

Week in review and ahead (vol.09-26)



Claudio Calado | Managing Partner

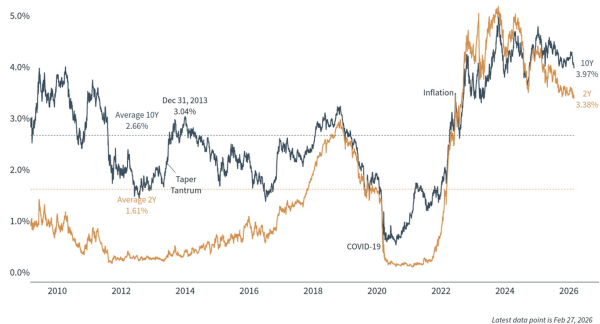
March 1, 2026

Week in review

Markets closed the week and the month lower on renewed tariff risks, private credit risks, continued fears of AI displacement, and higher than expected wholesale inflation (“PPI”) for January. Additionally, geopolitical risks weight on investor's sentiment particularly late in the week as US-Iran talks concluded without progress, maintaining the optionality of US military strikes late Friday, and which the US in conjunction with Israel launched early Saturday. The price for oil (brent crude) had jumped nearly 4% on Friday alone, making up almost all of the 4.4% gain for the week closing well above \$70, for the first time since June'25. For the month, oil prices have increased in excess of 12%. Concerns of lower economic growth may have added to the risk-off sentiment on the markets as well, following last week's disappointing first estimate of US GDP Q4'25 that saw treasury yields decline along the curve with the 10-year maturity closing the week below 4% at 3.95%, for the first time since last November.

Interest Rates

10-year and 2-year yields since 2010



Sources: Cleonomics, Federal Reserve
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declined by -1.4% in February, while the Dow Jones and Russell-2000 saw losses of -0.9% and -0.3%, respectively, for the month. The last time all major indices in the US recorded monthly losses was in March'25 following the announcement of reciprocal tariffs by POTUS that sparked a selloff in risk assets in the US and globally.

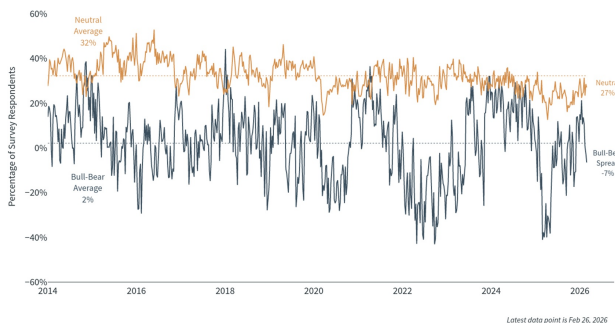
Internationally, all major markets posted gains on the week with the exception of India that declined -1.8% for the week mainly on a sell off in software and tech on AI displacement fears and renewed US tariff risks. Besides India, all major markets in Asia posted gains, including China (+2.0%) which resumed trading after the Lunar New Year and the Kospi in South Korea continuing with its record setting rally, closing the week just off a new record high, advancing by 5.8%. In Europe, the UK's FTSE saw the most gains for the week, advancing by 2.1% driven by gains in materials companies as metals continue to rally (i.e., gold and copper among other). Germany's DAX saw a nominal gain of 0.1% for the week.

For the week, reflective of the general risk-off sentiment, all major indices in the US declined with the Dow Jones falling -1.3% for the week, followed by the Russell2000 and Nasdaq, decreasing -1.2% and -1%, respectively. The S&P500 declined by -0.4% on the week, driven by selloffs in the software (IT) and financial sectors, both seeing losses of -2% or more for the week.

With the major indices declining for the week, it did add to all major indices posting losses for the month as well. The tech-heavy Nasdaq saw the steepest decline, losing -3.92% in February, mainly on AI displacement driven selloffs. The S&P500

Investor Sentiment

AII Investor Sentiment Survey



Sources: Cleonomics, AII
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Week in review - US macroeconomics

With the sole data set for labor being the weekly jobless claims, markets focused on the delayed wholesale inflation report, or PPI, for January. Nearly two (2) weeks after retail inflation, or CPI, surprised favorably, the PPI report did the opposite as headline rates in particular were worse than expected and dampening investor sentiment by reminding that inflation remains elevated.

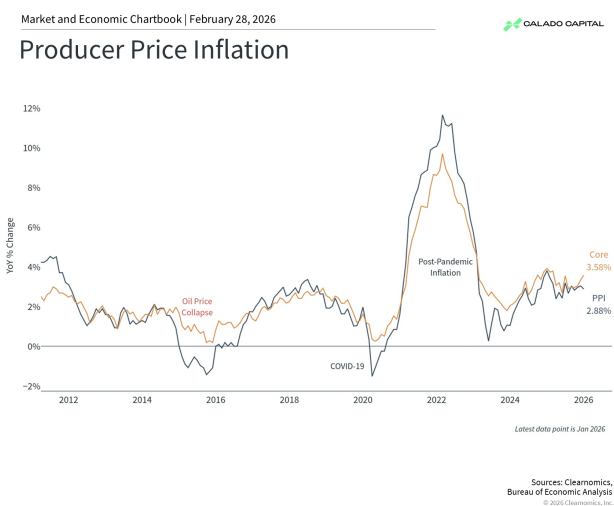
The PPI for January reported headline inflation of 0.5% compared to estimates of 0.3% and higher sequentially (by 0.1%) on a month-over-month ("MoM") basis.

Similarly, the year-over-year ("YoY") rate of 2.9% exceeded expectations of 2.6%, albeit better sequentially (from 3.0%). Considering the core PPI, or PPI ex-food and -energy, the rate of 0.3% beat expectations of 0.4%, while unchanged to the

prior month, on a MoM basis, while the YoY change of 3.4% was in-line with expectations and better sequentially (by 0.1%).

Earlier in the week, the conference board's consumer sentiment showed improvement for February after surprising with a steep decline (of nearly 10 points) previously, increasing by 2.2 points to 91.2 points in February, therefore indicating somewhat less pessimism. The weekly jobless claims continue to support a no-fire (but also a no-hire) labor market environment with claims of 212K beating estimates of 215K, albeit higher sequentially (by 4K). Markets will focus on the non-farm payroll ("NFP") for February scheduled for next Friday to assert the state of the labor market and that may influence the Fed's assessment of risks to its dual mandate. Various public speeches by FOMC members last week expressed concerns about inflation indicating it should be prioritized (over the full employment mandate). Therefore, the consensus seems to be building around the notion that further easing may not be appropriate for the time being, with some, like Cleveland Fed President Beth Hammack even stating that interest rates may remain on hold for quite some time in remarks made the week before last.

Finally, mortgage rates continued their recent decline falling below 6% for the first time since 2022 and which could have some impetus on an otherwise anemic housing market as the spring season approaches. Similarly, delayed data on construction spending for November and December seem to indicate improvement after construction activity had declined by -0.7% MoM in October. For November, construction spending declined by -0.2% as expected, while December's increased by 0.3%, nominally better than estimated.



Week in review - Corporate earnings

With the last "member" of the Magnificent Seven reporting last week, NVIDIA, which beat both revenue and earnings estimates, including offering a strong guide, the group reported earnings growth of 27.2% for (CY) Q4'25, well exceeding the 18.7% growth rate achieved the quarter prior, per FactSet. In accordance with FactSet this marks the 10th time in the last 11 quarters that the Magnificent Seven have reported a growth rate above 25%. In contrast, the remaining 493 companies within the S&P500 companies yielded an earnings growth rate of 9.8%, sequentially lower (than the rate of 12.2%). In accordance with FactSet, growth rates for CY'26 are

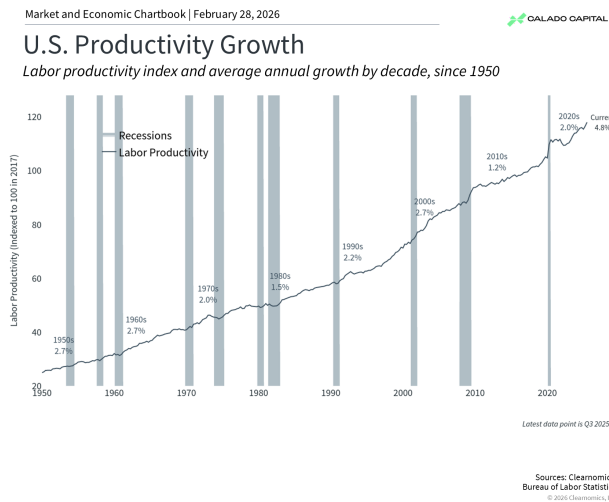
projected to be 23.5% for the Magnificent Seven compared to 11.8% for the remaining S&P500 companies.

Week ahead

The geopolitical conflict in the middle east will take center stage as markets open on Monday, with Asian and US futures markets opening Sunday evening. With all global trading markets closed today, bitcoin offers about the only gauge of a (possible) market reaction. After falling on the news of the initial strikes (from \$66K to \$63K), the price of bitcoin rebounded (to about \$67K as of writing this newsletter) on news on the strikes, including the killing of Iran's supreme leader (among other leaders), which has subsequently been confirmed by the Iranian State Television. Markets will nevertheless be volatile to begin the week as they assert the length of the conflict and various

other risks to the regional and global economy.

From a macroeconomic perspective, ISM surveys for February on the state of the economy are scheduled to be released, in addition to the NFP report for February, and productivity reports for Q4'25 after reporting well above historical averages in Q3'25.



Number of the week: 4,000

The number of employees fintech company Block (formerly known as Square) has announced would be laid off out of its 10,000+ employees. The announcement was made by Block's CEO during its earnings call last week, in which he emphasized AI as the key driver for the move. Some analysts, however, question the move on productivity gains from AI alone, suspecting that the company may have been overstaffed since the pandemic.

If you have questions about how this may impact your investments, or how you should be positioned, please do not hesitate to contact us at claudio@caladocapital.com.

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