

LAST WEEK SUMMARY

Wall Street closed the week strong, as the S&P 500 posted its largest weekly gain since early November 2023, following a volatile stretch marked by volatile trade headlines and critical economic data. For the week, the S&P 500 gained **+5.70%**, the Nasdaq gained **+7.29%**, and the Dow Jones Industrial Average gained **+4.95%**.

Tariffs remained front and center as tensions between the U.S. and China escalated, with both countries announcing increases in their respective trade barriers. However, midweek, President Donald Trump announced a 90-day pause on most reciprocal tariffs, with the notable exception of those targeting China. The move provided immediate relief to financial markets, easing fears of broader economic disruption.

The announcement triggered one of the most explosive single-day gains in Wall Street history.

During the week, the S&P 500 rose more than 9%, which was its best intraday gain since October 2008, in the midst of the global financial crisis the Nasdaq Composite even surpassed it, with an increase of more than 12%, which was the second best session.

stock market in the history of the index. The performance of the The 10-year bond ended the week at 4.48%, its highest level since mid-February. Meanwhile, the 2-year bond ended at 3.96% and the 30-year bond at 4.85%.

Meanwhile, inflation data offered additional support to the upswing. Both the consumer price index and the producer price index unexpectedly fell for March, easing pressure on the Federal Reserve and reinforcing hopes that rate hikes remain on hold. The CPI fell a seasonally adjusted 0.1% in March, after rising 0.5% in January and 0.2% in February. The PPI, meanwhile, came in at -0.4%. This figure is significantly lower than the expected 0.2% growth. The unexpected drop has raised eyebrows among economists and market participants. Trump may have suspended tariffs on most US trading partners.

US, but has increased those of China to a staggering 145%. AAPL, which is estimated to rely on China for 80% of its production capacity, has seen its shares fall this week. Analysts are

divided over what Apple's strategy might be going forward.

First-quarter earnings season kicked off on Friday, and major banks helped set the tone for what's to come. Markets remain on edge after weeks of intense volatility, and these fluctuations may persist as investors continue to navigate the fluid and unpredictable political environment under the Trump administration. Despite recent declines, equity valuations remain elevated relative to historical norms, leaving limited room for error. If corporate earnings estimates continue to trend downward, it could become increasingly difficult for the S&P 500 to maintain upward momentum, especially amid political uncertainty and tariff risk.

As earnings season progresses and trade policy continues to evolve, market participants are closely watching to see whether the recent strength proves lasting or whether geopolitical tensions, inflationary pressures, and shifting monetary expectations will reassert their grip on market direction.

FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES OF THE WEEK PASS

April 10th

Monthly CPI

Current -0.10% vs. Survey 0.10%.

Initial unemployment benefit claims

Current 223K vs. Survey 223K

April 11 IPP

Intermonthly final demand

Current -0.40% vs. Survey 0.20%.

Current **U. of Michigan Sentiment** 50.8 vs. Poll 54.

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| GLOBAL EQUITY INDICES | Last | 5 Days | 1 Month YTD |
|-----------------------|------------|-------------------------------|-------------|
| MSCI WORLD | 3,471.28 | 4.36% ↗ -5.30% | -6.38% |
| MSCI EM | 1,045.20 | -3.90% ↘ -6.65% | -2.82% |
| MSCI EM LATIN AMERICA | 1,978.95 | -0.13% ↘ -5.55% | 6.82% |
| MSCI AC ASIA x JAPAN | 673.15 | -5.16% ↘ -7.34% | -4.39% |
| USA | | | |
| S&P 500 INDEX | 5,363.36 | 5.70% ↗ -4.89% | -8.81% |
| NASDAQ COMPOSITE | 16,724.46 | 7.29% ↗ -5.80% | -13.39% |
| DOW JONES INDUS. AVG | 40,212.71 | 4.95% ↗ -3.07% | -5.48% |
| RUSSELL 2000 INDEX | 1,860.21 | 1.82% ↗ -9.00% | -16.59% |
| EUROPE | | | |
| STXE 600 (EUR) Pr | 486.80 | -1.92% ↘ -10.94% | -4.10% |
| Euro Stoxx 50 Pr | 4,787.23 | -1.87% ↘ -11.42% | -2.22% |
| DAX INDEX | 20,374.10 | -1.30% ↘ -11.37% | 2.34% |
| CAC 40 INDEX | 7,104.80 | -2.34% ↘ -11.50% | -3.74% |
| FTSE MIB INDEX | 34,027.83 | -1.79% ↘ -11.97% | -0.46% |
| IBEX 35 INDEX | 12,286.00 | -1.09% ↘ -5.53% | 5.96% |
| SWISS MARKET INDEX | 11,239.83 | -3.51% ↘ -12.98% | -3.11% |
| FTSE 100 INDEX | 7,964.18 | -1.13% ↘ -7.74% | -2.56% |
| ASIA | | | |
| NIKKEI 225 | 33,585.58 | -0.58% ↘ -9.36% | -15.81% |
| HANG SENG INDEX | 20,914.69 | -8.47% ↘ -12.71% | 4.26% |
| CSI 300 INDEX | 3,750.52 | -2.87% ↘ -6.39% | -4.69% |
| SENSEX | 75,157.26 | -1.49% ↘ 1.80% | -3.82% |
| LATAM | | | |
| S&P/BMV IPC | 51,498.90 | 0.09% ↗ -1.88% | 4.01% |
| BRAZIL IBOVESPA INDEX | 127,682.40 | 0.34% ↗ -0.99% | 6.15% |
| MSCI COLCAP INDEX | 1,561.52 | -3.64% ↘ -3.63% | 13.19% |
| S&P/CLX IPSA (CLP) TR | 7,430.69 | -0.98% ↘ -1.04% | 10.74% |

| EQUITY SECTORS | Last | 5 Days | 1 Month YTD |
|--------------------------|----------|-------------------------------|--------------|
| PHILA GOLD & SILVER INDX | 188.01 | 19.18% ↗ 11.00% | 37.05% |
| MSCI WORLD/INF TECH | 675.05 | 8.87% ↗ -6.83% | -14.75% |
| MSCI WRLD/COMM SVC | 118.36 | 5.64% ↗ -5.18% | -7.01% |
| MSCI WORLD/INDUSTRY | 397.57 | 4.58% ↗ -5.61% | -1.82% |
| MSCI WORLD/CONS DIS | 405.41 | 4.02% ↗ -4.38% | -13.39% |
| MSCI WORLD/MATERIAL | 319.01 | 3.87% ↗ -6.48% | -0.72% |
| MSCI WORLD/FINANCEVAL | 139.04 | 3.87% ↗ -5.45% | -0.79% |
| MSCI WORLD BANK INDEX | 125.33 | 3.42% ↗ -7.18% | -1.83% |
| MSCI WORLD/CON STPL | 295.08 | 2.43% ↗ 2.09% | 5.65% |
| MSCI WORLD/UTILITY | 171.97 | 1.65% ↗ -0.02% | 5.01% |
| MSCI WORLD/HLTH CARE | 346.05 | 0.21% ↗ -6.56% | -1.92% |
| MSCI WORLD/ENERGY | 227.37 | -1.40% ↘ -10.36% | -6.59% |
| US RATES | | | |
| 2 And | 3.96 | 3.65 | 0.31 4.96 |
| 5 And | 4.16 | 3.71 | 0.45 4.63 |
| 10Y | 4.49 | 3.99 | 0.50 4.59 |
| BONDS CREDIT SPREAD | | | |
| 5 Days Close | | | |
| 12M Close | | | |
| EM Bonds Spread | 349.36 | 346.3 | 3.1 275.78 |
| HY Bonds Spread | 409.00 | 431.0 | -22.0 346.00 |
| BBB 10yr Spread | 188.05 | 195.6 | -7.5 138.80 |
| CoCos Spread | 326.20 | 309.6 | 16.6 308.10 |
| FIXED INCOME | | | |
| 5 Days | | | |
| 1 Month YTD | | | |
| US High Yield | 2,644.96 | -0.70% ↘ -2.48% | -1.42% |
| EM Bonds USD | 1,240.66 | -2.45% ↘ -2.76% | -0.60% |
| EM Local Currency | 136.70 | -0.10% ↘ -0.46% | 4.17% |
| CoCos USD | 137.13 | -0.48% ↘ -0.09% | 3.24% |
| IG BBB 3-5yr USD | 362.29 | -2.84% ↘ -2.16% | 0.04% |
| IG AA Corp USD | 268.84 | -2.75% ↘ -1.63% | -0.56% |

| COMMODITIES | Last | 5 Days | 1 Months YTD |
|---------------------------------|-----------------------------|-------------------------------|--------------|
| CRB INDEX | 290.42 | 0.68% ↗ -4.05% | -2.12% |
| WTI | 61.50 | -0.79% ↘ -7.17% | -14.25% |
| Brent | 65.83 | -3.11% ↘ -7.55% | -11.17% |
| US Natural Gas | 3.53 | -8.08% ↘ -20.79% | -2.92% |
| S&P GSCI Precious Metal | | | |
| Gold | 4,154.43 | 7.13% ↗ 5.99% | 21.83% |
| Silver | 3,237.61 | 6.56% ↗ 11.03% | 23.36% |
| Platinum | 32.31 | 9.20% ↗ -1.93% | 11.78% |
| Palladium | 948.21 | 2.72% ↗ -3.39% | 4.48% |
| S&P GSCI Industrial Metal Index | | | |
| Aluminum | 433.37 | 2.76% ↗ -8.40% | -1.05% |
| Copper | 2,396.50 | 0.76% ↗ -11.34% | -6.07% |
| Nickel | 9,191.89 | 5.45% ↗ -4.64% | 6.23% |
| S&P GSCI Agriculture | | | |
| 433.37 | 2.76% ↗ -8.40% | -1.05% | |
| CURRENCIES | | | |
| Last | 5 Days | 1 Month YTD | |
| CHF vs. USD | 0.8148 | 5.65% ↗ 8.33% | 11.36% |
| JPY vs. USD | 143.5400 | 2.36% ↗ 2.95% | 9.52% |
| CAD vs. USD | 1.3876 | 2.47% ↗ 4.03% | 3.66% |
| EUR vs. USD | 1.1355 | 3.64% ↗ 3.99% | 9.67% |
| GBP vs. USD | 1.3087 | 1.55% ↗ 1.05% | 4.56% |
| AUD vs. USD | 0.6289 | 4.12% ↗ -0.14% | 1.63% |
| BRL vs. USD | 5.8668 | -0.42% ↘ -0.96% | 5.29% |
| MXN vs. USD | 20.3265 | 0.58% ↗ -0.30% | 2.46% |
| COP vs. USD | 4,276.97 | -0.06% ↘ -3.38% | 3.01% |
| CNY vs. USD | 7.2921 | -0.14% ↘ -0.85% | 0.10% |
| EUR vs. CHF | 0.9256 | 1.90% ↗ 4.13% | 1.56% |
| DOLLAR INDEX | 100.1020 | -2.84% ↘ -3.21% | -7.73% |
| BITCOIN | 83,737.07 | 6.10% ↗ 0.76% | -10.65% |

KEY DATES OF THE NEXT WEEK

April 16

Monthly industrial production

Survey -0.20%

April 17

Housing starts

Survey 1416K.

Initial unemployment benefit claims

Survey 225K.

VISION OF IN ON CAPITAL SA

| 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 | | | |

Trump's tariff announcement on April 2 sent the S&P 500 index of U.S. stocks to its lowest level in 11 months, erasing \$5.4 trillion of market value in just two trading sessions to close out the week. It was the steepest two-day drop since the pandemic hit the U.S. in March 2020. The market has since found an intermediate bottom at 4,800 for the S&P 500, as Trump's decision to pause the tariff hikes has provided some relief and hope to the market. Although the odds of a recession are increasing and analysts are beginning to factor in this scenario, the current P/E level of 22.6x is not yet being factored in. The market has now found an intermediate bottom and could stabilize at current levels for a few weeks before reaching lower levels after the current stabilization. Ironically, the long-term yield has returned to 4.5% after hitting 3.99% a week ago. This move is even more surprising considering the dollar has been in free fall since March. This decorrelation between the dollar and 10-year yields could be explained, on the one hand, by certain inflation expectations on the part of investors... but it could also be a sign that investors are moving away from US bonds.

THE TOPIC OF THE WEEK

An intermediate low in a medium-term downtrend

The nightmare that investors have been experiencing since February and, above all, since the beginning of April has one (very small) advantage: the scenario of a recession is now unanimously accepted. No market strategist dares to predict a no-landing or soft landing in the United States. **It's interesting to see how the big banks are starting to now to readjust their target price much lower than they did in December 2024, when the S&P 500 was around 6,000** (chart 1). This downward trend has only just begun and will undoubtedly spread throughout the sector in the coming months. Furthermore, first quarter earnings reports will begin in approximately one week, and companies are expected to reveal how tariffs may affect their profit margins and their restructuring strategies. supply chain.

The gloomy outlook for companies is likely to be accompanied by widespread downward revisions to profit forecasts. As the damage the economic impact of tariffs materializes over time, we can anticipate a series of downward economic projections. With the announcement of the tariffs, the markets have reached the peak of the "bad news" and the first phase of the sell-off has been completed. After having retraced 50% of the 2022-2025 Bull Market in 4'835, prices rebounded sharply on March 9 after President Trump abruptly halted tariff increases. **From the perspective Technically, prices have formed a weekly "Piercing Line", which occurs when a bullish candle that has opened below the low of the bearish candle closes above the midpoint of the previous candle** (chart 2). This candlestick pattern marks an intermediate bottom and prices should now recover for a few weeks.

Chart 1: S&P 500 Price Targets by Bank for 2025

| S&P 500 Price Target by Banks for 2025 | Dec-24 | Apr-25% diff | |
|--|--------|--------------|------|
| Wells Fargo | 7.000 | - | |
| HSBC | 6.700 | - | |
| Bank of America | 6.666 | 5.600 | -16% |
| Barclays | 6.600 | 5.900 | -11% |
| Citi | 6.500 | - | |
| Goldman Sachs | 6.500 | 5.700 | -12% |
| JPMorgan | 6.500 | 5.200 | -20% |
| Morgan Stanley | 6.500 | - | |
| UBS | 6.400 | - | |

Chart 2: S&P 500 (5'363.36) / Weekly chart



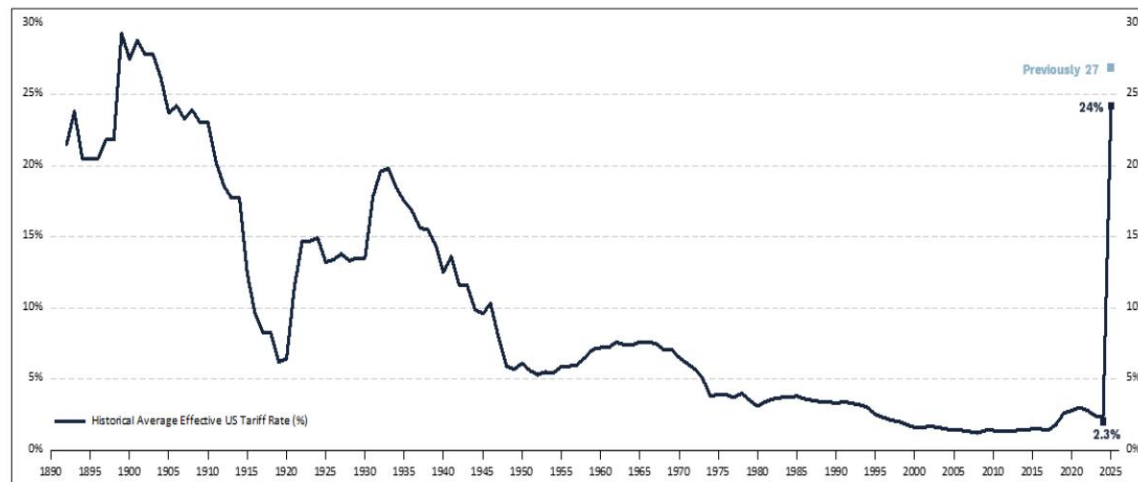
THE TOPIC OF THE WEEK

Why a possible second bearish leg is looming...

Market participants have expressed relief following Donald Trump's trade policy change on April 9. By announcing a 90-day pause in tariff increases affecting dozens of trading partners, investors began to suggest that the worst economic impacts had been avoided and that the markets had bottomed out. **The reality appears to be different, as raising tariffs on China to 125% at the same time makes little economic difference to the economy. The reality is that this policy adjustment will only slightly reduce the average tariff rate from 27% to 24%, down from 2% previously** (Chart 3). This modest decrease is due to two factors: 1. The maintenance of a minimum tariff of 10% on most imported goods, which continues to hinder free trade; and 2. The increase in tariffs on Chinese products. The increase in tariffs on Chinese imports to 145%, effectively nullifying the benefits granted to other countries, since China is the main source of consumer goods entering the United States.

The announced trade policy review appears to be a minor adjustment rather than a complete about-face. It does not abandon protectionism but rather represents a more selective approach against China. Consequently, American consumers will experience virtually no positive effects from these changes. While some argue that Trump's tariffs represent merely a temporary negotiating tactic, this perspective is only partially accurate. Although tariff levels can be reduced once specific trade imbalances are corrected and certain economic or political concessions are secured, it is unlikely that these protectionist measures will be completely eliminated. Liberation Day definitively marked an important step from a unipolar to a multipolar world, with a single one-way ticket.

Chart 3: Evolution of customs duties in the United States



THE TOPIC OF THE WEEK

Despite being part of the largest 3-day decline event in history (Chart 4), the recent sharp market decline has allowed the ratio to Price/Earnings break out of bubbly territory into a fair value zone of around 22x (Chart 5). In reality, to see a long-term bottom and To expect a new sustained upward trend, the equity index level would have to reconcile with the current EPS level, which means a drop of -14% from current levels (Chart 6). This would imply flat earnings growth and a kind of soft landing. In this case, P/E ratios would then fall to 18-19x. (as occurred in 2020 and 2022) and prices would then remain in the ascending channel of the 2009-2025 supercycle with 4'500 as the final minimum (chart 7).

As already mentioned, even though analysts are now increasing the probability of a recession scenario occurring, the market has not yet factored it into the prices. The S&P 500's target of 4,500 implies flat earnings growth by 2025, which would result in a valuation of 18-19x. If earnings growth continues to improve, If earnings were negative this year, prices would have to fall below 4,500 to adjust to earnings levels and see the P/E within the recession zone of 18-19x. In this more negative scenario, prices would technically exit the 2009-2025 bullish supercycle and enter a new corrective supercycle that would be much longer and painful.

From now on, and from the intermediate low seen at 4,800, the market should have a brief recovery period. The cyclical sectors that have suffered the most should be the that will recover the most during this interim period. We would advise investors to take advantage of this period to tactically benefit from this rebound for the speculative investors, but also to become more strategically defensive for long-term investors... as we don't believe we've bottomed out yet.

Chart 4: The 3 days of steepest declines for the S&P 500

| Date | Event | 3-Day Fall |
|------------|------------------------|------------|
| 10.19.1987 | Black Monday | -26.34% |
| 07.21.1933 | Great Depression | -20.90% |
| 10.29.1929 | Crash of 1929 | -20.66% |
| 10.20.1987 | Black Monday | -20.55% |
| 11.13.1929 | 1929 Crash Fallout | -16.62% |
| 09.14.1932 | Great Depression | -16.00% |
| 05.14.1940 | WWII Invasion | -15.18% |
| 10.28.1929 | Crash of 1929 | -14.51% |
| 10.09.2008 | Great Financial Crisis | -13.91% |
| 06.01.1932 | Great Depression | -13.89% |
| 10.10.1932 | Great Depression | -13.13% |
| 09.13.1932 | Great Depression | -13.04% |
| 03.16.2020 | COVID Pandemic | -12.96% |
| 10.07.1932 | Great Depression | -12.80% |
| 05.21.1940 | WWII Invasion | -12.79% |
| 09.12.1932 | Great Depression | -12.46% |
| 11.12.1929 | 1929 Crash Fallout | -12.35% |
| 03.09.2020 | COVID Pandemic | -12.25% |
| 07.20.1933 | Great Depression | -11.99% |
| 10.30.1929 | 1929 Crash Fallout | -11.98% |
| 10.26.1987 | Black Monday | -11.89% |
| 10.18.1937 | Recession | -11.88% |
| 03.29.1938 | Recession | -11.73% |
| 05.15.1940 | WWII Invasion | -11.73% |
| 08.31.1998 | Russian/LTCM | -11.71% |
| 04-07-25 | Trump Tariffs | -10.74% |

Chart 5: S&P 500 PER (22.6X)



THE TOPIC OF THE WEEK

Chart 6: S&P 500; EPS lagged 12 months

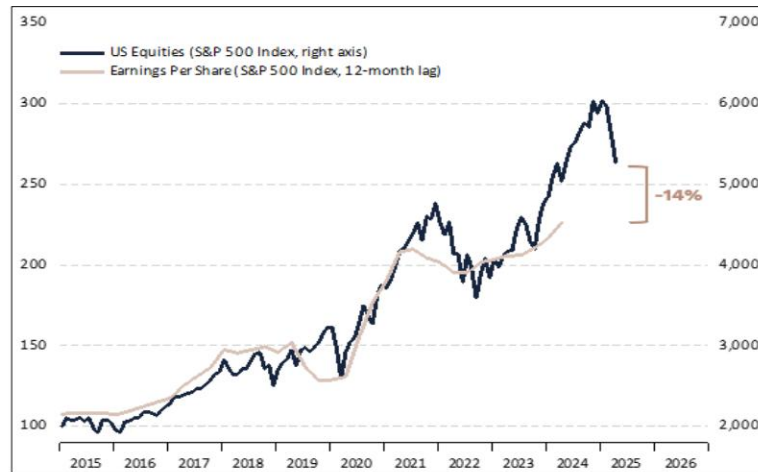


Chart 7: S&P 500 (5'363.36) / Quarterly chart



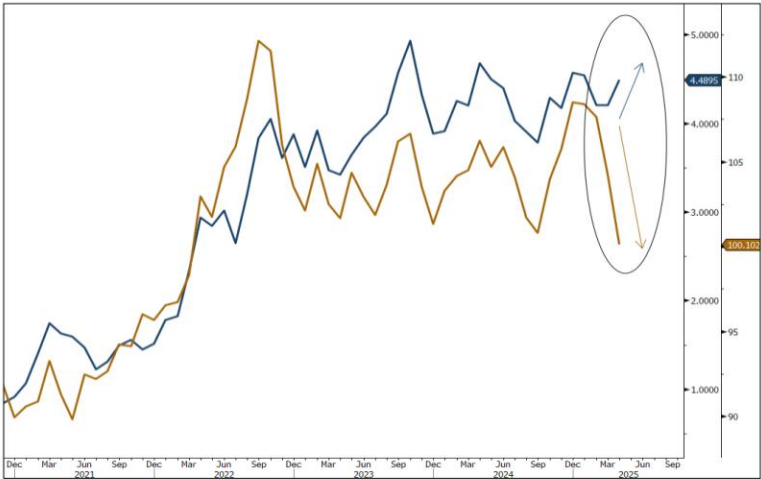
CONCLUSION:

US tariffs have not been removed; quite the opposite... we are formally moving from a globalized to a multipolar world. **The current negative divergence between the fall of the dollar and the rise in long-term US rates could indicate a certain aversion to buying US bonds and would add to this multipolar theory (Chart 8).**

A recession scenario is increasingly possible, but the market has not yet priced it in. At valuations of 22.6x, prices would need to fall a further 15% from current levels to match a period of flat earnings in 2025. This would push prices towards the €4,500 level. **The 2009-2025 bullish supercycle remains in place as long as prices remain above the €4,500 level, represented by the bottom of the very long-term ascending channel (Chart 7).** The current stabilization should be followed by a second bearish leg, as we believe we are at the intermediate bottom of a medium-term correction.

THE TOPIC OF THE WEEK

Chart 8: US 10-year bond yield (4.48%); Dollar Index (100.10)



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