LAST WEEK SUMMARY

Wall Street closed its strongest week in more than a month, as optimism grew following an unexpected breakthrough in U.S.-Mexico trade relations.

United States and China. At the end of the week, the S&P 500 gained 5.27%, while the Nasdaq rose sharply by 7.15% and the Dow Jones Industrial Average by 3.41%.

Last Monday, the US and China reached a 90-day trade truce, under which both sides will reduce their respective tariffs by 115 percentage points. For American importers, this means a sharp drop in tariffs on Chinese products from 145% to 30%. China, in turn, will reduce its tariffs on American products from 125% to just 10%. Markets

They were quick to react. The agreement marked a sharp reversal from the tariff turmoil of April, and investors viewed it as a clear step toward longer-term de-escalation. That confidence helped push the S&P 500 into positive territory for the year—an impressive turnaround considering the index had sunk into correction territory following the "Liberation Day" tariff announcement.

President Trump just weeks earlier.

The trade advance wasn't the only tailwind. A softer-than-expected inflation reading gave investors more breathing room. The April consumer price index rose 0.2% month-on-month, bringing the year-on-year inflation rate to 2.3%, its lowest level since February 2021. In a notable development, egg prices fell 12.7% for the month, although they remain elevated, up nearly 49% from a year ago.

Earnings season also kept investors on their toes. Cisco reported solid quarterly results, with revenue up 11% year-over-year to $14.15 billion, beating estimates and reinforcing the continued demand for IT in businesses. Meanwhile, Walmart faced mixed results. Although the retail giant missed sales expectations, it did reach an important milestone: its e-commerce division recorded its first profitable quarter ever, both in the U.S. and globally.

The long-awaited event signals a potential turning point for the company's digital transformation strategy. However, Walmart remained a key focus of the tariff conversation as the

Investors were digesting the potential impact of fluctuating import costs on consumer prices and future margins.

With trade tensions easing, inflation temporarily cooling, and some positive surprises in corporate earnings, markets are approaching the second half of the quarter with a little more clarity than at the beginning. Although risks persist, at least for now, the discourse is shifting from crisis management to cautious optimism.

Source: Sentosa & Co

FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES OF THE WEEK PASS

May 13th
Monthly CPI
Current 0.20% Vs. Survey 0.30%.

May 15th
Month-on-month retail sales advance

Current 0.10% Vs. Survey 0.00%.

IPP Intermonthly final demand
Current -0.50% Vs. Survey 0.20%.

Initial **unemployment benefit claims**

Current 229,000 Vs. Survey 228,000.

Monthly industrial production
Current 0.00% Vs. Survey 0.10%

May 16
U. of Michigan sentiment
Current 50.8 vs. Survey 53.4.

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GLOBAL EQUITY INDICES	Last	5 Days	1 Month	YTD
MSCI WORLD	3,863.29	**4.08%**	ÿ 11.14%	4.19%
MSCI EM	1,172.38	**2.98%**	ÿ 9.71%	9.01%
MSCI EM LATIN AMERICA	2,255.50	**1.31%**	ÿ 10.14%	21.75%
MSCI AC ASIA x JAPAN	762.56	**3.42%**	ÿ 10.69%	8.30%
USA				
S&P 500 INDEX	5,958.38	**5.27%**	ÿ 12.79%	1.30%
NASDAQ COMPOSITE	19,211.10	**7.15%**	ÿ 17.96%	-0.52%
DOW JONES INDUS. AVG	42,654.74	**3.41%**	ÿ 8.97%	0.26%
RUSSELL 2000 INDEX	2,113.25	**4.46%**	ÿ 12.37%	-5.24%
EUROPE				
STXE 600 (EUR) Pr	549.26	**2.10%**	ÿ 8.46%	8.20%
Euro Stoxx 50 Pr	5,427.53	**2.22%**	ÿ 9.97%	10.86%
DAX INDEX	23,767.43	**1.14%**	ÿ 12.08%	19.38%
CAC 40 INDEX	7,886.69	**1.85%**	ÿ 8.25%	6.86%
FTSE MIB INDEX	40,656.26	**3.27%**	ÿ 13.00%	18.93%
IBEX 35 INDEX	14,064.50	**3.77%**	ÿ 8.88%	21.30%
SWISS MARKET INDEX	12,335.09	**2.05%**	ÿ 5.78%	6.33%
FTSE 100 INDEX	8,684.56	**1.52%**	ÿ 4.94%	6.26%
ASIA				
NIKKEI 225	37,753.72	**0.67%**	ÿ 8.71%	-5.37%
HANG SENG INDEX	23,345.05	**2.09%**	ÿ 9.11%	16.38%
CSI 300 INDEX	3,889.09	**1.12%**	ÿ 3.09%	-1.16%
SENSEX	82,330.59	**3.62%**	ÿ 4.81%	5.36%
LATAM				
S&P/BMV IPC	57,987.14	**2.54%**	ÿ 9.37%	17.11%
BRAZIL IBOVESPA INDEX	139,187.39	**1.96%**	ÿ 7.36%	15.72%
MSCI COLCAP INDEX	1,646.92	**0.09%**	ÿ 1.24%	19.38%
S&P/CLX IPSA (CLP) TR	8,386.16	**1.86%**	ÿ 7.31%	24.98%

EQUITY SECTORS	Last	5 Days	1 Month	YTD
MSCI WORLD/INF TECH	793.34	**7.66%**	ÿ 21.13%	0.18%
MSCI WORLD/CONS DIS	460.11	**5.99%**	ÿ 15.18%	-1.70%
MSCI WRLD/COMM SVC	132.55	**5.62%**	ÿ 13.84%	4.14%
MSCI WORLD/INDUSTRY	453.55	**3.91%**	ÿ 12.24%	12.00%
MSCI WORLD BANK INDEX	146.17	**3.88%**	ÿ 12.35%	14.49%
MSCI WORLD/FINANCEVAL	156.19	**2.90%**	ÿ 9.72%	11.45%
MSCI WORLD/ENERGY	246.04	**2.28%**	ÿ 3.85%	1.08%
MSCI WORLD/MATERIAL	343.95	**1.47%**	ÿ 6.05%	7.04%
MSCI WORLD/UTILITY	183.15	**1.23%**	ÿ 3.37%	11.83%
MSCI WORLD/CON STPL	302.61	**0.28%**	ÿ 0.03%	8.35%
MSCI WORLD/HLTH CARE	344.82	**-0.03%**	ÿ -0.61%	-2.27%
PHILA GOLD & SILVER INDX	178.36	**-7.35%**	ÿ -6.86%	30.02%

US RATES	Last	5 Days Close		12M Close	
2Y	4.00	3.89	0.11	4.80	-0.80
5Y	4.09	4.00	0.09	4.40	-0.31
10Y	4.48	4.38	0.10	4.38	0.10

BONDS CREDIT SPREAD	Last	5 Days Close		12M Close	
EM Bonds Spread	299.29	314.2	-14.9	292.55	6.7
HY Bonds Spread	298.00	336.0	-38.0	345.00	-47.0
BBB 10yr Spread	180.30	188.2	-7.8	148.28	32.0
CoCos Spread	264.00	278.1	-14.1	283.50	-19.5

FIXED INCOME	Last	5 Days	1 Month	YTD
US High Yield	2,747.91	0.87%	ÿ 2.60%	2.41%
EM Bonds USD	1,280.92	0.52%	ÿ 1.64%	2.63%
EM Local Currency	141.42	-0.11%	ÿ 2.07%	7.76%
CoCos USD	140.19	-0.05%	ÿ 0.88%	5.55%
IG BBB 3-5yr USD	370.57	0.33%	ÿ 0.91%	1.59%
IG AA Corp USD	273.01	0.11%	ÿ 0.18%	1.72%

COMMODITIES	Last	5 Days	1 Months	YTD
CRB INDEX	296.08	0.32%	ÿ -0.10%	-0.22%
WTI	62.49	2.41%	ÿ 0.03%	-12.87%
Brent	65.08	2.62%	ÿ -3.74%	-12.19%
US Natural Gas	3.33	-12.15%	ÿ 2.68%	-8.23%
S&P GSCI Precious Metal	**4,119.98**	**-4.17%**	**ÿ -3.27%**	**20.82%**
Gold	3,203.65	-3.65%	ÿ -4.17%	22.07%
Silver	32.29	-1.31%	ÿ -1.44%	11.74%
Platinum	991.44	-0.98%	ÿ 2.01%	9.24%
Palladium	964.50	-1.57%	ÿ -0.86%	5.68%
S&P GSCI Industrial Metal Index	**448.09**	**0.97%**	**ÿ 3.63%**	**2.31%**
Aluminum	2,481.50	2.65%	ÿ 4.18%	-2.74%
Copper	9,478.95	-0.17%	ÿ 3.35%	9.55%
Nickel	15,454.40	-1.07%	ÿ -0.17%	2.27%
S&P GSCI Agriculture	**376.13**	**-0.02%**	**ÿ -2.96%**	**-1.77%**

CURRENCIES	Last	5 Days	1 Month	YTD
CHF vs. USD	0.8376	-0.75%	ÿ -2.90%	8.33%
JPY vs. USD	145.7000	-0.23%	ÿ -2.62%	7.89%
CAD vs. USD	1.3969	-0.24%	ÿ -0.79%	2.97%
EUR vs. USD	1.1163	-0.77%	ÿ -2.07%	7.81%
GBP vs. USD	1.3283	-0.17%	ÿ 0.29%	6.13%
AUD vs. USD	0.6406	-0.12%	ÿ 0.55%	3.52%
BRL vs. USD	5.6651	-0.19%	ÿ 3.56%	9.04%
MXN vs. USD	19.4712	-0.12%	ÿ 2.35%	6.96%
COP vs. USD	4,176.25	1.15%	ÿ 3.10%	5.50%
CNY vs. USD	7.2136	0.34%	ÿ 1.19%	1.19%
EUR vs. CHF	0.9352	0.01%	ÿ -0.88%	0.53%
DOLLAR INDEX	101.0920	0.75%	ÿ 1.72%	-6.82%
BITCOIN	103,428.72	0.72%	ÿ 21.48%	10.37%

KEY DATES OF THE NEXT WEEK

May 19
Leading index
Survey -0.90%.

May 22nd
Initial unemployment benefit claims

Survey 230K.

Existing home sales
Survey 4.10 million.

May 23rd
New home sales
Survey 690K.

Source: Sentosa & Co

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		●	

After two days of high-level talks in Switzerland, tensions between the United States and China have dramatically eased. The world's two largest economies agreed to reduce tariffs on each other's products for three months to work on a broader agreement.
Since the April lows, the market has rallied more than 23%, and recession risks are now significantly reduced by the reduction of tariffs between China and the US.

Prices have recovered above their 20-week moving average, and the likelihood of prices returning to their April lows has significantly decreased. The computer sector, and in particular the semiconductor subsector, have led the recovery.
market.

That said, we continue to see little upside for the equity market at this level, as the PE has returned to 25.5x and the economic situation continues to show signs of slowing.

Source: Sentosa & Co

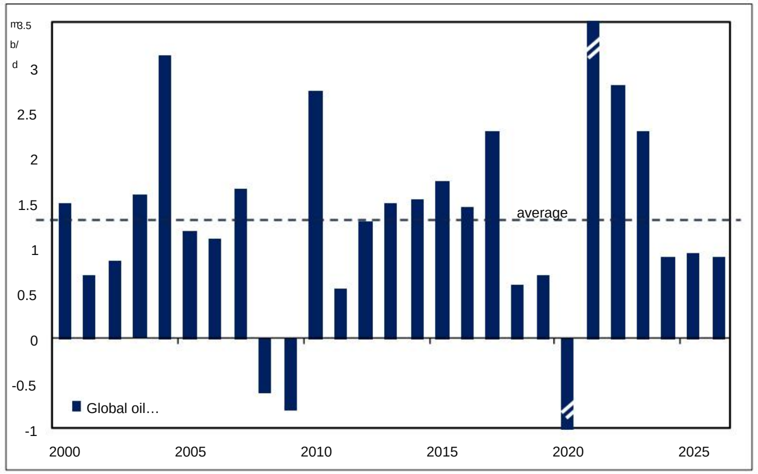
Oil Companies: Attractive Dividends Despite Volatility

After two years of relative stability, the oil market suffered a major setback in April. **The price of WTI crude oil fell to $60 a barrel, breaking the important support level of $65 that had been in place since 2021** (Chart 1). Last Thursday, Donald Trump declared that the United States was nearing an agreement with Tehran on Iran's nuclear program. Since this announcement, investors have been anticipating a significant oil oversupply. This announcement is all the more significant given that the 23 OPEC+ countries had already planned to increase their oil production. With the market already experiencing oversupply and growing concerns about sluggish demand, investors instantly interpreted these two decisions as a bearish signal.

Furthermore, leading indicators point to a slowdown in economic activity in Europe, Japan, China, and also the United States. **The International Energy Agency (IEA) recently revised downwards its forecast for global oil demand growth in 2025, from 1 million to 740,000 barrels per day** (Chart 2)... a relatively slow pace compared to the past two decades that has been weighing on oil prices. **This imbalance between growing supply and uncertain demand is fueling a climate of nervousness, with WTI no longer able to maintain its equilibrium around $80** (Chart 3). This downward revision has been a consequence of the increase in oil supply and the worsening expectations for the economy, which seems to be improving again for some time now.
weeks.

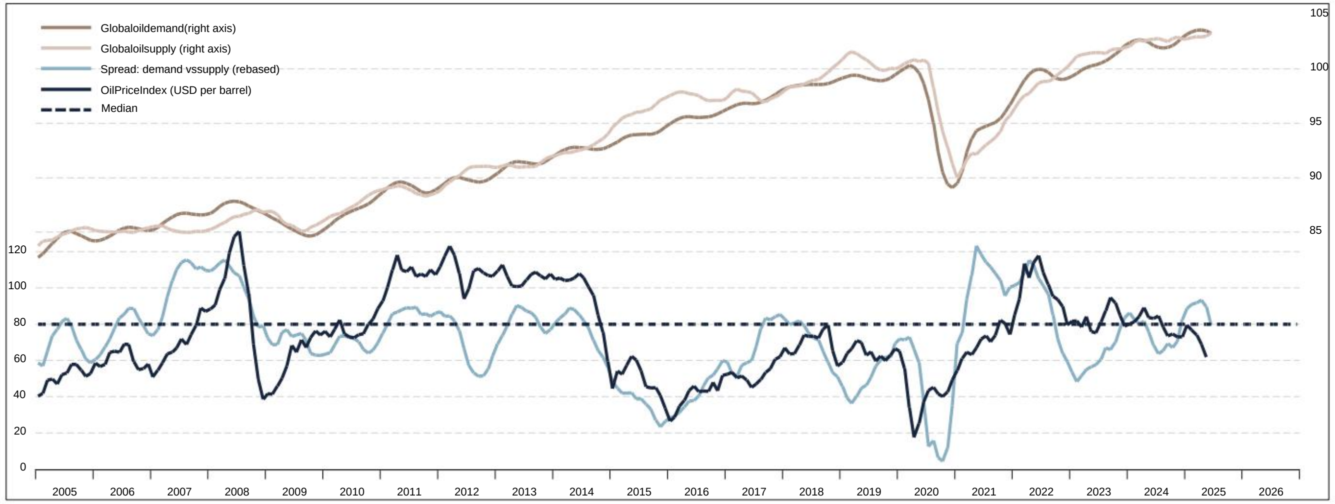
Chart 1: WTI ($62.-)

Chart 2: Growth in oil consumption



THE TOPIC OF THE WEEK

Chart 3: Global demand and global supply (right axis); oil price and demand-supply gap



In fact, looking at the current bid-ask spread, oil prices may have anticipated the negativity too much and could stabilize at the levels **Current supply and demand levels are almost at the same level and have normally corresponded to a higher oil price level during the last few years . last 4 years** (Chart 3). Several arguments could support oil prices at current levels. First, the recent agreement between the Trump administration and China is reducing the risk of recession. The meeting held in Geneva on May 10 and 11, in which Chinese and Americans agreed to suspend export duties customs duties on their respective imports should normally strengthen oil demand. Secondly, the relative weakness of the US dollar It has strengthened the purchasing power of oil-importing countries, especially in Asia. Finally, persistent geopolitical tensions are putting pressure on energy prices. especially in the Middle East, where the risk directly affects global logistics flows. For all these reasons, we believe that the oil price should stabilize at current levels and return to above $65.

From a more structural perspective, chronic underinvestment in oil exploration is a factor of vulnerability for global supply. Since 2014, To adapt to the growing energy transition, companies in the sector have drastically reduced their spending on research and development of new fields. In the end, this The transition is taking longer to implement than expected, given the particularly long investment cycle in the oil sector. Between the discovery of a deposit, geological studies, regulatory procedures, logistical investments and the drilling itself often take between 5 and 10 years before that a well is fully operational.

Source: Sentosa & Co, Altitude IS

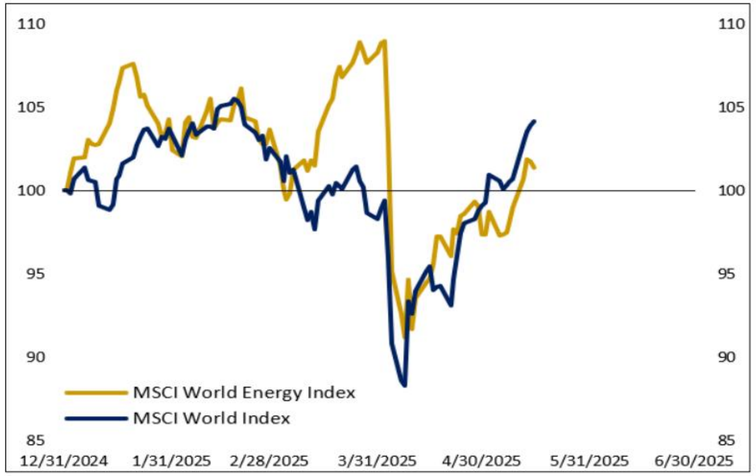
THE TOPIC OF THE WEEK

Energy companies are at an attractive level. Since 2022, the global energy index has fluctuated sideways in a 20% range. **During the April market crash, the energy sector was the hardest hit, falling -20% in two weeks, the worst hit since spring 2020** (Chart 4). **It is also among the sectors that have rebounded decently since then, recovering +12%, reversing more than half of the decline** (Chart 5). From a technical perspective, prices are in the middle of the aforementioned long-term trading range and are considered "neutral." **On a more positive note, valuations remain attractive for the sector, with a Price-to-Sales ratio of 1.04x, in line with the long-term average** (Chart 6).

The market behavior of companies across the energy value chain reveals distinct financial and operational dynamics that shape their investment profiles. **Refining companies** tend to exhibit countercyclical behavior relative to oil price fluctuations, as their profitability depends primarily on cracking spreads rather than absolute crude oil prices, creating potential margin expansion when input costs fall more rapidly than product prices. **Exploration companies,** by contrast, exhibit high beta and volatility directly correlated with commodity prices, as their valuations are highly influenced by reserve replacement rates, exploration success, and production growth prospects, making them particularly sensitive to market sentiment regarding future oil demand and price expectations. **Integrated companies** occupy a middle ground, offering investors balanced exposure through vertical integration that provides a natural hedge between upstream and downstream operations, typically resulting in more stable but moderate returns compared to pure-play companies.

Chart 4: MSCI World Energy / Weekly Chart

Chart 5: MSCI World; MSCI World Energy Index

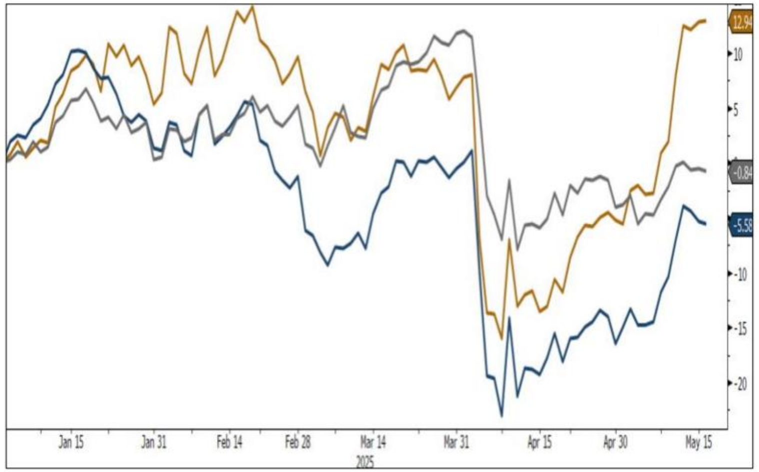


Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

Chart 6: MSCI World Energy Price-to-Sales Ratio (1.04x); 10-Year Average (1.02x)

Chart 7: Year-on-year perf .: Refiners (+12.9%), Integrated (-0.84%), Explorers (-5.58%)



It is therefore not surprising that refining companies have performed better than the sector, exploration companies have performed worse, and integrated companies have performed more resiliently and less volatilely (Chart 7). In a scenario of a sharp drop in oil prices followed by a moderate rebound, each segment is likely to exhibit different behavior patterns depending on their business models and exposure to commodity cycles.

Initially, **refinery companies** would fare better, as their margins could widen when crude oil prices fall faster than refined product prices, and investors would be drawn to their relative safety and countercyclical cash flows during the downturn. However, when oil prices begin to rebound, refiners could fare worse, as their input costs rise and crash margins could be compressed. **Exploration companies** would experience the most dramatic negative reaction during the initial price plunge, with share price declines often more severe than those of the underlying commodity, as investors discount the future viability of projects and potential balance sheet strains. However, these same companies typically show the greatest recovery momentum during the rebound phase, particularly those with lower production costs and healthier balance sheets, as improving confidence and cash flow forecasts drive multiple expansion. **Integrated oil majors** are likely to display their defensive characteristics during the downturn, experiencing less severe declines than pure-play exploration companies due to their cushioning effect in the downturn. During the rebound, they would generally underperform their exploration-focused counterparts but maintain more consistent dividend policies and capital allocation strategies that are attractive to institutional investors seeking stability throughout the cycle. **Overall, oil groups benefit from strong cash flow, controlled debt, massive share buyback programs, and very high dividends** (Exhibit 8). They therefore continue to appeal to yield-seeking investors.

Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

Chart 8: Dividend Yield: MSCI World (1.75%), MSCI World Energy (4.13%)

CONCLUSION

Chronic underinvestment in exploration and the reduced likelihood of a recession suggest that the price of oil will rise above $65 in the near future.
Oil and gas companies are globally rich in cash flow and pay attractive dividends compared to other sectors.
Among the subsectors, refineries are expected to end their period of superior profitability after their strong rebound due to the recent fall in oil prices. Due to the uncertainty Economically, we would favor Integrated companies due to their defensive nature and high level of dividend distribution.

Overall, we maintain a "neutral" stance on the sector and wait for confirmation of greater relative strength before increasing its value. A structurally weaker dollar and High energy demand should be supporting factors at a given time.

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