

Week in review and ahead (vol.11-26)



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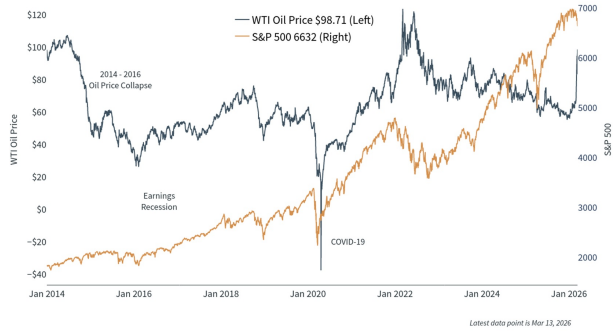
Week in review

Risk assets declined yet again in the US and worldwide as the war with Iran enters its third week and prices for oil are settling in above \$100 (for Brent crude). With no real end to the conflict in sight or even a possible offramp, the repercussions to critical energy resources, infrastructure(s), and supply in and from the region are expected to significantly impact the global economy. Despite announcements by International Energy Agency (“IEA”) members to release oil reserves (to the market) at historical levels, it did little to stabilize prices as the cost for gas, diesel, and (eventually all) oil based products are rising worldwide. Neither did the announcement to temporarily lift sanctions on Russian and (likely) Iranian oil.

While inflation data in the US was in line with expectations, the rapid rise of crude oil undoubtedly will exacerbate recent re-acceleration and add to pricing pressures globally. With revised estimates for US Q4’25 GDP now showing minimal growth, cutting previous estimates of 1.4% to 0.7%, and the Atlanta Fed estimate for Q1’26 GDP continuing to see downward revisions, stagflation concerns, or slow growth with elevated inflation and unemployment, may intensify.

Oil and the Stock Market

WTI and the S&P 500 index, since 2014



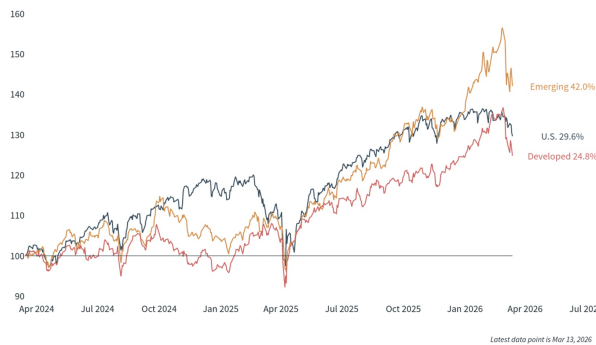
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For the week, all major indices in the US declined with the Dow Jones declining -2.0%, followed by the Russell-2000 and S&P500, down -1.8% and -1.6%, respectively. Most all of the S&P sectors recorded losses yet again, except for energy and utilities that gained 2.1% and 0.4%, respectively. The Nasdaq Composite's posted smaller losses yet again, off -1.3% for the week, as the tech and semiconductor sector, or AI trade, remained surprisingly steady as demand for the AI build-out appears elevated amid strong corporate earnings and guidance and continued spending.

Internationally, all major markets continued to post losses on the week on geopolitical risks with China's losses being somewhat moderated, declining by -0.7% for the week. In Asia, like last week, Japan led the declines, down -3.2%, joined by India, which saw equities decline by 5.5% on the week. South Korea's Kospi lost less than 2% for the week, after a stark sell off last week with the index nearly losing 10% in a week, on the heels of memory companies' valuations stabilizing somewhat. In Europe, the declines in risk assets were more moderate with all major equity markets declining by -1% or less.

Global Stock Market Performance

S&P 500, MSCI EAFE, and MSCI EM (USD). Prior 2 years



Sources: Clearnomics, MSCI, Standard & Poor's, LSEG
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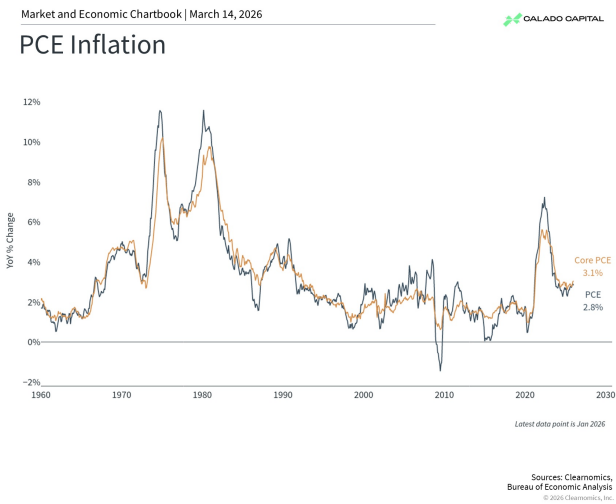
Week in review - US macroeconomics

While geopolitical events continued to be at the forefront for markets, retail inflation data, or CPI, for February, and the Fed's closely watched inflation gauge, the PCE for January, which report is still delayed, were released ahead of the Fed's FOMC meeting next week. With inflation data, or CPI for February and PCE for January, continuing to show signs of re-acceleration, albeit meeting estimates, and growth in the US significantly revised downward for Q4'25 on weaker consumption, concerns of Stagflation are likely to intensify. Even better than expected job openings reported for January of 6.9 million compared to estimates of 6.7 million and sequentially

(from 6.6 million) may do little to ease those concerns. Nor will reports of better than expected weekly jobless claims of 213K with corporate layoff announcements continuing.

The CPI for the month of February reported price increases on headline of 0.3% month-over-month ("MoM") consistent with estimates but higher sequentially (by 0.1%). On an annual basis ("YoY"), headline remained at 2.4% as expected and the same as the month prior. For core CPI, YoY change was 2.5% as expected and unchanged to the prior period. The PCE inflation index for January recorded a change of 0.3% MoM as expected, while the core reading was 0.4% consistent with estimates and the prior month change. On a YoY basis, headline of 2.8% was marginally better

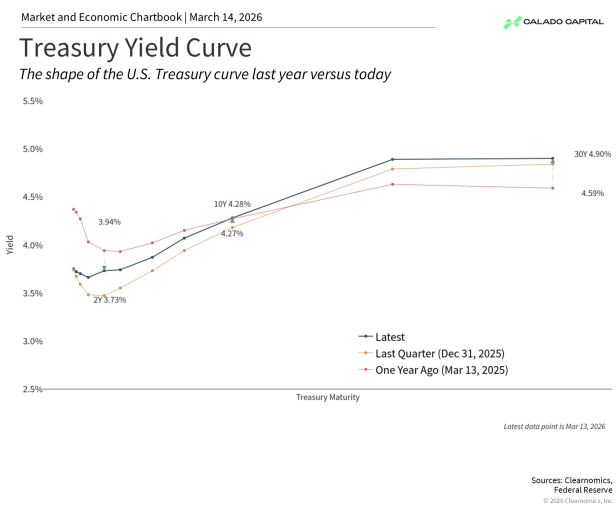
than estimates of 2.9%, while the core was 3.1% consistent with expectations but higher sequentially (by 0.1%).



The biggest surprise perhaps was the second estimate for Q4'25 GDP that saw the initial estimate of 1.4% cut in half to 0.7%, on lower consumption, which was revised downward from 2.4% to 2.0%, and government services, impacted by the shutdown deducting at a greater rate from GDP than initially estimated. In addition, estimates for Q1'26 GDP have seen downward revisions recently, currently at 2.7%, with geopolitical risks threatening to offset or even eclipse the benefits of tax cuts that otherwise would have stimulated the economy and US growth. As such, consumer sentiment remains near historical lows with the University of Michigan preliminary estimate for March of

55.5, sequentially lower,

U.S. Treasury yields last week rose somewhat unexpectedly, despite general expectations for a flight to safety trade, and continued higher last week. With yields of shorter maturities increasing more notably, contributing to a flattening of the yield curve, likely reflective of repricing near-term monetary policy. Some market participants have expressed concerns that a sudden rally in bonds could potentially turn from an inflation trade to a recession trade. The recent rise in yields impact has been noticeable. Since falling below 6% for the first time since Sep'22 at the end of February, the average 30-year mortgage rate in the US has rebounded to near 6.3% on average last week. Expectations of lower rates fuel an otherwise anemic housing market may therefore not materialize.



Week ahead

The geopolitical conflict in the middle east will continue to take center stage next week, with markets focusing greatly on key central bank meetings next week that likely may upend the recent interest rate cutting cycles that many have undertaken. Besides the Fed's FOMC meeting next Tuesday and Wednesday, central banks for the EU, UK, Japan, Canada, Switzerland, and Australia are scheduled to meet to review their respective monetary policies that may indicate a shift, except for the Bank of Japan that had been hiking rates as of recent, due to renewed inflationary pressures following yet another supply shock.

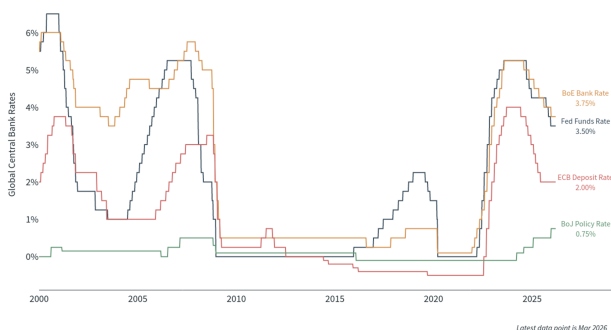
In the US, it is widely expected that the Fed will keep rates steady, however, the statement and subsequent press conference by the chairman will be key to assert any likelihood of possible rate hikes in the US. With oil prices rising rapidly, expectations are for inflation, as measured with the CPI and PCE inflation index, to jump above 3.5% in March and move towards 4%, nearly double the Fed's target. With the Fed needing to weigh risks to its two mandates to determine monetary policy, which it found to be somewhat in balance previously, it will find itself in a difficult position to anticipate geopolitical risks (accurately) on its mandate.

Market and Economic Chartbook | March 14, 2026



Global Central Bank Policy Rates

Federal Reserve, Bank of England and European Central Bank Rates



Latest data point is Mar 2026

Sources: Cleareconomics, Federal Reserve, ECB, Bank of England, Bank of Japan
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Number of the week: 30%

The single day (intraday) price appreciation for a barrel of oil (on average for Brent and West Texas Intermediate, or WTI) on March 9th, 2026, with prices spiking to nearly \$120/barrel. It was the single biggest increase on record as the Iran war entered its second week with reports that traffic through the Strait of Hormuz had come to a halt. At the end of Friday, the price for a barrel of crude oil was \$98.71 for WTI and \$103.14 for Brent.

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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