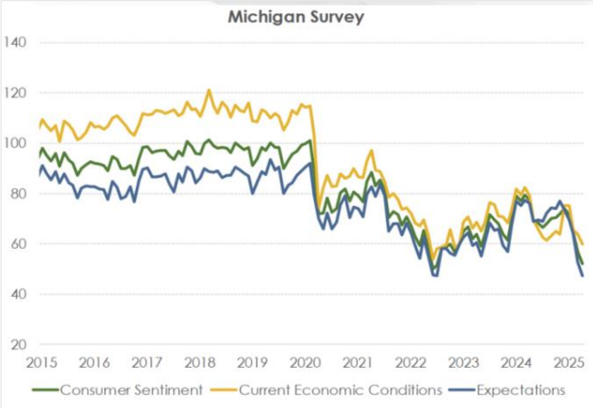
Market Update: April

International:

April was marked by a significant increase in volatility in global markets, driven by the implementation of reciprocal tariffs in the United States, in the "Liberation Day". The imposed tariffs took the market by surprise, with rates exceeding 20% for most countries, notably the 145% imposed on China in response to retaliatory measures. However, the negative reaction of the markets, especially following pressure on long-term U.S. Treasury bond prices, led the Trump administration to back down by adopting a universal tariff of 10% (except for China), bringing some relief to risk assets. Even so, the episode resulted in the fifth-worst two-day drop in the S&P 500 since World War II and contributed to the depreciation of the dollar, which posted a 7.6% decline over two months.

The deterioration of expectations and the demand for a higher risk premium on U.S. assets were reflected in the abrupt increases in long-term interest rates, record highs in the VIX volatility index, and the sharp appreciation of gold (above US$ 3,500/oz). At the same time, the expectation of lower global demand contributed to the sharp drop in oil and natural gas prices shortly after the announcement, a movement that was partially corrected over the course of the month. In this context, emerging market currencies appreciated amid the weakness of the dollar, favoring assets from developing countries.

The **U.S. economy** showed mixed signals in April. First-quarter GDP declined by -0.3% on an annualized basis, driven by strong growth in imports (+41%) and inventories, due to anticipatory move ahead of the tariffs. Despite this, underlying measures such as final private domestic sales rose by +3% during the period. Household consumption remains resilient, with a +0.7% increase in March. Inflation as measured by the PCE ended the quarter with more pressure than expected: data for January and February were revised upward, and the 12-month PCE stood at 2.29%. The labor market remains dynamic, with 228,000 jobs created in March, but there is a slowdown in leading indicators (JOLTS and unemployment insurance claims). Moreover, sentiment surveys point to a sharp weakening in economic dynamism (Figure 1).



The **U.S. central bank** adopted a more cautious stance given rising uncertainty and signs of a slowdown accompanied by inflationary pressures, emphasizing the importance of keeping inflation expectations anchored. Markets anticipate the first-interest rate cuts to occur between July and September, with recent communication pointing toward the end of the third quarter.

In the **Eurozone**, first-quarter GDP growth surprised to the upside, rising 0.4% compared to the previous quarter. However, the impacts of the tariffs imposed by the U.S. are already beginning to show in business climate surveys and in consumption and investment decisions. A temporary surge in exports benefited countries like Germany and Ireland, but the effect is expected to be short-lived. Inflation continues on a disinflationary trend, with consumer prices rising 2.1% over the past 12 months and core inflation (excluding more volatile items) at 2.5%. Accordingly, the ECB reduced interest rates by 25 basis points, bringing the deposit rate down to 2.25%, and removed references to restrictive policy. Another cut is expected in June.

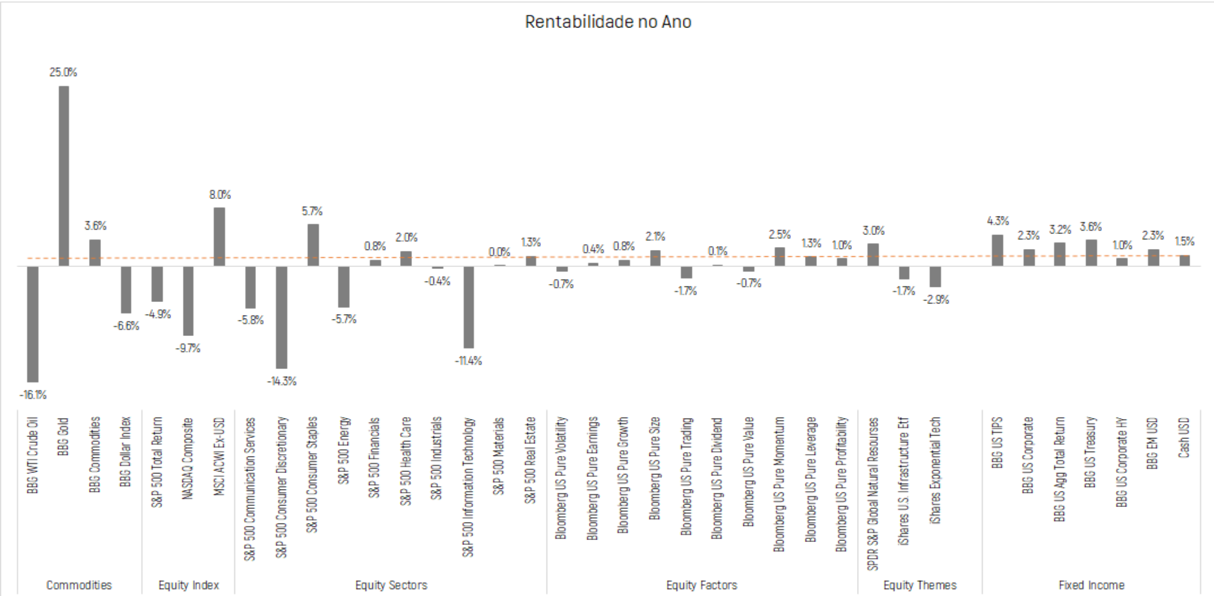
China has, so far, maintained a steady growth trajectory, with GDP rising 5.4% year-over-year in the first quarter, driven by retail sales (+5.9%), industrial production (+6.5%), and fixed asset investment (+4.2%). However, the country's exclusion from the tariff truce with the U.S. triggered retaliatory measures and a new wave of deflationary pressures. March CPI fell by 0.1% year-over-year, and exports declined during the month. The government continues to pursue active fiscal policy (a deficit of 4% of GDP), while the central bank maintains an accommodative stance in an effort to ease structural deceleration and mitigate the impact of U.S. foreign policy on the Asian economy. Growth is expected to slow to 4.5% in 2025 due to the tariff shock

Domestic (Brazil):

The positive momentum in Brazilian assets persisted in April, with strong gains in long-dated fixed-rate bonds (+6.15%) and the small-cap index (+8.47%). The Real has appreciated by approximately 8% year-to-date, and the compression of risk premiums supported the rally in local assets. Economic activity continues to slow at a moderate pace. In February, both the services and retail sectors remained stable. April's IPCA-15 came in at 0.43%, with core inflation still under pressure and substantially above the target. Debate over Brazil's benchmark interest rate, the Selic, is focused on unanchored inflation expectations and the Central Bank's possible reassessment of the output gap and the neutral rate. Recently, statements from Central Bank of Brazil board members have been ambiguous regarding the number of hikes needed to reach the terminal rate, which the derivatives market currently projects at 14.75%.

In the context of global portfolio rebalancing and capital outflows from the U.S., Brazil and Latin America have been seen as relatively insulated from the impact of U.S. import tariffs. Moreover, the region stands to benefit from lower global interest rates and a potential increase in Chinese demand for commodities, which has become the main channel for China's retaliation against the U.S. Republican voter base. The external environment, along with growing expectations of a political shift in 2026, has pushed the country's fiscal challenges into the background. Nonetheless, sustaining strong performance will require significant political effort and capital, warranting caution regarding local assets.

Ativos Globais	1m	3m	6m	12m	24m	36m
Commodities						
BBG WTI Crude Oil	-17.86%	-17.91%	-11.78%	-18.97%	-3.40%	-18.74%
BBG Gold	5.73%	17.17%	19.86%	42.58%	63.46%	69.85%
BBG Commodities	-4.81%	-0.30%	5.13%	4.08%	7.08%	-10.69%
BBG Dollar Index	-3.97%	-6.43%	-2.80%	-3.34%	-0.26%	-1.72%
Equity Index						
S&P 500 Total Return	-0.68%	-7.50%	-1.74%	12.10%	37.50%	41.16%
NASDAQ Composite	0.85%	-11.11%	-3.59%	11.42%	42.69%	41.44%
MSCI ACWI Ex-USD	3.26%	3.89%	4.69%	9.13%	16.18%	16.37%
Equity Sectors						
S&P 500 Communication Services	0.60%	-13.60%	0.45%	15.72%	62.18%	62.44%
S&P 500 Consumer Discretionary	-0.34%	-17.86%	-0.64%	10.51%	36.24%	23.42%
S&P 500 Consumer Staples	1.08%	3.75%	4.72%	12.02%	11.79%	11.33%
S&P 500 Energy	-13.73%	-7.56%	-9.36%	-13.63%	-5.76%	7.87%
S&P 500 Financials	-2.21%	-5.23%	4.87%	20.86%	47.09%	41.38%
S&P 500 Health Care	-3.83%	-4.31%	-4.35%	0.16%	5.25%	7.81%
S&P 500 Industrials	0.15%	-5.12%	-1.74%	8.10%	31.36%	38.14%
S&P 500 Information Technology	1.58%	-8.73%	-6.33%	13.04%	54.10%	64.79%
S&P 500 Materials	-2.24%	-5.22%	-9.60%	-5.07%	4.50%	-0.77%
S&P 500 Real Estate	-1.34%	-0.38%	-4.26%	14.38%	9.56%	-10.99%
Equity Factors						
Bloomberg US Pure Volatility	0.77%	-1.80%	0.70%	1.35%	2.94%	0.47%
Bloomberg US Pure Growth	0.40%	0.17%	2.35%	2.89%	4.08%	2.30%
Bloomberg US Pure Size	0.79%	1.27%	2.39%	2.01%	6.65%	7.19%
Bloomberg US Pure Dividend	-1.21%	0.67%	-1.40%	-0.74%	-1.65%	-1.48%
Bloomberg US Pure Value	-0.62%	-0.85%	-1.45%	-3.83%	0.35%	2.48%
Bloomberg US Pure Momentum	2.15%	0.79%	2.91%	6.14%	12.63%	9.66%
Equity Themes						
SPDR S&P Global Natural Resourses	-3.72%	-1.76%	-4.80%	-7.10%	-2.62%	-3.05%
iShares U.S. Infrastructure Etf	0.33%	-4.08%	-2.56%	9.23%	26.89%	31.00%
iShares Exponential Tech	0.64%	-6.65%	-0.94%	4.51%	15.27%	12.69%
Fixed Income						
BBG US TIPS	0.12%	2.96%	3.14%	8.12%	6.66%	2.40%
BBG US Corporate	-0.03%	1.71%	1.64%	7.60%	8.68%	9.41%
BBG US Agg Total Return	0.39%	2.64%	2.57%	8.02%	6.43%	5.98%
BBG US Treasury	0.63%	3.04%	2.77%	7.68%	4.67%	3.70%
BBG US Corporate HY	-0.02%	-0.38%	1.71%	8.69%	18.49%	19.94%
BBG EM USD	-0.05%	1.21%	2.19%	9.17%	15.97%	16.04%
Cash USD	0.36%	1.08%	2.24%	5.00%	10.81%	14.35%



Ativos Brasileiros	1m	3m	6m	12m	24m	36m
Pós-Fixado						
Brazil CETIP DI Rate Accumulat	1.06%	3.03%	5.87%	11.45%	25.19%	41.93%
Anbima IMA-S	1.05%	3.03%	5.94%	11.70%	25.82%	42.93%
Anbima Debentures Index IDA DI	0.59%	3.78%	6.23%	13.13%	32.29%	47.23%
Prêmio de Crédito	-0.46%	0.72%	0.34%	1.51%	5.67%	3.73%
Pré-Fixado						
Anbima IRF-M 1	1.23%	3.28%	5.94%	11.11%	24.40%	40.96%
Anbima IRF-M	2.99%	5.05%	5.42%	8.52%	21.76%	37.48%
Anbima IRF-M 1+	3.86%	5.93%	5.09%	7.20%	20.79%	36.58%
Indexado Inflação						
Anbima IMA-B 5	1.76%	2.98%	5.00%	9.37%	18.58%	30.05%
Anbima IMA-B	2.09%	4.50%	2.87%	4.55%	12.73%	22.63%
Anbima IMA-B5+	2.33%	5.66%	1.25%	1.40%	8.34%	17.14%
Anbima Debentures Index IDA IP	2.52%	5.99%	4.72%	8.66%	24.71%	24.09%
Prêmio de Crédito (s/ média B5 e B)	0.59%	2.17%	0.76%	1.59%	7.83%	-1.78%
*Inflação IPCA**	0.56%	2.04%	3.55%	5.48%	9.62%	14.72%
Imobiliario						
Bovespa Real Est In Fund	3.01%	12.98%	6.49%	0.91%	19.40%	21.32%
Hedge Funds*						
Anbima Hedge Funds Index	3.88%	3.92%	6.68%	11.79%	19.25%	28.06%
Renda Variável						
BRAZIL IBOVESPA INDEX	3.69%	7.08%	4.13%	7.26%	29.34%	25.21%
BOVESPA Dividend Index	3.88%	6.57%	4.84%	12.29%	36.73%	40.18%
BM&FBOVESPA Small Cap	8.47%	11.30%	3.97%	0.07%	12.44%	-9.91%
BRAZIL Financial Index	9.27%	15.48%	15.63%	20.99%	44.74%	50.32%
BOVESPA Utilities Index	12.44%	19.19%	16.22%	26.50%	46.55%	44.24%
BM&FBOVESPA REAL ESTATE	11.55%	17.91%	6.30%	18.73%	39.30%	35.56%
BM&FBOVESPA Consumption	12.67%	19.52%	6.24%	7.96%	14.45%	-16.75%
BOVESPA INDUSTRIAL INDEX	3.31%	1.60%	1.18%	17.90%	39.65%	24.58%
BOVESPA Basic Mat Index	-4.48%	-8.08%	-11.83%	-11.06%	-0.92%	-11.51%
BRAZIL ELECTRIC ENRGY IX	12.69%	17.89%	11.14%	12.67%	20.30%	15.53%
FX						
USD-BRL Carry Return	-1.31%	-4.91%	-5.55%	3.05%	1.78%	-6.77%