ZITAPLUS
WEEKLY BULLETIN

2 — 6 NOV 2026
NO: 65

ECB HOLDS RATES AS ENERGY RISKS GROW



ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
CANADA HIKES RATES TO 2.5%, SEES INFLATION AT 3.5%
US INFLATION HITS 3.6% AS SPENDING GROWS • AND MORE...

Contents

02 ECONOMIC CALENDAR

03 ECB HOLDS RATES AS ENERGY RISKS GROW

05 TECHNICAL ANALYSIS
- 05 EURUSD
- 05 DXY
- 06 XAUUSD
- 06 XAGUSD

07 US EQUITIES FACE A GROWING TEST OF HOUSEHOLD DEMAND

08 WHY LULA'S VICTORY SURPRISED THE MARKETS

09 CANADA HIKES RATES TO 2.5%, SEES INFLATION AT 3.5%

10 US INFLATION HITS 3.6% AS SPENDING GROWS

11 MARKET ROUNDUP

13 THE WEEK AHEAD

TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, NOV 2				
18:45		S&P Global Manufacturing PMI (Oct)	56.0	55.9
19:00		ISM Manufacturing PMI (Oct)	54.5	54.5
19:00		ISM Manufacturing Prices (Oct)	77.2	77.9
TUESDAY, NOV 3				
ALL DAY		Japan - Culture Day	-	-
18:45		S&P Global Manufacturing PMI (Oct)	56.0	55.9
19:00		JOLTS Job Openings (Sep)	7.110M	7.079M
WEDNESDAY, NOV 4				
14:00		CPI (YoY) (Oct)	4.0%	3.8%
17:15		ADP Nonfarm Employment Change (Oct)	68K	90K
18:45		S&P Global Services PMI (Oct)	57.9	57.9
19:00		ISM Non-Manufacturing Prices (Oct)	-	74.0
19:00		ISM Non-Manufacturing PMI (Oct)	54.8	54.9
19:30		Crude Oil Inventories	-	-1.892M
THURSDAY, NOV 5				
16:00		BoE Interest Rate Decision (Nov)	4.00%	3.75%
17:30		Initial Jobless Claims	197K	194K
FRIDAY, NOV 6				
17:30		Nonfarm Payrolls (Oct)	63K	29K
17:30		Unemployment Rate (Oct)	4.2%	4.2%
17:30		Average Hourly Earnings (MoM) (Oct)	0.3%	0.1%

GMT+4 DUBAI TIME

ECB HOLDS RATES AS ENERGY RISKS GROW



The European Central Bank (ECB) kept interest rates unchanged in October, facing rising energy prices and weaker growth prospects across the eurozone.

The deposit rate remains at 2.50%, while the main refinancing and marginal lending rates stand at 2.65% and 2.90%, respectively. Although underlying inflation has remained relatively contained, the ECB warned that prolonged increases in energy costs could complicate its efforts to bring inflation back to 2%.

HIGHER ENERGY BILLS, SLOWER GROWTH

Rising oil and energy prices pose a double challenge for the eurozone. Higher costs can push consumer prices upward while reducing household purchasing power and increasing business expenses. So far, underlying inflation has remained broadly stable, with little significant response in wage growth. Still, the ECB warned that a prolonged energy shock could spread to other goods and services, making inflation harder to contain while weakening economic activity.

TIGHTER CREDIT ADDS TO THE PRESSURE

Financing conditions have tightened since the ECB's previous meeting, potentially limiting household spending, business investment and credit demand. The central bank continues to reduce its Asset Purchase Programme (APP) and Pandemic Emergency Purchase Programme (PEPP) holdings, allowing bonds to mature without reinvesting the proceeds.

NO FIXED PATH FOR INTEREST RATES

The ECB reiterated that future decisions will depend on incoming inflation, growth and financial data, without committing to a specific interest rate path. Markets have scaled back expectations for further tightening, pricing in approximately 68 basis points of rate increases by the end of 2027.

Upcoming inflation and economic activity reports could influence the euro's direction. Persistent price pressures may strengthen the case for higher rates, while weaker growth could favor keeping rates unchanged. The ECB also reaffirmed its readiness to use available instruments, including the Transmission Protection Instrument, to maintain effective monetary policy transmission.



EURUSD

EUR/USD REMAINS UNDER SELLING

EUR/USD continues to trade above 1.1200, although economic weakness and fiscal concerns in France are weighing on the euro. Political instability in Poland and protests across Italy and Germany are adding to regional uncertainty.

The ECB has maintained its current interest rates, with Lagarde taking a cautious approach amid inflation risks and tighter financial conditions.

Technically, selling pressure could continue while EUR/USD remains below 1.1260, potentially pushing the pair toward the 1.0985–1.1000 support zone.



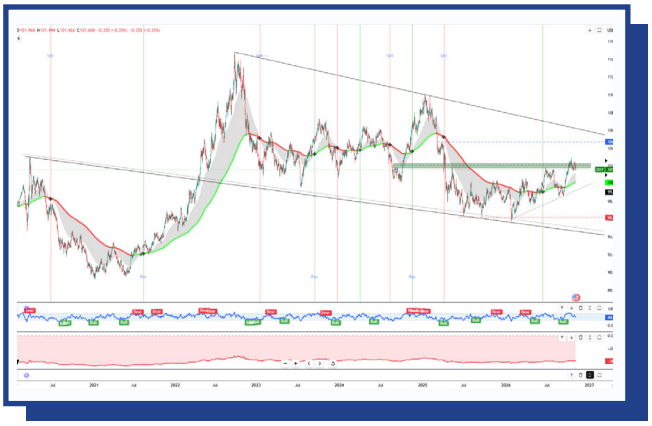
DXY

DOLLAR INDEX SLIPS BELOW 102

The US Dollar Index (DXY) has fallen below the 102 level after benefiting from safe-haven demand and Treasury bond purchases last week.

Easing oil prices amid diplomatic efforts in the Middle East, alongside stabilizing technology stocks, have reduced demand for defensive assets.

Looking ahead, surprising US employment and PMI figures could provide renewed support for the dollar and help reverse its recent weakness.



XAUUSD

GOLD FACES CRITICAL SUPPORT NEAR $3,880

Gold remains vulnerable to further declines if prices close below the $3,875–$3,885 support range. A sustained breakdown could extend losses toward $3,745 and potentially $3,700.

Key support levels are located at $3,875–$3,885, $3,745 and $3,700, while resistance stands at $3,950, $3,975 and $4,000.

Any recovery would likely face stronger resistance between $3,975 and $4,000.



XAGUSD

SILVER STRUGGLES BELOW $53.25

Silver continues to face downside pressure as long as prices fail to register a daily close above $53.25.

Immediate support levels are positioned at $49.10 and $47.20, while resistance is seen at $53.25 and $54.65.

A sustained move above $53.25 could encourage a short-term rebound. Otherwise, the technical outlook remains tilted toward further losses.



US EQUITIES FACE A GROWING TEST OF HOUSEHOLD DEMAND



US households have emerged as a powerful force in the stock market, with net equity purchases reaching historically high levels. Their growing participation has helped sustain demand for US stocks, but a steady flow of new shares is raising questions about how long this buying strength can continue.

A GROWING MARKET NEEDS MORE BUYERS

As companies raise capital through IPOs, secondary offerings and new share issuance, the market must absorb an expanding supply of equities. Strong household demand has helped maintain this balance, allowing new shares to enter the market without placing significant pressure on prices. The challenge is that household exposure to stocks is already near historical highs, potentially limiting the amount of additional capital available for investment.

WHAT HAPPENS WHEN HOUSEHOLD BUYING SLOWS?

A slowdown in retail purchases could leave the market with more shares than buyers are willing to absorb at current prices, increasing the potential for selling pressure. With equity issuance continuing, the strength of household demand could become a decisive factor in the direction of US stocks. The longer this balance depends on sustained retail buying, the more sensitive the market may become to changes in household investment behavior.

WHY LULA'S VICTORY SURPRISED THE MARKETS



Brazil's presidential election delivered an unexpected result for investors, challenging forecasts from financial markets and prediction platforms. Ahead of the vote, many traders had positioned themselves for an alternative outcome, leaving markets exposed when Lula emerged victorious.

MARKET POSITIONING AMPLIFIES THE REACTION

The market response reflected more than the election result. Investors had already established positions based on expectations of a different political direction.

As those assumptions changed, traders were forced to reassess their exposure. Such adjustments can trigger sharp movements in equities, bonds, and currencies, particularly when market positioning becomes heavily concentrated.

PREDICTION MARKETS FACE ANOTHER TEST

The election also demonstrated the limitations of betting platforms as forecasting tools.
Although prediction markets offer insights into investor expectations, they cannot fully account for regional voting differences, turnout, or last-minute changes in voter sentiment. Even strong market confidence does not guarantee an accurate forecast.

INVESTORS TURN TO LULA'S ECONOMIC POLICIES

Attention now shifts toward Lula's economic priorities and their potential implications for Brazilian assets.

Government spending, fiscal discipline, public debt, and relations with financial markets will influence the outlook for the Brazilian real, government bonds, and domestic equities.

The election reinforces the importance of scenario planning and risk management. When investors concentrate on a single expected outcome, unexpected political developments can produce substantial market volatility.

CANADA HIKES RATES TO 2.5%, SEES INFLATION AT 3.5%



After seven consecutive meetings without a change, the Bank of Canada has raised its benchmark interest rate to 2.50%, delivering a 25-basis-point increase on October 28, 2026. The move marks its first rate hike in three years and signals a shift in monetary policy as high energy costs continue to fuel inflation. The decision came in line with market expectations, but the central bank's latest forecasts suggest that further tightening could follow.

ENERGY PRICES PUT INFLATION BACK IN FOCUS

Canada's inflation problem is proving more persistent than previously projected. Consumer prices rose 3.1% annually in September, and the central bank expects inflation to reach approximately 3.5% by the end of 2026.

Higher oil prices are raising transportation and production costs, with businesses expected to pass more of these expenses on to consumers.

The Bank now projects inflation to average 3% in 2027, a full percentage point above its July forecast. A return to the 2% target is not expected until mid-2028.

STRONGER GROWTH GIVES POLICYMAKERS ROOM

While inflation remains a concern, Canada's economic performance has offered some encouragement.

GDP expanded 3.3% in the second quarter, supported by resilient consumer spending, stronger exports, and a recovery in business investment.

The Bank expects growth of 1% in 2026, accelerating to 2% in both 2027 and 2028.

Still, the recovery faces obstacles. Unemployment remains near 6.5%, housing activity is relatively weak, and new US tariffs could weigh on growth in the final quarter of 2026.

IS ANOTHER RATE HIKE COMING?

The latest decision leaves the door open for additional increases, with the Bank warning that persistent energy costs could require a stronger policy response. For currency markets, further tightening could strengthen the Canadian dollar, particularly against currencies backed by more accommodative central banks. Yet higher rates could also put pressure on borrowing, consumption, and investment.

US INFLATION HITS 3.6% AS SPENDING GROWS



American consumers continued spending in September, but their incomes struggled to keep pace with rising prices. New figures from the US Bureau of Economic Analysis (BEA) showed consumer spending increased 0.5%, while personal income grew just 0.2%, raising concerns about how long households can sustain their purchasing habits.

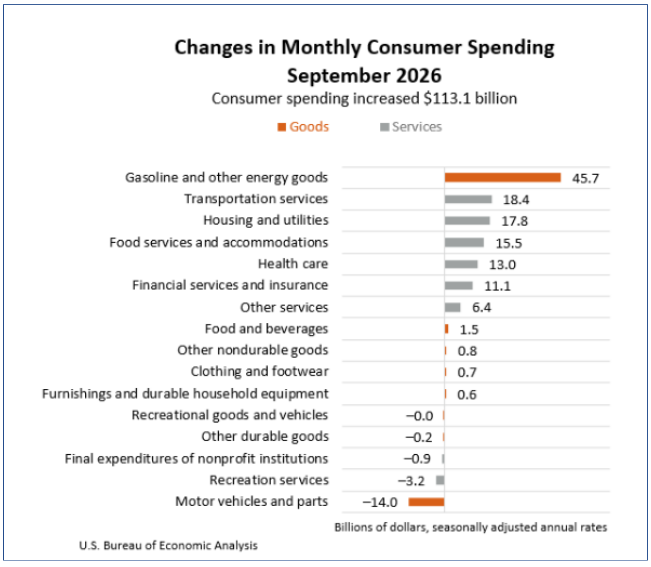
The report also showed annual PCE inflation climbing to 3.6%, adding pressure on the Federal Reserve as it considers its next interest rate decision.

AMERICANS ARE SPENDING MORE, BUT BUYING LITTLE EXTRA

Personal consumption expenditures rose $113.1 billion in September, compared with a $54.5 billion increase in personal income. Services accounted for most of the spending growth, adding $78.1 billion, while goods purchases increased by $35.1 billion. Yet the inflation-adjusted figures tell a different tale. Real consumer spending rose by less than 0.1%, indicating that much of the increase reflected higher prices rather than greater consumption. Household purchasing power also weakened. Although disposable income increased by $52.7 billion, or 0.2%, it fell 0.3% after inflation.
The personal saving rate stood at 3.8%, with savings totaling $911.1 billion.

INFLATION GIVES THE FED ANOTHER REASON TO HOLD FIRM

The headline PCE price index climbed 0.5% in September and 3.6% annually. Core PCE, which excludes food and energy, increased 0.3% on the month and 3.1% from a year earlier, remaining well above the Fed's 2% target. Higher energy costs are adding to the challenge by raising transportation and production expenses, potentially pushing prices further upward.
The combination of resilient spending and weakening purchasing power leaves policymakers facing a difficult balance. Persistent inflation could strengthen the case for keeping interest rates high or raising them further, supporting the dollar and Treasury yields while putting pressure on gold and equities. With household incomes already trailing spending growth, upcoming employment and consumption figures will help determine how much longer American consumers can maintain their current pace.



Market Roundup

BRAZILIAN MARKETS TUMBLE AFTER LULA'S VICTORY

Brazilian assets suffered sharp losses following Lula's reelection as president. The real plunged nearly 11% against the dollar, while the Ibovespa dropped more than 10%, triggering a temporary trading halt. Fiscal policy and public debt remain key concerns for the market.



Image Source: euronews.com

EGYPT OPENS DOOR TO SAUDI MILITARY SUPPORT

Egypt's parliament authorized President Sisi to provide military assistance to Saudi Arabia upon request, following an increase in Houthi missile and drone attacks against the kingdom.



IRAN DIPLOMACY AND NUCLEAR CONCERNS

Diplomatic developments and Iran's nuclear activities are back in focus. Mojtaba Khamenei reiterated that Tehran's previously established conditions must be fulfilled before the conflict with the United States can end. Meanwhile, the IAEA is seeking access to Iranian nuclear facilities to verify existing stockpiles of highly enriched uranium.



Image Source: REUTERS/Sarah Meyssonnier

EUROZONE LENDING CONDITIONS TIGHTEN

Eurozone banks reported stricter lending standards and weaker loan demand during the third quarter. Elevated borrowing costs, increased risk concerns, and geopolitical uncertainty continue to restrict credit availability. Against this backdrop, the ECB is widely expected to leave interest rates unchanged at its upcoming policy meeting.



Image Source: REUTERS/Jonathan Drake

Market Roundup

GOOGLE DEEPMIND INTRODUCES GENIE 4

Google DeepMind announced Genie 4, an artificial intelligence model designed to create interactive virtual environments in real time using text prompts. The technology could support applications in gaming, education, and robotics simulations.



QATARENERGY SECURES 20-YEAR US LNG SUPPLY DEAL

QatarEnergy has signed a 20-year agreement with Australia's Woodside Energy to supply 3 million tonnes of LNG annually from a Louisiana project starting in late 2030. The deal supports Qatar's efforts to diversify supplies and reduce reliance on the Strait of Hormuz. US-Iran tensions and Ras Laffan production constraints have created an estimated 30-million-tonne shortfall against Qatar's 2026 export target. QatarEnergy also recently agreed to supply Cheniere Energy with 4 million tonnes annually through 2054.



Image Source: euronews.com

ITALY APPROVES €26 BILLION BUDGET AMID RISING DEFICIT

Italy's government has approved a €26 billion budget for 2027, introducing higher taxes on banks, insurers, and energy companies while offering middle-income tax relief and increased healthcare spending. The plan targets over €5 billion from the financial sector, plus €700 million each from energy and gambling, and allocates €3.4 billion to healthcare. The budget deficit is projected to rise from 2.9% of GDP in 2026 to 3.4% in 2027, exceeding the EU's 3% limit. Parliament will debate and vote on the proposal in November.



Image Source: REUTERS/Francesco Fotia

RESTRUCTURING HITS AUTO AND TECH GIANTS

Volkswagen posted a €5.9 billion operating loss in Q3 2026, against forecasts of €2.6 billion, and a €2.7 billion net loss. Revenue fell 6.3% to €75.3 billion, while deliveries dropped 14.3% to 1.89 million, including a 38.5% decline in China. One-off charges totaled €7.8 billion, including a €6.4 billion Porsche impairment. With a nine-month net loss of €2.72 billion, Volkswagen forecasts €315 billion in annual revenue and a margin of 1% or less, prompting cost cuts. Restructuring is also underway at Microsoft, which launched a voluntary separation program covering around 60,000 eligible employees across the US, Canada, India, and the UK to adjust its workforce to changing business needs.



The Week Ahead

The US midterm elections take center stage this week, with Republicans at risk of losing the House and potentially the Senate, complicating President Trump's legislative agenda. Developments in the Middle East and Ukraine, the OPEC meeting, and earnings from Apple, Palantir, AMD, McDonald's, Qualcomm and Uber will also draw interest. On the economic calendar, the US jobs report leads a busy lineup featuring ISM PMIs, JOLTS, factory orders, trade data and consumer sentiment. Internationally, China's PMIs, Eurozone inflation and central bank decisions across Europe, Australia and Latin America will be key events.

AMERICAS

The US midterm elections on November 3 will determine control of Congress, with all 435 House seats and 35 Senate seats contested. Democrats are favored to win the House, while the Senate remains less predictable. Several Fed officials will also speak, offering potential clues on interest rates. The October jobs report is expected to show 56,000 new payrolls, up from 29,000 in September, with unemployment steady at 4.2% and monthly wage growth rising to 0.3% from 0.1%. Manufacturing and services ISM surveys are projected to signal continued expansion despite persistent cost pressures. Meanwhile, JOLTS openings could edge up to 7.10 million from 7.08 million, while preliminary Michigan consumer sentiment is expected to weaken. Other releases include ADP employment, Challenger job cuts, factory orders, trade figures, third-quarter productivity and labor costs, and consumer credit. The Treasury's quarterly refunding announcement will provide updates on borrowing plans. Corporate earnings will feature Apple, Palantir, Realty Income, AMD, Amgen, Pfizer, McDonald's, Qualcomm, Uber, ConocoPhillips and Berkshire Hathaway. Elsewhere, Canada will release its 2026 budget, employment and trade figures. Mexico's confidence indicators, Brazil's industrial production and trade data, regional PMIs, and rate decisions in Brazil and Mexico will complete the calendar.

EUROPE

The Bank of England's Thursday decision is expected to deliver its first rate hike in over three years as energy-driven inflation persists. Updated forecasts will follow earlier warnings that inflation could exceed 4% early next year. Sweden, Norway and Poland will also announce policy decisions. Eurozone inflation is forecast to reach 3.9% in October, its highest since September 2023, following national readings of 5.6% in Italy, 4.9% in Spain, 3.8% in France and 2.8% in Germany. Inflation figures from Switzerland and Turkey are also due. Germany's factory orders are expected to rebound after August's sharp decline, with industrial production rising for a second month. Manufacturing PMIs could show slower growth in Spain, contraction in Italy and stronger activity in Switzerland, while services growth is expected to moderate in Italy and Spain. Additional releases include Eurozone, German and Italian retail sales, UK house prices, French industrial production, Spanish unemployment, Swiss employment and confidence indicators, and Turkey's trade balance. Earnings highlights include Ryanair, Ferrari, Bayer, Philips, BMW, Leonardo, Deutsche Telekom, Rheinmetall, Engie, Commerzbank and Daimler Truck.

ASIA-PACIFIC

China's RatingDog manufacturing and services PMIs will lead the regional calendar, with factory growth expected to ease slightly. Japan will publish September wage data, final S&P Global PMIs and minutes from the BOJ meeting that delivered a 25-basis-point hike to 1.25%, followed by an October hold. The Reserve Bank of Australia is expected to raise rates by 25 basis points to 2.85% as higher fuel prices add to inflation. Building permits are forecast to rebound 2.1%, while household spending could rise 0.2%. Trade figures are also scheduled.

Across the region, trade reports are due from South Korea, Indonesia and Vietnam, alongside inflation readings from Indonesia, South Korea, Vietnam, the Philippines, Thailand and Taiwan. Hong Kong and Indonesia will publish GDP figures, while New Zealand and the Philippines release labor data. Manufacturing PMIs will cover Indonesia, Malaysia, the Philippines, South Korea, Taiwan, Thailand, Vietnam, Hong Kong and Singapore. Bank Negara Malaysia will also announce its rate decision. Corporate results include Nintendo, Mitsubishi, Sumitomo and the State Bank of India.

ZITA PLUS

zitaplus.com
support@zitaplus.com
+44 7442 667878
Craigmuir Chambers, Road Town, Tortola,
VG 1110, British Virgin Islands