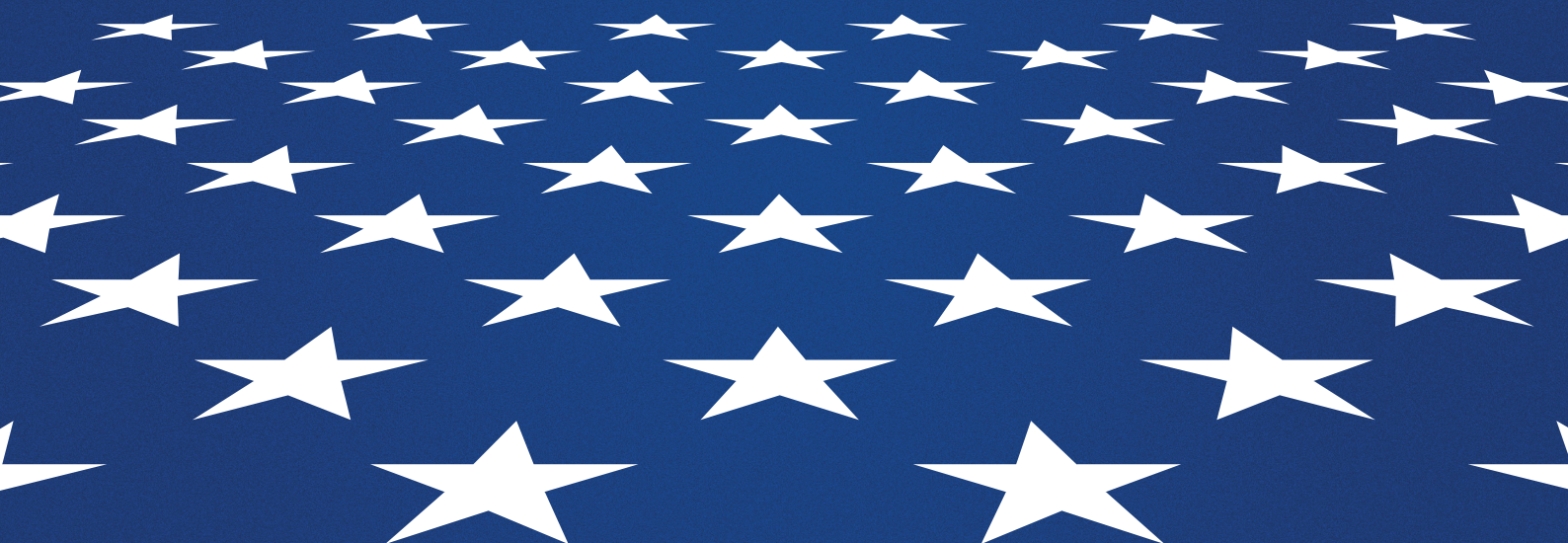
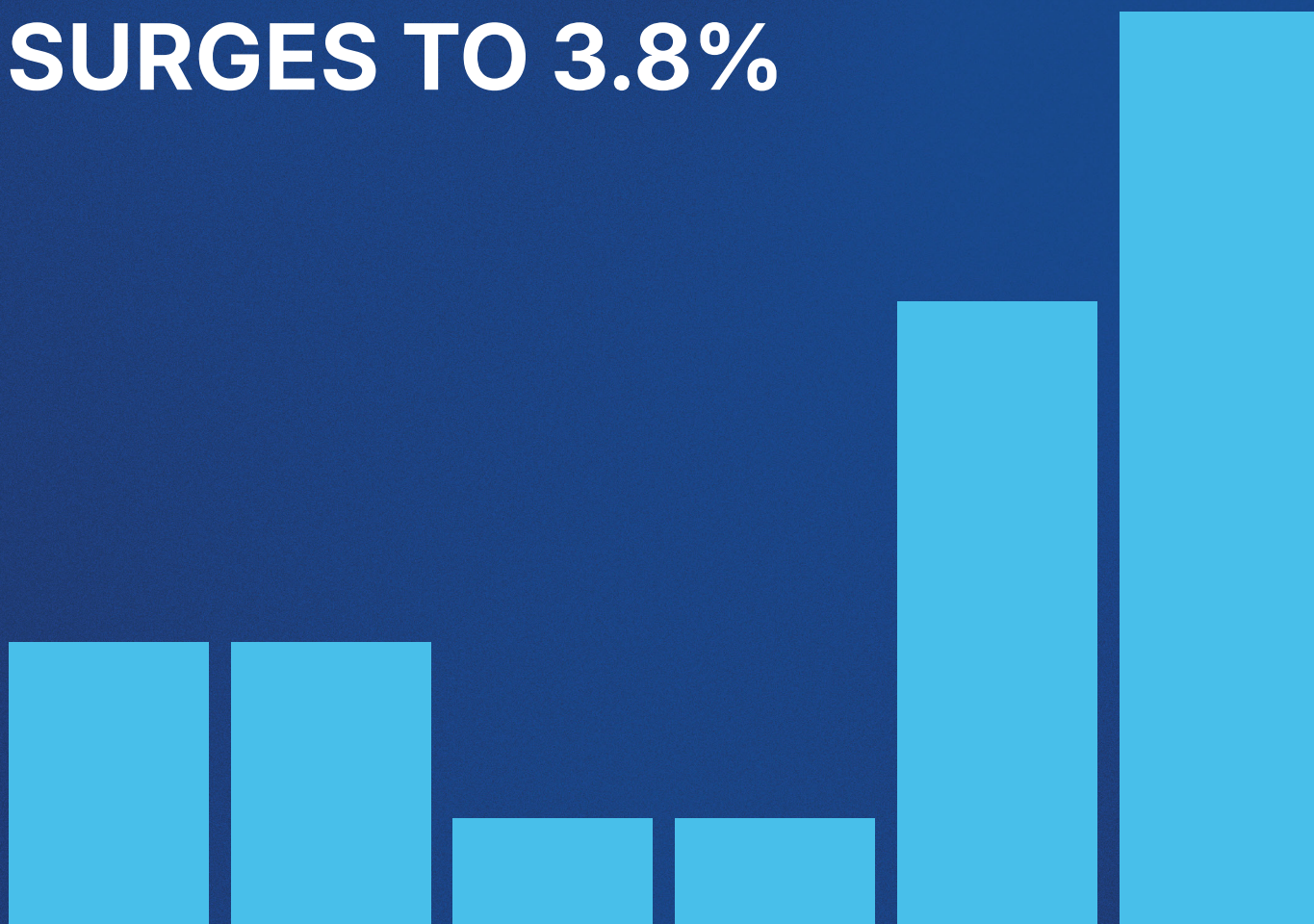


# ZITAPLUS

## WEEKLY BULLETIN












18 — 22 MAY 2026  
NO: 41

# US INFLATION SURGES TO 3.8%

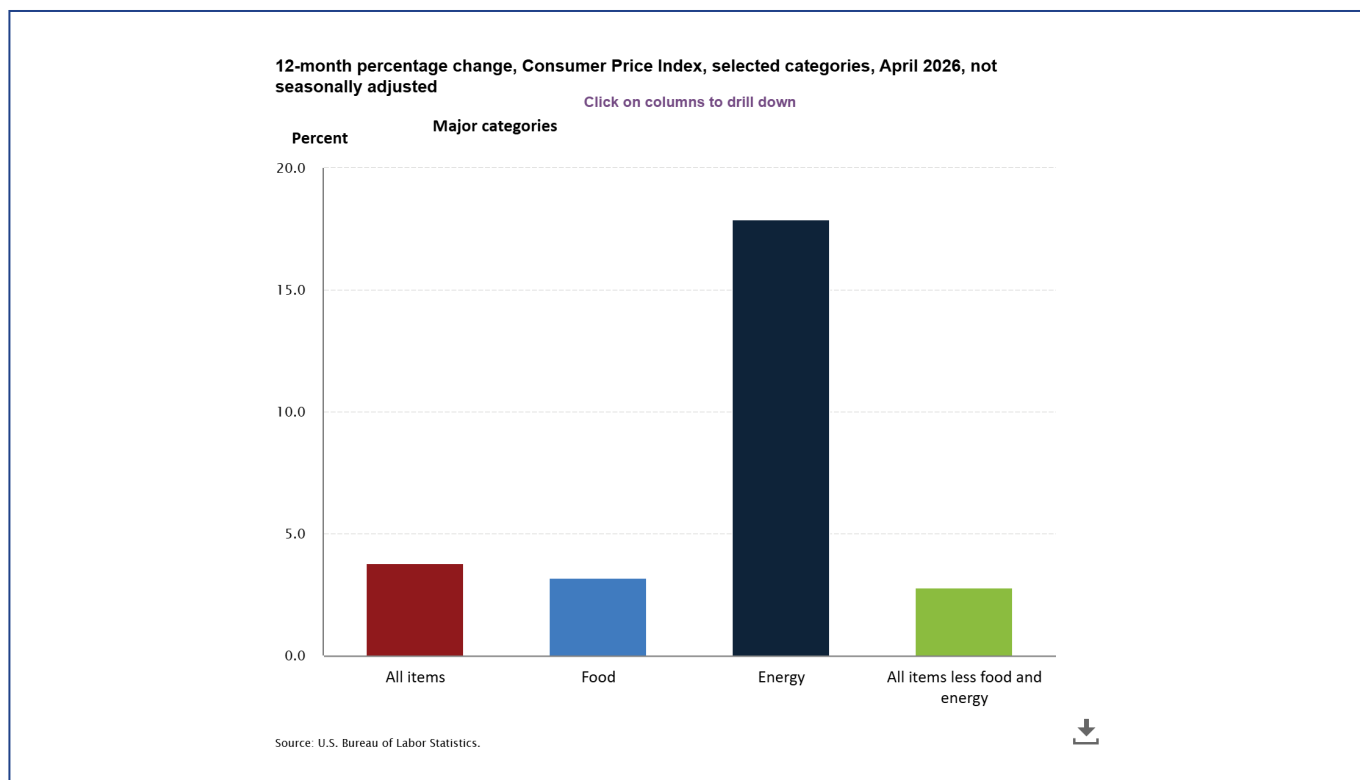


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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, MAY 18				
ALL DAY		Victoria Day Holiday	-	-
TUESDAY, MAY 19				
03:50		GDP (QoQ) (Q1)	0.4%	0.3%
WEDNESDAY, MAY 20				
10:00		CPI (YoY) (Apr)	3.0%	3.3%
13:00		CPI (YoY) (Apr)	3.0%	3.0%
18:30		Crude Oil Inventories	-	-4.306M
22:00		FOMC Meeting Minutes	-	-
THURSDAY, MAY 21				
16:30		Philadelphia Fed Manufacturing Index (May)	17.9	26.7
16:30		Initial Jobless Claims	210K	211K
17:45		S&P Global Manufacturing PMI (May)	53.6	54.5
17:45		S&P Global Services PMI (May)	51.1	51.0
FRIDAY, MAY 22				
10:00		German GDP (QoQ) (Q1)	0.3%	0.3%

## US INFLATION SURGES TO 3.8%



US inflation accelerated more than expected in April 2026, reaching 3.8% year on year. This marks the highest level since mid 2023 and a significant jump from the 3.3% recorded in March. The primary catalyst remains the ongoing conflict with Iran, which has triggered a massive energy shock that continues to complicate the economic landscape for both consumers and policymakers.

### ENERGY CRISIS DRIVES PRICE SPIKES

Energy costs have become the most volatile component of the consumer basket, surging 17.9% annually. Gasoline prices led the charge with a 28.4% increase, while fuel oil spiked by over 54%. These geopolitical risks are rapidly translating into higher transportation and household expenses. Meanwhile, investors are increasingly skeptical that the Federal Reserve will be able to implement interest rate cuts in the near term, as the "higher for longer" narrative gains fresh momentum.

### BROADENING PRICE PRESSURES

The report revealed that inflation is no longer confined to the energy sector. Shelter costs accelerated to 3.3%, while food prices remained elevated at 2.3%. Most concerning for the Fed was the core CPI reading, which excludes food and energy. Core inflation climbed to 2.8% annually, with monthly prices rising at double the pace seen earlier this year.

This broadening of price pressures suggests that inflation is becoming more persistent across various sectors of the economy. While the monthly headline increase of 0.6% showed a slight deceleration from March, the rising annual trend indicates that the battle against inflation is far from over. For markets, this data cements the view that interest rates must remain restrictive to prevent a wage price spiral as energy costs continue to loom over the global recovery.



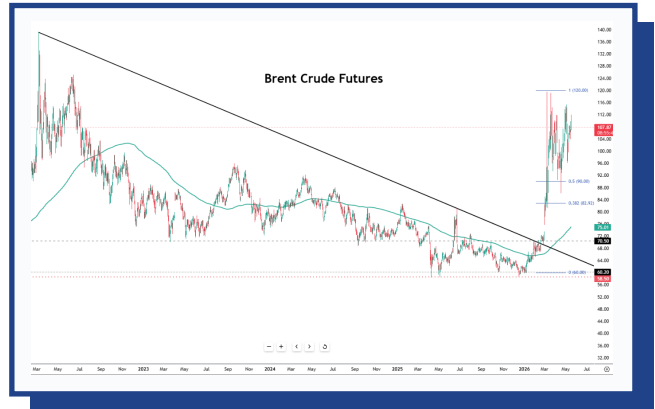
**BRENT OIL**

**BRENT’S MOVES STIR FRESH MARKET ANXIETY**

Middle East tensions and rising inflation concerns pressured global assets as Brent crude briefly tested the \$111 level, reinforcing fears that higher energy costs could keep rates elevated for longer.

Sentiment later improved after reports suggested a possible easing of sanctions on Iranian oil exports, increasing expectations of additional supply entering global markets and pulling oil prices lower.

Attention now turns to whether Brent can hold above the \$100 level, while bond yields and dollar movements continue shaping broader risk sentiment.



**BTCUSD**

**BITCOIN FACES PRESSURE FROM ETF OUTFLOWS**

Bitcoin extended its decline below \$76,800, marking a fourth straight daily loss after dropping nearly 6% last week.

US-listed spot Bitcoin ETFs recorded roughly \$1 billion in weekly outflows, the largest in three months, pointing to weaker institutional demand in the short term.

Stronger US inflation data also pressured risk appetite by strengthening expectations for a more hawkish Fed and fewer rate cuts.

From a technical perspective, the \$80,000-\$83,000 region remains the key resistance zone. Unless Bitcoin moves back above this range, rebound attempts may remain limited while selling pressure persists.



**XAUUSD**

**HIGHER RATE EXPECTATIONS PRESSURE GOLD AGAIN**

Persistent inflation concerns tied to energy markets are strengthening expectations for further monetary tightening, weighing on precious metals.

Gold moved near \$4,480 during the latest pullback, with \$4,530 continuing to act as a technical threshold.

A daily close below \$4,530 may increase selling pressure and shift attention toward the \$4,350-\$4,380 support range.



**XAGUSD**

**SILVER STRUGGLES TO STABILIZE AFTER SHARP DECLINE**

Silver continues to face pressure from rising bond yields and a stronger US dollar, keeping non-yielding precious metals under strain.

The \$71.25-\$71.50 region is now the key support zone to watch. A daily close below this area could intensify downside pressure and increase the risk of a broader correction.

On the upside, the \$83.50-\$84.20 region remains the main resistance barrier. Until silver moves back above this zone, short-term rebounds may struggle to gain momentum.



# SUMMER BRINGS A DEFENSIVE MARKET ENVIRONMENT



Summer is starting with markets under pressure from nearly every direction. Oil prices are climbing again, inflation is proving harder to cool, and bond markets are becoming increasingly uneasy. Just a few months ago, the focus was on rate cuts, steady growth, and the momentum behind AI-driven stocks. Now, attention has shifted back to rising borrowing costs, energy-driven inflation, and how much strain the global economy can handle if prices keep pushing higher.

## OIL RETURNS TO THE CENTER OF THE MARKET STORY

Much of the recent pressure traces back to the Middle East. Rising tensions and continued uncertainty surrounding US-Iran negotiations have pushed oil prices sharply higher, bringing energy markets back to the center of the macro conversation. Brent crude climbing back above the \$100 level has forced investors to reconsider earlier assumptions that inflation was finally cooling sustainably. Higher fuel and transportation costs are now feeding directly into inflation expectations across the United States and Europe. Recent US CPI and PPI data already showed energy costs spreading into broader categories, reinforcing concerns that inflation may remain far more persistent than central banks previously hoped.

## BOND MARKETS ARE FLASHING WARNING SIGNALS

Global bond markets are becoming increasingly unstable. Long-term government bond yields continue climbing as investors demand higher compensation for inflation risks, growing debt levels, and expanding fiscal pressure. The US 30-year Treasury yield recently approached multi-year highs, while Japan and the UK are also experiencing sharp increases in long-dated yields. Japan's bond market has drawn particular attention after 10-year yields reached levels not seen in decades, strengthening speculation that the Bank of Japan may need to tighten policy more aggressively. The possibility of major central banks keeping interest rates high for longer, or even raising them again, is gaining traction as energy and supply shocks continue pushing inflation higher.

## THE AI RALLY STARTS LOSING MOMENTUM

Rising bond yields are starting to pressure equities as well. After months of strong gains driven by enthusiasm around artificial intelligence, technology stocks are beginning to lose momentum as borrowing costs climb and financial conditions tighten. High-growth sectors that benefited from expectations of lower interest rates earlier this year are facing growing pressure. While the long-term AI story remains intact, inflation, yields, and central bank expectations are becoming harder for markets to ignore. Gold and silver are also seeing sharper swings as safe-haven demand competes with rising real yields and a stronger dollar.

## BIGGER QUESTIONS ARE STARTING TO SURFACE

Beyond day-to-day market moves, the market is also becoming more concerned about broader structural risks. Inflation data, war headlines, government spending, and rising public debt levels are all feeding into deeper questions surrounding central bank credibility and long-term financial stability. The market narrative is slowly shifting away from the soft-landing story that overwhelmed earlier this year. Instead, attention is turning toward whether the global economy can maintain growth if inflation remains stubbornly high while financing costs continue climbing across governments, businesses, and consumers.



## A RATE HIKE NOBODY WANTED TO DISCUSS



Federal Reserve expectations are starting to shift into uncomfortable territory. Just months ago, the conversation revolved around how quickly rates could come down. Now, futures markets are slowly reopening the possibility that rates may need to move higher again in early 2027.

The change reflects a growing realization that inflation is proving far more stubborn than policymakers expected. Rising energy costs, resilient pricing pressure, and strong data are making it harder to fully close the door on additional tightening. That leaves a potentially difficult setup for Kevin Warsh. Any attempt to guide the Fed toward a softer stance could run directly into inflation that refuses to cool fast enough.

### THE DOLLAR'S STRENGTH MAY NOT LAST

Recent inflation data briefly pushed the dollar higher as expectations for immediate rate cuts pulled back. Underneath that reaction, a more sensitive scenario is unfolding. If inflation continues climbing while economic activity gradually slows, the Fed could end up facing two conflicting problems at once: weakening growth and persistent price pressure. That combination tends to complicate monetary policy rather than clarify it. In that kind of environment, keeping rates high for too long risks damaging growth further, while easing policy too early risks allowing inflation to regain momentum. The result is a market caught between restrictive policy and a weakening economic backdrop.

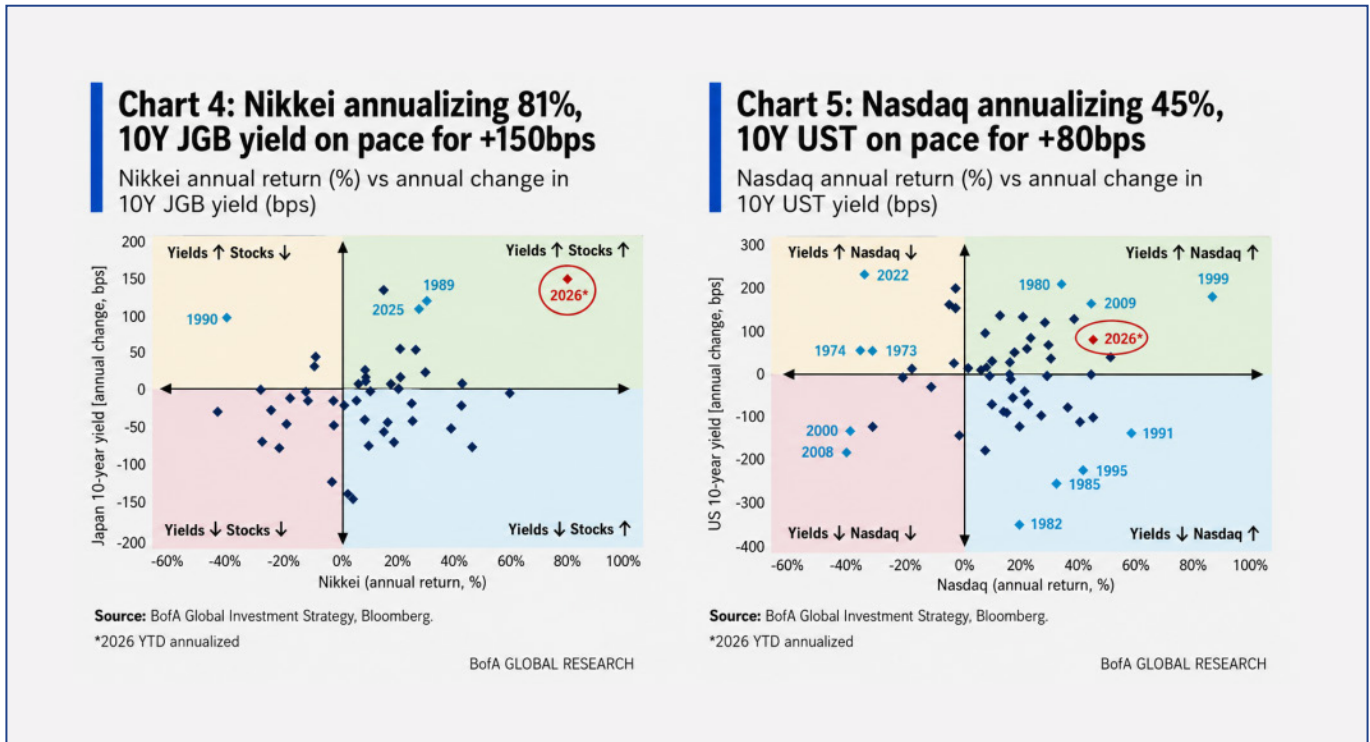
### THE HIDDEN SHIFT HAPPENING IN REAL RETURNS

The bigger story may ultimately revolve around real interest rates rather than headline Fed policy alone. Real rates reflect what investors actually earn after inflation is taken into account. When inflation rises faster than nominal interest rates, the purchasing power of those returns begins to shrink. Even if rates appear high on paper, investors may still lose ground in real terms. That pressure could intensify if the economy weakens enough to eventually force the Fed toward rate cuts while inflation remains elevated. Historically, those environments have tended to favor assets less tied to fixed income returns and more connected to preserving value.

### SILVER STARTS PULLING ATTENTION AWAY FROM GOLD

Gold continues benefiting from uncertainty around inflation, monetary policy, and slowing growth, maintaining its position as the market's traditional defensive asset. Silver, in the meantime, is beginning to attract a different kind of momentum. Strong physical demand from China, ongoing supply shortages, and rising investor participation are creating a tighter market structure for silver at a time when industrial demand also remains firm. That combination is giving silver a more aggressive profile than gold. While both metals could benefit if real rates continue falling, silver's smaller market and stronger volatility profile are making its moves increasingly sharper. Gold continues to act as a protective asset, and silver is increasingly reflecting signs of economic momentum.

# RARE ALIGNMENT BETWEEN STOCKS AND YIELDS



Stocks and bond yields do not usually rally side by side for long. Higher yields tend to tighten financial conditions, increase borrowing costs, and weigh on growth-focused equities. Yet both Japanese equities and US technology stocks have continued climbing even as bond markets move sharply higher. The unusual alignment shows how strongly investors are still leaning into growth, earnings, and artificial intelligence-driven momentum despite mounting rate pressure.

## JAPAN'S NEW FINANCIAL REALITY

In Japan, the Nikkei 225 has surged together with rising 10-year government bond yields, marking a major shift for a market long associated with ultra-low interest rates. Markets are pricing a different environment for Japan: stronger corporate performance, firmer inflation expectations, and gradually higher borrowing costs. The result is a market where equities continue advancing even as the era of exceptionally cheap money begins to fade.

## TECH OPTIMISM MEETS HIGHER RATES

A similar picture has emerged in the US. The Nasdaq Composite remains supported by strong technology earnings and artificial intelligence enthusiasm, while 10-year Treasury yields continue pushing upward. For now, investors appear comfortable paying premium valuations for growth companies despite rising yields, but the pressure underneath is becoming harder to ignore. Higher bond yields reduce the present value of future earnings and make safer fixed-income assets more attractive compared with expensive equities.

## HOW LONG CAN BOTH RISE TOGETHER?

Markets can tolerate rising yields when earnings growth and investor optimism remain strong. The challenge begins when borrowing costs rise faster than confidence can absorb. If bond yields stabilize, equities may continue finding support from technology and earnings momentum. But if yields keep climbing aggressively, investors may start questioning whether stock valuations still justify the growing competition from bonds. Markets are trying to hold together two opposing forces: excitement around future growth and the increasingly restrictive reality of higher rates.

# Market Roundup

## THE OIL CUSHION IS GETTING THINNER

Saudi Aramco CEO Amin Nasser warned that each week of disruption removes nearly 100 million barrels of oil from the market, with strategic reserves currently covering the gap as buffers gradually decline. Nasser also highlighted a growing disconnect between oil futures and the physical market. With most spare production capacity concentrated in the Persian Gulf, replacing lost supply has become increasingly difficult. He warned the imbalance could become more visible through May and June if disruptions persist. Oil prices moved back above \$100, while Saudi Aramco reported first-quarter net profit of \$32.5 billion, up nearly 25% year-on-year.



Image Source: Hasnoor Hussain/REUTERS

## TOUGHER DECISIONS FOR THE ECB

Expectations around the ECB are shifting back toward tighter monetary policy. Rising energy costs linked to the Middle East conflict are reviving inflation concerns across the region, leading economists surveyed by Bloomberg to price in two additional 25-basis-point rate hikes in June and September. Year-end inflation expectations have also been revised up from 2.8% to 2.9%, while growth projections continue to soften. The combination is leaving the ECB caught between persistent price pressures and slowing economic momentum.



## AGRICULTURE BECOMES A SECURITY PRIORITY

Azerbaijan and Uzbekistan officially joined the Islamic Organization for Food Security, expanding the group to 43 members and strengthening regional cooperation in agriculture, water management, and supply resilience. Uzbekistan's agricultural modernization efforts and Azerbaijan's Caspian logistics network are expected to play a larger role in regional food supply chains. With ongoing climate pressures and supply disruptions altering trade flows, food security is increasingly viewed as a strategic priority.



# Market Roundup

## IMF WARNS OF WAR IMPACT

The International Monetary Fund warned that rising oil prices linked to the Middle East conflict are increasing downside risks for the global economy. The organization noted that persistent energy pressure is also feeding inflation expectations, adding another layer of difficulty for central banks already dealing with stubborn price growth.



## CROATIA INCREASES DEFENSE SPENDING

Croatia signed a €1.7 billion defense financing agreement under the European Union SAFE program, reflecting the broader rise in military spending across Europe. Governments across the region continue to increase defense commitments as security concerns and geopolitical tensions remain high.



Image Source: MORH/ T. Brandt

## UN HIGHLIGHTS HUMANITARIAN CRISIS

The United Nations said humanitarian conditions in Gaza and the West Bank are worsening rapidly. Officials pointed out growing health risks tied to collapsing sanitation systems and damaged infrastructure, raising concerns over the humanitarian situation in the region.



Image Source: UNDP

## UK INVESTIGATES MICROSOFT DOMINANCE

UK regulators launched a new investigation into Microsoft over its position in the cloud and enterprise software markets. The review focuses on the company's bundling practices involving Windows, Office, Teams, Copilot, and Azure, as regulators continue taking a closer look at competition within the technology sector.



# The Week Ahead

US-Iran rhetoric and the lack of progress toward a resolution will remain a key focus this week, alongside the Federal Reserve's latest meeting minutes following three dissenting votes. In the US, attention turns to PMIs, regional Fed surveys, consumer sentiment, and housing data. Europe's calendar includes Germany's GfK and Ifo surveys together with Eurozone flash PMIs, while the UK faces both political uncertainty and upcoming inflation, unemployment, and retail sales figures. China will release industrial output, retail sales, unemployment, housing prices, and fixed asset investment data, while Japan publishes first-quarter GDP figures.

## AMERICAS

Markets will turn to the FOMC meeting minutes next week for fresh signals on the interest-rate outlook after strong US CPI and PPI figures sharply reduced expectations for rate cuts. Earnings season also remains active, with NVIDIA expected to deliver another strong quarter alongside reports from Walmart, Home Depot, TJX Companies, Intuit, Analog Devices, Lowe's, and Deere & Company.

Economic releases will provide further insight into consumer demand and housing activity. Housing starts are expected to decline while building permits edge slightly higher, pending home sales are projected to rise 1.6%, and the NAHB Housing Market Index is likely to remain at 34. Flash PMI data is expected to show continued expansion in private-sector activity during May despite tensions linked to the US-Iran conflict. Markets will also follow the Philadelphia Fed Manufacturing Index, capital flow figures, and the final University of Michigan consumer sentiment reading. In Canada, inflation, retail sales, and new housing price data will stand out.

## EUROPE

European markets will focus on business sentiment, inflation, and labor market figures. In Germany, both the GfK Consumer Climate Index and the Ifo Business Climate Index are expected to weaken further, with business confidence projected to fall to its lowest level since 2020. The UK's inflation and employment figures will take center stage. Headline and core inflation are both expected to slow to 2.7% in April, while unemployment is forecast to hold at 4.9% and wage growth remains unchanged at 3.8%. Flash PMI readings across the Eurozone, Germany, France, and the UK are likely to show softer manufacturing activity, while services activity may stabilize slightly.

Additional releases include Eurozone inflation and consumer confidence figures, Germany's final GDP and PPI data, trade balance reports from the Eurozone, Italy, and Spain, UK consumer confidence and CBI industrial orders, French business sentiment, Switzerland's GDP and industrial production figures, and Turkish consumer and business confidence indicators.

## ASIA-PACIFIC

China's upcoming data will provide a broader look at April's economic conditions. Industrial production and retail sales are both expected to improve modestly, while fixed-asset investment growth is likely slowed. Unemployment and housing price figures will also draw attention. The People's Bank of China is widely expected to leave its 1-year and 5-year loan prime rates unchanged, extending a full year without policy changes.

Japan's preliminary GDP figures are expected to show annualized growth accelerating to 1.7% in the first quarter. Trade data may indicate slower growth in exports and imports, while machinery orders are projected to decline sharply. Flash PMI figures are expected to point to slightly weaker manufacturing activity, while core inflation is forecast to ease to 1.7%. India and Australia will release flash PMI figures. Australia will also publish labor market data, inflation expectations, confidence surveys, and minutes from the latest RBA meeting. Singapore, Malaysia, and New Zealand are due to release trade data, while Malaysia and Hong Kong will publish inflation figures. Thailand will report GDP growth, and Indonesia's central bank is set to announce its latest policy decision.





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