

# ZITAPLUS

8 — 12 JUN 2026

NO: 44







## WEEKLY BULLETIN

# EUROPE'S PRICE PROBLEM SPREADS BEYOND ENERGY



# Contents

- 02 ECONOMIC CALENDAR
- 03 EUROPE'S PRICE PROBLEM SPREADS BEYOND ENERGY
- 05 TECHNICAL ANALYSIS
  - 05 DXY
  - 05 EURUSD
  - 06 XAUUSD
  - 06 XAGUSD
- 07 IRAN FIRES ON ISRAEL AMID LEBANON CRISIS
- 08 BULL & BEAR INDICATOR EXTENDS SELL SIGNAL
- 09 AI STOCKS LEAD WALL STREET'S REBOUND
- 10 FITCH: OIL SURGE THREATENS GLOBAL GROWTH
- 11 MARKET ROUNDUP
- 13 THE WEEK AHEAD

TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, JUN 8				
03:50		GDP (QoQ)(Q1)	0.5%	0.3%
TUESDAY, JUN 9				
18:00		Existing Home Sales	4.08M	4.02M
WEDNESDAY, JUN 10				
16:30		CPI (MoM) (May)	0.3%	0.6%
16:30		Core CPI (MoM) (May)	0.5%	0.4%
16:30		CPI (YoY) (May)	4.2%	3.8%
17:45		BoC Interest Rate Decision	2.25%	2.25%
18:30		Crude Oil Inventories	-	-7.974M
21:00		10-Year Note Auction	-	4.468%
THURSDAY, JUN 11				
16:15		Deposit Facility Rate (Jun)	2.25%	2.00%
16:15		ECB Intrest Rate Decision (Jun)	2.40%	2.15%
16:30		PPI (MoM) (May)	0.7%	1.4%
16:30		Initial Jobless Claims	225K	225K
16:45		ECB Press Conference	-	-
FRIDAY, JUN 12				
10:00		German CPI (MoM) (May)	-0.2%	-0.2%
10:00		GDP (MoM) (Apr)	-0.1%	0.3%

# EUROPE'S PRICE PROBLEM SPREADS BEYOND ENERGY



The economic calendar is relatively light, featuring final HCOB Services PMI figures and remarks from European Central Bank officials. Yet attention has already shifted to next week's Governing Council meeting, where policymakers appear increasingly likely to deliver the first rate increase in years.

## PRICE PRESSURES SPREAD ACROSS THE ECONOMY

Among major developed economies, the euro area stands out as one of the few regions where interest rates are expected to move higher rather than lower. The latest inflation figures explain why. Annual inflation accelerated to 3.2% in May, reaching its highest level in more than two and a half years as higher energy costs linked to the Middle East conflict filtered through the economy. More importantly, inflation is no longer concentrated in energy alone. Core inflation rose to 2.5%, exceeding expectations, while services inflation climbed to 3.5%, indicating that price increases are becoming more widespread across sectors.

That shift has strengthened the case for tighter monetary policy and raised concerns that inflation could become more persistent than previously expected.

## POLICYMAKERS PREPARE FOR THE NEXT STEP

Rate expectations have changed dramatically in recent weeks. After keeping the deposit rate unchanged at 2%, financial markets now fully expect a 25-basis-point increase at the ECB's 11 June meeting. Current pricing also points to two, and potentially three, additional rate hikes before the end of the year. Comments from Governing Council members have reinforced that outlook. ECB Executive Board member Isabel Schnabel stated that it is still too early to determine how many increases may ultimately be required, while Lithuania's Gediminas Šimkus suggested that another move after June remains a realistic possibility.

## EURO FINDS SUPPORT IN DIVERGING POLICY PATHS

The widening contrast between Frankfurt and Washington has become an important theme for currency markets. While the ECB appears ready to tighten policy further, the Federal Reserve is widely expected to leave rates unchanged for an extended period. That divergence provides an underlying source of support for the euro and could help limit downside pressure even if upcoming US labor-market data remains strong.

## GROWTH REMAINS THE MISSING PIECE

The challenge for the ECB is that inflation is moving higher while growth risks continue to build. ECB President Christine Lagarde has repeatedly warned that the duration of the Middle East conflict will play a significant role in determining how deeply higher energy costs affect economic activity, business investment, and supply chains. Services PMI figures could offer an early indication of how businesses are coping with those pressures. The key question is no longer whether inflation is rising, but whether the broader economy can withstand the costs associated with bringing it back under control.



# \$ DXY

## THE DOLLAR TAKES A STEP BACK

The dollar index fell below 100 on Monday after briefly touching 100.2, with the largest declines recorded against the Australian dollar and Japanese yen. The move came as signs of easing tensions in the Middle East and lower oil prices reduced demand for the greenback.

Attention now turns to this week's US CPI and PPI reports, which could provide fresh clues on the inflation outlook and the Fed's policy path. Despite the dollar's decline, inflation concerns remain in focus, with markets still pricing in roughly a 52% probability of a Fed rate hike by October.



# EURUSD

## EUR/USD EYES 1.1555

The euro held just above 1.15, weighed down by escalating Middle East conflict, rising crude prices, inflation anxieties, and slowing Eurozone expansion. Meanwhile, market participants remain focused on the ECB as expectations for a rate hike stay elevated.

Technically, if the near-term resistance at 1.1555 is broken, the 1.1615/20 resistance zone may come into focus.



# XAUUSD

## GOLD PRESSURED NEAR LOWS

Gold edged up to \$4,330/oz on Monday after hitting a multi-month low, staying near weak closing levels. While Israel paused strikes on Iran at President Trump’s request, Lebanon risks persist. Solid U.S. employment data and higher crude prices have pushed December Federal Reserve rate hike probabilities to roughly 70%, keeping investors focused on upcoming CPI and PPI reports.

Technically, \$4,300 serves as immediate support. Breaking below this level could accelerate selling toward \$4,100. The resistance sits at \$4,400 to \$4,450, where intraday rebounds might attract sellers. Persistent dollar strength will likely limit sustained recovery.



# XAGUSD

## SILVER EYES 68.10 AFTER REBOUND

Silver rebounded toward \$69 per ounce after falling to \$67.3 on Friday, supported by ongoing Middle East tensions and inflation concerns linked to higher energy prices. Expectations for further Federal Reserve tightening continued to limit gains.

From a technical perspective, 68.10 remains the key near-term resistance level. On the downside, a break below support at 64.20 could open the door to the broader 60-61 support zone.



# IRAN FIRES ON ISRAEL AMID LEBANON CRISIS



Image Credit: REUTERS/Jonathan Ernst

Iran launched ballistic missiles toward Israel on Sunday following a fresh Israeli strike on Dahiya, a prominent Beirut suburb and Hezbollah stronghold. This latest exchange represents one of the steepest escalations since a fragile ceasefire was established, sparking fears that the confrontation could widen beyond Lebanese borders.

## STRIKE WITHOUT WARNING

Israeli officials stated that the military operation targeted specific Hezbollah command centers. Reports indicate that local civilians received no advance warning before the bombardment began. Tehran characterized the strike as a breaking point, pointing to weeks of continuous shelling and the ongoing presence of Israeli defense forces along the Lebanese border.

The Iranian missile offensive was contained in scale, with Israeli air defenses successfully intercepting all incoming projectiles. Air raid sirens ceased after approximately 45 minutes, and no Israeli casualties were reported. Nevertheless, the strategic signal from Tehran was unmistakable, serving as an explicit warning that continued military pressure in Lebanon could provoke a much larger regional retaliation.

## DIPLOMATIC DEADLOCK

President Donald Trump has repeatedly urged Israeli Prime Minister Benjamin Netanyahu to scale back or slow down the military campaign in Lebanon. Despite these diplomatic interventions, the truce remains highly precarious. Deep-seated mistrust persists among Hezbollah, Israel, Iran, and regional mediators, leaving little room for stable diplomacy.

## ESCALATION RISKS

This recent flare-up underscores how rapidly the situation in Lebanon can destabilize the broader Middle East. Although Sunday's missile strikes resulted in no immediate structural damage or casualties, the incident places immense strain on an already volatile peace process. The events significantly heighten the probability of a broader regional conflict as multiple factions remain poised for retaliation.

# BULL & BEAR INDICATOR EXTENDS SELL SIGNAL

**Table 2: Once CPI >4%, on avg SPX -4% next 3m, -7% next 6m**

SPX price action after CPI month with 4%+ reading

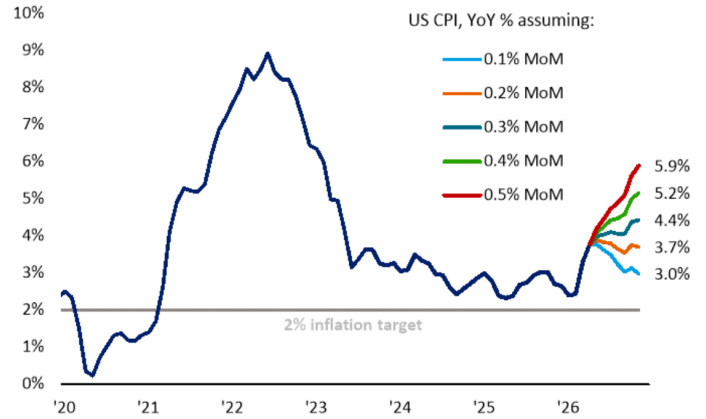
First 4%+ CPI	SPX 3M %Chg	SPX 6M %Chg
Feb'34	-9%	-13%
Apr'37	2%	-28%
Jun'41	2%	-15%
Jul'46	-21%	-15%
Dec'50	5%	3%
Feb'68	10%	11%
Mar'73	-7%	-2%
Jan'84	-2%	-7%
Aug'87	-27%	-20%
Sep'05	2%	6%
Apr'21	6%	9%
<b>Average</b>	<b>-3.5%</b>	<b>-6.6%</b>

Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

**Chart 9: US CPI on course for >5% by November midterms**

Paths for US CPI assuming pace of monthly change



Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

Bank of America's Bull & Bear Indicator remained in contrarian "sell" territory for a third consecutive week, rising to 8.7 from 8.5 as inflows into risk assets continued. The rise was driven by ongoing demand for global equities, high-yield bonds, and emerging-market credit. According to BofA, these asset classes have attracted a combined \$377 billion in net inflows so far this year, helping push sentiment to one of its most optimistic levels in recent years.

## HISTORY SUGGESTS LIMITED NEAR-TERM UPSIDE

The indicator has produced 17 sell signals since 2002. Historically, global equities have posted average declines of 2% to 3% over the following two to three months, with roughly a 60% success rate. In more severe cases, drawdowns have reached between 15% and 20%. The latest reading remains below the 9.6 level recorded in February, shortly before the US and Israel launched strikes on Iran. The indicator also reached 9.6 in February 2020, just before the COVID-19 pandemic triggered a sharp market selloff.

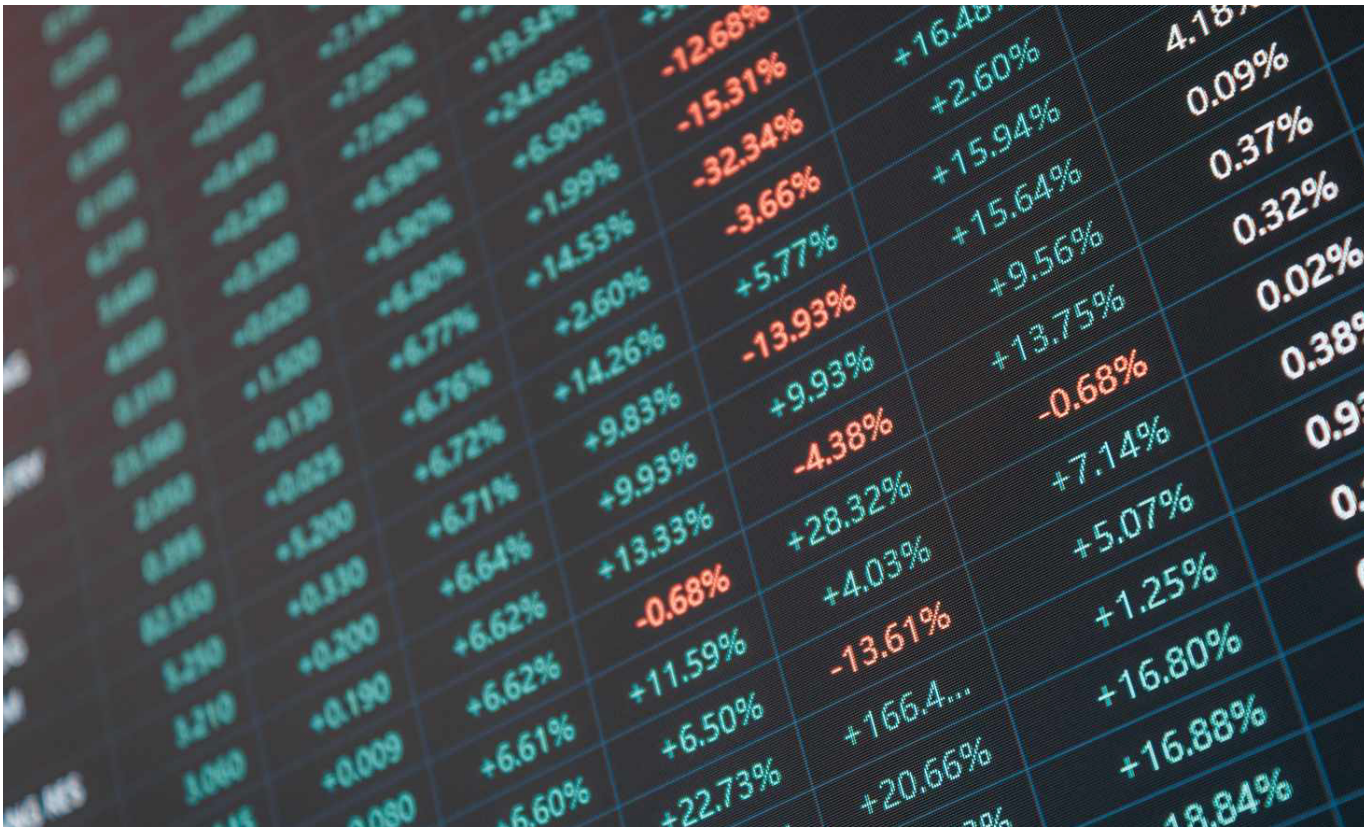
## RALLY REMAINS INTACT

Despite the warning signal, BofA strategist Michael Hartnett noted that market peaks typically develop over time rather than appearing suddenly. Hartnett argued that excessive optimism is often slower to reverse than fear, suggesting that strong market momentum can persist even after sentiment indicators begin flashing caution signals. Another measure tracked by the bank, a market breadth indicator that turns negative when 88% of global equity benchmarks become overbought, has yet to reach levels that would indicate broader market stress.

## FOCUS SHIFTS TO INFLATION DATA

The signal arrives as major equity indices remain close to record highs and attention turns to upcoming inflation data. A strong CPI reading could challenge expectations for easier monetary policy and keep bond yields under upward pressure. With positioning across risk assets already heavily skewed toward optimism, inflation figures and interest-rate expectations may play a key role in determining whether the rally extends further or enters a period of consolidation.

## AI STOCKS LEAD WALL STREET'S REBOUND



US stocks moved higher as concerns over a broader Middle East conflict eased, helping restore confidence across financial markets. The S&P 500 gained around 1%, while the Nasdaq 100 climbed 2.5%. The Dow Jones added roughly 0.5%, supported by signs of reduced military escalation and a more constructive diplomatic tone.

### LOWER YIELDS SUPPORT RISK ASSETS

A decline in oil prices and US Treasury yields provided additional support for equities after recent volatility. With inflation concerns easing slightly, attention shifted away from geopolitical headlines and back toward growth-oriented sectors.

### CHIPMAKERS REGAIN MOMENTUM

The technology sector led the advance as buying interest returned to semiconductor stocks following a period of profit-taking. Nvidia rose about 2%, while Micron and Marvell gained more than 4%. Marvell also benefited from expectations of passive fund inflows linked to its upcoming inclusion in the S&P 500.

### FOCUS RETURNS TO THE AI TRADE

The latest rally suggests a return to the artificial intelligence theme rather than a major shift in market direction. Attention is now turning to Oracle's upcoming earnings report, which could provide fresh insight into AI infrastructure demand and cloud spending trends.

## FITCH: OIL SURGE THREATENS GLOBAL GROWTH



Fitch Ratings warned that the latest surge in oil prices, driven by the escalating conflict between the US and Iran, is starting to weigh on the global economy. In its June Global Economic Outlook report, the agency said higher energy costs and ongoing uncertainty are creating fresh challenges for growth.

The agency noted that stronger oil prices are likely to raise production and transportation expenses across a broad range of industries. Higher energy costs could also keep inflation under pressure, making it more difficult for central banks to shift toward more accommodative policies.

### GLOBAL GROWTH FORECAST LOWERED

Reflecting the growing risks, Fitch cut its 2026 global growth forecast by 0.2 percentage points to 2.4%. The revision points to concerns that prolonged tensions in the Middle East could affect more than energy markets, influencing investment activity, consumer demand, and international trade.

Fitch reported that the path forward will depend heavily on developments across countries and the direction of oil prices. A further escalation or disruption to key supply routes could place additional pressure on growth, while easing tensions may help stabilize energy markets and improve the overall economic mood.

# Market Roundup

## AI'S RISE BRINGS NEW RISKS, IMF CHIEF SAYS

IMF Managing Director Kristalina Georgieva warned that the global economy is entering a period where shocks are becoming more frequent and permanent. Georgieva said governments and institutions need to strengthen their resilience instead of assuming stability will return, while also paying closer attention to the risks posed by AI. Drawing lessons from globalization, she noted that many communities were left behind as economic gains were unevenly distributed and stressed that policymakers should avoid repeating those mistakes as AI reshapes labor markets and economies. She also confirmed that the IMF will update its global growth outlook in July and indicated that regular assessments of Russia's economy could eventually resume after being suspended following the invasion of Ukraine.



Image Source: Kent NISHIMURA / AFP

## US URGES NATO TO REMOVE HUAWEI EQUIPMENT

The Trump administration has urged NATO members to use part of their defense-related spending to remove Huawei equipment from telecommunications networks and critical infrastructure, arguing that Chinese technology poses a security risk. During discussions in Brussels, US officials suggested that funds allocated under NATO's defense spending targets could be used to replace Huawei systems with alternative suppliers. The proposal comes as European governments remain divided on the issue, with Germany and Spain resisting EU-level restrictions over concerns about national control and potential retaliation from Beijing. The debate is expected to remain in focus as NATO members continue discussions on defense spending commitments and network security ahead of the alliance's upcoming summit.

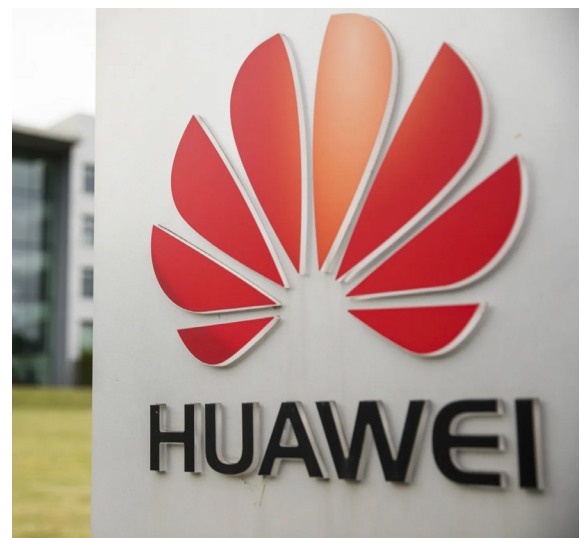


Image Source: Jason Alden/Bloomberg

## RISK APPETITE REBOUNDS

U.S. stock futures moved higher after reports that Iran had ended its latest military operations against Israel. The bounce came after Friday's sharp selloff, when strong U.S. jobs data and rising rate-hike expectations hit equities, especially technology and semiconductor shares. Chipmakers such as Nvidia, Micron, and Broadcom were steadier in premarket trading, helping Nasdaq futures outperform.



# Market Roundup

## ADOBE AWAITS EARNINGS WITH AI PROGRESS

Adobe remains under pressure ahead of its fiscal second-quarter earnings release, with shares down 26% over the past six months and trading well below their 52-week high. Mizuho maintained a Neutral rating and \$270 price target, noting that while investor sentiment remains weak, recent business checks suggest healthy demand and potential revenue upside. The firm expects Adobe to reaffirm its 2026 guidance, supported by continued growth in recurring revenue and contributions from the recently completed Semrush acquisition. While Adobe is making progress monetizing its generative AI products, analysts believe revenue growth is likely to remain in the high-single-digit range, limiting the potential for a significant re-rating of the stock in the near term.



Image Source: Brent Lewin/Bloomberg

## XI REINFORCES AN OLD ALLIANCE

Chinese President Xi Jinping pledged deeper economic, agricultural, technology, and infrastructure cooperation with North Korea during a visit to Pyongyang, reaffirming Beijing's support for Kim Jong Un while notably avoiding any public reference to denuclearization. Xi also called for closer cooperation in diplomacy, law enforcement, defense, tourism, and trade, signaling China's intention to strengthen ties with its longtime ally as North Korea expands relations with Russia. The absence of any mention of North Korea's nuclear program has fueled speculation that Beijing is placing greater emphasis on strategic and economic cooperation than on pursuing denuclearization, a position it had publicly supported for years.

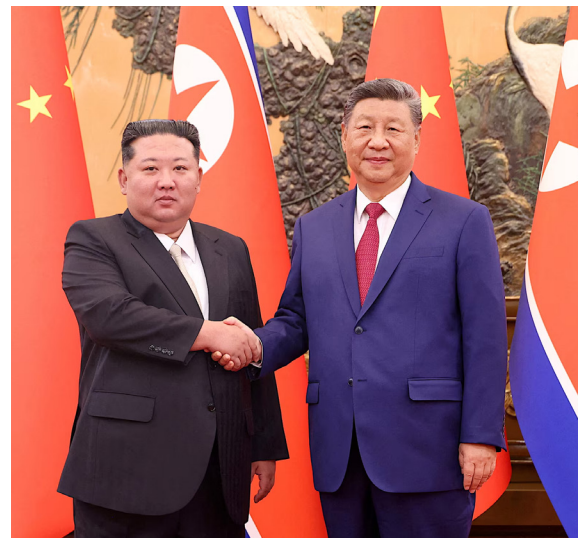


Image Source: CFOTO/Getty Images

## DOLLAR SUPPORTED BY JOBS DATA

The U.S. dollar remains underpinned by a strong labor market. May nonfarm payrolls rose by 172,000 versus expectations near 85,000, while unemployment held at 4.3%, reinforcing expectations that the Federal Reserve may keep policy tight and potentially hike rates later this year. Treasury yields climbed, and markets fully priced a quarter-point hike by year-end.



# The Week Ahead

Developments in US-Iran relations could set the tone next week, with energy prices remaining a key factor for inflation and central bank expectations. In the US, attention will center on consumer and producer inflation data, the final major readings before this month's Federal Reserve meeting, alongside existing home sales and trade balance figures. China will release inflation, trade, and credit data. Australia, Brazil, Mexico, and Russia will also report important economic indicators.

## AMERICAS

The US calendar will be led by May CPI, producer inflation, and the preliminary June University of Michigan consumer sentiment survey. Inflation is expected to rise to 4.2% year-on-year, the highest since April 2023, largely due to higher energy costs linked to Middle East tensions and disruptions around the Strait of Hormuz. Core CPI is projected to increase to 2.9%, its highest level in seven months. Monthly PPI is expected to ease to 0.8% from April's 1.4%, while core PPI is forecast to rise 0.4%. Consumer sentiment may improve slightly from May's record lows, but is expected to remain weak. Additional releases include existing home sales, the April trade balance, and the May federal budget statement.

Corporate attention will be on SpaceX, which is expected to begin trading on Friday in what could be the largest IPO ever. Oracle, GameStop, and Adobe will report earnings, while Apple's Worldwide Developers Conference may provide further details on its AI plans. The Bank of Canada is widely expected to leave rates unchanged as policymakers assess recent labor-market strength and await fresh inflation data. Canada's trade balance, along with inflation figures from Mexico and Brazil, will also be in focus.

## EUROPE

The European Central Bank is expected to raise interest rates by 25 basis points on Thursday after Eurozone inflation accelerated to 3.2% in May, the highest level in more than two and a half years. Core and services inflation also moved higher, suggesting broader price pressures. However, revised data showed the Eurozone economy contracted in the first quarter, marking its first decline since late 2022.

Turkey's central bank will also announce its latest rate decision. Germany will release trade balance, factory orders, and industrial production figures. Factory orders are expected to fall 1.2% after March's 5% increase, while industrial output is projected to recover after five consecutive monthly declines. Italy and Turkey will publish industrial production data as well. In the UK, GDP, manufacturing output, and trade figures will be released. The economy is expected to have contracted in April for the first time in eight months. The BRC Retail Sales Monitor and RICS House Price Balance will also be published. Switzerland's consumer confidence is expected to improve for a second consecutive month, though it remains below zero. Russia's annual inflation rate is forecast to ease to 5.4%, its lowest level since August 2023.

## ASIA-PACIFIC

China's trade surplus is expected to widen to \$91.5 billion in May from \$84.82 billion in April. Exports are forecast to rise 14.3%, while imports are expected to jump 25%. Inflation may edge up to 1.3%, producer prices are projected to increase to 3.9%, and credit growth is expected to improve, with new yuan loans rebounding by CNY 540 billion after April's decline. Japan's final first-quarter GDP is expected to be revised slightly higher to 0.3%. Producer inflation is projected to rise to 5.5%, while bank lending growth is expected to strengthen. Additional releases include current account data, machine tool orders, industrial production, and business sentiment figures. India will release inflation data, Australia will publish consumer and business confidence indicators alongside inflation expectations, South Korea will report final first-quarter GDP and labor-market figures, while the Philippines, Malaysia, and Taiwan will provide key employment and trade data.





🌐 [zitaplus.com](http://zitaplus.com)

✉ [support@zitaplus.com](mailto:support@zitaplus.com)

☎ +971 54 431 3402

☎ +44 7442 667878

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



هيئة سوق المال  
Capital Market Authority

Capital Market Authority

Category 5  
Regulated Broker

ZitaPlus operates under strict CMA regulatory standards.