

# MONTHLY NEWSLETTER

## MIRABAUD WEALTH MANAGEMENT



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### INTERNATIONAL

#### BRAVE NEW WORLD

Aldous Huxley published *Brave New World* in 1932, at the bottom of the Great Depression, at a moment when the old world had collapsed and the contours of the new one were not yet legible. His title came from Shakespeare's *The Tempest*, where Miranda, raised on an isolated island, catches her first glimpse of other human beings and cries out in wonder and excitement of the new reality: "O brave new world, that has such people in it."

Huxley borrowed the phrase and inverted its meaning. His brave new world was not a liberation. It was the replacement of one

set of chains with another, softer, more seductive, and therefore more complete. The citizens of his new world were comfortable, chemically stabilized by a drug called Soma, and entirely dependent on a system they could no longer imagine living without. The chains were invisible precisely because they felt like freedom.

In our view a compelling parallel be drawn with the current situation of the financial markets.

For nearly four decades, the old Soma was policy support: the Fed put, low rates, quantitative easing, and the belief that central banks or governments would eventually step in to protect markets from serious pain. That belief is now weakening. But markets are not necessarily becoming sober. They may simply be replacing one drug with another: blind faith in artificial intelligence revenues, and the fear of missing what the market has already decided is the investment opportunity of a generation, a fear so potent it soothes any instinct for due care and diligence before it can be applied.

June 2026 has delivered three events that make this transition visible: the death of Alan Greenspan, the arrival of Kevin Warsh at the Federal Reserve, and the record-breaking SpaceX IPO. Taken together, they suggest that we may be moving from a market sedated by policy support to one sedated by technological conviction.

### **The Old Soma: The Fed Put**

In Huxley's novel, the World Controllers govern the World State with absolute and benevolent authority. They are

brilliant and they have chosen stability over reality. Alan Greenspan came to occupy a similar place in the imagination of markets.

Greenspan died on 22 June in Washington. He was 100. His eighteen-and-a-half-year tenure as Federal Reserve chairman, the second longest in the institution's history, spanned four presidencies, the dot-com boom, and the early years of the housing expansion that produced the worst financial collapse since the Depression. His tenure coincided with the Great Moderation, a period of sustained growth and low inflation that made him the most celebrated central banker of his generation. Markets moved on his syntax. The doctrine of central bank omniscience reached its apex under his watch, and the 2008 crisis answered whether that omniscience was real or constructed.

His more durable legacy was not a theory, but a reflex. Markets came to believe that serious drawdowns would eventually be met with policy support. The instrument of that belief had a name: the Fed put.

The new faith was born on Black Monday, 19 October 1987, when Greenspan flooded markets with liquidity barely two months into his tenure. From that point onward, every major crisis appeared to confirm the same lesson: when markets fall far enough, the central bank responds. Each intervention delivered another dose: 1987, 1998, 2001, 2008, 2020. Each dose was larger than the last, because the patient had developed tolerance and the physician had learned that the drug worked.

For investors, the result was powerful Pavlovian conditioning. Equity risk was no longer judged only on its own merits. It was judged against a policy framework that appeared to make prolonged pain less likely. Like the citizens of Huxley's World State reaching for Soma not out of desire but out of the absence of anything better, a generation of portfolio managers reached for equity risk not only out of conviction, but out of structural necessity.

### **The Withdrawal: Warsh and the End of Automatic Reassurance?**

The old Soma is not disappearing overnight. But its supply is no longer expanding.

Kevin Warsh was sworn in as the 17th Federal Reserve chairman on 22 May 2026, after a narrow Senate confirmation vote. He inherits a committee where four of the twelve FOMC members dissented at the April meeting, the highest internal disagreement since 1992. He also inherits a political environment in which the US President openly attacked his predecessor for not cutting rates faster.

Warsh has stated publicly that he will not predetermine rate decisions at political request. Most economists expect rates to remain on hold through year-end, although market pricing has moved toward the possibility of hikes.

This is the key point: Warsh is not necessarily withdrawing monetary support in the narrow sense. He is withdrawing the expectation of automatic reassurance. Rates may remain on hold, and for good reasons. But the more important change is psychological: fewer promises, less forward guidance, and less willingness to treat every market drawdown as a policy problem.

That matters because the environment has changed. The market has been trained for nearly four decades to expect relief. The Fed put taught investors that pain was temporary, liquidity was available, and the system would not allow financial conditions to tighten too far. But the environment has changed. Inflation makes further intervention more dangerous. Asset prices already embed years of policy support. And the political pressure on the Fed makes institutional credibility more valuable, not less.

**Performance of the main financial indices since 2022:**

	Jun.	Jun. \$	2026	2026\$	2025	2025\$	2024	2024\$	2023	2023\$	2022	2022\$
S&P 500	-0.95		10.2		17.9		25.0		26.3		-18.1	
Stoxx 50	4.69	2.73	11.7	8.6	22.1	38.5	11.9	4.7	23.2	27.3	-8.5	-14.0
MSCI EM	-1.37		24.0		34.3		8.0		10.1		-19.9	
Brazil Bovespa	-1.01	-3.24	6.8	13.3	34.0	50.9	-10.4	-29.6	22.3	33.1	4.7	10.1
Euro	-2.03		-2.8		13.4		-6.2		3.1		-5.8	
US Dollar Index	2.27		2.9		-9.4		7.1		-2.1		8.2	
Gold Spot	-11.72		-7.2		64.6		27.2		13.1		-0.3	
Brazilian Real	-2.47		6.4		12.3		-21.4		8.9		5.4	
Brent	-20.8		19.8		-18.5		-3.1		-10.3		10.5	
Bitcoin	-20.36		-33.1		-6.5		120.5		157.0		-64.3	
Global Agg.	-0.71		-0.2		8.2		-1.7		5.7		-16.2	
Latam Bonds	1.05		3.5		13.2		10.5		11.1		-13.2	
Global HY	0.20		2.1		12.1		9.2		14.0		-12.7	
US T Bills	0.29		1.8		4.3		5.3		5.1		1.3	
Brazil CDI	1.12	-1.57	6.8		14.3	28.4	10.9	-12.9	13.0	24.8	12.4	18.4

**The New Soma: Belief, FOMO and the Artificial Intelligence Gramme**

One gramme of Soma, Huxley tells us, is better than a damn: it dissolves reality more efficiently than argument, and more cheaply than reason. In markets, the new gramme is no longer the policy support that sedated investors for nearly four decades. It is belief itself, sharpened by the fear of missing what the market has already decided is the opportunity of a generation.

On 12 June 2026, SpaceX completed the largest initial public offering in history, raising USD 85.7 billion in final gross

proceeds at USD 135 per share, almost three times the previous record set by Saudi Aramco in 2019. SpaceX is a genuinely remarkable company, and the achievements that justify that description are specific. It has reduced the cost of reaching orbit by an order of magnitude through reusable rocket boosters with Falcon 9 first stages reflow more than 30 times. It conducted approximately 165 launches in 2025, accounting for approximately half of all orbital launches globally and nearly double the output of China, the second most active launch nation, with a mission success rate above 99% across 650 orbital flights.

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It operates the only profitable commercial satellite broadband network at scale, generating USD 11.4 billion in Starlink revenue in 2025 at an operating profit of USD 4.4 billion. And it holds an Anthropic contract worth USD 1.25 billion per month through May 2029, anchoring its AI thesis in contracted rather than speculative revenue. The company is not in question.

And yet the IPO mechanics told a different story. SpaceX listed with a 4.2% float, the lowest for any mega-cap debut in history, and a 30% retail allocation, the highest on record. Investor demand exceeded USD 250 billion for a USD 85.7 billion raise. In conditions of extreme supply scarcity and amplified retail participation, price discovery is not analysis. It is auction. FOMO, not conviction, set the clearing price. The stock reached a record closing high on 16 June before a nearly 17% single-session collapse on 22 June, a drawdown of approximately 27% from the peak inside four trading sessions. The company was unchanged. The price was not.

This is the new Soma in its purest form. The old drug required institutions to administer it: central banks, governments, liquidity facilities. The new one is self-administered. It requires only

the collective conviction that artificial intelligence revenues will grow without limit and that the entry price is always someone else's problem. Fear of missing out is Soma by another name. It increases the volatility of even the best companies by detaching price from the patient analysis that entry points require. SpaceX may justify its valuation. At the IPO price, that required belief before evidence. That is the gramme. That is the drug.

**The Investment Implication:  
Refusing the Next Dose**

In Huxley's World State, one character refuses the drug. He demands the right to be unhappy, the right to meet reality without sedation, and the right to bear the cost of consciousness rather than dissolve it in comfort. The World Controller finds the claim incomprehensible.

For investors, that refusal now requires a deliberate act of will.

The old Soma was easy to understand. It came in the form of near-zero interest rates, quantitative easing, liquidity backstops, and political interventions that repeatedly transformed market pain into the expectation of relief.

Trump became the market's modern deus ex machina: whenever the plot became too painful to sustain, a message descended from the machinery of the state. A tariff was paused, a tone softened, a deal teased, a tweet sent, and the audience applauded before the underlying problem had been touched. Each intervention delivered the same sedative message: pain is temporary, support is structural, and the system will not allow you to suffer. Investors believed it because, for a long time, it was true.

But the fact that the old drug is being (temporarily) withdrawn does not mean the patient is recovering. The market may simply have found another prescription. Today, the new Soma is visible in loss-making companies valued at extreme revenue multiples, in consensus forecasts projecting AI revenue growth without ceiling, and in passive portfolios mechanically allocating capital to names whose long-term economics remain unproven at scale.

That does not mean investors should reject technology. Quite the opposite. The technology cycle is real, and some of the companies leading it will probably become even more

important over time. But there is a difference between recognising a structural growth theme and accepting any valuation attached to it. There is a difference between owning quality technology companies with cash generation and buying narratives that require the future to arrive perfectly and on schedule.

We therefore enter the second half of 2026 with modestly reduced equity exposure, a preference for quality and cash generation within technology, and measured scepticism toward names whose valuations rest on the assumption that the next dose is coming.

In this respect, June 2026 has been exemplary in delivering three events that together mark a transition: the death of Alan Greenspan, the arrival of Kevin Warsh at the Federal Reserve, and the record-breaking SpaceX IPO. They suggest we may be moving from a market sedated by policy support to one sedated by blind faith in progress, just as in the brave new world. Ours is the task to analyse that world with clear eyes, and to refuse the next dose, however appealing its comfort may be.



## **Eric Hatisuka**

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## **BRAZIL**

### **PARADIGM SHIFT**

Even at the risk of boring our dear readers, I cannot pass up the opportunity to address a topic, elegantly introduced in this space by my colleague Christian Mannoni, regarding the start of the new Federal Reserve Board Chair Kevin Warsh's tenure.

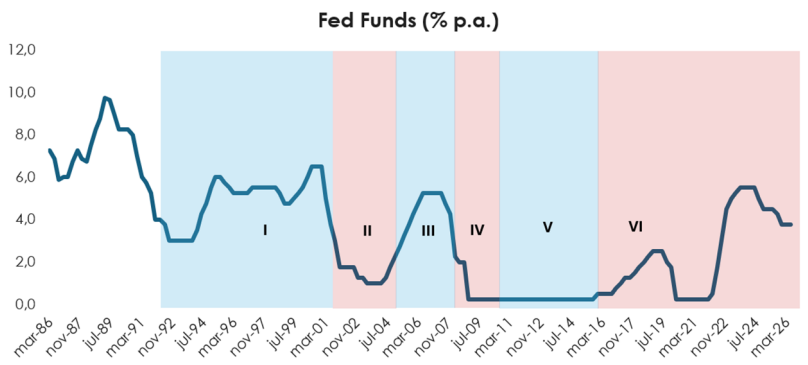
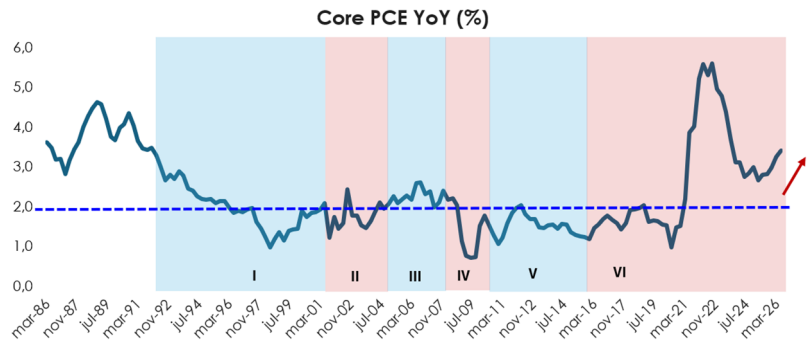
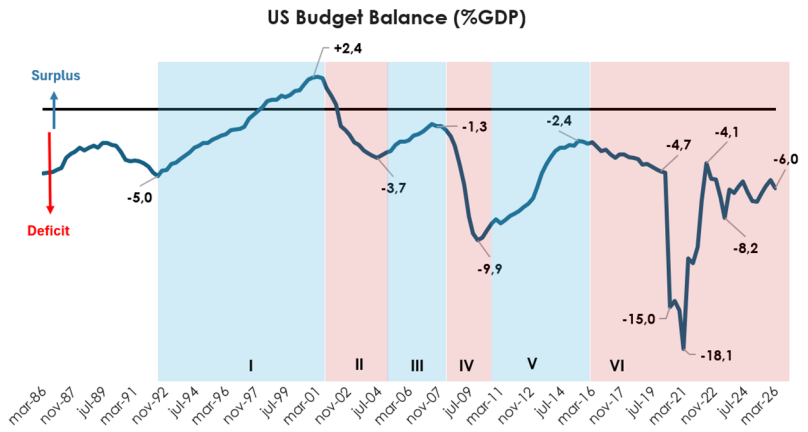
This July, as the United States celebrates the 250th anniversary of its independence, a span during which 45 presidents have been elected without any institutional upheaval, the Fed welcomes its 17th Chair in its 112-year history. This milestone invites us to review some recent economic history.

As we will see in the following section, the new Fed Chair will face a fiscal environment markedly different from the one that prevailed in the wake of the Subprime Crisis. This radically alters the recommended monetary policy, as well as its side effects on U.S. and, consequently, global financial markets.

In the following charts, based on data from the Bureau of Economic Analysis (BEA), we can see the trajectory of the U.S. fiscal balance as a percentage of GDP. Below that, we show U.S. inflation, specifically the core measure (excluding food and energy) of the Personal Consumption Expenditures (Core PCE) index, expressed as a 12-month rate of change and the federal funds rate, the U.S. base interest rate.

Additionally, the charts feature shaded areas: blue indicates periods of fiscal contraction (when the deficit shrinks over time), while red indicates periods of fiscal expansion (when the deficit grows over time).

On the Core PCE (YoY) chart, we have also marked the U.S. inflation target level of 2% per year with a dashed blue line.



With these introductions and preliminary remarks out of the way, let us proceed to a brief historical review and consider what it might signal for the future.

#### **Period I: End of the Cold War**

During Period I, which lasted approximately 10 years, there was a significant improvement in the public sector's fiscal balance; the period began with a deficit of 5% of GDP and ended with an impressive (and extremely rare) fiscal surplus of 2.4% of GDP.

This represented a fiscal consolidation of more than 7 percentage points of GDP, driven primarily by a sharp drop in military spending following the end of the Cold War and the dissolution of the Soviet Union in 1991.

This period also saw a significant decline in US inflation, allowing the Federal Reserve to maintain a relatively loose monetary policy initially, though it later tightened policy as surging internet-related investments began to show early signs of asset price bubbles, ultimately culminating in the bursting of the bubble in 2000.

#### **Period II: Dot-com Bubble Burst and the September 11 Attacks**

Following the bursting of the internet bubble in 2000 and the September 11, 2001 attacks, the Federal Reserve aggressively cut interest rates to 1%, while the US government ramped up military spending again due to the wars in Afghanistan and Iraq.

US inflation remained well-controlled during this period, staying within the 2% target, even as the fiscal deficit reached 3.7% of GDP, causing US public debt to rise once more.

#### **Period III: Formation of the Housing Bubble**

Between 2004 and 2008, there was a rapid acceleration in real estate investment in the United States, fueled by the low interest rates of the preceding period.

Consequently, GDP growth accelerated again, and the rise in tax revenue contributed to an improvement in the public sector's fiscal balance, shifting back toward fiscal contraction, though it ultimately ended with a deficit of 1.3% of GDP (albeit a more balanced one).

**« WE MAY BE IN THE MIDST OF A SIGNIFICANT PARADIGM SHIFT REGARDING THE USE OF FISCAL POLICY AS AN ECONOMIC POLICY TOOL... »**

**Period IV: The Subprime Crisis**

With the bursting of the housing bubble, the Subprime Crisis, and the contagion spreading through the US banking system, the US Treasury was forced to incur massive fiscal deficits to fund financial system bailout programs, which consumed trillions of dollars from public coffers.

Acting in support, the Federal Reserve drastically cut interest rates to 0.25% in an attempt to implement a counter-cyclical policy against the capital destruction caused by the crisis.

It is important to note that US inflation plummeted during this period, as the severe recession triggered by the crisis caused a dramatic spike in unemployment rates across the country.

**The key point:** despite a massive fiscal deficit approaching 10% of GDP and nominal interest rates at the zero bound, inflation did not rise; the collapse of the banking sector and widespread corporate bankruptcies resulting from the crisis prevented any inflationary spillover from the extremely accommodative fiscal and monetary policies.

**Period V: The Obama Administration's Major Fiscal Consolidation**

The defining event of Period V was the 2010 midterm elections during the Obama administration, when the administration suffered a crushing defeat and lost its congressional majority.

Consequently, the Obama administration effectively became a "lame duck" as early as its third year in office, forced to operate under a highly restrictive budget for the remainder of both its first and second terms.

The Obama administration's major fiscal consolidation reduced the public deficit from 9.9% in 2010 to 2.4% in 2015, shortly before handing over the administration to his successor, Donald Trump.

Operating under tight budgetary constraints, the US economy spent this entire period with very low inflation, at times flirting with the risk of deflation. This prompted the Federal Reserve not only to keep interest rates low but also to expand its balance sheet through the infamous "Quantitative Easing" programs, expanding the monetary base

by repurchasing government bonds funded by money printing.

### **Period VI: The Trump Administration and the COVID-19 Pandemic**

Upon Trump taking office, government spending increased once again, accompanied by a gradual, steady rise in the public deficit, which reached 4.7% of GDP in the year immediately preceding the pandemic.

Finally, driven by the shock of the pandemic and the emergency social aid measures launched in response, the public deficit hit a peacetime record of 18% of GDP, a level surpassed only by figures recorded during World War II.

Also due to the pandemic, the Federal Reserve once again drastically cut interest rates to near-zero levels. However, this time, unlike what happened after the subprime bubble burst (Period IV), inflation surged violently, reaching levels close to 6% in 2022. Consumer inflation (CPI) hit 9% year-over-year in July 2022, the highest figure since the 1980s.

**The key point:** this time, the bulk of the work to control inflation fell to the Fed and benchmark

interest rates, since the government deficit, while reduced, remained historically high at around 6% of GDP. Consequently, benchmark interest rates were forced to reach 5.5% between 2022 and 2024.

### **And what about the paradigm shift?**

In his 1962 book "The Structure of Scientific Revolutions", physicist Thomas Kuhn coined the term "paradigm shift" to highlight moments when science takes leaps rather than steps in the evolutionary development of theories. Commonly cited examples of paradigm shifts include the Theory of Relativity and the Theory of Natural Selection and the Evolution of Species.

We may be in the midst of a significant paradigm shift regarding the use of fiscal policy as an economic policy tool compared to the last decade; it is moving from a passive/reactive role in the economic process to a frankly active stance, thereby shifting other macroeconomic variables toward a new (and not always healthy) equilibrium.

If the US government continues to run such high fiscal deficits, the burden of keeping inflation at target will fall entirely on monetary policy, subordinating it to fiscal policy and creating an environment of potential macroeconomic misalignment in the United States.

If the Fed remains steadfast in pursuing its inflation target, we could see benchmark interest rates rise to levels not seen since the 1980s or 1990s, with detrimental implications for all financial assets, but especially for fixed-income securities and emerging market debt.

Conversely, should the Fed waver, we would see inflation reach increasingly high and entrenched levels, given that the US economy is operating at full employment in the private sector while the public sector keeps its foot on the gas.

A key event in this scenario will be this year's midterm elections, when the Trump administration may face a dose of the American political system's "checks and balances."

For emerging markets in general, and Brazil in particular, the level of US benchmark interest rates determines the difference between an abundance and a

scarcity of foreign capital, with the most visible consequence being the relative strength or weakness of the exchange rate.

Given the sharp rise in Brazil's public debt in recent years and the total absence of a plan to control it, Brazil has become a mere passenger of a train whose ultimate destination, at this point, is known to absolutely no one.

## PERFORMANCE OF THE MAIN FINANCIAL INDICES:

Renda Fixa		30/06/26	MTD	3M	YTD
CDI	-	104,99	1,12%	3,43%	6,85%
IMA-B	-	11.384,33	(1,04%)	1,85%	4,08%
IMA-B 5	-	11.329,96	0,22%	3,13%	6,48%
IMA-B 5+	-	12.376,27	(2,05%)	0,83%	2,20%
IRF-M	-	22.698,78	0,69%	3,44%	5,06%
IMA-S	-	8.699,05	1,12%	3,46%	6,95%

Índices Globais	País	30/06/26	MTD	3M	YTD
Ibovespa	BRL	172.024,12	(1,01%)	(5,25%)	6,76%
Dow Jones	USD	52.319,20	2,52%	15,84%	8,85%
S&P 500	USD	7.499,36	(1,06%)	17,75%	9,55%
NASDAQ	USD	30.276,35	(0,19%)	30,88%	19,91%
Euro Stoxx 50	EUR	6.328,09	4,59%	14,93%	9,27%
FTSE 100	GBP	10.497,12	0,84%	5,32%	5,70%
MSCI Emerging	EM	68,41	0,24%	24,58%	25,69%
MSCI World	World	4.825,50	(0,80%)	15,42%	8,92%

Moedas	País	30/06/26	MTD	3M	YTD
Real/Dólar	USD	5,16	(2,50%)	1,47%	5,72%
Euro	EUR	1,14	(2,03%)	(0,76%)	(2,76%)
Franco Suíço	CHF	0,81	(3,39%)	(1,17%)	(1,95%)
Libra Esterlina	GBP	1,33	(1,44%)	0,02%	(1,58%)
Bitcoin	BTC	58.642,15	(20,30%)	(11,11%)	(33,09%)

Hedge Funds	País	30/06/26	MTD	3M	YTD
Ind. de Hedge Funds	BRL	6.322,27	0,51%	3,95%	3,26%



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