

Market Update: April

April was a month of sharp contrasts: while the geopolitical backdrop remained dominated by the conflict in the Middle East and the impasse surrounding the Strait of Hormuz, global markets surprised to the upside with a strong recovery, delivering the best monthly equity performance since 2020. The month was marked by a sequence of advances and setbacks in negotiations between the US and Iran — fragile ceasefire announcements, renewed threats, and naval blockades — keeping oil prices at historically elevated levels, with Brent crude fluctuating widely and ending the month close to US\$114/bbl. Even so, the perception that the worst phase of the conflict might be behind us, combined with a stronger-than-expected corporate earnings season, paved the way for a meaningful rebound in global risk assets, which recovered a significant portion of the losses accumulated in March.

International:

In the **US**, the key theme of the month was the combination of stronger-than-feared economic data and an increasingly cautious stance from the Federal Reserve. First-quarter GDP grew at an annualized rate of 2.0% - up from 0.5% in the previous quarter - supported by resilient private domestic demand and a positive investment cycle, particularly in sectors linked to artificial intelligence. The labor market also remained firm, with job creation exceeding expectations and the unemployment rate at 4.3%, still considered low by the Fed itself.

On the inflation side, the environment remains complex: PCE inflation accelerated to 3.5% year-over-year in March, largely driven by gasoline prices, while core PCE (excluding food and energy) remained close to 3%, with upside risks associated with the energy shock. Against this backdrop, the Fed decided to keep interest rates unchanged in the 3.50%–3.75% range at the April 29 meeting, while adopting a clearly more hawkish tone in its communication — three voting members even defended signaling that a rate hike would be as plausible as a cut. Going forward, rate reductions are likely to be considered only after concrete progress in resolving the energy shock.

In **Europe**, the month was marked by a surprisingly hawkish European Central Bank (ECB). At the April 30 meeting, the ECB unanimously kept the deposit rate at 2.0%, but the tone of communication was more restrictive than markets had anticipated. During the press conference, it was revealed that the possibility of a rate hike had been actively debated, with the decision to hold rates described as being based on still insufficient information. The coming weeks ahead of the June meeting are expected to be decisive.

On the activity side, leading indicators weakened, entering contraction territory for the first time in more than a year. The services sector showed significant weakness. Inflation, meanwhile, accelerated: preliminary April CPI reached 3.0% year-over-year, up from 2.6% in March, with energy acting as the main upside driver. Overall, the environment remains highly uncertain, but a June rate hike continues to be viewed as a concrete possibility, especially if the energy shock proves more persistent.

In **Asia**, developments varied significantly across countries. In China, first-quarter growth surprised positively, although performance remained concentrated in exports and industrial production, while private domestic demand stayed weak. At the April Politburo meeting, the tone turned somewhat more hawkish, with no indication of broad new stimulus measures. Greater emphasis was placed on energy security — given the Iran conflict — while support measures for the real estate sector received little attention. In Japan, interest rates were maintained at 0.75%, but the decision revealed greater internal division within the central bank, with a 6–3 voting split. Inflation expectations close to 3% over the next two years are increasing pressure for further normalization, and the Bank of Japan continues to maintain a tightening bias, albeit a gradual one. In the markets, the Nikkei index rose 16.1% in April — the strongest performance among major global equity indices — benefiting both from improving geopolitical sentiment and a strong earnings season.

Domestic (Brazil)

In Brazil, April was a month of relatively strong performance amid global volatility. The country continues to benefit from its position as a net oil exporter — with positive expected impacts on both the trade balance and fiscal revenues — from its geographic distance from the conflict, and from its elevated level of real interest rates, which helps cushion episodes of risk aversion affecting the currency.

The Brazilian real appreciated against the US dollar, which weakened globally, while the Ibovespa displayed a two-phase performance throughout the month: during the first half, driven by optimism surrounding a possible agreement between the US and Iran and by strong foreign inflows, the index came close to the unprecedented 200,000-point mark; in the second half, however, the persistence of geopolitical uncertainty and higher oil prices reversed part of the optimism, leading the index to close April roughly flat.

On the monetary front, the Central Bank reduced the Selic rate to 14.50% per year, in a widely expected 25-basis-point cut, but the accompanying statement adopted a significantly more cautious tone.

The Central Bank explicitly highlighted concerns regarding the deterioration of underlying inflation measures, second-round effects associated with the commodity shock, and the overall extent of the easing cycle — not merely its pace. The interest rate market, in turn, revised expectations upward: the yield curve now prices a Selic rate close to 14% by the end of 2026, compared to approximately 12% before the conflict began. The move in global yield curves and the stance adopted by central banks worldwide make a more meaningful decline in Selic rates increasingly difficult, putting pressure on both corporate and household balance sheets.

Election polls continue to point to a statistical tie in a potential second-round race between Flávio Bolsonaro and Lula, alongside a gradual deterioration in the government’s approval ratings. Nevertheless, the electoral theme has not yet emerged as the main driver of domestic assets.

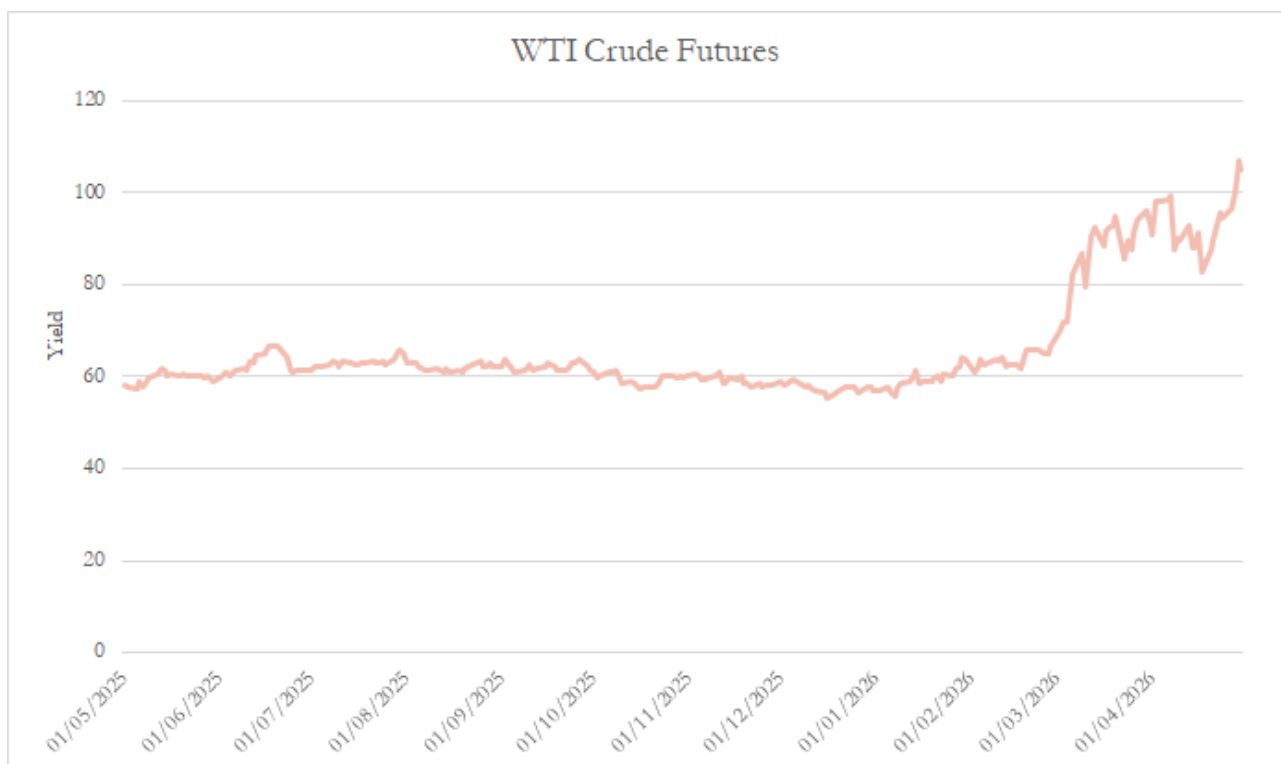
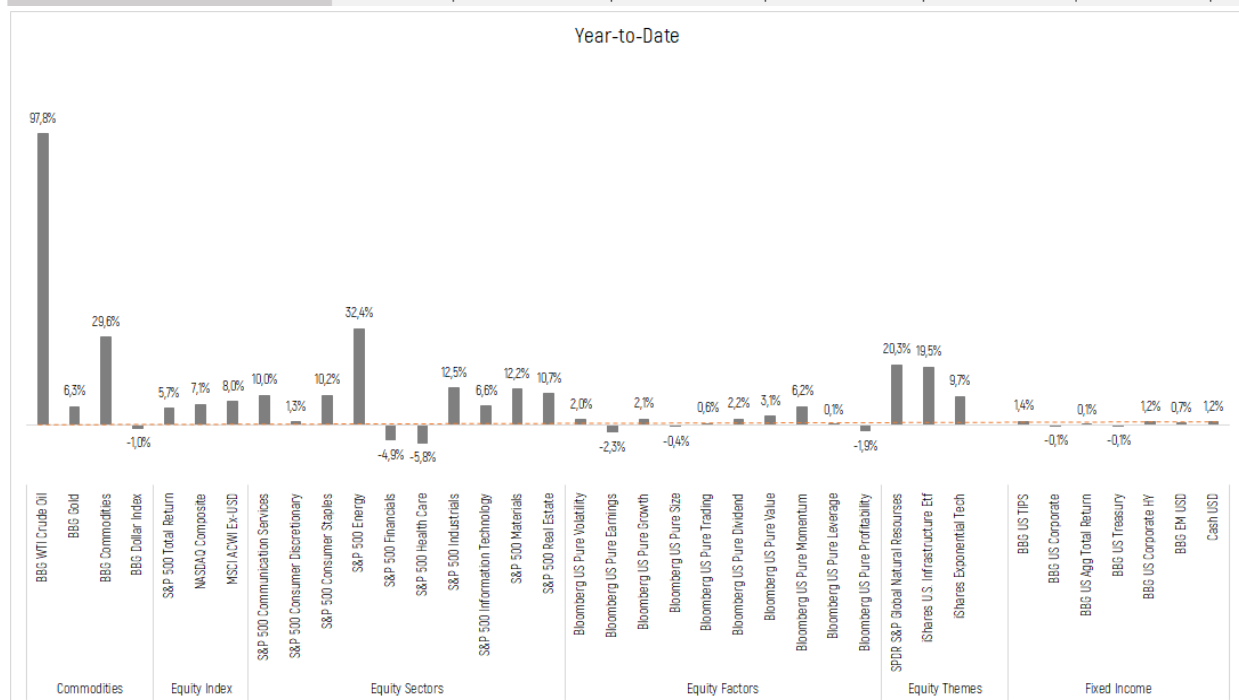


Figure 1) Oil Futures (WTI). Source: BBG / Tera

Global Assets	1m	3m	6m	12m	24m	36m
Commodities						
BBG WTI Crude Oil	10,02%	73,07%	89,13%	117,15%	75,97%	109,77%
BBG Gold	-0,75%	-2,28%	15,26%	38,23%	97,08%	125,95%
BBG Commodities	4,21%	17,47%	33,37%	44,82%	50,72%	55,07%
BBG Dollar Index	-1,93%	0,31%	-2,36%	-2,58%	-5,83%	-2,84%
Equity Index						
S&P 500 Total Return	10,49%	4,19%	6,03%	31,05%	46,91%	80,20%
NASDAQ Composite	15,29%	6,10%	4,92%	42,68%	58,98%	103,59%
MSCI ACWI Ex-USD	9,34%	1,94%	10,91%	29,20%	40,99%	50,10%
Equity Sectors						
S&P 500 Communication Services	18,43%	4,09%	15,76%	54,73%	79,05%	150,93%
S&P 500 Consumer Discretionary	11,71%	-0,41%	-0,52%	24,39%	37,46%	69,47%
S&P 500 Consumer Staples	2,95%	2,47%	12,27%	5,60%	18,29%	18,04%
S&P 500 Energy	-3,51%	15,78%	34,90%	47,41%	27,31%	38,92%
S&P 500 Financials	5,43%	-2,36%	-0,41%	6,88%	29,18%	57,21%
S&P 500 Health Care	-0,58%	-5,66%	1,22%	3,88%	4,04%	9,33%
S&P 500 Industrials	7,90%	5,56%	12,67%	32,97%	43,75%	74,66%
S&P 500 Information Technology	17,44%	8,41%	1,64%	48,34%	67,68%	128,60%
S&P 500 Materials	2,64%	3,26%	18,98%	21,62%	15,45%	27,09%
S&P 500 Real Estate	8,61%	7,76%	9,62%	8,87%	24,52%	19,27%
Equity Factors						
Bloomberg US Pure Volatility	1,32%	1,39%	1,16%	7,39%	8,84%	10,54%
Bloomberg US Pure Growth	2,00%	1,84%	1,10%	-0,77%	2,10%	3,28%
Bloomberg US Pure Size	0,62%	0,39%	-0,59%	4,03%	6,12%	10,95%
Bloomberg US Pure Dividend	-0,07%	0,08%	1,52%	0,03%	-0,71%	-1,62%
Bloomberg US Pure Value	-0,14%	2,29%	4,91%	6,10%	2,04%	6,48%
Bloomberg US Pure Momentum	2,73%	4,07%	5,53%	11,26%	18,09%	25,31%
Equity Themes						
SPDR S&P Global Natural Resources	0,15%	9,73%	29,23%	50,29%	39,63%	46,36%
iShares U.S. Infrastructure Etf	9,44%	12,24%	20,14%	41,00%	54,01%	78,91%
iShares Exponential Tech	12,27%	5,71%	9,42%	42,49%	48,91%	64,26%
Fixed Income						
BBG US TIPS	1,15%	1,11%	1,20%	4,07%	12,51%	11,00%
BBG US Corporate	0,45%	-0,26%	0,36%	5,29%	13,29%	14,42%
BBG US Agg Total Return	0,11%	-0,04%	0,54%	4,06%	12,40%	10,75%
BBG US Treasury	-0,07%	-0,02%	0,17%	2,53%	10,41%	7,32%
BBG US Corporate HY	1,69%	0,68%	2,35%	8,84%	18,30%	28,97%
BBG EM USD	2,11%	0,37%	1,42%	9,43%	19,47%	26,90%
Cash USD	0,30%	0,91%	1,87%	4,12%	9,33%	15,38%



Brasil	1m	3m	6m	12m	24m	36m
Pós-Fixado						
Brazil CETIP DI Rate Accumulat	1,09%	3,34%	6,93%	14,83%	27,97%	43,75%
Anbima IMA-S	1,09%	3,40%	7,03%	15,05%	28,52%	44,75%
Anbima Debentures Index IDA DI	1,23%	2,50%	6,31%	14,38%	29,40%	51,30%
Prêmio de Crédito	0,14%	-0,81%	-0,58%	-0,39%	1,11%	5,25%
Pré-Fixado						
Anbima IRF-M 1	0,99%	3,07%	6,65%	14,44%	27,15%	42,37%
Anbima IRF-M	1,24%	1,64%	5,68%	13,69%	23,38%	38,43%
Anbima IRF-M 1+	1,34%	1,08%	5,33%	13,34%	21,50%	36,90%
Indexado Inflação						
Anbima IMA-B 5	1,32%	3,98%	7,37%	11,98%	22,47%	32,78%
Anbima IMA-B	1,81%	3,81%	7,32%	12,35%	17,46%	26,65%
Anbima IMA-B5+	2,20%	3,68%	7,27%	12,51%	14,09%	21,89%
Anbima Debentures Index ID	-0,56%	-1,58%	3,07%	9,38%	18,85%	36,40%
Prêmio de Crédito (s/ média B5 e B)	-2,10%	-5,27%	-3,98%	-2,48%	-0,93%	5,16%
Inflação IPCA*	0,88%	1,92%	2,53%	4,14%	9,85%	14,16%
Imobiliário						
Bovespa Real Est In Fund	1,53%	1,79%	9,36%	15,16%	16,21%	37,49%
Hedge Funds						
Anbima Hedge Funds Index	2,05%	-0,13%	4,07%	12,20%	25,57%	33,95%
Renda Variável						
BRAZIL IBOVESPA INDEX	-0,08%	3,28%	25,26%	38,69%	48,75%	79,37%
BOVESPA Dividend Index	-1,18%	2,91%	21,57%	34,07%	50,55%	83,31%
BM&FBOVESPA Small Cap	-3,16%	-7,03%	4,69%	13,33%	13,41%	27,43%
BRAZIL Financial Index	0,08%	-2,72%	18,94%	27,66%	54,45%	84,77%
BOVESPA Utilities Index	4,56%	13,33%	31,75%	55,01%	96,08%	127,17%
BM&FBOVESPA REAL ESTATE	-3,78%	-5,74%	11,88%	39,95%	66,16%	94,95%
BM&FBOVESPA Consumption	-5,27%	-7,61%	2,92%	4,17%	12,46%	19,22%
BOVESPA INDUSTRIAL INDEX	-5,07%	-9,49%	4,24%	8,09%	27,44%	50,95%
BOVESPA Basic Mat Index	-0,20%	-6,12%	10,59%	23,99%	10,28%	22,85%
BRAZIL ELECTRIC.ENERGY IX	4,77%	10,10%	24,05%	44,66%	62,99%	74,03%
FX						
USD-BRL Carry Return	-5,09%	-7,99%	-12,04%	-20,48%	-18,06%	-19,07%

