

## SUMMARY OF LAST WEEK

Stock markets experienced extreme volatility when President Trump posted on Truth Social that the United States and Iran had held “very good and productive talks about a complete and total resolution of our hostilities in the Middle East” and announced a five-day postponement of military strikes against Iranian power plants and energy infrastructure, even though Iran immediately denied that any negotiations were taking place. The announcement triggered a massive rally on Monday, while oil prices plunged by more than 10%. However, the optimism proved short-lived, as investors quickly recognized the fragility of the diplomatic progress, and crude prices resumed their climb amid skepticism about the actual negotiations. In short, the markets have recorded their fifth consecutive negative week, with the S&P 500 falling **2.1 %**, the Nasdaq **3.23%**, and the Dow Jones **0.90 %**, pushing all the major indices into even more negative territory for 2026. Meta Platforms grabbed corporate headlines after receiving two harsh court verdicts: a jury in Santa Fe, New Mexico, ordered Meta to pay \$375 million in damages for misleading users about child safety, while a jury in Los Angeles found Meta and YouTube legally liable for the

social media addiction and mental health damages were cited, and the court ordered them to pay a combined \$6 million in damages, 70% of which Meta will have to cover. Meta announced the layoff of approximately 700 employees across Facebook, Reality Labs, recruiting, and sales, following earlier reports of potential cuts affecting 20% of its workforce to offset its projected \$135 billion in AI capital spending by 2026. The stock price plunged approximately 12% during the week as investors digested the mounting legal liabilities alongside the massive AI expenditure. Markets deteriorated sharply at the end of the week after Trump extended the deadline for targeting Iranian energy infrastructure by 10 days, to April 6, failing to allay investor fears. Oil prices closed at their highest level since July 2022, with WTI rising 5.46% to \$99.64 a barrel and Brent gaining 4.22% to \$112.57, after two Chinese container ships attempting to pass through the Strait of Hormuz were turned away, indicating that Iran was still blocking traffic despite Trump's claims that 10 tankers had passed through as a "gift." The week ended with brutal losses, pushing the year-to-date performance of the indexes even lower.

The US economy is further in the red, with the S&P 500 down 7 % year-to-date. The OECD released new forecasts projecting US inflation will rise to 4.2% in 2026, well above the average rate of 2.68% in 2025, while 10-year Treasury yields soared to 4.46%, the highest level since July 2025, and 30-year mortgage rates climbed to 6.38%, intensifying fears of stagflation as markets grappled with the

Rising energy costs and deteriorating growth prospects, with no clear path to resolving the Hormuz crisis, are key factors. The duration of the conflict is crucial and will determine the type of market correction we can expect. So far, the current correction is the one we have been anticipating and reporting on for the past few months.

# MACROECONOMIC FLUCTUATIONS AND DATA

## KEY DATES OF THE LAST WEEK

### March 23

#### Construction expenses (monthly)

Actual: -0.3% compared to the 0.1% in the survey

### March 24

#### S&P Global US Manufacturing PMI

Actual 52.4% vs. the survey 51.2%

#### S&P Global US Services PMI

Actual 51.1 versus the poll of 52.0

### March 25

#### Current account balance

Actual: -190.7 billion vs. the survey: -210.0 billion

### March 27

#### Confidence index of the

#### University of Michigan

Actual 53.3 vs. poll 54.0

GLOBAL EQUITY INDICES	Last	5 Days	1 Month YTD
MSCI WORLD	4,180.83	-1.49% $\bar{y}$ -8.25%	-5.63%
MSCI EM	1,437.25	-1.78% $\bar{y}$ -10.77%	2.34%
MSCI EM LATIN AMERICA	2,990.47	3.43% $\bar{y}$ -7.60%	10.38%
MSCI AC ASIA x JAPAN	934.15	-2.45% $\bar{y}$ -10.62%	2.27%
<b>USA</b>			
S&P 500 INDEX	6,368.85	-2.12% $\bar{y}$ -7.41%	-6.96%
NASDAQ COMPOSITE	20,948.36	-3.23% $\bar{y}$ -7.59%	-9.87%
DOW JONES INDUS. AVG	45,166.64	-0.90% $\bar{y}$ -7.78%	-6.03%
RUSSELL 2000 INDEX	2,449.70	0.46% $\bar{y}$ -6.94%	-1.30%
<b>EUROPE</b>			
STXE 600 (EUR) Pr	575.30	0.35% $\bar{y}$ -9.24%	-2.85%
Euro Stoxx 50 Pr	5,505.80	0.08% $\bar{y}$ -10.31%	-4.93%
DAX INDEX	22,300.75	-0.35% $\bar{y}$ -11.80%	-8.94%
CAC 40 INDEX	7,701.95	0.47% $\bar{y}$ -10.24%	-5.49%
FTSE MIB INDEX	43,379.10	1.26% $\bar{y}$ -8.11%	-3.48%
IBEX 35 INDEX	16,802.50	0.53% $\bar{y}$ -8.49%	-2.92%
SWISS MARKET INDEX	12,570.26	2.02% $\bar{y}$ -10.30%	-5.26%
FTSE 100 INDEX	9,967.35	0.49% $\bar{y}$ -8.64%	0.36%
<b>ASIA</b>			
NIKKEI 225	53,373.07	0.00% $\bar{y}$ -9.31%	6.03%
HANG SENG INDEX	24,951.88	-1.29% $\bar{y}$ -6.30%	-2.65%
CSI 300 INDEX	4,502.57	-1.41% $\bar{y}$ -4.42%	-2.75%
SENSEX	73,583.22	-0.84% $\bar{y}$ -9.48%	-13.66%
<b>LATAM</b>			
S&P/BMV IPC	66,685.76	3.98% $\bar{y}$ -6.61%	3.70%
BRAZIL IBOVESPA INDEX	181,556.76	3.03% $\bar{y}$ -3.83%	12.68%
MSCI COLCAP INDEX	2,212.65	0.58% $\bar{y}$ -0.46%	6.99%
S&P/CLX IPSA (CLP) TR	10,417.19	1.36% $\bar{y}$ -4.23%	-0.61%

EQUITIES SECTORS	Last	5 Days	1 Month YTD
PHILA GOLD & SILVER INDX	353.20	7.59% $\bar{y}$ -24.91%	3.19%
MSCI WORLD/ENERGY	366.73	4.46% $\bar{y}$ 12.35%	37.20%
MSCI WORLD/MATERIAL	415.72	3.70% $\bar{y}$ -12.83%	4.86%
MSCI WORLD/UTILITY	213.23	1.71% $\bar{y}$ -5.26%	6.99%
MSCI WORLD/CON STPL	306.36	0.79% $\bar{y}$ -9.45%	3.06%
MSCI WORLD/HIGH CARE	372.06	-0.21% $\bar{y}$ -10.28%	-6.85%
MSCI WORLD BANK INDEX	175.36	-0.47% $\bar{y}$ -9.38%	-6.53%
MSCI WORLD/FINANCEVAL	170.22	-1.12% $\bar{y}$ -8.65%	-8.32%
MSCI WORLD/INDUSTRIAL	507.64	-1.12% $\bar{y}$ -11.17%	1.62%
MSCI WORLD/CONS DIS	437.41	-1.55% $\bar{y}$ -10.16%	-13.01%
MSCI WORLD/REAL EST	1,043.10	-1.61% $\bar{y}$ -10.36%	-1.02%
MSCI WORLD/INF TECH	865.12	-3.30% $\bar{y}$ -6.75%	-11.14%
MSCI WRLD/COMM SVC	148.83	-6.28% $\bar{y}$ -10.96%	-10.70%
<b>US RATES</b>	<b>Last</b>	<b>5 Days Close</b>	<b>12M Close</b>
2 and	3.91	3.90	0.01 3.99 -0.08
5 and	4.07	4.01	0.06 4.09 -0.02
10Y	4.43	4.38	0.05 4.36 0.07
<b>BONDS CREDIT SPREAD</b>	<b>5 Days Close</b>	<b>12M Close</b>	
EM Bonds Spread	253.08	248.7	4.4 303.89 -50.8
HY Bonds Spread	325.00	308.0	17.0 329.00 -4.0
BBB 10yr Spread	172.22	168.0	4.2 166.59 5.6
<b>FIXED INCOME</b>	<b>5 Days</b>	<b>1 Month YTD</b>	
US High Yield	2,876.88	-0.47% $\bar{y}$ -1.97%	-1.29%
EM Bonds USD	1,363.99	-0.32% $\bar{y}$ -3.18%	-1.65%
EM Local Currency	148.45	-0.80% $\bar{y}$ -5.78%	-3.02%
CoCos USD	147.72	-0.55% $\bar{y}$ -3.91%	-2.34%
IG BBB 3-5yr USD	388.06	-0.26% $\bar{y}$ -2.77%	-1.36%
IG AA Corp USD	281.99	-0.21% $\bar{y}$ -2.89%	-1.36%

COMMODITIES	Last	5 Days	1 Month YTD
<b>CRB INDEX</b>	368.91	0.49% $\bar{y}$ 17.99%	23.47%
WTI	99.64	1.34% $\bar{y}$ 48.67%	73.53%
Brent	120.31	3.50% $\bar{y}$ 69.86%	92.67%
US Natural Gas	3.03	-2.26% $\bar{y}$ 5.81%	-17.93%
<b>S&amp;P GSCI Precious Metal</b>	<b>6,027.96</b>	<b>-1.63% <math>\bar{y}</math> -15.22%</b>	<b>3.59%</b>
Gold	4,494.09	0.04% $\bar{y}$ -14.87%	4.05%
Silver	69.76	2.67% $\bar{y}$ -25.62%	-2.65%
Platinum	1,867.82	-3.15% $\bar{y}$ -21.16%	-9.35%
Palladium	1,382.80	-2.25% $\bar{y}$ -22.67%	-14.64%
<b>S&amp;P GSCI Industrial Metal Index</b>	<b>567.99</b>	<b>2.30% <math>\bar{y}</math> -3.00%</b>	<b>2.83%</b>
Aluminum	3,296.00	2.52% $\bar{y}$ 4.97%	10.03%
Copper	12,124.14	2.45% $\bar{y}$ -8.80%	-2.64%
Nickel	16,994.80	1.00% $\bar{y}$ -3.66%	3.00%
<b>S&amp;P GSCI Agriculture</b>	<b>368.83</b>	<b>0.21% <math>\bar{y}</math> 4.05%</b>	<b>4.66%</b>
<b>CURRENCIES</b>	<b>Last</b>	<b>5 Days</b>	<b>1 Month YTD</b>
CHF vs. USD	0.7990	-1.38% $\bar{y}$ -3.72%	-0.80%
JPY vs. USD	160.3100	-0.67% $\bar{y}$ -2.66%	-2.25%
CAD vs. USD	1.3893	-1.22% $\bar{y}$ -1.82%	-1.22%
EUR vs. USD	1.1509	-0.54% $\bar{y}$ -2.57%	-2.02%
GBP vs. USD	1.3259	-0.61% $\bar{y}$ -1.65%	-1.60%
AUD vs. USD	0.6874	-2.12% $\bar{y}$ -3.43%	3.01%
BRL vs. USD	5.2388	1.47% $\bar{y}$ -2.17%	4.51%
MXN vs. USD	18.1188	-1.21% $\bar{y}$ -4.92%	-0.61%
COP vs. USD	3,665.70	1.46% $\bar{y}$ 2.34%	3.05%
CNY vs. USD	6.9112	-0.11% $\bar{y}$ -0.71%	1.11%
EUR vs. CHF	0.9195	-0.84% $\bar{y}$ -1.20%	1.22%
DOLLAR INDEX	100.1510	0.51% $\bar{y}$ 2.61%	1.86%
BITCOIN	66,466.63	-6.25% $\bar{y}$ -0.39%	-24.17%

## KEY DATES OF THE NEXT WEEK

### March 31

#### Consumer confidence index of the Conference Board

Survey 88.0

### April 1st

#### Preliminary retail sales intermonthly

Survey 0.5%

#### ISM Manufacturing Index

Survey 52.4

### April 2

#### Trade balance

Survey -60 billion dollars

### April 3

#### Change in non-agricultural employment

Survey: 60,000

#### Unemployment rate

Survey: 4.4%

## 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			
Consumer Staples			
Health Care			
Telcom Services			
Utilities			
Consumer Disc.			
Energy			
Financials			
Industrials			
Technology			
Real Estate			
Materials			

Markets have recorded their fifth consecutive week of losses and are now in deep negative territory for 2026. Concerns about a stagflation scenario are intensifying as employment plummets and conflicts in the Strait of Hormuz continue. The Fed faces a complex monetary policy dilemma: the weak labor market calls for rate cuts, while energy-price-driven inflation demands restraint. Expectations of Fed rate cuts by 2026 have been reduced to zero. That said, a prolonged blockade of the Strait of Hormuz could have serious economic repercussions.

In the long term, faced with the risks of inflation and recession, we believe the Fed will prioritize economic stability and ultimately return to an accommodative stance. While a short-term rebound is possible, the current market correction does not appear to be over, and lower levels are likely if the conflict continues.

## THE TOPIC OF THE WEEK

### The type of market correction will depend on the duration of the conflict

Over the past few months, we have been quite clear in communicating that a market correction was expected for the first half of 2026. In fact, the conflict with Iran It has been more the trigger that started this expected correction. Let's remember that a few months ago, the market was clearly overvalued from both a financial and economic standpoint. From both a technical and fundamental perspective. **Technically, the market is only registering its third negative quarter in the last fourteen quarters! Since the lows of In 2022, prices skyrocketed by 100%, rising exponentially above the dynamics of the 2009-2025 supercycle** (Chart 1). By December 2025, the probability of the market correcting during the first half of 2026 and of prices falling back to the old dynamics was very high.

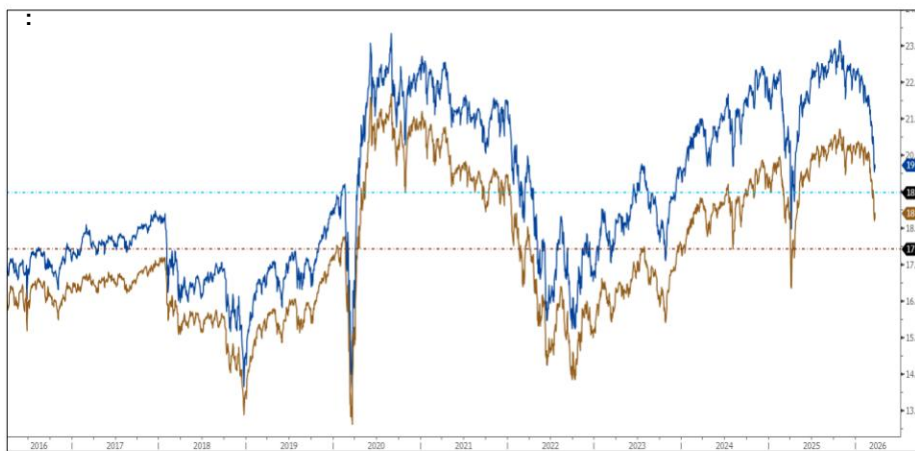
**Let us also remember that, during that same period, the S&P 500 was trading at a terrifying future P/E ratio of 23 times, which corresponded to an extremely high level. After the pandemic, a 22% premium was observed compared to the long-term average valuation** (Chart 2). Valuations have now returned to near the average.

In the long term, and although they still carry a slight premium, they are no longer considered extreme. The reality is that the market has only corrected by -7% since the beginning of the year and that The war with Iran doesn't offer much insight into a possible agreement with the US. Taking all these aspects into account, the correction doesn't seem to have reached its point yet. lower, which will depend on the duration of the conflict.

Chart 1: MSCI World / Quarterly Chart



Chart 2: Future P/E ratio: S&P 500 (19.7x) / 10-year moving average (18.9x); MSCI World (18.4x) / 10-year average (17.4x)



## THE TOPIC OF THE WEEK

**Duration is more problematic than the conflict itself.** Markets have entered a situation that most participants have never experienced in real time. The confluence of geopolitical rupture, energy crisis, and monetary policy paralysis has produced a correction qualitatively different from those seen in recent memory, not because of its initial depth, but because of the mechanism driving it. The singular and most consequential variable in the current market landscape is not the conflict itself. It is its duration. The closure of the Strait of Hormuz on March 2, 2026, following the escalation of US and Israeli military operations against Iran, has been described as the largest disruption to energy supply since the energy crisis of the 1970s, as well as the largest in the history of the global oil market. Tanker traffic initially fell by approximately 70%, with more than 150 vessels anchored outside the strait, before dropping to virtually zero. The disruption has affected approximately 20% of the world's daily oil supply and significant volumes of liquefied natural gas, leading major shipping companies to suspend operations in the area. **Brent crude surpassed \$100 a barrel on March 8 for the first time in four years, rising to \$112.57 a barrel last week** (Chart 3).

The Strait of Hormuz is not merely an energy corridor. It is a bottleneck for an intertwined network of commodity flows, and the economic damage now extends far beyond the Gulf, reshaping global commodity markets, food systems, industrial supply chains, financial conditions, and geopolitical alignments, possibly for years to come. **The market is keenly aware of this and has immediately priced in a significant risk of further inflation** (Chart 4). Morgan Stanley Research estimates that a 10% increase in oil prices due to a supply crisis could raise overall US consumer prices by approximately 0.35% over the next three months, and the longer prices remain elevated, the more significant the increase in inflation will be.

Chart 3: Brent crude oil price (\$112.57)

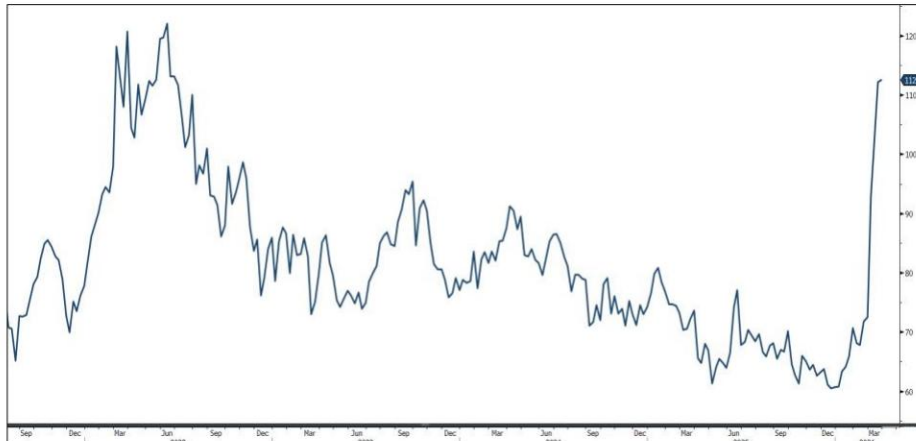
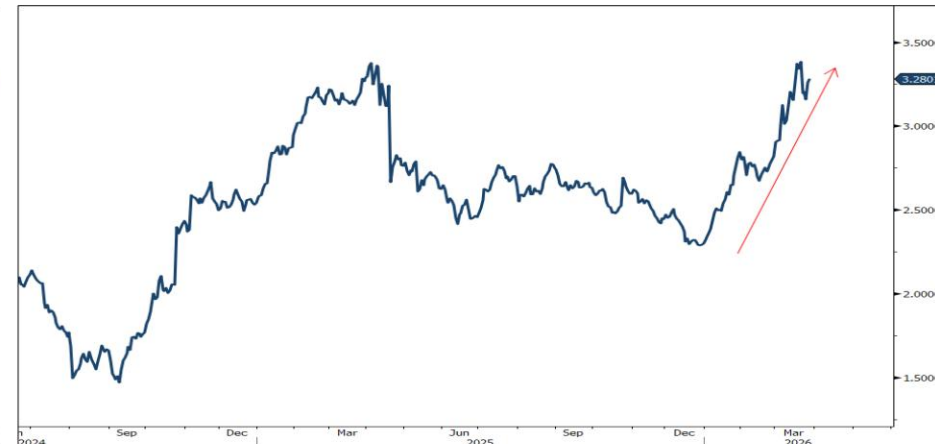


Chart 4: Expected inflation over two years (3.28%)



## THE TOPIC OF THE WEEK

The transmission sequence is well established and follows a clear escalation. First, energy prices rise, triggering an immediate increase in war risk insurance premiums. Once coverage becomes uncertain or prohibitively expensive, trade slows faster than the official waterway status changes. Insurance, in effect, becomes the market's enforcement mechanism in the face of geopolitical fear. Airspace closures amplify the effect: when missile exchanges disrupt Gulf air corridors and maritime risk obstructs shipping lanes, the costs spill over into air freight, tourism, business travel, and trade deadlines. The longer the conflict drags on, the greater the economic impact. **At the current stage of the situation, the market is mistakenly focused on inflation and believes the Fed will have no choice but to keep rates at current levels or even raise them (Chart 5).**

We disagree with this assertion for several reasons. First, the supply crisis is certainly not permanent and will eventually disappear if the conflict ends. Second, unlike during the COVID period, there is no fiscal stimulus, and inflation will not be driven by demand, as it was in 2020-2021. Finally, if the conflict drags on, the economy will be negatively impacted, and the risk of a recession will increase. Faced with the risk of inflation versus the risk of recession, central banks will choose to support the latter and will ultimately lower interest rates. Each additional week of disruption not only adds another layer of pain but also creates structural damage that takes much longer to repair. A two-week blockade is a volatility crisis. A two-month blockade is a supply crisis. A six-month blockade begins to restructure global trade routes, renegotiate long-term energy contracts, and permanently increase the value of logistical risk—consequences that are not reversed when a ceasefire is signed.

Chart 5: Number of cuts/hikes predicted by the Fed for 2026 (+0.175)

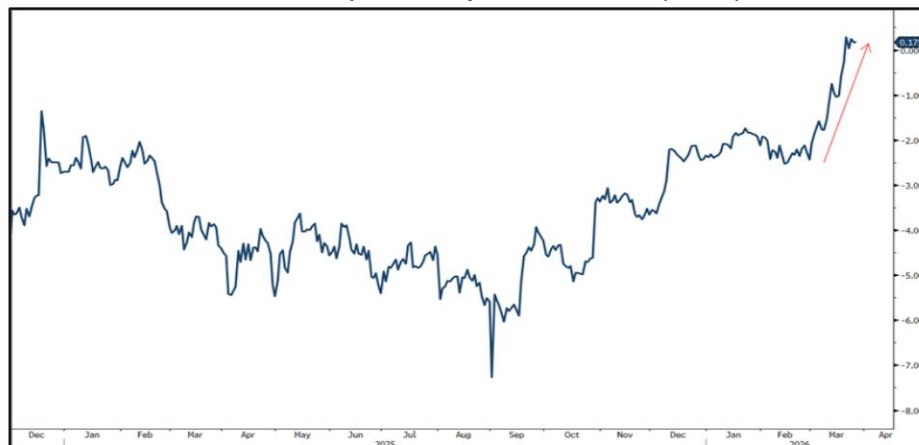
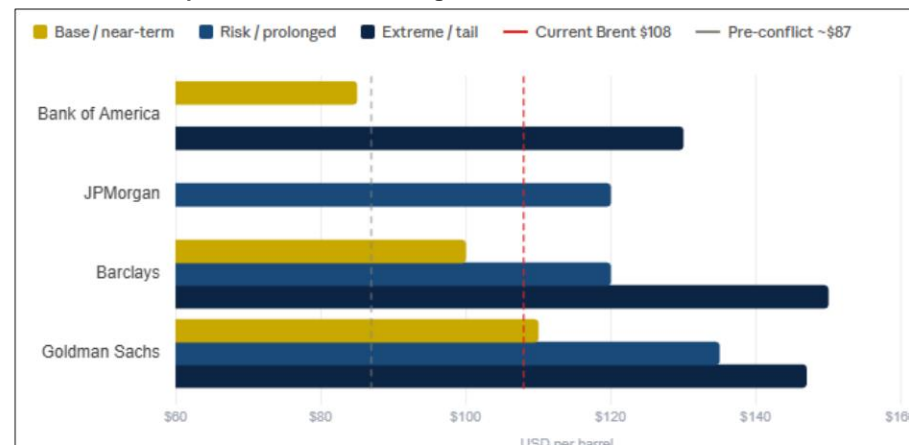


Chart 6: Brent price scenario according to banks



## THE TOPIC OF THE WEEK

### **Brent Price Forecasts:** With Brent

currently trading at \$112 per barrel—an increase of more than 40% since the start of the US-Israeli conflict with Iran on February 28—the institutional consensus has been revised upward three times in less than four weeks. **Chart 6 shows the scenario frameworks of four major Wall Street institutions at three levels of severity: base case, prolonged risk/disruption, and extreme/tail risk** (Chart 6).

~~Goldman Sachs~~ describes the closure of the Strait of Hormuz as the biggest supply crisis ever modeled by the firm: it forecasts Brent crude will average \$110 per barrel during March and April as a short-term baseline scenario, rising to \$135 per barrel in a high-risk scenario involving ten more weeks of very low flows combined with persistent production losses of 2 million barrels per day. In an extreme scenario, the bank acknowledges that prices could approach the all-time high of \$147 per barrel reached in July 2008.

~~Barclays~~ links its scenarios directly to the duration of the shutdown. Its base case of \$100 assumes a return to normal by the end of April, rising to \$110 if the blockade extends into May. In a more severe escalation scenario, Barclays forecasts Brent crude will reach \$120, with an extreme case of \$150 if the conflict widens significantly .

- ~~JPMorgan~~ has pointed to a single peak scenario of \$120 per barrel, based on the structural limitation that Gulf producers can only maintain normal production for approximately 25 days of total strait closure before saturated onshore storage forces a shutdown of regional production.

~~Bank of America~~, which raised its full-year 2026 Brent average from \$61 to \$77.50, structures its outlook around two equally likely scenarios: a normalization in April that would bring averages to around \$85, or a conflict that extends into the second quarter and pushes prices closer to that same level on a sustained basis. Its extreme scenario—considered unlikely by the bank but explicitly modeled—places Brent around \$130 if disruptions persist into the second half of 2026.

The key takeaway from this matrix is that the current spot price of \$108 is already above the base case scenario of all institutions and firmly within the range of the risk or prolonged scenario. Given that Iran categorically rejected negotiations as of March 25, the probability weighting is shifting toward the upper end of these ranges. The difference between the current price and the extreme scenarios—between \$135 and \$150—represents the remaining upside potential of the market if the blockade continues beyond six to eight weeks from today.

## THE TOPIC OF THE WEEK

### CONCLUSION: Portfolio Implications. Sector rotation

is already underway and confirms that the market is in a risk-averse state. **Cyclical stocks are significantly underperforming non-cyclical sectors, as was the case in previous recessionary or bear market periods** (Chart 7). We believe the current situation will not lead to a recession and that this underperformance will not be as prolonged as it was during the 2000-2003 or 2007-2009 crises. That said, the current market correction certainly has further downside potential, and a defensive stance is recommended for the coming weeks. However, an economic recession should be avoided, as central banks have the necessary tools to support the economy should the current conflict cause further economic damage.

**Cyclical sectors, such as metals and mining, have experienced a sharp correction, falling back to the 38.2% Fibonacci retracement level of the last medium-term uptrend** (Chart 8). We maintain our strong positive outlook on the sector and confirm that the current commodity bull market is structural. Any correction presents an entry opportunity for investors.

The dollar has appreciated amid expectations that the Fed will not cut rates in 2026, supported by a more attractive interest rate differential than anticipated a few months ago. **Indirectly, this dollar appreciation has affected gold, which has corrected by more than 15% since the start of the conflict** (Chart 9). We continue to support the dedollarization trend and believe the dollar's appreciation is only temporary. Furthermore, central banks continue to accumulate gold to replace their dollar quota within their foreign exchange reserves. For these reasons, we believe the current correction in gold and gold mining stocks presents an accumulation opportunity. Finally, our positive outlook on commodities and negative outlook on the dollar continue to support our optimism regarding emerging markets, and Latin America in particular.

**Latin America is emerging from a 15-year bear market, trading at only 10 times the future P/E ratio and just beginning a new trend of long-term outperformance** (Chart 10).

Chart 7: Cyclical sectors versus defensive sectors



Chart 8: iShares MSCI Global Metals & Mining Producers / Weekly Chart



## THE TOPIC OF THE WEEK

Chart 9: Spot price of gold (4,494.09)

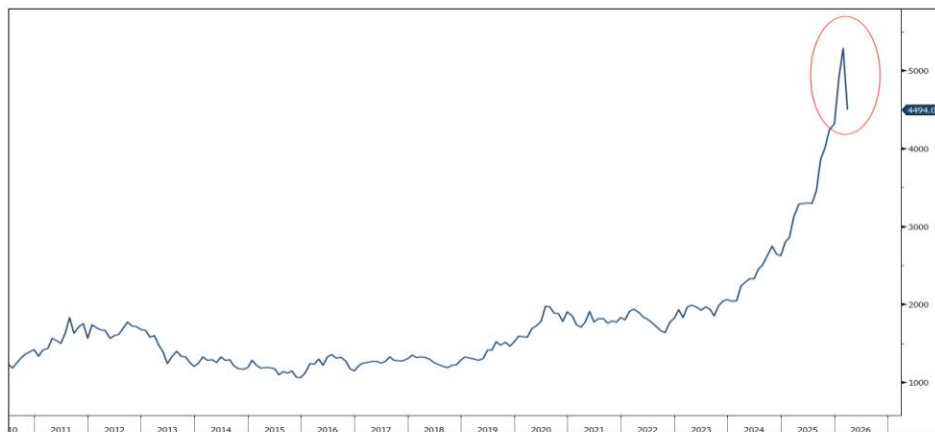
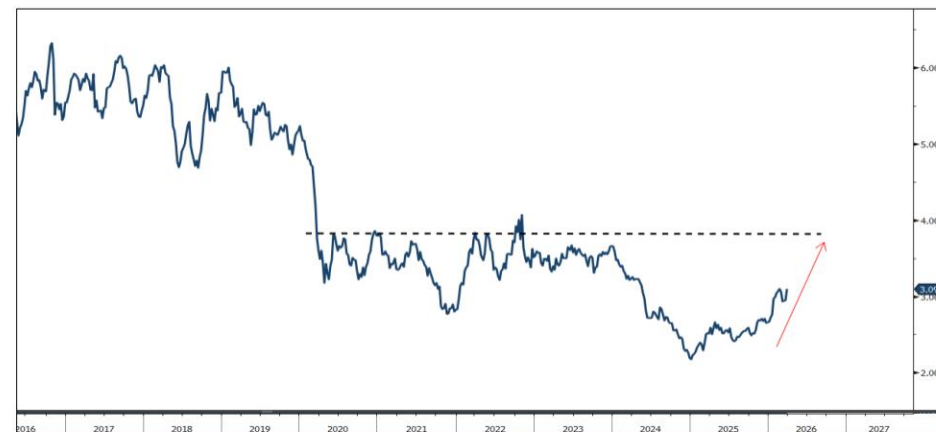


Chart 10: MSCI Latam/MSCI World Ratio



## Legal Notice

---

**In On Capital, SA** makes this content available for informational purposes only and without the intention of constituting a solicitation or offer, recommendation or advice for to acquire or sell rights to securities or investment products or to be a party to any transaction of any kind, particularly with any recipient other than a Qualified, authorized, eligible, and/or professional investor. This content is for the sole use of the recipient and may not be communicated, printed, downloaded, used, or reproduced for any other purpose. It is not intended for distribution to, or use by, individuals or entities that are nationals of any country, or is subject to the jurisdiction of a jurisdiction whose laws or regulations prohibit such distribution or use. While In On Capital will make every effort to obtain information from sources that In On Capital, its directors, representatives, employees, agents, or shareholders do not assume any responsibility for this content and offer no guarantees. Warranty. The data mentioned is not accurate, complete, or reliable. Therefore, In On Capital assumes no responsibility for any loss resulting from the use of This content. Ongoing information, revisions, and evaluations in this document will apply at the time of publication and may be revoked or modified without notice. Prior notice is required. This content is intended only for recipients who understand and can assume the risks involved. Before making any transaction, recipients They must determine whether the product or investment product mentioned in the content corresponds to their particular circumstances and must ensure they evaluate independently (with their professional advisors) the specific risks and legal, tax and accounting consequences and eligibility conditions for any purchase, holding or selling of securities or investment products mentioned in the content. In On Capital, its directors, representatives, employees, agents, or shareholders may have Interests in the investments described in this document and/or being bound by subscription commitments to such investments. In On Capital does not guarantee the suitability of the information, advice, or securities and investment products mentioned. Historical performance data for securities and investment products or underlying assets are not a The organizational unit responsible for financial research. In On Capital is subject to separate regulatory requirements and certain services, securities, and/or investment products. These services may not be available in all jurisdictions or to all types of recipients. Recipients must comply with all applicable laws and regulations. This document is not intended to provide services, securities and/or investment products in countries or jurisdictions where such an offer would be illegal under the laws and Applicable local regulations. In On Capital, SA is an entity regulated and supervised by the Superintendency of the Securities Market of Panama SMV 296/2014.