

LAST WEEK SUMMARY

Last week, US stock markets transitioned from unprecedented euphoria to a period of consolidation as investors faced pressure to take profits and cautious comments from Federal Reserve officials. The period began on Monday with a continuation of the previous week's momentum, reaching new all-time highs across the major indices, before entering a three-day losing streak that marked the longest decline in over a month. Overall, the Nasdaq closed the week down **0.65%**, the S&P 500 down **0.31%**, and the Dow Jones down **0.15%**. Federal Reserve Chairman Jerome Powell's assessment that stocks appeared "rather overvalued" became the defining catalyst for the week, triggering a shift in sentiment that particularly affected technology stocks. Economic data presented mixed signals throughout the week. September PMI readings showed slowing business growth while selling price inflation cooled, supporting the Fed's accommodative stance. However, an unexpected drop in jobless claims and sharp revisions to the

Rising GDP growth created uncertainty about the future path of interest rates. The economic calendar was particularly busy on Thursday, with the release of the preliminary trade balance, durable goods orders, and preliminary wholesale inventories dominating market sentiment. The end of the week brought relief, as Friday's PCE inflation data confirmed expectations. Tech sector dynamics dominated market movements, with Nvidia and other "Mighty Seven" stocks experiencing significant volatility. While early-week strength following the announcement of the Nvidia-OpenAI partnership provided a boost, subsequent profit-taking put pressure on the sector midweek. Friday's announcement of Nvidia's commitment to invest \$100 billion in OpenAI helped restore some confidence in AI infrastructure spending. Geopolitical tensions remained a persistent backdrop, with ongoing conflicts in Ukraine and the Middle East creating volatility in commodity markets. Gold continued its record rally, surpassing \$3,800 per ounce, supported by economic uncertainty and a weakening dollar. Oil prices

rose above \$68 per barrel, driven by supply concerns and geopolitical events. Uncertainty over trade policy resurfaced when President Trump approved new tariffs, including a 100% levy on brand-name drugs to encourage domestic production. The OECD's September report, forecasting sluggish eurozone GDP growth of 1.2% in 2025 and 1.0% in 2026, reinforced these concerns about international economic momentum. The week was characterized by healthy profit-taking following significant earnings and anticipation of key employment data releases the following week.

FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES OF THE LAST WEEK

September 23

US Manufacturing PMI from S&P Global

Real 52.0 vs. survey 52.20

September 24

New home sales

Real 800,000 vs. survey 650,000

September 25th

2Q quarter-on-quarter annualized GDP

Real 3.8% vs. survey 3.3%

Durable goods orders

Actual 2.9% vs. survey -0.3%

September 26

Year-on-year PCE price index

Actual 2.7% vs. survey 2.7%

University of Michigan Confidence Index

Real 55.1 vs. survey 55.40

GLOBAL EQUITY INDICES

	Last	5 Days	1 Month YTD
MSCI WORLD	4,252.35	-0.41% \bar{y} 2.36%	14.69%
MSCI EM	1,325.58	-1.14% \bar{y} 5.33%	23.25%
MSCI EM LATIN AMERICA	2,529.02	0.09% \bar{y} 5.38%	36.51%
MSCI AC ASIA x JAPAN	864.21	-1.62% \bar{y} 4.92%	22.74%
USA			
S&P 500 INDEX	6,639.59	-0.31% \bar{y} 2.84%	12.89%
NASDAQ COMPOSITE	22,484.07	-0.65% \bar{y} 4.79%	16.43%
DOW JONES INDUS. AVG	46,247.29	-0.15% \bar{y} 1.54%	8.70%
RUSSELL 2000 INDEX	2,434.32	-0.59% \bar{y} 2.87%	9.15%
EUROPE			
STXE 600 (EUR) Pr	554.52	0.07% \bar{y} 0.80%	9.24%
Euro Stoxx 50 Pr	5,499.70	0.76% \bar{y} 2.76%	12.33%
DAX INDEX	23,739.47	0.42% \bar{y} -0.68%	19.24% US RATES
CAC 40 INDEX	7,870.68	0.22% \bar{y} 2.16%	6.64%
FTSE MIB INDEX	42,646.23	0.79% \bar{y} 1.07%	24.75%
IBEX 35 INDEX	15,350.40	0.59% \bar{y} 2.78%	32.39%
SWISS MARKET INDEX	11,929.80	-1.49% \bar{y} -2.12%	2.84%
FTSE 100 INDEX	9,284.83	0.74% \bar{y} 1.06%	13.60% EM Bonds Spread
ASIA			
NIKKEI 225	45,354.99	0.11% \bar{y} 6.17%	13.69%
HANG SENG INDEX	26,128.20	-1.57% \bar{y} 4.19%	30.25%
CSI 300 INDEX	4,550.05	1.07% \bar{y} 1.19%	15.63%
SENSEX	80,426.46	-2.66% \bar{y} 0.77%	2.93%
LATAM			
S&P/BMV IPC	62,307.07	1.81% \bar{y} 6.13%	25.84% EM Local Currency
BRAZIL IBOVESPA INDEX	145,446.66	-0.29% \bar{y} 2.85%	20.92%
MSCI COLCAP INDEX	1,863.45	0.29% \bar{y} 0.97%	35.07%
S&P/CLX IPSA (CLP) TR	9,023.05	0.18% \bar{y} 1.38%	34.47%

EQUITY SECTORS

	Last	5 Days	1 Month YTD
MSCI WORLD/ENERGY	268.85	4.00% \bar{y} 2.14%	10.45%
PHILA GOLD & SILVER INDX	291.23	2.66% \bar{y} 16.92%	112.30%
MSCI WORLD/UTILITY	192.10	2.36% \bar{y} 2.55%	17.30%
MSCI WORLD/MATERIAL	368.58	0.11% \bar{y} 0.63%	14.70%
MSCI WORLD BANK INDEX	172.00	0.08% \bar{y} 3.18%	34.72%
MSCI WORLD/INF TECH	947.55	0.06% \bar{y} 5.97%	19.66%
MSCI WORLD/FINANCEVAL	174.53	-0.02% \bar{y} 1.76%	24.53%
MSCI WORLD/INDUSTRY	484.24	-0.05% \bar{y} 1.15%	19.58%
MSCI WORLD/CONS DIS	494.08	-0.92% \bar{y} 2.75%	5.55%
MSCI WORLD/CON STPL	292.82	-1.31% \bar{y} -2.78%	4.84%
MSCI WORLD/HLTH CARE	350.75	-1.71% \bar{y} -1.65%	-0.59%
MSCI WRLD/COMM SVC	160.32	-2.49% \bar{y} 5.46%	25.96%
US RATES			
	Last	5 Days Close	12M Close
2 And	3.64	3.57	0.07 3.63
5 And	3.77	3.68	0.09 3.57
10Y	4.18	4.13	0.05 3.80
BONDS CREDIT SPREAD			
		5 Days Close	12M Close
HY Bonds Spread	253.00	245.0	8.0 324.00
BBB 10yr Spread	167.45	166.3	1.2 165.14
FIXED INCOME			
		5 Days	1 Month YTD
US High Yield	2,873.53	-0.23% \bar{y} 0.70%	7.10%
EM Bonds USD	1,355.57	0.39% \bar{y} 1.20%	8.61%
CoCos USD	149.05	-0.37% \bar{y} 0.79%	12.22%
IG BBB 3-5yr USD	389.18	-0.40% \bar{y} 1.27%	5.90%
IG AA Corp USD	284.61	-0.45% \bar{y} 1.35%	6.90%

COMMODITIES

	Last	5 Days	1 Months YTD
CRB INDEX	305.03	2.45% \bar{y} 0.89%	2.80%
WTI	65.72	4.85% \bar{y} 3.91%	-8.37%
Brent	71.93	7.27% \bar{y} 6.61%	-2.94%
US Natural Gas	3.21	11.01% \bar{y} 18.00%	-11.75%
S&P GSCI Precious Metal			
	4,960.85	3.28% \bar{y} 8.86%	45.48%
Gold	3,759.98	2.03% \bar{y} 10.80%	43.26%
Silver	46.08	6.95% \bar{y} 19.35%	59.44%
Platinum	1,580.56	12.23% \bar{y} 16.62%	74.16%
Palladium	1,265.30	9.56% \bar{y} 14.77%	38.64%
S&P GSCI Industrial Metal Index			
	475.96	0.67% \bar{y} 2.07%	8.67%
Aluminum	2,655.50	-0.60% \bar{y} 0.66%	4.08%
Copper	10,142.59	2.20% \bar{y} 4.00%	17.22%
Nickel	14,988.14	-0.69% \bar{y} -0.74%	-0.81%
S&P GSCI Agriculture			
	355.94	-0.19% \bar{y} -2.09%	-7.04%
CURRENCIES			
	Last	5 Days	1 Month YTD
CHF vs. USD	0.7979	-0.30% \bar{y} 0.69%	13.72%
JPY vs. USD	149.4900	-1.03% \bar{y} -1.40%	5.16%
CAD vs. USD	1.3934	-1.07% \bar{y} -0.68%	3.23%
EUR vs. USD	1.1703	-0.37% \bar{y} 0.52%	13.03%
GBP vs. USD	1.3402	-0.52% \bar{y} -0.58%	7.08%
AUD vs. USD	0.6542	-0.77% \bar{y} 0.72%	5.72%
BRL vs. USD	5.3440	-0.37% \bar{y} 1.64%	15.60%
MXN vs. USD	18.3677	0.18% \bar{y} 1.62%	13.39%
COP vs. USD	3,900.60	-0.90% \bar{y} 3.94%	12.95%
CNY vs. USD	7.1345	-0.23% \bar{y} 0.26%	2.31%
EUR vs. CHF	0.9338	0.05% \bar{y} 0.16%	0.67%
DOLLAR INDEX	98.1520	0.52% \bar{y} -0.07%	-9.53%
BITCOIN	109,606.64	-2.87% \bar{y} -2.50%	16.96%

KEY DATES OF THE NEXT WEEK

September 30th

Consumer confidence of the Conference Board

Survey 96.0

October 1st

US Manufacturing PMI from S&P Global

52.0

ISM Manufacturing Survey

Survey 49.0

October 2

Order Survey durable goods

Survey 2.9%

October 3

Change in non-farm payrolls

Survey 50,000

Unemployment rate

Survey 4.3%

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			

The market is on the verge of four consecutive months of gains (). Investors have welcomed the Fed's expected 25 basis point rate cut, and the poor August jobs data have made investors more cautious about the rest of the year and more optimistic about the equity market. This more moderate outlook is particularly positive for bonds and gold, and negative for the dollar. As for the equity market, despite the positive momentum and optimism, a short-term correction is expected after the 38% rally recorded since April.

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. In any case, any correction would be a buying opportunity.

THE TOPIC OF THE WEEK

Real estate sector: not yet out of the storm

In our last real estate report, published in June, we highlighted that the sector continued to face challenges due to the high interest rate environment and the financial pressure faced by potential new homeowners. In June, we mentioned that the sector was likely in a phase of relative stabilization, in anticipation of a possible new cycle of dovish monetary policy by the Federal Reserve. **The reality has been different since then, as the real estate sector has continued to underperform, with a relative decline of 8% (Chart 1). Looking at the bigger picture, the US real estate sector has been the third worst performer since the beginning of the year, returning only +3.0%, compared to +12.9% for the US market (Chart 2). Looking back to our June report, the real estate sector has remained flat and directionless, while the US market has gained +11% (Chart 3).**

In June, we also highlighted the fact that housing prices had skyrocketed, mortgage interest rates had become more than dissuasive, and Americans' ability to become homeowners had become increasingly limited. The affordability index measures whether a typical household earns enough income to qualify for a mortgage on a median-priced home, with 100 indicating just enough income. **At 98.80, the average household does not have enough income to afford the purchase of a typical home, a deterioration from the level of 103 we had in June (Chart 4).**

Chart 1: S&P Real Estate vs. S&P 500

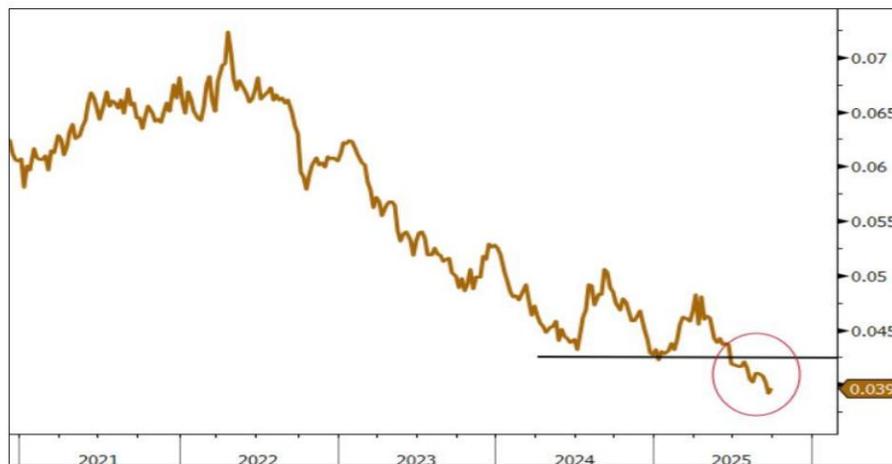
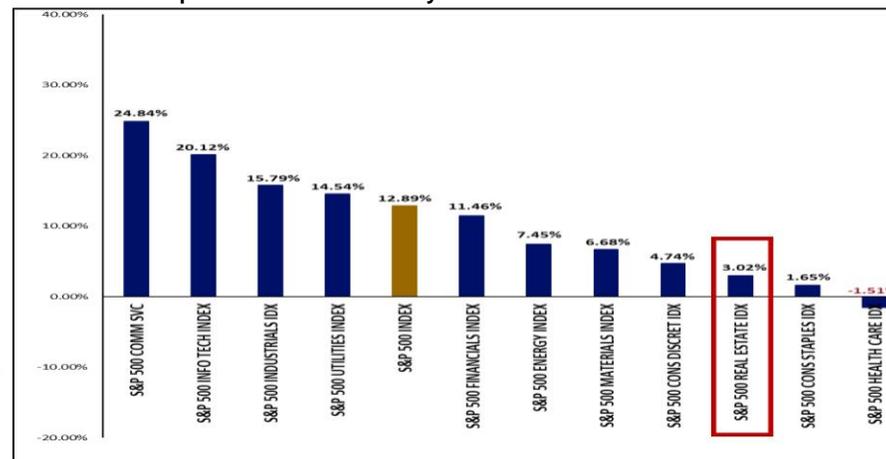


Chart 2: Sector performance so far this year



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Chart 3: Year-to-date performance: S&P 500 (+12.9%); S&P Real Estate Index (+3%)

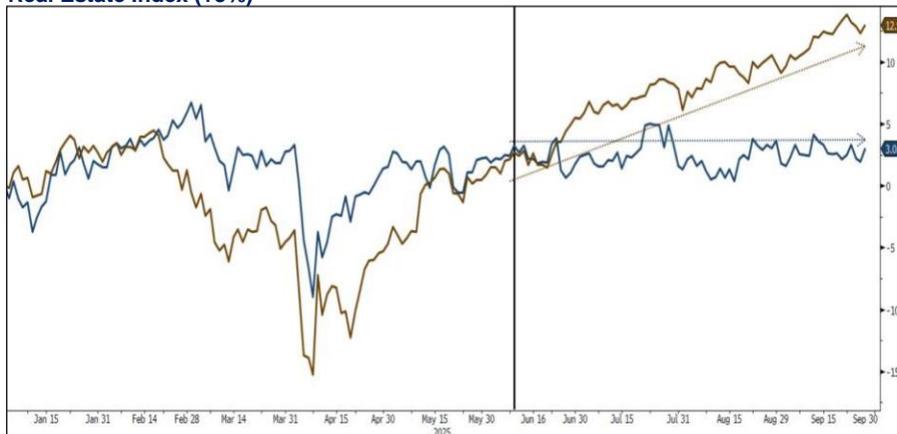
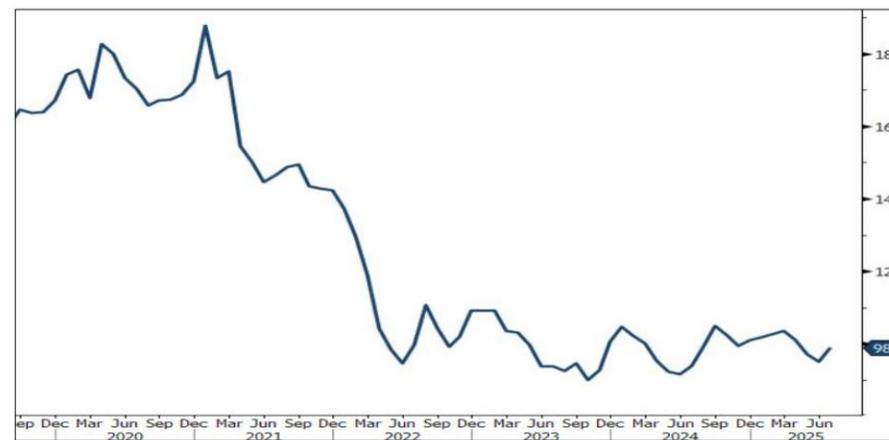


Chart 4: Affordability for Home Buyers Fixed Mortgage (98.80)



To return to 2020 levels of between 160 and 180, where families had 60% to 80% more income than necessary to qualify for a mortgage, housing prices would have to fall by 38%, mortgage rates would have to drop from 6.3% to 2.4%, or household incomes would have to increase by 60%. As a result, three in four Americans believe now is a "bad" time to buy a house or apartment, whether new or old. That was all it took for sales volumes, and then sales prices, to gradually plummet. Amid growing fiscal concerns stemming from the enactment of the One Big Beautiful Bill, long-term Treasury yields have come under upward pressure. **The good news is that financial institutions are absorbing spread compression to mitigate the significant increases in mortgage borrowing costs, and the spread between the 30-year US mortgage rate and 30-year US Treasury rates is compressing** (Chart 5). Banks and REITs can afford to do so because the MBS premium rose to a high level in 2022, but they will soon need to preserve their margins if they want to meet their capital and liquidity constraints. Otherwise, REITs will see their carrying capacity reduced and their profitability diminish.

Interestingly, and in an extremely rare situation, new homes are now selling at lower prices than existing homes (Chart 6). New-build properties typically command higher prices, but a bifurcated market dynamic has emerged: existing homeowners are reluctant to list their properties, recognizing that refinancing would require them to abandon favorable mortgage terms for substantially higher financing costs. Conversely, homebuilders are facing mounting liquidity pressures and are implementing strategic price reductions to accelerate inventory turnover and preserve cash flow stability. **This environment suggests that while surpluses of new-build inventory persist at unprecedented levels, the availability of existing homes is likely to increase, as mortgage rate differentials will eventually force homeowners into mobility decisions** (Chart 7).

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Chart 5: 30-year US Treasury bonds (4.75%); US mortgages (6.3%); spread (155 bp)



Chart 6: Price of new homes (413,000); price of existing homes (422,000)

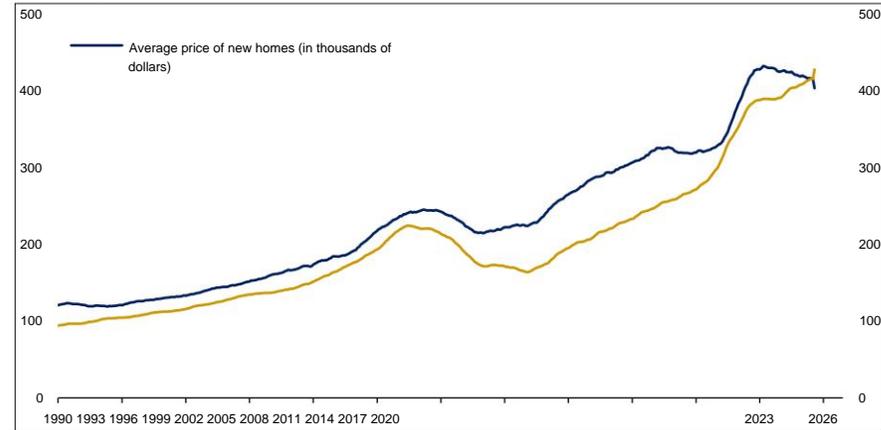
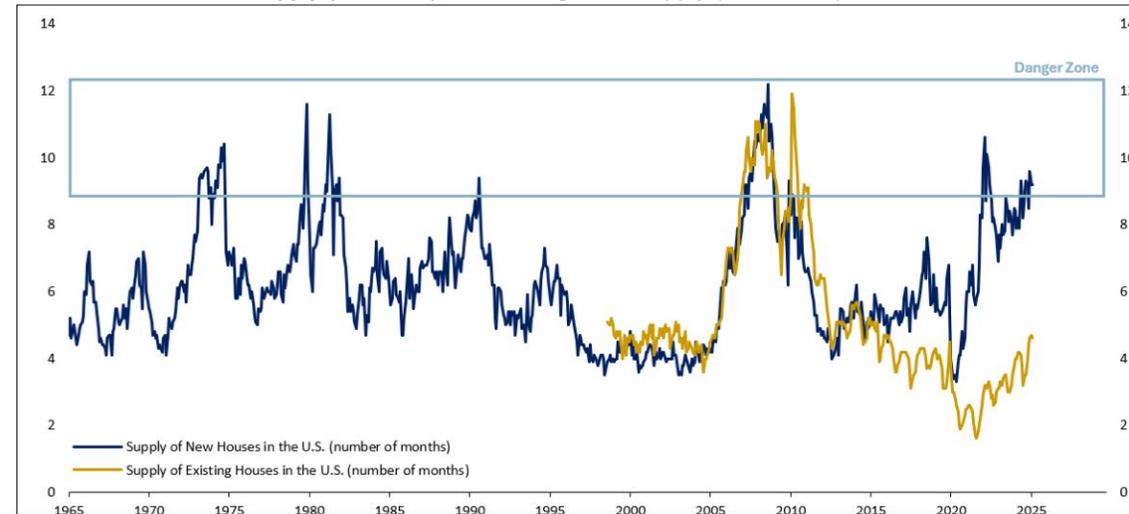


Chart 7: US new home supply (9 months); US existing home supply (4.5 months)



THE TOPIC OF THE WEEK

On a positive note, if there's one major factor that would drive an improvement in the real estate sector, it would undoubtedly be a faster-than-expected Federal Reserve rate cut. In our view, several factors could point in this direction:

1. ~~When the Fed eases monetary policy, investors tend to underestimate the urgency of the situation.~~ **However, looking at the average pace of historical movements, it appears that rate cuts are not only longer than expected, but are also occurring at a sustained pace of -35 basis points per month, compared to +22 basis points per month for rate hikes** (Chart 8).
2. ~~Employment will continue its downward spiral.~~ The number of vacancies is lower than the number of unemployed, the attrition rate is declining, the number of hours worked is falling, the use of temporary work is decreasing, and the hiring intentions of small and medium-sized businesses are slowing. **These are all signs that the labor market is cooling across the board and that US economic activity is losing momentum** (Chart 9).
3. ~~Inflation will remain high, but could be significantly lower than expected.~~ While tariffs imposed by the Trump administration are artificially driving up prices, other factors are pulling inflation down. The halt in immigration and the exodus of some illegal workers are sapping demand for rentals. New rents are 9.3% lower than a year ago. Given that housing accounts for 35% of the consumer price index, inflation should be lower than expected.
4. ~~The sharp rise in interest rates in recent years has been slow to filter through to the real economy.~~ Rising interest expenses are not only weighing on public deficits, but some companies are unable to finance their investments, and households are no longer able to take out new loans, whether for consumption or property purchases.

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Chart 8: Official Fed interest rates

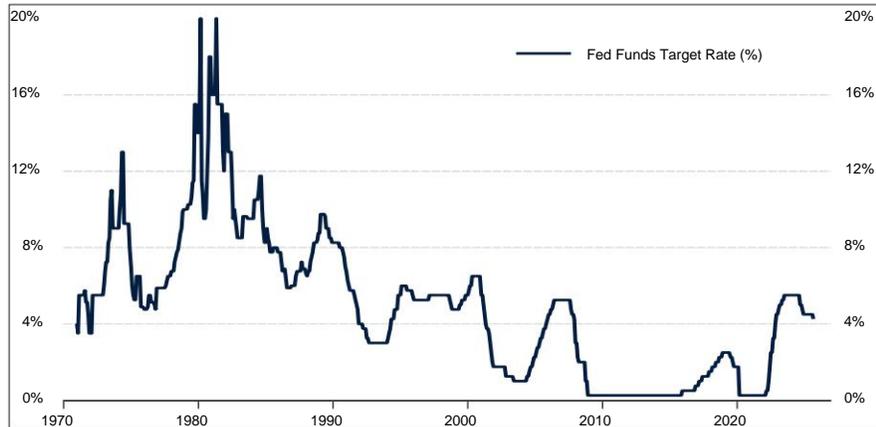
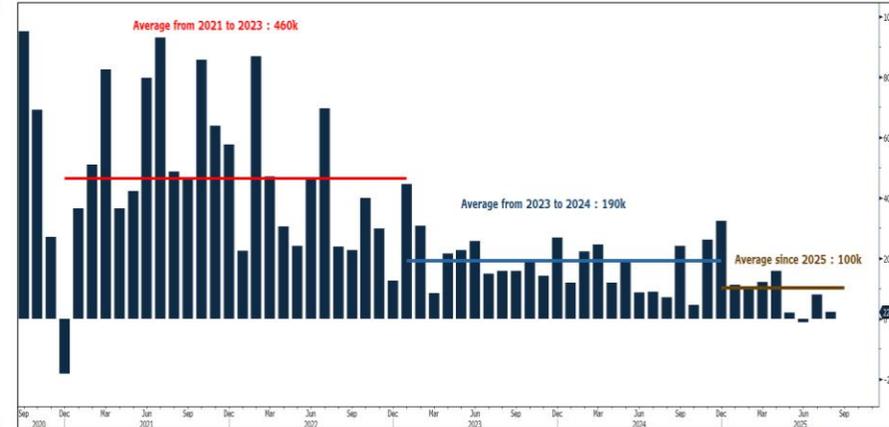


Chart 9: Monthly nonfarm payrolls (22,000/August)



CONCLUSION

The real estate sector remains under pressure from high interest rates and a lack of affordability for American families. The trajectory of rate cuts by The Fed's policy will be key to seeing an improvement in the residential subsector in the coming months. In any case, we maintain a neutral stance on the real estate sector, as that other subsectors such as data centers, logistics facilities, and sustainable buildings have greater growth potential.

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