

Week in review and ahead (vol.15-26)



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April 12, 2026

Week in review

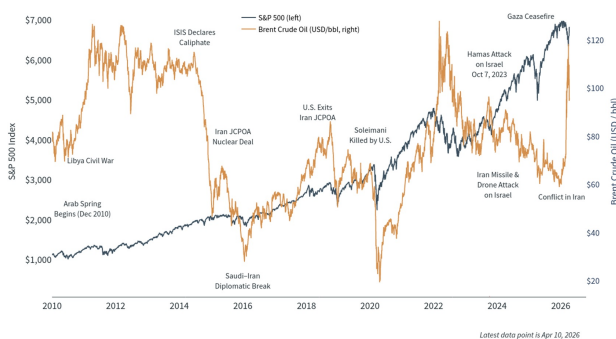
U.S. markets saw strong gains this past week as oil prices retreated to around \$100/barrel. The pullback came on hopes of a favorable outcome after the U.S. and Iran entered a ceasefire, albeit a fragile one. As of Sunday morning (US time) lengthy negotiations led by US Vice President JD Vance, however, concluded without an understanding or agreement and failed to bring an end to the conflict. While expectations of an agreement over the weekend were never really realistic, hopes of a conclusion to the six-week war had lifted markets. With no real progress, POTUS announced on Sunday that the US would block the Strait of Hormuz, likely to exacerbate the global energy and oil crisis that began with the onset of the war. With markets closed over the weekend, bitcoin as proxy for risk assets fell 3% on Sunday morning in reaction to the failed negotiations. Oil prices are expected to react, accordingly at the open of trading tonight as are markets for risk assets globally. Market volatility, as measured with Cboe's VIX, which retreated to below 20 at the end of the week on hopes for an end to the conflict, is expected to return.

For the week, all major indices in the US posted strong gains led once again by the tech/AI trade with the Nasdaq gaining 4.7%, with the index closing just below 23,000, or less than 5% of its all-time high. Considering the rebound the week prior to last, the Nasdaq has seen gains of nearly 10% over the last two (2) weeks. Similarly, the S&P500 gained 3.5%, closing above 6,800 in over a month as all sectors within the index, but for energy, posted strong gains. The small-cap Russell-2000 advanced 4% and the Dow Jones gained 3.0% for the week.

Internationally, markets advanced as well with major equity markets posting strong gains. In Asia, South Korea's Kospi and Japan's Nikkei posted the strongest gains for the week, of 8.03% and 7.2%, respectively, while equity markets in India advanced 5.8%, China gaining 2.7%, and Hong Kong 3.1% for the week. In Europe, France's CAC-40 and Germany's DAX led gains, advancing 3.7% and 2.7%, respectively.

Middle East Conflicts and Markets

Major Middle East events, oil prices, and the S&P 500 since 2010



Sources: Cleonomics, Standard & Poor's, LBSE © 2026 Cleonomics, Inc.

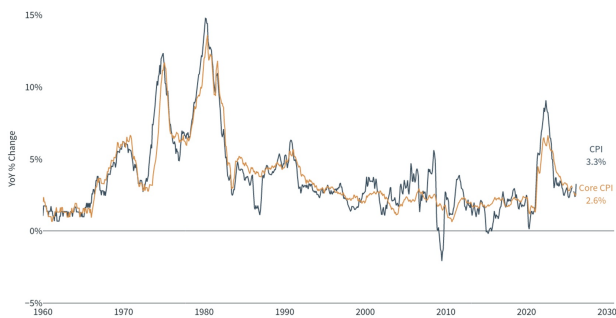
Week in review - US macroeconomics

With geopolitical events continuing to dominate headlines and markets, this past week saw macroeconomic data point to a more cautious picture for growth while reinforcing concerns around (re-)accelerating inflation. Estimates for Q1'26 GDP growth continue to see downward revisions, now expected at 1.3%. The data points set a somewhat more difficult backdrop for the Fed's "wait-and-see" stance and may increasingly test its current projection for additional rate cuts later in 2026.

Headline retail inflation for March, aligned with, or came in better than, expectations, providing some degree of relief. The CPI rose 0.9% month-over-month ("MoM") on headline, in line with consensus expectations, but the highest reading since June'22, largely on pass-through effects from the Iran conflict on higher energy prices. Core CPI, which excludes food and energy, rose only 0.2% MoM, better than expectations and matching the prior month's pace, suggesting that the immediate inflationary impulse remains largely concentrated in energy-sensitive categories. On an annual basis ("YoY"), the CPI headline rose 3.3%, in line with expectations and the highest since April'24, while core CPI rose 2.6%, modestly better than expectations of 2.7%. While the core readings offer some comfort that broader inflationary pressures are not yet re-accelerating meaningfully, headline pressures are likely to persist as long as the war in Iran continues to disrupt global energy supplies.

Consumer Price Index

CPI and Ex Food and Energy, YoY % Change



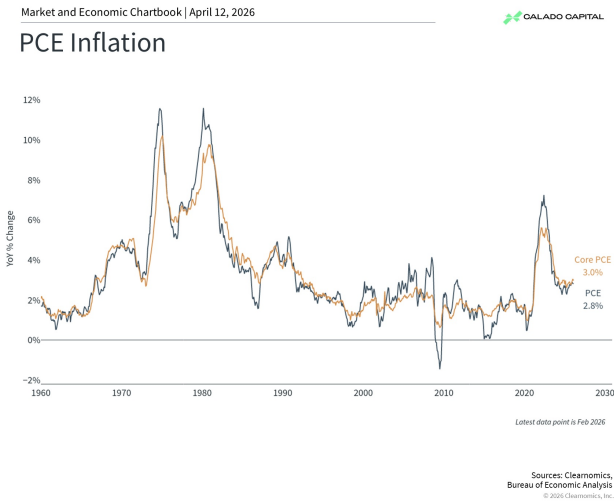
Sources: Cleonomics, Bureau of Labor Statistics © 2026 Cleonomics, Inc.

The Fed's preferred inflation gauge, the personal consumption expenditures ("PCE") index for February, landed fully in line with expectations, offering little new information but confirming that inflation ahead of the Iran conflict remained well above the Fed's target. Headline PCE rose 0.4% MoM and 2.8% YoY, while core PCE also rose 0.4% MoM and 3.0% YoY, both in line with consensus, with core slightly lower sequentially by 0.1%. It is worth emphasizing that the February data predates the onset of the Iran war and therefore does not yet capture any of the energy-driven inflationary pressures that have materialized since, suggesting that the March and April readings are likely to

show meaningfully higher prints.

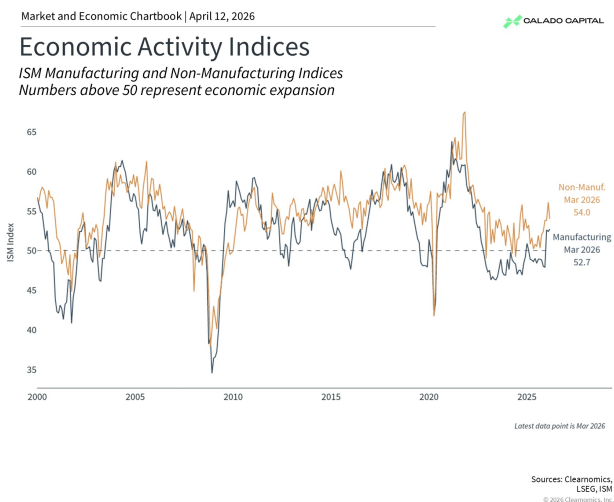
The accompanying personal income and spending data, however, was more mixed and highlighted some concerns at the consumer level. Personal income declined -0.1% MoM in February compared to growth expectations of +0.3% MoM, while personal spending rose 0.5% MoM on headline but

only +0.1% MoM in real terms, well below expectations of +0.2% MoM. The divergence between nominal and real spending points to consumers absorbing higher prices without meaningful underlying volume growth.



The ISM services index for March disappointed markedly, contrary to the ISM manufacturing index previously, reporting at 54% compared to expectations of 55.4% and 56.1% sequentially, marking a notable step-down in the pace of expansion for the largest component of the U.S. economy. Expansion continues to be driven by new orders and supplier deliveries, or two of the five subindexes. While inventories' expansion moderated (to 54.8% from 56.4%), employment surprised by falling into contraction territory to a level not seen since December'23 of 45.2% down from 51.8% sequentially. Equally concerning, prices paid, mirroring the

pattern observed in the ISM manufacturing report the week prior, accelerated sharply to 70.7% from 63.0% previously, the highest reading since October'22. The simultaneous moderation in services activity and continued high level of input costs adds to (re-)inflationary pressures through multiple channels beyond energy alone.



The third estimate and final reading for Q4'25 GDP surprised as it was revised downward further to 0.5%, or a -0.2% reduction from the prior estimate, driven by downward revision to consumption, now at 1.9% compared to 2.0% previously, while the GDP price index came in at 3.8%. The downward revision adds to a series of disappointing backward-looking growth readings and reinforces the trajectory of the ongoing downward revisions to Q1'26 growth estimates, now tracking at 1.3%.

The labor market showed some early signs of softening, with initial jobless claims of 219K exceeding expectations of 210K and rising sequentially from 209K, the first

meaningful uptick in several weeks, although continuing claims remained below 1.8M, a level last seen in May'24. While a single week's data does not constitute a trend, the increase comes at a time when the Fed research note referenced last week suggested that breakeven (to unemployment) non-farm payroll growth would require only 10K, leaving little cushion before softening labor conditions become a more pressing concern for the Fed's dual mandate.

The treasury market remained notably calm throughout the week despite the macroeconomic data,

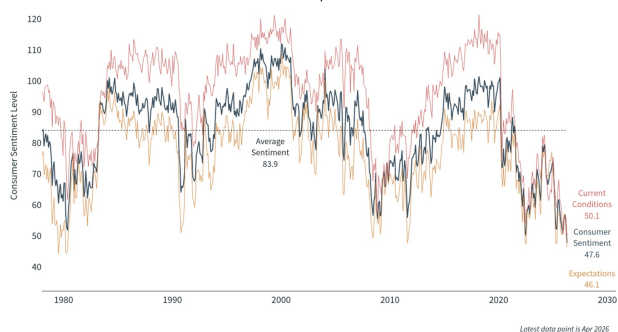
with the buyer profile continuing to evolve and the share of treasuries held within institutional portfolios shifting even as the overall federal debt continues to grow. The relative stability of treasuries amid conflicting signals on inflation and growth may reflect a market that is increasingly parsing its reading of the Fed's reaction rather than reacting to individual data prints in isolation, particularly given the current energy pricing shock.

Market and Economic Chartbook | April 12, 2026



Consumer Sentiment

University of Michigan Surveys of Consumers - Consumer Sentiment, Current Economic Conditions and Consumer Expectations



Latest data point is Apr 2026

Sources: Clearnomics, University of Michigan
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Week ahead

The aftermath of the failed negotiations with Iran will continue to take center stage next week as the conflict enters the seventh week. While volatility declined significantly this past week, expect POTUS' imposed blockade to escalate tensions.

With the bank's earnings initiating corporate earnings season next week, markets will likely get a sense of how the conflict may impact revenue and earnings guidance going forward. To date, guidance has seen favorable revisions supporting an otherwise volatile market for risk assets amidst geopolitical concerns on global and

domestic growth prospects. From a US macroeconomic perspective, various Fed FOMC members public appearances will be in focus as will wholesale inflation, with the PPI report on March, scheduled for Tuesday and expectations for headline to nearly double to 1.3% MoM from 0.7% MoM previously on higher energy prices. The core PPI, which excludes energy and food, is expected to decline moderately to 0.4% MoM from a 0.5% change in February.

Number of the week: 47.6

The preliminary reading of the University of Michigan consumer sentiment index for April, marking the lowest level in the survey's 47-year history, and well below the 52 expected. The reading is particularly noteworthy as it was accompanied by a meaningful re-acceleration in consumer inflation expectations, with the one-year measure jumping to 4.8% from 3.8% previously and the longer-term five- to ten-year measure rising to 3.4%. The combination of collapsing sentiment alongside rising inflation expectations is historically associated with stagflationary concerns and risks testing the Fed's characterization of inflation expectations as "well anchored." Should the final April reading confirm the preliminary print, the implications for consumer spending and the Fed's ability to maintain its current "wait-and-see" posture may become more difficult to reconcile.

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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