

Market Update: March

International

The month was characterized by a significant shift in the market regime, as escalating geopolitical tensions between the United States and Iran culminated in the closure of the Strait of Hormuz, a critical chokepoint for global oil flow. This event triggered a severe energy supply shock, leading to a sharp rise in prices throughout the month and directly impacting inflation expectations and monetary policy outlooks across major economies.

As a result, there was a substantial repricing of global assets. Rising inflation expectations led to a steepening of yield curves and a significant reduction in the probability of rate cuts throughout 2026. In the United States, the market effectively priced out any near-term monetary easing, while in Europe, discussions even shifted toward the possibility of rate hikes—a stark contrast to the scenario envisioned at the start of the year. This environment, bordering on a stagflationary shock (low growth coupled with high inflation), resulted in negative performance for most risk assets. Global equity markets saw relevant pullbacks, sovereign bond yields rose sharply, and oil established itself as the primary transmission vector of the shock during the month.

In the **U.S.**, beyond the geopolitical impact, economic data began to signal some moderation. The labor market showed signs of softening at the margin, with downward revisions and an uptick in the unemployment rate, while inflation remains pressured by both the energy shock and more persistent components. In this context, the Federal Reserve maintained a cautious stance, signaling increased data dependency amid heightened uncertainty.

In **Europe**, the impact of the energy shock was more direct. Inflation accelerated at the margin, reflecting higher fuel prices, while the European Central Bank began signaling greater concern regarding secondary effects on inflation. Communications revealed growing divergence among members, with part of the committee already discussing a more restrictive response should the current scenario persist.

In **Asia**, the backdrop remained relatively stable, though sensitive to the global environment. In China, activity data came in slightly better than expected at the beginning of the year, although the real estate sector remains a point of fragility and stimulus remains contained. In Japan, after a positive start to the year, the equity market was hit by the global risk-off sentiment, though it maintains superior relative performance on a year-to-date basis.

Domestic (Brazil)

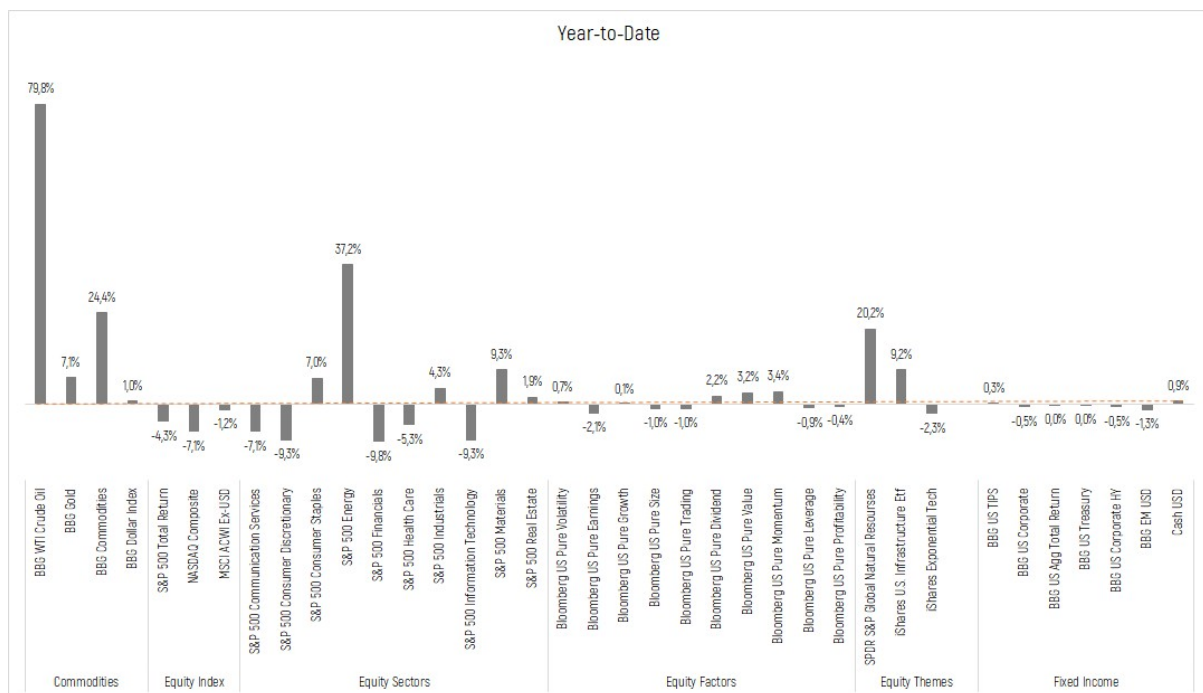
In Brazil, the external shock had a significant impact on the macroeconomic outlook, primarily through the inflationary channel. The rise in oil prices pushed up inflation expectations, especially via fuel, and introduced greater uncertainty regarding the price trajectory in the coming months due to the risk of price gaps and potential additional passthroughs. In this context, the local yield curve underwent a relevant repricing, with part of the market revising upward the expected path for the Selic rate throughout 2026. Nevertheless, the Central Bank opted to initiate the monetary easing cycle with a 25-basis-point cut, bringing the Selic rate to 14.75%. The decision was accompanied by cautious communication, preserving optionality and reinforcing dependency on the evolution of the external environment.

On the activity side, data remains relatively resilient. The labor market stays tight, with job creation and wage growth still consistent, which complicates a faster deceleration in services inflation. Conversely, some indicators are starting to suggest a gradual moderation of activity throughout the year. Headline inflation showed upside surprises at the margin, although partially concentrated in volatile items. The main risk ahead is the persistence of the commodity shock and its second-order effects on domestic inflation dynamics, especially in an environment still characterized by low output gaps.

Regarding the markets, March was a more challenging month for local assets, in line with the global risk-off environment. The steepening of the yield curve negatively impacted long-duration assets, while the stock market reflected both the global movement and the revision of expectations for inflation and monetary policy. However, Brazil fared

relatively well during this turbulent month, benefiting from oil exports which should contribute positively to the trade balance and tax revenues.

Global Assets	1m	3m	6m	12m	24m	36m
Commodities						
BBG WTI Crude Oil	52,05%	79,80%	69,53%	62,12%	60,00%	94,83%
BBG Gold	-11,23%	7,14%	20,22%	47,24%	105,27%	130,01%
BBG Commodities	11,50%	24,41%	31,69%	32,29%	48,53%	47,69%
BBG Dollar Index	2,36%	0,99%	1,25%	-4,61%	-2,40%	-1,20%
Equity Index						
S&P 500 Total Return	-4,98%	-4,33%	-1,79%	17,80%	27,52%	65,63%
NASDAQ Composite	-4,75%	-7,11%	-4,72%	24,81%	31,82%	76,66%
MSCI ACWI Ex-USD	-11,13%	-1,23%	3,41%	22,01%	26,24%	39,23%
Equity Sectors						
S&P 500 Communication Services	-7,34%	-7,10%	-0,55%	31,44%	47,83%	119,43%
S&P 500 Consumer Discretionary	-5,75%	-9,34%	-8,85%	10,97%	17,69%	50,19%
S&P 500 Consumer Staples	-7,73%	7,01%	6,25%	3,68%	13,67%	18,60%
S&P 500 Energy	10,31%	37,24%	38,15%	31,79%	30,79%	48,57%
S&P 500 Financials	-3,70%	-9,80%	-8,32%	-0,87%	17,24%	53,61%
S&P 500 Health Care	-8,26%	-5,29%	5,32%	0,48%	-0,79%	13,22%
S&P 500 Industrials	-8,54%	4,30%	4,87%	23,42%	28,40%	59,90%
S&P 500 Information Technology	-3,87%	-2,25%	-8,09%	28,31%	34,99%	95,46%
S&P 500 Materials	-7,08%	9,30%	10,01%	15,84%	7,29%	23,61%
S&P 500 Real Estate	-6,60%	1,94%	-1,82%	-1,11%	4,76%	10,73%
Equity Factors						
Bloomberg US Pure Volatility	0,34%	0,71%	0,51%	6,81%	6,45%	8,89%
Bloomberg US Pure Growth	0,23%	0,08%	-1,86%	-2,32%	0,47%	0,52%
Bloomberg US Pure Size	0,16%	-0,97%	0,19%	4,20%	5,83%	11,07%
Bloomberg US Pure Dividend	0,05%	2,24%	1,60%	-1,11%	-0,33%	-1,50%
Bloomberg US Pure Value	1,18%	3,21%	4,41%	5,59%	2,32%	6,50%
Bloomberg US Pure Momentum	0,34%	3,41%	3,54%	10,62%	15,41%	23,25%
Equity Themes						
SPDR S&P Global Natural Resources	-1,16%	20,16%	28,10%	44,49%	38,70%	45,84%
iShares U.S. Infrastructure Etf	-4,77%	9,22%	9,42%	29,26%	37,06%	62,43%
iShares Exponential Tech	-6,01%	-2,28%	1,86%	27,73%	24,12%	41,03%
Fixed Income						
BBG US TIPS	-1,34%	0,26%	0,40%	3,00%	9,35%	9,85%
BBG US Corporate	-1,98%	-0,54%	0,30%	4,78%	9,91%	14,78%
BBG US Agg Total Return	-1,76%	-0,05%	1,05%	4,35%	9,44%	11,30%
BBG US Treasury	-1,74%	-0,04%	0,86%	3,25%	7,92%	7,97%
BBG US Corporate HY	-1,18%	-0,50%	0,81%	7,01%	15,24%	28,09%
BBG EM USD	-2,89%	-1,35%	1,02%	7,11%	15,07%	24,77%
Cash USD	0,32%	0,91%	1,92%	4,18%	9,52%	15,46%



Brasil	1m	3m	6m	12m	24m	36m
Pós-Fixado						
Brazil CETIP DI Rate Accumulat	1,21%	3,41%	7,12%	14,79%	27,72%	43,50%
Anbima IMA-S	1,27%	3,49%	7,25%	15,00%	28,28%	44,41%
Anbima Debentures Index IDA DI	0,46%	2,63%	6,15%	13,65%	29,12%	50,69%
Prêmio de Crédito	-0,74%	-0,76%	-0,91%	-0,99%	1,10%	5,00%
Pré-Fixado						
Anbima IRF-M 1	1,02%	3,28%	6,96%	14,71%	26,63%	42,17%
Anbima IRF-M	-0,59%	2,36%	5,82%	15,65%	21,23%	38,23%
Anbima IRF-M 1+	-1,21%	2,02%	5,40%	16,16%	18,67%	36,78%
Indexado Inflação						
Anbima IMA-B 5	1,39%	3,87%	7,06%	12,47%	20,63%	32,24%
Anbima IMA-B	0,17%	2,98%	6,51%	12,66%	13,50%	26,90%
Anbima IMA-B5+	-0,78%	2,29%	6,07%	12,65%	8,38%	22,88%
Anbima Debentures Index ID	-1,31%	2,00%	3,10%	12,78%	17,56%	39,31%
Prêmio de Crédito (s/ média B5 e B)	-2,08%	-1,37%	-3,45%	0,19%	0,42%	7,52%
Inflação IPCA*	0,70%	1,37%	2,13%	3,81%	9,06%	13,97%
Imobiliário						
Bovespa Real Est In Fund	-1,06%	2,52%	7,83%	16,83%	13,57%	40,19%
Hedge Funds						
Anbima Hedge Funds Index	-3,42%	0,05%	3,25%	14,34%	21,22%	32,33%
Renda Variável						
BRAZIL IBOVESPA INDEX	-0,70%	16,35%	28,19%	43,91%	46,33%	84,00%
BOVESPA Dividend Index	-0,23%	15,13%	25,20%	40,93%	51,49%	92,70%
BM&FBOVESPA Small Cap	-5,77%	5,75%	8,57%	26,95%	8,03%	34,10%
BRAZIL Financial Index	-6,26%	11,66%	19,04%	39,38%	46,06%	99,15%
BOVESPA Utilities Index	1,10%	14,96%	29,32%	66,70%	79,89%	126,90%
BM&FBOVESPA REAL ESTATE	-9,36%	9,95%	14,60%	62,25%	52,74%	116,48%
BM&FBOVESPA Consumption	-5,39%	4,62%	9,13%	23,89%	11,61%	26,96%
BOVESPA INDUSTRIAL INDEX	-7,04%	1,30%	16,20%	17,63%	29,77%	57,75%
BOVESPA Basic Mat Index	-8,61%	2,18%	20,50%	18,68%	4,78%	18,55%
BRAZIL ELECTRIC.ENERGY IX	0,48%	7,83%	22,13%	55,60%	49,68%	77,33%
FX						
USD-BRL Carry Return	0,29%	-7,56%	-7,14%	-17,31%	-10,85%	-16,49%

