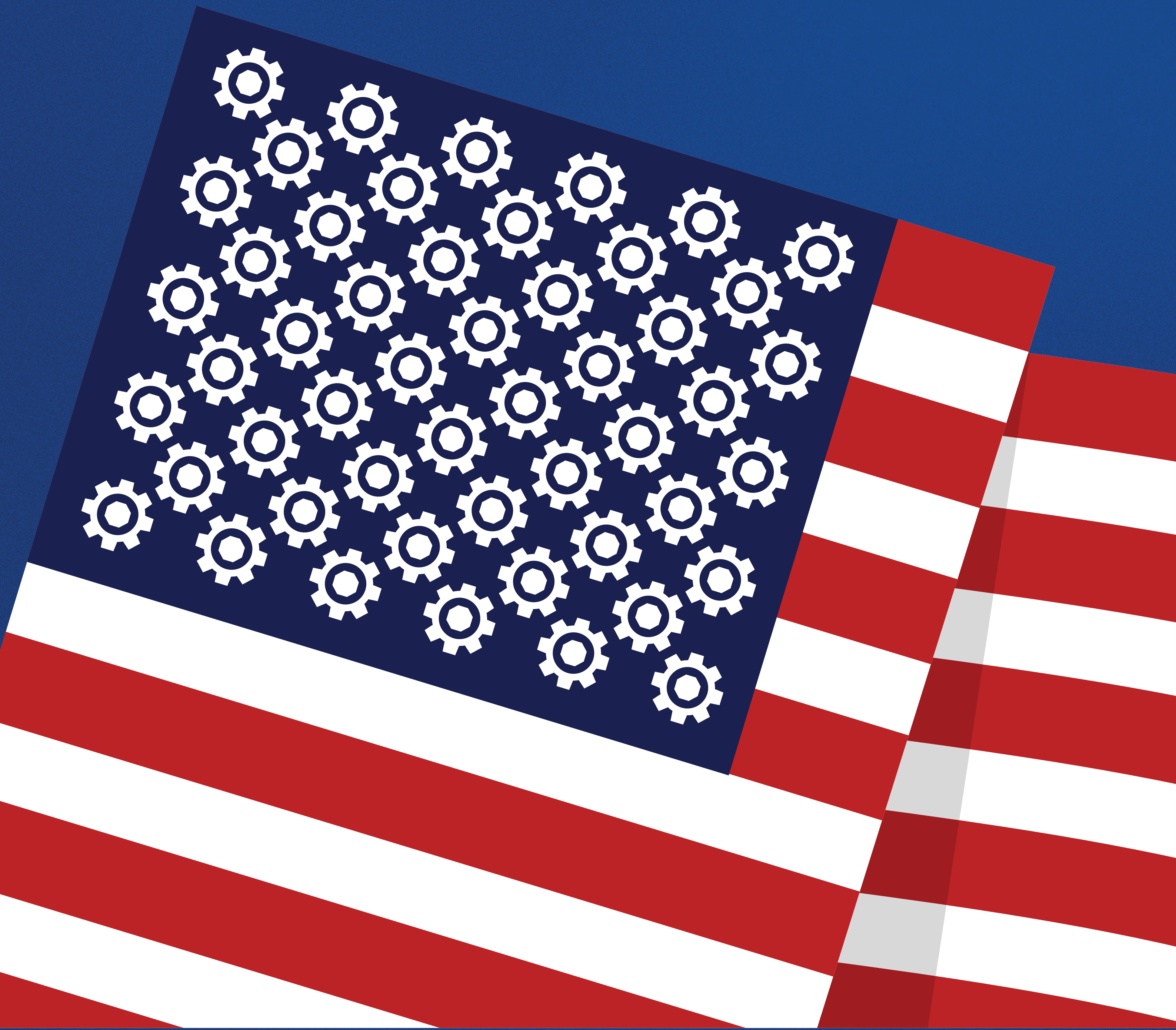
ZITAPLUS
WEEKLY BULLETIN

10 — 14 AUG 2026
NO: 53

US MANUFACTURING HITS FOUR-YEAR HIGH



ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
GERMAN FACTORY ORDERS BEAT FORECASTS
US PRODUCTIVITY POSTS STRONG Q2 GAIN • AND MORE...

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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, AUG 10				
ALL DAY		Singapore - National Holiday	-	-
ALL DAY		South Aftrica - Women's Day	-	-
TUESDAY, AUG 11				
ALL DAY		Japan - Mountain Day	-	-
08:30		RBA Interest Rate Decision (Aug)	4.35%	4.35%
18:00		Existing Home Sales (Jul)	4.05M	4.09M
WEDNESDAY, AUG 12				
10:00		German CPI (MoM) (Jul)	0.8%	0.8%
16:30		CPI (YoY) (Jul)	3.4%	3.5%
16:30		CPI (MoM) (Jul)	0.1%	-0.4%
16:30		Core CPI (MoM) (Jul)	0.2%	0.0%
18:30		Crude Oil Inventories	-	2.479M
21:00		10-Year Note Auction	-	4.580%
THURSDAY, AUG 13				
10:00		GDP (YoY) (Q2)	-	0.9%
10:00		GDP (MoM) (Jun)	-0.1%	0.1%
10:00		GDP (QoQ) (Q2)	0.4%	0.6%
16:30		PPI (MoM) (Jul)	0.2%	-0.3%
16:30		Initial Jobless Claims	202K	199K
21:00		30-Year Bond Auction	-	5.058%
FRIDAY, AUG 14				
16:30		Core Retail Sales (MoM) (Jul)	0.2%	-0.2%
16:30		Retail Sales (MoM) (Jul)"	0.1%	0.2%

GMT+4 DUBAI TIME

US MANUFACTURING HITS FOUR-YEAR HIGH

US manufacturing expanded at its fastest pace in more than four years in July, signaling continued strength in the industrial sector despite ongoing geopolitical and trade-related challenges. The ISM Manufacturing PMI rose to 55.6, up from 53.3 in June and well above the market forecast of 54.0, marking the strongest reading since May 2022.

PRODUCTION AND HIRING STRENGTHEN

The improvement was driven by a sharp increase in production, with the output index climbing to 58.5, its highest level since November 2021. New orders remained solid at 56.7, indicating that demand continued to support manufacturing activity.

Employment also returned to growth for the first time since January 2025, with the employment index rising to 52.8, its strongest reading in nearly four years. Meanwhile, easing cost pressures provided some relief for manufacturers after months of elevated input prices.

Companies continued to bring forward orders to reduce the risk of supply disruptions and higher costs linked to tensions in the Middle East. At the same time, strong investment in AI infrastructure helped offset some of the pressure from import tariffs.

While low business inventories could support further production growth in the months ahead, weaker supplier performance and ongoing geopolitical uncertainty remain key risks for the manufacturing outlook.

S&P 500

S&P 500 APPROACHES A KEY TECHNICAL TEST

The S&P 500 is nearing a major resistance zone between 7,800 and 8,050, where the Fibonacci extension, the upper boundary of the long-term rising channel, and a key psychological level converge.

As long as the index holds above the recent 6,890–7,000 low, the broader uptrend remains intact. However, with several resistance levels concentrated in the same area, some profit-taking would not be surprising.

The broader technical picture remains strong, with solid momentum and buyers continuing to support the uptrend.

EURUSD

EUR/USD BREAKS HIGHER AS DOLLAR WEAKENS

EUR/USD pushed above 1.1570, reaching its highest level in several weeks after weak US employment data weighed on the dollar.

The pair is now testing the 1.1570–1.1580 area. A clear break higher could put 1.1610–1.1625 within reach, with 1.1700 as the next major level.

On the downside, 1.1475–1.1495 is the key zone to hold. A move below it could shift momentum back toward sellers.

XAUUSD

GOLD HOLDS FIRM ABOVE $4,300

Gold is holding strong above $4,300 after gaining more than 7% last week. Weak US employment data lowered expectations for a Fed rate hike in September, shifting attention to Wednesday's inflation report.

A move above $4,370 could accelerate buying, with the $4,480–$4,495 zone as the next upside target.

On the downside, $4,285 is the key short-term support. A break below this level could increase selling pressure toward the $4,250–$4,255 area.

XAGUSD

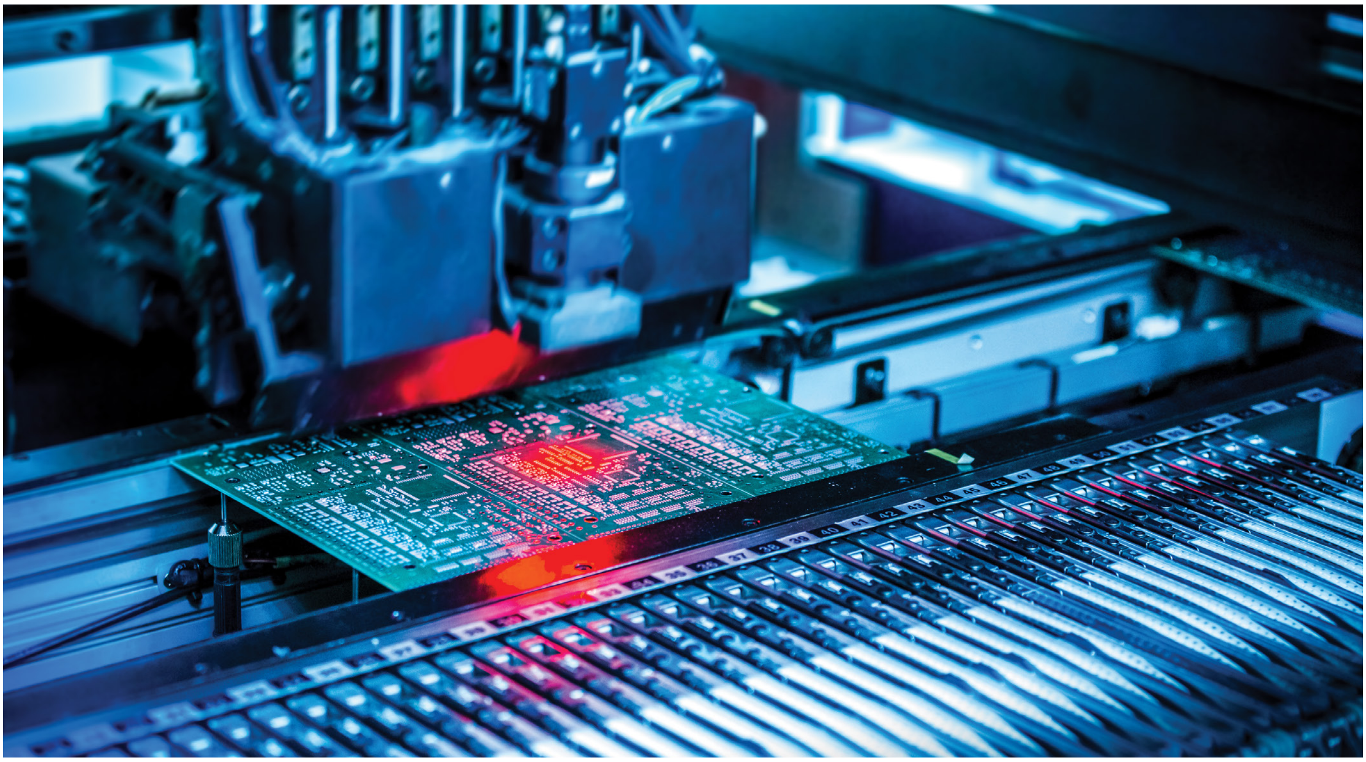
SILVER'S RALLY ISN'T OVER YET

Silver is holding firm around $64 after gaining more than 10% last week. Uncertainty around the Strait of Hormuz continues, while reports point to progress in talks between Iran and Oman.

Holding above the $63.00–$63.40 zone could extend the rally toward $66.25.

If this support zone breaks, the $60.60–$61.00 area could become the next key level to watch.

GERMAN FACTORY ORDERS BEAT FORECASTS



Germany's factory orders rose 3.1% in June, far exceeding market expectations of 0.3% and marking the strongest monthly increase since March. The rebound followed a weaker performance in May, pointing to improving demand across parts of the manufacturing sector.

STRONG RESULTS FAIL TO IMPRESS

Growth was driven by strong demand for processing equipment, electronics, and optical products, while mechanical engineering also posted solid gains. Orders from the automotive sector increased 3.8%, contributing to the overall improvement.

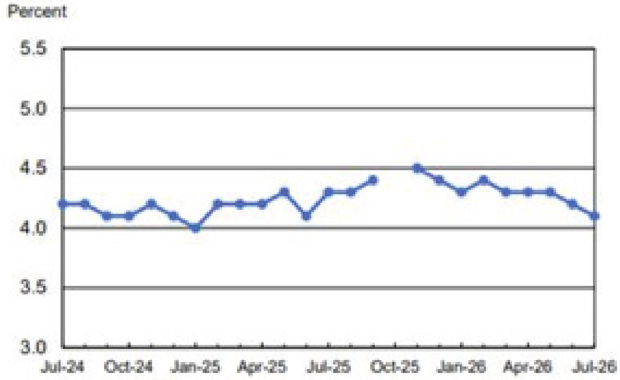
Capital goods and consumer goods recorded higher demand during the month, although intermediate goods declined. Orders for aircraft, ships, trains, and military vehicles also fell sharply after surging in May.

Domestic orders were the main source of strength, rising 7.8%. Foreign orders increased only modestly, as stronger demand from countries outside the euro area offset a significant decline in orders from within the eurozone.

Excluding large contracts, factory orders increased by a more moderate 0.5%.
The three-month trend remained positive, suggesting that Germany's industrial sector continues to recover, although growth remains uneven across different industries.

US PAYROLLS FALL BY 23,000 AS HIRING WEAKENS

Chart 1. Unemployment rate, seasonally adjusted, July 2024 – July 2026



Note: Data for October 2025 were not collected due to the federal government shutdown.

Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, July 2024 – July 2026

Source: FY26 Q4 - Press Releases - Investor Relations - Microsoft

The US economy unexpectedly lost 23,000 jobs in July 2026, falling well short of expectations for an 80,000 increase. June payroll growth was also revised down to just 20,000, adding to signs that the labor market is losing strength.
The weakness extended beyond July. Employment gains for May and June were revised down by a combined 103,000 jobs, showing that hiring in recent months was considerably weaker than first reported.

WHERE WERE JOBS LOST?

The July report showed clear differences across sectors:

- Local government education: -50,000 jobs
- Retail: -19,000 jobs
- Financial activities: -14,000 jobs
- Health care: +22,000 jobs

Employment changed little in construction, transportation, professional services, leisure and hospitality, and energy-related industries.

WHAT DOES IT MEAN FOR THE FED?

The report adds to concerns that the US labor market may be cooling faster than expected. The weaker payroll figures could also influence the Fed's next policy decision, particularly if upcoming data shows slower wage growth or higher unemployment.

US PRODUCTIVITY POSTS STRONG Q2 GAIN

Table A1. Labor productivity growth and related measures - preliminary second-quarter 2026
(percent change from previous quarter at annual rate and from same quarter a year ago)

Sector	Percent change from:	Labor productivity	Output	Hours worked	Hourly compensation	Real hourly compensation	Unit labor costs
Nonfarm business	Previous quarter	1.4	1.7	0.3	2.7	-3.1	1.3
	A year ago	2.2	2.5	0.2	3.7	-0.1	1.4
Business	Previous quarter	1.2	1.6	0.4	2.6	-3.3	1.3
	A year ago	2.1	2.5	0.4	3.6	-0.2	1.4
Manufacturing	Previous quarter	1.9	4.6	2.6	1.9	-3.9	0.0
	A Year ago	0.9	1.3	0.4	4.5	0.6	3.5
Durable manufacturing	Previous quarter	2.7	7.3	4.5	1.0	-4.7	-1.6
	A year ago	2.2	3.1	0.9	5.5	1.7	3.3
Nondurable manufacturing	Previous quarter	2.0	1.5	-0.5	3.1	-2.8	1.1
	A year ago	-0.3	-0.6	-0.4	2.2	-1.5	2.5

US labor productivity grew faster than expected in the second quarter, suggesting businesses became more efficient despite only modest increases in working hours. The stronger reading may also help ease concerns about rising labor costs by showing that output is growing faster than labor input.

OUTPUT OUTPACES HOURS WORKED

Preliminary data showed nonfarm business productivity rose 1.4% in the second quarter, well above the 0.6% market forecast. Business output increased 1.7%, while hours worked rose just 0.3%, allowing companies to produce more with relatively little additional labor.

MANUFACTURING JOINS THE RECOVERY

Productivity gains were broad-based across the manufacturing sector:

- Manufacturing productivity rose 1.9%.
- Factory output increased 4.6%, while hours worked grew 2.6%.
- Durable goods productivity climbed 2.7%.
- Nondurable goods productivity increased 2.0%.

The gains across both manufacturing groups suggest the improvement was not limited to a single part of the sector.

A POSITIVE SIGN FOR GROWTH

Compared with a year earlier, nonfarm business productivity rose 2.2%, while manufacturing productivity increased 0.9%. Stronger productivity can support economic growth and improve corporate profit margins by helping businesses generate more output without a similar rise in labor costs. Whether this momentum continues will depend on future economic data.

Market Roundup

US BEGINS $100 BILLION TARIFF REFUNDS

US Customs and Border Protection (CBP) has started processing around $100 billion in refunds for tariffs imposed under the Trump administration that were later ruled unlawful by the US Supreme Court. As of July 31, importers had submitted 252,496 refund claims totaling $128.68 billion. The approved refunds, including interest, have now been forwarded to the US Treasury for payment.

RUSSIA RELAXES FUEL STANDARDS

Russia has temporarily authorized the production, import, and sale of lower-standard Euro-2, Euro-3, and Euro-4 gasoline until July 1, 2027, to boost domestic fuel supplies. The move follows refinery disruptions caused by Ukrainian drone attacks and regional fuel restrictions. Officials said the decision is temporary and does not change Russia's long-term environmental policy.

IMF SEES STRONG GROWTH IN SYRIA

The IMF expects Syria's economy to grow at a double-digit rate in 2026, supported by agriculture, energy production, electricity supply, trade, services, refugee returns, tourism, and higher public spending. Growth is also expected to remain strong in 2027, although the IMF warned that poverty remains widespread and economic gains are uneven. The IMF also agreed on a technical assistance program with Syrian authorities to strengthen fiscal policy, banking, and public finances.

Image Source: REUTERS/Benoit Tessier

Market Roundup

US TRADE DEFICIT NARROWS

The US trade deficit narrowed 5.6% in June to $73.3 billion, close to market expectations. Exports fell 0.9% to $314.7 billion, while imports declined 1.8% to $388 billion. The largest trade deficits were with Vietnam ($21.6B), Mexico ($20.3B), and China ($15.3B), while the biggest surpluses were with the Netherlands ($7.2B), South and Central America ($5.6B), and Hong Kong ($3.2B).

Image Source: REUTERS/Carlos Barria

FESCO SUSPENDS BLACK SEA SHIPMENTS

Russian logistics company Fesco, owned by Rosatom, has temporarily suspended new Black Sea shipments after the container ship Yanina sank in a drone attack. The company said crew and cargo safety remain its top priority and is working on alternative shipping routes. According to Rosatom, all 17 crew members were rescued after the vessel was struck by two UAVs near Novorossiysk.

Image Source: fesco.com

MIDDLE EAST RISKS KEEP ENERGY IN FOCUS

The Houthis are considering new fees on commercial vessels in the southern Red Sea, while recent attacks have increased risks to Saudi energy infrastructure and regional shipping. The United States imposed new sanctions on companies and vessels involved in Iranian oil and petrochemical exports. Tensions also rose after reports that Iran considered a limited missile strike on a Ukrainian port, although diplomatic efforts have so far prevented further escalation.

Image Source: Khaled Abdullah/Reuters

The Week Ahead

Talks between Iran, the US, and Gulf states over access to the Strait of Hormuz will stay central to energy prices and global rate expectations. AI stocks also remain in focus as Applied Materials, Cisco, and CoreWeave report earnings. The US releases CPI, PPI, retail sales, and consumer confidence as expectations for the Fed's next move stay divided.

AMERICAS

The main US release will be July CPI, with monthly inflation expected to rise 0.1% after June's 0.4% decline, while core CPI is forecast at 0.2% after a flat reading. Annual inflation is expected to ease for a second month to 3.4%, with core inflation at 2.5%, suggesting the price impact of the Iran conflict may be fading. PPI is forecast to rise 0.1% after falling 0.3%, while core PPI is expected to match June's 0.2% gain. Retail sales are seen rising 0.2%, and preliminary University of Michigan consumer sentiment may weaken slightly. Existing home sales are forecast at 4.07 million, while the NFIB Small Business Optimism Index is also expected to decline. Business inventories and the monthly budget statement complete the US calendar. Earnings season is winding down, with Applied Materials and Cisco among the remaining major reports. Brazil releases inflation and retail sales, Argentina reports inflation, and Mexico publishes industrial output.

EUROPE

The UK economy is expected to grow 0.4% QoQ in Q2, slowing from 0.6% in Q1. June GDP is forecast to contract 0.1%, marking the second decline in three months, while manufacturing output could fall for the first time in four months. UK like-for-like retail sales are expected to rise 1.5% YoY in July, down from 1.7% in June. Eurozone industrial production is expected to rebound after growing in four of the past five months. The region will also publish its second Q2 GDP estimate, employment figures, and trade balance. Germany reports wholesale prices, while Switzerland and Russia release GDP and Turkey publishes industrial output. Final July inflation readings are also due across several European economies. On monetary policy, Norges Bank, Romania, and Serbia announce rate decisions. Corporate earnings include Germany's E.ON and RWE.

ASIA-PACIFIC

China's July CPI is expected to rise 0.8% YoY, slowing from 1%, while producer prices are forecast to fall 3.8%, compared with a 4.1% decline previously. New yuan loans are expected at just CNY 45 billion, sharply below June's CNY 1.61 trillion, with current account data also due. In Japan, the BOJ's July Summary of Opinions will provide more detail on the decision to keep rates at 1%. PPI is expected to accelerate to 0.6%, while the current-account surplus could nearly halve. Bank lending, the Reuters Tankan survey, and machine-tool orders are also scheduled. India's CPI is forecast to rise to 4.54%, with wholesale inflation reaching 10.25%. The RBA is widely expected to keep rates at 4.35% after Q2 inflation slowed, alongside business confidence and home-lending data. GDP figures are also due from Singapore, Malaysia, Taiwan, and Hong Kong, while Malaysia and South Korea publish unemployment data. Tencent Holdings is among the major companies reporting earnings.

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