

# ZITAPLUS

## WEEKLY BULLETIN












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# WEAK US JOBS DATA ALTERS MARKET SENTIMENT

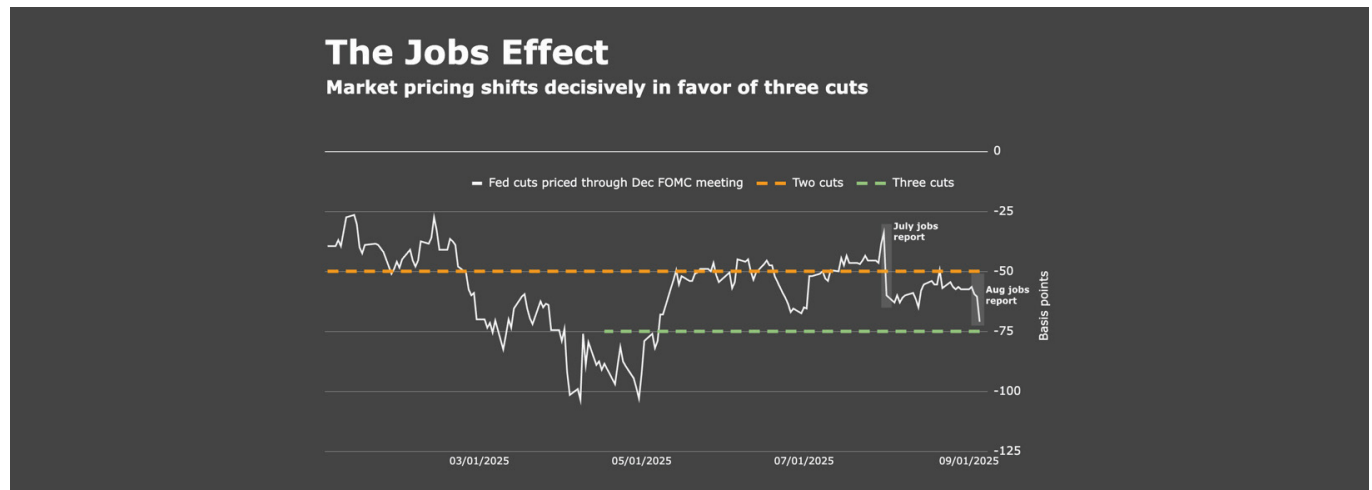


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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, SEPTEMBER 15				
ALL DAY		Holiday - Respect for the Aged Day		
TUESDAY, SEPTEMBER 16				
16:30		Core Retail Sales (MoM) (Aug)	0.4%	0.3%
16:30		Retail Sales (MoM) (Aug)	0.2%	0.5%
WEDNESDAY, SEPTEMBER 17				
10:00		CPI (YoY) (Aug)	3.8%	3.8%
13:00		CPI (YoY) (Aug)	2.1%	2.1%
17:45		BoC Interest Rate Decision	2.50%	2.75%
22:00		Fed Interest Rate Decision	4.25%	4.50%
THURSDAY, SEPTEMBER 18				
15:00		BoE Interest Rate Decision (Sep)	4.00%	4.00%
16:30		Initial Jobless Claims	245K	263K
16:30		Philadelphia Fed Manufacturing Index (Sep)	1.4%	-0.3%
MONDAY, SEPTEMBER 19				
07:00		BoJ Interest Rate Decision	0.50%	0.50%

# WEAK US JOBS DATA ALTERS MARKET SENTIMENT



The latest US jobs report revealed further cracks in the labor market, setting the tone for global markets. Investors interpreted the slowdown not only as a sign of weaker growth but also as an indication that long-term yields could remain subdued even in the event of a mild recession. At the same time, concerns over fiscal and monetary policy uncertainty, especially surrounding President Trump's tariff threats and their inflationary risks, added another layer of caution.

## TREASURY YIELDS AND SAFE-HAVEN DEMAND

Treasury markets reacted swiftly, with yields posting one of the steepest three-day declines of the year. Demand surged for long-duration assets, as ETFs tracking long-end Treasuries logged strong gains. The move highlighted a renewed appetite for safe-haven assets amid concerns over slowing US growth.

## FED POLICY EXPECTATIONS IN FOCUS

Markets quickly adjusted their outlook for Federal Reserve policy. Short-term pricing now reflects the likelihood of two to three rate cuts in the months ahead. The pace of repricing underscores just how sensitive markets have become to labor market developments.

## KEY DRIVERS BEHIND MARKET MOVES

- **Treasury Rally:** Three-session decline marked one of the year's sharpest moves.
- **ETF Gains:** Long-end bond ETFs outperformed as investors sought stability.
- **Safe-Haven Flows:** Concerns over economic weakness pushed demand into Treasuries and gold.

## BROADER IMPLICATIONS

While recession fears remain debated, the shift in expectations points to slower growth and looser monetary policy. Bond and mortgage rates are already feeling the impact, and traders are recalibrating positions accordingly. The combination of weaker jobs data and ongoing policy uncertainty is shaping a more cautious and volatile market environment.



## EURUSD

### DOVISH FED LIFTS EURO

EUR/USD is supported by the Fed's more dovish stance relative to the ECB, keeping sentiment toward the euro positive.

#### KEY LEVELS:

- **Narrow Range:** 1.1660 - 1.1830
- **Broad Range:** 1.1575 - 1.1900



## XAUUSD

### GOLD ENDS WEEK AT RECORD HIGH

Gold closed the week at \$3,642, its highest weekly close on record. Market attention is now on the Federal Reserve's upcoming policy decision, with traders pricing in a 25bps rate cut. Persistent labor market weakness has also fueled expectations that easing could extend into next year.

#### TECHNICAL LEVELS:

- **Near-term Target:** \$3,730
- **Medium-term Target:** \$4,250



## BRENT OIL

### BRENT FUTURES EXTEND GAINS

Brent crude settled around \$67.50, supported by Ukrainian strikes on Russian energy assets, stalled peace talks, and sanction risks. Expectations of dovish U.S. policy also lifted commodities.

Traders should continue to monitor geopolitical developments, as further escalation could keep crude prices elevated.

#### KEY LEVELS:

- **Support:** \$65.90
- **Resistance:** \$69.50



## BTCUSD

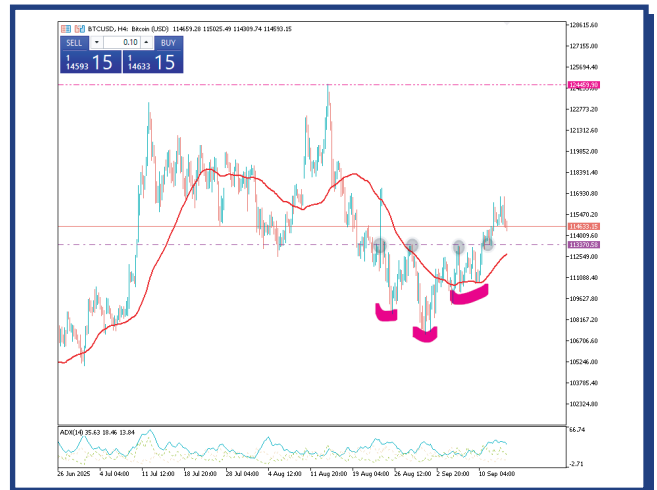
### BITCOIN STEADY NEAR SUPPORT ZONE

Bitcoin is holding around \$114,600, with firm support seen in the \$113,400–\$113,800 range.

A sustained break above this support zone could trigger further bullish momentum toward the \$120K level.

#### TECHNICAL LEVELS:

- **Support:** \$113,400 – \$113,800
- **Potential Upside Target:** \$120,000



# ECB HOLDS RATES STEADY, SIGNALS CAUTIOUS PATH AHEAD



The European Central Bank (ECB) kept its key interest rates unchanged at its latest policy meeting, in line with market expectations. The deposit facility remains at 2.00%, the main refinancing rate at 2.15%, and the marginal lending rate at 2.40%. The decision reflects the ECB's cautious stance as it continues to assess incoming data before taking further policy steps.

## INFLATION OUTLOOK

The central bank reaffirmed that inflation in the euro area is close to its 2% medium-term target. Updated staff projections show:

- **Headline inflation:** 2.1% in 2025, easing to 1.7% in 2026, then ticking up to 1.9% in 2027.
- **Core inflation (excluding food and energy):** 2.4% in 2025, 1.9% in 2026, and 1.8% in 2027.

These figures indicate that while inflation pressures are expected to ease somewhat, the ECB remains committed to keeping price growth anchored around its target.

## GROWTH PROJECTIONS

The euro area economy is forecast to expand by 1.2% in 2025, an upward revision from the previous estimate of 0.9%. Growth is expected to slow to 1.0% in 2026 before recovering to 1.3% in 2027. Policymakers stressed that risks are now more balanced, though they remain watchful of global uncertainty and trade developments.

## LAGARDE'S REMARKS

ECB President Christine Lagarde said the disinflationary phase appears to be over, signaling a shift in the inflation outlook. She emphasized the bank's commitment to its 2% target and highlighted that decisions will continue to be taken on a meeting-by-meeting basis, guided by incoming data.

Lagarde underlined that the ECB's approach remains focused on price stability and sustainable growth, assuring markets that the central bank is ready to adjust its stance if conditions change significantly.

## MARKET IMPLICATIONS

The ECB's steady hand provides short-term clarity for investors, who had anticipated no policy shifts. However, the message of patience and caution suggests that rate moves are unlikely until the bank has a clearer view of both inflation trends and the euro area's growth path.

## OPEC+ PLANS FURTHER OUTPUT INCREASE IN OCTOBER



Global oil markets face new shifts as OPEC+ prepares to raise production once again, signaling a shift in strategy from prioritizing higher prices to maximizing revenue through greater output.

### PRODUCTION PLAN

OPEC+ announced that eight key members, including Saudi Arabia, Iraq, and the United Arab

- Analysts caution that the actual increase may be closer to 60,000 bpd, as many members are already pumping close to capacity.
- The move continues the group's phased rollback of earlier output cuts, with around 2.5 million bpd already added back to the market earlier in 2025.

This latest decision begins unwinding a second set of cuts from April 2023 that initially reduced production by 1.65 million bpd.

### MARKET IMPACT

Saudi Arabia and other major producers have managed to expand output carefully without causing significant drops in global oil prices. This balancing act reflects their goal of maintaining revenues while stabilizing markets.

Despite the increase, OPEC+ has not set firm production targets beyond October, preferring a flexible, data-driven approach to respond to shifting demand and supply conditions.

### STRATEGIC OUTLOOK

OPEC+ leaders remain focused on several objectives:

- Regaining market share in a highly competitive energy landscape.
- Maintaining price stability while boosting exports.
- Responding to global demand trends as economies adapt to shifting trade and tariff environments.

The group's decision underscores a pragmatic strategy of gradual adjustments, aimed at safeguarding long-term revenue while navigating uncertainties in global energy markets.

## JAPAN'S POLITICAL OUTLOOK SHAKEN AS ISHIBA EXITS LDP RACE



Japan is entering a new phase of political uncertainty after former Defense Minister Shigeru Ishiba announced he would not compete in the upcoming Liberal Democratic Party (LDP) leadership race. His withdrawal narrows the field of contenders but underscores growing discontent within the ruling party at a time when public frustration is mounting over stagnant wages, rising living costs, and Prime Minister Fumio Kishida's record-low approval ratings.

The LDP, long seen as Japan's dominant political force, is now grappling with one of its toughest challenges in years. A series of scandals, structural demographic pressures, and years of economic stagnation have eroded public trust, while opposition parties are working to capitalize on the mood of disillusionment. Analysts warn that if Kishida's standing continues to falter, the political balance could shift in ways not seen in decades.

Financial markets are taking notice. Japanese government bond yields have climbed to multi-decade highs as investors weigh the risks of instability. Concerns that political turbulence could complicate reforms, exacerbate fiscal strains, and spill into global markets are growing. Rising yields serve as a stark reminder that Japan's domestic political struggles now carry implications far beyond its borders.

Looking ahead, Kishida's weakened position leaves the LDP increasingly exposed. Without a clear strategy to restore voter confidence, the ruling party may face stronger headwinds in future elections. Japan stands at a crossroads, tasked with not only repairing its political credibility but also navigating mounting economic and fiscal challenges that could define its path in the years ahead.

## FOOD, VEHICLES, AND ENERGY LIFT US CONSUMER PRICES



The US annual inflation rate accelerated to 2.9% in August 2025, up from 2.7% in June and July and marking the fastest pace since January. The increase was fueled by higher food and vehicle costs, with food prices rising 3.2% year-on-year compared to 2.9% in July. Used cars and trucks surged 6% after a 4.8% increase the previous month, while new vehicle prices advanced 0.7%, nearly double July's 0.4% gain.

### ENERGY COSTS TURN POSITIVE AFTER MONTHS OF DECLINE

Energy prices ended seven months of declines, recording a 0.2% increase in August after a 1.6% drop in July. Gasoline fell 6.6%, a smaller decline than the 9.5% drop the prior month, while fuel oil slipped just 0.5% after falling 2.9% in July. Natural gas prices held firm, climbing 13.8% yearly and keeping household energy bills under pressure.

### MONTHLY CPI SEES STRONGEST GAIN SINCE JANUARY

The Consumer Price Index rose 0.4% monthly in August, beating forecasts of 0.3%. Shelter costs were the biggest driver, rising 0.4% for the month. Transportation services inflation remained steady at 3.5%, while shelter inflation eased slightly from 3.7% to 3.6%.

#### Key Sector Moves:

- **Food prices:** +3.2% YoY (July: +2.9%)
- **Used cars and trucks:** +6% YoY (July: +4.8%)
- **New vehicles:** +0.7% MoM (July: +0.4%)
- **Natural gas:** +13.8% YoY
- **Gasoline:** -6.6% YoY (July: -9.5%)

Core CPI, which excludes food and energy, stayed at 3.1% year-on-year, matching July's figure and February's peak. While headline inflation shows renewed pressure in food, energy, and transport costs, core measures suggest underlying price growth has stabilized.

# US PRODUCER PRICES FALL IN AUGUST



The latest data from the U.S. Bureau of Labor Statistics shows that wholesale inflation eased in August, raising hopes of a more stable price outlook for the months ahead. The Producer Price Index (PPI) for final demand unexpectedly fell, marking a notable shift after several months of uneven price pressures.

## KEY DRIVERS OF THE DECLINE

- **Services:** A sharp decline in wholesale and retail trade margins drove the overall drop. While areas such as transportation and portfolio management recorded gains, they were outweighed by broader weakness.
- **Goods:** Prices edged slightly higher, with increases in food and tobacco partially offset by falling energy costs, particularly natural gas.

## IMPLICATIONS FOR FEDERAL RESERVE POLICY

The decline in wholesale prices is significant for the Federal Reserve. After grappling with persistent inflationary pressures throughout the year, the August reading suggests that price growth may be stabilizing. This could give policymakers more flexibility in shaping interest rate policy, potentially allowing for a cautious approach rather than urgent action.

Despite the softer data, the picture is not entirely clear. Revisions to previous months showed stronger inflationary trends than initially reported, reminding markets that risks remain.

## MARKET AND BUSINESS IMPACT

For businesses, the cooling in wholesale costs offers temporary relief, particularly in sectors facing squeezed margins from higher financing and wage expenses. For consumers, the decline may ease some pressure on prices, though much depends on how long the trend lasts.

Overall, the combination of weaker service margins and easing energy costs points to a more favorable inflation path. Still, the Federal Reserve is expected to remain cautious, balancing signs of disinflation against the possibility of renewed volatility.

# Market Roundup



## CHINA-US DIALOGUES

Chinese Defense Minister Wang Yi held a phone call with US Secretary of State Marco Rubio, while Defense Minister Dong Jun spoke with US Defense Secretary Pete Hegseth via videoconference. Analysts believe these exchanges could pave the way for a meeting between Presidents Xi Jinping and Donald Trump, who last spoke on June 5. A potential Trump visit to China before the APEC Summit in South Korea (Oct 30-Nov 1), or a sideline meeting at the summit, is now seen as a key diplomatic possibility.

## US FED & LABOR MARKET

IMF spokesperson Julie Kozack flagged risks of further labor market weakness, noting that the Federal Reserve may have scope to begin cutting rates. Meanwhile, the federal budget deficit narrowed 9% yearly in August to \$345 billion, helped by tariff revenues. Household and nonprofit net assets climbed to \$176.3 trillion in Q2 2025, up 4.2% from Q1 and 6.1% from a year earlier.

## EUROPE AND GLOBAL CORPORATE

Europe's corporate sector continues to feel the pinch of slowing demand and rising competition. Job cuts and restructuring have accelerated, with EY reporting 51,500 jobs lost in Germany's auto industry alone over the past year. Regulators fined Google €2.95 billion for antitrust violations in digital advertising, while Apple recorded record annual sales of \$9 billion in India, fueled by strong demand for iPhones and MacBooks.

## INNOVATION AND TECH

Tesla proposed a \$1 trillion incentive plan for CEO Elon Musk, linked to ambitious goals including scaling robotaxi operations and lifting its market valuation to \$8.5 trillion over the next decade. Meanwhile, Arc Boats, a startup founded in 2021 by former SpaceX engineers, secured its first major order: a \$160 million hybrid-electric tugboat set for delivery in Los Angeles in 2027.

# The Week Ahead

## CENTRAL BANKS, TRADE TALKS, AND DATA IN FOCUS

Global markets will center on monetary policy, trade relations, and key data. The Federal Reserve leads with its policy decision and projections, followed by the Bank of Japan, Bank of England, Bank of Canada, Norges Bank, and several emerging market central banks. US-China trade talks remain in focus, while important releases include US retail sales and industrial production, inflation data from the UK, Canada, Japan, and South Africa, Eurozone trade figures, and a wide data set from China.

### AMERICAS

In the US, the Fed's decision and Powell's press conference will be key. Markets expect a 25bp cut, though some anticipate 50bp, marking the first reduction since December and the lowest since 2022. Data point to a cooling labor market, while tariffs have not yet pressured inflation. Retail sales should rise again, industrial production may stay flat, and other releases include housing, inventories, trade prices, TIC flows, and regional surveys. The Bank of Canada is also expected to cut rates amid weak growth and labor conditions. Brazil is likely to hold steady after tightening, with focus on inflation, GDP, and unemployment.

### EUROPE

The UK awaits the BoE's decision, expected unchanged after August's cut. Inflation is projected to rise, unemployment should stay high, and retail sales may extend gains. German sentiment remains weak, producer prices continue falling, and Eurozone industrial production is expected to improve. Final CPI should confirm steady inflation. France's manufacturing climate may slip, while Norway announces its policy decision. Additional reports include trade balances and wholesale prices across Europe.

### ASIA-PACIFIC

China releases data on retail sales, industrial production, investment, unemployment, and housing, while trade talks with the US in Spain focus on tariffs. Japan's central bank is set to hold rates, with trade and inflation data under review. India publishes wholesale prices, trade, and unemployment. Australia releases job figures, while Indonesia and Taiwan announce policy moves. New Zealand publishes GDP and trade updates.







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