

ZITAPLUS

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WEAK JOBS REPORT SHIFTS THE FED DEBATE



ECONOMIC CALENDAR • TECHNICAL ANALYSIS
AI INVESTMENT BOOM AND THE ISHOCK EFFECT
TESLA'S STRONG QUARTER SURPASSES FORECASTS • AND MORE...

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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, JULY 6				
17:45		S&P Global Services PMI (Jun)	51.3	50.7
18:00		ISM Non-Manufacturing Prices (May)	-	71.3
18:00		ISM Non-Manufacturing PMI (Jun)	-	54.5
WEDNESDAY, JUL 8				
18:30		Crude Oil Inventories	-	-3.775M
21:00		10-Year Note Auction	-	4.538%
22:00		FOMC Meeting Minutes	-	-
THURSDAY, JUL 9				
16:30		Initial Jobless Claims	-	215K
18:00		Existing Home Sales	4.20M	4.17M
21:01		30-Year Bond Auction	-	5.050%
FRIDAY, JUL 10				
10:00		German CPI (MoM)	-0.3%	-0.3%

AI INVESTMENT BOOM AND THE ISHOCK EFFECT



Artificial intelligence investment has evolved into a dominant macroeconomic theme. Global technology giants are deploying immense capital into data centers, semiconductor procurement, cloud capacity, power infrastructure, and advanced computing networks. This trend has transcended the technology sector, transforming into a comprehensive, multi-industry capital expenditure cycle.

This infrastructure expansion extends far beyond software and silicon chips. As AI networks scale, they catalyze substantial demand across the physical economy, including electricity generation, construction, industrial machinery, cooling systems, and grid infrastructure. The AI narrative is increasingly influencing real-world manufacturing and industrial supply chains.

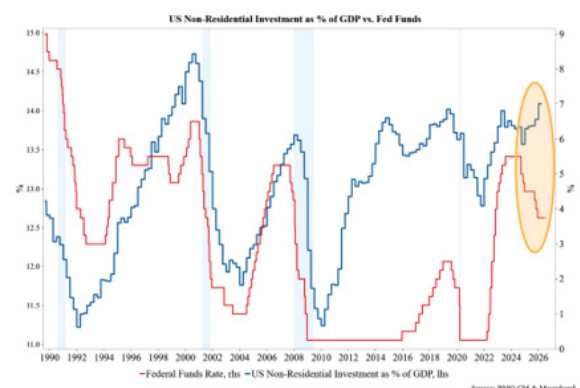
THE PRODUCTIVITY DEBATE AND THE ISHOCK

Despite aggressive capital deployment, the timeline for meaningful productivity gains remains highly uncertain. Investors are increasingly questioning when these massive expenditures will translate into corporate profits and measurable operational efficiency. Historically, major technological investment waves begin with intense optimism, followed by market skepticism regarding profit margins, returns on investment, and sustainable long-term demand.

This friction underpins the concept of the "iShock." A powerful, concentrated investment shock can heavily stimulate specific economic segments while leaving others behind. As AI-aligned sectors monopolize capital flows, traditional industries may experience underinvestment, widening the performance gap between market leaders and laggards.

VALUATION RISKS AND MARKET OUTLOOK

In the near term, the AI capex boom provides a structural tailwind for industrial growth, manufacturing activity, and equity market sentiment. However, the phenomenon introduces systemic risks, including potential overcapacity, stretched equity valuations, and intense pressure to validate spending with tangible financial returns. The ultimate question for global markets is whether this current wave will unlock permanent productivity growth or merely peak in an overextended, asset-heavy tech cycle.





\$ DXY

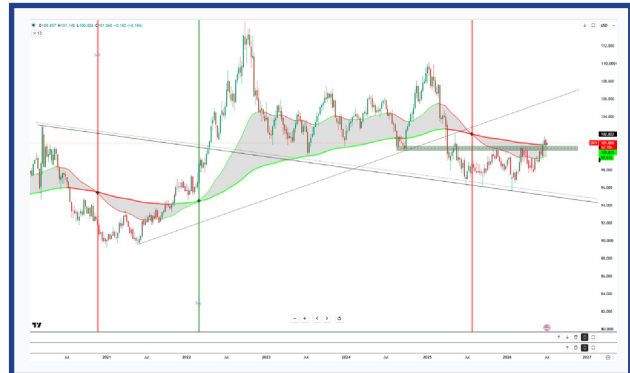
DXY HOLDS ABOVE 100.60

The U.S. Dollar Index is showing signs of stabilization early this week, recovering from selling pressure triggered by last week's soft employment figures.

As long as the index maintains its footing above the critical 100.60 threshold, short-term upward momentum remains intact.

Market focus is shifting toward the upcoming Federal Reserve meeting minutes, which should provide clearer directional cues for dollar valuation.

From a technical perspective, 101.80 acts as the immediate resistance hurdle. A decisive breakout above this point could significantly accelerate the dollar's recovery path.



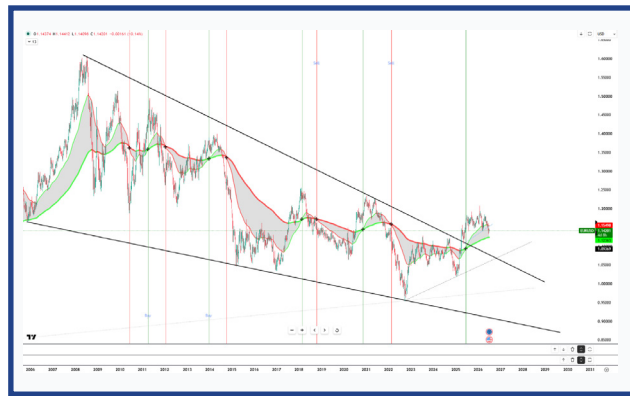
EURUSD

EUR/USD EYES DXY MOVEMENT

The EURUSD pair remains highly sensitive to broader USD momentum.

Should the Dollar Index mount a recovery toward the 101.80 to 102.00 resistance corridor, selling pressure on the euro will likely intensify, exposing immediate downside targets at 1.1325 and 1.1240.

The pair faces rigid resistance near 1.1550, a threshold it must clear to signal a sustainable structural shift.



XAUUSD

GOLD CAPPED BELOW \$4,150

Gold is striving to maintain its footing above the \$4,100 threshold, finding short-term support as weak U.S. labor data and falling oil prices temper Federal Reserve rate hike expectations. However, a more sustainable upward trajectory requires the metal to decisively establish a base above \$4,150.

Technically, remaining below this \$4,150 level keeps the door open for renewed selling pressure. In this scenario, the \$4,100 zone serves as immediate support, while a deeper breakdown would bring the critical \$4,000 psychological floor back into focus.



XAGUSD

SILVER EYES \$61 SUPPORT

Silver is attempting to sustain its position above \$61, backed by weaker U.S. employment metrics and retreating crude prices that have reduced expectations for further Federal Reserve rate hikes. This macroeconomic environment keeps precious metals structurally insulated over the near term.

Technically, \$61 functions as a pivotal support floor. A clear breach beneath this threshold could trigger accelerated selling pressure, pulling the \$57.15 to \$57.50 support zone into immediate focus.

However, silver requires a decisive close above \$67.25 to spark broader upside momentum; until that level is cleared, any upward price corrections will likely remain capped.



TESLA'S STRONG QUARTER SURPASSES FORECASTS



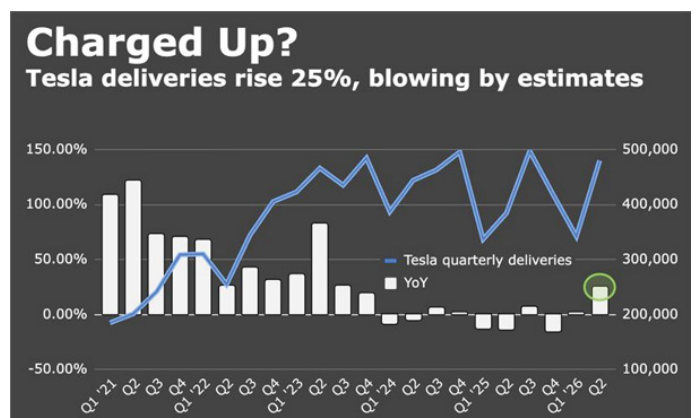
Tesla reported 480,126 vehicle deliveries in the second quarter, comfortably exceeding market expectations of around 397,000. The figure represents approximately 25% year-over-year growth, marking one of the company's strongest quarterly delivery performances since 2023. The results point to continued resilience in demand and demonstrate that Tesla has maintained solid execution despite growing scrutiny of the global electric vehicle industry. Strong numbers provided reassurance that the company continues to perform well in its core automotive business.

BEYOND THE FACTORY FLOOR

While vehicle deliveries remain an important measure of Tesla's performance, they are no longer the only factor shaping how the company is valued. The focus has gradually expanded beyond electric vehicles to include artificial intelligence, robotaxis, energy storage, software, and the broader ecosystem built around Elon Musk. As a result, quarterly delivery figures are increasingly viewed as one piece of a much larger picture rather than the defining driver of Tesla's valuation.

A NEW INVESTMENT NARRATIVE TAKES SHAPE

The stronger delivery figures reinforce confidence in Tesla's automotive operations, but they also highlight a broader shift in how the company is being assessed. The longer-term discussion is becoming less centered on how many vehicles Tesla sells each quarter and more focused on whether it can establish itself as a leading technology and AI platform. If that trend continues, quarterly delivery reports may gradually carry less influence over the company's valuation, even when they significantly outperform expectations. Vehicle sales are still a key part of Tesla's business, but future technology projects and AI goals are becoming more important for long-term investments.





WEAK JOBS REPORT SHIFTS THE FED DEBATE



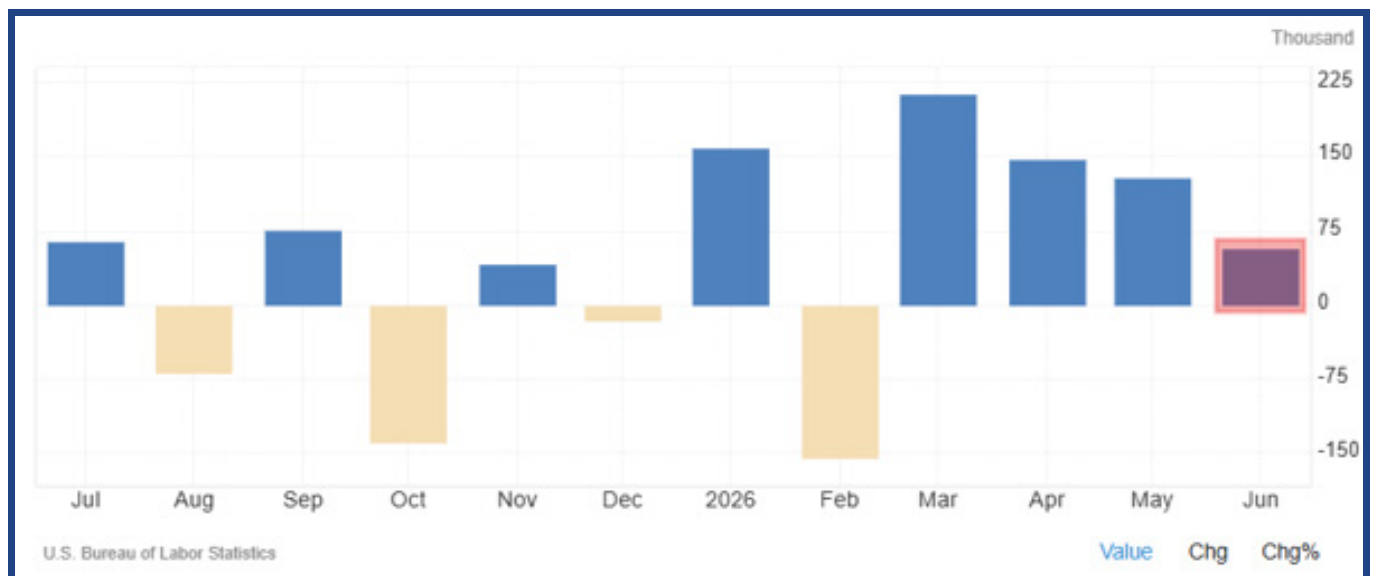
The latest U.S. labor market data pointed to a clearer slowdown in hiring. June payroll growth came in below expectations, while previous months were revised lower, adding to concerns that the pace of economic activity is beginning to soften. The weaker figures give Federal Reserve officials who favor a more measured approach greater flexibility. A cooling labor market reduces the urgency for additional rate hikes, as tighter policy could place further pressure on economic growth and financial conditions.

THE HEADLINE DOESN'T TELL THE WHOLE STORY

Despite the softer payroll numbers, the report offered a more nuanced picture. The decline in the unemployment rate appeared to reflect lower labor force participation rather than stronger hiring, suggesting that underlying labor market conditions may not be as robust as the headline figure implies. That leaves policymakers with a mixed set of signals as they continue to assess the economy's direction.

POLICY PATH REMAINS DATA-DEPENDENT

The report prompted a broad market reaction, with expectations for further Federal Reserve rate hikes easing. The U.S. dollar weakened, while gold, silver, and cryptocurrencies benefited as lower interest rate expectations improved the outlook for non-yielding assets. Even so, the Fed's next policy decision remains far from certain. Inflation continues to run above target, and wage growth remains a key indicator for policymakers. Upcoming inflation and labor market reports are likely to play a decisive role in determining whether the central bank can afford to remain patient or if further policy tightening returns to the table.



U.S. PRIVATE HIRING COOLS DOWN

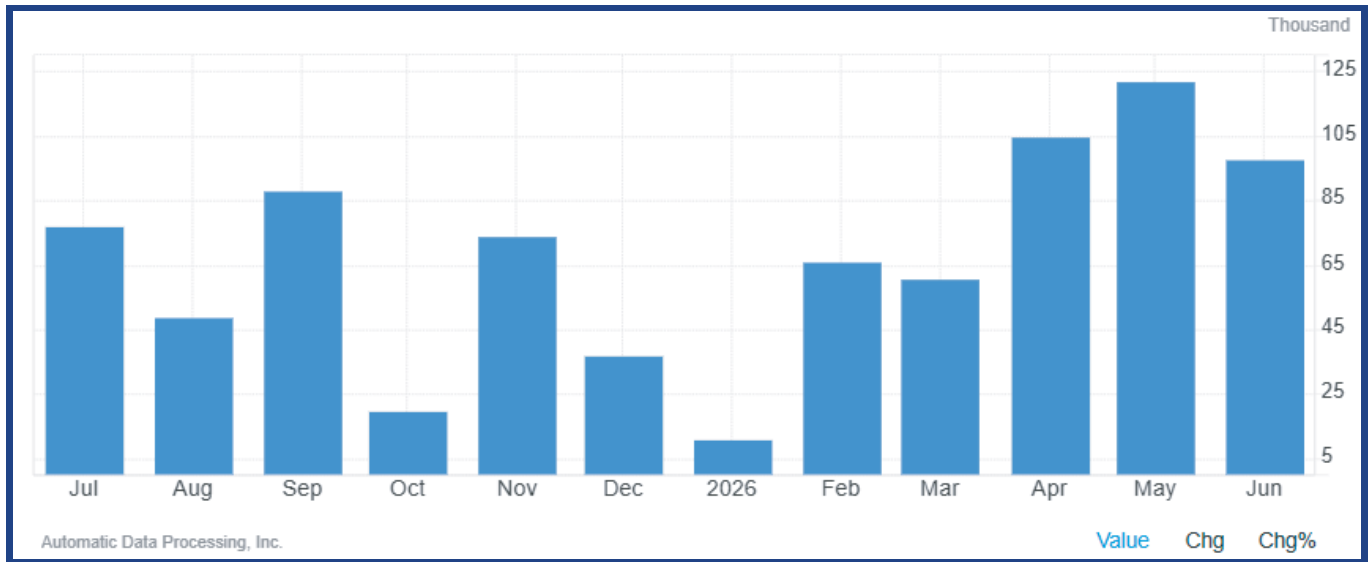
U.S. private-sector hiring cooled unexpectedly in June, signaling a downshift in labor market momentum. According to the latest ADP National Employment Report, private employers added 98,000 jobs, missing the Wall Street consensus estimate of roughly 120,000. While the figure marks the twelfth consecutive month of private-sector employment expansion, the deceleration indicates that the intense post-pandemic hiring boom is tapering off.

SECTOR DISTRIBUTION AND MARKET IMPLICATIONS

Despite the softer headline figure, job creation remained stable across several segments of the economy:

- **Leading Sectors:** Education and health services spearheaded the month's employment gains.
- **Business Scale:** Both small and large corporations continued to expand headcount, albeit at a more conservative pace.

This weaker ADP reading is prompting market participants to recalibrate expectations ahead of the official government nonfarm payrolls release. A broader softening of labor metrics could influence the Federal Reserve to adopt a more patient monetary policy stance, particularly if accompanied by cooling wage growth. Ultimately, while the U.S. labor market remains resilient, it is visibly losing speed at the margins, making upcoming wage and participation data vital indicators for financial markets.



Market Roundup

SANCTIONS BEGIN TO EASE

Iranian President Pezeshkian said the memorandum signed with the United States removes sanctions on the country's oil and petrochemical sectors. Tehran also expects \$6 billion of the \$12 billion currently held in Qatar to be released. Separately, Iran's Deputy Foreign Minister Garibabadi announced that Iran and Oman held the first Joint Committee meeting on navigation management in the Strait of Hormuz in Muscat, an important step for global energy markets as shipping security through the waterway remains closely watched.



CENTRAL BANKS LEAN TOWARD FLEXIBILITY

China's central bank injected 300 billion yuan (around \$44 billion) through its new overnight reverse repo facility at 1.25%, below the 1.35% expected by economists, reinforcing expectations of lower funding costs. In Europe, ECB Governing Council member Martins Kazaks said recent developments suggest the ECB may not need to raise rates repeatedly if inflation continues to ease. Meanwhile, the Bank of England's chief economist warned that Brexit has made the UK's inflation challenge more persistent.



Image Source: caixinglobal.com

TRADE RULES AND TECHNOLOGY TAKE OVER

Germany's Customs Authority announced that, from July 1, parcels worth €150 or less arriving from outside the EU will face a €3 customs duty per product category to strengthen competition within the single market. China expanded export restrictions on Japanese defense and research organizations, adding 20 entities to its export control list and another 20 to a stricter licensing watchlist. The US also reportedly allowed Anthropic to provide its Claude Myths 5 AI model to selected institutions, easing earlier national security restrictions.



Image Source: getcoc.eu

Market Roundup

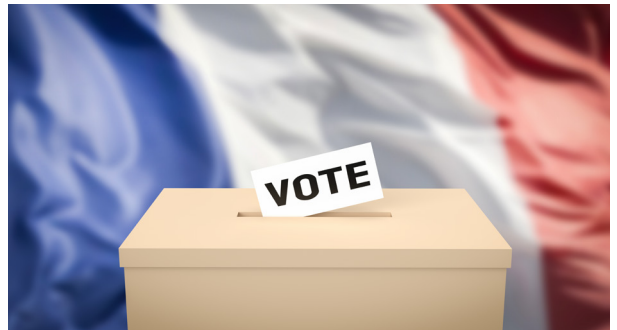
COMMODITY MARKETS FIND NEW DRIVERS

Rice prices extended their rally as tighter supplies and concerns over another El Niño cycle lifted demand. Vietnamese export prices continued to rise, while rice futures approached \$13, their highest level since May 26, bringing gains for the year to approximately 39.2%.



2027 FRENCH ELECTION OFFICIAL TIMELINE

The official schedule for France's 2027 presidential race has been set, with the first round of voting on April 18 and a decisive runoff on May 2 if no candidate secures an absolute majority. Emmanuel Macron cannot run due to consecutive term limits, creating an open field. On the right, National Rally leader Jordan Bardella stands out as a frontrunner. Marine Le Pen's eligibility hinges on a July 7 corruption case appeal regarding a political ban. Other notable figures entering early discussions include former Interior Minister Bruno Retailleau and former President François Hollande.



EUROZONE INFLATION MOMENTUM SLOWS

Euro area inflationary pressures cooled visibly in June. Headline CPI decelerated to 2.8% from May's 3.2% print, while core CPI moderated to 2.4% from 2.6%. The downward shift was largely driven by retreating oil prices and slower services price growth, suggesting consumer prices may have peaked in May if energy markets remain stable.



ECB MONETARY OUTLOOK STAYS GUARDED

Despite welcoming the data, the European Central Bank is highly unlikely to pivot to an aggressive dovish stance. Services inflation remains elevated above 3%, and non-energy industrial goods growth held static at 0.9%, indicating persistent underlying stickiness. Also, central bank policymakers will likely demand more conclusive evidence before altering their policy guidance.



The Week Ahead

Markets focus on monetary policy as normalizing Strait of Hormuz traffic eases energy prices. Despite softer crude, elevated bond yields keep central banks center stage. Investors will scrutinize the Fed's June minutes, ECB policy accounts, China's inflation data, the RBNZ rate decision, and OPEC's production meeting to balance fading geopolitical risks against sticky inflation.

AMERICAS

With a lighter US calendar, investors await the June 16–17 Fed minutes for policy clues. The Fed previously held rates steady but signaled future hikes due to inflation; however, subsequent labor data has softened, and Chair Kevin Warsh noted lower oil prices have lowered inflation expectations. Key data includes the ISM Services PMI, expected to show slower expansion, and existing home sales, forecast to hit a yearly high of 4.20 million. However, the trade deficit is projected to widen to a multi-year high of \$78.8 billion. Canada releases jobs and trade data alongside business and consumer surveys, while Mexico and Brazil report inflation figures.

EUROPE

Attention centers on the ECB's June accounts following its 25-basis-point hike to 2.25%. Eurozone retail sales are due, while Germany projects stronger industrial output, factory orders, and a narrowing trade surplus. France's trade deficit should shrink, and Italy's industrial production is poised for a fourth monthly expansion. The UK calendar features the Halifax House Price Index, which is expected to notch its first monthly gain in three months, and the Bank of England's Financial Stability Report on Tuesday. Elsewhere, Switzerland reports unemployment, Russian inflation is forecast to hit 6.0%, and Poland's central bank is tipped to hold rates steady.

ASIA-PACIFIC

China's consumer inflation is forecast to hold at 1.2% year-on-year, while producer price inflation accelerates to 4.1%. Japan faces a dense schedule: household spending is expected to decline faster, producer inflation is seen rising to 6.8%, the current account surplus should widen to JPY 4,121 billion, and machine tool orders are projected to grow 37.4% year-on-year. Australia releases its private inflation gauge and building permits. Across the region, inflation numbers are due from Thailand, the Philippines, and Taiwan. Finally, the Reserve Bank of New Zealand is widely expected to lift its policy rate by 25 basis points to 2.5%, while Bank Negara Malaysia announces its rate decision.





🌐 zitaplus.com

✉ support@zitaplus.com

📞 +971 54 431 3402

📞 +44 7442 667878

📍 Emaar Square Building 1, Office No: 3,
1th Floor, Dubai, UAE



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