

SUMMARY OF LAST WEEK

Markets suffered their worst week since October as a devastating combination of geopolitical turmoil and domestic economic weakness triggered a brutal sell-off, with the S&P 500 falling **2.02%**, the Nasdaq **1.24%**, and the Dow Jones Industrial Average **3.01%**. All three major indexes closed in negative territory for 2026 amid growing fears of stagflation, leaving investors without a clear safe haven from deteriorating economic fundamentals. The shock that defined the week came on Friday when the Bureau of Labor Statistics reported that the U.S. economy unexpectedly lost 92,000 jobs in February, compared with expectations of 50,000 more, and the unemployment rate climbed to 4.4%. Revisions showed that 17,000 jobs were actually lost in December, with the healthcare sector eliminating 28,000 positions, largely due to a 31,000-worker strike at Kaiser Permanente, while the federal government cut 10,000 jobs and the manufacturing sector eliminated 12,000. This marks the third time in five months that the payroll has shrunk and highlights a labor market frozen by tariff uncertainty and AI-driven restructuring. The catastrophic employment data coincided with an unprecedented energy crisis, as West Texas Intermediate crude surged to \$92.60 a barrel, posting a record weekly gain of 35%, the largest since the beginning of the economic downturn.

Oil futures trading in 1983. Brent crude reached \$94.65, boosted by the effective closure of the Strait of Hormuz, where tanker traffic plummeted 88% after Iran's Revolutionary Guard warned vessels to stay away, with at least five tankers damaged and 150 ships stranded, as the bottleneck that carries a fifth of the world's oil supply was virtually paralyzed following the weekend US and Israeli attacks that killed Iran's supreme leader and triggered retaliatory missile strikes in Gulf states, including the UAE and Saudi Arabia. Financial markets faced a new crisis on Friday when BlackRock announced that its \$26 billion HPS Corporate Lending Fund would cap redemptions at 5% after investors requested the redemption of 9.3% of the shares, worth \$1.2 billion—the first time the fund had reached its redemption threshold since its inception. This triggered a 7% plunge in BlackRock's stock and amplified concerns about liquidity mismatches in the \$3 trillion private lending sector, just weeks after UBS warned that AI disruption could push default rates to 15%. The confluence of collapsing payrolls and soaring energy prices created a textbook stagflation scenario that paralyzed policymakers.

The Federal Reserve's monetary policy was dampened as traders brought forward expectations of rate cuts to July and only factored in two cuts before the end of the year, compared to previous expectations of four, while South Korea's Kospi plunged 12% on Wednesday in its worst day in decades, as the contagion from the Iran war spread through global markets.

Defense sector stocks surged, with Lockheed Martin gaining 6% and Northrop Grumman rising 5%, while Iraq and Kuwait began shutting down oil production as domestic storage facilities filled up amid the export standstill, with Saudi Arabia and the United Arab Emirates potentially following suit, threatening to create "stranded assets" that could push oil toward \$100 a barrel if the conflict drags on beyond Goldman Sachs' forecast of a five-week disruption to the strait.

MACROECONOMIC FLUCTUATIONS AND DATA

KEY DATES OF THE LAST WEEK

March 2

S&P Global US Manufacturing

Actual 51.6 vs. the poll 51.4

ISM manufacturing

Actual 52.4 vs. the poll 51.5

March 4

S&P Global's US services PMI

Actual 51.7 vs. poll 52.3

ISM Services Index

Actual 56.1 vs. the poll 55.5

March 6

Monthly advance retail sales

Actual -0.2 vs. survey -0.3%

Variation in non-farm payrolls

Actual: -92,000 vs. Survey: 55,000

Unemployment rate

Actual 4.4% vs. the survey 4.3%

GLOBAL EQUITY INDICES	Last	5 Days	1 Month YTD
MSCI WORLD	4,458.16	-3.29% \bar{y} -3.58%	0.63%
MSCI EM	1,499.72	-6.89% \bar{y} -2.59%	6.79%
MSCI EM LATIN AMERICA	2,982.18	-7.86% \bar{y} -8.07%	10.07%
MSCI AC ASIA x JAPAN	977.95	-6.43% \bar{y} -1.37%	7.07%
USA			
S&P 500 INDEX	6,764.74	-2.02% \bar{y} -3.23%	-1.18%
NASDAQ COMPOSITE	22,387.68	-1.24% \bar{y} -3.66%	-3.68%
DOW JONES INDUS. AVG	47,501.55	-3.01% \bar{y} -5.25%	-1.17%
RUSSELL 2000 INDEX	2,525.30	-4.07% \bar{y} -6.09%	1.75%
EUROPE			
STXE 600 (EUR) Pr	598.69	-5.55% \bar{y} -3.66%	1.10%
Euro Stoxx 50 Pr	5,719.90	-6.82% \bar{y} -5.60%	-1.23%
DAX INDEX	23,591.03	-6.70% \bar{y} -5.69%	-3.67%
CAC 40 INDEX	7,993.49	-6.84% \bar{y} -3.96%	-1.91%
FTSE MIB INDEX	44,152.26	-6.48% \bar{y} -5.70%	-1.76%
IBEX 35 INDEX	17,074.40	-7.01% \bar{y} -6.16%	-1.35%
SWISS MARKET INDEX	13,095.55	-6.56% \bar{y} -3.12%	-1.30%
FTSE 100 INDEX	10,284.75	-5.74% \bar{y} -0.98%	3.56%
ASIA			
NIKKEI 225	55,620.84	-5.49% \bar{y} -1.32%	10.49%
HANG SENG INDEX	25,757.29	-3.28% \bar{y} -4.70%	0.49%
CSI 300 INDEX	4,660.44	-1.07% \bar{y} -1.24%	0.66%
SENSEX	78,918.90	-4.05% \bar{y} -6.12%	-7.39%
LATAM			
S&P/BMV IPC	67,313.50	-5.73% \bar{y} -5.87%	4.67%
BRAZIL IBOVESPA INDEX	179,364.82	-4.99% \bar{y} -3.69%	11.32%
MSCI COLCAP INDEX	2,175.41	-2.14% \bar{y} -9.21%	5.19%
S&P/CLX IPSA (CLP) TR	10,314.03	-5.18% \bar{y} -8.32%	-1.60%

EQUITIES SECTORS	Last	5 Days	1 Month YTD
MSCI WORLD/ENERGY	329.43	1.30% \bar{y} 5.57%	23.25%
MSCI WORLD/INF TECH	936.88	-0.76% \bar{y} -4.41%	-3.77%
MSCI WRLD/COMM SVC	165.00	-2.18% \bar{y} -3.01%	-1.00%
MSCI WORLD/CONS DIS	479.49	-2.95% \bar{y} -3.10%	-4.64%
MSCI WORLD/REAL EST	1,135.21	-3.14% \bar{y} 0.85%	7.72%
MSCI WORLD/UTILITY	218.26	-3.42% \bar{y} 3.86%	9.52%
MSCI WORLD/FINANCEVAL	177.78	-4.59% \bar{y} -6.97%	-4.24%
MSCI WORLD/HIGH CARE	396.72	-5.18% \bar{y} -3.44%	-0.68%
MSCI WORLD/INDUSTRIAL	546.40	-5.42% \bar{y} -3.41%	8.20%
MSCI WORLD/CON STPL	318.93	-5.71% \bar{y} -2.93%	7.29%
MSCI WORLD BANK INDEX	182.18	-5.85% \bar{y} -9.71%	-2.89%
MSCI WORLD/MATERIAL	444.17	-8.62% \bar{y} -3.35%	12.03%
PHILA GOLD & SILVER INDX	413.39	-12.11% \bar{y} -0.36%	20.78%

US RATES	Last	5 Days Close	12M Close
2 and	3.56	3.37	0.19 3.96 -0.40
5 and	3.73	3.50	0.23 4.06 -0.33
10Y	4.14	3.94	0.20 4.28 -0.14

BONDS CREDIT SPREAD	5 Days Close	12M Close
EM Bonds Spread	238.91	236.1 2.8 301.32 -62.4
HY Bonds Spread	281.00	277.0 4.0 305.00 -24.0
BBB 10yr Spread	175.17	184.3 -9.1 160.03 15.1

FIXED INCOME	5 Days	1 Month YTD	
US High Yield	2,921.97	-0.43% \bar{y} -0.49%	0.26%
EM Bonds USD	1,393.49	-1.09% \bar{y} -0.22%	0.48%
EM Local Currency	152.80	-3.02% \bar{y} -2.15%	-0.18%
CoCos USD	150.89	-1.85% \bar{y} -1.80%	-0.24%
IG BBB 3-5yr USD	396.47	-0.87% \bar{y} -0.11%	0.58%
IG AA Corp USD	287.54	-0.98% \bar{y} 0.32%	0.57%

COMMODITIES	Last	5 Days	1 Month YTD
CRB INDEX	352.12	12.62% \bar{y} 13.19%	17.85%
WTI	90.90	35.63% \bar{y} 43.04%	58.31%
Brent	94.31	33.14% \bar{y} 32.70%	51.02%
US Natural Gas	3.19	11.44% \bar{y} -6.90%	-13.56%
S&P GSCI Precious Metal	6,927.61	-2.56% \bar{y} 1.77%	19.05%
Gold	5,171.74	-2.03% \bar{y} 4.18%	19.73%
Silver	84.54	-9.86% \bar{y} 8.62%	17.97%
Platinum	2,151.68	-9.17% \bar{y} 2.32%	4.42%
Palladium	1,626.18	-9.06% \bar{y} -4.62%	0.38%
S&P GSCI Industrial Metal Index	594.29	1.49% \bar{y} 2.56%	7.59%
Aluminum	3,446.00	9.75% \bar{y} 11.70%	15.04%
Copper	12,817.14	-3.59% \bar{y} -0.82%	2.92%
Nickel	17,271.52	-2.09% \bar{y} 2.32%	4.67%
S&P GSCI Agriculture	366.26	3.33% \bar{y} 6.32%	3.93%

CURRENCIES	Last	5 Days	1 Month YTD
CHF vs USD	0.7760	-0.86% \bar{y} 0.00%	2.14%
JPY vs USD	157.7800	-1.10% \bar{y} -0.35%	-0.68%
CAD vs USD	1.3568	0.53% \bar{y} 0.79%	1.15%
EUR vs USD	1.1618	-1.64% \bar{y} -1.67%	-1.09%
GBP vs USD	1.3413	-0.51% \bar{y} -1.45%	-0.46%
AUD vs USD	0.7030	-1.24% \bar{y} 0.24%	5.35%
BRL vs USD	5.2382	-2.16% \bar{y} -0.36%	4.52%
MXN vs USD	17.8004	-3.22% \bar{y} -3.02%	1.17%
COP vs USD	3,775.34	-0.63% \bar{y} -3.04%	0.06%
CNY vs USD	6.9047	-0.61% \bar{y} 0.45%	1.21%
EUR vs CHF	0.9016	0.77% \bar{y} 1.68%	3.23%
DOLLAR INDEX	98.9860	1.41% \bar{y} 1.39%	0.68%
BITCOIN	67,996.51	-2.06% \bar{y} -2.10%	-22.42%

KEY DATES OF THE NEXT WEEK

March 10

Sales of existing homes

Survey 3.88 million

March 11

Month-on-month CPI

Survey 0.3%

year-on-year CPI

Survey 2.4%

March 12

Trade balance

Survey: -\$66 billion

Monthly housing start date

Survey -4.6%

March 13

Orders for durable goods

Survey 1.1%

quarter-on-quarter annualized GDP –

4th quarter S

Survey 1.1%

Confidence index of the

University of Michigan

Survey 55.3

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			

Markets are facing a rare confluence of risks, as concerns about stagflation intensify following the unexpected loss of 92,000 jobs in February, coupled with a historic 35% weekly surge in oil prices, which topped \$90 a barrel, fueled by the conflict with Iran and the paralysis of the Strait of Hormuz. The Federal Reserve faces a complex policy dilemma: weak labor markets call for lower interest rates, while energy-driven inflation demands restraint.

We believe the Fed will choose economic stability over the risk of inflation, since the latter is supply-driven.

The strain on private credit came to the fore when BlackRock limited withdrawals from its \$26 billion HPS fund, confirming warnings about liquidity mismatches amplified by fears of disruption from artificial intelligence. With all major indices in negative territory year-to-date and geopolitical tensions showing no signs of abating, the market correction we anticipated at the beginning of the year has now begun.

THE TOPIC OF THE WEEK

Iran has triggered the anticipated market correction

We've been discussing this since December, and we mentioned it in our latest quarterly outlook: the market is facing a correction in the first half of the year, and it has already begun. The US intervention in Iran has shifted investors from a risk-seeking to a risk-averse attitude for multiple reasons—a sentiment that shouldn't persist. So far, despite the very negative sentiment and concerns stemming from the attack on Iran, the indices haven't been significantly affected.

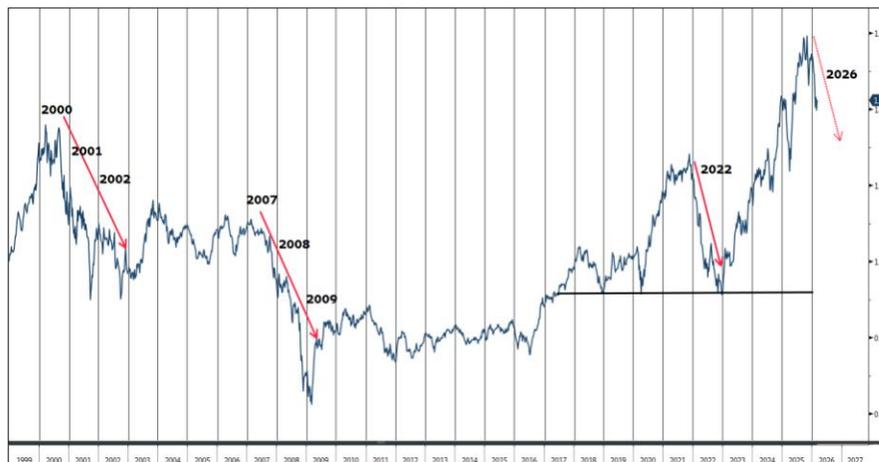
Technically speaking, the US market appears quite volatile, yet ironically, with reduced volatility. **We expect prices to break out of the current trading range to the downside and reach the lower end of the 2023-2026 ascending channel, around 6200 (-8% from current levels), as the first and most important support/target (Chart 1).**

This scenario is supported by market dynamics, in which cyclical sectors have significantly underperformed defensive sectors since the beginning of the year (Chart 2). In any market correction or bear market, defensive sectors tend to outperform cyclical sectors by a wide margin. It is too early to draw conclusions about the duration and depth of the current market correction. So far, we favor a scenario for 2025 in which the ratio has only corrected in the first half of the year. In fact, the fundamental situation does not favor a scenario like those of 2000-2003 or 2007-2009.

Chart 1: S&P 500 (6830.71) / Weekly Chart



Chart 2: Cyclical sectors versus defensive sectors



THE TOPIC OF THE WEEK

What about the risk of recession due to the situation in Iran?

The outbreak of hostilities in Iran has rattled financial markets, raising investor concerns about a potential recession. **So far, despite the sharp slowdown in non-farm payrolls (Chart 3), the Citi Economic Surprise Index, which tracks a much broader set of indicators including retail sales, industrial production, housing data, PMIs, and consumer confidence, remains in positive territory, suggesting that consumption and production remain resilient even as hiring slows (Chart 4). This divergence is partly explained by the productivity gains firms have accumulated since the post-pandemic labor shortage, following heavy investments in automation and operational efficiency (Chart 5).** Thus, lower hiring can be compatible with stable or growing output, keeping GDP supported even as the overall employment figure softens.

Now, the price of crude oil has surged 36% since the start of the conflict and is currently trading at \$91.50 (Chart 6), seriously jeopardizing the stability of the economy should prices remain high. The initial surge continued when fears of a blockade of the Strait of Hormuz materialized. The strait is a strategic transit point, carrying 20% of the world's oil and natural gas supply. Investors fear a prolonged disruption to energy supply chains. Rising energy prices threaten to slow global growth and reignite inflationary pressures. A stagflation scenario would prevent companies from increasing their profits as expected and would automatically render current valuations unsustainable. From this perspective, the stock market correction has been slow to materialize, but it is entirely justified. **It's worth remembering that current levels are completely disconnected from ESP growth levels, and a readjustment would be logical (Chart 7).**

Chart 3: Monthly non-farm payrolls (-92,000 in February)

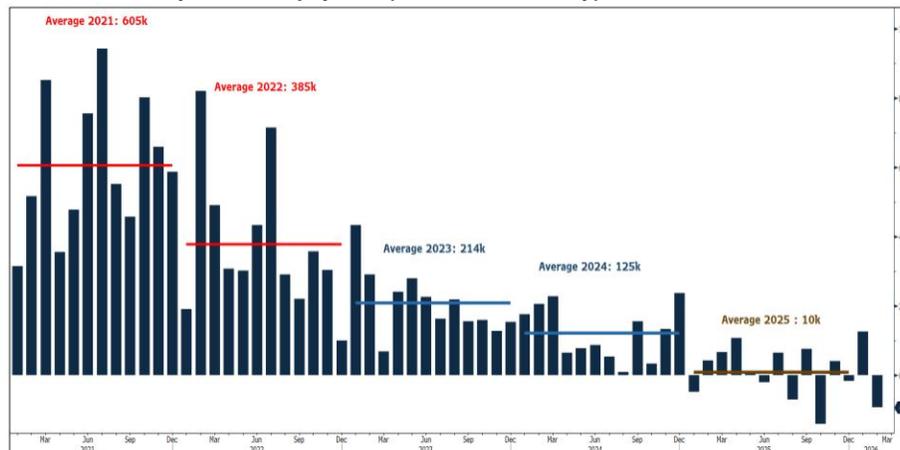
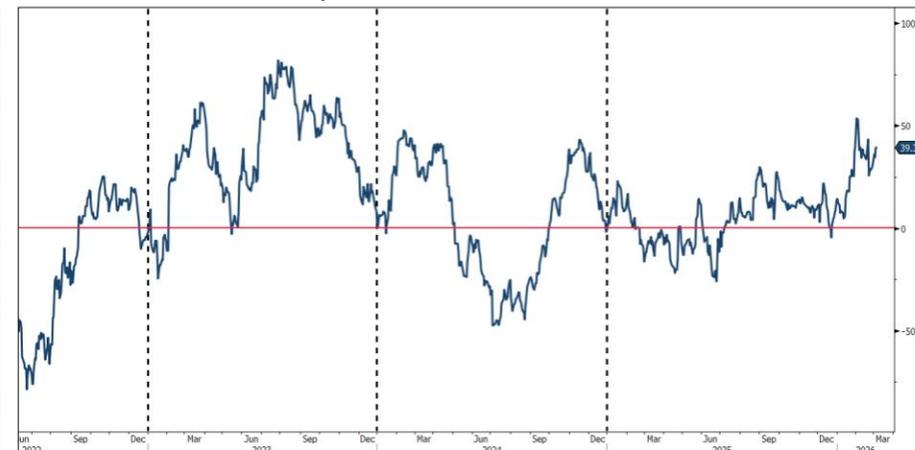


Chart 4: Citi's economic surprise in the US



THE TOPIC OF THE WEEK

Chart 5: US GDP (year-on-year %); job growth; productivity increase

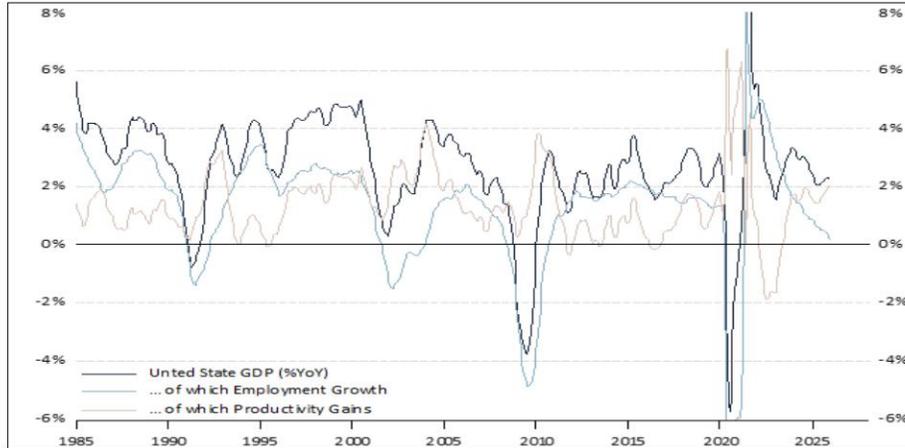


Chart 6: WTI (92.40)

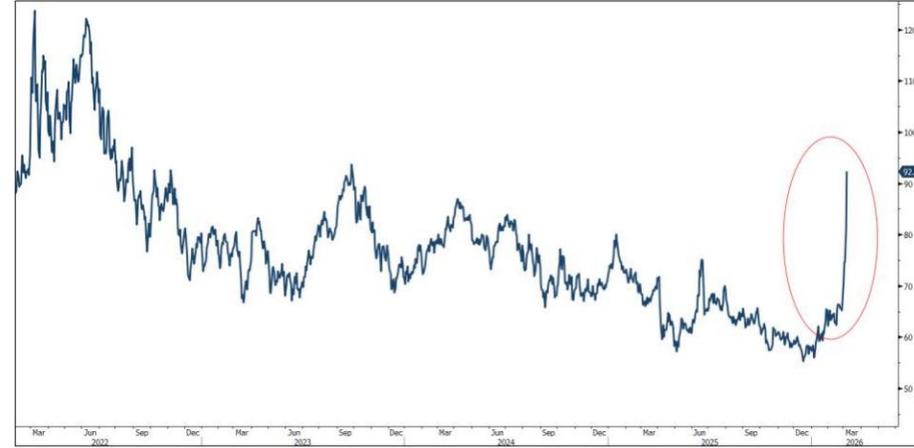
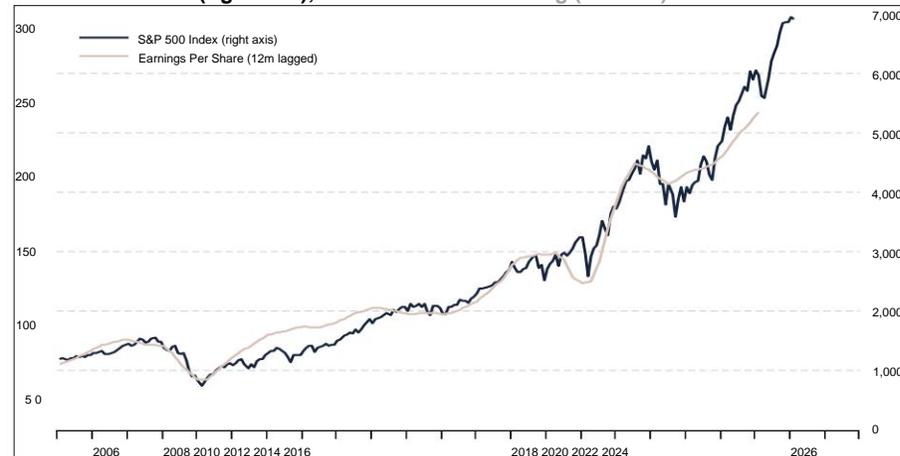


Chart 7: S&P 500 (right axis); EPS with a 12-month lag (left axis)



THE TOPIC OF THE WEEK

The Situation of Different Asset Classes: Furthermore,

some investors believe that central banks are likely to keep interest rates high for longer. **This tightening of monetary policy, intended to curb inflationary pressures, has pushed yields higher and caused bond yields to fall** (Chart 8). This perception of central bank action is probably misguided, as central banks rarely act to counter a supply crisis over which they have no control. Rates are likely to remain low, or even fall, to support the ability of businesses and households to borrow. Therefore, the bond market correction appears overblown. **The expectation of tighter monetary policy had a positive impact on the dollar, which recovered from its lows and resumed acting as the safe-haven currency it once was** (Chart 9).

The strengthening dollar had an indirect negative impact on gold, which followed a paradoxical path during this period of risk aversion that should normally have benefited it. **Despite its safe-haven status, the yellow metal fell** (Chart 9). Investors sold their positions to raise cash in an emergency situation. This move was intended to meet demands for additional hedging on equities, and gold's long-term trend remains intact. As for equities, investors looking to protect their portfolios still have an opportunity to act, as most of the decline has yet to materialize. Global equity sectors have responded asymmetrically to the outbreak of conflict with Iran, and the performance of the past seven days largely reflects each sector's sensitivity to the disruption in energy prices, geopolitical risk, and the broader reassessment of global growth.

Chart 8: 2-year US return (3.52%); 10-year US return (4.11%)

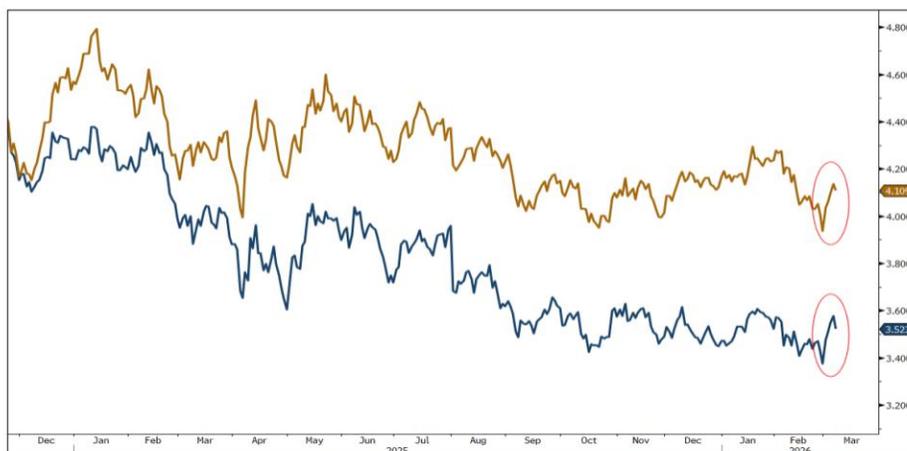
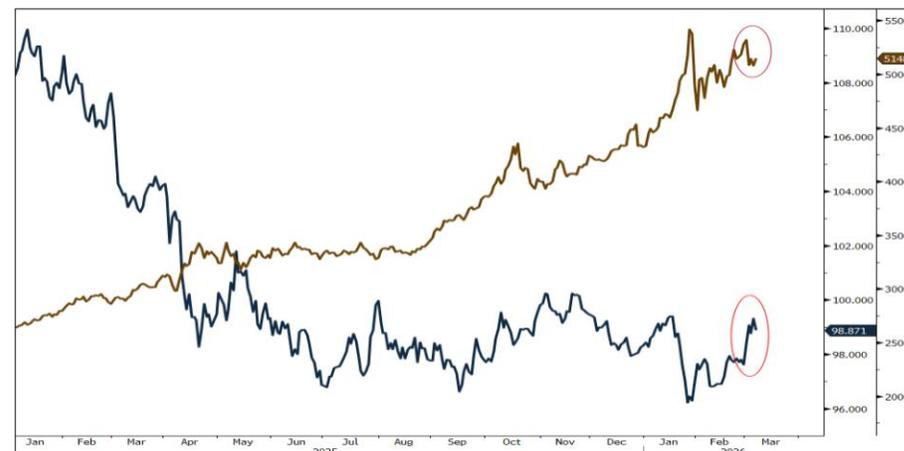


Chart 9: 2-year US return (3.52%); 10-year US return (4.11%)



THE TOPIC OF THE WEEK

The Stock Market Situation: Since the start

of the crisis, the energy sector is the only one that has managed to deliver positive returns, while the technology sector has also proven very resilient. Otherwise, most of the MSCI World universe declined, with losses accelerating considerably in market segments most exposed to economic cycles and linked to raw materials (Chart 10). The most surprising performance came from the consumer staples sector. Although typically considered a defensive sector, it suffered a loss of 5.7%. The sharp rise in oil prices has an immediate and visible impact on commodity margins, undermining the revenue stability argument that usually underpins the sector's defensive appeal. **From a geographical perspective, emerging and European countries are suffering the consequences of their dependence on oil and gas imports. Conversely, US assets have consolidated their position as the only safe haven, despite closing the week in negative territory** (Chart 11). The evolution of the conflicts in the Near and Middle East will shape market trends throughout March.

The main short-term risks are the prolonged blockade of the Strait of Hormuz and the spread of the conflict to neighboring countries, which would increase the supply crisis. The Strait of Hormuz is a key corridor not only for crude oil and LNG, but also for fertilizers, methanol, ammonia, intermediate petrochemicals, and certain industrial materials. Therefore, a prolonged disruption would affect agriculture, chemicals, manufacturing, and supply chains in general, making the impact cross-sectoral and not limited to oil alone.

Chart 10: Sector performance between 27/02/2026 and 06/03/2026

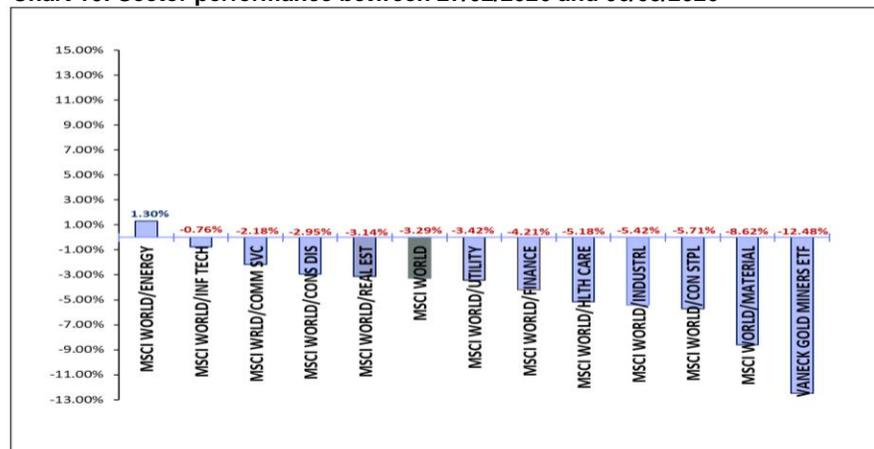
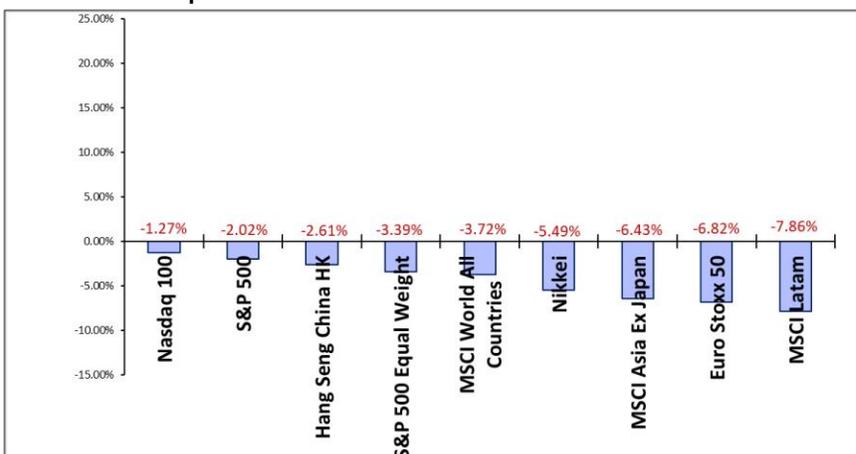


Chart 11: Index performance between 27/02/2026 and 06/03/2026



THE TOPIC OF THE WEEK

What is expected of the Federal Reserve?

The extent of any slowdown will depend largely on the depth and duration of the oil price and supply crisis. Our baseline scenario does not assume that the global economy is doomed to recession. Even in more energy-dependent regions, such as Europe, growth this year could remain close to its potential, supported by still-favorable financial conditions, moderate household leverage, strong corporate cash flows, and policy support in major economies.

A prolonged conflict could continue to cause slower real growth and above-target inflation for longer. The United States is relatively less exposed. While higher oil prices would add inflationary pressure and dampen discretionary spending, the country's energy position and large defense sector would partially offset this. The net effect on growth would likely be mixed, rather than uniformly negative. The upcoming meetings of the Federal Reserve and the European Central Bank will be under close scrutiny. In any case, the Fed will undoubtedly be more influenced by economic growth than by the threat of inflation, especially if that threat is a supply shock. Moreover, starting in May, when Warsh and Miran take over at the Fed, the downward pressure on short-term rates and the control of long-term rates will become evident.

For this reason, we continue to believe that central banks will maintain a dovish stance this year, which will eventually stabilize the stock market after the current correction. This would benefit bond investors who were penalized last week, as we believe interest rates will continue to fall in the coming months.

CONCLUSION

The stock market correction was expected and has just begun, triggered by the situation in Iran and fears of a supply crisis due to the Strait of Hormuz.

We anticipate a further decline of at least 8-10% in equities, as markets are overvalued in terms of both price and valuation. In the short term, Europe and Asia are expected to be most affected by the current situation. In the long term, we continue to believe that the US market and the US dollar will underperform other markets/currencies by 2026.

Regarding sectors, defensive sectors (healthcare, consumer staples, utilities) and energy should be more resilient than the rest during the current correction. However, we remain strategically positive on gold, commodities, and commodity producers... the current correction is therefore an opportunity for investors. Finally, we believe the Fed will remain accommodative, as the threat of inflation is coming from the supply side. Between this type of inflation threat and a slowing economy, the Fed is likely to choose to support the economy. For this reason, we also continue to find the fixed-income segment attractive.

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