ZITAPLUS

WEEKLY BULLETIN

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EUROZONE INFLATION REBOUNDS TO 2.5% IN MARCH

ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
EUROZONE YIELDS SURGE ON FISCAL RISK
US JOBS DATA SHOWS RESILIENCE IN MARCH • AND MORE...

Contents

TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, APRIL 6				
ALL DAY	CNY	China - Ching Ming Festival	-	-
ALL DAY	EUR	Germany - Easter	-	-
ALL DAY	GBP	United Kingdom - Easter	-	-
18:00	USD	ISM Non-Manufacturing Prices (Mar)	-	63.0
18:00	USD	ISM Non-Manufacturing PMI (Mar)	54.8	56.1
TUESDAY, APRIL 7				
16:30	USD	Durable Goods Orders (MoM) (Feb)	-1.0%	0.0%
WEDNESDAY, APRIL 8				
18:30	USD	Crude Oil Inventories	-	5.451M
21:00	USD	10-Year Note Acution	-	4.217%
22:00	USD	FOMC Meeting Minutes	-	-
THURSDAY, APRIL 9				
16:30	USD	Core PCE Price Index (MoM) (Feb)	0.4%	0.4%
16:30	USD	Core PCE Price Index (YoY) (Feb)	3.0%	3.1%
16:30	USD	GDP (QoQ) (Q4)	0.7%	0.7%
16:30	USD	Initial Jobless Claims	210K	202K
21:00	USD	30-Year Bond Auction	-	4.871%
FRIDAY, APRIL 10				
10:00	EUR	German CPI (MoM) (Mar)	1.1%	1.1%
16:30	USD	CPI (MoM) (Mar)	1.0%	0.3%
16:30	USD	Core CPI (Mar)	0.3%	0.2%
16:30	USD	CPI (YoY) (Mar)	3.4%	2.4%

GMT+4 DUBAI TIME

EUROZONE INFLATION REBOUNDS TO 2.5% IN MARCH

Euro area inflation moved notably higher in March 2026, with the annual rate expected to reach 2.5%, up from the 1.9% recorded in February. The latest flash estimate from Eurostat points to a clear resurgence in price pressures following the softer readings seen earlier this year. This shift suggests that inflation across the region is proving far less stable than many analysts had initially hoped, potentially complicating the path forward for monetary policy.

ENERGY COSTS SPARK HEADLINE SURGE

The primary driver behind this month's acceleration was a sharp turnaround in the energy sector. After a contraction in February, energy prices rebounded aggressively, illustrating how quickly this volatile component can shift the broader inflationary landscape. Even as other categories showed signs of moderation, the weight of energy costs was sufficient to lift the headline figure significantly.

- **Annual Energy Inflation:** Expected at 4.9% in March (a sharp reversal from -3.1% in February).
- **Services Inflation:** Expected to ease slightly to 3.2% from 3.4%.
- **Food, Alcohol, and Tobacco:** Showed a marginal slowdown to 2.4% from 2.5%.
- **Non-energy Industrial Goods:** Continued to post the weakest growth, slipping to 0.5% from 0.7%.

IMPLICATIONS FOR ECB POLICY

While the cooling of services and food prices offers a small measure of relief, the jump in headline inflation is a significant development for the European Central Bank (ECB). If energy-driven pressures remain elevated, investors and policymakers may be forced to reassess how quickly inflation can return to the 2% target in a sustainable manner.

This rebound ensures that interest rate expectations will remain highly sensitive in the near term. If subsequent data confirms that the March spike was not merely a temporary fluctuation, the market may brace for a more cautious approach from the ECB. Ultimately, the March estimate serves as a reminder that the Eurozone remains vulnerable to fluctuations in key cost components, and the battle against inflation is far from over.


50
EURO
ΕΥΡΩ
ЕВРО
50

XAUUSD

GOLD EYES BREAK ABOVE $4,750

Gold needs to break above the $4,750 level to confirm continued upside momentum. Until then, price action may remain capped in the near term.

On the downside, the $4,600–$4,615 zone stands as a key support area. A break below this range could expose further weakness, with $4,532 as the next level to watch if selling pressure accelerates.

Key Levels

- **Resistance:** $4,750
- **Support:** $4,600–$4,615 / $4,532

BRENT OIL

OIL MOVES AT THE SPEED OF HEADLINES

US oil futures are responding to changing headlines, with mixed signals prevailing. While the US points to progress toward a deal, Iranian officials reject the idea, keeping uncertainty high.

Rising geopolitical risk is maintaining upward pressure on prices.

Key Levels

- **Resistance:** 120
- **Support:** 98 - 99

DXY

DXY HOLDS NEAR 100

The US Dollar Index (DXY) is trading around the 100 level, as markets react to mixed ceasefire headlines that continue to drive short-term volatility. While occasional optimism appears, underlying geopolitical risks remain unresolved, keeping the broader outlook uncertain.

Focus is now shifting toward upcoming CPI data and the FOMC minutes, which are expected to offer clearer direction for the dollar. From a technical perspective, 100.40 stands out as the key resistance level. A sustained move above this zone could support further upside momentum in the near term.

Key Levels

- **Resistance:** $100.40

EURUSD

EUR/USD TESTS THE FLOOR, EYES THE CEILING

EUR/USD continues to trade near a significant technical zone, with 1.1390 acting as a key support level that limits the current structure. Holding above this threshold keeps the broader trend stable in the near term. On the upside, attention shifts to the 200-month simple moving average near 1.1910-1.1915, a historically prominent barrier that could limit advances if momentum strengthens.

Key Levels

- **Support:** 1.1390

EUROZONE YIELDS SURGE ON FISCAL RISK

Eurozone government bond yields have climbed sharply as markets re-evaluate fiscal stability amid intensifying geopolitical conflict. A clear breakout in 10-year yields across Italy, France, and Spain marks one of the most aggressive upward shifts in recent years, signaling that investors now demand higher premiums to offset rising systemic uncertainty.

ENERGY SHOCKS DRIVE BORROWING COSTS

The primary catalyst for this repricing is the Middle East conflict, which has severely disrupted energy markets. This volatility is impacting the fiscal landscape in two ways:

- **Inflationary Pressure:** Higher oil prices are driving up long-term inflation expectations.
- **Fiscal Burden:** Governments may be forced into costly interventions to subsidize households and industries, further straining national budgets.

A SYSTEMIC SOVEREIGN REPRICING

While Italy leads the current surge, the move is notably synchronized across the bloc. France and Spain are also seeing sharp increases in borrowing costs, suggesting a broader market reassessment of the euro area's fiscal health. This trend creates a dangerous feedback loop: as yields rise, refinancing becomes more expensive, which in turn widens deficits and increases total debt burdens.

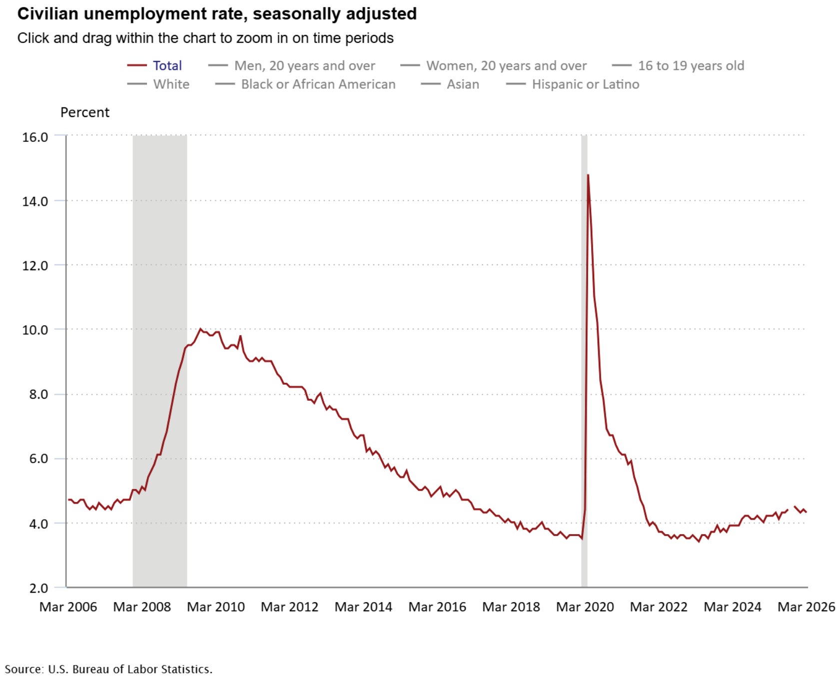
CHALLENGES FOR THE ECB

This rapid tightening of financial conditions complicates the European Central Bank's mandate. Rising market rates act as a de facto policy hike, forcing officials to strike a delicate balance between:

- **Inflation Risks:** Managing the fallout from energy-driven price spikes.
- **Financial Stability:** Preventing a debt crisis in highly leveraged member states.

If borrowing costs maintain this trajectory, the ECB may face mounting pressure to intervene to prevent a fragmented or unsustainable fiscal environment.

US JOBS DATA SHOWS RESILIENCE IN MARCH



The US labor market regained momentum in March, with nonfarm payrolls rising by 178,000 after February's decline. The rebound signals that hiring activity is still in place, even if the pace varies across sectors. The unemployment rate held at 4.3%, reinforcing the view of a labor market that remains steady despite broader economic uncertainty.

GROWTH CONCENTRATED IN KEY SECTORS

Job creation was driven by a handful of industries. Health care once again led gains, followed by construction, transportation, and warehousing. These areas helped balance out softer hiring elsewhere, suggesting domestic demand continues to provide support. Meanwhile, federal government employment declined further, indicating that public-sector hiring is no longer playing the same role in sustaining overall job growth.

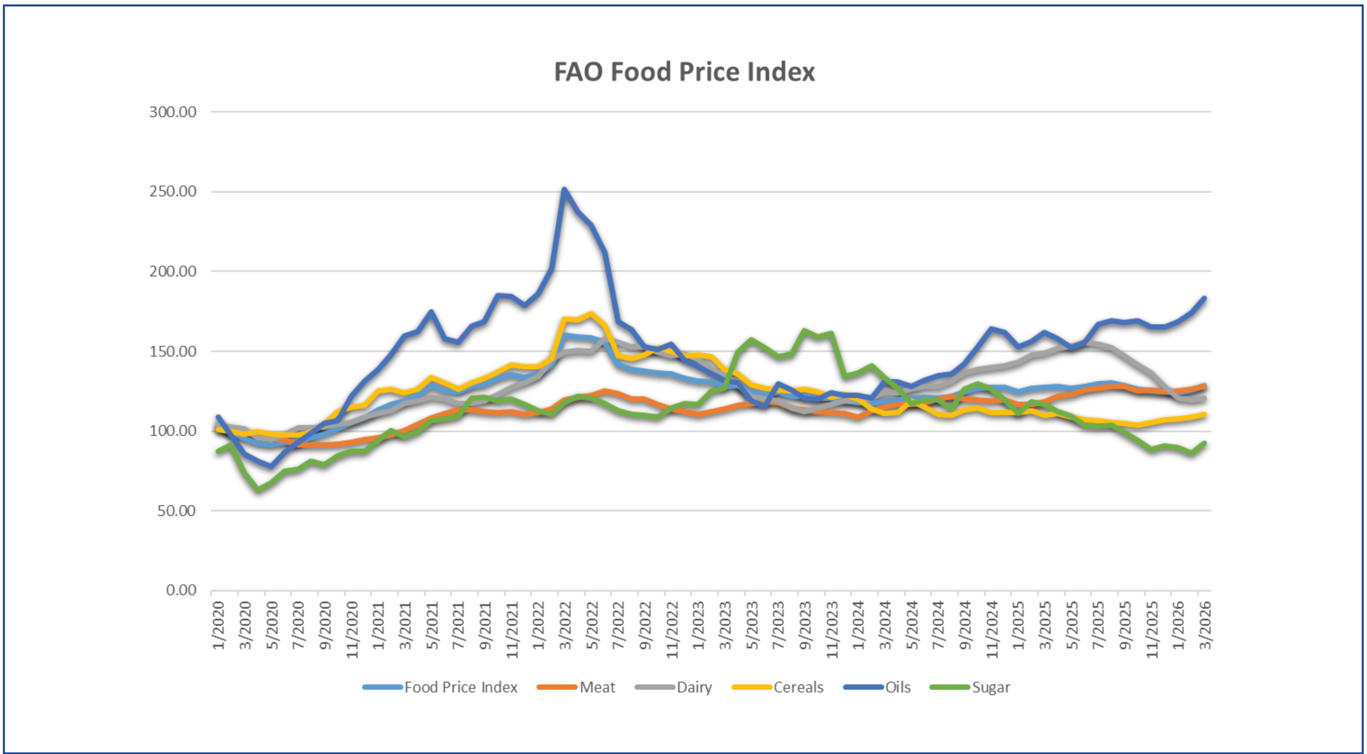
WAGES STAY CONTAINED, HOURS EDGE LOWER

Wage growth remained measured rather than aggressive. Average hourly earnings rose 0.2% month-on-month and 3.5% year-on-year, offering some relief on inflation concerns tied to wages. The average workweek slipped to 34.2 hours, a subtle shift that can reflect a more cautious approach from employers.

CRACKS BENEATH THE SURFACE

Although the overall numbers were strong, the details reveal a more varied situation. Long-term unemployment stayed elevated, and the number of people marginally attached to the labor force increased. This points to a labor market that is still generating jobs, but with uneven participation across different groups. March data reflect resilience as hiring came in stronger, unemployment held steady, and wage pressures remained controlled. The structure of the labor market appears to be shifting, with growth becoming more selective rather than broadly distributed.

FAO FOOD PRICE INDEX CLIMBS ON ENERGY COSTS



The FAO Food Price Index rose for a second consecutive month in March 2026, reaching 128.5 points, its highest level since September. This broad-based increase spanned all five major food groups, primarily driven by soaring energy prices linked to the Middle East conflict.

VEGETABLE OILS AND SUGAR LEAD THE SURGE

Higher crude oil prices and tightening supplies pushed the Vegetable Oil Price Index up 5.1%, marking its highest point since mid-2022. Gains were seen across palm, soy, sunflower, and rapeseed oils. The Sugar Price Index jumped 7.2%, as expensive oil led to expectations that Brazil might divert more sugarcane toward ethanol production.

CEREAL AND GRAIN MARKETS STRENGTHEN

The Cereal Price Index rose 1.5% to hit its highest level since April 2025. Key factors include:

- **Wheat:** Supported by US drought concerns and lower planting forecasts in Australia.
- **Maize:** Lifted by energy-linked demand and rising fertilizer costs.
- **Rice:** Stood as the sole exception, with prices trending lower during the month.

DAIRY AND MEAT JOIN UPWARD TREND

The Dairy Price Index increased 1.2%, its first gain since July 2025, fueled by firmer prices for butter and milk powders. The Meat Price Index rose 1.0%, largely due to higher pig meat prices in the European Union ahead of seasonal demand.

THE ENERGY-FOOD LINK

Market dynamics have shifted; food prices are no longer dictated solely by crop conditions or export flows. Energy has re-emerged as a dominant driver, also inflating costs across multiple commodity groups. If oil prices remain elevated, food inflation may persist despite improvements in agricultural fundamentals, presenting a significant challenge for global policymakers.

Market Roundup

GEOPOLITICAL SHIFTS

Donald Trump has signaled a potential wind-down of the Iran military operation, even if the Strait of Hormuz remains partially obstructed. The current strategy appears to be shifting toward degrading Iran's military capabilities while pivoting toward diplomatic efforts to restore global trade flows.

Image Source: AP Photo/Alex Brandon

REGIONAL INSTABILITY

Despite talk of diplomacy, tensions remain high. Iran reportedly struck a Kuwaiti oil tanker in Dubai, raising concerns over environmental spills. Furthermore, Houthi forces have threatened to target Red Sea shipping routes should the broader conflict continue to escalate.

Image Source: kuwaittimes.com

FEDERAL RESERVE STANCE

Fed Chair Jerome Powell indicated that long-term inflation expectations remain anchored. He stated the central bank is currently in a "wait and see" mode, suggesting there is no immediate pressure to adjust interest rates at this time.

Image Source: Sha Hanting/China News Service/VCG via AP

CHINESE ECONOMIC RECOVERY

Data from China showed unexpected resilience. The Manufacturing PMI climbed to 50.4, while the services sector improved to 50.1. These figures indicate a return to growth for the Chinese economy despite significant global headwinds.

The Week Ahead

Global markets will stay focused on the Iran conflict, with attention on any signs of de-escalation or progress toward reopening the Strait of Hormuz. Elevated energy prices continue to shape inflation expectations, while key data releases and the start of earnings season will guide sentiment.

AMERICAS

Focus will be on the FOMC minutes for clues on how policymakers view the impact of geopolitical tensions on growth and inflation. The March CPI report is expected to show a sharp increase, with monthly inflation seen at 0.9% and the annual rate rising to 3.4%, the highest since April 2024. Core inflation is projected to edge up to 2.7%.

Other data may point to softer momentum. The ISM Services PMI is expected to show slower activity, while the Michigan Consumer Sentiment index may weaken further. The PCE report will also be in focus, with spending holding firm and income growth moderating. Additional releases include durable goods orders and the final Q4 GDP reading. Earnings season begins with results from Delta Air Lines and Constellation Brands. Canada's employment data, along with Mexico and Brazil's key indicators, will provide regional insight.

EUROPE

Germany's trade surplus is expected to widen, while industrial output and factory orders are seen recovering. Eurozone retail sales may edge higher, and producer price growth is likely to slow. Italy's industrial production is also expected to improve, while UK house prices may show a modest rise.

Services PMI data from Spain and Italy are expected to signal continued expansion, though at a slower pace. The National Bank of Poland is seen holding rates at 3.75%, with additional regional data offering further clues on growth.

ASIA PACIFIC

China's inflation is expected to ease slightly, while producer prices may return to growth. In Japan, consumer confidence may decline, though the current account surplus is seen widening.

The Reserve Bank of India is expected to hold rates steady, while Australia's data calendar remains light. Inflation data across several Asian economies and South Korea's policy decision will also be monitored.

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