ZITAPLUS
WEEKLY BULLETIN

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ENERGY SHOCK IN GLOBAL MARKETS

ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
NATURAL GAS MARKETS FACE TURBULENCE
IRAN’S LEADERSHIP TRANSITION • AND MORE...

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TIME	CUR.	EVENT	FORECAST	PREVIOUS
TUESDAY, MARCH 10				
03:50		GDP (QoQ) (Q4)	0.1%	-0.6%
18:00		Existing Home Sales (Feb)	3.89M	3.91M
WEDNESDAY, MARCH 11				
11:00		German CPI (Feb) (Feb)	0.2%	0.2%
16:30		CPI (MoM) (Feb)	0.3%	0.2%
16:30		CPI (YoY) (Feb)	2.5%	2.4%
16:30		Core CPI (MoM)	0.2%	0.3%
18:30		Crude Oil Inventories	-	3.475M
21:00		10-Year Note Auction	-	4.177%
THURSDAY, MARCH 12				
16:30		Initial Jobless Claims	216K	213K
21:01		30-Year Bond Auction	-	4.750%
FRIDAY, MARCH 13				
11:00		GDP (MoM) (Jan)	0.2%	0.1%
16:30		GDP (QoQ) (Q3)	1.4%	4.3%
16:30		Core PCE Price Index (MoM) (Jan)	0.4%	0.4%
16:30		Core PCE Price Index (YoY) (Jan)	3.1%	3.0%
16:30		Durable Goods Orders (MoM) (Jan)	0.5%	-1.4%
18:00		JOLTS Job Openings (Jan)	6.840M	6.542M

GMT+4 DUBAI TIME

ENERGY SHOCK IN GLOBAL MARKETS

Global financial markets are reacting sharply as Middle East tensions raise concerns about a potential energy crisis. Investors are increasingly pricing in the possibility that oil and gas supply disruptions could trigger wider economic consequences. This uncertainty has quickly spread across asset classes, impacting government bonds, currencies, commodities, and equities.

INFLATION RISKS IN BOND MARKETS

One of the most visible impacts has been the sudden movement in bond markets. Yields on US Treasuries have climbed as investors reassess inflation risks linked to rising energy costs. Higher oil and natural gas prices could feed directly into global inflation, making central banks more cautious about easing monetary policy. However, markets are reconsidering earlier expectations of aggressive interest rate cuts.

ENERGY MARKET SENSITIVITY

Energy markets have been particularly sensitive to regional developments. Crude oil prices surged following reports of military escalation and threats to critical infrastructure. Although supply has not yet been significantly disrupted, traders are adding a geopolitical premium to prices. Key factors moving the markets include:

- **The strategic importance of the Strait of Hormuz for global oil flows.**
- **The immediate price impact of potential transit disruptions.**
- **Increased costs associated with securing energy shipments during instability.**

CURRENCY AND ECONOMIC PRESSURE

Currency markets are also adjusting to this evolving environment. The euro has weakened as investors weigh the economic implications of higher energy costs for the euro area. Because Europe remains heavily dependent on energy imports, sustained price increases could pressure regional growth and inflation dynamics. This has prompted speculation that the European Central Bank may need to maintain a more cautious stance on monetary easing.

MARKETS SHORTLY

For now, markets remain highly sensitive to headlines. While the current shock has not yet become a full scale supply crisis, investors are closely monitoring geopolitical developments. The focus remains on how these events affect inflation, interest rates, and global stability. If tensions escalate, the ripple effects across commodities, currencies, and fixed income markets could intensify.

XAUUSD

GOLD DIPS ON DOLLAR STRENGTH

Gold traded near $5,110 per ounce, pressured by a strong US dollar and fading expectations for imminent Federal Reserve rate cuts. While escalating Middle East tensions typically increase safe-haven assets, the surge in oil prices past $100 has reignited global inflation concerns, strengthening the Dollar and capping gold's gains.

Supply disruptions near the Strait of Hormuz have intensified as tanker blockages force regional producers to reduce output. With a major portion of global energy supply at risk, markets increasingly fear persistent inflation or stagflation, scenarios that could further delay Fed policy easing.

Key Levels

- **Support:** $5,000 – $4,975
- **Resistance:** $5,225 – $5,250

BTCUSD

BITCOIN STABLE AMID VOLATILITY

Bitcoin is trading near $67,600, maintaining relative stability despite a broader "risk-off" sentiment in global markets. While geopolitical tensions and surging energy costs have spiked volatility for traditional assets, Bitcoin has remained resilient, supported by ongoing institutional and retail interest.

However, market sentiment remains cautious as macroeconomic uncertainty, US dollar strength, and shifting global liquidity expectations continue to drive digital asset flows. Bitcoin's performance relative to key technical zones will likely dictate its next major directional move in this high-pressure environment.

Key Levels

- **Support:** $65,000
- **Resistance:** $69,000 – $70,000

EURUSD

EURO HITS THREE-MONTH LOW

The euro slipped to 1.1560 on Monday, reaching its lowest point in over three months as investors favored the US dollar amid intensifying Middle East tensions. Surging energy costs have heightened inflation risks in Europe, threatening to push Eurozone figures above the ECB's 2% target. ECB official Isabel Schnabel stressed the importance of monitoring the persistence of these shocks and the extent to which companies pass rising costs to consumers.

Trading Ranges

- **Narrow:** 1.1500 – 1.1650
- **Wide:** 1.1415 – 1.1760

DXY

DOLLAR CLIMBS ON ENERGY FEARS

The US Dollar Index (DXY) is trading above 99.40, marking a three-month high as the intensifying Middle East conflict drives investors toward safe-haven assets. With oil prices surging past $100 per barrel, concerns regarding global energy supply disruptions are pushing inflation expectations higher. This geopolitical uncertainty, combined with a potential delay in Federal Reserve rate cuts, continues to provide strong momentum for the Dollar.

Key Levels

- **Support:** 98.60
- **Resistance:** 100.20

IRAN'S LEADERSHIP TRANSITION


Image Credit: Fars News Agency

Iran has entered a new political chapter following the emergence of Mojtaba Khamenei as the country's next Supreme Leader. This development marks a significant moment for the Islamic Republic, especially given the revolutionary roots of a system that once rejected hereditary rule. Nearly five decades after the 1979 Revolution overthrew a monarchy, critics argue the leadership structure is now evolving toward dynastic continuity.

INSTITUTIONAL INFLUENCE AND SUPPORT

The selection of Mojtaba Khamenei highlights the immense power of Iran's religious and security institutions. The Assembly of Experts, formally responsible for appointing the Supreme Leader, operates within a framework shaped by clerical authority and internal political dynamics. Mojtaba's longstanding relationships with influential factions, including the Islamic Revolutionary Guard Corps (IRGC), are viewed as key factors that strengthened his position within the ruling establishment.

STABILITY AMID CRISIS

Supporters of the decision argue that continuity could provide essential stability during a period of heightened regional tension. Iran currently faces multiple challenges, including:

- **Economic pressure from international sanctions.**
- **Direct geopolitical confrontation with Western powers.**
- **A volatile security environment across the Middle East.**

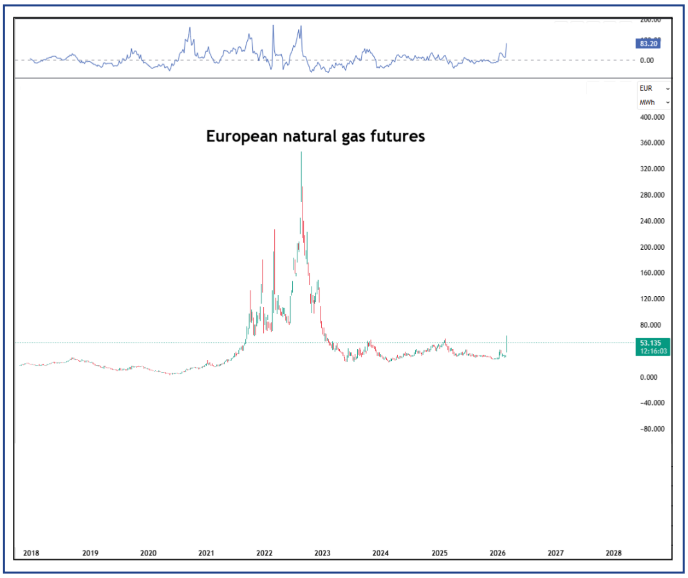
In these conditions, the leadership appears to prioritize cohesion within the state apparatus and military establishment over political experimentation.

LONG-TERM IMPLICATIONS

However, the transition raises questions about the future of Iran's political system. Critics note that concentrating power within a narrow circle risks further limiting political pluralism and public influence. Because the selection process remains largely insulated from the citizenry, concerns regarding transparency and accountability persist among observers.

As this transition unfolds, the broader implications will likely influence regional alliances and relations with Western powers. Whether this shift represents a consolidation of the existing system or the start of a more volatile political phase will become clearer in the months ahead.

NATURAL GAS MARKETS FACE TURBULENCE



European natural gas markets are experiencing sharp volatility as geopolitical tensions in the Middle East intensify. Prices surged following reports that production at a major Qatari LNG facility was temporarily halted after a drone attack linked to the Iran–Israel conflict. This disruption sent immediate shockwaves through global energy markets, underscoring the extreme sensitivity of gas supply chains to regional instability.

QATAR'S VITAL ROLE IN GLOBAL ENERGY

Qatar is a cornerstone of the international LNG market, providing a significant share of liquefied natural gas to both Europe and Asia. Any interruption to its production or export infrastructure triggers immediate anxiety regarding supply stability. While the current shutdown might be temporary, growing uncertainty surrounding shipping routes has significantly increased risk premiums across all energy markets.

THE STRATEGIC IMPORTANCE OF THE STRAIT OF HORMUZ

The geopolitical significance of the Strait of Hormuz is a primary driver of market anxiety. As the narrow corridor connecting the Persian Gulf to international waters, it facilitates a massive portion of global energy exports. Key factors influencing the market include:

- **The strategic importance of the Strait of Hormuz for global oil flows.**
- **The immediate price impact of potential transit disruptions.**
- **Increased costs associated with securing energy shipments during instability.**

These events reflect a delicate balance within global gas markets. Europe remains particularly vulnerable to supply interruptions as it continues to adjust following the energy shocks of recent years. A prolonged loss of Qatari exports could severely tighten LNG availability and push benchmark European gas prices significantly higher, especially during periods of high seasonal demand.

OUTLOOK AND REGIONAL STABILITY

Currently, markets are in a cautious wait and see mode. If production at Qatari facilities resumes quickly and shipping lanes remain unobstructed, price pressures may eventually ease. However, continued tensions or a broader regional escalation could keep natural gas markets volatile, reinforcing the urgent need for diversification in global energy supply chains.

DOLLAR RESILIENCE RETURNS

Recent market developments have once again highlighted the strength of the US dollar during periods of heightened global uncertainty. Despite ongoing debates regarding fiscal policy, geopolitics, and trade dynamics, the dollar continues to attract capital when risk levels rise. This week's market activity demonstrated that in times of stress, investors still view the greenback as a primary safe-haven asset.

RISING YIELDS AND THE DOLLAR INDEX

The latest surge in the dollar index (DXY) reflects strong demand driven by higher US Treasury yields. As inflation concerns grow due to rising energy prices and geopolitical tensions, expectations around US interest rates have shifted. Investors are increasingly reassessing the likelihood and timing of Federal Reserve rate cuts. This shift supports the dollar through stronger yield differentials compared to other major currencies.

PERSISTENT DEMAND FOR US FINANCIAL ASSETS

Another key factor behind this strength is the persistent global demand for US financial assets. Even when concerns emerge regarding fiscal sustainability or political uncertainty, the depth and liquidity of US capital markets continue to draw international investors. Treasury securities remain among the most widely used safe assets globally, and higher yields further enhance their attractiveness during uncertain times. Key drivers include:

- **The unmatched liquidity of US capital markets.**
- **High demand for Treasury securities as a safety hedge.**
- **Attractive yield profiles compared to other developed economies.**

CHALLENGING THE WEAKNESS NARRATIVE

The recent rally challenges the narrative that the dollar would weaken significantly under shifting economic policies. Currency markets often react to expectations of looser fiscal or monetary conditions, yet the current environment shows that geopolitical risk and inflation dynamics can override those assumptions. As energy prices climb and markets price in tighter financial conditions, the dollar can strengthen even when policy debates suggest otherwise.

Ultimately, the performance of the dollar underscores a broader lesson about global financial markets. During periods of crisis, investors gravitate toward assets offering liquidity, stability, and yield. For now, the US dollar continues to fulfill all three roles, reinforcing its position at the center of the international financial system.

TRUMP SIGNALS EXTENDED MILITARY CAMPAIGN

Geopolitical tensions in the Middle East have intensified following recent remarks from Donald Trump suggesting that the ongoing military campaign against Iran may last longer than anticipated. While Trump stated that early operational objectives were achieved ahead of schedule, he acknowledged that broader strategic goals could require additional time and sustained military pressure.

According to administration statements, the campaign focuses on several core objectives aimed at regional security. US officials argue these actions are necessary to reduce long-term threats and limit Iranian influence. The primary goals include:

- **Limiting Iran's missile capabilities.**
- **Weakening existing military infrastructure.**
- **Preventing the development of nuclear weapons.**
- **Reducing Iran's ability to support allied militias across the region.**

COMPLEXITY AND REGIONAL RISKS

The situation remains complex, as previous US administrations pursued similar goals through a combination of diplomatic efforts and sanctions. Critics of the current military-first approach question whether a prolonged campaign could create new instability in a fragile region. There are concerns that extended conflict might increase risks to global energy markets and vital international trade routes.

FINANCIAL MARKET IMPACT

Global financial markets are closely monitoring the evolving conflict. Several factors remain highly sensitive to regional developments:

- **Oil Prices: Fluctuations based on supply concerns.**
- **Infrastructure Security: Threats to regional energy facilities.**
- **Shipping Routes: Potential disruptions in the Persian Gulf.**

Even the perception of a prolonged conflict can trigger volatility in commodity prices and shift investor sentiment across global markets.

UNCERTAIN OUTLOOK

The duration and ultimate outcome of the campaign remain uncertain. While officials emphasize military progress, analysts warn that conflicts of this nature often evolve in unpredictable ways. As diplomatic and military dynamics unfold, the implications for regional stability and global economic conditions will remain a primary focus for policymakers and investors alike.

The Week Ahead

Geopolitical tensions will continue to influence global markets after the Middle East conflict pushed energy prices higher and raised concerns about global inflation. Upcoming reports from the International Energy Agency (IEA) and OPEC will provide further insight into how disruptions to Persian Gulf energy shipments are affecting supply expectations.
Economic data will also guide markets. In the United States, focus will center on February consumer inflation and January Personal Consumption Expenditures (PCE). Inflation figures will also be monitored in China, India, Brazil, and Mexico. Japan will release household spending data, while the Eurozone publishes major industrial production figures. The United Kingdom will report monthly GDP and industrial output, and key leading indicators are expected from Australia and Switzerland.

AMERICAS

In the United States, geopolitical developments in the Middle East will remain central, particularly any signs of de-escalation and the reopening of the Strait of Hormuz shipping routes. Economically, the Consumer Price Index (CPI) is expected to show annual inflation rising slightly to 2.5% from 2.4%, with monthly inflation steady at 0.2% and core inflation also at 2.5%. The second estimate of Q4 GDP is expected to confirm growth of 1.4% annualized. January PCE is forecast to rise 0.3% month-on-month, with core PCE at 0.4%. Durable goods orders are expected to rebound 1.2%, while existing home sales may fall to 3.90 million units annualized. The University of Michigan Consumer Sentiment Index is projected to ease to 56.3, and the trade deficit may narrow to about $69 billion. Other releases include JOLTS job openings, housing starts, building permits, the monthly budget statement, inflation expectations, and the NFIB Small Business Optimism Index. Corporate earnings from Oracle, Hewlett Packard Enterprise, UiPath, Adobe, and Wheaton Precious Metals are also due. Elsewhere, Canada releases employment and trade data, Mexico publishes inflation figures, and Brazil reports inflation and retail sales.

EUROPE

In the UK, monthly GDP is expected to show a third consecutive expansion in January, supported by stronger industrial and manufacturing production. Trade data and the BRC Retail Sales Monitor will also be released. In Germany, industrial production is expected to rebound, while factory orders may decline after four months of gains. Germany's trade surplus may narrow to €15.2 billion. France's trade deficit is also expected to shrink. Across Europe, releases include industrial production data, Germany's wholesale prices, Italy's producer prices and industrial output, and Switzerland's consumer confidence. Final CPI readings are due from Germany, France, Spain, the Netherlands, and Sweden, while inflation data will also be released in Norway and Denmark. Additional data include Sweden's monthly GDP, Turkey's industrial production, and Russia's inflation, expected to moderate to 5.7%. The Central Bank of Turkey is widely expected to hold rates unchanged after five consecutive cuts.

ASIA PACIFIC

In China, investors will follow developments from the National People's Congress, after Beijing set a 2026 growth target of 4.5%–5%. February CPI is expected to rise to 0.8% from 0.2%, while producer prices may decline 1.1%. Trade data for the first two months of the year may show the surplus widening by about $12 billion year-on-year to $182 billion. New yuan loans are expected to decline due partly to seasonal Lunar New Year effects. In Japan, final data may confirm Q4 GDP growth of 0.3%, above the initial 0.1% estimate. Household spending may rise 0.8%, while producer prices increase 0.1%. Other releases include machine tool orders, leading indicators, and the current account. In Australia, investors will monitor consumer and business confidence, inflation expectations, and building permits. Elsewhere, India releases inflation data, Taiwan publishes trade figures, South Korea reports final Q4 GDP, and the State Bank of Pakistan is expected to hold its policy rate at 10.5%.

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