

LAST WEEK SUMMARY

The first week of September 2025 marked a volatile start to the market's historically weakest month, with significant swings in US equities before closing the week with mixed results. Despite the traditional "September effect," markets proved resilient, with the S&P 500 reaching a new record high midweek before retreating due to disappointing jobs data. Overall, the S&P 500 closed the week flat, returning **-0.31%**. The Nasdaq closed the week flat, down **-0.02 %**, and the Dow Jones slightly lower, down **-0.52%**.

The most significant event of the week was Friday's nonfarm payrolls report, which was weaker than expected and dramatically altered the monetary policy landscape. Money markets quickly repriced expectations for the Federal Reserve, which now forecasts nearly three rate cuts in 2025, down from its previous, more modest expectations. This weak employment situation created a paradox for investors: while rate cuts typically support equity valuations, the underlying economic weakness that makes them necessary raised concerns about earnings growth.

business and consumer purchasing power. Technology stocks provided volatility and strength throughout the period. Profit-taking earlier in the week put pressure on the sector, but a significant turnaround followed an antitrust ruling by Alphabet. The court's decision not to break up Google's parent company came as a major relief to tech investors who had feared harsher regulatory action, demonstrating how legal developments continue to drive market sentiment. Uncertainty over trade policy reached new heights after a federal appeals court ruled most of President Trump's global tariffs illegal, creating potential tax complications for required repayments and raising questions about future trade strategy. This legal challenge, combined with rising long-term interest rates, which sent the 10-year Treasury yield above 4.2%, added complexity to an already difficult investment environment.

throughout the week. Gold rose to record highs above \$3,500 an ounce, driven by expectations of rate cuts, geopolitical instability, and central bank demand. Oil futures rose amid conflicts in Ukraine and the Middle East, highlighting how international tensions continue to disrupt supply chains and influence energy prices. Although second-quarter GDP was revised upward to 3.3%,

The contrast with the weakening labor market data presented Federal Reserve officials with a delicate balance between supporting growth and controlling inflation.

Geopolitical tensions continued to influence commodity markets.

FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES OF LAST WEEK

September 2nd US Manufacturing PMI S&P Global

Real 53 vs. survey 53.30

ISM manufacturing

Real 48.7 vs. survey 49.0

September 3rd Durable goods orders

Real -2.80% vs. survey -2.80%

September 4th S&P Global Services PMI in the USA

Real 54.50 vs. survey 55.40

September 5th Change in non-farm payrolls

Real 22,000 vs. survey 75,000

GLOBAL EQUITY INDICES	Last	5 Days	1 Month YTD
MSCI WORLD	4,191.23	0.32% \bar{y} 1.60%	13.04%
MSCI EM	1,276.05	1.40% \bar{y} 1.78%	18.65%
MSCI EM LATIN AMERICA	2,440.64	1.70% \bar{y} 4.94%	31.74%
MSCI AC ASIA x JAPAN	835.48	1.44% \bar{y} 2.17%	18.66%
USA			
S&P 500 INDEX	6,481.50	-0.31% \bar{y} 1.44%	10.20%
NASDAQ COMPOSITE	21,700.39	-0.02% \bar{y} 1.17%	12.37%
DOW JONES INDUS. AVG	45,400.86	-0.52% \bar{y} 2.77%	6.71%
RUSSELL 2000 INDEX	2,391.05	0.53% \bar{y} 7.78%	7.21%
EUROPE			
STXE 600 (EUR) Pr	549.21	-0.17% \bar{y} 0.39%	8.19%
Euro Stoxx 50 Pr	5,318.15	-0.63% \bar{y} -0.55%	8.62%
DAX INDEX	23,596.98	-1.28% \bar{y} -2.34%	18.52%
CAC 40 INDEX	7,674.78	-0.38% \bar{y} -0.88%	3.98%
FTSE MIB INDEX	41,607.81	-1.39% \bar{y} -0.04%	21.71%
IBEX 35 INDEX	14,850.90	-0.57% \bar{y} 0.18%	28.08%
SWISS MARKET INDEX	12,370.57	1.50% \bar{y} 4.24%	6.63%
FTSE 100 INDEX	9,208.21	0.23% \bar{y} 1.24%	12.67% EM Bonds Spread
ASIA			
NIKKEI 225	43,018.75	0.70% \bar{y} 2.87%	7.83%
HANG SENG INDEX	25,417.98	1.36% \bar{y} 2.25%	26.71%
CSI 300 INDEX	4,460.33	-0.81% \bar{y} 8.66%	13.35%
SENSEX	80,710.76	1.13% \bar{y} 1.07%	3.29%
LATAM			
S&P/BMV IPC	60,479.76	3.02% \bar{y} 4.15%	22.15% EM Local Currency
BRAZIL IBOVESPA INDEX	142,640.14	0.86% \bar{y} 4.95%	18.59%
MSCI COLCAP INDEX	1,862.87	0.94% \bar{y} 3.33%	35.03%
S&P/CLX IPSA (CLP) TR	9,210.68	3.49% \bar{y} 8.10%	37.27%

EQUITY SECTORS	Last	5 Days	1 Month YTD
PHILA GOLD & SILVER INDX	261.02	7.76% \bar{y} 13.34%	90.28%
MSCI WRLD/COMM SVC	158.90	4.35% \bar{y} 6.49%	24.85%
MSCI WORLD/CONS DIS	492.87	1.33% \bar{y} 4.69%	5.29%
MSCI WORLD/HLTH CARE	362.01	0.83% \bar{y} 5.99%	2.60%
MSCI WORLD/CON STPL	303.14	0.61% \bar{y} -0.20%	8.54%
MSCI WORLD/MATERIAL	370.78	0.24% \bar{y} 3.52%	15.39%
MSCI WORLD/INF TECH	897.12	0.23% \bar{y} -1.35%	13.29%
MSCI WORLD/INDUSTRY	481.09	-0.26% \bar{y} 0.08%	18.80%
MSCI WORLD BANK INDEX	165.56	-0.68% \bar{y} 3.21%	29.67%
MSCI WORLD/UTILITY	187.92	-0.89% \bar{y} -2.65%	14.74%
MSCI WORLD/FINANCEVAL	169.88	-0.95% \bar{y} 2.39%	21.21%
MSCI WORLD/ENERGY	257.30	-3.06% \bar{y} 1.61%	5.71%

US RATES	Last	5 Days Close	12M Close
² And	3.51	3.62	-0.11 3.74 -0.23
⁵ And	3.58	3.70	-0.11 3.54 0.04
10Y	4.07	4.23	-0.15 3.73 0.35

BONDS CREDIT SPREAD	5 Days Close	12M Close
HY Bonds Spread	270.51	269.4 1.1 347.43 -76.9
BBB 10yr Spread	259.00	252.0 7.0 351.00 -92.0
	189.58	174.2 15.4 177.68 11.9

FIXED INCOME	5 Days	1 Month YTD	
US High Yield	2,862.70	0.32% \bar{y} 1.32%	6.69%
EM Bonds USD	1,348.53	0.68% \bar{y} 1.38%	8.04%
	149.22	0.36% \bar{y} 0.79%	13.71%
CoCos USD	148.65	0.52% \bar{y} 1.07%	11.92%
IG BBB 3-5yr USD	388.88	0.87% \bar{y} 1.62%	5.94%
IG AA Corp USD	284.71	1.03% \bar{y} 1.64%	6.74%

COMMODITIES	Last	5 Days	1 Months YTD
CRB INDEX	297.77	-1.32% \bar{y} 1.26%	0.35%
WTI	61.87	-4.23% \bar{y} -5.05%	-13.73%
Brent	65.10	-3.67% \bar{y} -6.18%	-12.15%
US Natural Gas	3.05	3.53% \bar{y} 1.26%	-16.10%
S&P GSCI Precious Metal	4,727.79	5.11% \bar{y} 4.85%	38.64%
Gold	3,586.69	4.02% \bar{y} 6.10%	36.66%
Silver	41.00	3.24% \bar{y} 8.43%	41.87%
Platinum	1,379.38	0.62% \bar{y} 4.29%	51.99%
Palladium	1,114.75	0.98% \bar{y} -5.24%	22.15%
S&P GSCI Industrial Metal Index	465.04	0.46% \bar{y} 0.51%	6.18%
Aluminum	2,600.50	-0.57% \bar{y} 1.48%	1.92%
Copper	9,829.46	0.08% \bar{y} 2.70%	13.60%
Nickel	15,054.13	-1.26% \bar{y} 1.59%	-0.38%
S&P GSCI Agriculture	355.12	-1.29% \bar{y} 3.30%	-7.25%

CURRENCIES	Last	5 Days	1 Month YTD
CHF vs. USD	0.7980	0.31% \bar{y} 1.20%	13.71%
JPY vs. USD	147.4300	-0.26% \bar{y} 0.13%	6.63%
CAD vs. USD	1.3830	-0.64% \bar{y} -0.41%	4.01%
EUR vs. USD	1.1717	0.27% \bar{y} 1.23%	13.16%
GBP vs. USD	1.3509	0.04% \bar{y} 1.58%	7.93%
AUD vs. USD	0.6557	0.26% \bar{y} 1.30%	5.96%
BRL vs. USD	5.4126	0.32% \bar{y} 1.76%	14.13%
MXN vs. USD	18.7159	-0.32% \bar{y} 0.14%	11.28%
COP vs. USD	3,959.51	1.45% \bar{y} 3.29%	11.27%
CNY vs. USD	7.1328	-0.03% \bar{y} 0.72%	2.33%
EUR vs. CHF	0.9353	0.03% \bar{y} -0.06%	0.51%
DOLLAR INDEX	97.7680	-0.05% \bar{y} -1.03%	-9.88%
BITCOIN	110,895.09	1.86% \bar{y} -3.64%	18.33%

KEY DATES OF NEXT WEEK

September 10th Final producer price index (PPI), year-on-year demand

Survey 3.30%

September 11th Year-on-year CPI

Survey 2.90%

September 12th University of Michigan Confidence Index

Survey 58

University year-on-year inflation from Michigan

Survey 4.50%

VISION OF IN ON CAPITAL SA

Asset Class	U	N	O
Renta Fija			
Renta Variable			
Alternativos			
Regions (Equity)			
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			

August payrolls were worse than expected, with only 22,000 jobs created compared to the 75,000 forecast. This figure will undoubtedly change investors' minds about what the Federal Reserve should do and is clearly a warning sign regarding economic dynamics. A more dovish tone from the market is now expected, which is indirectly positive for bonds and gold and negative for the dollar. As for the equity market, after a rise of more than 34% since the April lows, it is now time for a short-term correction.

Ultimately, the Fed has the tools to avoid a recession, so we believe the stock market should show some resilience and find an attractive low after the next short-term consolidation. We recommend adopting a more defensive stance at these levels. For more defensive investors, one solution could be to take profits and reduce exposure. For those looking to maintain their investments, a rotation from growth sectors to cheap value or defensive sectors would make sense.

THE TOPIC OF THE WEEK

Weak payrolls translate into a weaker dollar, higher bonds, and stronger gold

If we had any doubts about the economic slowdown, the August nonfarm payrolls figures have confirmed them. After the weak and worrying 73,000 job creation in July (compared to the 105,000 forecast), the market was awaiting the August figures with more anticipation than in any previous month. The consensus was quite conservative, with only 75,000 job creation expected, but the reality was even harsher, with a shocking and disappointing 22,000.

Payrolls have been steadily slowing since the beginning of the year, far from the average of 190,000 created between 2023 and 2024, but the August figure is even well below the average of 100,000 we have seen since the beginning of the year (Chart 1).

In fact, between May and August, the economy only created 107,000 jobs in total, an average of 27,000. US companies are showing caution when hiring due to a number of converging pressures, including trade barriers, political instability, technological displacement through the integration of artificial intelligence, structural rigidities in the labor market, and prohibitive financing costs. **As evidence of this, job openings have continued to decline, returning to 2018 levels (Chart 2).**

Chart 1: Monthly nonfarm payrolls (22,000/August)

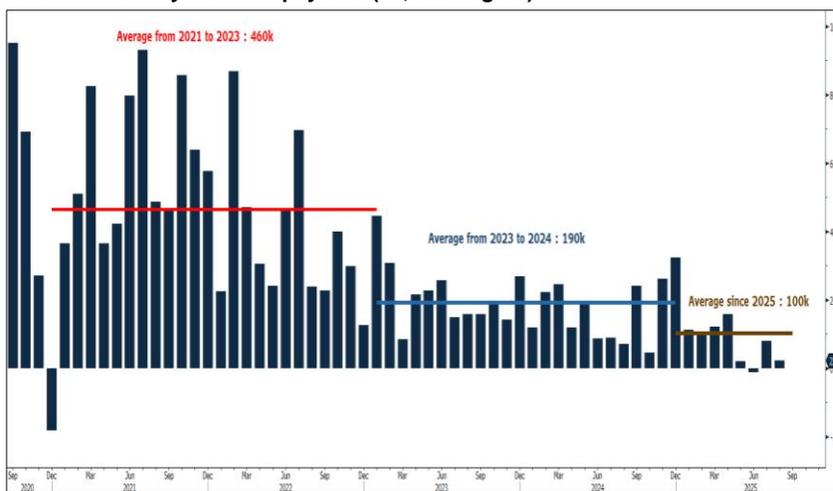
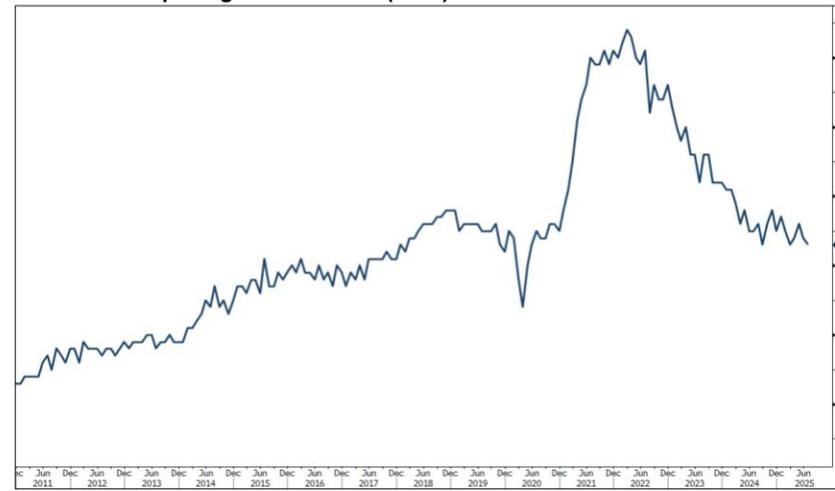


Chart 2: Job opening rate in the US (4.3%)



THE TOPIC OF THE WEEK

The market immediately began to reassess its expectations for the Federal Reserve. **Expectations for rate cuts by the end of the year have accelerated almost threefold, reaching 3.75%, a level not seen since May of this year** (Chart 3). The bond market has also changed its expectations, with a sharp downward shift in the curve. **Last week alone, US 10-year yields fell sharply from 4.30% to 4.06% (-5.6%), and US 2-year yields fell sharply from 4.10% to 4.06% (-5.6%).**

US from 3.67% to 3.46% (-5.7%), a level not seen since September 2022 (Chart 4). We view this situation as a turning point in the bond market and continue to favor long-term investment-grade bonds, as they should now benefit from this situation. The bond market, the dollar, the price of gold—everything is interconnected... and everything depends on employment and inflation in the United States. Until employment picks up, gross domestic product (GDP) growth will not be able to pick up, and a definite slowdown is now expected.

Regarding inflation, indicators show some looming short-term pressure, mainly due to rising tariffs. **If the Philadelphia Fed's inflation indicator maintains its predictive ability, the next price hike is likely to worry investors and soar toward 4% (Chart 5), to the point where it could end up being compared to the hyperinflationary period of the 1970s** (Chart 6). However, the current macroeconomic environment differs substantially from historical precedents. The oil shocks of the 1970s generated severe inflationary pressures as they coincided with the end of the postwar economic expansion. The strong labor dynamics of that era facilitated feedback loops between wages and prices, amplifying the inflationary impulse. **Conversely, current subdued employment conditions are limiting wage growth, thereby limiting inflationary secondary effects** (Chart 7).

The inflationary impact should therefore be only temporary and subsequently reversed due to downward pressure on wages... which will allow the Fed to be more aggressive in its monetary policy.

Chart 3: Forecast of rate cuts for December 2025 (-2.75 times)

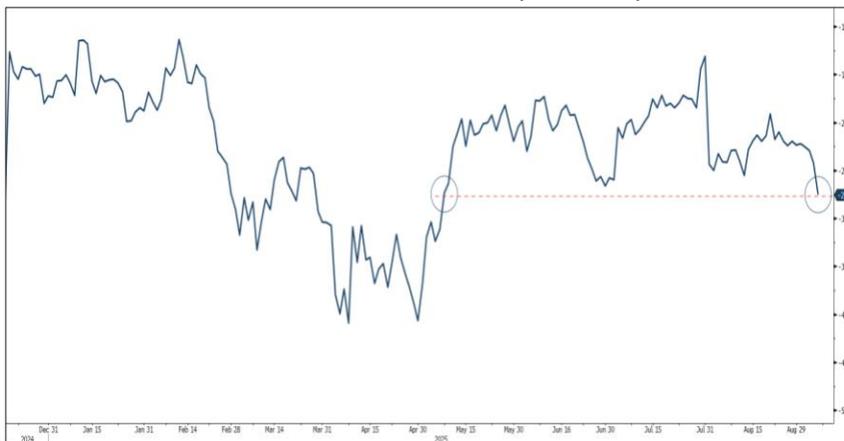


Chart 4: US 10-year yields (4.07%); US 2-year yields (3.50%)



THE TOPIC OF THE WEEK

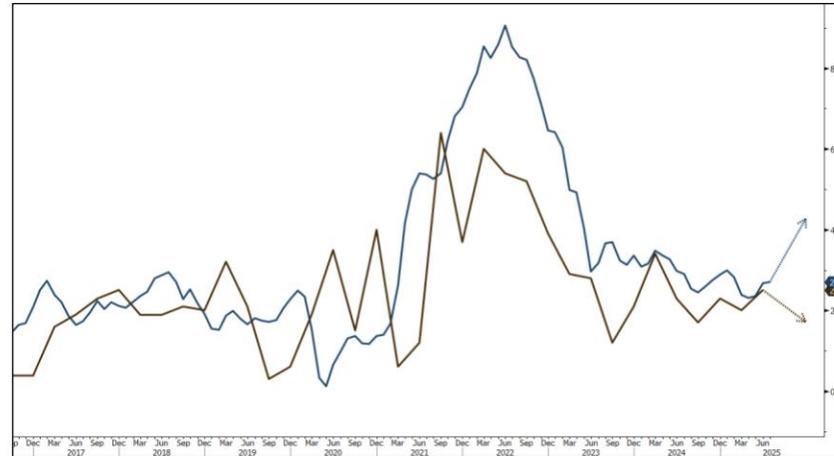
Chart 5: US CPI (2.7%); Philadelphia Fed Survey of Prices Paid (left axis - 42)



Chart 6: US CPI (2.7%); inflation cycle 1967-1978 (left axis)



Chart 7: US CPI (2.7%); US year-over-year labor costs (2.5%)



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THE TOPIC OF THE WEEK

Economic growth appears to be slowing, inflationary pressures appear transitory, and the Federal Reserve may be pursuing accommodative monetary policy through interest rate cuts. Although these conditions typically support long-term fixed-income returns, Treasury yields remain elevated, limiting capital appreciation for bondholders. **Analyzing the 10-year sovereign yield curve relative to 2-year federal funds rate expectations reveals the underlying dynamics** (Exhibit 8). Following the April 2 monetary policy announcement and subsequent signs of an escalation in trade policy, market participants have priced in high risk premia into Treasury bond prices.

This premium will tend to remain in place, as the US macroeconomic situation is deteriorating. In any case, the US government debt of \$37.4 trillion will not allow this premium to increase much further, and a dovish Fed action will also influence US 10-year yields. **As we have mentioned numerous times in our previous reports, we expect US 10-year yields to fall to 3-3.5%** (Chart 9) and the curve to steepen (short-term rates will fall more than long-term rates). The US central bank will undoubtedly have the ability to avoid a recession by acting more than expected if necessary. In this soft-landing scenario, long-term rates should fall but remain above short-term rates, which would benefit investors holding long-duration bonds.

Currently, the market doesn't expect a more aggressive rate cut, as US two-year yields only anticipate four rate cuts (Chart 10). Therefore, the expected decline in bond yields will put further pressure on the dollar, which is already in a long-term downtrend (Chart 11).

Chart 8: Fed rate expectations in two years; 10-year yields in USA

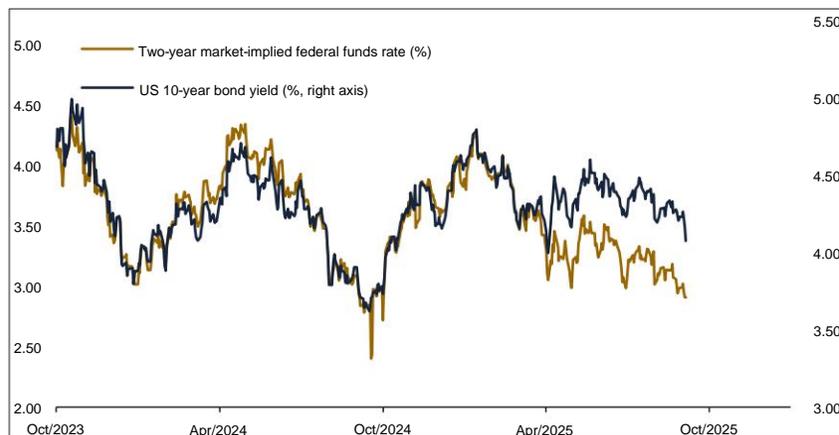
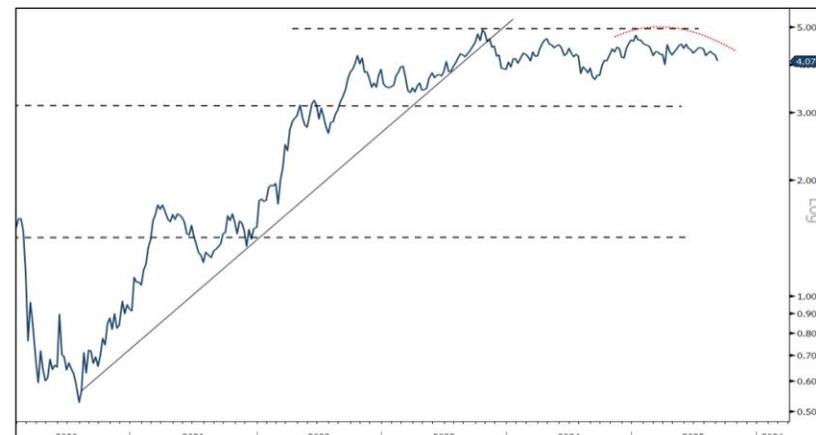


Chart 9: US 10-year yields (4.07%)



THE TOPIC OF THE WEEK

Gold, half currency and half commodity, is also affected. Since October 2022, the gold price has already soared by +115%. However, very few investors hold it in their portfolios. For 98% of investment advisors, the weighting of gold in their portfolios is less than 5%, and for 71% of them, it is even less than 1%. As for private investors, they have not yet adopted this theme. **Proof of this, if any were needed, is that the volumes of gold held by ETFs are still well below their previous peak reached in October 2020, at just 93.8 million** (Chart 12). As we have often discussed, the price of gold is rising due to physical demand, and financial investors are lagging behind in the bull market... Catching up is necessary, and this will continue to drive the gold price higher.

Technically speaking, gold reached a new all-time high last week, standing at 3,600. **The yellow metal has been in a triangular consolidation since the beginning of the year and has now experienced a significant breakout** (Chart 13). This breakout is triggering a new dynamic outside the long-term ascending channel that has held since 2023, and we expect the gold price to reach 4,000 as our medium-term target. Fundamentally, there are several factors behind gold's powerful bullish wave:

- **Geopolitical tensions have increased.** The war in Ukraine, which has been ongoing since 2022, is hampering economic growth and political stability in Europe. Since Donald Trump's election and the reduction of military aid to kyiv, Western support has been scarce. Further south, the conflict between Israel and the Palestinian organization Hamas, the Lebanese Hezbollah, and Iran is straining the entire region. Further east, tensions between China and Taiwan, with frequent military maneuvers and increasingly harsh political rhetoric, are raising fears of a wider conflict involving the United States. As is often the case when tensions rise, investors turn to gold for financial security.

Chart 10: Average Fed Funds rates (4.375%); US two-year yields (3.50%)

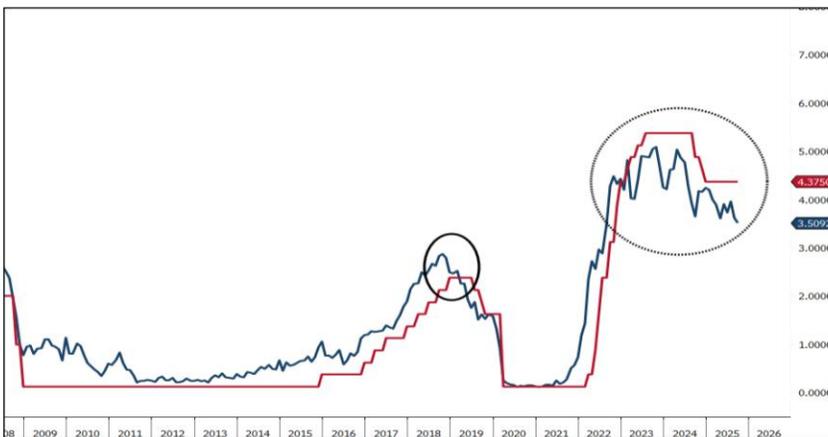


Chart 11: Dollar Index (97.76)



THE TOPIC OF THE WEEK

Chart 10: Gold (3,586.69); Total Gold ETF Holdings (93.8 million)

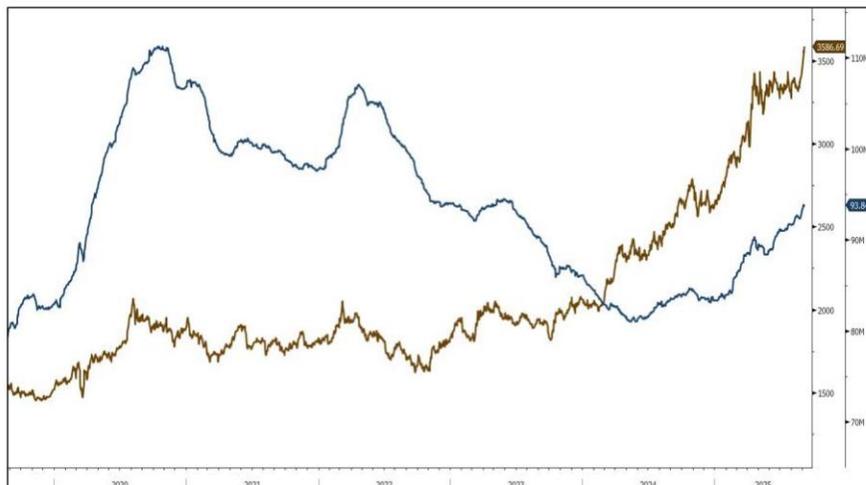


Chart 11: Spot Gold (3586.69) / Weekly Chart



- Central banks in emerging markets have accumulated large gold reserves.** Since the embargo on Russia's foreign exchange reserves, emerging countries such as China, India, and Turkey, as well as Eastern European countries such as Poland, the Czech Republic, and Hungary, have been looking for ways to ensure their financial stability. They are preparing for the possibility that they will no longer have access to the dollar and the SWIFT system for their international financial transactions. Between 2022 and 2025, central bank purchases more than tripled, exceeding 1,000 tons of gold per year, a historic record. There is no reason for this trend to stop.
- In the short term, the price of gold will depend primarily on what happens within the Federal Reserve.** If the US central bank initiates a new cycle of interest rate cuts, downward pressure on the dollar is likely to increase. Since gold is denominated in dollars, all other variables being equal, a fall in the dollar automatically leads to an appreciation of the yellow metal. On the one hand, job creation is weak enough to prompt the Fed to take action. On the other hand, the Trump administration is increasing political pressure on Jerome Powell and the Fed governors to act quickly.
- Real rates are the opportunity cost of gold.** The opportunity cost for investors holding gold is the real rates they receive in dollars. Since real rates are depreciating due to rising inflation and falling nominal rates, the advantage for investors of holding gold against the US dollar is now greater.

THE TOPIC OF THE WEEK

CONCLUSION

Weak job creation is creating a new reality and undoubtedly shifting market sentiment. This new perception of an economic slowdown will have repercussions across all asset classes, but especially for bonds, gold, and the dollar. As for the stock market, it wouldn't be surprising to see a short-term correction following the rally of more than 34% since April and the extreme valuation of the US. That said, we believe the Fed will have the necessary tools to avoid a recession and that opportunities will arise after the next short-term consolidation.

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