TERA

Market Update: June

June was marked by an important shift in the global backdrop, with the gradual reopening of the Strait of Hormuz following a memorandum of understanding between the United States and Iran. This led to a sharp decline in oil prices and eased part of the inflationary concerns associated with the energy shock. At the same time, the first meeting of the U.S. central bank, the Federal Reserve, under Kevin Warsh's chairmanship brought a more hawkish communication, with less emphasis on forward guidance and greater openness to a potential interest rate hike, strengthening the dollar and pressuring emerging-market currencies.

In global markets, the decline in oil prices was the main driver of the month. Brent ended June close to US$73 per barrel, practically returning to pre-conflict levels, which reduced stagflation fears and supported risk assets and sovereign bonds. On the other hand, the repricing of the Fed's policy path, now with a higher probability of interest rate hikes, supported the dollar and weighed on commodities, precious metals, and some emerging-market assets.

International

In the **U.S.**, data continued to point to a resilient economy. Activity showed mostly positive signs, with retail sales and durable goods surprising to the upside, while the labor market, despite some moderation at the margin and downward revisions, remained healthy. Inflation remains elevated, although without major surprises, and more benign signals from wages and expectations helped limit a broader deterioration in the outlook. Against this backdrop, the first Fed meeting under Kevin Warsh stood out: the committee kept rates unchanged but adopted a more restrictive tone, with some members already seeing room for hikes later this year.

In **Europe**, the outlook also underwent a relevant adjustment. Activity showed some improvement, especially in the services sector, while inflation came in more benign than expected in the preliminary reading after the previous month's upside surprise. Even so, the European Central Bank raised its policy rate by 25 basis points, as expected, and avoided committing to its next steps. Communication maintained a more cautious and hawkish bias, reflecting concerns about inflation persistence and the lagged effects of the energy shock.

In **Asia**, the main theme remained the divergence across countries and sectors. China continued to show moderate growth, with no clear signs of a stronger acceleration, while Asian equity markets linked to technology and semiconductors continued to benefit from the global artificial intelligence cycle. Over the quarter, Korean, Japanese, and Taiwanese assets stood out significantly, driven by demand for chips and AI infrastructure, while emerging markets more closely linked to commodities underperformed in an environment of a stronger dollar.

Domestic

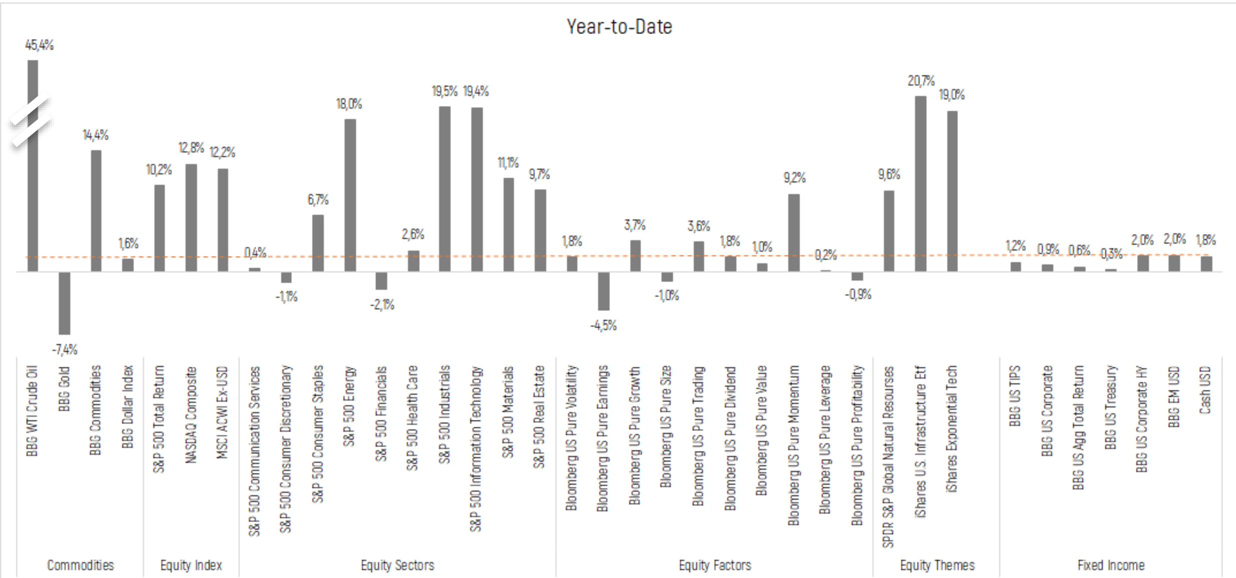
In Brazil, June brought a more challenging combination: external relief through oil prices, but a relative deterioration in the domestic backdrop. The decline in energy prices helps reduce short-term inflationary pressures, but current inflation continues to deteriorate, especially in free-market goods more sensitive to the supply shocks seen at the beginning of the year, such as food consumed at home and industrial goods. In addition, the resilience of domestic activity continues to support upward revisions to the output gap and makes a more convincing disinflation process in services more difficult.

The exchange rate once again became a point of attention. The combination of a stronger global dollar, external flows more directed toward technology, and less momentum for commodity-linked economies led to a new round of depreciation in emerging-market currencies, including the Brazilian real. Since the beginning of May, the real has accumulated depreciation of nearly 4%, adding another risk to the inflation outlook at a time of greater proximity to the electoral calendar.

On the monetary policy front, Copom maintained a stance considered relatively dovish by the market, despite inflation projections persistently above target over the relevant horizon. The prevailing view is that, although the decline in oil prices provides some comfort for the next meeting, the combination of resilient activity, fiscal and parafiscal risks, still-pressured inflation, and proximity to the elections argues for caution with local assets beyond a tactical horizon.

In domestic markets, performance remained weak. The Ibovespa fell around 1% in June, while the IMA-B declined slightly more than 1%, reflecting pressure on assets with greater duration and reduced appetite for local risk. The global equity market remains more concentrated in the direct beneficiaries of the artificial intelligence cycle, leaving Brazil relatively off investors' radar, while fiscal and electoral noise began to carry increasing weight in asset pricing.

Global Assets	1m	3m	6m	12m	24m	36m
Commodities						
BBG WTI Crude Oil	-16,82%	-19,12%	45,43%	38,26%	27,91%	65,58%
BBG Gold	-11,79%	-13,54%	-7,37%	21,00%	69,15%	104,03%
BBG Commodities	-8,54%	-8,08%	14,36%	25,46%	32,69%	39,33%
BBG Dollar Index	1,95%	0,56%	1,55%	2,69%	-3,73%	-0,87%
Equity Index						
S&P 500 Total Return	-0,95%	15,20%	10,21%	22,32%	40,87%	75,47%
NASDAQ Composite	-2,81%	21,41%	12,79%	28,69%	47,83%	90,12%
MSCI ACWI Ex-USD	-0,75%	13,61%	12,21%	24,93%	43,43%	55,97%
Equity Sectors						
S&P 500 Communication Services	-7,86%	8,12%	0,44%	20,23%	46,49%	110,29%
S&P 500 Consumer Discretionary	-4,78%	9,09%	-1,11%	8,74%	27,81%	43,33%
S&P 500 Consumer Staples	0,17%	-0,27%	6,72%	2,89%	12,58%	18,52%
S&P 500 Energy	-5,14%	-14,03%	17,98%	25,02%	16,14%	30,05%
S&P 500 Financials	4,22%	8,59%	-2,06%	2,40%	30,48%	59,12%
S&P 500 Health Care	6,46%	8,29%	2,56%	17,78%	8,93%	19,60%
S&P 500 Industrials	7,19%	14,53%	19,46%	25,59%	52,01%	72,75%
S&P 500 Information Technology	-3,33%	31,60%	19,43%	36,73%	56,37%	119,98%
S&P 500 Materials	-0,14%	1,63%	11,08%	14,74%	14,66%	22,25%
S&P 500 Real Estate	0,23%	7,59%	9,67%	7,45%	15,98%	18,18%
Equity Factors						
Bloomberg US Pure Volatility	-1,16%	1,10%	1,82%	4,00%	8,77%	7,84%
Bloomberg US Pure Growth	1,29%	3,64%	3,72%	0,36%	3,67%	4,37%
Bloomberg US Pure Size	-1,49%	-0,05%	-1,02%	1,35%	5,29%	9,22%
Bloomberg US Pure Dividend	-1,25%	-0,42%	1,81%	1,36%	-0,75%	-0,66%
Bloomberg US Pure Value	-0,20%	-2,11%	1,03%	2,51%	1,37%	4,90%
Bloomberg US Pure Momentum	2,00%	5,60%	9,20%	12,48%	20,00%	28,98%
Equity Themes						
SPDR S&P Global Natural Resourses	-7,40%	-8,79%	9,60%	27,55%	29,05%	38,34%
iShares U.S. Infrastructure Etf	3,79%	10,54%	20,73%	30,42%	55,33%	70,72%
iShares Exponential Tech	-0,98%	21,79%	19,01%	36,77%	52,78%	62,38%
Global X AI	-2,54%	40,58%	29,00%	50,30%	84,56%	135,62%
iShares Semiconductor ETF	12,65%	95,05%	113,00%	169,69%	162,98%	286,59%
Fixed Income						
BBG US TIPS	-0,47%	0,89%	1,15%	3,42%	9,46%	12,42%
BBG US Corporate	0,19%	1,40%	0,86%	4,34%	11,55%	16,72%
BBG US Agg Total Return	0,24%	0,67%	0,62%	3,79%	10,10%	12,99%
BBG US Treasury	0,28%	0,32%	0,28%	2,72%	8,16%	9,83%
BBG US Corporate HY	0,27%	2,47%	1,96%	5,91%	16,80%	29,00%
BBG EM USD	0,56%	3,42%	2,03%	8,03%	18,20%	27,60%
Cash USD	0,32%	0,92%	1,84%	4,00%	9,05%	15,07%



Brasil	1m	3m	6m	12m	24m	36m
Pós-Fixado						
Brazil CETIP DI Rate Accumulat	1,12%	3,32%	6,85%	14,78%	28,70%	43,75%
Anbima IMA-S	1,12%	3,34%	6,95%	14,99%	29,25%	44,56%
Anbima Debentures Index IDA DI	1,23%	4,34%	7,09%	14,92%	30,71%	51,56%
Prêmio de Crédito	0,10%	0,99%	0,23%	0,12%	1,56%	5,43%
Pré-Fixado						
Anbima IRF-M 1	1,14%	3,24%	6,63%	14,51%	28,16%	42,20%
Anbima IRF-M	0,69%	2,63%	5,06%	12,12%	24,62%	34,45%
Anbima IRF-M 1+	0,52%	2,40%	4,47%	11,12%	22,91%	31,03%
Indexado Inflação						
Anbima IMA-B 5	0,22%	2,52%	6,48%	12,12%	22,16%	32,21%
Anbima IMA-B	-1,04%	1,07%	4,08%	8,26%	16,19%	19,75%
Anbima IMA-B5+	-2,05%	-0,09%	2,20%	5,39%	12,31%	10,70%
Anbima Debentures Index ID	-0,07%	-0,45%	1,54%	6,37%	18,12%	28,15%
Prêmio de Crédito (s/ média B5 e B)	0,35%	-2,21%	-3,55%	-3,47%	-0,88%	1,72%
*Inflação IPCA**	0,58%	2,15%	3,54%	4,72%	10,30%	14,63%
Imobiliario						
Bovespa Real Est In Fund	-1,21%	-1,03%	1,46%	9,96%	14,44%	21,40%
Hedge Funds						
Anbima Hedge Funds Index	0,51%	3,21%	3,26%	9,87%	25,70%	32,37%
Renda Variável						
BRAZIL IBOVESPA INDEX	-1,01%	-8,24%	6,76%	23,89%	38,83%	45,68%
BOVESPA Dividend Index	1,79%	-7,07%	6,99%	22,30%	40,20%	57,15%
BM&FBOVESPA Small Cap	-3,28%	-9,76%	-4,58%	-1,35%	9,81%	-3,32%
BRAZIL Financial Index	0,63%	-6,66%	4,22%	15,48%	48,20%	47,47%
BOVESPA Utilities Index	3,62%	-3,54%	10,89%	38,88%	79,78%	84,10%
BM&FBOVESPA REAL ESTATE	1,79%	-5,61%	3,77%	22,97%	62,48%	48,97%
BM&FBOVESPA Consumption	-1,10%	-9,44%	-5,25%	-0,97%	9,23%	-7,31%
BOVESPA INDUSTRIAL INDEX	0,94%	-3,87%	-2,61%	9,04%	23,86%	40,11%
BOVESPA Basic Mat Index	-7,95%	-7,53%	-5,52%	16,39%	2,85%	9,97%
BRAZIL ELECTRIC.ENRGY IX	1,02%	-3,47%	4,09%	26,45%	45,08%	40,62%
FX						
USD-BRL Carry Return	1,71%	-2,63%	-10,00%	-13,48%	-21,48%	-12,34%