

ZITAPLUS

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HUNGARY SHIFTS DIRECTION AS ORBAN ERA CONCLUDES



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TIME	CUR.	EVENT	FORECAST	PREVIOUS
TUESDAY, APRIL 21				
16:30		Retail Sales (MoM) (Mar)	1.4%	0.6%
16:30		Core Retail Sales (MoM) (Mar)	1.3%	0.5%
WEDNESDAY, APRIL 22				
10:00		CPI (YoY) (Mar)	3.3%	3.0%
18:30		Crude Oil Inventories	-1.000M	-0.913M
THURSDAY, APRIL 23				
16:30		Initial Jobless Claims	212K	207K
17:45		S&P Global Services PMI (Apr)	50.1	49.8
17:45		S&P Global Manufacturing PMI (Apr)	52.5	52.3

HUNGARY SHIFTS DIRECTION AS ORBAN ERA CONCLUDES



Image Credit: Bálint Szentgally/NurPhoto via Getty Images

Hungary has entered a fresh political chapter following a decisive election that ended Viktor Orban's long-standing rule. Peter Magyar and his emerging political movement secured a commanding victory, reflecting widespread public desire for reform. The result marks a clear turn away from years of centralized power and growing governance concerns.

A PLATFORM FOR REFORM

Magyar's rapid ascent was fueled by an anti-corruption message and a commitment to restoring institutional balance. His campaign centered on several key pillars:

- Rebuilding democratic norms and judicial independence.
- Repairing Hungary's strained relationship with the European Union.
- Enhancing policy transparency to stabilize the domestic economy.

Voters responded to these promises by delivering a mandate that signals a total rejection of the previous administration's direction.

BROADER EUROPEAN IMPLICATIONS

The impact of this shift extends well beyond Hungarian borders. As a central figure in European right-wing populism, Orban's departure could weaken similar movements across the continent. Within the EU, this transition is expected to reshape political dynamics and improve cooperation.

Economically, markets view the leadership change as a step toward greater predictability. Investor confidence may strengthen as Hungary aligns more closely with EU standards, provided the new leadership can effectively implement its proposed reforms. While the transition brings significant challenges, the election serves as a major turning point in Hungary's modern history.



\$ DXY

DOLLAR SUPPORTED BY RISK DEMAND

Renewed geopolitical tensions have strengthened demand for the US dollar, with safe-haven flows supporting the currency despite ongoing market fluctuations. The shift in sentiment has helped keep the dollar firm as uncertainty remains.

The monthly chart continues to point to a solid support zone at 97.75-98.00, where buying interest has re-emerged. This area remains a key pivot, suggesting that as long as it holds, the dollar may maintain its underlying strength.



🔥 BRENT OIL

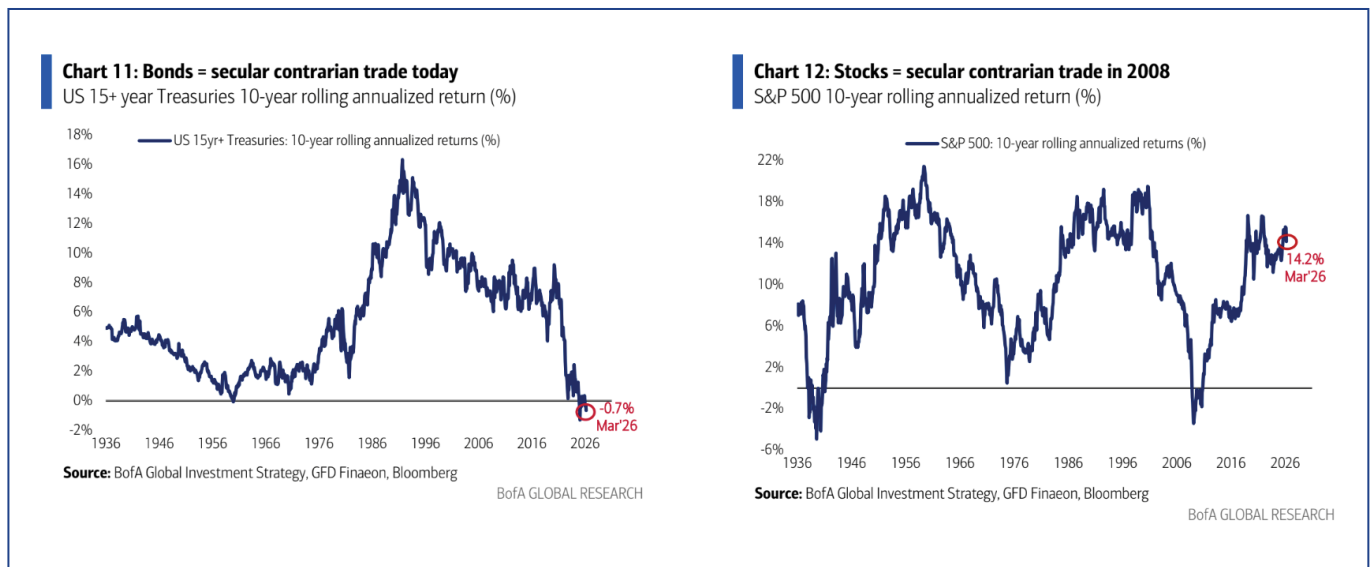
BRENT REBOUNDS ABOVE 95.00

Brent crude surged over 5% as Middle East hostilities reignited, erasing previous declines. Escalating threats near the Strait of Hormuz have revived supply anxieties, keeping prices firmly supported. While sentiment shifted briefly last week, renewed geopolitical uncertainty is now fueling heightened volatility and driving the market's direction.

The trading range for Brent oil in the near term is likely to be between \$88 and \$120.



BONDS IN 2026: CONTRARIAN TRADE OPPORTUNITY



Global markets have transitioned into a volatile era where traditional stability is no longer a given. Bonds, historically the cornerstone of a balanced portfolio, have faced intense pressure from persistent inflation, geopolitical turmoil, and fiscal instability. As aggressive government spending and market swings become the new normal, many investors are questioning the long term reliability of sovereign debt.

A CHALLENGING MACRO CLIMATE

The low-inflation environment that supported bond markets for decades has effectively ended. Today's landscape is defined by recurring energy shocks and international conflicts that have compelled central banks to adopt restrictive monetary policies. These elevated interest rates have sharply devalued existing bonds, leaving long-duration assets, especially those with a high duration, particularly vulnerable to price drops.

Furthermore, structural shifts like deglobalization and a perceived lack of fiscal discipline among major governments have raised serious concerns regarding debt sustainability. With national deficits expanding, the "risk-free" reputation of government securities is being tested by a market wary of supply gluts and currency devaluation.

THE CASE FOR A TURNING POINT

Despite the prevailing gloom, this widespread pessimism may signal a rare opening for disciplined investors. Much like the equity markets during the 2008 financial crisis, bonds are currently being overlooked due to fear. With US Treasury yields hovering near the 5% mark, contrarian players are starting to find significant value in the risk.

While immediate gains are not guaranteed, 2026 could represent a strategic entry point. If inflation begins to stabilize and central bank expectations shift toward easing, today's yield levels may eventually be viewed as a major turning point for patient, long-term positioning. Under these conditions, the very assets the market is currently discarding could become the primary drivers of future portfolio recovery.

IRAN CONFLICT REDUCES INVESTOR OUTLOOK

The intensifying conflict involving Iran is beginning to weigh heavily on professional sentiment, triggering a significant shift in market expectations. Recent survey data reveals a sharp rise in inflation fears alongside deteriorating optimism for global growth. As geopolitical risks mount, investors are increasingly pricing in an era of heightened macroeconomic uncertainty.

ENERGY SHOCKS AND INFLATION FEARS

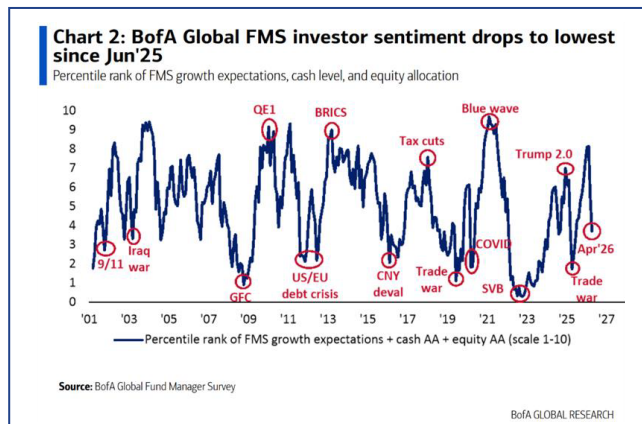
A primary driver of this shift is the expectation of higher inflation resulting from energy market disruptions. Persistent volatility in oil prices is feeding directly into broader inflation forecasts, complicating the outlook for central banks. Also, confidence in global economic expansion has weakened, with key outlook indicators falling back into negative territory as the potential for prolonged instability grows.



DEFENSIVE POSITIONING AND FUTURE POTENTIAL

Despite the cautious tone, the current market climate is not defined by outright panic. Fund managers have notably increased their cash allocations, signaling a transition toward defensive positioning. Historically, this level of professional caution can indicate the early stages of a market bottom, as high levels of "sidelined" capital can create the necessary conditions for a future recovery.

Investor views on interest rates are also evolving. With inflation fears remaining elevated, many are adjusting their portfolios to account for a "higher-for-longer" policy environment. While sentiment has clearly softened, it has not yet reached extreme levels. Should geopolitical tensions stabilize and price pressures ease, the prevailing pessimism may ultimately offer a strategic opening for contrarian investors prepared for the next market cycle.



PRODUCER INFLATION SLOWS, ENERGY KEEPS THE PRESSURE

Table A. Monthly and 12-month percent changes in selected final demand price indexes, seasonally adjusted

Month	Total final demand	Final demand less foods, energy, and trade	Final demand goods				Final demand services				Change in final demand from 12 months ago (unadj.)	Change in final demand less foods, energy, and trade from 12 mo. ago (unadj.)
			Total	Foods	Energy	Less foods and energy	Total	Trade	Transportation and warehousing	Other		
2025												
Mar.	-0.1	0.1	-0.7	-2.0	-3.0	0.3	0.1	0.4	-1.7	0.3	3.2	3.5
Apr.	-0.3	-0.2	-0.1	-1.0	-0.5	0.3	-0.3	-0.3	0.1	-0.4	2.4	2.7
May	0.3	0.1	0.1	0.2	-0.2	0.3	0.4	1.3	0.0	0.1	2.7	2.7
June	0.2	0.1	0.3	0.2	0.9	0.2	0.1	0.0	-0.6	0.2	2.4	2.6
July	0.8	0.7	0.6	1.2	0.7	0.4	0.9	1.2	1.4	0.7	3.2	2.9
Aug.	-0.2	0.3	0.2	-0.1	-0.2	0.4	-0.3	-2.1	0.6	0.3	2.7	3.0
Sept.	0.6	0.2	0.6	0.8	2.0	0.2	0.6	1.6	0.7	0.2	3.0	3.0
Oct.	0.1	0.6	-0.2	-0.4	-2.2	0.5	0.2	-0.9	0.0	0.7	2.8	3.5
Nov.(1)	0.4	0.3	0.8	0.1	3.4	0.2	0.3	0.2	0.8	0.2	3.1	3.6
Dec.(1)	0.4	0.1	-0.1	-0.2	-1.5	0.4	0.6	2.0	0.2	0.0	3.2	3.4
2026												
Jan.(1)	0.6	0.5	-0.1	-1.4	-1.8	0.7	0.8	2.0	1.0	0.3	3.1	3.5
Feb.(1)	0.5	0.5	1.0	2.4	2.1	0.3	0.3	-0.4	0.4	0.6	3.4	3.5
Mar.	0.5	0.2	1.6	-0.3	8.5	0.2	0.0	-0.3	1.3	0.1	4.0	3.6

Footnotes

(1) Some of the figures shown above and elsewhere in this release may differ from those previously reported because data for November through February have been revised to reflect the availability of late reports and corrections by respondents.

Recent U.S. producer inflation data delivered a dose of short-term relief after coming in below expectations. The Producer Price Index (PPI) rose 0.5% month over month in March, falling well short of the 1.1% forecast. The reading points to easing price pressures at the production level and suggests that the earlier surge in costs may be starting to lose momentum.

Still, the broader picture is more layered than the headline suggests.

ENERGY DRIVES THE UPSIDE

A closer look shows that the monthly increase was largely fueled by a sharp rise in energy prices. Gasoline costs, in particular, recorded a strong jump and stood out as the primary force lifting the overall index.

This dynamic highlights a persistent vulnerability: inflation remains closely tied to commodity movements, and energy continues to carry outsized influence over price trends. As long as fuel markets stay volatile, the path toward stable inflation will remain uneven.

CORE PRICES OFFER A CALMER SIGNAL

The underlying trend appears more stable once volatile components are removed. Core PPI, which excludes food and energy, increased by just 0.1% monthly, coming in below expectations. Food prices declined, while service costs held steady. Together, these developments point to a more controlled pace of price growth beneath the surface, suggesting that broader inflation pressures are not spreading aggressively across the economy.

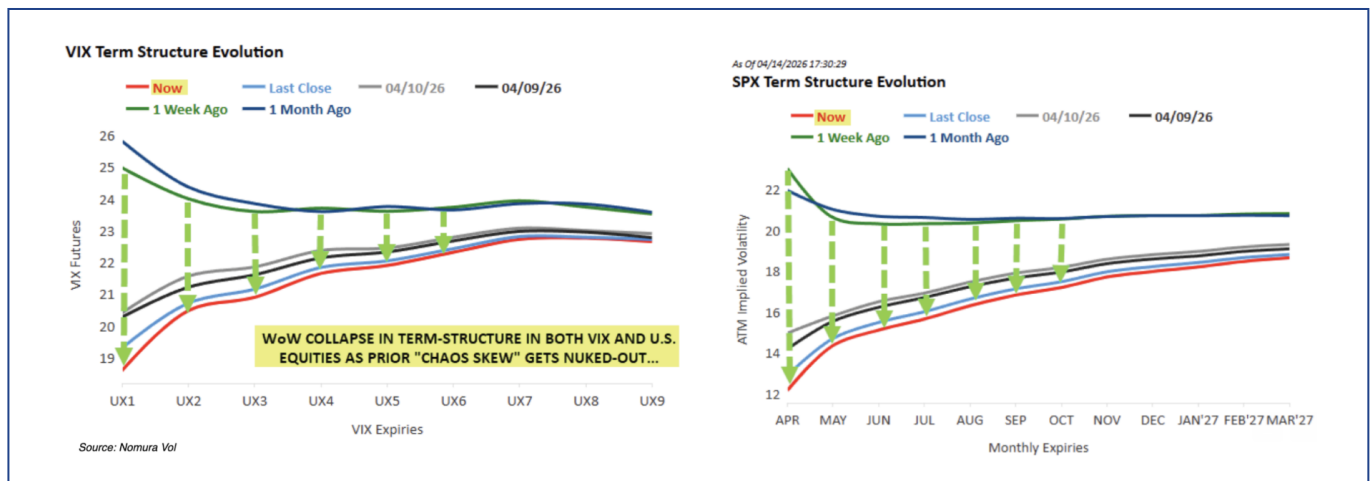
NORMALIZATION IS POSSIBLE IF ENERGY COOPERATES

On an annual basis, both headline and core inflation remain relatively high, but the recent trajectory leaves room for gradual normalization, provided energy prices do not stage another sharp rally. This setting could give the Federal Reserve more flexibility in shaping its next policy steps, reinforcing a measured and data-driven approach rather than a rapid shift in direction.

PROGRESS, WITH ONE KEY VARIABLE

There are clear signs of improvement in the inflation trend, yet the process is far from complete. Energy price swings remain the single most decisive factor for the outlook in the months ahead. Inflation is cooling, but the energy story will determine how steady that cooling becomes.

NOT A SURPRISE: A REPRICING MOVE



Market rallies are often framed as sudden surprises, yet most of these moves are built on groundwork laid well in advance. The recent rise in U.S. equities fits that pattern. What appeared sharp and unexpected on the surface was, in reality, the result of positioning, sentiment, and policy developments aligning.

A key driver behind the rally was the shift in perception around U.S.-Iran tensions. Instead of intensifying, the situation began to show signs of stabilization. Markets had been pricing in a more disruptive outcome, one involving prolonged conflict and significant strain on energy supply. When that scenario failed to materialize, portfolios had to adjust quickly. The repositioning that followed helped drive a strong upward move across equities.

POSITIONING AND VOLATILITY WORKED TOGETHER

Another important element was how the market was already positioned. Many participants had built protection against downside risk. As prices started to climb, those defensive trades began to unwind. Short positions were closed, hedges were reduced, and buying pressure strengthened the upward move. The balance between short-term and long-term volatility expectations shifted. The need for heavy downside protection eased, while demand for upside exposure increased. Changes like this often signal that market direction is entering a new phase.

REPRICING EXPECTATIONS MOVES MARKETS

This episode highlights a recurring market dynamic. Prices are not always driven by brand-new information; they often move when existing expectations are reassessed. When positioning becomes heavily one-sided, even a small shift in perception can lead to a powerful price reaction.

Market Roundup

FOOTBALL VS REAL ECONOMIC MOMENTUM

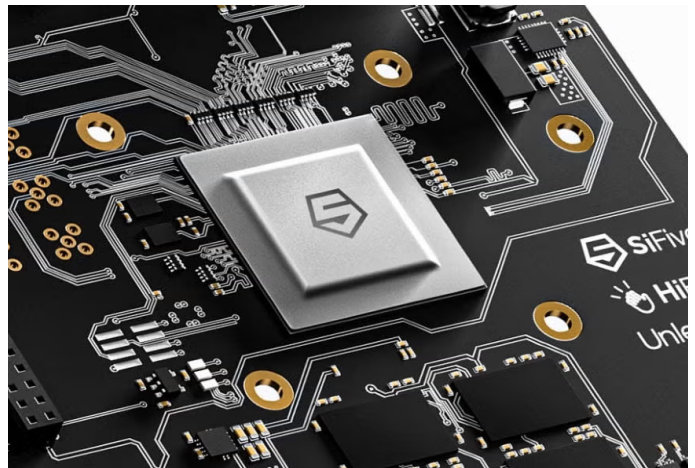
The expanded 2026 FIFA World Cup, hosted by the United States, Canada, and Mexico, is expected to deliver a strong economic lift well beyond the tournament itself. The new 48-team format could attract roughly 6.5 million visitors and generate nearly \$13.9 billion in direct spending. When broader effects across tourism, retail, and services are included, the total economic contribution may approach \$80 billion, emphasizing the event’s capacity to stimulate demand across multiple sectors.



Image Source: Dursun Aydemir/Anadolu Ajansı

THE RACE FOR THE NEXT CHIP STANDARD

SiFive secured \$400 million in new funding, lifting its valuation to around \$3.65 billion. With support from major investors such as Nvidia, the company continues to expand its footprint in RISC-V-based chip design, targeting artificial intelligence, data centers, and automotive systems. The development reflects a structural shift toward alternative semiconductor architectures and intensifying competition with established industry leaders like Arm.



ENERGY SUPPLY RISKS RUN DEEPER

Energy markets remain highly reactive to shifts in supply risk. Saudi Arabia raised the official selling price of its flagship crude to a record premium of \$19.5 above the benchmark, signaling growing concern about supply security. Aramco’s increased reliance on alternative export routes such as Yanbu illustrates how pricing decisions are directly tied to geopolitical conditions. In a further sign of disruption, liquefied natural gas cargoes from Qatar were unable to leave the Gulf through Hormuz, reinforcing concerns about restricted energy flows.



Market Roundup

AMAZON TARGETS SATELLITE INTERNET

Amazon has signaled its intent to challenge SpaceX's Starlink by acquiring Globalstar for \$11.57 billion. This acquisition provides Amazon with essential infrastructure and spectrum licenses to advance its "Amazon LEO" project and improve direct-to-device connectivity. Despite this major investment, Amazon must still overcome the significant scaling advantage held by Starlink, which already operates a massive satellite network globally.



ECB NAVIGATES ECONOMIC UNCERTAINTY

Christine Lagarde noted that the Eurozone economy is trapped between stable projections and more severe outcomes due to Middle Eastern tensions. The European Central Bank maintains a data-dependent strategy, avoiding a strictly hawkish tone. However, rising energy prices and diminishing confidence have turned inflation risks upward, likely preventing any immediate interest rate cuts.



Image Source: Daniel Roland/AFP

ENERGY SUPPLY AND DIPLOMATIC FRICTION

The U.S. Treasury has decided not to renew licenses for selling offshore Iranian oil, reinforcing a "maximum pressure" campaign and raising the prospect of new secondary sanctions. This decision ensures that energy markets remain on edge regarding supply stability. Donald Trump hinted at a possible resolution to the conflict involving the U.S., Israel, and Iran, noting a general willingness to negotiate. While this offers some optimism, the market remains highly reactive to diplomatic developments.



The Week Ahead

Markets will focus on signs of progress in US-Iran negotiations, which continue to shape global sentiment through their impact on energy prices and inflation expectations. Corporate earnings will also be in focus, with major releases from Tesla, Intel, UnitedHealth Group, American Express, Procter & Gamble, GE Aerospace, and Lam Research. Key economic data, including retail sales and S&P Global PMI, will provide insight into economic resilience, while Federal Reserve Chair nominee Kevin Warsh is set to testify before Congress, outlining his policy stance.

AMERICAS

In the United States, retail sales for March are expected to rise 1.3%, marking the strongest increase in a year and signaling continued consumer strength. Flash PMI data will indicate how the Middle East conflict is affecting manufacturing and services activity. Additional releases include pending home sales (+0.5%) and business inventories. On the geopolitical front, Donald Trump stated that Iran may pause nuclear activity and halt disruptions in the Strait of Hormuz, reinforcing expectations of a potential agreement. Canada will release inflation, housing, retail, and budget data, while Mexico will publish mid-month inflation.

EUROPE

Flash PMI readings across the Euro Area, Germany, France, and the UK are expected to show weaker activity, reflecting slower growth and possible contraction. Germany's ZEW Economic Sentiment Index is projected to fall to a one-year low, while the Ifo Business Climate Index may drop to its weakest level since early 2025. In the UK, inflation is expected to rise to 3.3%, unemployment to remain at 5.2%, and wage growth to slow to 3.6%, while retail sales are forecast to rebound. Additional data includes Eurozone fiscal metrics, consumer confidence, and industrial surveys, alongside corporate earnings from major European firms such as SAP, Sanofi, L'Oréal, and ABB.

ASIA-PACIFIC

China is expected to keep its loan prime rates unchanged at 3% and 3.5%, supported by stronger growth and rising producer prices. In Japan, exports are projected to grow 11.1%, expanding the trade surplus to JPY 1.1 trillion, while core inflation may edge up to 1.8%. PMI data from India and Australia will provide further insight into regional activity. Elsewhere, trade data from New Zealand, Malaysia, Thailand, and Saudi Arabia, along with inflation readings from Singapore, Hong Kong, and New Zealand, will be released. South Korea will publish GDP figures, and central banks in Indonesia and the Philippines are set to announce rate decisions.





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