ZITAPLUS

WEEKLY BULLETIN

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U.S. LABOR MARKET FINDS A STEADIER PACE

ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
GLOBAL MARKETS BRACE FOR POTENTIAL IRAN CONFLICT
POWELL DEFENDS FED INDEPENDENCE • AND MORE...

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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, JANUARY 19				
ALL DAY	USD	Martin Luther King Jr. Day	-	-
06:00	CNY	GDP (YoY) (Q4)	4.5%	4.8%
????	EUR	CPI (YoY) (Dec)	2.0%	2.1%
WEDNESDAY, JANUARY 21				
11:00	GBP	CPI (Yoy) (Dec)	3.3%	3.2%
17:30	USD	U.S. President Trump Speaks	-	-
THURSDAY, JANUARY 22				
17:30	USD	GDP (Qo) (Q3)	4.3%	3.8
17:30	USD	Initial Jobless Claims	203K	198K
19:00	USD	Core PCE Price Index (MoM) (Nov)	0.2%	0.2%
19:00	USD	Core PCE Price Index (YoY) (Nov)	2.7%	2.8%
21:00	USD	Crude Oil Inventories	-	3.391M
FRIDAY, JANUARY 23				
07:00	JPY	BoJ Interest Rate Decision	0.75%	0.75%
18:45	USD	S&P Global Services PMI (Jan)	52.8	52.5
18:45	USD	S&P Global Manufacturing PMI (Jan)	52.1	51.8

GMT+4 DUBAI TIME

U.S. LABOR MARKET FINDS A STEADIER PACE

The latest U.S. employment data display a labor market that is easing into a more sustainable rhythm rather than losing its footing. Hiring picked up in December, but the pace remained well below the levels that defined earlier cycles. Private-sector job creation fell short, leaving public hiring to do much of the heavy lifting and underscoring how uneven the recovery in employment remains.

LOWER UNEMPLOYMENT, NO SIGNS OF STRESS

The unemployment rate continued its gradual descent, reinforcing the picture of a market adjusting smoothly. Labor force participation held broadly steady, pointing to a healthier balance between workers entering and exiting the market. The data show moderation, not deterioration, as demand for labor cools without triggering broader strain.

WAGES STAY IN CHECK

Pay growth added another layer of reassurance. Earnings continued to rise, but without the kind of acceleration that would revive concerns around price pressures. With wage momentum contained, the risk of labor costs feeding back into inflation appears limited for now.

ROOM FOR PATIENCE ON POLICY

Overall, the U.S. labor market sits in a narrow middle ground: steady enough to avoid recession signals, yet soft enough to prevent overheating. This balance gives the Federal Reserve space to remain patient on policy, while attention gradually shifts toward upcoming inflation data for clues on how long this equilibrium can hold.

EURUSD

EURO TESTS MONTHLY LOWS

The euro stayed under pressure against the U.S. dollar on Monday, easing toward $1.1630 and marking its weakest level in over a month. Uneven economic signals and diverging policy expectations set the tone. Germany exited its slowdown with 0.2% growth in 2025, supported by consumer and public spending, while industrial activity remained soft. Euro area inflation cooled to 2%, reinforcing expectations that the ECB will keep rates unchanged, as strong U.S. retail sales continued to support the dollar.

Technically, 1.1650 stands as near-term resistance. A sustained break could bring the 1.1690-1.1700 zone into play.

Key Levels

- **Narrow Range:** 1.1570 - 1.1650
- **Wider Range:** 1.1530 - 1.1700

XAUUSD

GOLD SURGES AFTER GREENLAND MOVE

Gold rose to 4,690 with an opening gap, supported by safe-haven demand after President Trump's move on Greenland and renewed fears of a US–Europe trade war. Concerns that the planned 10% tariff in February could rise to 25% by June if talks fail also lifted prices, alongside broader geopolitical and economic uncertainty.

Technically, $4,715 marks resistance, while the $4,595–4,600 gap zone remains key support.

Key Levels

- **Narrow Range:** $4,595/4,600 – $4,715
- **Wide Range:** $4,535 – $4,760

XAGUSD

SILVER EXTENDS RALLY ON SUPPLY TIGHTNESS

Silver jumped more than 4% on Monday, rising toward $94 per ounce and printing a new record. Safe-haven demand picked up after Trump threatened tariffs on eight European countries over Greenland. European leaders discussed possible countermeasures, with Macron urging the EU to deploy tougher responses. Although the U.S. decision to exclude critical minerals from tariffs caused brief pressure, tight supply conditions and market dislocations continued to support silver.

The upper band of the short-term rising channel stands at $95.50 as resistance. Initial support sits at $89.90-$90.00, Friday's closing area, followed by $88.00.

Key Levels

- **Narrow range:** $89.90 - $94.10
- **Wider range:** $88.00 - $95.50

BTCUSD

BITCOIN FACES CEILING AT $95K

Bitcoin continues to trade in a narrow range, remaining capped below the $95,000 mark. Market momentum is currently hitting a ceiling at the $93,000–$95,889 resistance zone, while $92,412 serves as the primary floor. A daily close beneath this key support level could signal a deeper price correction throughout the week, as investors maintain a cautious stance.

POWELL DEFENDS FED INDEPENDENCE

The long-standing friction between Federal Reserve Chair Jerome Powell and Donald Trump has returned to the forefront of financial discourse, raising critical concerns regarding the politicization of U.S. monetary policy. Powell's recent public comments indicate a more assertive stance, emphasizing that the central bank's decisions must remain insulated from political influence and strictly guided by economic indicators. For global participants, the Fed's institutional autonomy is a fundamental requirement for maintaining confidence in the American financial system.

THE BATTLE OVER INTEREST RATE POLICY

The core of the disagreement remains centered on the trajectory of interest rates. Trump has pushed for lower interest rates to speed up economic growth. However, Powell argues that the Federal Reserve must focus first on its main goals of controlling inflation and keeping the job market stable.

- **Credibility Risks:** Rapid rate cuts in the face of persistent inflation could signal that the Fed is prioritizing political favor over macroeconomic health.

- **Market Trust:** Investors rely on the objectivity of policy; any perception of manipulation for short-term political gains can lead to increased risk premiums.

INSTITUTIONAL STABILITY AS A MARKET DRIVER

This conflict is more than a mere political debate; it is a vital "confidence story." The Fed's authority is built on the belief that its targets are credible and its actions are data-driven. If that foundation erodes, markets can react by demanding higher yields on long-term debt, leading to a more volatile dollar and instability across equity markets. Institutional strength is just as important to bond traders as inflation data.

IMPLICATIONS FOR FUTURE EASING

The ongoing tension significantly impacts how markets price future policy moves. By reinforcing a "data-first" approach, Powell may be attempting to temper expectations for aggressive easing. However, as political pressure intensifies, the resulting uncertainty could force traders to price in institutional instability rather than a predictable policy path.

Ultimately, central bank independence remains a primary theme for global investors. When political agendas collide with monetary strategy, the market is forced to evaluate the strength of U.S. institutions alongside traditional economic data.

WHEN INDEPENDENCE IS THE REAL INTEREST RATE

Central bank independence is the mechanism that keeps monetary policy believable. When policymakers are free to act on data rather than pressure, inflation expectations stay anchored, and markets price fundamentals. Once politics enters the equation, that anchor weakens. The recent debates surrounding the U.S. Federal Reserve and Jerome Powell highlight this fault line. When a central bank chair becomes entangled in political or legal conflict, investors begin to question a basic premise: is policy still guided by evidence, or by influence?

TRUST, ONCE BENT, IS HARD TO STRAIGHTEN

History offers a clear lesson. Political interference in rate decisions (often justified by short-term growth or electoral comfort) tends to reawaken inflation. The damage may not be immediate, but credibility erodes quietly, and repairing it usually requires tougher tightening later. The knock-on effects are familiar: higher long-term borrowing costs, shakier currency confidence, and financial conditions that are harder to manage.

HOW MARKETS PRICE DOUBT

Markets respond to credibility stress in consistent ways. Risk appetite turns delicate, the dollar becomes prone to sharp swings, and safe-haven assets like gold draw renewed interest. Bond yields grow more reactive as investors demand compensation for political risk. In practical terms, weakened independence translates into higher volatility across assets. The takeaway is institutional maintenance. Central banks already juggle inflation, growth, employment, and financial stability. Add political pressure, and predictability fades. For traders and investors, that loss of clarity is itself a macro risk worth tracking closely in the period ahead.

CPI SHOWS FOOD AND SERVICES DRIVING DECEMBER INFLATION

Food inflation gathered pace in December, with the overall food index rising 0.7%, matching the increase in food consumed at home. Most grocery categories moved higher, led by other food at home (+1.6%), alongside gains in dairy (+0.9%), cereals and bakery products (+0.6%), and fruits and vegetables (+0.5%). The main drag came from meats, poultry, fish, and eggs (-0.2%), reflecting a sharp 8.2% decline in egg prices.

RESTAURANT COSTS CONTINUE TO CLIMB

Dining out remained a persistent source of price pressure. The food away from home index rose 0.7% in December, supported by increases in full-service meals (+0.8%) and limited-service meals (+0.6%). On a yearly basis, food consumed at home is up 2.4%, while restaurant prices have risen 4.1%, highlighting the stickiness of service-sector inflation.

ENERGY SEES MODEST GAINS, GAS PRICES DIVERGE

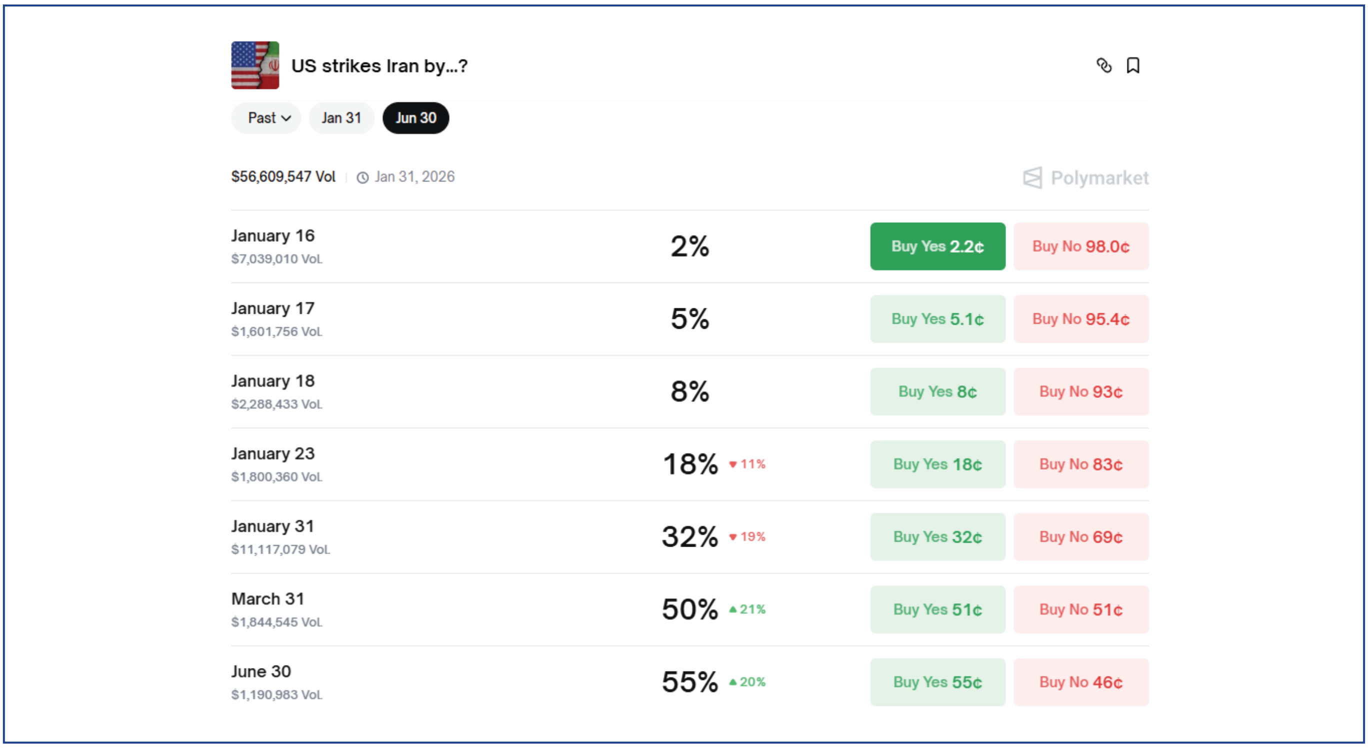
Energy prices posted a modest increase, with the energy index up 0.3%. Natural gas surged 4.4%, offsetting declines in gasoline (-0.5%) and electricity (-0.1%). Over the past year, energy prices are up 2.3%, driven by strong gains in electricity (+6.7%) and natural gas (+10.8%), while gasoline remains 3.4% lower year on year.

CORE INFLATION REMAINS CONTAINED

Core CPI, which excludes food and energy, rose 0.2% in December, pointing to contained underlying inflation. Shelter costs (+0.4%) remained the largest contributor, while recreation (+1.2%), airline fares (+5.2%), and medical care (+0.4%) also moved higher. These gains were partly offset by declines in communication (-1.9%), used cars (-1.1%), and household furnishings (-0.5%). Annually, core CPI stands at 2.6%, with shelter and healthcare continuing to anchor the trend.

The December CPI report shows inflation pressure concentrated in food and select service categories, while core price growth remains measured, keeping the broader inflation picture steady rather than accelerating.

GLOBAL MARKETS BRACE FOR POTENTIAL IRAN CONFLICT



US strikes Iran by...?

Past | Jan 31 | Jun 30

$56,609,547 Vol | Jan 31, 2026 | Polymarket

January 16 $7,039,010 Vol.	2%	Buy Yes 2.2¢	Buy No 98.0¢
January 17 $1,601,756 Vol.	5%	Buy Yes 5.1¢	Buy No 95.4¢
January 18 $2,288,433 Vol.	8%	Buy Yes 8¢	Buy No 93¢
January 23 $1,800,360 Vol.	18% ▼11%	Buy Yes 18¢	Buy No 83¢
January 31 $11,117,079 Vol.	32% ▼19%	Buy Yes 32¢	Buy No 69¢
March 31 $1,844,545 Vol.	50% ▲21%	Buy Yes 51¢	Buy No 51¢
June 30 $1,190,983 Vol.	55% ▲20%	Buy Yes 55¢	Buy No 46¢

Fresh speculation around a possible U.S. strike on Iran is back in focus, keeping global markets on alert. While no official confirmation of a strike has been issued, the mere prospect of an escalation has been sufficient to rattle investor confidence and tighten risk sentiment across all major asset classes.

GEOPOLITICAL VOLATILITY AND THE "FLIGHT TO SAFETY"

The primary concern for the investment community is the speed at which a regional conflict could spiral. Traditionally, when geopolitical risks of this magnitude emerge, markets tend to price in "worst-case" scenarios immediately. This can lead to a rapid rotation where investors sell off equities and high-yield assets in favor of traditional safe havens.

- **Trump's Policy Style:** The administration's high-impact, fast-moving foreign policy approach increases short-term volatility, as sudden policy signals or leaks can trigger massive price swings before a physical event occurs.

- **Risk of Miscalculation:** Ongoing domestic unrest and crackdowns within Iran create a fragile environment where a single misstep could ignite a broader regional firestorm.

- **Threats to Infrastructure:** Any military action that endangers critical shipping lanes, particularly the Strait of Hormuz, or energy facilities, would lead to a sharp spike in oil prices and renewed global inflation fears.

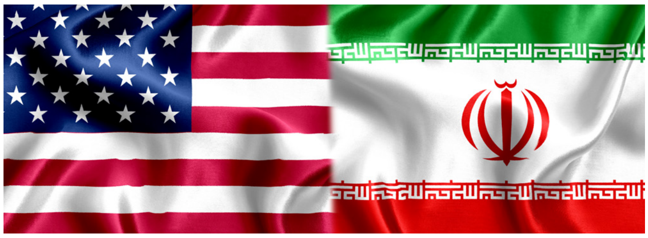
THE OUTLOOK

For the time being, the situation remains heavily headline-driven. However, with the geopolitical risk premium rising, traders are adopting an increasingly defensive posture. Markets are currently operating on a "react first, ask questions later" basis, keeping a close watch on diplomatic channels and signs of military mobilization. Until clearer guidance emerges from Washington, the heightened state of alert is expected to keep a lid on risk-taking.

Market Roundup

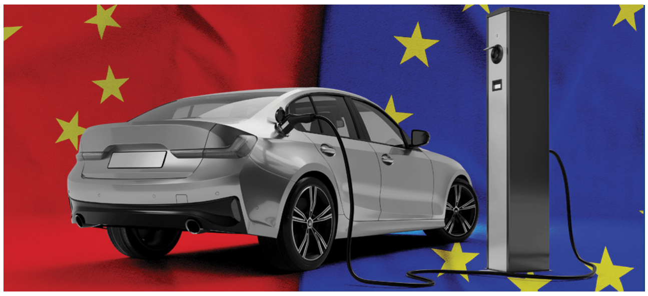
US TARIFFS AND IRAN RISK

President Donald Trump warned that any country trading with Iran will face an immediate 25% tariff on trade with the United States. He described the move as final, adding a new layer of geopolitical and trade risk to market sentiment.



EU–CHINA EV TALKS ADVANCE

EU–China discussions moved forward as the European Commission prepares guidance on price undertakings for Chinese EV exporters under WTO rules, following its subsidy probe and temporary tariffs. In parallel, Ford is in talks with BYD to source batteries for its hybrid models outside the U.S., reflecting a strategic pivot as EV demand cools and trade conditions reshape supply chains.



BIG TECH AI PARTNERSHIP

Apple and Google confirmed a multi-year agreement under which Apple's next generation of Foundation Models will be developed using Google's Gemini AI and cloud infrastructure. The partnership is expected to support upcoming Apple Intelligence features, including a more personalized Siri later this year.

U.S. CONSUMER: STILL STANDING, JUST SLOWER

According to Fitch Ratings, U.S. households are expected to remain resilient through 2026, even as momentum cools. Consumer spending stayed firm across 2025, supported by healthy balance sheets and income growth. Nominal disposable income rose 4.4% YoY in the final quarter, backed by employment and wage gains. Still, the pace has eased: real disposable income growth slowed to 1.6% in December 2025 from 2.8% a year earlier, reflecting a labor market that is no longer accelerating.

Market Roundup

OPEC OUTPUT STORY STARTS TO FRACTURE

Iraq posted the largest increase per OPEC report, lifting output by 55 kbpd to 4.119 mbpd, while Venezuela recorded the sharpest decline, down 60 kbpd to 896 kbpd. OPEC crude production rose by 105 kbpd to 28.564 mbpd in December. The broader OPEC+ group moved in the opposite direction, cutting output by 238 kbpd to 42.831 mbpd, reinforcing signs of tighter supply discipline beyond the core members.

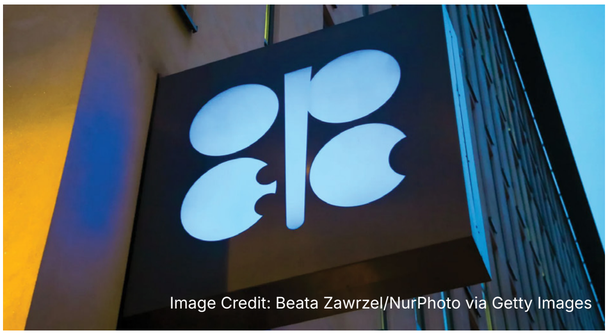


Image Credit: Beata Zawrzel/NurPhoto via Getty Images

SEMICONDUCTOR TARIFFS ENTER "PHASE ONE"

The U.S. has initiated a 25% national security tariff on advanced semiconductors, specifically targeting high-end AI chips, such as Nvidia's H200. White House officials described this as an initial phase, with potential escalations to 100% for non-U.S.-manufactured chips depending on upcoming international negotiations.

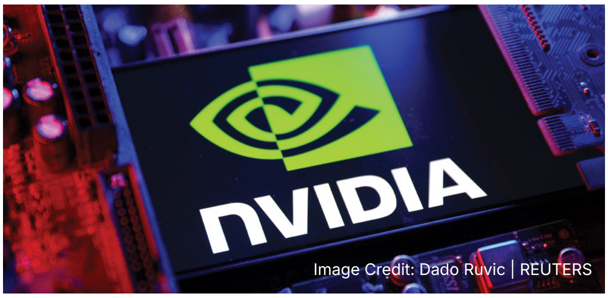


Image Credit: Dado Ruvic | REUTERS

DECADEL-HIGH LAYOFFS HIT WALL STREET

The six largest U.S. lenders, including JPMorgan and Goldman Sachs, have reduced their combined workforce by 10,600 positions. This downsizing brings total headcount to its lowest level since 2021 as firms aggressively move to curb personnel expenses. This wave of layoffs represents the most significant staff reduction the industry has seen since 2016.

FOCUS ON SECURITY AND DEFENSE

European Commission President Ursula von der Leyen outlined that the EU's early 2026 agenda will prioritize industrial competitiveness and regional defense. She highlighted the strategic importance of Greenland's security, noting it is a critical concern for both the EU and NATO.

Image Credit: European Union 2019 - EP

The Week Ahead

U.S. economic data remains heavy as agencies clear the post-shutdown backlog. Focus centers on personal income, spending, PCE inflation, and an updated Q3 GDP estimate. Markets will also monitor S&P PMIs and University of Michigan sentiment. Internationally, PMIs are due for the Eurozone, UK, Japan, Australia, and India, while the UK reports on inflation, jobs, and retail sales. In Asia, China releases final GDP figures and the Bank of Japan announces its policy decision. Major earnings include Netflix, 3M, J&J, Visa, Intel, P&G, and NextEra Energy.

AMERICAS

U.S. markets are closed Monday for Martin Luther King Jr. Day. The Q4 earnings season gains momentum with results from Netflix, 3M, J&J, Visa, Intel, P&G, and NextEra Energy. Key macro data includes October and November personal income (+0.4%) and spending (+0.5%), with headline and core PCE inflation expected at 0.2%. Q3 GDP is projected to confirm a 4.3% annualized growth rate. Additional reports include flash S&P Global PMIs, pending home sales, and University of Michigan sentiment. Canada releases inflation and retail sales, while Mexico and Brazil report mid-month inflation.

EUROPE

Focus centers on the UK, where headline and core inflation are expected to reach 3.3% in December. The unemployment rate is forecast at 5.0%, while retail sales likely fell for a third month. January flash PMIs will gauge business conditions; German and Eurozone services should strengthen, while manufacturing remains in contraction. Germany's ZEW index is expected to rise to 49. The ECB will release meeting minutes, while Norway and Turkey announce rate decisions.

ASIA PACIFIC

China's Q4 GDP growth is forecast to slow to 4.4%, totaling 4.9% for 2025. Industrial production is seen rising 5%, but retail sales growth likely slowed to 1.2%, with fixed-asset investment falling 3%. The Bank of Japan is expected to hold rates steady. South Korea reports Q4 GDP, while Australia and India release PMI data. Central banks in Indonesia and Malaysia will also announce policy decisions.

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