

ZITAPLUS

WEEKLY BULLETIN

15 — 19 JUN 2026
















NO: 45

US INFLATION COOLS BUT ENERGY RISKS PERSIST



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TIME	CUR.	EVENT	FORECAST	PREVIOUS
TUESDAY, JUN 16				
07:00		BoJ Interest Rate Decision	1.00%	0.75%
WEDNESDAY, JUN 17				
10:00		CPI (YoY) (May)	3.0%	2.8%
13:00		CPI (YoY) (May)	3.2%	3.2%
16:30		Retail Sales (MoM) (May)	0.5%	0.5%
16:30		Core Retail Sales (MoM) (May)	0.5%	0.7%
18:30		Crude Oil Inventories	-	-7.227M
22:00		Fed Interest Rate Decisions	3.75%	3.75%
22:00		FOMC Statement	-	-
22:00		FOMC Economic Projections	-	-
22:30		FOMC Press Conference	-	-
THURSDAY, JUN 18				
15:00		BoE Interest Rate Decision (Jun)	3.75%	3.75%
16:30		Philadelphia Fed Manufacturing Index (Jun)	11.4	-0.4
16:30		Initial Jobless Claims	225K	229K
FRIDAY, JUN 19				
ALL DAY		Dragon Boat Festival Holiday	-	-
ALL DAY		Juneteenth Holiday	-	-

US INFLATION COOLS BUT ENERGY RISKS PERSIST



The latest US inflation report delivered a split message. Headline inflation remained high, suggesting price pressures are still a concern. Yet beneath the surface, the data pointed to a slower pace of inflation across much of the economy. The contrast highlights an increasingly important divide between volatile commodity-driven inflation and broader underlying price trends.

OIL'S SHADOW OVER CONSUMER PRICES

Energy emerged as the main force behind the latest increase in consumer prices. Rising fuel and energy costs accounted for a large share of the monthly gain, showing how quickly external shocks can influence inflation data. While energy pushed headline inflation higher, core inflation told a different story. Excluding food and energy, price growth remained relatively contained and broadly aligned with expectations. Housing and services inflation continued to contribute to overall price pressures, but the data suggested that many categories are no longer experiencing the rapid acceleration seen in previous years.

WHY THE FED STILL CAN'T RELAX

For the Federal Reserve, the report offers some reassurance but not enough certainty. The moderation in core inflation supports the view that policy tightening has had an effect, yet rising energy costs continue to pose a risk to future inflation readings. That combination makes a considerable shift in policy less likely in the near term.

TEMPORARY SHOCK OR LASTING PROBLEM?

The next phase of the inflation story may depend less on consumer demand and more on developments in energy markets. If oil prices stabilize, headline inflation could gradually move closer to core inflation trends. If energy costs continue to climb, however, inflationary pressures could spread more broadly through the economy, keeping interest rates higher for longer.



ONE HUNDRED DOLLARS



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100

John W. Snow
Secretary of the Treasury

ONE HUNDRED DOLLARS



THE NOTE

PIA



\$ DXY

DX Y TESTS 99.50

The dollar index weakened toward 99.50 as the landmark U.S.–Iran peace agreement diminished safe-haven demand and drove crude oil prices lower, effectively cooling global inflation and interest rate anxieties.

Technically, 99.50 serves as the pivotal near-term support level. A decisive break below this threshold could expose 99.00, with 98.50 acting as the subsequent downside target.

On the upside, initial resistance is established around the 100.00 to 100.30 zone. Unless the index recaptures this area, near-term recoveries will likely remain capped and the broader bearish momentum intact.



EURUSD

EURUSD HOLDS 1.1600

The euro advanced past 1.1600 as risk appetite improved following the landmark U.S.–Iran peace agreement and the anticipated reopening of the Strait of Hormuz. Tumbling oil prices defused inflation anxieties, reducing the need for aggressive central bank tightening and providing near-term support for EURUSD.

Technically, the pair has cleared the key 1.1575 to 1.1600 resistance zone, flipping it into reliable support. Maintaining this level clears the path for an extended recovery toward 1.1650 and 1.1700.

However, dropping below 1.1575 would invalidate the bullish momentum and re-engage the 1.1500 level.



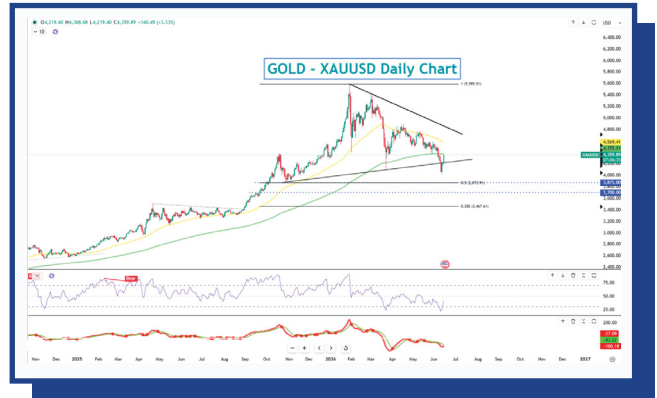
XAUUSD

GOLD SUSTAINS RECOVERY

Gold pushed past \$4,360 per ounce, extending its upward trajectory for a third consecutive session as tumbling crude oil prices alleviated global inflation and rate-hike anxieties.

Technically, the precious metal maintains a constructive recovery profile while sustaining its position above the \$4,300 to \$4,320 support zone. A decisive break above the \$4,370–4,380 corridor could accelerate bullish momentum, targeting the next major resistance at \$4,450.

A failure to defend \$4,300 would compromise the rebound and put \$4,200 back in play. Near-term sentiment remains positive, though this week's Federal Reserve commentary will be vital for long-term direction.



BRENT OIL

OIL TRADES NEAR \$80

Crude oil plunged over 5% to trade near \$80 per barrel, touching a two-month low as the landmark U.S.–Iran peace agreement effectively resolved supply anxieties surrounding the Strait of Hormuz.

Technically, \$80 stands as the critical near-term support threshold. A decisive, sustained break below this floor could clear a path toward \$78, with \$75 serving as the subsequent downside target area.

On the flip side, any corrective bounce is expected to encounter immediate resistance around the \$83.50 to \$85.00 range. Unless prices manage to reclaim this zone, near-term recoveries will likely remain restricted, keeping the overarching market bias firmly defensive.



OIL DEFIES GEOPOLITICAL TENSIONS



Crude markets remain at the center of global geopolitical developments, yet current price action is proving far more complex than a standard war-risk rally. Despite mounting frictions involving Iran, the United States, and the critical Strait of Hormuz, oil prices have resisted the aggressive surges many analysts predicted. This resilience is largely driven by rapidly adapting energy supply chains.

THE ROLE OF HIDDEN SUPPLY

A primary driver behind this price stability is the persistence of shadow market channels, where certain tankers move crude with minimal visibility by disabling transponders or utilizing indirect maritime routes. These covert logistics networks are successfully keeping the global market supplied despite overt threats to official shipping lanes. The inflationary impact typically triggered by energy shocks has remained relatively well contained.

POLITICAL AND ECONOMIC IMPLICATIONS

For the Trump administration, this environment creates a unique economic narrative. While domestic inflation stays elevated, official messaging suggests that energy costs could have spiked drastically higher without these alternative flows, strategic inventory drawdowns, and ongoing market adaptations. Essentially, while systemic pressures are undeniable, global distribution has managed to avoid a complete breakdown.

A FRAGILE EQUILIBRIUM

Nevertheless, this market landscape remains highly precarious. Covert maritime traffic offers only a temporary buffer and cannot substitute for standard commercial shipping through a secure, open Strait of Hormuz. Should military escalations intensify or cause a structural supply disruption, crude prices could spike rapidly, reigniting broader macroeconomic inflation threats.

For global investors, the main takeaway is that while oil prices are currently capped, underlying risks have not faded. Instead, temporary logistics workarounds, softer global demand indicators, and strategic reserves are absorbing the immediate shock. This delicate equilibrium may persist near-term, but any fresh escalations could swiftly alter the global inflation and interest rate outlook.

ECB HIKES RATES AS ENERGY RISKS RISE



The European Central Bank raised interest rates by 25 basis points at its June 2026 meeting, delivering its first rate increase since 2023. The move reflects growing concern that renewed energy-driven inflation could block progress toward the ECB’s 2% medium-term target.

The decision comes as rising tensions in the Middle East push energy prices higher. Disruptions to oil shipments through the Strait of Hormuz and the ongoing Iran conflict have increased inflationary pressures across the euro area, raising costs for both businesses and households.

ECB policymakers said the current environment justifies tighter monetary policy under a range of economic scenarios, highlighting the risk that higher energy prices could feed into broader inflation expectations.

INFLATION FORECASTS REVISED HIGHER

Alongside the rate decision, the ECB upgraded its inflation outlook. Headline inflation is now projected to average 3.0% in 2026, up from 2.6%, while the 2027 forecast was raised to 2.3% from 2.0%. Core inflation, which excludes food and energy, was also revised higher. The ECB now expects core prices to rise 2.5% in both 2026 and 2027, suggesting inflation pressures are becoming more persistent across the economy.

GROWTH OUTLOOK SOFTENS

While inflation forecasts moved higher, growth projections were lowered slightly. The ECB now expects eurozone GDP growth of 0.8% in 2026, down from 0.9% and 1.2% in 2027, compared with the previous 1.3% estimate. The revisions highlight the challenge facing policymakers as they attempt to contain inflation without placing additional strain on an already modest economic recovery.

Overall, the ECB’s latest move signals a more inflation-focused policy stance. While higher rates may help anchor inflation expectations and support the euro, they also underscore the difficult trade-off between controlling prices and supporting growth in an environment marked by elevated energy costs and geopolitical uncertainty.

MIDDLE EAST ENTERS A NEW PHASE OF PRESSURE



Image Credit: Reuters

The latest developments across the Middle East highlight the fragile nature of the current security environment. Renewed attacks, drone operations, and military responses involving Israel, Lebanon, Syria, and the Gulf have raised doubts about the durability of any ceasefire efforts. While diplomatic channels remain open, events on the ground suggest regional powers are still relying on pressure and deterrence to strengthen their positions.

IRAN BALANCES INFLUENCE AND ESCALATION RISKS

Iran continues to pursue its long-standing strategy of projecting influence through allied groups and regional pressure points while avoiding direct large-scale conflict. That approach has helped Tehran maintain leverage across the region, but it also increases the risk of unintended escalation. Any attack involving US forces, Israeli territory, or key Gulf infrastructure could quickly broaden the scope of the conflict.

WASHINGTON WALKS A FINE LINE

For the United States, the challenge is maintaining deterrence without becoming more deeply involved in a regional confrontation. Recent signals from Washington indicate that attacks on US personnel or regional partners will draw a response. Yet policymakers must also consider the economic and political consequences of a wider conflict, particularly given the importance of Middle Eastern energy supplies.

ISRAEL FACES GROWING STRATEGIC PRESSURE

Israel continues to target Iranian-linked assets across the region, but concerns over a broader escalation are becoming more pronounced. Pressure from Washington to prevent a wider conflict has increased, while repeated operations in Lebanon and Syria raise the possibility of a cycle of retaliation that becomes increasingly difficult to contain.

ENERGY MARKETS REMAIN ON ALERT

The significance of these developments extends far beyond the region. The Gulf remains one of the world's most important energy corridors, making every military incident a potential catalyst for higher oil prices and renewed inflation concerns. The central question now is whether the current exchange of force remains limited or develops into a broader confrontation with lasting consequences for global energy markets and economic stability.

CHINA TURNS AI DEMAND INTO EXPORT POWERHOUSE

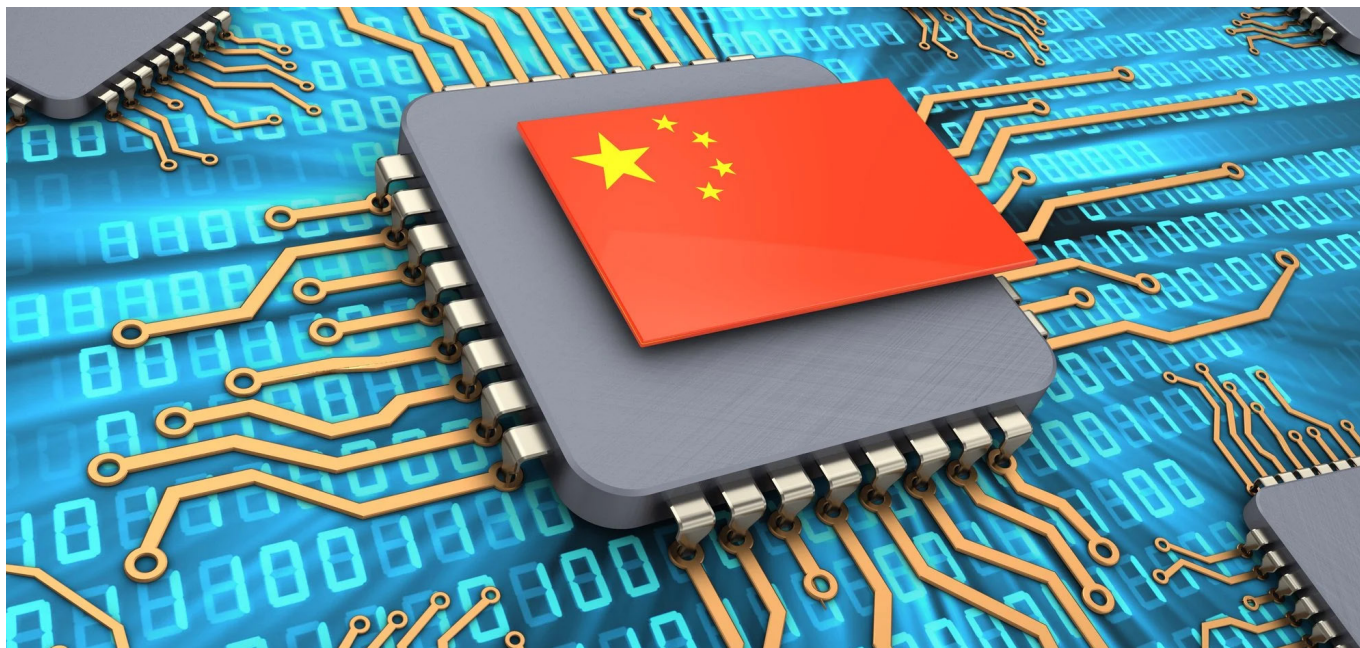


Image Credit: Getty Images

China's technology exports are gaining momentum as the global push to build artificial intelligence infrastructure accelerates. Demand for advanced chips, servers, data-processing equipment, and other AI-related hardware has become a major source of growth, with China reportedly generating more than \$500 million per hour from high-tech exports. The trend highlights how AI has evolved beyond software and become a powerful force shaping global trade patterns.

TECHNOLOGY GOODS TAKE THE LEAD

Recent trade data shows export growth increasingly concentrated in advanced industrial and technology products. Traditional manufacturing remains an important pillar of the economy, but stronger demand for data centers, computing equipment, electronics, and automation systems is becoming a key driver of export performance. This shift is helping China strengthen its position in high-value segments of global trade.

REGIONAL SUPPLY CHAINS REMAIN CRITICAL

The expansion also underscores the interconnected nature of the AI supply chain. Economies including South Korea, Taiwan, and ASEAN members remain key suppliers of components, semiconductors, and intermediate goods. Despite ongoing trade tensions and tariff disputes, demand for AI hardware continues to support cross-border industrial activity throughout the region.

TRADE, INDUSTRY, AND CAPITAL FLOWS ARE SHIFTING

The implications extend well beyond the technology sector. AI-related demand is influencing trade balances, industrial production, and global capital allocation. Companies involved in semiconductors, cloud infrastructure, robotics, electronics, and advanced manufacturing are among the key beneficiaries of the current cycle. The next question is whether this momentum can withstand a slowdown in global growth or a further tightening of trade restrictions.

THE NEXT COMPETITION IS ABOUT SCALE

China's ability to convert AI investment into export revenue is reinforcing its role at the center of the global technology supply chain. As countries seek to secure access to critical hardware and reduce dependence on external suppliers, competition is increasingly shifting toward manufacturing capacity, supply and chain control, and technological scale. In the AI era, leadership is being measured by innovation as well as by the ability to produce and deliver the infrastructure that powers it.

Market Roundup

BOC PAUSES ON GROWTH WORRIES

The Bank of Canada maintained its benchmark policy rate at 2.25% for the fifth consecutive meeting. While monetary policymakers observed that Middle East energy disruptions present persistent inflationary risks, they emphasized that these pressures have not yet leaked into the wider economy. The central bank maintains a vigilant stance as subdued economic expansion and elevated unemployment soften the domestic outlook.



GULF WEALTH SEEKS SPACEX EQUITY

SpaceX's impending initial public offering is attracting substantial interest from Gulf sovereign wealth funds, reinforcing the company's estimated \$1.8 trillion valuation. Saudi Arabia's Public Investment Fund (PIF) and the Kuwait Investment Authority are each reportedly aiming to secure allocations between \$1 billion and \$5 billion, alongside an expected large-scale order from Qatar's QIA. This concentrated demand highlights the Gulf region's strategic pivot toward aerospace technology, satellite networks, defense systems, and artificial intelligence infrastructure.



GEOPOLITICAL FRICTION INTENSIFIES

The Gulf Cooperation Council issued a firm condemnation of recent Iranian military strikes targeting Bahrain, Kuwait, and Jordan, demanding a definitive cessation of hostilities. Regional leadership cautioned that the current escalation jeopardizes diplomatic dialogue, commercial shipping safety, and global energy security. Also, financial markets are forced to balance cautious central bank policies and high technology demand against intensifying geopolitical vulnerabilities.



Market Roundup

IRAN DEAL MEETS RESISTANCE

The potential peace framework between the United States and Iran is encountering intensified domestic opposition in Tehran. Hardline conservative factions contend that the current draft lacks adequate safeguards regarding permanent sanctions relief, financial compensation, and Iranian jurisdiction over the Strait of Hormuz. This internal friction threatens to delay the ratification process and complicate the final diplomatic outcome.



UAE DENIES FUND RELEASE

Adding to regional complexities, the United Arab Emirates officially rejected reports concerning the release of frozen Iranian assets. The UAE Foreign Ministry confirmed that no financial transfers have occurred, dismissing speculation that \$10 billion to \$20 billion would be unlocked in exchange for Iran halting regional hostilities. This clarification preserves the status quo regarding strict sanctions enforcement and Gulf financial flows.



OPENAI FACES MULTI-STATE PROBE

In the technology sector, OpenAI is navigating a widening regulatory scrutiny as multiple U.S. state attorneys general launch a coordinated investigation. The probe targets the organization's promotional strategies, consumer retention methods, and data privacy protocols, specifically concerning sensitive health and personal information. The legal pressure arrives at a critical juncture as OpenAI prepares for its highly anticipated initial public offering.



Image Source: Justin Sullivan/Getty Images

ANTHROPIC RESTRICTS AI EXPORT

Anthropic suspended access to its cutting-edge Fable 5 and Mythos 5 models. The restriction responds directly to stringent export controls implemented by the U.S. government. This decision highlights intensifying national security anxieties surrounding advanced artificial intelligence capabilities in defense, cybersecurity, and strategic infrastructure. Global markets remain caught between shifting geopolitical dynamics in the Middle East and tightening oversight across the tech landscape.



Image Source: REUTERS/Dado Ruvic

The Week Ahead

Global markets head into the new week focused on two major themes: the prospects for a US-Iran agreement and a busy schedule of central bank meetings. Any breakthrough that helps end the conflict and reopen the Strait of Hormuz could continue to weigh on oil prices and reduce inflation concerns. However, a setback in negotiations may quickly restore a geopolitical risk premium across energy markets.

AMERICAS

In the United States, the Federal Reserve will hold its first policy meeting under Chair Kevin Warsh. Interest rates are broadly expected to remain unchanged, but investors will be paying close attention to the Fed’s messaging. Markets will look for indications of whether policymakers still see room for a rate hike later this year, particularly following recent inflation pressures driven by higher energy costs. Key economic releases include retail sales, industrial production, housing indicators, trade prices, and regional manufacturing surveys.

EUROPE

In Europe, attention will center on the Bank of England. The BoE is widely expected to leave rates unchanged, though UK inflation, retail sales, and labor market figures could influence expectations for future policy decisions. Germany’s ZEW sentiment survey will provide insight into investor confidence, while traders will also monitor Eurozone industrial production and trade data. Central bank meetings in Sweden, Switzerland, and Norway are also scheduled and could offer further signals on the regional policy outlook.

ASIA-PACIFIC

The Asia-Pacific calendar will be particularly active. China is set to release industrial production, retail sales, fixed-asset investment, unemployment, and housing data, all of which will be closely watched for signs of improving domestic demand. In Japan, the Bank of Japan is expected to raise interest rates as it seeks to support the yen and respond to persistent inflation pressures. Additional releases, including inflation, trade, and machinery orders, will help shape expectations for the future path of Japanese monetary policy.





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