ZITAPLUS

WEEKLY BULLETIN

20 — 24 JUL 2026
NO: 50

U.S. PRODUCER INFLATION EASES

ZITA PLUS

ECONOMIC CALENDAR • TECHNICAL ANALYSIS
IS AI SPENDING STARTING TO RAISE QUESTIONS?
US EQUITY ISSUANCE HITS RECORD HIGH • AND MORE...

Contents

TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, JUL 20				
ALL DAY		Marine Day Holiday	-	-
WEDNESDAY, JUL 22				
10:00		CPI (YoY) (Jun)	-	2.8%
18:30		Crude Oil Inventories	-	-1.692M
THURSDAY, JUL 23				
16:15		ECB Interest Rate Decision (Jul)	2.40%	2.40%
16:15		Deposit Facility Rate (Jul)	2.25%	2.25%
16:30		Initial Jobless Claims	-	208K
16:45		ECB Press Conference	-	-
FRIDAY, JUL 24				
17:45		S&P Global Manufacturing PMI (Jul)	-	53.9
17:45		S&P Global Services PMI (Jul)	-	51.2
18:00		New Home Sales (Jun)	-	580K

GMT+4 DUBAI TIME

U.S. PRODUCER INFLATION EASES

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

			Final demand goods				Final demand services					
Month	Total final demand	Final demand less foods, energy, and trade	Total	Foods	Energy	Less foods and energy	Total	Trade	Transportation and warehousing	Other	Change in final demand from 12 months ago (unadj.)	Change in final demand less foods, energy, and trade from 12 mo. ago (unadj.)
2025												
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.	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.	0.4	0.1	-0.1	-0.2	-1.5	0.4	0.6	1.8	0.2	0.0	3.1	3.4
2026												
Jan.	0.6	0.5	-0.1	-1.3	-1.7	0.7	0.9	2.0	1.0	0.3	3.1	3.5
Feb.(1)	0.5	0.5	1.0	2.3	2.0	0.4	0.3	-0.3	0.8	0.5	3.4	3.5
Mar.(1)	0.8	0.2	2.0	-0.6	10.5	0.3	0.3	0.5	2.1	0.0	4.3	3.6
Apr.(1)	1.1	0.5	1.9	0.2	7.2	0.7	0.7	1.3	3.7	0.1	5.7	4.4
May(1)	0.6	0.8	2.3	0.5	8.4	0.7	-0.1	-2.3	2.0	0.7	6.0	5.1
June	-0.3	0.1	-1.4	-0.6	-6.4	0.2	0.2	0.4	-0.1	0.1	5.5	5.1

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

U.S. producer price inflation cooled much more than anticipated in June, signaling a marked reduction in wholesale-level price pressures. The Producer Price Index (PPI) registered a 5.5% year-over-year increase, comfortably below the 6.2% growth rate projected by economists.

On a monthly basis, producer prices declined by 0.3%, marking the steepest month-on-month drop since April 2025. This downturn suggests that the severe input cost pressures previously squeezing businesses are beginning to relent. Core PPI, which strips out highly volatile food and energy components, mirrored this cooling trend. The annual core inflation rate fell to 4.7%, undershooting the consensus market forecast of 5.2%.

FED POLICY OUTLOOK SHIFTS

Adding to the disinflationary momentum, May's producer inflation figures were also revised downward. While the pass-through effect to the consumer level typically operates on a lag, lower wholesale input costs are expected to eventually ease broader consumer price index pressures.

This softer inflation print is highly likely to increase expectations for a less restrictive Federal Reserve monetary policy path. The data could exert downward pressure on both the U.S. Dollar and Treasury yields, while providing a supportive backdrop for gold and other rate-sensitive assets.


10
15
HIGH
PRESSURE
15
10
10
LOW
PRESSURE
5
DANGER
ZONE
15
0
20
INFLATION
PRESSURE

DXY

DOLLAR HOLDS IN RANGE

The US Dollar Index (DXY) is trading around 100.60–100.80 as investors weigh safe-haven demand against ongoing developments in the US-Iran conflict. While occasional diplomatic headlines have eased market concerns, uncertainty over sanctions and the Strait of Hormuz continues to support the dollar.

Attention is also shifting to the upcoming PCE inflation report, which could provide fresh clues on the Federal Reserve's next policy move ahead of the July FOMC meeting.

Technically, the index remains range-bound, with 100.00 acting as support and 101.40 as the key resistance level.

BRENT OIL

BRENT HOLDS NEAR $90

Brent crude started the week with heightened volatility, trading around $90 as markets continued to assess escalating US-Iran tensions and shipping risks in the Strait of Hormuz. While diplomatic headlines have sparked occasional pullbacks, geopolitical concerns remain the main driver of oil prices.

Technically, the $88.00 gap area provides the first key support, followed by $85.50 if selling pressure increases. On the upside, a move above the $91.40–92.50 resistance zone could pave the way toward $95.00 as investors monitor the inflationary impact of higher energy prices.

XAUUSD

GOLD HOLDS ABOVE KEY SUPPORT

Gold is trading near $4,008 as investors continue to price in geopolitical risks stemming from the escalating US-Iran conflict. Ongoing military strikes and uncertainty surrounding shipping through the Strait of Hormuz are helping maintain demand for safe-haven assets.

With US markets open today, attention remains on how the conflict could affect energy prices and inflation ahead of upcoming central bank meetings.

From a technical perspective, gold is holding above the key $4,000 support level. Further escalation could support a move higher, while signs of easing tensions may encourage short-term profit-taking.

XAGUSD

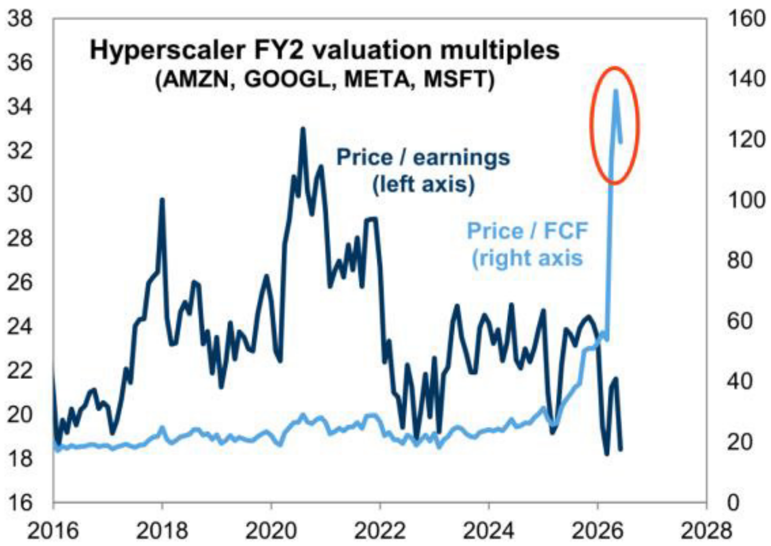
SILVER EYES KEY RESISTANCE

Silver rebounded toward the $56.80–57.00 area after falling to an eight-month low near $55.50 late last week, though it remains well below its recent highs as US-Iran tensions continue to weigh on sentiment.

Technically, the metal is expected to trade within the $55.50–58.50 range unless it breaks above the $59.00–60.00 resistance zone. On the downside, $55.50 remains the key support level, while a move above $58.50 would improve the outlook and could pave the way for a broader recovery toward $60.00.

IS AI SPENDING STARTING TO RAISE QUESTIONS?

Exhibit 17: Hyperscaler earnings multiples have declined alongside surging FCF multiples



Source: FactSet, Goldman Sachs Global Investment Research

The race to lead artificial intelligence shows no signs of slowing. The world's largest technology companies are still pouring billions into AI chips, data centres, cloud capacity and energy infrastructure, with many viewing the cost of falling behind as greater than the cost of spending more.

KEEPING UP COMES AT A PRICE

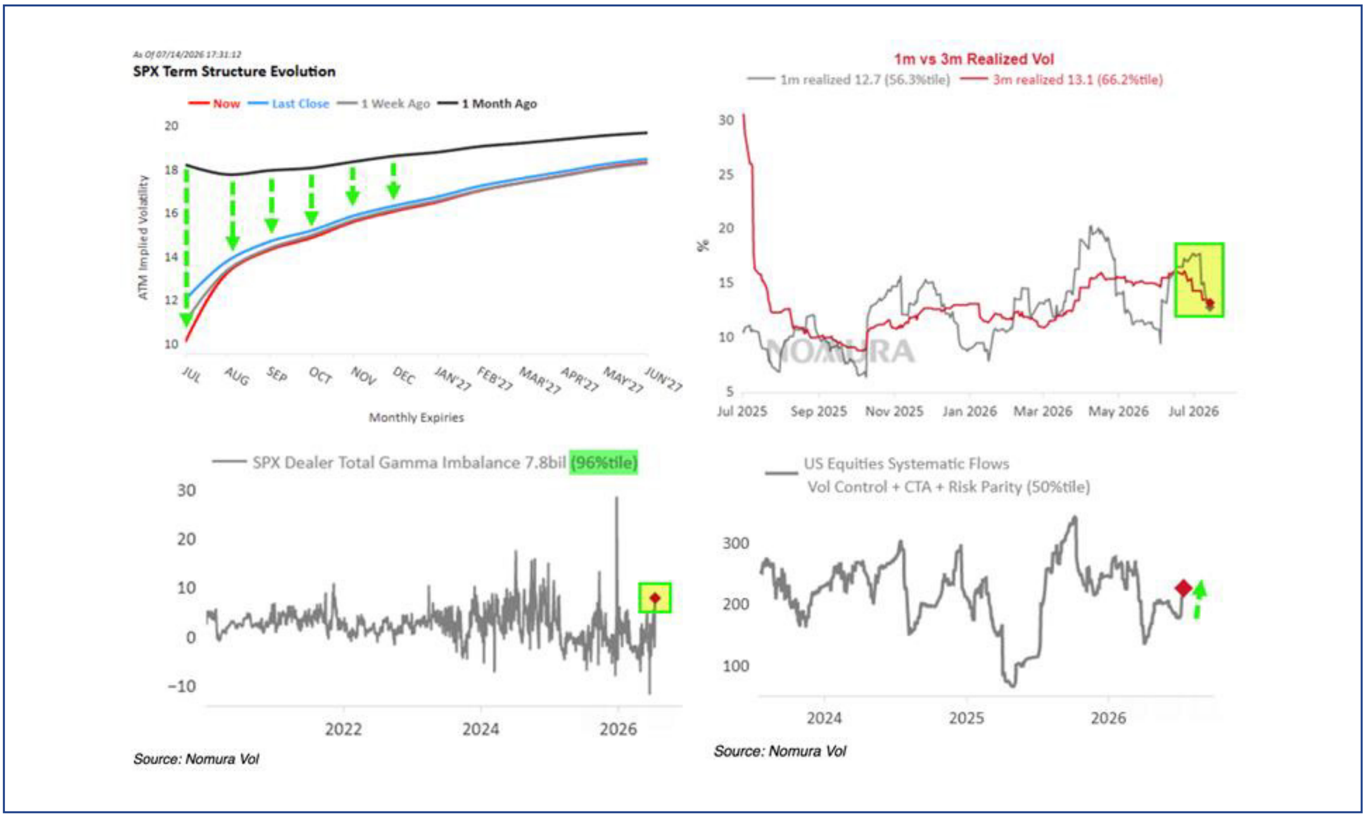
That strategy is becoming expensive day by day. While traditional valuation measures may appear more reasonable, free cash flow has weakened as capital expenditure continues to climb. Once the cost of building AI infrastructure is taken into account, the sector looks far less cheap than headline valuations suggest. However, announcements about larger models, more servers or new AI products are no longer enough on their own. Investors increasingly want proof that this wave of spending can translate into stronger revenue and higher profits.

GROWTH NEEDS TO PAY OFF

The risks become clearer if AI demand grows more slowly than expected. Companies could be left with costly infrastructure, higher debt and weaker returns, forcing them to slow investment, postpone projects or return more cash to shareholders. The debate is no longer about if AI will remain a transformative technology. Instead, attention is turning to whether today's level of spending can deliver the financial returns needed to justify it. Upcoming earnings reports may offer the first clear signs of whether Big Tech remains focused on expansion or starts placing greater emphasis on cash flow, profitability and balance sheet strength.


100

VOLATILITY TRENDS POINT TO A POTENTIAL SUMMER RALLY



A possible summer "melt-up" may be taking shape in U.S. equities. The term describes a rapid rise in stock prices driven more by investor positioning, falling volatility and forced buying than by a major improvement in economic fundamentals.

WHY LOWER VOLATILITY MATTERS

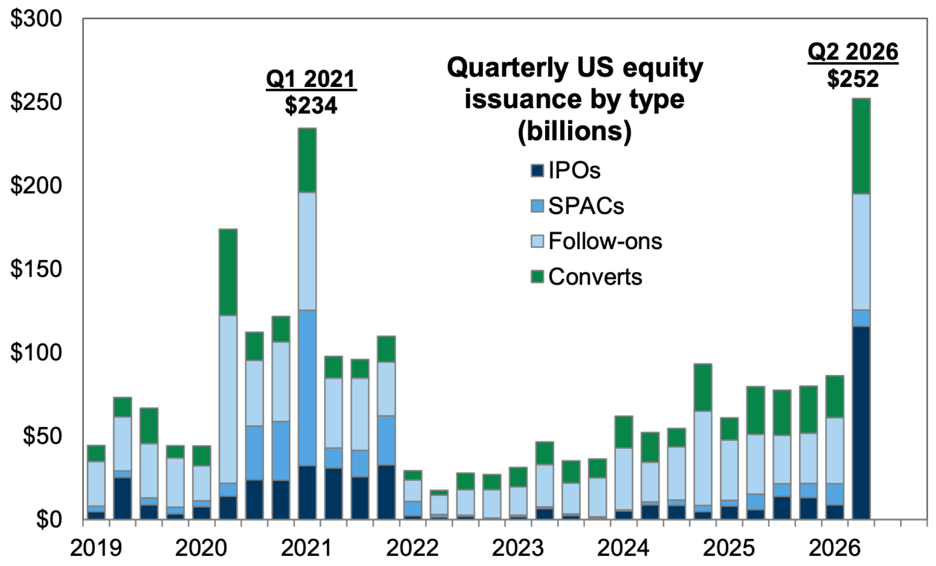
The options market appears to be supporting this trend. Heavy volatility selling is pushing index volatility lower, creating an attractive environment for traders who generate income by selling options. As volatility continues to decline, more traders may be drawn into the same strategy, which can create a self-reinforcing cycle. Lower volatility encourages volatility-control funds and other systematic strategies to increase their equity exposure. Dealer hedging may add further buying pressure, helping major indices grind higher.

A DIFFERENT STORY BENEATH THE SURFACE

Another key feature of the current market is the gap between index volatility and the volatility of individual stocks. While technology, artificial intelligence and semiconductor shares experience high volatility, index-level volatility remains relatively low. This combination supports dispersion strategies, where traders sell index options while buying options on selected stocks. The broader backdrop also remains constructive as strong equity prices and a resilient labor market support confidence. Still, the rally is not without risks. Unexpected inflation data, tighter monetary policy, or a sudden increase in market stress could quickly disrupt the current momentum.

US EQUITY ISSUANCE HITS RECORD HIGH

Exhibit 14: Q2 was a record quarter for US equity issuance



Source: Dealogic, Goldman Sachs Global Investment Research

US companies raised a record $252 billion through equity markets in the second quarter of 2026, surpassing the previous quarterly peak set in early 2021. The surge was driven by a combination of initial public offerings (IPOs), follow-on share sales, convertible bond issuance, and SPAC transactions, reflecting a sharp revival in capital market activity.

AI INVESTMENT FUELS CAPITAL RAISING

Several factors are behind the increase in equity issuance. Major technology companies continue to invest aggressively in artificial intelligence, cloud computing, and data center infrastructure. After relying heavily on debt markets, many firms are now turning to equity financing to diversify their funding sources.

At the same time, companies have slowed share buyback programs, leaving more stock available to investors. This marks a notable shift from the past decade, when limited issuance and large buybacks consistently reduced the supply of publicly traded shares.

WALL STREET BENEFITS FROM STRONG DEAL FLOW

The increase in equity offerings has provided significant support to investment banks. The five largest US banks generated approximately $3.63 billion in equity capital markets fees during the quarter, exceeding analyst expectations by more than $1 billion. Strong underwriting and advisory activity has become an important source of revenue as companies return to public markets.

MORE ISSUANCE COULD FOLLOW

The pipeline for new offerings remains active. Several prominent artificial intelligence firms, including OpenAI and Anthropic, are still privately held and could eventually seek public listings.

If more large technology companies decide to raise capital through equity markets, issuance volumes could remain elevated. While this would create additional opportunities for investors and investment banks, it could also increase the supply of shares and influence the balance between equity demand and valuation in the months ahead.

Market Roundup

FED NEARS A KEY DECISION

Fed Governor Christopher Waller said Monday that another strong core inflation reading could lead the FOMC to consider raising rates "in the near term." Following his comments, CME FedWatch showed the probability of a July rate hike rising from 8.3% a month ago to 43.3%. The move reflects a significant shift in market expectations ahead of this week's inflation data.

Image Source: Al Drago / Bloomberg via Getty Images

WARSH FACES CONGRESS FOR THE FIRST TIME

Fed Chair Kevin Warsh will testify before the House Financial Services Committee today, just 90 minutes after the release of June CPI data. It will be his first congressional appearance since taking office, following June's FOMC meeting, where the Fed adopted a noticeably more hawkish tone. A Senate hearing is scheduled for tomorrow after the release of June PPI.

Image Source: Daniel Heuer/Bloomberg

MIDDLE EAST TENSIONS LIFT OIL

The US-Iran ceasefire weakened further over the weekend as both sides exchanged missile and drone attacks. The US restored its naval presence near the Strait of Hormuz, while Iran announced the closure of the waterway. Brent crude climbed back toward $78 per barrel, well above its pre-conflict level of around $70.

GOLD AND OIL MOVE IN OPPOSITE DIRECTIONS

Gold has declined for a second consecutive session, with XAU/USD down 2.6–2.9%, reaching its lowest level since July 1. Rising energy prices have supported inflation expectations and increased the likelihood of higher interest rates, pushing real yields higher and weighing on non-yielding assets such as gold. Silver has also moved lower.

Market Roundup

US TARGETS IRAN-LINKED TANKERS

Two LPG tankers under US sanctions changed course in the Gulf of Oman and the Arabian Sea as Washington stepped up enforcement efforts. CENTCOM said three commercial vessels were redirected under the new measures, one was inspected, and a tanker that failed to comply was disabled. According to United Against Nuclear Iran (UANI), 91 Iran-linked oil, LPG, and petrochemical tankers have been identified in the region over the past seven days. Attention remains on how the naval blockade could affect energy shipments and regional trade.

CHINA LAUNCHES AI ALLIANCE

Russia is among 29 countries joining the World AI Cooperation Organization, a China-led initiative aimed at expanding international collaboration in artificial intelligence. Founding members also include Kazakhstan, Indonesia, Pakistan, and Laos. Headquartered in Shanghai, the organization aims to strengthen international cooperation while promoting the safe and responsible development of AI technologies.

Image Source: Xinhua

UK NATIONALIZES BRITISH STEEL

The UK government has taken British Steel into public ownership after talks with China's Jingye Group failed to reach an agreement. The move is intended to prevent the closure of the Scunthorpe blast furnaces and protect thousands of jobs. The new management plans to stabilize the company's finances while preparing it for a transition to lower-carbon steel production.

Image Source: Lindsey Parnaby / AFP

TRUMP ACCUSES CHINA OVER VOTER DATA

US President Donald Trump claimed that China has obtained data on 220 million American voters since 2020. He argued that the US election system remains vulnerable to cyberattacks and foreign interference. The remarks have sparked debate over election security and added to political tensions between the United States and China.

Image Source: Saul Loeb/REUTERS

The Week Ahead

Markets will focus on the escalating US-Iran conflict after renewed strikes disrupted oil flows through the Strait of Hormuz, lifting crude prices and reinforcing inflation concerns. Investors will also assess whether the AI rally can regain momentum as major companies including Alphabet, Tesla, Intel, IBM, GE Vernova, and Texas Instruments report earnings. Economic data will be relatively light in the US, while the ECB, UK inflation, and Japan's CPI and trade figures will dominate overseas. Markets will also watch Canada's inflation report, South Korea's Q2 GDP, and expectations that Andy Burnham will become the UK's next prime minister.

AMERICAS

US markets will be driven mainly by earnings as the Federal Reserve enters its blackout period ahead of the July 28-29 meeting. Reports are due from Alphabet, Tesla, Intel, IBM, T-Mobile, Texas Instruments, 3M, General Motors, AT&T, Honeywell, GE Vernova, Charles Schwab, Philip Morris, Danaher, Blackstone, Exxon Mobil, American Express, Lockheed Martin, and Verizon. Key economic releases include July S&P Global PMIs, June new home sales, the Chicago Fed National Activity Index, Kansas City Fed manufacturing data, and the Conference Board Leading Index. Manufacturing activity is expected to remain in expansion despite rising costs linked to the Iran conflict, while home sales may recover after two months of declines. Canada will release inflation, retail sales, and new housing price data, while Mexico publishes mid-month inflation.

EUROPE

The ECB is widely expected to leave rates unchanged after last month's 25 basis point increase, with investors looking for guidance on a possible September hike. Flash PMIs will provide an update on Eurozone activity, while Germany releases the ZEW Economic Sentiment Index, expected at 18, GfK consumer confidence, and producer prices. Other releases include Eurozone construction output, consumer confidence, Switzerland's trade balance, Russian industrial production and producer prices, French business confidence, and European car registrations. The Bank of Russia and Hungary's central bank are both expected to cut rates by 25 basis points, while Turkey's central bank announces its latest decision.

The UK will publish unemployment, inflation, retail sales, GfK consumer confidence, CBI surveys, and flash PMIs. Inflation is expected to slow to 2.7%, core inflation to 2.5%, unemployment to remain at 4.9%, and retail sales to rise 0.2%. Ryanair, Santander, Iberdrola, UniCredit, Equinor, TotalEnergies, SAP, BNP Paribas, Thales, Nestlé, and Volkswagen also report earnings.

ASIA-PACIFIC

China's calendar is quiet, with the PBOC expected to keep its one-year and five-year Loan Prime Rates at 3.0% and 3.5%. Japan releases trade data, CPI, and flash PMIs, with core inflation expected to rise to 1.6%. Australia and India publish PMI surveys, while Australia also reports employment, forecast to increase by 15,000, with unemployment steady at 4.0%. South Korea releases Q2 GDP, Taiwan reports unemployment, and New Zealand, Malaysia, and Thailand publish trade data. Inflation reports are due from New Zealand, Hong Kong, and Singapore, while Bank Indonesia is expected to leave its benchmark rate unchanged after raising it to 5.75% in June.

ZITA PLUS

zitaplus.com
support@zitaplus.com
+44 7442 667878
Craigmuir Chambers, Road Town, Tortola,
VG 1110, British Virgin Islands