# ZITAPLUS
## WEEKLY BULLETIN

14 — 18 SEP 2026
NO: 58

# ECB RAISES RATES BY 25 BASIS POINTS


ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
COULD THE GOLD STANDARD MAKE A COMEBACK?
CHINESE BANKS' INTEREST MARGINS HIT A RECORD LOW • AND MORE...

# Contents

| TIME | CUR. | EVENT | FORECAST | PREVIOUS |
|---|---|---|---|---|
| WEDNESDAY, SEP 16 | | | | |
| 10:00 | | CPI (YoY) (Aug) | - | 2.9% |
| 16:30 | | Core Retail Sales (MoM) (Aug) | - | -0.3% |
| 16:30 | | Retail Sales (MoM) (Aug) | - | -0.6% |
| 22:00 | | Fed Interest Rate Decision | - | 3.75% |
| 22:00 | | FOMC Economic Projections | - | - |
| 22:00 | | FOMC Statement | - | - |
| 22:30 | | FOMC Press Conference | - | - |
| THURSDAY, SEP 17 | | | | |
| 13:00 | | CPI (YoY) (Aug) | 3.3% | 3.3% |
| 15:00 | | BoE Interest Rate Decision (Sep) | 3.75% | 3.75% |
| 16:30 | | Philadelphia Fed Manufacturing Index (Sep) | - | 47.4 |
| 16:30 | | Initial Jobless Claims | - | 206K |
| FRIDAY, SEP 18 | | | | |
| 07:00 | | BoJ Interest Rate Decision | 1.25% | 1.00% |

GMT+4 DUBAI TIME

# COULD THE GOLD STANDARD MAKE A COMEBACK?

The combined M2 money supply of the world's four major central banks stands at roughly $100–102 trillion. Meanwhile, an estimated 222,600 tonnes of gold have been mined throughout history. At a gold price of $4,395 per ounce, that stock is worth around $31.5 trillion, meaning existing gold represents roughly one-third of the money supply across these four major economies.

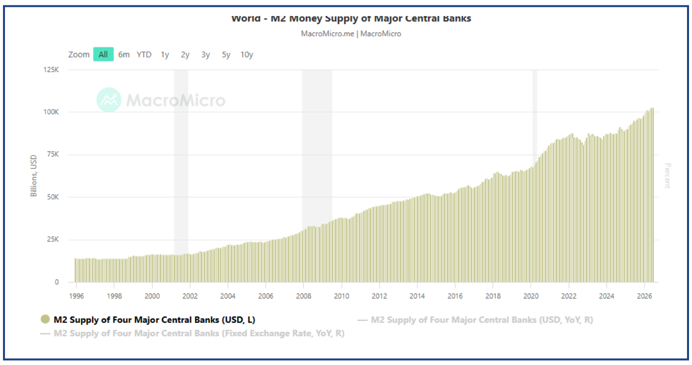
## WHAT WOULD GOLD BE WORTH IF MONEY HAD TO BACK IT?

This raises an interesting question: how high would gold need to trade if the monetary system were once again backed significantly by the metal? With the existing gold supply unchanged, backing 40% of M2 would imply a price of around $5,600 per ounce, while 50% would require roughly $7,000. Full coverage would push the theoretical price above $14,000 per ounce. These are purely theoretical calculations, but they highlight how much value gold could represent within the monetary system.

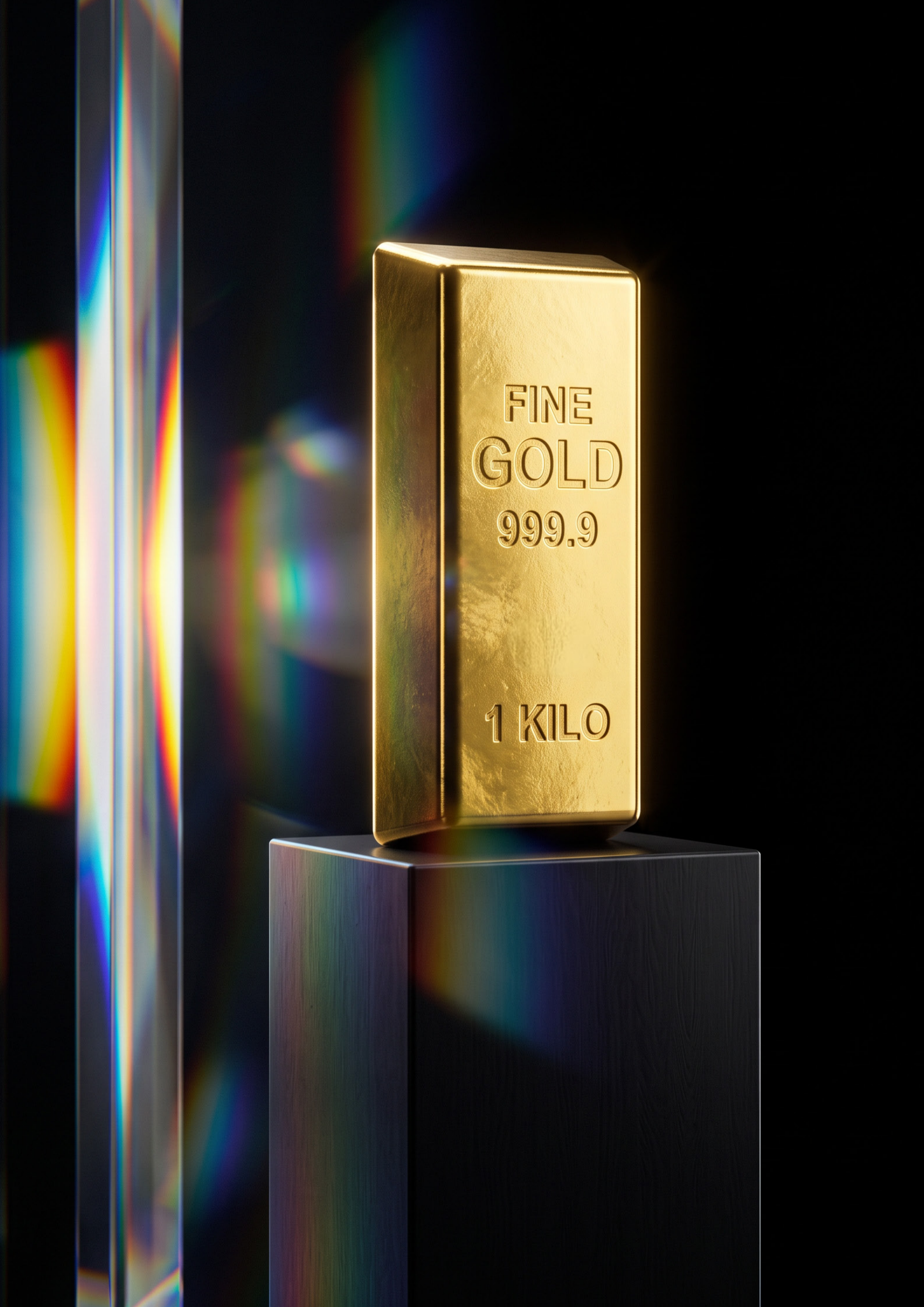
That does not mean the world is moving back to a traditional gold standard. Modern money supply extends far beyond central-bank reserves, with bank lending, deposits and broader credit creation making the system much larger and more complex. Backing all M2 one-for-one with physical gold would therefore be extremely difficult in practice.

## GOLD DOESN'T NEED A STANDARD TO MATTER

The more important shift may be elsewhere. Central banks are increasing their gold purchases, while some countries are reducing their exposure to US Treasuries and diversifying reserves. This implies gold is regaining importance within the monetary system, not necessarily as the foundation of a new gold standard, but as a reserve asset, store of trust and protection for purchasing power.




So perhaps the better question is not, "Are we returning to the gold standard?" but how much bigger could gold's role in the global financial system become if confidence in fiat currencies weakens? If this trend continues, gold may increasingly be valued not only through inflation and interest rates, but also through the role it could play in a changing monetary system.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GOLD
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# DXY

## SAFETY AND RATES LIFT THE DOLLAR

The dollar is gaining ground as uncertainty in the Middle East supports demand and expectations for a Fed rate hike this week strengthen.

US Treasury yields are also holding at high levels, reflecting persistent inflation concerns and expectations for tighter monetary policy. The combination is supporting the dollar as traders seek safety while positioning for higher interest rates.

From a technical perspective, 100 stands as the key psychological resistance for the DXY.

# EURUSD

## EUR/USD UNDER PRESSURE NEAR 1.1530

EUR/USD is trading around 1.1530, its lowest level in a week, as the U.S. dollar strengthens following higher core inflation. The data reinforced expectations for a Federal Reserve rate hike. Despite the ECB raising rates last week, growing geopolitical risks continue to weigh on the euro.

With both central banks expected to maintain tighter policy, dollar strength remains the main short-term driver.

Technically, 1.1480-1.1500 is the key support zone, while 1.1600 and 1.1660 remain the main resistance levels.

# XAUUSD

## CAN GOLD HOLD $4,220?

Gold is approaching a key technical area, with the $4,220–$4,250 support zone likely to determine the next move. Price action around this range could set the tone for the near-term direction. A break below could deepen selling pressure and bring $3,875 into view.

On the upside, the first resistance stands at $4,355, followed by the $4,380–$4,390 zone if buying momentum strengthens.

# XAGUSD

## SILVER TESTS KEY SUPPORT ZONE

Silver is testing the key 62.30-62.50 support zone. A break below this area could increase selling pressure and open the way for a decline toward 58.50.

On the upside, initial resistance is positioned at 65.00. If silver moves above this level, attention could shift to the 67.50-68.00 resistance zone, which remains the next important threshold for further gains.

# CHINESE BANKS' INTEREST MARGINS HIT A RECORD LOW


Image Source: gfmag.com

Chinese banks' net interest margin (NIM) has fallen to around 1.4% in 2026, its lowest level on record. NIM measures the gap between what banks earn from loans and what they pay on deposits and other funding. As that gap narrows, banks make less money from their core lending business.

To give an example, if a bank lends at 4% and pays 2.5% on deposits, the difference is its interest margin. In China, NIM was around 2.6-2.7% in 2012. It has since fallen by almost half, leaving banks with much less income from the same amount of lending.

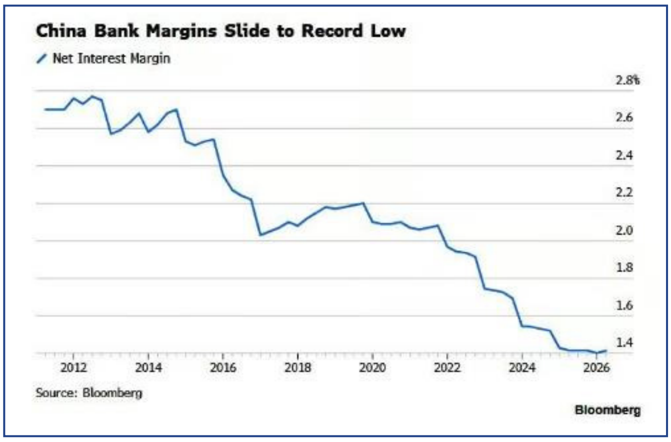
## LESS MARGIN, LESS ROOM TO LEND

Thinner margins could have wider consequences for the banking sector. Lower profits make it harder for banks to build capital, and if the pressure persists, lenders could become more selective about extending credit. That could eventually slow credit growth across the economy.

## WEAK DEMAND ADDS TO THE SQUEEZE

Soft domestic demand is another part of the problem. When fewer businesses and households want to borrow, banks may cut lending rates to attract customers. If deposit costs do not fall as quickly, NIM narrows further. The decline therefore says something not only about bank profitability, but also about the strength of economic activity and credit demand.

China's low-rate policy may support growth, but thinner bank margins could limit its impact. The longer the squeeze lasts, the harder it may become for banks to keep credit flowing through the economy.

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# TRUMP'S $5,000 "DIVIDEND" REVIVES THE POPULISM DEBATE


Donald Trump's proposal for a $5,000 direct cash payment before the midterm elections is stirring debate in the US over both its economic and political implications. Trump has described the payments as a "Trump dividend," while critics argue that the plan is a classic populist policy designed to strengthen voter support.

The criticism goes beyond simply giving people money. By linking the payment directly to a political leader, government support can appear more like a personal benefit provided by that leader than a broader public policy. This approach is common in populist politics, where cash transfers or social benefits can be used to create a more direct connection between voters and political leaders.

## A $5,000 QUESTION FOR THE BUDGET

The economics of the proposal also raise major questions. It is still unclear how such a large cash payment program would be funded, whether it could pass Congress, or how much it could add to the federal deficit. With US government debt and budget deficits already high, another fiscal stimulus package could also have implications for inflation and Treasury bonds.

Direct cash payments, however, are not necessarily ineffective. They can aid short-term spending, especially for low-income households, and offer temporary support to economic activity. Announcing such a plan close to an election still strengthens criticism that political considerations may be playing a larger role than economic objectives.

## STIMULUS OR ELECTION STRATEGY?

The $5,000 proposal is therefore more than another stimulus plan. It has reopened a wider debate over how closely public spending should be tied to electoral politics. The proposal could eventually become a genuine economic support program, or simply remain a political message aimed at voters before the elections.

# ECB RAISES RATES BY 25 BASIS POINTS

The European Central Bank raised interest rates by 25 basis points at its September 2026 policy meeting, marking its second increase since the outbreak of the US-Iran conflict.

Following the decision, the main refinancing rate increased to 2.65%, while the deposit facility rate rose to 2.50%.

## ENERGY COSTS KEEP INFLATION ELEVATED

The ECB highlighted ongoing conflicts in the Middle East as an important source of inflationary pressure, particularly through higher energy costs. Policymakers expect inflation to remain above the central bank’s 2% target for some time.

The latest inflation projections also point to more persistent price pressures:

- **2026:** Unchanged at 3.0%
- **2027:** Raised to 2.5%
- **2028:** Raised to 2.1%

The upward revisions for 2027 and 2028 suggest the ECB expects inflation to take longer to return toward its target.

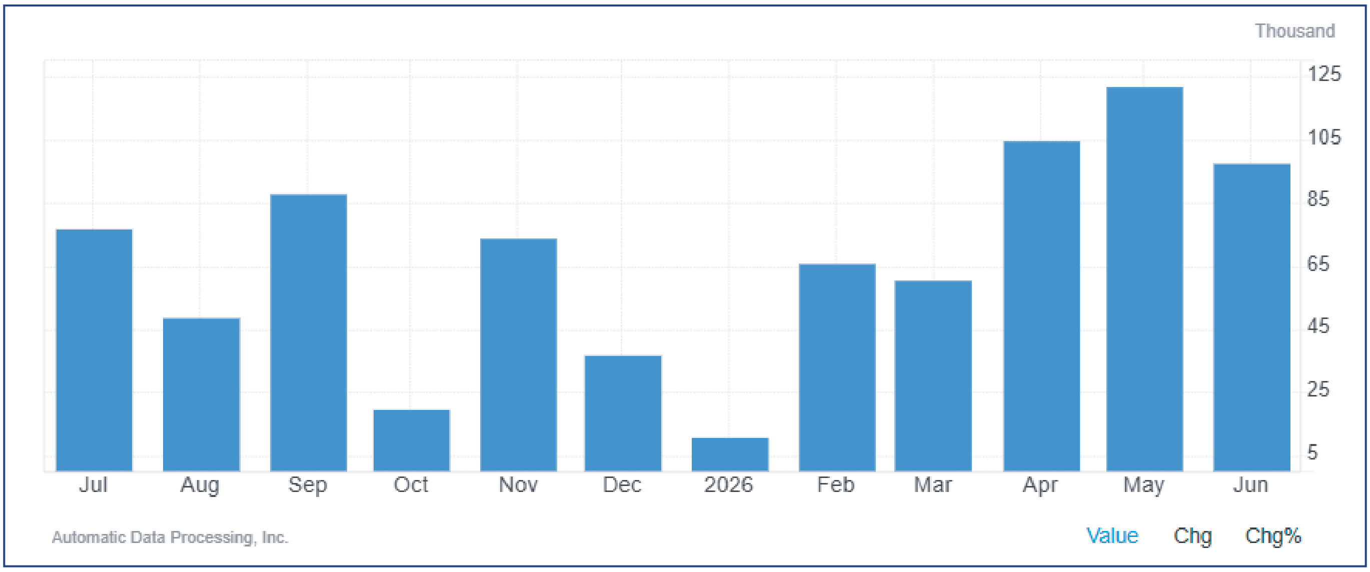
## GROWTH OUTLOOK IMPROVES

Despite higher borrowing costs and elevated energy prices, the Eurozone economy has remained more resilient than previously expected. The ECB raised its 2026 growth forecast to 0.9% and its 2027 projection to 1.4%. Growth for 2028 is still expected at 1.5%.

## MARKETS TURN TO LAGARDE

Attention now shifts to comments from ECB President Christine Lagarde. Investors will be looking for signals on whether further rate hikes are likely and how concerned policymakers remain about persistent inflation.

The ECB’s guidance on the future policy path could play an important role in the near-term direction of the euro and European bond markets.



# Market Roundup

## JAPAN'S $88B TREASURY QUESTION

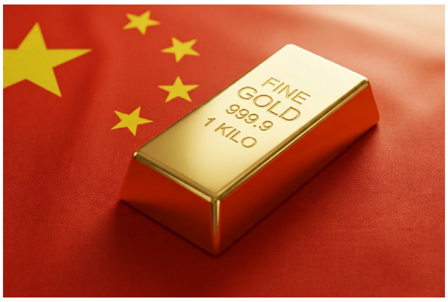
Japan's foreign securities holdings fell by a record $87.8 billion in August, close to its $98.6 billion FX intervention. Analysts suspect short-term US Treasuries helped fund the yen defense, raising questions over Japan's role in the Treasury market.

## BRENT AT $120?

Goldman Sachs sees Brent potentially reaching $120 per barrel if attacks on Middle East shipping intensify, putting key maritime routes and energy supplies at greater risk.

## CHINA KEEPS BUYING GOLD

The PBOC added another 650,000 ounces, extending its gold-buying streak to 22 months. Central-bank demand, US debt concerns, inflation and dollar weakness continue to support the longer-term case for bullion.




## BRITAIN'S FISCAL TEST

Finance Minister John Healey pledged to control borrowing, maintain fiscal discipline and rebuild confidence in UK finances before the upcoming budget.

Image Source: gov.uk.com

## YEN STRENGTH FACES UNCERTAINTY

Barclays notes the yen's recent advance stems from expectations of accelerated Bank of Japan tightening and potential capital repatriation by domestic funds. USD/JPY could climb back toward 150 if these assumptions weaken, with fundamental pressure on the yen persisting.

# Market Roundup


## MIDDLE EAST FRICTION DRIVES OIL HIGHER

Brent crude rebounded past $100 per barrel as supply risks intensify across the Persian Gulf and the Strait of Hormuz. Lower output from Saudi Arabia and regional logistics bottlenecks continue to restrict supply.

Image Source: reuters.com

## OPEC+ PRODUCTION EXPANDS OVERALL

Total OPEC output rose to roughly 24.08 million barrels per day, pushing combined OPEC+ production to approximately 38.06 million bpd. Output gains in Iraq, the UAE, and Kuwait offset a significant decline in Iranian production.

Image Source: euronews.com

## LNG DISRUPTION SUPPORTS COAL DEMAND

Uncertainty regarding LNG shipments through the Strait of Hormuz is driving gas prices upward and fueling greater reliance on coal-fired power generation, according to the IEA. Global coal demand is projected to expand 1.2% to a record 8.94 billion tonnes this year.

Image Source: indiatimes.com

## IMF CALLS FOR CONTINUED INFLATION FOCUS

The International Monetary Fund cautioned that global disinflation momentum has slowed, advising central banks to maintain price stability as their core mandate despite surprising economic resilience.

## TREASURY YIELDS RISE POST-BUYBACK

Long-term US Treasury yields moved higher following a smaller debt buyback, though Treasury Secretary Scott Bessent reaffirmed market stability. Investors continue monitoring the current correlation between energy costs and governmentbond yields.

# The Week Ahead

Markets face a busy week led by central bank decisions in the US, UK and Japan, alongside major inflation and economic releases. The Federal Reserve and Bank of Japan will be particularly important as markets assess the possibility of further tightening, while fresh data will provide more clues on global inflation and growth.

## AMERICAS

The Federal Reserve's September meeting takes center stage after hotter US inflation strengthened expectations for a rate hike. August core CPI rose 0.3% monthly, while headline CPI increased 0.4% monthly and 3.4% annually. Following Chair Warsh's hawkish comments, markets are largely pricing in a 25-basis-point hike, although some analysts remain cautious.

Import prices are expected to rise 0.2%, while retail sales could rebound 0.9% after July's 0.6% decline. Industrial production is forecast to grow 0.3%. Housing and regional manufacturing data are also due.

Canada will release inflation figures, while Brazil's central bank meets Wednesday, with softer inflation potentially allowing further rate cuts.

## EUROPE

The Bank of England is expected to hold rates at 3.75% on Thursday, although markets see a strong possibility of a November hike. Governor Andrew Bailey has highlighted uncertainty surrounding energy prices.

UK inflation is forecast to rise to 3.1%, its highest in five months, with core inflation reaching 2.7%. Unemployment is expected at 5%, while wage growth could slow to 3.9%.

Germany's ZEW Economic Sentiment Indicator is expected to improve for a fifth month, while Euro Area industrial production could decline. Inflation and trade figures across Europe will also be monitored, alongside Sweden's parliamentary election.

## ASIA-PACIFIC

China's industrial production is expected to grow 4.8%, while retail sales could rise 0.8% and fixed-asset investment fall 7.1%. New yuan loans are forecast to recover to around CNY 400 billion.

The Bank of Japan is expected to raise rates by 25 basis points to 1.25% amid persistent inflation pressures. Japanese inflation, trade and machinery orders will also be released.

India's inflation is forecast to climb to 4.8%, its highest since December 2024, while wholesale inflation could reach 9.89%. Markets will also follow economic data from New Zealand, Malaysia, Singapore and South Korea, along with monetary policy decisions in Taiwan and Pakistan.

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