

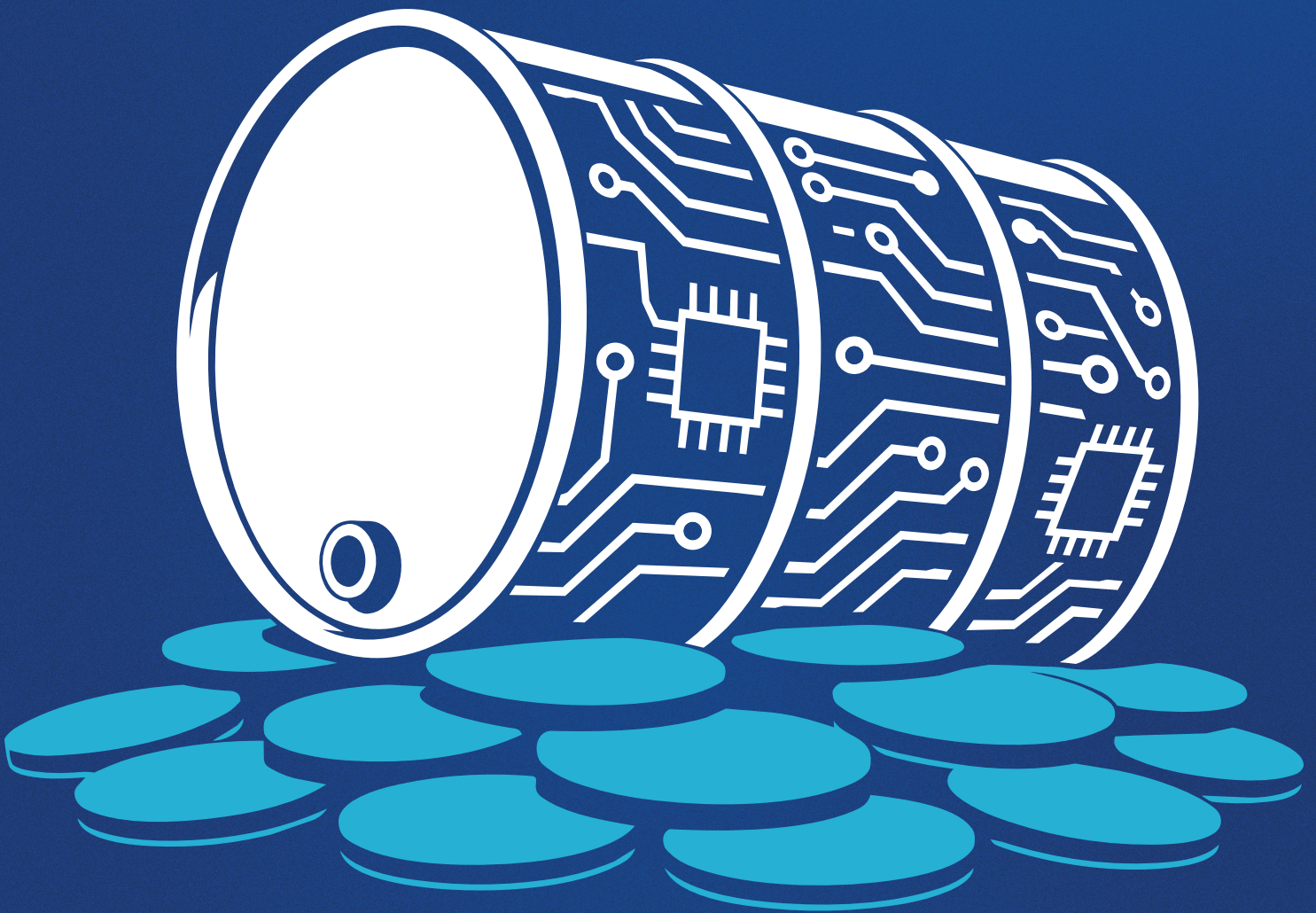
ZITAPLUS

WEEKLY BULLETIN

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NO: 62

BEHIND STRONG US EARNINGS: AI AND OIL



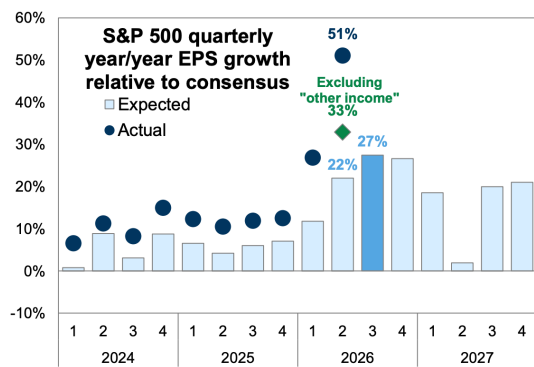
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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, OCT 12				
ALL DAY		Canada - Thanksgiving Day	-	-
ALL DAY		Japan - Sports Day	-	-
TUESDAY, OCT 13				
10:00		German CPI (MoM) (Sep)	0.6%	0.2%
18:00		Existing Home Sales (Sep)	3.96M	3.98M
WEDNESDAY, OCT 14				
16:30		Core CPI (MoM) (Sep)	0.2%	0.3%
16:30		CPI (MoM) (Sep)	0.6%	0.4%
16:30		CPI (YoY) (Sep)	3.6%	3.4%
THURSDAY, OCT 15				
10:00		GDP (MoM) (Aug)	-0.1%	0.4%
16:30		Retail Sales (MoM) (Sep)	0.3%	1.2%
16:30		PPI (MoM) (Sep)	0.5%	0.4%
16:30		Core Retail Sales (MoM) (Sep)	0.5%	1.4%
16:30		Philadelphia Fed Manufacturing Index (Oct)	26.5	37.8
16:30		Initial Jobless Claims	195K	197K
FRIDAY, OCT 16				
07:30		Fed Chair Warsh Speaks	-	-
13:00		CPI (YoY) (Sep)	3.8%	3.8%

BEHIND STRONG US EARNINGS: AI AND OIL

Exhibit 3: Bottom-up consensus estimates show S&P 500 EPS growth of 27% year/year in Q3 2026



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 5: Top 10 contributors to S&P 500 Q3 earnings growth
* indicates company has reported Q3 results

Name	Ticker	Expected report date	Contribution to consensus y/y SPX EPS growth (excludes "other income")				
			2026				2027
			Q1	Q2	Q3	Q4	
Micron Technology, Inc.*	MU	September 30	10 %	14 %	19 %	22 %	17 %
NVIDIA Corp.	NVDA	November 19	21	15	15	15	16
Meta Platforms Inc	META	October 29	8	(1)	7	(0)	3
Alphabet Inc.	GOOGL	October 27	5	3	6	5	4
Broadcom Inc.	AVGO	December 11	3	4	5	6	5
Exxonmobil Holdings Corp.	XOM	October 30	(2)	4	4	4	3
Amazon.com, Inc.	AMZN	October 30	3	2	4	3	3
Boeing Company	BA	October 27	0	0	3	(5)	(0)
Chevron Corp.	CVX	October 30	(1)	5	3	3	3
Marathon Petroleum Corp.	MPC	November 3	0	2	3	2	2
Top 10 contributors			47 %	48 %	68 %	54 %	55 %
AI infrastructure ex. hyperscalers			52	48	54	58	53
Hyperscalers			20	7	19	10	14

Source: FactSet, Goldman Sachs Global Investment Research

US corporate earnings continue to show solid growth, with artificial intelligence and the energy sector providing much of the momentum. S&P 500 companies are expected to deliver strong profit growth throughout 2026, while recent results suggest that earnings are still coming in above Wall Street forecasts.

AI INVESTMENT SUPPORTS TECH EARNINGS

Technology remains one of the main drivers of earnings growth. Heavy spending on artificial intelligence, data centers, and advanced computing infrastructure is supporting revenue and profits across major technology companies. Businesses with direct exposure to AI investment are expected to post some of the strongest growth rates in the index.

HIGHER OIL PRICES LIFT ENERGY PROFITS

Energy is adding another source of earnings strength. Higher oil prices and wider refining margins are translating into stronger results for producers and refiners, giving the S&P 500 another source of profit growth alongside technology.

Still, the strongest gains are coming from a relatively narrow group. Major technology companies, energy producers, and selected industrial firms are expected to generate a large share of the increase in S&P 500 earnings. As a result, strong index-level figures can mask a more uneven performance across individual sectors.

CAN EARNINGS GROWTH BROADEN?

The key question is how long this performance can last. AI investment continues to support technology earnings, while energy companies are benefiting from current oil and refining conditions. But as expectations rise, beating forecasts may become more difficult. The next earnings seasons will offer a clearer indication of whether profit growth can spread across a wider range of S&P 500 companies or stay concentrated among the current leaders.



EURUSD

FRENCH DEBT WEIGHS ON EURO

The euro traded below \$1.12, near a 17-month low, as France's record debt and political resistance to spending cuts pressured the currency. France targets a 2027 deficit of 5% of GDP, but parliamentary divisions complicate approval ahead of elections. Markets also await Wednesday's US CPI report for Fed policy signals.

Technically, pressure may continue below 1.1218–1.1233, while a close above 1.1330 is needed for recovery. Support stands at 1.1160, followed by 1.1100 and 1.0900 if selling intensifies.



BRENT OIL

BRENT HITS TWO-WEEK HIGH

Brent climbed above \$107 per barrel, reaching a two-week high after renewed attacks on Saudi Arabia's main airport and a tanker near Hormuz raised supply concerns. Gulf exports remained steady at 17.5 million bpd, around 98% of pre-war levels. Trump claimed a Russia-Ukraine energy ceasefire agreement, while the IEA urged faster diesel reserve releases.

Technically, resistance stands at \$109.00–\$109.50, with a daily close above potentially targeting \$115.00. Initial support lies at \$103.50–\$104.00, followed by the psychological \$100.00 level.



XAUUSD

GOLD'S NEXT TEST: US INFLATION

Gold eased toward \$4,175 on Monday after hitting a one-week high, pressured by a dollar near 18-month highs. This week's US CPI, PPI and retail sales data could strengthen rate hike expectations. Traders see less than a 20% chance of an October Fed hike but an 85% probability of tightening by December.

The metal faces resistance at \$4,220, with a breakout potentially opening the way to \$4,300. Support stands at \$4,100–\$4,110, followed by \$4,000 if prices break lower.



XAGUSD

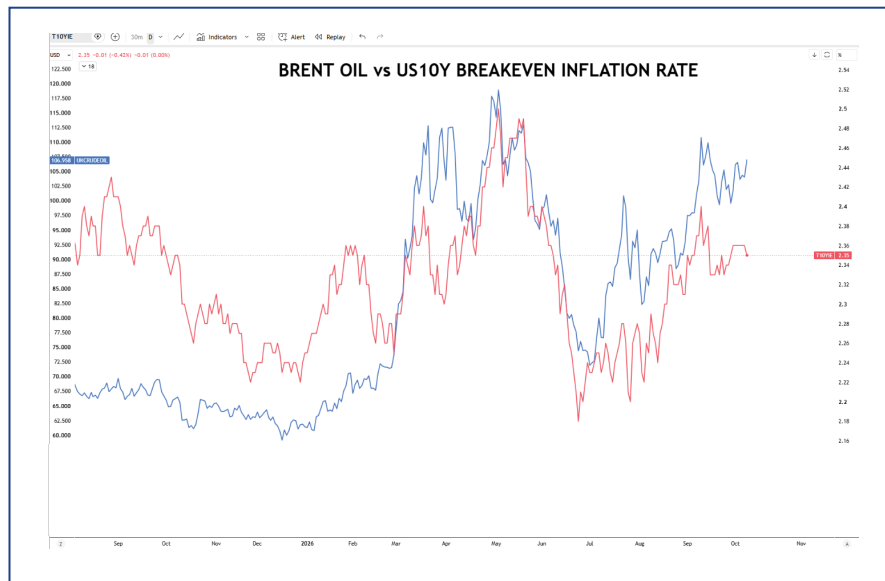
STRONG DOLLAR WEIGHS ON SILVER

Silver slipped toward \$60.70 per ounce as the US dollar approached 18-month highs amid rising Middle East tensions. Investors await US CPI, PPI and retail sales data, which could strengthen Fed tightening expectations. Markets see less than a 20% chance of an October hike, but 85% odds by December.

Technically, immediate resistance stands at \$62.00, with a breakout potentially targeting \$64.00. Support lies at \$58.70–\$59.00, while a sustained break below \$59.00 could extend losses toward \$55.00.



BRENT RISES AS IRAN RISKS RETURN



Brent crude climbed back above \$105 per barrel as renewed tensions involving the US, Israel, and Iran raised concerns about another escalation in the Middle East. Reports of possible military preparations have brought geopolitical risks back into focus, supporting oil prices and adding uncertainty to the broader market outlook.

MILITARY UNCERTAINTY SUPPORTS OIL PRICES

Reports indicated that Washington was preparing for the possibility of large-scale military operations, with the Pentagon reportedly directing CENTCOM to finalize preparations for a potential return to conflict with Iran. US and Israeli officials have also reportedly discussed renewed coordinated military action, although no final decision has been confirmed.

Political developments add another layer of uncertainty. With Israel approaching elections and the US preparing for its midterms, domestic considerations could influence the timing and scale of any military response. For energy markets, this makes the outlook increasingly difficult to assess.

RISING OIL PRICES PRESSURE TREASURY YIELDS

The latest increase in crude prices has also affected US government bonds. Higher energy costs have contributed to renewed upward pressure on Treasury yields, partially reversing the decline recorded earlier in the week. However, nominal bond yields and inflation expectations are showing different patterns. While the US 10-year Treasury yield has increased considerably this year, market-based expectations for long-term inflation have remained relatively stable.

The 10-year breakeven inflation rate stands near 2.37%, compared with approximately 2.25% at the beginning of the year. This relatively modest increase suggests that investors have not yet priced in a substantial long-term inflation shock despite elevated oil prices.

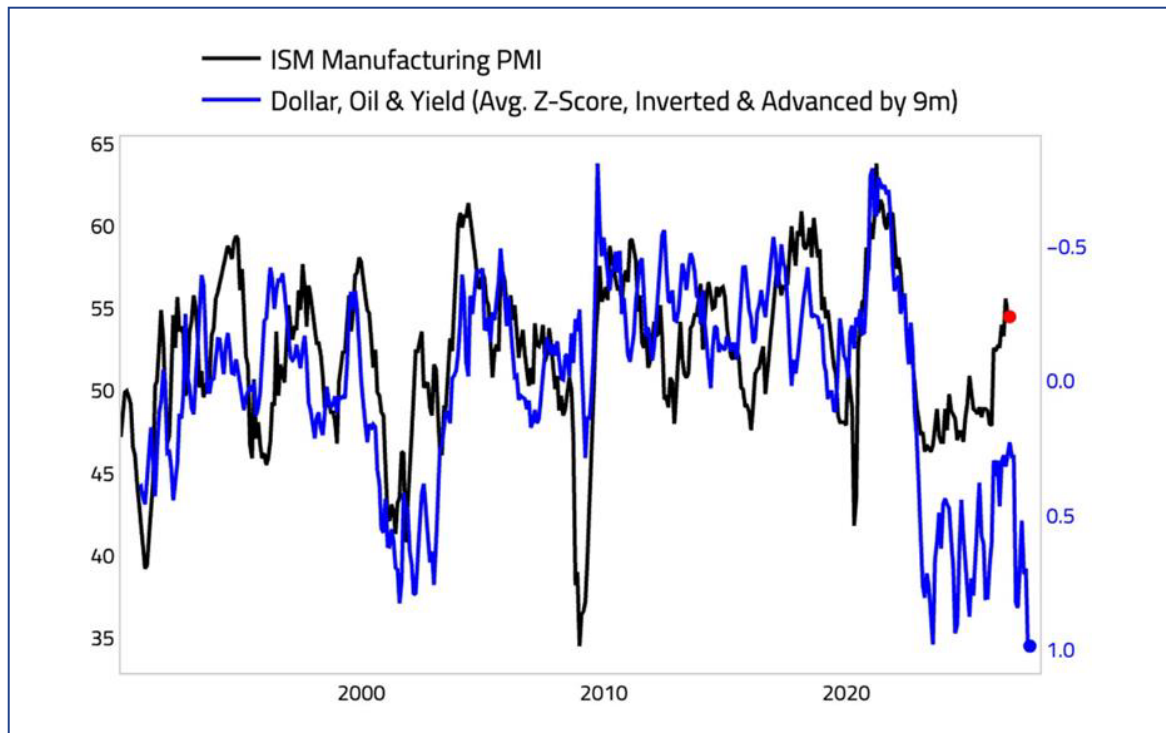
INFLATION OUTLOOK DEPENDS ON ENERGY PRICES

The main question is whether geopolitical tensions will keep crude prices elevated long enough to affect broader inflation expectations. A prolonged period of expensive energy could increase transportation and production costs, eventually influencing consumer prices and inflation expectations. Such developments would complicate the Federal Reserve's efforts to maintain price stability and could reinforce expectations for restrictive monetary policy.

For now, oil prices are signaling renewed inflation risks, but longer-term inflation expectations remain comparatively contained. The duration of the geopolitical tensions and their impact on energy supplies will be important in determining whether that balance changes.



US FACTORIES EXPAND AS COSTS CLIMB



US manufacturing extended its expansion in September, with stronger demand and hiring offset by a sharp rise in input costs. The ISM Manufacturing PMI edged down to 54.5 from 54.6 in August, narrowly missing the 55 forecast but staying comfortably above the 50 expansion threshold.

ORDERS PICK UP AS PRODUCTION STAYS STRONG

Demand improved across several parts of the sector:

- **New orders:** Rose to 55.3 from 53.7
- **Employment:** Increased to 52.7 from 51.2
- **Production:** Stayed strong at 56.7, easing from 58.3
- **Inventories:** Fell into contraction at 48.6
- **Order backlogs:** Jumped to 56.4, signaling more unfinished demand

Supplier deliveries also remained slow, showing that factories are still dealing with delays even as new business picks up.

THE REAL PRESSURE IS COMING FROM PRICES

Costs delivered the clearest warning. The prices index surged to 77.9 from 71.1, driven by higher steel, aluminum and prices related to petroleum. Import tariffs and the conflict with Iran added further pressure, making it more expensive for manufacturers to keep production moving.

STRONG DEMAND, TOUGHER CONDITIONS

The survey's business comments were more cautious than the headline PMI. 60% were negative, with companies frequently citing price volatility, tariffs, the Iran war and longer delivery times. The sector is still growing, but the challenge has shifted. Orders are coming in and factories are producing, while rising costs and supply delays are making that growth harder to sustain.

TRUMP RULES OUT NEW IRAN STRIKES UNTIL MIDTERM ELECTIONS

Bills	CMBs	Notes	Bonds	TIPS	FRNs	
Security Term	CUSIP	Reopening	Issue Date	Maturity Date	High Yield	Interest Rate
30-Year	912810UW6	Yes	10/15/2026	08/15/2056	5.618%	5.125%
20-Year	912810UX4	Yes	09/18/2026	08/15/2046	5.420%	5.125%
30-Year	912810UW6	Yes	09/15/2026	08/15/2056	5.308%	5.125%
20-Year	912810UX4	No	08/31/2026	08/15/2046	5.204%	5.125%
30-Year	912810UW6	No	08/17/2026	08/15/2056	5.216%	5.125%
20-Year	912810UV8	Yes	07/24/2026	05/15/2046	5.163%	5.000%
30-Year	912810UJ0	Yes	07/15/2026	05/15/2056	5.058%	5.000%
20-Year	912810UV8	Yes	06/22/2026	05/15/2046	4.927%	5.000%
30-Year	912810UJ0	Yes	06/15/2026	05/15/2056	5.020%	5.000%
20-Year	912810UV8	No	06/01/2026	05/15/2046	5.122%	5.000%
30-Year	912810UJ0	No	05/15/2026	05/15/2056	5.046%	5.000%

Tentative Auction Schedule of U.S. Treasury Securities			
Security Type	Announcement Date	Auction Date	Settlement Date
28-Year BOND	Thursday, October 01, 2026	Thursday, October 08, 2026	Thursday, October 15, 2026
17-Week BELL	Tuesday, October 06, 2026	Wednesday, October 07, 2026	Tuesday, October 13, 2026
4-Week BELL	Tuesday, October 06, 2026	Thursday, October 08, 2026	Tuesday, October 13, 2026
8-Week BELL	Tuesday, October 06, 2026	Thursday, October 08, 2026	Tuesday, October 13, 2026
6-Week BELL	Thursday, October 08, 2026	Tuesday, October 13, 2026	Thursday, October 15, 2026
13-Week BELL	Thursday, October 08, 2026	Tuesday, October 13, 2026	Thursday, October 15, 2026
26-Week BELL	Thursday, October 08, 2026	Tuesday, October 13, 2026	Thursday, October 15, 2026
Holiday - Monday, October 12, 2026 - Columbus Day			
17-Week BELL	Tuesday, October 13, 2026	Wednesday, October 14, 2026	Tuesday, October 20, 2026
4-Week BELL	Tuesday, October 13, 2026	Thursday, October 15, 2026	Tuesday, October 20, 2026
8-Week BELL	Tuesday, October 13, 2026	Thursday, October 15, 2026	Tuesday, October 20, 2026
13-Week BELL	Thursday, October 15, 2026	Monday, October 19, 2026	Thursday, October 22, 2026
26-Week BELL	Thursday, October 15, 2026	Monday, October 19, 2026	Thursday, October 22, 2026
6-Week BELL	Thursday, October 15, 2026	Tuesday, October 20, 2026	Thursday, October 22, 2026
28-Year BOND	Thursday, October 15, 2026	Wednesday, October 21, 2026	Friday, October 23, 2026
5-Year TIPS	Thursday, October 15, 2026	Thursday, October 22, 2026	Friday, October 23, 2026
17-Week BELL	Tuesday, October 20, 2026	Wednesday, October 21, 2026	Tuesday, October 27, 2026
4-Week BELL	Tuesday, October 20, 2026	Thursday, October 22, 2026	Tuesday, October 27, 2026
8-Week BELL	Tuesday, October 20, 2026	Thursday, October 22, 2026	Tuesday, October 27, 2026
13-Week BELL	Thursday, October 22, 2026	Monday, October 26, 2026	Thursday, October 29, 2026
26-Week BELL	Thursday, October 22, 2026	Monday, October 26, 2026	Thursday, October 29, 2026
6-Week BELL	Thursday, October 22, 2026	Tuesday, October 27, 2026	Thursday, October 29, 2026
32-Week BELL	Thursday, October 22, 2026	Tuesday, October 27, 2026	Thursday, October 29, 2026
2-Year NOTE	Thursday, October 22, 2026	Monday, October 26, 2026	Monday, November 02, 2026
5-Year NOTE	Thursday, October 22, 2026	Tuesday, October 27, 2026	Monday, November 02, 2026
5-Year TIPS	Thursday, October 22, 2026	Wednesday, October 28, 2026	Monday, November 02, 2026
7-Year NOTE	Thursday, October 22, 2026	Thursday, October 28, 2026	Monday, November 02, 2026
17-Week BELL	Tuesday, October 27, 2026	Wednesday, October 28, 2026	Tuesday, November 03, 2026
4-Week BELL	Tuesday, October 27, 2026	Thursday, October 29, 2026	Tuesday, November 03, 2026
8-Week BELL	Tuesday, October 27, 2026	Thursday, October 29, 2026	Tuesday, November 03, 2026
13-Week BELL	Thursday, October 29, 2026	Monday, November 02, 2026	Thursday, November 05, 2026
26-Week BELL	Thursday, October 29, 2026	Monday, November 02, 2026	Thursday, November 05, 2026
6-Week BELL	Thursday, October 29, 2026	Tuesday, November 03, 2026	Thursday, November 05, 2026
17-Week BELL	Tuesday, November 03, 2026	Wednesday, November 04, 2026	Tuesday, November 10, 2026
4-Week BELL	Tuesday, November 03, 2026	Thursday, November 05, 2026	Tuesday, November 10, 2026
8-Week BELL	Tuesday, November 03, 2026	Thursday, November 05, 2026	Tuesday, November 10, 2026
2-Year NOTE	Wednesday, November 04, 2026	Monday, November 09, 2026	Monday, November 16, 2026
5-Year NOTE	Wednesday, November 04, 2026	Tuesday, November 10, 2026	Monday, November 16, 2026
5-Year TIPS	Wednesday, November 04, 2026	Thursday, November 11, 2026	Monday, November 16, 2026
7-Year NOTE	Wednesday, November 04, 2026	Thursday, November 11, 2026	Monday, November 16, 2026

US President Donald Trump said Washington is not planning further military strikes against Iran before the November 3 midterm elections. He also described talks with Iran's Revolutionary Guard as "constructive," arguing that economic pressure is beginning to produce results. His remarks raised expectations that tensions in the Middle East could ease in the near term, offering some relief after weeks of uncertainty.

OIL FLOWS THROUGH HORMUZ SHOW SIGNS OF RECOVERY

One of the most noteworthy details in Trump's remarks concerned the Strait of Hormuz. According to the president, approximately 22 million barrels of oil passed through the waterway on Wednesday. If confirmed, the figure would suggest that oil shipments are approaching pre-war levels, signaling a potential recovery in one of the world's most critical energy supply routes.

A sustained improvement in traffic through the strait could help ease global supply concerns and reduce some of the pressure on energy prices.

STRONG TREASURY DEMAND DESPITE HIGH YIELDS

Trump's comments also helped US Treasuries recover part of their earlier losses. Demand was particularly strong at the 30-year Treasury auction, where non-dealer bidders accounted for more than 93% of purchases. The result showed that appetite for long-term US government debt remains strong despite uncertainty over the economic outlook.

However, borrowing costs are still historically high. The latest 30-year auction cleared at one of the highest yields in approximately 26 years, reflecting persistent concerns over inflation, government borrowing needs, and fiscal risks.

ENERGY SUPPLY RISKS ARE HERE TO STAY

Despite the more encouraging signals, the outlook for oil remains uncertain. The progress of US-Iran talks and the recovery of shipments through the Strait of Hormuz will be important in determining whether the recent easing of tensions can last.

Meanwhile, Hurricane Isaias has forced temporary shutdowns at some oil production facilities in the US Gulf region, adding another potential source of disruption to energy supplies. While Trump's remarks have provided short-term relief, geopolitical developments and weather-related production risks could still trigger fresh volatility in oil prices.

Market Roundup

ALTMAN AND DIMON STRESS GROWING AI RISKS

OpenAI CEO Sam Altman called for balanced AI regulation that protects the technology's economic benefits while addressing risks such as fraud, cyberattacks, and loss of control over advanced systems. He also highlighted differences with Anthropic over regulatory policy. JPMorgan Chase CEO Jamie Dimon also warned that increasingly autonomous AI agents could create cybersecurity and operational risks for financial institutions. He emphasized the need for stronger security controls and reliable energy infrastructure to support expanding AI operations.



Image Source: Eric Lee/Bloomberg

UNICREDIT MOVES TO REDUCE RUSSIAN EXPOSURE

Russian President Vladimir Putin approved the restructuring of UniCredit's Russian subsidiary and a potential sale of the newly formed entity. The decision marks another step in the bank's efforts to scale back its presence in Russia. Part of the assets could eventually be transferred to a UAE-based private investor as UniCredit continues reducing its exposure to the Russian market.



Image Source: Reuters/Maxim Zmeyev

PARAMOUNT SKYDANCE COMPLETES WARNER BROS. DISCOVERY DEAL

Paramount Skydance completed its roughly \$110 billion acquisition of Warner Bros. Discovery, bringing Paramount Pictures, Warner Bros., Paramount+, HBO Max, CBS and CNN under one group. Management targets around \$6 billion in cost savings, although high debt and integration remain risks. Regulatory commitments include US film production and editorial independence for certain media assets.



OIL SUPPLY TIGHTENS AS US AND G7 SEEK RELIEF

Oil supplies are tightening as the Iran war reduces Western inventories, prompting G7 countries and partners to release around 100 million barrels from emergency reserves. Vitol CEO Russell Hardy warned of fuel shortages ahead of winter. Meanwhile, the Trump administration is considering expanded access to tax-exempt diesel after prices reached \$6.50 per gallon, alongside energy infrastructure projects in Alaska. Limited stocks and logistical constraints could delay relief.



Image Source: Danielle Villasana/Bloomberg

Market Roundup

BAILEY WARNS OF A DEBT SPIRAL

BoE Governor Andrew Bailey warned that weak growth, high borrowing costs and repeated economic shocks are leaving governments with less fiscal flexibility. A loss of confidence in public finances could drive bond yields higher, creating a cycle of rising debt costs. He also flagged risks from rapid AI-related financing, particularly for credit markets, asset valuations and financial stability.



Image Source: Henry Nicholls/Pool via REUTERS

GERMANY SEES A STRONGER RECOVERY

Germany raised its 2026 GDP growth forecast to 1.3% from 0.5% and its 2027 projection to 1.1% from 0.9%, supported by stronger exports, public spending and improving industrial activity. Higher energy prices and geopolitical uncertainty, however, could still challenge the recovery.



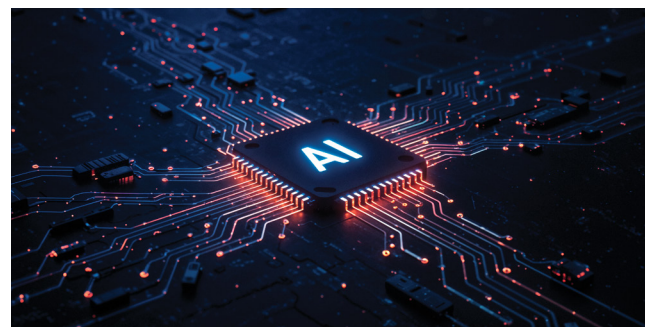
GLOBAL TRADE DEFIES DISRUPTIONS

The WTO raised its 2026 global goods trade growth forecast to 3.9% from 1.9%, following a 3.5% increase in trade volumes during the first half. Businesses have adapted to Middle East disruptions by shifting suppliers and shipping routes. Meanwhile, Germany and France are pushing for stronger EU trade defenses to counter state subsidies, excess production capacity, and unfair pricing practices while reducing strategic supply-chain dependencies.



AI BOOM: RECORD REVENUE, RISING RISKS

TSMC reported record quarterly revenue of \$46.7 billion, up 51% year over year, pushed ahead by strong AI chip demand, particularly from North America. While the results signal sustained AI infrastructure spending, Panmure Liberum strategist Joachim Klement warned that the boom could fade within two years, triggering a sharp equity correction. Other institutions remain optimistic, citing strong earnings as support for valuations.



The Week Ahead

Markets face a busy week of inflation data, corporate earnings and central bank commentary. The IMF and World Bank annual meetings in Bangkok will draw attention amid elevated energy prices, record public debt and rising bond yields.

AMERICAS

The IMF's World Economic Outlook arrives Tuesday, alongside speeches from central bankers, including Fed Chair Warsh. US earnings season begins with JPMorgan, Goldman Sachs, Citigroup, Wells Fargo, Bank of America and Morgan Stanley, alongside BlackRock, Johnson & Johnson and UnitedHealth.

September US CPI, due Wednesday, is expected to rise 0.6% monthly, with core CPI up 0.2%. Annual headline inflation is forecast at 3.6% from 3.4%, while core inflation may reach 2.5% from 2.4%.

Headline and core PPI are projected to rise 0.5% and 0.3%, respectively. Retail sales growth may slow to 0.3% from 1.2%, while industrial production could rebound 0.3%. Existing home sales are expected at 3.97 million, down from 3.98 million in August.

Other releases include trade prices, inventories, budget figures, Treasury capital flows and regional manufacturing surveys. Canada's housing starts, Mexico's industrial production, Brazil's retail sales and confidence, and Argentina's inflation are also due.

EUROPE

Eurozone inflation is expected to reach 3.8% annually, while industrial production may recover 0.1%. Trade figures are also scheduled.

Germany will release final CPI and wholesale prices, with the latter expected to rise 0.7% monthly. Spain, France and Italy will publish final inflation readings.

UK GDP and industrial production are both forecast to decline 0.1% in August, while the trade deficit may widen. Swedish unemployment and consumption, Turkish retail sales, and earnings from LVMH and ASML complete the calendar.

ASIA-PACIFIC

China's September CPI is forecast to rise to 1.1% from 0.8%, with producer inflation reaching 4.4%. Exports and imports may grow 25.3% and 23.5%, while new loans are expected at CNY 975 billion.

Japan's producer inflation may remain at 7.6%, while machinery orders could rebound 2.5%. Bank lending figures are also due.

India will publish inflation, trade and unemployment data. Australia's unemployment rate is expected at 4.6%, with 20,000 new jobs. Investors will review RBA minutes following September's 25bp hike to 4.6%.

Singapore and Malaysia will release GDP figures, while Singapore reports trade data and South Korea publishes unemployment. TSMC's third-quarter earnings will also be in focus.



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