Rates, liquidity and market pricing

3 April 2026 | Matheus Balthar

Written on 3 April using information available at the time. My central view was that the improvement in US inflation did not yet justify chasing duration, while the Blue Owl redemption requests deserved attention as a liquidity signal rather than proof of a sector-wide credit event.

US CPI	CORE CPI	RETAIL SALES	US 10Y	IBOVESPA
2.4%	2.5%	+0.6%	4.35%	188,052
Feb. YoY	Feb. YoY	Feb. MoM	3 Apr.	2 Apr. close

United States

The February CPI release showed headline inflation at 2.4% year on year and core inflation at 2.5%. Retail and food-services sales then rose 0.6% month on month. That mix mattered: disinflation was progressing, but demand was not weak enough to make an aggressive Federal Reserve pivot the obvious base case.

The Treasury market reflected that tension. The 10-year yield closed at 4.31% on 2 April and 4.35% on 3 April. At those levels, the hurdle rate for long-duration assets remained demanding, particularly for companies whose valuation depends heavily on cash flows several years out.

Geopolitics added another layer through oil. Any stabilisation around the Strait of Hormuz could remove part of the risk premium quickly; renewed disruption would feed back into inflation expectations. I therefore viewed the move in gold, the dollar and growth equities as conditional on the oil channel rather than as a clean change in regime.

> My reading was not that duration had become unattractive, but that it still required selectivity. A lower inflation print was helpful; it was not enough, on its own, to justify chasing the move.

Private credit

Investors requested roughly US$5.4 billion of redemptions from two Blue Owl vehicles during the first quarter. The requests represented about 22% of its main fund and 41% of the technology-focused vehicle. Both were subject to quarterly repurchase limits of 5%.

The distinction between requested redemptions and cash actually paid is important. The episode did not, by itself, establish a sector-wide solvency problem. It did show the tension created when portfolios of privately valued, illiquid loans are paired with investors who expect periodic access to cash.

For me, the useful signals were not the headline request alone. I would watch whether gates remained in place, whether secondary-market discounts widened, and whether non-accruals or realised losses began to rise. Persistent outflows combined with asset sales would be more significant than a single quarter of elevated requests.

Liquidity is the point

Private credit is often discussed primarily as a credit-selection problem. This week was a reminder that liquidity design and valuation frequency can matter just as much as the underlying borrowers.

Brazil

The Ibovespa traded between 185,214 and 189,251 on 2 April before closing at 188,052, almost unchanged on the day but up 3.58% for the week. The intraday range was more informative than the close: Brazilian assets remained highly sensitive to oil, geopolitics and foreign flows.

The local rates curve moved in two directions. The front end was broadly stable while longer maturities rallied. That was constructive for domestic risk assets, but I would not interpret it as evidence that inflation and fiscal risk had disappeared. A geopolitical premium can compress quickly and return just as quickly.

Brazil also has a two-sided exposure to an oil shock. Higher prices can support exporters and the terms of trade, while simultaneously lifting inflation expectations and reducing room for rate cuts. The same move that helps part of the index can hurt consumption, credit and domestically oriented companies.

Bitcoin

Bitcoin can add diversification when liquidity is stable and risk appetite is improving. During an acute shock, however, the need for cash tends to dominate the scarcity narrative. In that environment, Bitcoin is more likely to trade as a high-beta risk asset than as a substitute for gold.

That does not make the allocation invalid. It changes how the position should be sized. If the portfolio depends on Bitcoin behaving defensively during forced selling, the position is probably too large.

Portfolio view

I came away with the same conclusion across all four areas: liquidity was doing more work than the headline narratives suggested. In US rates, the issue was whether lower inflation could offset a still-high discount rate. In private credit, it was the mismatch between withdrawal expectations and illiquid assets. In Brazil and Bitcoin, it was how quickly a shock could change both risk appetite and access to cash.

The practical implication was to keep duration selective, avoid treating private marks as equivalent to daily market prices, and resist extrapolating a single strong week in Brazilian assets. Bitcoin remained an asymmetric risk allocation rather than a portfolio hedge.

> What would change my view: persistent disinflation with a stable long end would support more duration. Continued gates accompanied by realised credit losses would make me more defensive on private credit. In Brazil, a renewed rise in long rates driven by fiscal or inflation concerns would matter more than the equity index alone.

Bottom line

A thesis is useful only if it identifies what is priced, what can break, and what evidence would require a revision. This week, the evidence improved at the margin, but not enough to remove the need for a high hurdle rate.

SOURCES AND SCOPE

Information available through 3 April 2026. Sources: US Bureau of Labor Statistics; US Census Bureau; US Treasury; Reuters; BB Investalk. The analysis and interpretation are my own.