ZITAPLUS
WEEKLY BULLETIN

15 — 19 DEC 2025
NO: 21

FED STEPS DOWN TO 3.5%-3.75% AS OFFICIALS CLASH

ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
US SEIZES MASSIVE OIL TANKER NEAR VENEZUELA
RINGGIT BREAKS HIGHER • AND MORE...

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TIME	CUR.	EVENT	FORECAST	PREVIOUS

TUESDAY, DECEMBER 16

TIME	CUR.	EVENT	FORECAST	PREVIOUS
13:30		Average Hourly Earnings (MoM) (Nov)	-	0.2%
13:30		Core Retail Sales (MoM) (Oct)	0.3%	0.3%
13:30		Nonfarm Payrolls (Nov)	-	119K
13:30		Retail Sales (MoM) (Oct)	0.2%	0.2%
13:30		Unemployment Rate (Nov)	4.4%	4.4%
14:45		S&P Global Manufacturing PMI (Dec)	-	52.2
14:45		S&P Global Services PMI (Dec)	-	54.1

WEDNESDAY, DECEMBER 17

TIME	CUR.	EVENT	FORECAST	PREVIOUS
07:00		CPI (YoY) (Nov)	-	3.6%
10:00		CPI (YoY) (Nov)	2.0%	2.0%
15:30		Crude Oil Inventories	-	-1.812M

THURSDAY, DECEMBER 18

TIME	CUR.	EVENT	FORECAST	PREVIOUS
12:00		BoE Interest Rate Decision (Dec)	3.75%	4.00%
13:15		Deposit Facility Rate (Dec)	2.2%	2.1%
13:15		ECB Interest Rate Decision (Dec)	2.15%	2.15%
13:30		Core CPI (MoM) (Nov)	-	0.2%
13:30		CPI (MoM) (Nov)	-	0.3%
13:30		CPI (YoY) (Nov)	-	3.0%
13:30		Initial Jobless Claims	-	236K
13:30		Philadelphia Fed Manufacturing Index (Dec)	-	-1.7
13:45		ECB Press Conference	-	-

FRIDAY, DECEMBER 19

TIME	CUR.	EVENT	FORECAST	PREVIOUS
03:00		BoJ Interest Rate Decision	-	0.50%
13:30		Core PCE Price Index (MoM) (Oct)		0.2%
13:30		Core PCE Price Index (YoY) (Oct)	-	2.8%
15:00		Existing Home Sales (Nov)	-	4.10M

GMT+4 DUBAI TIME

FED STEPS DOWN TO 3.5%-3.75% AS OFFICIALS CLASH

The Federal Reserve delivered its third consecutive 25-basis-point reduction in December, bringing the federal funds rate down to 3.5%-3.75%, its lowest level since 2022. The move, expected by markets after similar cuts in September and October, reflects the Fed's ongoing attempt to balance easing inflation pressures with a labor market that remains resilient. The vote, however, was far from unified, underscoring a growing debate within the committee about how quickly policy should shift.

PROJECTIONS HOLD STEADY: ONE MORE CUT IN 2026

Despite the latest reduction, the Fed's Summary of Economic Projections showed almost no change to its broader outlook. Officials still see only one additional 25-basis-point cut in 2026, signaling confidence that policy is near its intended setting. The new forecasts show GDP growth rising to 1.7% in 2025 and 2.3% in 2026, alongside slightly softer inflation estimates. PCE inflation is now projected at 2.9% next year, gradually moving closer to the Fed's 2% objective in the years that follow.

A RARE SPLIT INSIDE THE FOMC

The decision highlighted a sharp divide among policymakers, marking the largest dissent since 2019.

- **Stephen Miran argued for a deeper 50-basis-point cut, saying the economy could handle faster easing.**
- **Austan Goolsbee and Jeffrey Schmid wanted to keep rates unchanged, warning that inflation remains above target and policy should move more cautiously.**

This split displays the challenge of steering monetary policy with mixed economic indicators and lingering uncertainty around the inflation trajectory.

CAUTIOUS OPTIMISM TAKES SHAPE

The Fed's updated projections offer a modestly brighter view of the economy. Growth expectations for the next two years were revised higher, while inflation is seen cooling more meaningfully. The unemployment rate is projected to hold steady at 4.5% in 2025 before slipping slightly in 2026. Charts included in the official projections show most FOMC participants converging around steady improvement in both inflation and labor-market dynamics, with only narrow differences in the medium-term view.

MARKETS SETTLE AS THE FED SIGNALS PATIENCE

Financial markets had priced in the December cut, but the Fed's messaging suggests policymakers want to move gradually. Inflation has eased yet remains above target, and officials appear intent on avoiding any shift that could reignite pricing pressures. For traders, the takeaway is clear: the easing cycle continues, but the Fed plans to proceed carefully. Future cuts will depend entirely on the flow of economic data, keeping the central bank flexible as it guides policy into 2026.

EURUSD

EUR/USD HOLDS FIRM ABOVE 1.1730

EUR/USD trades above 1.1730 on Monday, underpinned by broad US dollar softness, supportive remarks from ECB officials, and progress on France's 2026 social security reform. The pair also drew support from mixed US labor indicators, including ADP, JOLTS, and weekly jobless claims, alongside restrained easing expectations after the Fed's 25 bp rate cut.

From a technical standpoint, EUR/USD is likely to consolidate within the 1.1690–1.1780 band. Provided the pair remains above 1.1730, upside potential may build toward the 1.1910–1.1920 resistance zone.

Key Levels

- **Narrow Range:** 1.1680 – 1.1780
- **Wide Range:** 1.1600 – 1.1920

XAUUSD

GOLD NEAR RECORD LEVELS AHEAD OF US DATA

XAUUSD opened the week near $4,340 per ounce, holding close to record highs as investors await key US releases for direction on the Fed's outlook, with labor data due Tuesday and inflation figures on Thursday. The Fed delivered its third 25 bp cut of the year last week, despite opposition from three officials. Gold is up about 65% year to date, on track for its strongest year since 1979, supported by central bank demand, solid ETF inflows, and safe-haven buying.

Technically, a clear break above $4,350 may allow a retest of the record $4,385. On the downside, initial support sits at $4,245–4,250, followed by stronger support near $4,200.

Key Levels

- **Narrow Range:** $4,250 – $4,385
- **Wide Range:** $4,200 – $4,405

BRENT OIL

OIL PRESSURED BY GEOPOLITICS AND SUPPLY RISKS

Oil prices came under pressure last week as markets weighed geopolitical developments against ongoing oversupply concerns. Price action has been driven mainly by geopolitics, with investors monitoring rising US pressure on Venezuela, including the risk of new sanctions, and signs of progress in Berlin-led peace talks linked to the Russia–Ukraine conflict.

From a technical standpoint, $59.80 remains a key support. A break below this level could shift focus toward the $57.50–$57.65 support area.

Key Levels

- **Narrow Range:** $59.80 – $62.20
- **Wide Range:** $57.65 – $65.75

BTCUSD

BITCOIN HOLDS ABOVE $89K

Bitcoin is stabilizing above $83,700 after another rejection at a descending trendline, keeping upside momentum limited. Veteran trader Peter Brandt warned that a loss of parabolic support could trigger a much deeper correction, potentially toward $25,240 based on historical patterns.

US-listed spot Bitcoin ETFs recorded net weekly inflows of $286.6 million, signaling modest institutional interest despite cautious price action. Technically, $83,700 remains the key near-term support; holding above it favors consolidation, while a break could open the way to lower levels.

Key Levels

- **Resistance:** Descending trendline / $90,500
- **Support:** $83,700
- **Next Support:** $80,000

US SEIZES MASSIVE OIL TANKER NEAR VENEZUELA

The United States military seized a large oil tanker off the coast of Venezuela on Wednesday, widening Washington's efforts to pressure Nicolás Maduro's government. The operation, carried out in international waters, concluded without any resistance from the crew and without casualties.

SANCTIONED VESSEL LABELED "STATELESS" BY US OFFICIALS

US officials said the ship was considered a "stateless vessel" and was tied to recent crude shipments originating from Venezuela. The tanker had already been sanctioned, and authorities described the seizure as a "judicial enforcement action," reinforcing the enforcement of restrictions tied to Venezuelan oil flows. The incident adds another point of tension in the region and serves as a clear signal to companies or groups involved in moving Venezuelan crude in violation of US restrictions. The operation aligns with Washington's broader strategy of tightening pressure on those linked to Maduro's energy network.

PART OF WIDER US OPERATIONS IN THE CARIBBEAN

Since September, the US has carried out several missions targeting suspected drug-related activities in the Caribbean. These operations have attracted international attention and fueled political debate. The tanker seizure now becomes part of that wider campaign. Donald Trump told reporters the vessel was "very large," suggesting it may be the biggest tanker the US has ever captured. He also hinted that more actions could follow, indicating that Washington may continue to expand its enforcement activities.

TRADE TALKS SHOW MOMENTUM, THEN HIT POLITICAL SPEED BUMPS

Hopes for better trade relations picked up earlier in the week after visits by senior officials from the US Trade and State Departments signaled a possible easing of tensions. That momentum faltered when President Donald Trump said new tariffs could be introduced on agricultural imports, including Indian rice, bringing uncertainty back into the discussions.

CONFLICTING MESSAGES SHAPE THE NEGOTIATION TONE

Sentiment shifted again after US Trade Representative Jamieson Greer described India as “quite forward leaning,” saying recent proposals from New Delhi ranked among the most constructive the US has received. Supportive comments also came from India’s Chief Economic Adviser, who said most trade-related issues had already been resolved and suggested an agreement could be finalized by March. A phone call between Trump and Prime Minister Narendra Modi briefly lifted confidence, though enthusiasm cooled later as observers noted the public tone lacked warmth.

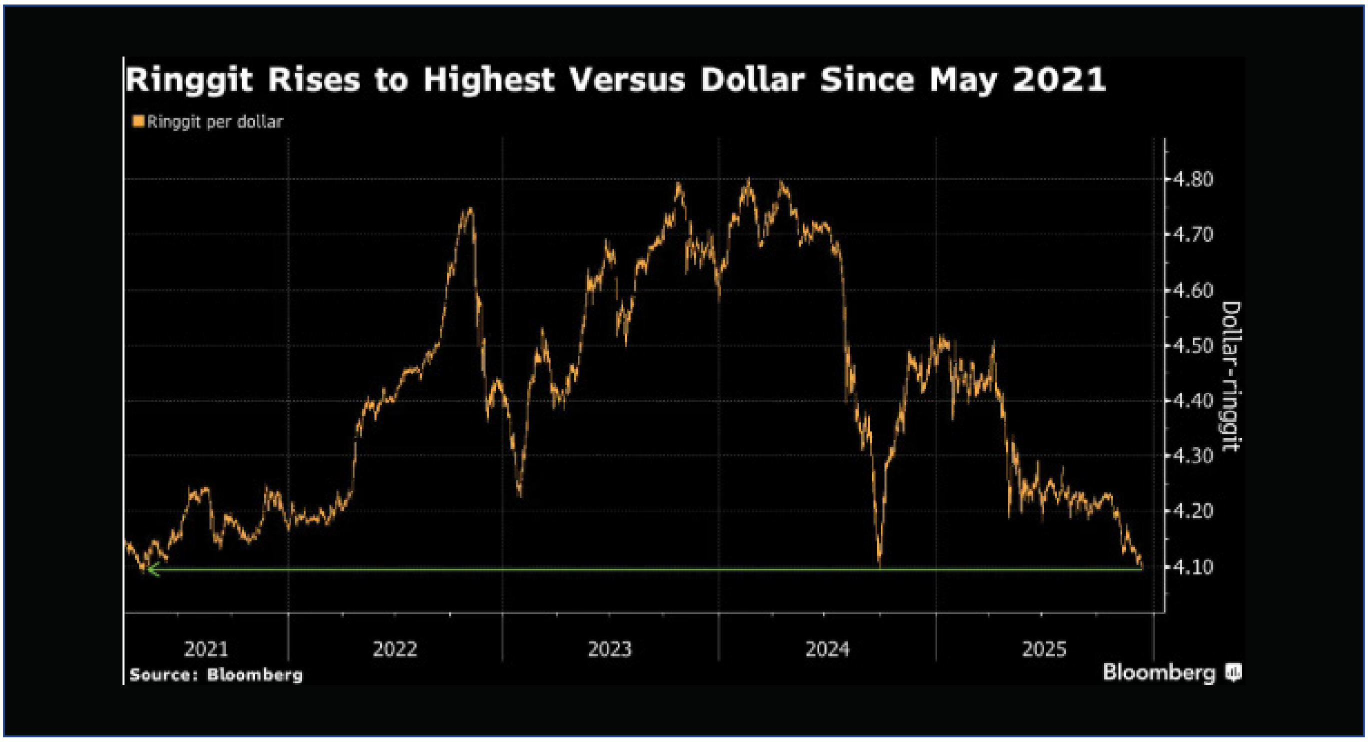
UKRAINE TALKS ADD PRESSURE TO A CROWDED DIPLOMATIC AGENDA

On the geopolitical front, Trump said the US would be willing to provide assistance to Ukraine as part of a broader security arrangement aimed at ending the war with Russia. He stressed that security guarantees could help move talks forward, but expressed frustration with the slow pace of negotiations.

WASHINGTON PUSHES FOR RESULTS, KYIV FACES RISING PRESSURE

Trump voiced disappointment that Ukrainian President Volodymyr Zelenskiy had not more openly backed a US-supported peace framework, increasing pressure on officials in Kyiv who remain cautious about proposals seen as favoring Moscow. According to Trump’s team, the president is dissatisfied with prolonged discussions and wants concrete outcomes rather than extended diplomacy without results. Washington pushes for decisive movement, while also reflecting how difficult it remains to align the positions of all parties involved. As calls for progress grow louder, the gap between urgency and consensus continues to complicate efforts to bring the conflict to an end.

RINGGIT BREAKS HIGHER AS TECH TIES RESHAPE CURRENCY FLOWS



The Malaysian ringgit climbed to its strongest level against the US dollar in more than four years, trading around 4.09 per dollar, a level last seen in May 2021. With gains now exceeding 9% year-to-date, the ringgit has emerged as Asia's top-performing currency in 2025, reflecting improving sentiment toward Southeast Asian assets and Malaysia's growing role in the global technology supply chain.

DOMESTIC STRENGTH MEETS GLOBAL DEMAND

Support for the currency has been underpinned by a mix of solid domestic conditions and favorable external trends. Malaysia's export-led economy has benefited from a recovery in global demand, while factory output in October expanded at its fastest pace since late 2022. At the same time, fiscal reforms and Malaysia's expanding position as a regional data-center hub continue to draw foreign investment. Strategists note that this investment cycle, combined with exposure to the global tech sector, places the ringgit in a stronger position than many regional peers.

POLICY DIVERGENCE KEEPS EUR/USD IN FOCUS

In developed markets, attention has centered on EUR/USD, where pricing increasingly reflects the widening policy gap between the European Central Bank and the Federal Reserve. Market expectations suggest the euro could extend its advance if the ECB holds a firmer stance while the Fed shifts further toward accommodation.

OPTIONS MARKETS LEAN TOWARD A HIGHER EURO

Options positioning points to growing confidence in further upside for EUR/USD in the months ahead. Narrowing yield differentials and a softer dollar backdrop have reinforced that view. While short-term price action remains sensitive to incoming inflation and growth figures, the broader setup continues to favor gradual euro strength if policy divergence deepens. Traders add that sustained moves beyond recent resistance levels would further validate bullish momentum, particularly if US rate expectations continue to ease.

Market Roundup

CHINA'S GROWTH PROSPECTS HOLD FIRM

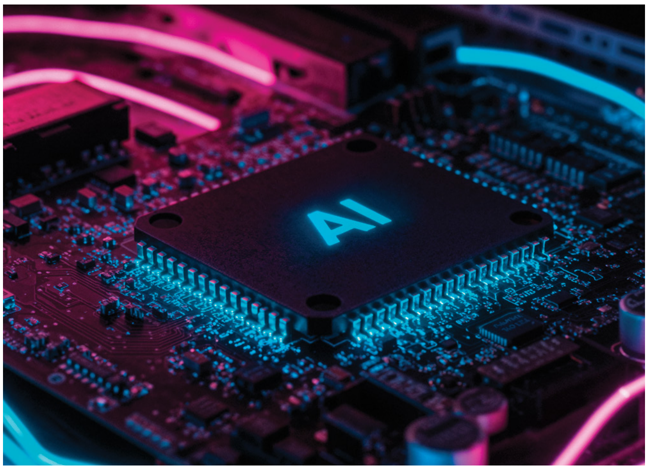
The World Bank kept its growth forecasts for China the same, seeing the economy expanding by 4.9% this year and 4.4% in 2026. Supportive fiscal and monetary measures continue to limit domestic demand and investment, while exports benefit from steady demand across emerging markets. At the same time, household spending remains restrained, weighed down by a softer labor market and ongoing declines in property prices.

BEIJING TIGHTENS ITS GRIP ON IRON ORE

China is taking steps to strengthen its influence over the iron ore market as state-backed buyer China Mineral Resources Group (CMRG) moves forward with proposals targeting port stockpiling and the pricing dominance of foreign miners and traders. The plan would shorten free storage periods and introduce fees that increase over time, making it more costly to hold large inventories. By discouraging excessive stockpiling, the measures aim to smooth supply flows, reduce price volatility, and give Chinese buyers greater bargaining power across the iron ore supply chain.

AI DEMAND SHOWS UP ACROSS HARDWARE AND LOGISTICS

AI-related investment continues to surface across different corners of the tech sector. Broadcom reported a sharp increase in profit and revenue as sales of AI-focused data-center chips accelerated, with the company expecting that strength to carry into the next quarter. At the same time, Amazon outlined new investment plans in India centered on AI capabilities and logistics infrastructure, projects it says could support nearly 1 million jobs by 2030. Together, the developments reflect how AI-related spending is expanding beyond core hardware into broader infrastructure and long-term growth markets.



Market Roundup

CHINA PUSHES HOMEGROWN AI CHIPS

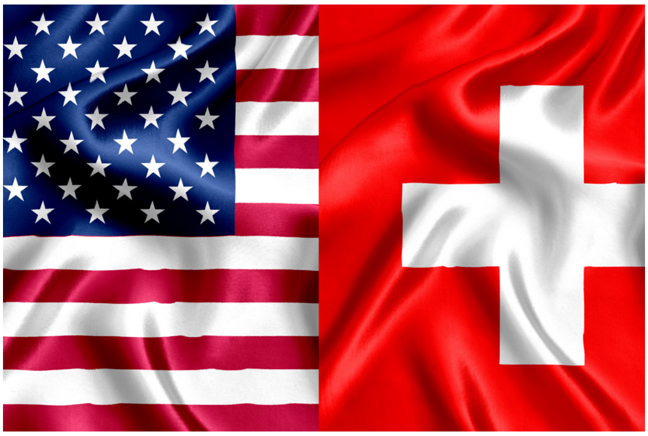
China is advancing its domestic chip agenda by adding locally developed AI processors from Huawei and Cambricon to official government procurement lists. The move aligns with U.S. talks on easing Nvidia export restrictions, a step that could open the door to billions in semiconductor sales for China. BlackRock is on track to close the year with record inflows into its iShares ETF platform, with total additions nearing 450 billion dollars after a strong fourth quarter. European regulators opened an antitrust probe into whether Google's AI models used publishers' content without consent or compensation.

TRUMP TURNS UP THE PRESSURE ON FED

Trump intensified his criticism of the Federal Reserve after its 25-bp rate cut, arguing the move fell well short of what the economy needs. Speaking at a business roundtable, Trump said the reduction should have been "at least twice as much," renewing his long-running frustration with Chair Jerome Powell. He claimed the central bank has been slow to respond, insisting policy remains too restrictive even as borrowing costs trend lower. Trump's remarks added fresh political heat to the policy debate, reinforcing his view that more aggressive easing is necessary to support growth.

US-SWITZERLAND TARIFF DEAL RESETS A KEY BENCHMARK

Washington and Bern reached an agreement to retroactively reduce customs duties, lowering the highest tariff rate applied to developed countries from 39% to 15%. The decision marks a meaningful shift in bilateral trade policy and sets a new reference point for tariff levels among advanced economies. By easing cost pressures on cross-border trade, the move is expected to support more predictable and efficient trade flows between the two countries, while offering relief to manufacturers and exporters operating under elevated duty rates.



The Week Ahead

Global markets face a data- and policy-heavy week, with major central bank meetings, key inflation and labor reports, and corporate earnings set to shape expectations into year-end and guide positioning across regions.

AMERICAS

The US calendar is heavy, featuring delayed jobs data, November inflation, and retail sales. Nonfarm payrolls for October and November are released, with November payrolls seen at +35,000 (including +40,000 private jobs) and unemployment unchanged at 4.4%; October's unemployment rate will not be reported. November CPI is expected at 3.2% headline and core, and October retail sales at +0.2%. Additional releases include December flash PMIs, Empire State and Philly Fed surveys, NAHB housing index, November existing home sales, October capital flows, and delayed September business inventories, plus Fed speakers for 2026 policy clues. Earnings are due from Micron, Accenture, FedEx, and Nike. Elsewhere, Mexico's central bank decides rates Thursday, while Canada releases inflation, retail sales, housing starts, and new home prices.

ASIA-PACIFIC

In China, November data on industrial production, retail sales, fixed asset investment, unemployment, house prices, and FDI will gauge domestic demand, property conditions, and capital flows. Japan's focus turns to the BoJ meeting, where a rate hike from 0.5% to 0.75% is widely expected, alongside the Tankan survey, trade, inflation, machinery orders, and December flash PMIs. India releases November trade, inflation, and unemployment data plus December preliminary PMIs. Australia publishes Westpac consumer confidence and December flash PMIs. Regionally, investors track trade data from Singapore, Malaysia, and New Zealand, rate decisions in Thailand, Indonesia, Taiwan, and Pakistan, and New Zealand Q3 GDP.

EUROPE

Policy dominates as the ECB and BoE meet Thursday. The ECB is expected to keep rates unchanged, with attention on updated staff forecasts amid debate over whether the next major move could eventually be a hike. The BoE is expected to cut 25 bps to 3.75%, as UK inflation slowed to 3.6% in October and is seen near 3.5% in November. Sweden, Norway, Hungary, and the Czech Republic are expected to hold rates, while Russia is forecast to deliver a fifth consecutive cut. Data include flash PMIs, with Euro Area services at the strongest pace since May 2023 and manufacturing stabilizing. Germany's ZEW is seen at a five-month high and Ifo at a four-month high. The UK releases unemployment (seen rising to 5.1%, highest since early 2021), inflation, retail sales, and wages (slowest growth in over a year), alongside broader Euro Area confidence, production, trade, German wholesale and producer prices, UK CBI surveys, and Swiss trade.

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