revenue forecast for the fiscal year for the third consecutive quarter. Micron projected a decline in its adjusted gross profit margin for the current quarter, suggesting short-term pressures on profitability. Nike reported earnings of $0.54 per share, down from $0.77 a year earlier, with revenue falling 9% to $11.3 billion. Its shares fell as much as 8% in early trading Friday, although losses narrowed to 5.5% by the close. Year-to-date, Nike shares have fallen 10% and continue to trade below their key moving averages. On the other hand, Micron's revenue beat analysts' estimates by 2.00%, while its earnings per share exceeded expectations by 11%.

Next week's economic calendar includes the release of the S&P preliminary PMIs, a new estimate of U.S. GDP growth.

of the fourth quarter and the February reading of the personal consumption expenditures (PCE) price index

core, a key inflation indicator closely watched by the Fed. Powell reiterated this week that the impact of tariffs on inflation would be temporary, a stance that will be tested with the arrival of new economic data.

Source: Sentosa & Co

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FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES OF THE WEEK PASS

March 17

Advanced Retail Sales MoM
Current 0.20% Vs. Survey 0.60%.

March 18th

Current **Housing Starts**
1501K Vs. Survey 1381K.

Monthly industrial production
Current 0.70% Vs. Survey 0.20%.

March 19

FOMC Interest Rate Decision (Upper Bound)

Current 4.50% vs. Survey 4.50%

March 20

Existing Home Sales
Current 4.26m Vs. Poll 224K.

Initial **unemployment benefit claims**

Current 223K vs. Survey 224K

GLOBAL EQUITY INDICES	Last	5 Days	1 Month	YTD
MSCI WORLD	3,689.85	**0.66%** ÿ	-3.61%	-0.49%
MSCI EM	1,131.38	**1.05%** ÿ	-0.38%	5.20%
MSCI EM LATIN AMERICA	2,120.92	**1.23%** ÿ	3.40%	14.48%
MSCI AC ASIA x JAPAN	735.36	**1.22%** ÿ	-0.64%	4.44%
USA				
S&P 500 INDEX	5,667.56	**0.51%** ÿ	-5.28%	-3.64%
NASDAQ COMPOSITE	17,784.05	**0.17%** ÿ	-7.79%	-7.91%
DOW JONES INDUS. AVG	41,985.35	**1.20%** ÿ	-3.40%	-1.31%
RUSSELL 2000 INDEX	2,056.98	**0.63%** ÿ	-5.57%	-7.77%
EUROPE				
STXE 600 (EUR) Pr	549.67	**0.56%** ÿ	-0.67%	8.28%
Euro Stoxx 50 Pr	5,423.83	**0.36%** ÿ	-0.55%	10.78%
DAX INDEX	22,891.68	**-0.41%** ÿ	2.08%	14.98%
CAC 40 INDEX	8,042.95	**0.18%** ÿ	-0.59%	8.97%
FTSE MIB INDEX	39,035.71	**0.98%** ÿ	1.46%	14.19%
IBEX 35 INDEX	13,350.20	**2.65%** ÿ	2.59%	15.14%
SWISS MARKET INDEX	13,075.40	**1.23%** ÿ	0.94%	12.71%
FTSE 100 INDEX	8,646.79	**0.17%** ÿ	-0.14%	5.80%
ASIA				
NIKKEI 225	37,677.06	**2.41%** ÿ	-2.84%	-5.56%
HANG SENG INDEX	23,689.72	**-1.13%** ÿ	1.49%	18.09%
CSI 300 INDEX	3,914.70	**-2.29%** ÿ	-1.39%	-0.51%
SENSEX	76,905.51	**4.17%** ÿ	3.29%	-1.58%
LATAM				
S&P/BMV IPC	52,672.42	**1.53%** ÿ	-1.92%	6.38%
BRAZIL IBOVESPA INDEX	132,344.90	**2.63%** ÿ	5.54%	10.03%
MSCI COLCAP INDEX	1,608.85	**-0.71%** ÿ	-2.43%	16.62%
S&P/CLX IPSA (CLP) TR	7,585.81	**1.02%** ÿ	3.75%	13.05%

EQUITY SECTORS	Last	5 Days	1 Month	YTD
MSCI WORLD/ENERGY	261.77	**3.21%** ÿ	2.65%	7.55%
PHILA GOLD & SILVER INDX	174.22	**2.86%** ÿ	9.09%	27.00%
MSCI WORLD BANK INDEX	138.30	**2.42%** ÿ	-0.63%	8.32%
MSCI WORLD/FINANCEVAL	149.88	**1.92%** ÿ	-0.02%	6.94%
MSCI WORLD/HLTH CARE	373.96	**0.98%** ÿ	-0.82%	5.99%
MSCI WORLD/INDUSTRY	423.37	**0.52%** ÿ	1.01%	4.55%
MSCI WORLD/UTILITY	172.54	**0.32%** ÿ	0.66%	5.36%
MSCI WRLD/COMM SVC	125.10	**0.23%** ÿ	-6.50%	-1.71%
MSCI WORLD/CONS DIS	424.68	**0.16%** ÿ	-8.15%	-9.27%
MSCI WORLD/INF TECH	725.56	**0.14%** ÿ	-7.98%	-8.38%
MSCI WORLD/CON STPL	289.13	**0.03%** ÿ	-2.19%	3.52%
MSCI WORLD/MATERIAL	338.51	**-0.76%** ÿ	-0.91%	5.35%

US RATES	Last	5 Days Close		12M Close	
2Y	3.95	4.02	-0.07	4.64	-0.69
5Y	4.00	4.09	-0.09	4.25	-0.25
10Y	4.25	4.31	-0.07	4.27	-0.02

BONDS CREDIT SPREAD		5 Days Close		12M Close	
EM Bonds Spread	296.58	301.4	-4.8	287.13	9.4
HY Bonds Spread	327.00	328.0	-1.0	339.00	-12.0
BBB 10yr Spread	163.38	165.8	-2.4	157.49	5.9
CoCos Spread	262.80	267.1	-4.3	310.70	-47.9

FIXED INCOME		5 Days	1 Month	YTD
US High Yield	2,723.89	0.43% ÿ	-0.20%	1.52%
EM Bonds USD	1,279.83	0.31% ÿ	0.63%	2.54%
EM Local Currency	136.52	-0.60% ÿ	0.21%	4.03%
CoCos USD	137.53	0.20% ÿ	1.16%	3.55%
IG BBB 3-5yr USD	372.40	0.57% ÿ	0.47%	2.31%
IG AA Corp USD	274.94	0.59% ÿ	0.66%	2.22%

COMMODITIES	Last	5 Days	1 Months	YTD
CRB INDEX	305.77	1.02% ÿ	-0.87%	3.05%
WTI	68.28	1.64% ÿ	-3.01%	-4.80%
Brent	72.51	1.26% ÿ	-3.35%	-2.15%
US Natural Gas	3.98	-3.02% ÿ	-6.00%	9.55%
S&P GSCI Precious Metal	**3,933.75**	**0.36%** ÿ	**2.78%**	**15.36%**
Gold	3,022.15	1.27% ÿ	2.93%	15.15%
Silver	33.03	-2.27% ÿ	1.77%	14.29%
Platinum	979.89	-1.68% ÿ	0.71%	7.97%
Palladium	959.83	-0.79% ÿ	-1.10%	5.17%
S&P GSCI Industrial Metal Index	**469.22**	**-0.83%** ÿ	**1.74%**	**7.13%**
Aluminum	2,622.50	-2.20% ÿ	-2.44%	2.78%
Copper	9,813.48	0.84% ÿ	3.10%	13.42%
Nickel	15,833.28	-2.57% ÿ	3.44%	4.78%
S&P GSCI Agriculture	**383.56**	**0.80%** ÿ	**-4.06%**	**0.17%**

CURRENCIES	Last	5 Days	1 Month	YTD
CHF vs. USD	0.8828	0.26% ÿ	1.76%	2.79%
JPY vs. USD	149.3200	-0.46% ÿ	-0.03%	5.28%
CAD vs. USD	1.4349	0.12% ÿ	-0.87%	0.24%
EUR vs. USD	1.0818	-0.56% ÿ	3.44%	4.48%
GBP vs. USD	1.2919	-0.12% ÿ	2.27%	3.22%
AUD vs. USD	0.6273	-0.81% ÿ	-1.32%	1.37%
BRL vs. USD	5.7283	0.24% ÿ	0.04%	7.84%
MXN vs. USD	20.2389	-1.52% ÿ	0.91%	2.91%
COP vs. USD	4,144.75	-1.07% ÿ	-1.51%	6.30%
CNY vs. USD	7.2518	-0.20% ÿ	0.01%	0.66%
EUR vs. CHF	0.9551	0.83% ÿ	-1.62%	-1.57%
DOLLAR INDEX	104.0880	0.36% ÿ	-2.37%	-4.05%
BITCOIN	84,288.15	0.39% ÿ	-12.81%	-10.06%

KEY DATES OF THE NEXT WEEK

March 24th

S&P Global US Manufacturing PMI
Survey 51.8

March 25th

Consumer Confidence Index (Conf. Board)
Survey 98.3

March 26

Durable Goods Orders
Survey -1.00%

March 27

Annualized Quarterly GDP (QoQ)
Survey 2.30%

Initial Subsidy Applications by Unemployment
Survey 225K

March 28th

Personal Income
Survey 0.40%

Personal Expenses
Survey 0.50%

Sentiment Index of the University of Michigan
Survey 57.9

Source: Sentosa & Co

IN ON CAPITAL VISION

Asset Class	U	N	O
Renta Fija			■
Renta Variable		■	
Alternativos		■	

Regions (Equity)	U	N	O
North America		■	
Europe	■		
Emerging Markets		■	
Japan		■	

Equity Sectors	U	N	O
Consumer Staples			■
Health Care		■	
Telcom Services		■	
Utilities			■
Consumer Disc.	■		
Energy		■	
Financials			■
Industrials			■
Technology		■	
Real Estate		■	
Materials		■	

After four weeks of correction, the market is somewhat stabilizing. As inflation expectations have been falling in March, and more hope about the Fed supporting any future economic slowdown is giving investors some hope.

Investors remain skeptical about the implementation of Trump's tariffs, and further pressure could follow the upcoming short-term relief. Medium-term breadth indicators continue to deteriorate, confirming the fact that any rebound that occurs is of some kind temporary mode.

There is still some sector rotation among IT companies, which is hurting the expensive US market more than the rest.

For the month of March, we downgraded the US to Neutral and the IT sector to Underweight. We also revised Europe upward to Neutral, as Investors are rotating into more defensive and cheaper markets. Finally, we have revised the healthcare sector upwards to overweight it, as it is showing signs of superior relative profitability.

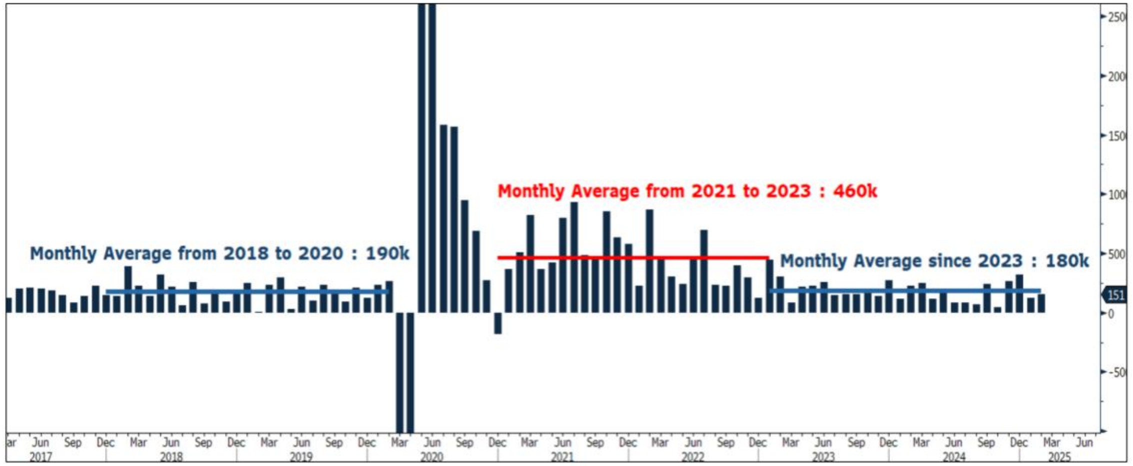
Source: Sentosa & Co

Employment is slowly deteriorating

Looking at the evolution of US nonfarm payrolls, we can clearly see that several phases have occurred since the COVID period. **From 2018 to 2020, average monthly payroll growth remained relatively stable at around 190,000 jobs per month** (Chart 1). This represents what would be considered a healthy labor market during a mature economic expansion, with steady but not extraordinary growth. The COVID period provided a historic movement of dips and peaks due to the extraordinary situation the world has faced. This period reflects both the unique nature of the pandemic recession, in which many job losses were temporary and not structural, and the massive fiscal and monetary stimulus that supported a rapid economic recovery.

Since 2023, the monthly average has moderated to approximately 180,000 jobs, approaching the pre-pandemic average level (Chart 1). However, examining the data for the most recent six months reveals a notable slowdown in payroll growth. This recent cooling trend suggests that the economy may be approaching a more normalized growth pattern following the exceptional post-pandemic rebound, potentially reflecting the impact of higher interest rates, less fiscal support, and a natural moderation as the labor market reaches a more mature phase of the business cycle. Nonfarm payrolls came in below expectations in February: 151,000 jobs, while analysts had expected a range of 160,000 to 200,000. This moderate increase was accompanied by a rise in the unemployment rate to 4.1%, a level that could have risen to 4.3% had the labor force not been sharply boosted.

Chart 1: US monthly non-farm payrolls (151k)



Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

Investors should stop worrying about inflation and focus on the nuances of the US labor market. Although superficially robust, the market The labor force exhibits subtle but significant indicators of fragility. **A positive aspect of the analysis is the recent revision of the household survey, which has rectified the underestimation that has been prevalent over the past three years** (Chart 2). In January 2025, the Bureau of Labor Statistics (BLS) made a substantial adjustment incorporating 8 million individuals to the labor force statistics. This correction takes into account the previously underreported influx of legal and illegal immigrants. Consequently, the revised data reveal that employment in the United States experienced vigorous growth between 2022 and 2024.

On the downside, the latest labor market data reveal worrying trends that highlight a weakening employment dynamic. Workers Part-time jobs are on the rise, this trend usually indicates that full-time opportunities are becoming scarcer, forcing workers to accept involuntarily reduced hours. This change usually precedes a greater weakness in the labor market. **The average number of hours worked has then has fallen to a worrying level** (Chart 3). This reduction in working hours can be interpreted as a cut in labour costs by the employers without resorting to layoffs, which could indicate a decrease in demand or economic uncertainty. These two factors, considered together, draw a labor market that is losing momentum. While the headline unemployment figures may still look favorable, these underlying indicators suggest that The labor market is experiencing subtle but significant tensions. Investors and policymakers should closely monitor these trends, as they may portend a more pronounced economic slowdown in the near future.

Chart 2: US Employment by Establishment and Household

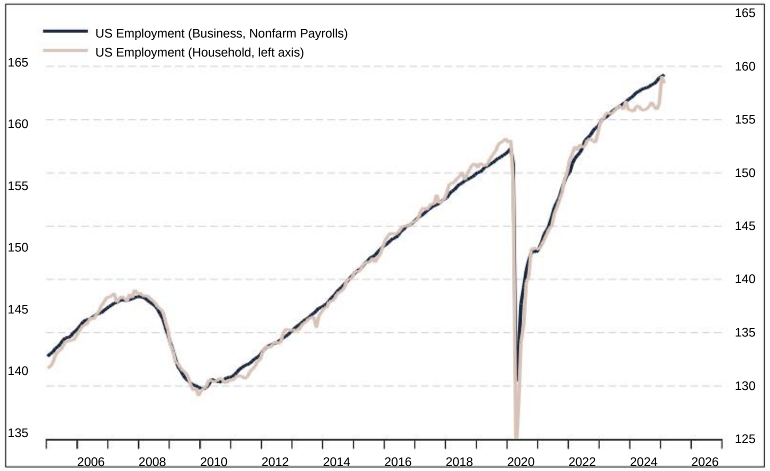


Chart 3: Number of hours worked per week

Source: Sentosa & Co, Altitude IS

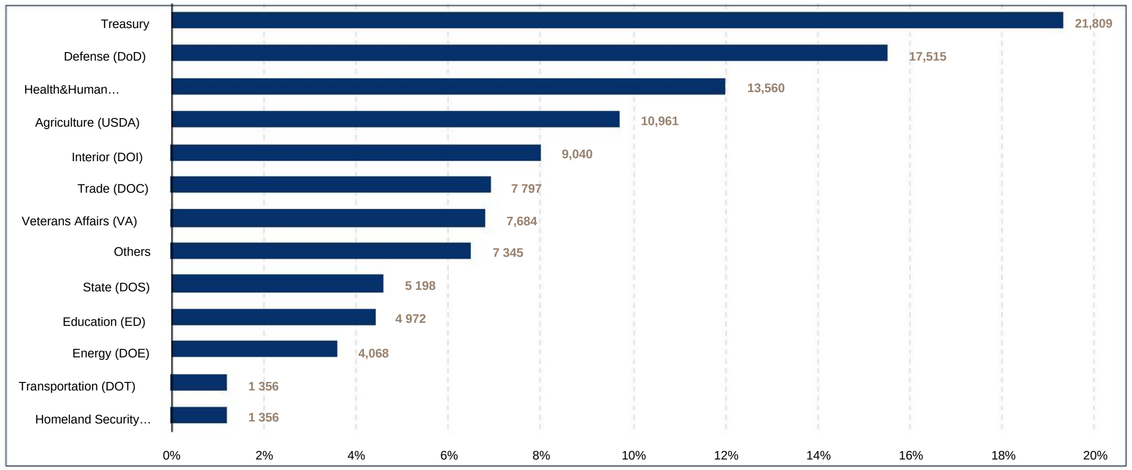
THE TOPIC OF THE WEEK

The performance of DOGE is having a strong negative impact

The US labor market is experiencing a notable divergence across sectors, with some areas maintaining their resilience while others show clear signs of contraction. Healthcare, transportation, and financial services continue to show strength, potentially due to ongoing demand and structural factors. However, sectors closely linked to discretionary consumption are showing vulnerability. The retail and leisure sectors have lost 6,000 and 16,000 jobs. jobs respectively, possibly reflecting changes in consumer behavior or economic pressures. A significant fact is the remarkable decline in public sector employment. Federal employment has decreased by 10,000 jobs, primarily due to the implementation of a pay freeze. hiring and the initial job cuts by the Department of Government Efficiency (DOGE).

Since the beginning of 2025, some 113,000 American civil servants have left their jobs, according to the latest estimates from the U.S. Department of Labor's layoff co **Government** (Chart 4). This trend is expected to accelerate, with new departures planned for March and the implementation of a staff reduction plan in the coming months. The impact of this contraction in the public sector could be more substantial than initially apparent. Although federal employment constitutes only 10% of the market global labor force, has been responsible for 20% of new hires in the last two years. This disproportionate contribution suggests that the current reduction in employment in the public sector could have a significant impact on the overall dynamics of the labor market, indirectly affecting economic growth, government spending, consumers and short- and medium-term fiscal policy.

Chart 4: DOGE Layoffs



Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

Subcontractors also suffer indirectly

The impact of government policies on employment goes beyond direct federal jobs, creating a ripple effect throughout the economy. Subcontractors, especially in the service sector, are experiencing significant pressure due to current government initiatives. As a result, these Small private sector businesses are being forced to implement substantial layoffs. Small businesses play a crucial role in the labor market. American, as they represent a disproportionate share of employment. **In the last 25 years, small businesses have generated more than 80% of all new jobs. jobs in the economy** (Chart 5). This underscores their importance as drivers of job creation and economic growth.

The actions of the Department of Government Efficiency (DOGE) are having far-reaching consequences for worker confidence across the United States. The effects are not limited to federal employees, but are impacting the labor market as a whole. This widespread impact is reflected in household sentiment. Regarding the labor market outlook. Current data indicate that household expectations about labor market conditions have reached a worrying low point. **Not since 2012 have so many households anticipated a deterioration in employment opportunities** (Chart 6). Once again, these Pessimistic outlook suggests a significant shift in worker confidence, which could influence consumer behavior and growth. short-term economic.

Chart 5: Employment by company size: S&P 500 (18%); Other (82%)

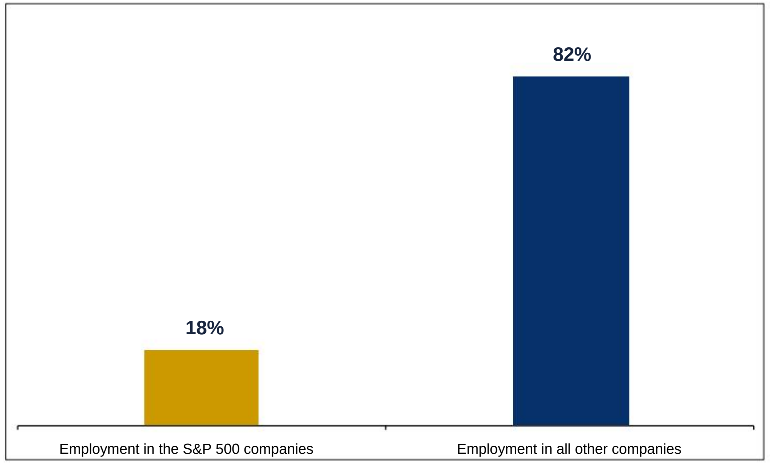
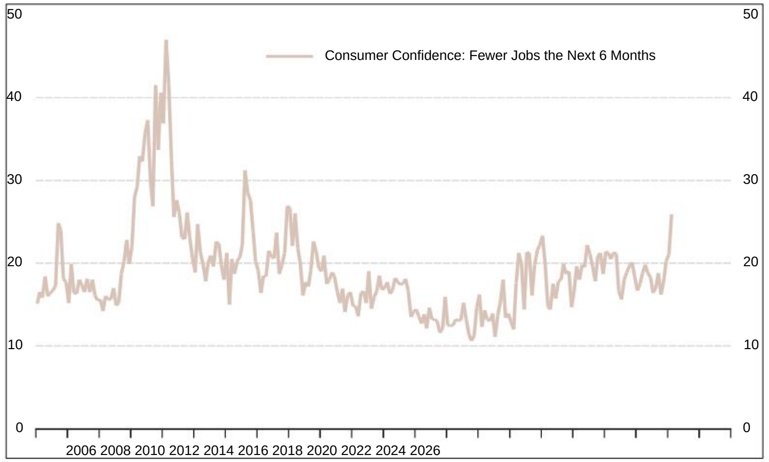


Chart 6: Consumer Confidence: Fewer Jobs in the Next 6 Months



Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

The Federal Reserve as a Market Catalyst For the time being,

the Federal Reserve is closely monitoring these developments, but is obliged to prioritize its other mandate: fighting inflation. Therefore, it continues to communicate that it has no intention of significantly lowering its benchmark rates in the coming months unless economic activity weakens. At the end of his last monetary policy meeting on Wednesday, Jerome Powell reiterated the complexity of the situation: the Fed will balance the upside risk of inflation and the downside risk of growth, either by keeping rates at the same level or by easing them to support activity.

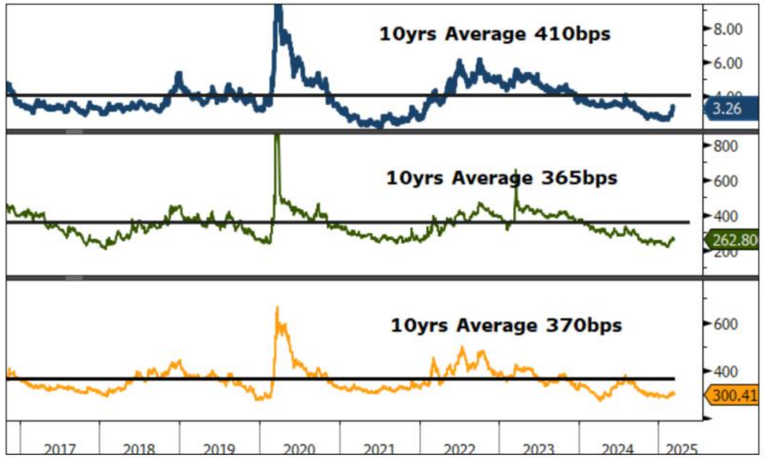
As much as investors are beginning to worry about a stagflationary scenario, an economic slowdown could reduce inflationary pressures in the near future and allow the Fed more room to lower rates if necessary. If the deterioration in the labor market accelerates, the US central bank will have to be much more accommodative. This is where the Fed will have to demonstrate that it is capable of acting forcefully and that it is not behind the curve.

The market now firmly believes that the economy will not enter a recession and that the Fed will have the ability to stabilize the economic slowdown. The fact that **China is entering a bull market** (Chart 7), **that the banking sector is entering a phase of long-term outperformance** (Chart 8) , **and that credit spreads on speculative bonds remain well below their long-term average** (Chart 9) demonstrates that the market is not currently expecting any signs of a recession.

Chart 7: MSCI China

Chart 8: Banks Vs. MSCI World

Chart 9: Credit Spread: High Yield (326bps); Subordinate (262bps); Emerging market (300bps)



Source: Sentosa & Co, Altitude IS

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